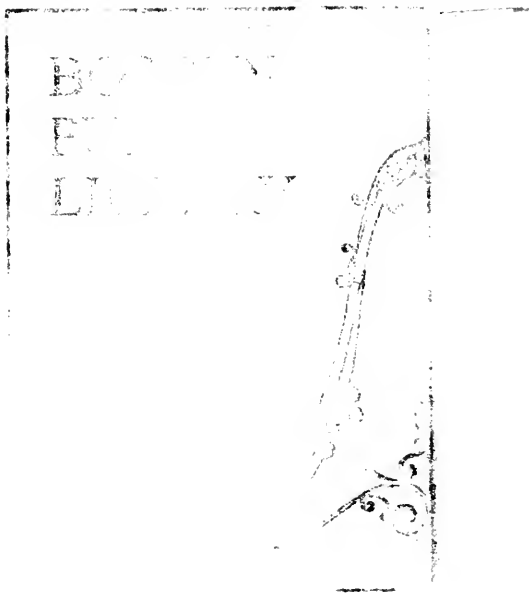


Y 1.1/2:Serial 13751
United States Congressional...

Government
Documents

POSTAGE PAID
NO. 1047
CENTS

AUG 7 1900



Senate Report

No. 216



IRAN-CONTRA INVESTIGATION
APPENDIX B, VOLUME 10
DEPOSITIONS

United States Congressional Serial Set

Serial Number 13751

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 10
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.

DANIEL K. INOUE HAWAII CHAIRMAN
WARREN RUDMAN NEW HAMPSHIRE VICE CHAIRMAN
GEORGE J. MITCHELL MAINE JAMES S. MCCLURE IDAHO
SAM NUNN GEORGIA ORREN G. HATCH UTAH
PAUL S. SARBANES MARYLAND WILLIAM S. COHEN MINE
HOWELL T. NELIN ALABAMA PAUL S. TIBBS JR. VIRGINIA
DAVID L. BOREN OKLAHOMA

ARTHUR S. LAMAN
CHIEF COUNSEL

MARK A. BELNICK PAUL BARBADORO
EXECUTIVE ASSISTANT DEPUTY CHIEF COUNSEL
TO THE CHIEF COUNSEL

MARY JANE CHECCHI
EXECUTIVE DIRECTOR
ASSOCIATE COUNSELS

C.H. ALBRIGHT JR. JOEL P. LISKER
DANIEL FINN RICHARD D. PARRY
C.H. HOLMES JOHN D. SARKON
CHARLES W. KEAR TERRY A. SMILJANICH
JAMES S. KAPLAN TIMOTHY C. WOODCOCK

United States Senate

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

March 1, 1988

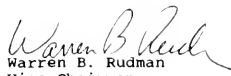
Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

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

LEE H. HAMILTON, INDIANA, CHAIRMAN
GABRIEL B. PASCELLI, FLORIDA, VICE CHAIRMAN
THOMAS S. FULLY, WASHINGTON
PETER W. RODINO, JR., NEW JERSEY
JACK BROOKS, TEXAS
LOUIS STOKES, OHIO
LEE ASKIN, WISCONSIN
EDWARD P. BOLAND, MASSACHUSETTS
ED JENKINS, GEORGIA

JOHN W. NIELDS, JR., CHIEF COUNSEL
W. NEIL EGLESTON, DEPUTY CHIEF COUNSEL
CASEY MILLER, STAFF DIRECTOR

OLCE CHENEY, WYOMING
W. S. BROMFIELD, MICHIGAN
HENRY J. HYDE, ILLINOIS
JIM COURTER, NEW JERSEY
BILL MCCOLLUM, FLORIDA
MICHAEL GEWNE, OHIO

THOMAS R. SMEETON, MINORITY STAFF DIRECTOR
GEORGE VAN CLEVE, CHIEF MINORITY COUNSEL
RICHARD LEON, DEPUTY CHIEF MINORITY COUNSEL

U.S. HOUSE OF REPRESENTATIVES

SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

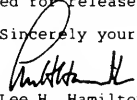
The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

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

Select Committee on Secret Military Assistance To Iran and the Nicaraguan Opposition

Daniel K. Inouye, Hawaii, *Chairman*
Warren Rudman, New Hampshire, *Vice Chairman*

George J. Mitchell, Maine
Sam Nunn, Georgia
Paul S. Sarbanes, Maryland
Howell T. Heflin, Alabama
David L. Boren, Oklahoma

James A. McClure, Idaho
Orrin G. Hatch, Utah
William S. Cohen, Maine
Paul S. Trible, Jr., Virginia

Arthur L. Liman
Chief Counsel

Mark A. Belnick Paul Barbadoro
Executive Assistant *Deputy Chief Counsel*
To the Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

United States House of Representatives
Select Committee to Investigate Covert Arms
Transactions with Iran

Lee H. Hamilton, Indiana, *Chairman*
Dante B. Fascell, Florida, *Vice Chairman*

Thomas S. Foley, Washington
Peter W. Rodino, Jr., New Jersey
Jack Brooks, Texas
Louis Stokes, Ohio
Les Aspin, Wisconsin
Edward P. Boland, Massachusetts
Ed Jenkins, Georgia

Dick Cheney, Wyoming, *Ranking Republican*
Wm. S. Broomfield, Michigan
Henry J. Hyde, Illinois
Jim Courter, New Jersey
Bill McCollum, Florida
Michael DeWine, Ohio

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

United States Senate

Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition

Arthur L. Liman
Chief Counsel

Mark A. Belnick
*Executive Assistant
to the Chief Counsel*

Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

Associate Counsels

C. H. Albright, Jr.
Daniel Finn
C. H. Holmes
James E. Kaplan
Charles M. Kerr
Joel P. Lisker

W. T. McGough, Jr.
Richard D. Parry
John D. Saxon
Terry A. Smiljanich
Timothy C. Woodcock

Committee Staff

Assistant Counsels

Steven D. Arkin*
Isabel K. McGinty
John R. Monsky
Victoria F. Nourse
Philip Bobbitt
Rand H. Fishbein
Thomas Polgar
Lawrence R.

*Legal Counsel
Intelligence/Foreign
Policy Analysts
Investigators*

*Press Assistant
General Accounting
Office Detailees*

Security Officer

Security Assistants

*Chief Clerk
Deputy Chief Clerk*

Embrey, Sr.
David E. Faulkner
Henry J. Flynn
Samuel Hirsch
John J. Cronin
Olga E. Johnson
John C. Martin
Melinda Suddes*
Robert Wagner
Louis H. Zanardi
Benjamin C.

Marshall
Georgiana
Badovinac
David Carty
Kim Lasater
Scott R. Thompson
Judith M. Keating*
Scott R. Ferguson

Staff Assistants

John K. Appleby
Ruth Balin
Robert E. Esler
Ken Foster*
Martin H. Garvey
Rachel D. Kaganoff*
Craig L. Keller
Hawley K.

Manwarring
Stephen G. Miller
Jennie L. Pickford*
Michael A. Raynor
Joseph D.

Smallwood*
Kristin K. Trenholm
Thomas E. Tremble
Bruce Vaughn

Administrative Staff

Laura J. Ison
Hilary Phillips
Winifred A. Williams*
Nancy S. Durflinger
Shari D. Jenifer
Kathryn A. Momot
Cindy Pearson
Debra S. Sheffield*
Ramona H. Green
Preston Sweet

Secretaries

*Receptionist
Computer Center
Detailee*

Committee Members' Designated Liaison

<i>Senator Inouye</i>	Peter Simons	<i>Senator Boren</i>	Sven Holmes
<i>Senator Rudman</i>	William V. Cowan		Blythe Thomas
	Thomas C. Polgar	<i>Senator McClure</i>	Jack Gerard
<i>Senator Mitchell</i>	Richard H. Arenberg	<i>Senator Hatch</i>	Dee V. Benson
<i>Senator Nunn</i>	Eleanore Hill	<i>Senator Cohen</i>	James G. Phillips
	Jeffrey H. Smith		James Dykstra
<i>Senator Sarbanes</i>	Frederick Millhiser	<i>Senator Tribble</i>	L. Britt Snider
<i>Senator Heflin</i>	Thomas J. Young		Richard Cullen

Part Time*

<i>Assistant Counsel</i>	Peter V. Letsou	<i>Document Analyst</i>	Lyndal L. Shaneyfelt
<i>Hearings Coordinator</i>	Joan M. Ansheles	<i>Historian</i>	Edward L. Keenan
<i>Staff Assistants</i>	Edward P. Flaherty, Jr. Barbara H. Hummell	<i>Volunteers</i>	Lewis Liman
	David G. Wiencek		Catherine Roe
<i>Interns</i>	Nona Balaban		Susan Walsh
	Edward E. Eldridge, III		
	Elizabeth J. Glennie		
	Stephen A. Higginson		
	Laura T. Kunian		
	Julia F. Kogan		
	Catherine L. Udell		

*The staff member was not with the Select Committee when the Report was filed but had, during the life of the Committee, provided services.

United States House of Representatives

Select Committee to Investigate Covert Arms Transactions with Iran

Majority Staff

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

*Special Deputy
Chief Counsel
Staff Counsels*

Charles Tiefer

*Systems
Administrator*

Catherine L.
Zimmer

Kenneth M. Ballen

*Systems
Programmer/
Analyst*

Charles G. Ratcliff
Stephen M.

Patrick J. Carome

V. Thomas

*Executive Assistant
Staff Assistants*

Rosenthal
Elizabeth S. Wright

Fryman, Jr.

Pamela J.

Naughton

Joseph P. Saba

Robert J. Havel

Ellen P. Rayner

Debra M. Cabral

Louis Fisher

Christine C.

Birmann

Julius M.

Genachowski

Ruth D. Harvey

James E. Rosenthal

Bonnie J. Brown
Christina Kalbouss

Sandra L. Koehler

Jan L. Suter

Katherine E. Urban

Kristine Willie

Mary K. Yount

Press Liaison

Chief Clerk

Assistant Clerk

Research Director

Research Assistants

Minority Staff

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

*Associate Minority
Counsel*

Robert W.
Genzman

*Minority Staff
Editor/Writer*

Michael J. Malbin

*Assistant Minority
Counsel*

Kenneth R. Buck

*Minority Executive
Assistant*

Molly W. Tully

*Minority Research
Director*

Bruce E. Fein

*Minority Staff
Assistant*

Margaret A.
Dillenburg

Committee Staff

<i>Investigators</i>	Robert A. Birmingham James J. Black Thomas N. Ciehanski William A. Davis, III Clark B. Hall Allan E. Hobron Roger L. Kreuzer Donald Remstein Jack W. Taylor Timothy E. Traylor Bobby E. Pope	<i>Security Officers</i>	Rafael Luna, Jr. Theresa M. Martin Milagros Martinez Clayton C. Miller Angel R. Torres Joseph Foote Lisa L. Berger Nina Graybill Mary J. Scroggins David L. White Stephen G. Regan G. R. Beckett
<i>Director of Security</i>		<i>Editor</i> <i>Deputy Editor</i> <i>Associate Editor</i> <i>Production Editor</i> <i>Hearing Editors</i>	
		<i>Printing Clerk</i>	

Associate Staff

<i>Representative Hamilton</i>	Michael H. Van Dusen	<i>Representative Boland</i>	Michael W. Sheehy
<i>Representative Fascell</i>	Christopher Kojm R. Spencer Oliver Bert D. Hammond Victor Zangla	<i>Representative Jenkins</i>	Robert H. Brink
<i>Representative Foley</i>	Heather S. Foley	<i>Representative Broomfield</i>	Steven K. Berry David S. Addington
<i>Representative Rodino</i>	Werner W. Brandt M. Elaine Mielke James J. Schweitzer	<i>Representative Hyde</i>	Diane S. Dornan
<i>Representative Brooks</i>	William M. Jones	<i>Representative Courter</i>	Dennis E. Teti
<i>Representative Stokes</i>	Michael J. O'Neil	<i>Representative McCollum</i>	Tina L. Westby
<i>Representative Aspin</i>	Richard M. Giza Richard E. Clark Warren L. Nelson	<i>Representative DeWine</i>	Nicholas P. Wise
		<i>General Counsel to the Clerk</i>	Steven R. Ross

Contents

Volume 10

Preface	XXI
Farber, Jacob	1
Feldman, Jeffrey	29
Fischer, David C	225
Floor, Emanuel A	477
Former CIA Officer	555
Fraser, Donald	707
Fraser, Edie	801
Fuller, Craig L	903

Depositions

Volume 1

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).
Clarke, George.
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.

Volume 7

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.
Golden, William.
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.
Lawn, John C.
Leachman, Chris J., Jr.
Ledeen, Michael A.

Volume 16

Leiwant, David O.
Lilac, Robert H.
Lincoln, Col. James B.
Littledale, Krishna S.
McDonald, John William.
McFarlane, Robert C.
McKay, Lt. Col. John C.
McLaughlin, Jane E.

Volume 17

McMahon, John N.
McMahon, Stephen.
McNeil, Frank.
Makowka, Bernard.
Marostica, Don.
Marsh, John.
Mason, Robert H.

Volume 18

Meese, Edwin III.
Melton, Richard H.
Merchant, Brian T.
Meo, Philip H.
Miller, Arthur J.
Miller, Henry S.
Miller, Johnathan.

Volume 19

Miller, Richard R.

Volume 20

Motley, Langhorne A.
Mulligan, David P.
Nagy, Alex G.
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.
Ransom, David M.

Volume 22

Raymond, Walter, Jr.
Regan, Donald T.
Reich, Otto J.
Revell, Oliver B.
Reyer, Billy Ray (See John Chapman).
Reynolds, William B.

Volume 23

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

Rosenblatt, William.
Royer, Larry.
Rudd, Glenn A.
Rudd, Glenn A. (See Henry Gaffney).

Volume 24

Rugg, John J.
Russo, Vincent M.
Sanchez, Nestor.
Scharf, Lawrence.
Schweitzer, Robert L.
Sciaroni, Bretton G.
Secord, Richard V.

Volume 25

Shackley, Theodore G.
Sigur, Gaston J.
Simpson, Major C.
Sinclair, Thomas C.
Singlaub, John K.

Volume 26

Slease, Clyde H., III.
Smith, Clifton.
Sofaer, Abraham D.
Steele, Col. James J.
Taft, William H., IV.
Tashiro, Jack T.
Teicher, Howard.
Thompson, Paul.
Tillman, Jacqueline.

Volume 27

Thurman, Gen. Maxwell.
Trott, Stephen S.
Tull, James L.
Vessey, John.
Walker, William G.
Watson, Samuel J., III.
Weinberger, Caspar.
Weld, William.
Wickham, John.
Zink, Gregory (See Alfred Clark).

Preface

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

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.

UNCLASSIFIED

Deposition of Jacob Farber

United States Senate, Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

- - -

Oral deposition of JACOB FARBER taken at
Three Greenway Centre, Suite 305, Route 73,
Marlton, New Jersey, on Monday, June 1, 1987, at
11:45 o'clock, a.m., before Harold Schulman, a
Registered Professional Reporter and Notary Public,
pursuant to notice.

- - -

APPEARANCES:

4167

CHARLES KERR, ESQUIRE
Associate Counsel
United States Senate
Select Committee on Secret Military
Assistance to Iran and the Nicaraguan
Opposition.
901 Hart Senate Office Building
Washington, D.C. 20510

PRESENT:

DAVID PAULKNER, Investigator

UNCLASSIFIED

HAROLD SCHULMAN ASSOCIATES
REGISTERED PROFESSIONAL REPORTERS
1518 WALNUT STREET, 15TH FLOOR
PHILADELPHIA, PENNSYLVANIA 19102
548-5237 - 583-5237

A
1001

Declassified/Released on 2001/1/1988
under provisions of E.O. 12356
by D. Sirko, National Security Council

UNCLASSIFIED

JACOB FARBER

2

1 JACOB FARBER, having been duly sworn, was
2 examined and testified as follows:

3 BY MR. KERR:

4 Q Mr. Farber, my name is Charles Kerr. I'm an
5 associate counsel for the United States Senate Select
6 Committee on Secret Military Assistance to Iran and the
7 Nicaraguan opposition. Mr. Faulkner is also here as an
8 investigator for the Committee. Essentially what we're
9 going to go through today are some questions the Committee
10 has, and I need your assistance.

11 Let me begin by starting with some background
12 information. Could you give us your residence, please.

13 A

14

15 Q By whom are you employed at the present time, sir?

16 A By myself, self-employed.

17 Q Do you work through a corporate entity?

18 A Correct.

19 Q What entity would that be?

20 A Farber Enterprises, Incorporated.

21 Q What is the location?

22 A Same as my home.

23 Q What is the nature of the business of Farber
24 Enterprises?

UNCLASSIFIED

Declassified/Released on

July 1, 1998

under provisions of E.O. 12356
by D. Sirko, National Security Council

JACOB FARBER

3

UNCLASSIFIED

- 1 A Consulting work for the U.S. government.
- 2 Q Was there a time when you were associated with a
3 firm known as Forway Industries, Inc.?
- 4 A Correct.
- 5 Q When were you associated with Forway Industries?
- 6 A From July one, 1968, to October three, 1986.
- 7 Q On October third, 1986, your interest in Forway was
8 purchased by someone else?
- 9 A Yes, it was purchased by Mr. Willard Zucker and
10 Alfred Clark.
- 11 Q With regard to the business of Forway Industries,
12 could you describe what that business was in the period
13 that you were associated with Forway?
- 14 A We were a leading manufacturer of militarized spare
15 parts in the United States, selling both domestically and
16 overseas.
- 17 Q During the period of time July '68 through October
18 of '86, what was your relationship to Forway?
- 19 A I was the president of the company and the chief
20 executive officer.
- 21 Q You mentioned Mr. Zucker. How did you come to know
22 Mr. Zucker?
- 23 A Mr. Zucker is a former roommate when he lived in
24 Washington many years ago and he worked for the Justice

UNCLASSIFIED

JACOB FARBER

4

UNCLASSIFIED

1 Department, he was an excellent friend, a friend to a very
2 close friend of mine whose name is Herbert Light who lives
3 in Cherry Hill. Through him I got to know him. When the
4 opportunity presented itself to retire for a former
5 partner of mine, Mr. Zucker, in conjunction with Mr.
6 Clark, bought fifty percent of the company. And that was
7 January first of '84. Wait, it could have been '83.

8 Q How about '82?

9 A It could have been '82 also. Okay, '82, yes.

10 Q So they bought into Forway.

11 A Correct.

12 Q Sometime in 1982?

13 A It was January. I remember that transaction
14 occurred at the end of the year. It was either December
15 thirty-first or January.

16 Q Mr. Zucker was associated with what firm at that
17 time?

18 A It was with his own company, with CSF.

19 Q It was your understanding that CSF was a Swiss
20 company?

21 A Yes. Wait a minute. He bought it personally. It
22 was personally bought by Willard Zucker.

23 Q So Zucker was acting in his own behalf?

24 A Correct.

UNCLASSIFIED

JACOB FARBER

5

UNCLASSIFIED

1 Q Mr. Clark was associated with a firm called Clark
2 Management?

3 A Correct.

4 Q And Clark Management would have bought into Forway
5 at a later date? That would have been 1986?

6 A To my knowledge, Mr. Clark bought immediately
7 together when my former partner was bought out.

8 Q What is the name of your former partner?

9 A William Blau.

10 Q With regard to Mr. Zucker, did you have fairly
11 frequent contact with him after he bought into Forway?

12 A No. It was a very infrequent contact.

13 Q His relationship to Forway was essentially that of
14 an investor as opposed to someone who had day to day
15 responsibility?

16 A Only as an investor.

17 Q In terms of other people that you came into contact
18 with, you met Mr. Albert Hakim?

19 A Correct.

20 Q How would you have met Mr. Hakim, through Zucker?

21 A Yes. I believe at one time I was in Geneva on one
22 of my visits to Europe, and I was introduced to Mr. Hakim
23 by Mr. Zucker.

24 Q What was your understanding of the relationship

UNCLASSIFIED

JACOB FARBER

6

UNCLASSIFIED

1 between Zucker and Hakim?

2 A Well, they were very good friends and Zucker wanted
3 me to meet him, because according to Zucker and to Hakim,
4 he was very well connected in Korea, and that he would
5 have been useful to Forway in obtaining the possibility of
6 submitting bids to the Korean military. And at that
7 meeting, Mr. Hakim offered to try to get such business,
8 which never materialized. He never got a single, not even
9 an opportunity to offer a price let alone a purchase order
10 resulting from that.

11 Q Give the place and time for me as best you can when
12 this meeting occurred?

13 A Well, it was probably the spring of '83 or '84. It
14 was about that time.

15 Q So you met with Hakim. He represented that he had
16 the potential to get some business for Forway; is that
17 correct?

18 A For Forway, yes, from Korea.

19 Q But in fact Hakim did not succeed in getting
20 business?

21 A Nothing ever happened.

22 Q In addition to Mr. Hakim, did there come a time
23 when you met General Richard Secord?

24 A Yes, I did.

UNCLASSIFIED

JACOB FARBER

7

UNCLASSIFIED

1 Q Tell me the circumstances under which you met him.

2 A I believe it was sometime in '84, '85, I don't
3 remember, and he flew into Philadelphia.

4 Q "He" being Secord?

5 A Yes. And he asked me if we had the capability to
6 build a small rocket launcher based on Soviet equipment.

7 And I told him that yes, in principle we could. And given
8 enough time and money and samples, that we could do it.

9 And that was the last thing we ever heard about this
10 particular project.

11 Q So you would have met General Secord at the
12 Philadelphia Airport?

13 A Correct.

14 Q And he was exploring with you the capability of
15 Forway to build a copy of a Soviet rocket launcher?

16 A Yes.

17 Q And you would have met Secord through whom, Zucker
18 or Hakim?

19 A Through Hakim.

20 Q Did Hakim indicate to you what his relationship was
21 with General Secord?

22 A Well, I understood they were partners.

23 Q Did they identify to you the name of the business
24 enterprise through which they were working?

UNCLASSIFIED

JACOB FARBER

8

UNCLASSIFIED

1 A I knew all along that it was a company called
2 Stanford Technology.

3 Q What did you understand to be the business of
4 Stanford Technology?

5 A I knew that they were very much involved in
6 building high security fences, and that they were
7 successful in selling those fences to the Korean Nuclear
8 Authority. And I also was aware that they were designing
9 a kind of a concealed type of transmitter, you know,
10 listening device. That, as a matter of fact, was offered
11 to me for sale and they sent all the drawings to build the
12 device. After I looked at it, I said this is a common
13 item, that the art is to sell it and not to make it. I
14 wasn't interested because I didn't think my company had
15 the selling capabilities in that particular theater, and I
16 was not interested.

17 Q With regard to the listening device, you would have
18 had those contacts at what point in time?

19 A Probably in 1984, something like that.

20 Q You would have discussed this with Mr. Hakim or Mr.
21 Zucker?

22 A I don't remember. Either one of the two. I don't
23 remember.

24 Q You would have discussed with Mr. Hakim, the plans

UNCLASSIFIED

JACOB FARBER

9

UNCLASSIFIED

1 for this device?

2 A Yes. He did send me engineering plans for this
3 listening device, and I reviewed it. And I determined
4 that this was not the kind of business that would have
5 been suitable for my company.

6 Q Let me take you to 1986. Were there occasions in
7 1986 when Mr. Zucker came to the United States to meet
8 with you?

9 A Yes, there were.

10 Q In terms of the number of such occasions, was it
11 more than once?

12 A Yes, it was. I believe that he was in the United
13 States in January of '86, if my memory serves me right,
14 and I think also in March of '86 and probably again in
15 September, late September of '86. There may have been
16 another opportunity, but I don't remember.

17 Q The occasions you would have met with Zucker in
18 1986, these would have been business meetings?

19 A Correct.

20 Q And the meetings would have taken place in the New
21 Jersey area?

22 A At Forway, yes, at the company headquarters.

23 Q And Forway's headquarters were located where?

24 A In Woodbury, New Jersey.

UNCLASSIFIED

JACOB FARBER

10

UNCLASSIFIED

1 Q On the occasions when you would have met with Mr.
2 Zucker, he would have been accompanied by other people as
3 well in 1986?

4 A Well, the first occasion he was alone, as best as I
5 can recall. In the last occasion, during part of his
6 visit, Mr. Hakim came over. And the purpose of Mr.
7 Hakim's visit was to bring another idea for business for
8 Forway, which was a laser operated gun sight that he
9 wanted Forway to investigate. And I performed an analysis
10 of that to determine, (a) that we can manufacture it, and
11 (b), what the price could have been. And we offered him a
12 price, which I don't recall at the moment. And that was
13 the end of my dealings with Mr. Hakim, because shortly
14 after that my interest in Forway was purchased by Zucker
15 and Clark, and I ceased to have any relationships with the
16 company.

17 Q We have been told that the purchase of your
18 interest took place approximately October third.

19 A That's exactly October third.

20 Q And the purchasers of your interests were whom?

21 A Arthur Clark and Willard Zucker.

22 Q Let me just focus in on other people. Do you know
23 a gentleman by the name of Gregory Zink?

24 A Yes.

UNCLASSIFIED

JACOB FARBER

11

UNCLASSIFIED

1 Q How do you know Mr. Zink?

2 A He was hired in March of '86 as chief financial
3 officer of the company.

4 Q And the company being Forway?

5 A Forway, yes.

6 Q Mr. Zink has given Mr. Faulkner of the Committee
7 some dates that he was familiar with. He placed Hakim and
8 Zucker's visit in the fall of 1986 as having occurred
9 approximately Sunday, September twenty-one, 1986. The
10 September twenty-one, 1986, date, does that correspond to
11 your recollection?

12 A I think that's approximately correct.

13 Q And he indicated to us that Mr. Zucker and Mr.
14 Hakim came to the Woodbury, New Jersey, area about Sunday,
15 September twenty-first, 1986, and that there were meetings
16 that took place on the twenty-first of September and then
17 the twenty-second, twenty-third as well. Do you recall a
18 series of meetings taking place during that period of
19 time?

20 A Yes. This was when he brought the laser gun sight.

21 Q And the person who brought the laser gun sight was
22 Mr. Hakim; is that right?

23 A Correct.

24 Q Hakim was accompanied by other folks as well. Do

UNCLASSIFIED

JACOB FARBER

12

UNCLASSIFIED

1 you recall the identities of the others?

2 A I remember that there were other people that were
3 sort of technical specialists that came. But I do not
4 recall their names, and I do not recall where they were
5 located. I believe they were located in the New Orleans
6 area. But I'm trying to reach into my memory.

7 Q Let me give you the names of a couple people. Do
8 you recall meeting with a Bob or Robert Fritchie?

9 A I don't recall the name. But it's possible, you
10 know.

11 Q Do you recall a meeting with a Robert Dutton,
12 D U T T O N?

13 A No, I don't.

14 Q With regard to Mr. Hakim, do you recall whether or
15 not he was accompanied by his wife when he came in in
16 September of 1986?

17 A I never saw her.

18 Q On that trip in September of 1986, I take it
19 General Secord was not present?

20 A No.

21 Q I'm going to touch on some other matters, but let
22 me focus you on a Saturday, September twenty-seventh,
23 1986. Do you recall meeting with Mr. Zucker on Saturday,
24 September twenty-seventh?

UNCLASSIFIED

JACOB FARBER

13

UNCLASSIFIED

1 A Definitely, here in this office, in Mr. Cohen's
2 office.

3 Q Could you relate to me what you recall about the
4 meeting or meetings you would have had with Mr. Zucker on
5 Saturday, September twenty-seventh, 1986?

6 A The subject of the meeting was the negotiations to
7 buy my interest in the company. They wanted to control
8 the company, and they were trying to buy me out. We met
9 here with Mr. Cohen and Mr. Zucker and my son-in-law,
10 Richard Horowitz, who is also an attorney. Of course
11 myself.

12 Q The people that were present here were Mr. Cohen,
13 your son-in-law, Mr. Horowitz?

14 A Yes.

15 Q Mr. Zucker. Anyone else?

16 A There was nobody else at this meeting.

17 Q In terms of what happened on that Saturday, can you
18 relate for me your best recollection of what happened
19 vis-a-vis Mr. Zucker?

20 A The purpose of the trip, the visit, was to
21 negotiate an agreement of sale where I would tender my
22 fifty percent ownership of Forway to Zucker and Clark.
23 And we structured a deal. Of course, he was trying to buy
24 for as cheap as possible and I was trying to sell for as

UNCLASSIFIED

JACOB FARBER

14

UNCLASSIFIED

1 much as possible. And that was the subject of the
2 negotiations that day.

3 Q Run through me the events of that day. Was there
4 more than one meeting with Zucker that day? Did you meet
5 with him and break and have him come back?

6 A Yes, we met. If I remember correct, we met in the
7 morning. Zucker had to meet somebody at the airport that
8 day, and he left somewhere around eleven to twelve, and
9 he returned sometime between one and two, approximately.

10 Q In terms of the day itself, do you recall what the
11 weather was like?

12 A Yes, it was a very rainy day.

13 Q In terms of who Zucker was meeting with at the
14 airport, did he indicate to you who he was meeting with?

15 A All he said was it was some lady who was coming up
16 from Washington. But it was customary for him whenever he
17 came to have all kinds of meetings with all kinds of
18 people. So that was one more meeting to which we paid no
19 particular attention.

20 Q But you do recall him indicating he was meeting
21 with a woman; is that correct?

22 A As best as I can remember.

23 Q In terms of why he was meeting with the woman, did
24 he indicate anything for you to know why?

UNCLASSIFIED

JACOB FARBER

15

UNCLASSIFIED

1 A It wouldn't have been customary for me to ask him
2 what his private business was.

3 Q He did not relate to you what the business was?

4 A No.

5 Q Specifically in terms of the identity of the woman
6 with whom he was meeting, he did not indicate to you her
7 identity; is that correct?

8 A Correct.

9 Q It was your understanding, however, that he was
10 meeting with her for business reasons; is that correct?

11 A I have no idea what the purpose of the meeting was.

12 Q Do you recollect when he first mentioned to you
13 that he was going to be meeting with this woman? Was it
14 on that Saturday?

15 A Yes.

16 Q Do you have any knowledge of anyone else who met
17 with Zucker and this woman?

18 A I have no idea.

19 Q Upon his return after meeting with that woman on
20 that Saturday, did he say anything further about the
21 nature of the business he had done with the woman?

22 A No, he didn't.

23 Q I take it that Mr. Hakim had been present earlier
24 in the week; is that right?

UNCLASSIFIED

JACOB FARBER

16

UNCLASSIFIED

1 A Correct.

2 Q But Hakim, to the best of your knowledge, was not
3 present on that Saturday?

4 A No, I didn't see him. But I have no idea whether
5 he was still in town or had left town. I don't know that.

6 Q In terms of where Mr. Hakim had been staying when
7 he was in town earlier that week, did you know where he
8 was staying?

9 A There are only two possibilities; either they
10 stayed at the Hershey Hotel in Philadelphia or at the
11 Gloucester Inn in Gloucester, New Jersey. But I don't
12 know.

13 Q Did you have occasion to meet, I think you said you
14 did, with Hakim earlier in the week?

15 A Yes. That is when we discussed the laser gun
16 sight.

17 Q When you discussed the laser gun sight with Hakim,
18 was Mr. Zucker present at this time?

19 A Yes, he was present. I believe at part of the
20 meetings he was present, yes.

21 Q The discussions that you had with Mr. Zucker on
22 that Saturday, the twenty-seventh, was Zucker represented
23 by counsel at that time?

24 A No. He was by himself. He was representing

UNCLASSIFIED

JACOB FARBER

17

UNCLASSIFIED

1 himself.

2 Q The reason I asked is I'm trying to make sure I
3 cover all people that might have known of this Saturday
4 trip. There is no attorney that you know of who was there
5 on behalf of Zucker on that Saturday?

6 A No.

7 Q As of that time, that Saturday, did you know at
8 that time a Lieutenant Colonel Oliver North?

9 A No. I never heard of him.

10 Q And I take it you would not have known Colonel
11 North's wife at that time either?

12 A No.

13 Q Since that time have you had occasion to meet with
14 Colonel North?

15 A No.

16 Q I take it you do not know North at the present
17 time?

18 A No.

19 Q Or his family?

20 A No.

21 Q With regard to the meeting that Mr. Zucker had on
22 that Saturday, did he say anything that would cause you to
23 believe either then or now that Zucker was meeting with
4 this woman on behalf of or in conjunction with business he

UNCLASSIFIED

JACOB FARBER

18

UNCLASSIFIED

1 was doing for Hakim or Secord?

2 A I have no idea.

3 Q Let me shift gears a bit. In terms of your work
4 for Forway, from the discussion that we had prior to the
5 deposition, I gather there did come a time when you had
6 business with General Secord on behalf of Forway; is that
7 correct?

8 A Correct.

9 Q Could you describe that business, please?

10 A Well, off the record for a minute.

(Discussion off the record.)

11 BY MR. KERR:

12 Q In August, September of 1986, you had a subcontract
13 through Forway to acquire certain types of radio
14 equipment; is that correct?

15 A Yes.

16 Q In order to obtain that equipment, you made contact
17 with Mr. Zucker?
18

19 A Correct.

20 Q Mr. Zucker suggested that you talk to General
21 Secord; is that correct?

22 A Which I did.

23 Q To assist you, General Secord gave you the name of
Manny Weigensberg?

UNCLASSIFIED

JACOB FARBER

19

UNCLASSIFIED

- 1 A Correct.
- 2 Q And you then went to Mr. Weigensberg in that period
3 of time, August, September of 1986; is that right?
- 4 A I went in October, late October.
- 5 Q And Mr. Weigensberg agreed to assist you?
- 6 A Correct.
- 7 Q And he was successful in helping you obtain the
8 radio equipment?
- 9 A Correct.
- 10 Q Since that time you've had further dealings with
11 Mr. Weigensberg?
- 12 A Correct.
- 13 Q On related matters?
- 14 A Yes.
- 15 Q In the subsequent dealings that you had with Mr.
16 Weigensberg, they have been direct?
- 17 A Yes.
- 18 Q General Secord has not been involved?
- 19 A Correct.
- 20 Q I think I've asked this before, but just so that I
21 can nail it down, to your knowledge, though, Zucker and
22 Hakim were both here in this area in the period of
23 September twenty-one, twenty-two, twenty-three, 1986;
24 correct?

UNCLASSIFIED

JACOB FARBER

20

UNCLASSIFIED

- 1 A Correct.
- 2 Q And Zucker was here by himself, as far as you know,
3 on Saturday, September twenty-seventh, 1986, when Zucker
4 had the meeting with the woman from Washington, D. C.; is
5 that correct?
- 6 A Correct.
- 7 Q There are a couple of things that Mr. Zink related
8 to us that I would like to review with you. You've
9 already indicated that you are not familiar with Robert
10 Dutton of Stanford Technologies?
- 11 A Yes.
- 12 Q And you don't know of a man named Goff?
- 13 A It is possible that these were people that came
14 with the laser gun sight. But I don't remember their
15 names.
- 16 Q You have no knowledge of a proposal for American
17 Arms to purchase from Forway a twenty-two caliber
18 automatic weapon; is that right?
- 19 A I have no idea of that.
- 20 Q With regard to the radio transaction we discussed a
21 moment ago, do you have any knowledge of the commission or
22 fee paid by Forway to General Secord?
- 23 A I'm not aware of it.
- 24 Q Do you have knowledge of a twenty-five thousand

UNCLASSIFIED

JACOB FARBER

21

UNCLASSIFIED

1 dollar payment made by CSF to Forway in September of 1986
2 that was used to generate cash for Mr. Zucker?

3 A I have no idea. At that time I was not handling, I
4 was not the chief operating officer. I was not handling
5 any of the money from those transactions.

6 Q The same level of inquiry, in August of 1986, do
7 you have knowledge of a fifty thousand dollar payment that
8 was made by Forway to Stanford Technology as part of a
9 commission payment on the laser gun sights?

10 A I have no idea. I was not involved with any of the
11 financial transactions at Forway.

12 Q Do you have knowledge of a company called Hyde Park
13 Square?

14 A Never heard of it.

15 Q With regard to Charles Heusler of the Archer and
16 Greiner firm, do you know Mr. Heusler?

17 A It's Heisler. I think it's H E I S L E R.

18 Q Do you know Mr. Heusler?

19 A I met him once for five minutes. I don't think
20 he's ever done -- he tried to get Forway's legal business
21 when they questioned the friendly relationship between Mr.
22 Cohen and myself, and they wanted to get an independent
23 counsel. And Mr. Heusler came and talked to Mr. Wade or
24 Mr. Zink and talked to me for about a couple of minutes.

UNCLASSIFIED

JACOB FARBER

22

UNCLASSIFIED

1 But I don't think that any legal business has ever been
2 given to Heusler by Forway.

3 Q Do you know when Heusler came on the ^{scene} seen? Would
4 this have been in conjunction with the October third deal?

5 A No. He came much earlier than that. He came in
6 maybe June or July. I'm speculating. But I am almost
7 certain he got no business from Forway. And at the
8 closing of they buying me out, he was not present.

9 Q That was my next question. He did not play a role
10 in the buy out, to the best of your recollection?

11 A No.

12 Q So he wouldn't have been present on that Saturday?

13 A No, he was not, definitely.

14 Q We have a reference from Mr. Zink that Mr. Zucker
15 was in the Woodbury, New Jersey, area in June 1986, that
16 he came June second or third, that he came to Forway and
17 left about June fifth. Do you have any recollection of
18 that visit by Zucker?

19 A Well, it was one of the trips that he made
20 concerning the financial situation of Forway, okay.

21 Q You have no recollection of any mention of a
22 meeting with a woman from Washington, D. C., at that point
23 in time?

24 A Not at that time.

UNCLASSIFIED

JACOB FARBER

23

UNCLASSIFIED

1 Q In terms of conversations, have you had any
2 conversations with General Secord about the matters which
3 are causing all the publicity since that publicity broke?

4 A I called him in January or February, you know,
5 because I wanted him to put pressure on Manny Weigensberg,
6 you know, to expedite the shipment of the equipment. But
7 my understanding is that they're not on talking terms at
8 the moment. Because part of your investigation has
9 revealed that subsequent shipments of materials were not
10 bought through Manny, and he's very upset.

11 Q But apart from his relationship with Manny, you
12 didn't discuss any of the matters that are in the papers
13 every day, I take it?

14 A No.

15 Q You didn't discuss his potential testimony?

16 A No.

17 Q He didn't talk to you about testimony that might be
18 requested of you?

19 A No.

20 Q You have not had occasion to discuss this incident
21 of Saturday, September twenty-seventh, with anybody, I
22 assume, prior to being asked about it here?

23 A Absolutely.

24 Q Likewise, have you had any conversation with Hakim?

UNCLASSIFIED

JACOB FARBER

24

UNCLASSIFIED

- 1 A No.
- 2 Q Or Zucker?
- 3 A No.
- 4 Q About these matters?
- 5 A I have not talked to them since October third.
- 6 Q Do you have any knowledge of when Mr. Zucker might
- 7 be returning to the United States?
- 8 A I have no idea.
- 9 Q Do you know Roland Farina?
- 10 A Yes, I know who he is.
- 11 Q Do you have any knowledge of whether Mr. Farina may
- 12 grace our shores again?
- 13 A He has never done that. His responsibility is to
- 14 run the computer, and he's not connected with the business
- 15 end. He's an operations man.
- 16 Q He did not normally travel with Mr. Zucker is what
- 17 you're telling me?
- 18 A The only person, to my knowledge, who does travel
- 19 with Mr. Zucker is Mr. Zucker himself.
- 20 Q Has anyone, to your knowledge, from the Independent
- 21 Counsel's Office, Judge Walsh's office, been in touch with
- 22 either you or Mr. Cohen?
- 23 A No.
- 24 MR. KERR: I'm fresh out of questions. We

UNCLASSIFIED

JACOB FARBER

25

UNCLASSIFIED

1 certainly appreciate your conversation with us on
2 very short notice. You've been very helpful to us.
3 In terms of this transcript, in the questions we
4 reviewed with you today, the Committee does regard
5 these as sensitive matters. I would be grateful if
6 you would keep the matters we discussed here today
7 confidential.

8 THE WITNESS: I will be happy to do it. At
9 the same time, I have revealed to you certain
10 matters that are of great sensitivity to the
11 security of the United States, and therefore, I
12 request you treat them in the greatest confidence.

13 MR. KERR: I understand. Specifically you're
14 referring to the contractual work that related to
15 General Secord?

16 THE WITNESS: I'd rather not even say that.

17 MR. KERR: In other words, so we're not
18 missing each other, your concern relates to the
19 contract work that you and I discussed basically
20 off the record?

21 THE WITNESS: Correct.

22 MR. KERR: With regard to the transcript,
23 we're trying to do it on an expedited basis. I can
24 have the reporter make a copy of the transcript

UNCLASSIFIED

JACOB FARBER

26

UNCLASSIFIED

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

HAROLD SCHULMAN ASSOCIATES 1518 WALNUT ST 15TH FLOOR

available to you for your review, to be sure there are no errors and the like. I would ask that the transcript not be copied.

THE WITNESS: I will respect that.

MR. KERR: Other than that, I think we're done.

(Witness excused.)

- - -

TESTIMONY CLOSED


- - -

UNCLASSIFIED

UNCLASSIFIED

C E R T I F I C A T I O N

1
2 I hereby certify that the proceedings,
3 evidence and objections noted are contained fully and
4 accurately in the notes taken by me in the hearing of the
5 above matter, and that this is a correct transcript of the
6 same.

7
8 
9 HAROLD SCHULMAN
10 REGISTERED PROFESSIONAL REPORTER
11 NOTARY PUBLIC

12 (The foregoing certification of this
13 transcript does not apply to any reproduction of the same
14 by any means unless under direct control and/or
15 supervision of the certifying reporter.)
16
17
18

UNCLASSIFIED

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

UNCLASSIFIED

4345

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

COPY NO. 1 OF 3 COPIES



UNCLASSIFIED

OFFICE OF THE CLERK
Office of Official Reporters

Partially Declassified/Released on 1-22-88
under provisions of E.O. 12356
by N. Menan, National Security Council

COPY NO. 3A OF 3

NAME: HIR120000

PAGE 1

1 RPTS DOTSON
2 DCMN GLASSNAP

3
4 DEPOSITION OF JEFFREY FELDMAN

5
6 Thursday, April 30, 1987

7
8 House of Representatives,
9 Select Committee to Investigate Covert
10 Arms Transactions with Iran,
11 Washington, D.C.

12
13
14
15 The Committee met, pursuant to call, at 9:45 a.m., in Room
16 2203, Rayburn House Office Building, Pamela J. Naughton
17 (Staff Counsel) presiding.

18 Present: Pamela J. Naughton, Staff Counsel, Select
19 Committee to Investigate Covert Arms Transactions with Iran,
20 U.S. House of Representatives; Henry J. Flynn, Investigator,
21 Select Committee on Secret Military Assistance to Iran and
22 the Nicaraguan Opposition, United States Senate; Thomas
23 McGough, Jr., Associate Special Counsel.

Partially Declassified/Released on 1-22-88
under provisions of E.O. 12356
by N. Menan, National Security Council

UNCLASSIFIED

NAME: HIR120000

UNCLASSIFIED

PAGE 2

24 Whereupon,

25 . JEFFREY FELDMAN,

26 was called for examination by counsel for the Select
27 Committee, and having been duly sworn, was examined and
28 testified as follows:

29 . BY MS. NAUGHTON:

30 . Q We are on the record. It is April 30, 1987. I am
31 Pamela Naughton, Staff Counsel with the House Select
32 Committee to Investigate Covert Arms Transactions with Iran.
33 The people in the room will please introduce themselves.

34 . MR. MCGOUGH: Tom McGough, Associate Special
35 Counsel, Select Committee on Secret Military Assistance to
36 Iran.

37 . MR. FLYNN: Henry J. Flynn, Investigator with the
38 Select Committee.

39 . THE WITNESS: Jeffrey Feldman, Assistant U.S.
40 Attorney, the Southern District of Florida.

41 . What is my status before the committee in this
42 proceeding?

43 . MS. NAUGHTON: Simply as a witness. We are doing
44 many interviews, conducting many, many depositions of
45 various people throughout the government and private
46 citizens.

47 . You are entitled to personal counsel at any time.
48 I don't see any reason for it, but that, of course, is your

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 3

49 | choice. You can certainly do that if you like. All we want
50 | to get at is the truth, and that is what we are here for.

51 | . The deposition is taken in Executive Session, which
52 | means that it is secret materials. It sealed in a vault.
53 | Copies aren't even released to anyone, even to the witness.
54 | The witness can view it and make corrections but cannot
55 | retain a copy. A copy goes to no one else, it is only
56 | disseminated at a hearing upon majority vote of the
57 | committee membership. We are in contempt of Congress if we
58 | give out any information in a deposition, so it is entirely
59 | secret. Do you have any other questions?

60 | . THE WITNESS: No.

61 | . BY MS. NAUGHTON: .

62 | . Q Let's get the basics. How long have you been in
63 | ESA?

64 | . A Since January of '85.

65 | . Q What did you do before that?

66 | . A I was Assistant State Attorney in Miami.

67 | . Q For what years?

68 | . A 1981 through 1985.

69 | . Q What did you do before that?

70 | . A I went to school.

71 | . Q Graduated from law school in '81?

72 | . A That is right.

73 | . Q What law school?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 4

74 . A University of Florida.

75 . Q Have you held any other positions with the
76 government other than those two?

77 . A No.

78 . Q Are you in any special unit at the U.S. Attorney's
79 Office?

80 . A I think they're calling it the Contra Investigative
81 Unit now. I am technically assigned to--that is a joke, for
82 the record--I am assigned to major narcotics.

83 . Q Is that the task force?

84 . A No, the task force is a--well, we have OCDEF, which
85 I guess is a task force, and I am a member of OCDEF in the
86 Southern District of Florida. It's Organized Crime Drug
87 Enforcement Task Force. O-C-D-E-T-F.

88 . Q Have you been with that unit since January, 1985?

89 . A No, I have been with that unit since February 25,
90 1986.

91 . Q And before that, what was your assignment?

92 . A Prosecution of violations committed against the
93 Neutrality Act.

94 . Q Were you involved in the Cutter case at all?

95 . A No. Cutter?

96 . Q You haven't heard of that case?

97 . A No. Perhaps you should give me some more details.
98 I may be familiar with it, but perhaps not by that name.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 5

99 . Q It had to do with arms sales transactions. The
100 defendants were two guys from Long Island.

101 . A No.

102 . Q Did there come a time in early 1985 that you began
103 investigating the alleged Neutrality Act violations
104 concerning activity in Central America?

105 . A Yes.

106 . Q Can you tell me how that came to your attention?

107 . A Let me tell you what I have done. If you want to
108 proceed differently--the record should reflect I prepared a
109 complete chronology, starting with my involvement with the
110 Jesus Garcia matter, basically up to present, supporting
111 documents for the activities which I have specified as
112 having occurred on specific dates. If you want me to, I can
113 go through the entire chronology and show you the supporting
114 document. Otherwise, we can take it one step at a time.

115 . Q We will take it one step at a time, but using your
116 chronology would be great. Why don't you go through the
117 first date on your chronology.

118 . A I got into this by prosecuting a man named Jesus
119 Garcia. Garcia, in August of '85, was charged with
120 possessing an un-serialized and un-registered machine gun
121 and silencer. It was four counts. On or around December 12
122 or December 10, somewhere in that area, he was convicted;
123 and on December 17 of 1985, I met with Garcia's lawyer, John

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 6

124 Mattes. He had indicated to me that Mr. Garcia wanted to
125 offer his cooperation to the government regarding historical
126 conspiracy, and we went ahead and met on the 17th and
127 reached agreement that on January 3 of 1986 we would speak
128 further about this.

129 . Between December 17 and January 3, I have several
130 notations that I had met with the case agents in this
131 matter, George Kyzinski and D.C. Diaz, who is an officer
132 with the City of Miami Special Investigative Section.

133 . Q Could I stop you there for a minute? The gun case,
134 was that an FBI case?

135 . A It was sort of odd, because there were a number of
136 agencies involved in the gun case. It came to me as an ATF
137 case. I was on duty. It was basically to handle any
138 citizens complaint, to fill out arrest complaints, just
139 answer questions that agents may have, and I was contacted
140 by Dennis Hamburger, who is an agent with the Bureau of
141 Alcohol, Tobacco and Firearms, and he told me that he had
142 just seized a gun, and he wanted me to take a look at it and
143 brought it to my office, and from that point on, I was
144 involved, but the Bureau of Alcohol, Tobacco and Firearms
145 got involved only after the FBI and City of Miami had been
146 involved.

147 . I would say the City of Miami--the City of Miami was
148 the primary investigative agency. The FBI was the agency

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 7

149 that got the phone call. They passed it on to the City of
150 Miami. The City made seizure of the weapon, and once it was
151 seized, they contacted the Bureau of Alcohol, Tobacco and
152 Firearms, and they conducted the follow-up investigation
153 under--they followed up with U.S. phone calls and ultimately
154 made the arrest.

155 . Q When the defense attorney came to see you to set up
156 the appointment with the agents, why was it the ATF wasn't
157 called in along with the FBI?

158 . A Because, quite frankly, the ATF at that point had
159 no jurisdiction in the matter. Dennis Hamburger was in the
160 Garcia matter after the conviction, and the FBI has primary
161 jurisdiction over neutrality matters, and the FBI was the
162 agency that was following up these matters.

163 . You have to realize at the time there was another
164 investigation going on by the Bureau and by the City of
165 Miami. They were investigating Renee Corbo, doing a
166 surveillance of Renee Corbo, and it turned out the people
167 involved in the surveillance were also the same two agents
168 involved in the Garcia matter, and that is how I basically
169 got brought into the Corbo matter, because I knew the agents
170 from the Garcia case. That's the way it happened. There
171 was no conscious purpose to leaving them out. It is just--

172 . Q No, I am not suggesting there was. I want to
173 understand who was involved. In your mind then, in January

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 8

174 | this was a Neutrality Act case?

175 | . A I don't know what it was. Garcia had been
176 | making--had suggested from the beginning that there was
177 | something more to his case than simple possession of a
178 | machine gun and silencer, and I think I became very well
179 | aware of that on October 31 of 1985 when we had the motion
180 | to suppress in the case.

181 | . But at that time he was talking about, Garcia was
182 | talking about a plot to blow up the Cuban and Russian
183 | Embassies in Managua, and ultimately that just bombed out.
184 | He was not able to develop any evidence other than to show
185 | that a man named Allen Saum, who was a government witness,
186 | made allegations to that effect or had suggested he was
187 | planning something to that effect.

188 | . As far as investigating a plot on a United States
189 | Ambassador or blowing up the U.S. Embassy in Costa Rica,
190 | Garcia didn't say anything about that until after his
191 | conviction.

192 | . Q Garcia pled guilty or was tried?

193 | . A No, he was tried.

194 | . Q There was a trial?

195 | . A Yes.

196 | . Q What was his defense at trial?

197 | . A His defense was he was entrapped, which was
198 | completely bizarre, because he had the gun in his house

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 9

199 before the alleged government agent entered the premise and
200 had sold the weapon before the alleged government agent had
201 entered his premise.

202 . Q So his defense was not I was working for the U.S.
203 government?

204 . A No. Well, yes, that was his defense, that he
205 thought he was working for the U.S. Government, and that is
206 why he purchased the fire arm. But he was unable to
207 establish that.

208 . Q Did he claim for whom in the government?

209 . A Major Alan Saum, S-a-u-m. Saum apparently did
210 represent himself as such, but he lied. And I know that for
211 a fact, because I obtained Saum's military records, and he
212 was booted out of boot camp for behavioral problems. He was
213 crying and couldn't survive boot camp. He didn't last more
214 than a month or two weeks.

215 . Q Now, when you met with Mr. Mattes and the two FBI
216 agents, what happened?

217 . A Basically the only recollection I have on the
218 meeting on January 3 was we obtained permission to debrief
219 Garcia, and Garcia was debriefed on January 7, 1986. That was
220 the first time that he ever mentioned, and I am readying
221 from an FBI 302 dated--actually, it is an FBI memo, dated
222 3/21/86. I am referring to page two, where it's stated:
223 "It was during the January 7, '86 interview Garcia first

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 10

224 | made the allegations concerning the plot hatched in
225 | February, '85 in Miami to assassinate Lewis Tambs in Costa
226 | Rica and later blame the hit on the Sandinistas.
227 | . Q Garcia hadn't been sentenced at this point, is that
228 | right?
229 | . A No.
230 | . Q What did you promise in exchange for the
231 | opportunity to debrief him?
232 | . A Really nothing. We have correspondence to show we
233 | never reached an agreement. It was just he was willing to
234 | give us a proffer, to give us a complete debriefing and to
235 | be polygraphed on it, and we basically proceeded with the
236 | understanding if we could work something out, we could work
237 | something out.
238 | . It ultimately could have been a recommendation at
239 | sentencing his sentence be mitigated because he assisted in
240 | development of, you know, of a historical conspiracy case,
241 | but we never reached any agreement, although we had worked
242 | towards that goal.
243 | . Q So at sentencing, did you take that into
244 | consideration?
245 | . A No, because, in my opinion, Mr. Garcia lied.
246 | . Q When was he sentenced?
247 | . A Garcia was sentenced September--
248 | . Q September?

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 12

250 DCMN GLASSMAP

251

252 . Q To what?

253 . A I think it was three years on each count. The
254 court suspended sentence on two of the counts and imposed
255 probation consecutive to the jail term on the first two
256 counts.

257 . Q You debriefed him on January 7, you said?

258 . A I didn't, the agents did, with Mr. Mattes, and I
259 think Mr. Amestri present.

260 . Q Who is Mr. Amestri?

261 . A Mr. Amestri is an investigator at the Public
262 Defender's Office.

263 . Q What did Garcia tell them?

264 . A I don't have a copy of the Garcia 302, and I could
265 synopsise it. I basically said that--actually, rather than
266 synopsise it, let me read a portion off of the FBI report
267 that I have here. Again, referring to the FBI report, dated
268 3-21-86, it states, the top paragraph, page two, "On
269 January 7, '86, Garcia was interviewed by the FBI with
270 Mattes and Amestri at the Metropolitan Corrections Center in
271 Miami. It was during this interview he made the allegations
272 of a plot hatched in 1985 in Miami to assassinate U.S.
273 Ambassador Tams. Although Garcia freely spoke out against
274 the Americans involved in the plot, he refused to speak out

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 13

275 | on the gun-running situation involved in the plot.''

276 | . Q Did he outline a Contra re-supply network and

277 | program?

278 | . A No, not that I recall. The essence of his

279 | allegation was he met Tom Posey--this is from my recollection

280 | now--he met Tom Posey in January of '86. Posey returned in

281 | February--

282 | . Q 1985?

283 | . A February, '85, you are right. Posey returned to

284 | enter a plea to carrying a concealed fire arm in Miami.

285 | During that time, he got in touch with Garcia. They met,

286 | Posey at that point suggested that the embassy be broken up

287 | and that the Ambassador be killed, Ambassador Tambs be

288 | killed to collect the bounty placed on these people. Garcia

289 | said the participants of the plot, Stephen Carr, Robert

290 | Thompson, Sam Hall, Peter Glibbery, and Tom Posey, and I

291 | believe Bruce Jones, he had also mentioned, was involved,

292 | that Garcia attended a meeting at the Howard Johnson's near

293 | the airport in Miami--

294 | . Q Wait a minute. I want to get the names. Hall--

295 | . A H-a-l-l, Sam Hall.

296 | . Q Sam Hall--what is Thompson's first name?

297 | . A Robert.

298 | . Q Who else?

299 | . A Stephen Carr, Bruce Jones, peter Glibbery.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 14

300 . Q Are these all people associated with CME?

301 . A At this point, I don't think I can answer the
302 question. I have been told not to go into any matters
303 pertaining to the investigation itself. I can only tell you
304 what my recollection--I think if I go beyond that at this
305 point, I would be going into matter we discovered during the
306 course of the investigation. I have no problem personally
307 answering it.

308 . Q I interrupted you, I am sorry. You mentioned these
309 people. And then what happened?

310 . A He said he had a meeting at the Howard Johnson's
311 where Stephen Carr pulled out a set of blueprints of the
312 American Embassy in Costa Rica and basically laid out a plan
313 to blow up the embassy and kill the Ambassador, and he said
314 that because he was aware of this plan, Tom Posey decided
315 that he had to be taken--he, Garcia--had to be taken out, and
316 that is why Tom Posey sent Alan Saum to Miami in July of
317 1985. He alleged that Saum came to Miami with the intent of
318 setting Garcia up and/or taking him to Central America to
319 kill him. And that is why he is where he is today. He said
320 that he refused to speak about the involvement of the Cuban
321 faction in this plan. He would not go into that. I think
322 that is a fair summary of what I remember about the Garcia
323 debriefing.

324 . I spoke to John Mattes about this. I don't know if

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 15

325 you want to go into this at this point.

326 . Q Sure.

327 . A First, there is a couple things you have got to
328 consider. I've been a prosecutor for almost seven years in
329 Miami--the thought of hearing about CIA plots is nothing new.
330 The public authority defense is asserted, I think, more
331 frequently in Miami than it is in other parts of the
332 country. I have seen it.

333 . Just based on my own investigation of Alan Saum and
334 knowing what I knew about Alan Saum, I knew that he was not
335 involved with the government. I had Kevin Currier get
336 involved to see if Saum did work for any agency. Currier
337 testified at trial Saum was not employed by any military
338 agency. I got his military records, which showed him at
339 best of being a cry baby.

340 . After speaking with Alan Saum at length, I was
341 convinced he was a fraud. At the same time, I never
342 understood, to this day I don't understand why Saum came to
343 Miami and contacted Garcia. It is still a mystery in my
344 mind. So I never really accepted Garcia's claim he was
345 working for the government. During the entire time between
346 his arrest and trial, there was never an allegation made
347 Garcia was involved in an assassination plot or he had been
348 set up by Tom Posey.

349 . In fact, he had subpoenaed Tom Posey as a defense

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 16

350 witness. So when Garcia made the allegation in January
351 about the assassination plot, I was skeptical. I became
352 even more skeptical on March 14 when John Mattes advised me
353 that the first time that he ever learned about the
354 assassination plot was after he had spoken with Martha
355 Honey, and Mattes also told me--let me refer to my notes.

356 . Q She is a reporter for whom?

357 . A She is a stringer for several papers. She is an
358 American, works down in Costa Rica.

359 . This is what--I have a note here for March 14. In
360 September of '85, Martha Honey, Times, CBS, calls and says
361 'Are you sure your client was not involved in the American
362 Embassy hit in Costa Rica? And Mattes said, all Mattes knew
363 was Saum's story of '85, which was the Russian Embassy hit
364 in Managua.

365 . Then John went on later to tell me the first time
366 Garcia ever mentioned anything to him about this
367 assassination plot was after he had spoken with Martha
368 Honey. This plus several other factors ultimately led to my
369 discounting the existence of this assassination plot.

370 . MR. MCGOUGH: You said the first time Mattes
371 learned of it was after he had spoken to Martha Honey. He,
372 Mattes, or he--

373 . A He, Mattes.

374 . From what I gather, both of them learned about the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 17

375 assassination plot from Martha Money. Garcia never made any
376 mention of it at all from the time he was arrested to the
377 time he was convicted, even at the motion to suppress where
378 Mattes was given the opportunity to cross-examine Saum, but
379 there never was a question raised about Garcia's involvement
380 in the assassination plot.

381 . So I guess--getting back to the chronology, you got
382 to realize that nothing was discounted. It was a definite
383 change. When we went ahead and decided to speak with Garcia
384 and to listen to his story, there was no decision outright
385 to exclude what he said was true. We basically went in, we
386 listened to him, and then we wanted to polygraph him, and
387 that was the next step.

388 . I believe on January 14 of '85 Garcia was
389 polygraphed. He was polygraphed on three issues. The first
390 issue was his involvement--I am sorry, Tom Posey's
391 involvement in the plot. The second issue was whether the
392 plot existed, and the third issue was some reference to
393 Garcia's involvement in other criminal activity in the Miami
394 area.

395 . For purposes of this proceeding, the first two
396 issues were irrelevant. On the issue of the existence of a
397 plot, he was deemed to come out inconclusive. They couldn't
398 say one way or another, whether he was telling the truth.
399 With respect to Tom Posey's involvement, he was deemed

UNCLASSIFIED

NAME: HIR120000

UNCLASSIFIED

PAGE 18

400 | deceptive.

401 | . When confronted with the deceptions the machine

402 | picked up, he admitted he had lied about Posey's

403 | involvement.

404 | . Q Going back for a moment to the machine gun, did you

405 | trade it?

406 | . A I am sorry.

407 | . Q Did you trace it?

408 | . A The machine gun?

409 | . Q Yes.

410 | . A No. It had no serial number on it. He admitted

411 | who he bought it from.

412 | . Q Who did he say he bought it from?

413 | . A A man named Chino.

414 | . Q Was it ever traced to Posey?

415 | . A No. It couldn't be, because Garcia made a
416 | statement, alleged statement, to a person at MCC saying that
417 | the machine gun had come from Tom Posey, but at trial, under
418 | oath, he testified that the gun had come from Chino. And on
419 | March 14, I spoke with John Mattes; Mattes told me the gun
420 | had come from Chino.

421 | . Q So he admitted he lied about Posey. Was that out
422 | of whole cloth?

423 | . A I am sorry.

424 | . Q Was that out of whole cloth? What did he finally

UNCLASSIFIED

UNCLASSIFIED

425 tell you?

426 . A I have the polygraph report. He never really
427 changed his story. The fact was because the existence of
428 the plot came out inconclusive, that in and of itself made
429 it worth exploring.

430 . Miami is a Casablanca. I don't discount anything
431 others say. I wasn't quite sure he was telling the truth at
432 that point, but there was no way that I was going to say,
433 no, this case is closed. So on January 22 of '86, we had a
434 meeting at the Public Defender's Office, Kevin Curriar,
435 George Kyzinski, an agent named Herb Cousins, myself, John
436 Mattes, met in the Public Defender's Office around 5:00 p.m.

437 . Basically, we all agreed without more, Garcia's
438 story is not going to amount to a hill of beans, because,
439 number one, he was deceptive with respect to Posey's
440 involvement. There was no corroboration at that point of
441 anything that he was saying, and he refused to, Garcia
442 refused to talk about the involvement of certain Cubans in
443 this so-called plot. Garcia was really not offering us much
444 at that point.

445 . On top of it, he had completely changed his defense
446 now. He was saying he got involved in this machine gun case
447 through his involvement in the assassination plot with Tom
448 Posey in January, '85 whereas at trial he had said he got
449 involved with this machine gun case because he was involved

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 20

450 in a plot to blow up the Cuban and Russian Embassies in
451 Managua. He had changed his story completely. He was not
452 too strong on January 22 of '86.

453 . Q Wasn't he sort of like a prison guard or something?
454 . A Yes. He was a corporal at the jail, Dade County
455 Jail.

456 . Q Go ahead. I am sorry.

457 . A So what we did on the 22nd is after the meeting
458 with Mattes, I went back to my office and met with the
459 agents--I have notes that you are all entitled to look at. I
460 can't give any of the documents to you because it has to go
461 through somebody at Justice. Would you like to see this?

462 . Q Yes.

463 . A For the record, I am showing counsel the copies of
464 my notes from January 22. I am showing you the records.

465 . On the first page, you will see that there is a
466 series of categories--let me see. I think the reason we
467 called it Corbo I is at that time there was two cases, the
468 ongoing surveillance and the historical case. At this time,
469 we were talking about the historical case. But, basically,
470 you have suspects, and I have listed Posey, Carr, Thompson,
471 Glibbery, Jones, Hall, John Hull, Corbo, Capito, who is
472 Francisco Hernandez, and then--

473 . Q What do you know about John Hull?
474 . A Informer.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 21

475 . Q Why do you have him as a suspect?
476 . A Because at this time--I am not really sure. I know
477 his name came up. I don't know if it was through John--not
478 John Mattes, but through Jack Terrell. The statement was
479 taken of Jack Terrell. Terrell had mentioned Hull's name.
480 Hull came up early. I think Bruce Jones worked for John
481 Hull. I can't tell you specifically.

482 . Likewise, I don't know how Corbo came into it on
483 the 22nd, because Garcia had not mentioned Corbo on his
484 initial debriefing. We had lots of conversations, and
485 somehow or other this is the list of names we came into. I
486 can go back and check the initial correspondence.

487 . Q Were you looking at Hull for drugs only or for gun
488 running?

489 . A No, at this point, I would say the events we were
490 looking at specified here are the Howard Johnson's meeting 2-
491 85 where this alleged assassination plot occurred, and we
492 have the arrest of Thompson, and I would also think the
493 March 6 gun shipment. Garcia talked about that. I failed
494 to mention that earlier.

495 . In his statement on the 17th, he mentioned the
496 weapons that were going to be used for this operation
497 against the embassy in Costa Rica were on board the March
498 gun flight. So we were looking, I think at this time we
499 were looking at the existence of an assassination plot, and

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 22

500 we also looked at the likelihood of the March 6 shipment. I
501 think those were the basic perimeters.

502 . And we went back--upon referring back to the notes,
503 on January 22, on page two, under Category C, corroboration,
504 we decided we would have to corroborate the presence in the
505 hotel of the alleged members of the conspiracy, and we wrote
506 down a list of things that we could do in order to
507 corroborate Garcia.

508 . Now, the substance of the meeting, we wanted to
509 interview people who allegedly had information concerning
510 the plot and then finally the flight, March 6 flight, such
511 things as FAA flight record and pilot--and so forth; and then
512 proving the bounty against the Ambassador of the embassy, we
513 were thinking of getting all the documents used for Thompson
514 because we felt at that point we would have a hard time
515 interviewing Bachoa.

516 . Q Was he in jail?

517 . A Bachoa?

518 . Q Yes.

519 . A I don't know.

520 . Q In Spain you mean?

521 . A I don't know.

522 . But, basically, speak with Carr, get records
523 corroborating the flight, hotel records. So there was--even
524 after the January 22 meeting where Mattas and myself and

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 23

525 everyone else was there, we had concluded we needed
526 corroboration. The Government people went back and drew up
527 the strategy on how we could try to make something of what
528 Garcia was saying.

529 . The next principal event--the record should reflect
530 I am skipping over portions of this and going on to what I
531 consider to be the material events.

532 . Following the 22, I would say that I did very
533 little on the Garcia matter until March 14. Between the 22
534 and the 14 I had begun a Jury tampering investigation of a
535 major, major trial that ended in a mistrial down in Miami,
536 the Sunshine State Bank investigation. I had to prepare for
537 a 13-defendant boat case, marijuana boat case, that had been
538 mis-tried. I had begun preparation on the case, the United
539 States versus Rafael Soto, which was at that time the
540 largest maritime seizure of cocaine in the history of the
541 country. And I had left on annual leave, and I had also in
542 that period moved up from major crimes to major narcotics.

543 . So I was preparing for vacation, preparing for
544 transition up to major narcotics, and I had begun several
545 other matters.

546 . Q Excuse me. The Soto case, did that have any
547 relation to the Marter District in Florida?

548 . A Not that I know of.

549 . Q I am sorry, go ahead.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 24

550 . A I returned to work from annual leave on February
551 25, and from February 25 to March 14, my recollection is I
552 did, I worked strictly on Operation Birdman, which was an
553 international methaqualone conspiracy, which is the ton of
554 cocaine case, the re-trial of Ponce DeMoore. I began
555 working on the boiler room, which was a major fraud case,
556 and I had also continued work on the Sunshine State Bank
557 Case.

558 . In all candor, the Garcia matter at that point
559 really had become a lesser priority because I had, in my
560 opinion, other matters pending. The allegations being made
561 by Garcia were historical and the plot was to have--if the
562 plot was said to have existed in February of '85 and the
563 embassy destruction and the assassination was supposed to
564 have occurred in March, and since we are almost a year
565 later, all we were doing was exploring the historical
566 conspiracy.

UNCLASSIFIED

567 RPTS DINKEL

568 DCMN LYNN

UNCLASSIFIED

569 . So on March 14, I would say it was the next day
570 that I have any real involvement again in the case. And
571 what happened on March 13, I believe, Kevin Currier called
572 me and informed me he wanted to see me and John Mattes
573 wanted to see me. I said, fine, no problem. We--Kevin was
574 supposed to come in, in fact, did come in at nine o'clock on
575 March 14 and Mattes was set for two o'clock that afternoon.

576 . When Kevin came in, Kevin brought with him a series
577 of Customs declaration forms pertaining to the March 6
578 flight, and he had also brought copies of hotel bills which
579 tended to corroborate Garcia's claim that Carr and Thompson
580 were at a particular hotel in Miami.

581 . The finding of these documents was significant
582 because it--you know, at last there was some physical
583 corroboration of Garcia's allegations. As soon as I saw the
584 documents, I took them down to Ana Barnett, one of the chief
585 assistants and Kevin was with me. We just began talking
586 about the case, and it was at that point that I spoke with
587 Leon for the very first time about this whole matter. Leon
588 came into Ana's office and--

589 . Q Just happened to come by?

590 . A Just happened to come by. You have to know Leon
591 and--he is constantly walking up and down the hallway.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 26

592 . MR. MCGOUGH: What was Ana's last name?

593 . THE WITNESS: Barnett. He came into the office and

594 said, "'Does anybody know anything about these mercenaries

595 down in Costa Rica?'" That's exactly what we are talking

596 about right now.

597 . BY MS. NAUGHTON:

598 . Q Yes.

599 . A We basically wanted to know what we had. Kevin,

600 myself, Ana and Leon wanted to--at the time Joa McSorley's

601 office, and we began discussing exactly what we had. When I

602 say exactly, you know, it's--we had, I think, a basic

603 understanding of what we were looking into, but there

604 obviously was a lot more. There was something--something

605 that went on. My whole feeling was I didn't think Garcia

606 was telling the truth about the plot, but it was apparent

607 that he knew about events that had gone on in Miami the year

608 before, and there was something--something going on down

609 here. We just went through what we had.

610 . Q Excuse me. Did Kellner tell you why he was

611 inquiring? That is kind of out of the blue?

612 . A Apparently he had gotten a phone call from Justice.

613 That was my impression.

614 . Q Did he say from whom?

615 . A No. Not that I recall. I just remember him coming

616 in and--like right away, I had very little contact with Leon

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 27

617 up to that point. He took an interest in this; it shot up
618 from case number ten on my list to--zoom, right to the top.
619 Right away Leon expressed an interest and he told me that
620 there was a likelihood I could be going to Costa Rica. I do
621 not know exactly when that was, but it was sometime between
622 March 14 and March 17 because on March 17 I have a note that
623 I called Tony Avirgon, who is Martha Honey's husband, and
624 advised him I wanted to travel during the week of Easter and
625 he advised me not to come. So sometime within the three
626 days between March 14 and March 17, I was told to go to
627 Costa Rica.

628 . In any event, we spoke with Leon, told him exactly
629 what we had and then met with Mattes at two o'clock. At
630 that meeting my intent--he had requested the meeting, but it
631 was my intention at that point to find out everything that
632 he had discovered. Mattes was pursuing this case like a mad
633 dog. Regardless of the allegations he made against me, I
634 got to give him credit because he worked hard for his
635 client. He had gone to Costa Rica and spoken to people who
636 we had previously classified as targets and perhaps
637 witnesses, but I would say on March 14 the people that he
638 had spoken to in Costa Rica were considered possible targets
639 of the case because according to Garcia, Carr and Thompson
640 and Glibbery were involved in the assassination plot.

641 . Basically what I wanted to do on the 14th when John

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 28

642 came in was to go through everything that he had learned
643 from the inception of his involvement in the case right up
644 till present. The way we started was his involvement from
645 the day that his client was arrested and we were going to
646 take it all the way up to present

647 . There are allegations made about the March 14
648 meeting. Do you want me to cover this cumulatively? Should
649 I just hit the high points?

650 . Q I have read the articles regarding Mattes. I am
651 not particularly concerned with it. So if it is not
652 pertinent to the facts--

653 . A Basically what happened on the 14th, we got as far
654 as the point of Garcia's arrest up until the end of the
655 trial, where Martha Money came in and apprised Garcia of the
656 assassination plot. I remember the meeting ended with my
657 asking Mattes when was the first time your client ever
658 mentioned anything about the assassination plot to you. He
659 said if Martha Money spoke to him.

660 . Then we went on. I remember during the course of
661 the meeting I told John that we had gotten information that
662 he may be misrepresenting his authority because we had
663 gotten correspondence from the U.S. Embassy in Costa Rica
664 reflecting letters that Carr and Glibbery sent to the
665 Embassy saying that Tony Avirgon had come to see them and
666 implied that they were going to be indicted unless they

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 29

667 cooperated with the FBI.

668 . Q Who is Tony Avirgon?

669 . A Martha Money's husband. He is also a reporter.

670 . Q Okay.

671 . A Avirgon told Carr and Glibbery--Avirgon told Carr
672 and Glibbery he was an emissary from the FBI and was
673 authorized to extend immunity to them, them being Carr and
674 Glibbery, and that Mattes was the one who had authorized him
675 to make these representations to Carr and Glibbery.

676 . The ultimate allegation was that Mattes through
677 Glibbery--through Avirgon extended immunity to Carr and
678 Glibbery. Of course, it was only hearsay, but we--Mattes
679 also told the agents on March 12 or March 13--March 13, the
680 day he got back from Costa Rica, he admitted speaking with
681 Carr and Glibbery and some of the other mercenaries who were
682 down there and he told--Mattes told the agents that he
683 advised Carr and Glibbery and the rest of them not to talk
684 with the Bureau unless Mattes was present. I basically told
685 John that, number one, if he was authorizing or extending
686 immunity to witnesses, that is improper, because he has no
687 authority to do that. Number two, he shouldn't be going
688 around telling witnesses not to talk with the FBI. You
689 know, this is reflected in a report, reflected in the 3-21
690 report. I told John that he can't go around telling
691 witnesses not to speak with the department, not to speak

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR120000

PAGE 30

692 with the Bureau. You know, I said that's just not the way
693 to do it. He can't do that. You are not authorized to do
694 that.

695 . I advised Mattes that there's a likelihood that if
696 we impaneled a grand jury he would be called as a witness
697 because he took statements from Carr and Thompson--Carr and
698 Glibbery who at the time were subjects and the statements to
699 him were evidence, and that was essentially--that was
700 essentially it. We had a very long discussion. I think the
701 whole meeting took about three and a half hours and had 13
702 pages of notes that I took.

703 . We left with the understanding he would come back
704 on March 18 and continue where we had left off. That is
705 basically--at that point it ended with Mattes.

706 . On March 17, I spoke with Tony Avirgon in Costa
707 Rica and basically advised him I was coming down and was
708 trying to work out a date. I have a note that Avirgon
709 advised me not to travel the week of Easter, advised me to
710 travel 4-7-86, advised me Mattes was in Costa Rica with a
711 staff person and Senator Kerry. That was surprising. I did
712 not know he had been with someone from Senator Kerry's
713 office. Mattes advised me he and his wife were targets of a
714 grand jury investigation, said he would send copies of all
715 correspondence and articles to me. I didn't know where John
716 got that from, but marked Money being a target or him being

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 31

717 a target of a grand jury investigation. At this point
718 Mattes was starting to go off the deep end.

719 . It was also on the 17th that we got a phone
720 call--when I say we, I am not quite sure who got it. My
721 recollection is that Leon told me Justice had called him and
722 requested a continuance in the Garcia sentencing. Between
723 March 14 and 17, it was a lot of momentum building up. We
724 were supposed to--Mattes--Garcia was supposed to be sentenced
725 the following day--no, two days later, the 19th. We filed a
726 continuance. It was granted. That at the time was the
727 second continuance. The third continuance now on
728 sentencing. The first continuance was January 14 of '86 and
729 February 11 of '86; those were both continuances filed by
730 John alleging that sentencing should not occur because
731 Garcia was still cooperating. Then we filed the continuance
732 on the 19th.

733 . Q What reasons did you give?

734 . A Just that--I could show you the continuance. I have
735 it here. For the record, I am showing counsel the
736 continuance filed on the 19th by the department. I filed
737 the continuance at the department's request.

738 . Q Did Kellner tell you who at Justice called him?

739 . A No. Somehow or other, I think--the impression I
740 got, it was Mark Richards. But I'm not really sure.

741 . I have a note here that on the 19th I met with

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 32

742 George Kyzinski. Going back to the 18th--on the 18th we were
743 supposed to meet with Mattes again and we had waiting at my
744 office DCDA's Kevin Currier, George Kyzinski and I believe
745 Diaz' boss, one of the agents from SIS.

746 . Rather than going on recollection, let me read you
747 portions of a letter that I wrote to Mattes that was never
748 sent out. You will understand how this fits in in a moment.
749 In the letter dated--that I wrote March 31, 1986, I referred
750 back to the incidents of March 18. In summary, Mattes never
751 showed up and the second paragraph reflects that ''On March
752 18, 1986''--quoting directly from the letter--''we were
753 supposed to have met in my office at five p.m. You
754 indicated to me earlier that day that you would attend this
755 meeting. The purpose of this meeting was for you to discuss
756 with us the names of other individuals who corroborate your
757 client's story. However, at 5:15 p.m. you had still not
758 shown up in my office. At that time I called you and you
759 indicated to me that you were not free to reveal the names
760 of the corroborative witnesses because an individual named
761 Ron Rosenblith, a staff member ~~from~~ ^{of} Senator John Kerry's
762 office, but it was Kerry's office who told you not to
763 cooperate with the government. Your letter gives the
764 impression that you had discussed this topic with me''--for
765 the record, the topic was the existence of corroborative
766 witnesses--''but that I have not taken affirmative action

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 33

767 with respect to it. Obviously, this was not the case
768 because you refused to reveal the names of the witnesses who
769 can assist us in any investigation we may undertake.'

770 . I also have a note made contemporaneous with my
771 phone call to Mattes on the 18th. I have a note here,
772 'spoke with Mattes, told him not to talk.' And he gave me
773 the name of Ron Rosenblith, the number 224-2742, Senator
774 John Kerry.

775 . MR. McGOUGH: Read that again.

776 . THE WITNESS: 224-2742.

777 . Things were starting to get odd now. The day
778 before Mattes told this reporter in Costa Rica we are
779 getting ready to indict him and his wife. The next day I
780 find out--I found out also he had been in Costa Rica with
781 someone from Senator Kerry's office. I found out on the
782 18th Senator Kerry's office is advising him not to cooperate
783 with the department any longer.

784 . We then went ahead and--reading from my notes from
785 March 18, I imagine while waiting for John to come we had a
786 brief discussion. We talked about [REDACTED], about the
787 confidential informant Diaz had, a man named [REDACTED].
788 The notes reflect I spoke with Mattes. He was no longer
789 cooperating. Then we wrote out a list of people who were
790 targets. I need to be very careful with this, because there
791 were many lists that were written out. At this point we are

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 34

792 just dealing with various allegations and people who we
793 should stay away from initially because of fears of
794 immunizing or giving the appearance that they were
795 cooperating, basically sticking with people who we felt were
796 witnesses without problems. . . . Even--I look back on
797 this and I see compared with what I have today that witness
798 list was wrong. But, in any event, we wrote out a list of
799 targets. We had Renee^e Corbo, Frank Castro, Jose Marcos,
800 Francisco Chinez, Rafael Torres Jimenez, Francisco
801 Hernandez, Jose Macias, Pedro Hill, Philepe Vidal, John
802 Hull, Tom Posey, Jack Terrell, Bruce Jones, Sam Hall, Feko
803 Rojas, Juan Perez Franco, Steven Carr, Robert Thompson,
804 Peter Glibbery, John Davies, Claude Sheffard, Sandra Corbo,
805 Alan Saum, Allen de la Malera and a man named Rica Bassas, B-
806 A-S-S-A-S. I tell you at the time I had no idea who half
807 these people were. There was another investigation going on
808 into a bombing of the Continental Bank in Miami. George
809 Kyzinski was involved in that case and during the course of
810 that investigation he discovered that Renee Corbo and a
811 bunch of these other Latin people may not have only been
812 involved in the bombing but were involved in training people
813 at the paramilitary camps and sending them down to Costa
814 Rica.

815 At this point I could see that the case was
816 starting to broaden. We got--we were not only looking at

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 35

817 these allegations of assassination plot, but George was
818 basically broadening the case by looking--bringing into this
819 case the neutrality allegations that had been discovered in
820 this prior investigation.

821 . So in all candor at this point I really had no idea
822 where we were going. I just knew we had something. My
823 basic approach is if you stick with it and pursue it, you
824 will ultimately get an understanding of what is happening.
825 We just started doing that.

826 . On the 18th we also drew up a list of witnesses.
827 Daniel Vasquez, Senior, Daniel Vasquez, Jr., Ron Boy, the
828 pilot of the March 6 flight, George Fredlan, Jaime Ortega,
829 Beatrice Rodriguez, Hector Cornea, a maid at the Howard
830 Johnson's Airway Hotel, custodian of records, Martha Honey,
831 Tony Avirgon, John Mattes, John Maiestre, Jesus Garcia, Jack
832 Terrell, Alan Saum, a man named Marcelano Rodriguez and a
833 man named Jose Soaz.

834 . I can't underline that--the accuracy of these lists
835 today obviously have very little bearing to what is going on
836 today. I just want the record to reflect that. This is
837 just notes we are making.

838 . BY MS. NAUGHTON:

839 . Q I understand.

840 . A Even after Mattes said to us that he wasn't
841 cooperating, we were still going through and pursuing the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 36

842 allegations his client was making and also beginning to look
843 into the broader neutrality allegations.

844 . The continuance that was requested by Justice was
845 actually filed on March 19. On the 19th I called Martha
846 Money, told her we were coming down on March 30 of '86, and
847 she said she wanted her lawyer present but she will
848 cooperate and put us in touch with other people in Costa
849 Rica who have information and to call her back. I have a
850 note I met with Kyzinski as well on the 19th.

851 . Within the five days of the March 14 meeting, we
852 had made plans, definitive plans, to go to Costa Rica and
853 interview these mercenaries who at this time, based on my
854 notes, I would say were targets, subjects, whatever. They
855 were all read their rights when we were down there. In my
856 mind we were treating them as people who could be indicted
857 because of their alleged participation in this assassination
858 plot.

859 . BY MR. McGOUGH:

860 . Q Let me back up. You said you told Martha Money you
861 were coming down. When? When did you tell her?

862 . A I told her--

863 . Q I believe you said on March 19 you told her you
864 were coming down on--

865 . A March 30. Let me take this out.

866 . I have a terrible habit of not only being redundant

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 37

867 | but verbose. If I get to the point where it becomes
868 | intolerable, just let me know.

869 | Okay. On March 21 I have a note in my book, my
870 | date book, to make travel arrangements to go to New Orleans
871 | to interview Jack Terrell. Jack Terrell had previously
872 | given a statement to an FBI officer in New Orleans. He was
873 | someone that we had known about. You could tell at this
874 | point there was a great deal of momentum. Made plans to go
875 | to Costa Rica. I would have gone sooner, but I didn't have
876 | an official government passport. I had to submit my
877 | paperwork. In the interim, we decided that we would go to
878 | New Orleans to interview Jack Terrell. I went with George
879 | Kyzinski. We took a statement from the infamous Colonel El
880 | Flako. At that point the investigation again--I say changed.
881 | It didn't change. There was more stuff added to it. I
882 | came away--I went to interview Terrell because he allegedly
883 | had information about the assassination plot. When I spoke
884 | to him about the assassination plot, I found out the same
885 | thing that I found out from Garcia. Ultimately when I asked
886 | Terrell on March 27 where he had learned about the plot
887 | from, I will read you my notes. He told me that he had
888 | learned--he learned about the alleged meeting where the
889 | assassination plot occurred, he learned about it from
890 | Philepe Vidal, Martha Honey, Peter Glibbery and Robert
891 | Thompson. Thompson and Glibbery denied any involvement.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 38

892 Ultimately later denied any involvement in the plot and
893 we--there is physical evidence to corroborate that. Philepe
894 Vidal we have not spoken to. Martha Honey, again, she was
895 the common element. That was the same person Garcia had
896 spoken to and it was the same person that Terrell had spoken
897 to. What we did come away with, Terrell, was a bigger
898 picture of Tom Posey's involvement with the FDN and CMA's
899 attempts to put mercenaries into Costa Rica under the guise
900 of trainers, being trainers. In all candor, for me to say
901 anything more about that at this point I think would be
902 overstepping the boundaries that I have been given. We are
903 looking into those matters now.

904 . BY MS. NAUGHTON:

905 . Q We don't want any post December 4th information.

906 . A Okay.

907 . Q At this time let me back up to Posey a minute. Did
908 you learn that Claude Sheffard was helping recruit
909 mercenaries?

910 . A No. What we learned was that--at the risk of
911 breaking the rules a little here--I learned from Sheffard
912 that he had come to the United States basically looking for
913 work and he was friendly with a man named John Keyes in
914 Massachusetts and that Keyes got in touch with Posey. I
915 think there was an article--I think Sheffard told me there
916 was an advertisement in some magazine, a military magazine.

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR120000

PAGE 39

917 Keyes was the one who got in touch with Posey. They
918 arranged for Sheffard to go with the CMA to Honduras in
919 November of 1984. Then he was re-recruited by Posey in
920 February to go back down to Costa Rica.

921 . In terms--to answer your question whether or not I
922 have ever heard about Claude Sheffard recruiting other
923 people, the answer to my best recollection is no.

924 . Q Okay.

925 . A When I came back from New Orleans, totally, totally
926 psyched up about this case, the things that Terrell told me
927 were exciting in and of themselves, but he not only--he gave
928 me more than words. He gave me newspaper articles that had
929 been written about his exploits in Honduras, and he had
930 given me some other corroborative information which led me
931 to believe that what the man was saying was true. Terrell
932 was no stellar individual. He had his problems in the past.

933 Without--there would be a real question in my mind whether
934 or not I would have believed him if he didn't have the
935 materials. The materials he provided me spoke for
936 themselves. It was obvious what he was telling me with
937 respect to his involvement in Honduras in November of 1984
938 was true. So when I came back to Miami on the 26th, I would
939 say that I came back believing that the bigger focus now was
940 the paramilitary activities of the CMA and Terrell, Posey.

941 There was still the question about Rene Corbo. He had been

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 40

942 under surveillance which ultimately ended in failure. They
943 never got anything out of it. There was still historical
944 matter about the March 6 shipment that Corbo allegedly took
945 down with Carr and Thompson.

946 . As far as the assassination plot was concerned, I
947 think that started fading. It faded even more when I spoke
948 to Terrell on the 27th by phone. He told me his
949 information was hearsay. What happens, I got so caught up
950 in the paramilitary plot he was talking about in Honduras I
951 forgot to ask him the key question I wanted to ask him.
952 That was how did you find out the information about the
953 assassination plot. On the 27th I called him back and had
954 an extensive conversation with him. I learned at that time
955 it was just hearsay. He had no direct information.

UNCLASSIFIED

NAME: HIR120000

PAGE 41

UNCLASSIFIED

956 RPTS DINKEL

957 DCMN DAMIELS

958 . So I spoke with Leon on March 27th and we talked
959 about apparently--my recollection is we talked about my
960 Terrell interview and--sent me to find out about an
961 assassination plot. I didn't come back with much about
962 that, but I came back with the paramilitary plot.

963 . Everything--things--I think--everything was
964 convoluted. It was just a big mess. There were thousands
965 of allegations flying around. We had begun shipments, an
966 assassination plot on an ambassador, we had mercenaries in
967 Honduras, and it was obvious that there was something going
968 on, but it was--at that point, it seemed beyond
969 comprehension.

970 . Q Specifically, obviously Hall's farms in Costa Rica,
971 the people you want to talk to in Costa Rica, was it your
972 sense at this time that this paramilitary activity was
973 active in Costa Rica or in--

974 . A No. It was obvious what we were looking at were
975 people who were attempting to assist the contras, but there
976 was--there were common threads through all this; but for the
977 most part, when I got back from New Orleans, instead of
978 narrowing and clarifying what I initially began with, it
979 just became more confusing. And Leon was real confused as
980 was I. Leon still--I would say at this point that his

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 42

981 enthusiasm began to wane a little bit.

982 I recall that he was sort of questioning whether I should
983 go to Costa Rica; and on the 28th, we had--my notebook
984 reflects a meeting that was six hours. I have really no
985 recollection of what went on in that meeting, but it
986 ultimately ended with his advising me to go to Costa Rica.

987 Q That is on the 28th?

988 A That is on the 28th of March.

989 Q You met six hours with the U.S. Attorney?

990 A Yes.

991 Q You don't know what you discussed?

992 A No. I wish I had taken notes.

993 Q Yes.

994 A Basically, what we--there were many discussions.
995 Many discussions that I have with Leon were impromptu. I
996 know that is hard to believe, but I give you my word I have
997 no real independent recollection of what was discussed at
998 that meeting other than to say that when I finished it, I
999 was told to go to Costa Rica and interview these
1000 mercenaries.

1001 Q Was the discussion about this case?

1002 A Yes.

1003 Q It is not about some other case?

1004 A No. No. No. It was clearly a discussion
1005 about--when you say this case now, you are not only talking

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 43

1006 about Garcia, you are talking about Corbo, Terrell. It was
1007 like just sitting at a table with several bright people
1008 trying to figure out what the hell is going on. No matter
1009 how hard I tried, there was never any real organization to
1010 it.

1011 . When I--at some time around the first of April, or
1012 even before, I started developing charts.

1013 . For the record, I am showing counsel the charts
1014 that are under the portion of the notebook labeled 3/31/86.
1015 The first chart is marked January of 1985.

1016 . I don't recall when these charts were prepared, but
1017 I found them in my notes. At least one of them was prepared
1018 before I went to Costa Rica, which was March 30. Around the
1019 time I had this meeting with Leon, I would say that some of
1020 these charts were being prepared.

1021 . Basically, the first chart shows Oliver North,
1022 National Security Council, Staff Intelligence Adviser, CIA;
1023 Rob Owens, State Department, something AID; John Hull. From
1024 Hull, I have two lines to Bruce Jones, Jim Demby. Then I
1025 have a line from Hull to a line which is--marked with our
1026 day, fine, the FDM, under that I have the Cuban allegiance.
1027 I tend to believe this first chart came after I got back.
1028 It is too complete.

1029 . Q So it would be like late April?

1030 . A I don't know. We are trying to make sense of what

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 44

1031 we had. I really--you know, I sat here and tried to figure
1032 out how I even found out about Oliver North. Mattes was
1033 talking about North. My earliest notes even showed a
1034 reference to North.

1035 . But I really--this will become more significant when
1036 we get to the Costa Rican trip. I started in my own mind
1037 trying to put the whole picture into perspective. I would
1038 think that these charts, all three of them--one of them at
1039 least represents my understanding of what was happening.

1040 . Q Do you recall when you first heard of Robert Owen?

1041 . A Well, it had to be early on. There is a reference
1042 in the FBI memo that I referred to earlier about Mattes
1043 mentioning something to the agents about Owen in February.
1044 That seems so far away, so removed from what we were--what I
1045 was sent to look at.

1046 . These things were floating around. What I was
1047 trying to do, because Leon was--he insisted on having an
1048 understanding of what this was about. We need to know what
1049 this case is about. I don't know if you have ever been in a
1050 position where your boss tells you, "Tell me what this case
1051 is about," and you really don't know what it is about. I
1052 did my very best to come up with a schematic, to explain the
1053 little bit that I thought I understood about the events we
1054 were looking into.

1055 . Q What was your understanding of Robert Owen? What

UNCLASSIFIED

UNCLASSIFIED

1056 did he do?

1057 . A You know, I really at that time don't know. I just
1058 knew he was involved. Everybody was saying he was involved.
1059 Mary Mats was telling me Oliver North was running a secret
1060 war from the basement of the White House. Do you believe
1061 that?

1062 . Q Did anyone tell you that about Mattes?

1063 . A What is that?

1064 . Q Did anyone tell you that about Mattes?

1065 . A I heard it from several sources. I just don't
1066 recall.

1067 . I knew these were just allegations. I had real--my
1068 impression now, my recollection is that just through the
1069 information we gathered, these names came up, I had nothing
1070 really behind the allegations. Just that people were saying
1071 they were involved.

1072 . I think that much of this came from a Common Cause
1073 article that Jacquelyn Sharkey wrote during the fall of
1074 1985. There was reference in there about John Hall and
1075 Peter Glibbery mentioned he was getting money--Peter Glibbery
1076 mentioned John Hall was getting money from the National
1077 Security Council. I saw that article way early on. That
1078 is, I think, primarily how I got the information.

1079 . In fact, I think there was reference to Rob Owen in
1080 that article. It wasn't--the bottom line is that my

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 46

1081 | recollection is that I didn't have any direct evidence that
1082 | North and Owens and Hull were doing A, B and C. It was just
1083 | from the various things I was reading and from the various
1084 | conversations I was having with people, their names had come
1085 | up.

1086 | . I can't tell you if any of these charts were
1087 | discussed on the March 28th meeting with Leon. All I know
1088 | is that we had a long meeting and I didn't know until the
1089 | last minute whether or not I was going to Costa Rica.
1090 | Ultimately, Leon decided to send me.

1091 | . THE WITNESS: Can we take a break?

1092 | . [Brief recess.]

1093 | . BY MS. NAUGHTON:

1094 | . Q Unless there is something else, can we take you to
1095 | Costa Rica?

1096 | . A That is the next step. Okay.

1097 | . Q Okay.

1098 | . A Let me put on the record, during the break, there
1099 | were no off-the-record conversations about any of the
1100 | matters.

1101 | . Let me--before we move to Costa Rica, let me show
1102 | you one last thing. Mattas was getting very 'hinkey'
1103 | right before I left.

1104 | . From the 1th, the conversation where he said
1105 | Senator Kerry advised him not to cooperate or his staff

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 47

1106 person, the remarks that Tony Avirgon made to me; and
1107 finally, on the 28th, when I received this letter I am about
1108 to show you, something was up.

1109 . There is a very informal way of communicating with
1110 the Public Defender's Office. You rarely use letters, let
1111 alone certified letters.

1112 . On the 28th, March 28th, I received, for the
1113 record, a letter dated March 27, signed by John Mattes.
1114 This later is odd, number one, because it was certified
1115 mail, return receipt requested, and it is now--what is it,
1116 the 18th--almost nine days later, nine days after he advised
1117 me that he no longer was cooperating with the government, he
1118 sends me a letter begging for an informal, written
1119 cooperation agreement and the fact there were other people
1120 who wished to seek such an agreement with my office.

1121 . That directly--this letter directly contradicted
1122 what he told me on the 18th. I wrote him a letter on March
1123 28. The letter I am showing counsel is dated March 31, but
1124 that was the date it was typed.

1125 . On March 31, I was in Costa Rica. The day--the day
1126 I left the office, March 28, I dictated this letter and it
1127 basically reviews my train of thought and I think the train
1128 of thought of the office at this point in the investigation.

1129 . Really, I--I advised Mattas his letter suggests that
1130 we have expressed disinterest in the efforts or the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 48

1131 corroborative work or evidence that he had gathered. That
1132 was obviously wrong, because he advised us that he was not
1133 going to give it to us.

1134 . I advised him of conversations that I had with a
1135 key witness in his client's case and reminded him as soon as
1136 I finished those conversations with the witness, I called
1137 him, John, and advised him what the witness told me and
1138 advised him that, "Since Sam was currently the focus of
1139 your investigation, I feel--" there is a blank, this letter
1140 was never retyped, never sent out--" I feel it was incumbent
1141 upon me to reveal to you the substance of any conversation
1142 which I may have had with him."

1143 . Above that, I say, "I don't want to take the
1144 chance of withholding any material which you may deem to be
1145 Brady material.

1146 . This letter was not sent out. When I spoke with
1147 Dick Gregorie about it, who was the Chief Assistant, I spoke
1148 with him while I was in Costa Rica. He felt by answering
1149 the letter we were basically playing into his hand. This
1150 response never went out.

1151 . In fact, I just found this letter, the March 31
1152 letter that I dictatad to Mattes, I just found that in my
1153 ~~copy~~ file on April 27 of 1987. It was incomplete. It had
1154 never been retyped. So that is why the blank is in there.

1155 . Anyway, I leave for Costa Rica on Sunday, March 30.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 49

1156 March 31, we went to the embassy and the first people we
1157 spoke with were George Mitchell and Jim Magel. Mitchell is
1158 the security officer and Mitchell is an Assistant security
1159 officer.

1160 . I have a note here that one of them advised me of
1161 the names of the people who are interested in our
1162 investigation. He also advised me that Ed Walsh, Voice of
1163 America Security Officer, ^[knew/?] now John Hull. It says Hull is
1164 tight with President Reagan.

1165 . At this point, when I left for Costa Rica, Hull was
1166 a name that was fixed in my mind. I think a lot had to do
1167 with the Common Cause article.

1168 . Jacquelyn Sharkey interviewed the same people I was
1169 going down interviewing. It kept coming back to Hull,
1170 Hull's name kept coming up as an important figure. I
1171 advised him I was down there to speak with several people.
1172 One was John Hull.

1173 . Actually, I was advised by Mitchell and Magel
1174 Ambassador Tambs wanted to speak with me and he is entitled
1175 to know everything I was doing. I was fighting with myself
1176 at that point because there were obviously high government
1177 officials involved in the questions I was asking. I was
1178 going down there determined to find out if there was an
1179 assassination plot, but on top of it, I was determined to
1180 find out what the hell these guys were doing down there in

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 50

1181 the first place and whether or not they were sent down there
1182 surreptitiously by any agency of the government.

1183 . Q So I wanted--went into Ambassador Tambs' office. I
1184 finally decided I was not going to withhold anything from
1185 him and I was going to tell him exactly what questions I was
1186 down here to have answered. I pulled out my little chart
1187 with Oliver North, Rob Owen, and John Hull. The ambassador
1188 turned white.

1189 . Q I guess.

1190 . A The only thing he said when I pulled out the chart
1191 was, "Get [REDACTED] in here." Those words are indelibly
1192 imprinted in my mind.

1193 . Q [REDACTED] ?

1194 . A Yes. "Get [REDACTED] in here." In comes [REDACTED]
1195 [REDACTED] knew that he was dealing with
1196 three people who had only seen the tip of an iceberg and was
1197 discouraging, I would say--not discouraging, but basically
1198 trying to rip the credibility of the various people who were
1199 making the allegations that we were exploring.

1200 . I started taking notes. He got very upset. Not
1201 very upset. That is not fair. He just said, "Don't take
1202 notes, don't take notes."

1203 . Q Excuse me. Was it explained to you [REDACTED]

1204 [REDACTED] ?

1205 . A He said [REDACTED] I didn't even know what

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 51

1206 that meant. [REDACTED]

1207 [REDACTED] Obviously--when I left, you have to understand,

1208 when I left Costa Rica, I was going down to do what I

1209 normally do when the United States Government sends me to

1210 travel; to go down, eat breakfast, stay in a jail for eight

1211 or nine hours, and visit with witnesses, get dinner, and

1212 that is it. You know.

1213 . Then when Magel told me that--or Mitchell told me

1214 the ambassador wanted to see me, I was pretty impressed with

1215 that fact.

1216 . When the ambassador said he wanted me to speak with

1217 [REDACTED] I sort of had an inkling who that was.

1218 When [REDACTED] said to me, [REDACTED]

1219 [REDACTED]

1220 [REDACTED]

1221 . At that point, I felt that we had gotten a lot
1222 farther than I thought that we would ever get on this trip.1223 . So I went down and just went for it. You know. I
1224 started asking him questions and I later wrote a summary of
1225 my interview with him.

1226 . I will show you this in a moment.

1227 . Basically, he was introduced to me [REDACTED]

1228 [REDACTED] I asked him what that meant. [REDACTED]

1229 [REDACTED] I spoke to him. I have a note here "Spoke with
1230 him with Ambassador Tambs present," and [REDACTED] told me**UNCLASSIFIED**

UNCLASSIFIED

NAME: HIR120000

PAGE 52

1231 John Hull was

1232

UNCLASSIFIED

NAME: HIR120000

PAGE 53

1233 RPTS DOTSON
1234 DCMN GLASSNAP
1235 [11:30 a.m.]
1236

1237 . Q Prior to the Boland Amendment?
1238 . A Right. I will go on. He says Hull has not been
1239 involved in any military capacity either for the U.S.
1240 Government or the Contras movement since March of 1984,
1241 since Hull provides medical assistance to the Contras. He
1242 describes Hull as a patriotic American, says we should talk
1243 to Corbo, describes Corbo as a pain in the ass, says he is a
1244 renegade without any ties to--says Corbo present has 50
1245 people operating in Costa Rica out of Hull's Ranch.
1246 Requested we contact him if we take action against John
1247 Hull. Believes Martha Honey and Tony Avirgon tied into
1248 September murder. Avirgon are Sandinista agents or have
1249 ties to Sandinistas, something about tipping off with regard
1250 to travel.

1251 . I also remembered him telling me that when I said
1252 John Hull, he said--when I talked about Oliver North, I said,
1253 "Do you know if John Hull knows Oliver North?" And he
1254 says, 'Certainly', I could tell you--and I asked about Rob
1255 Owen, he said, "I can tell you for a fact John Hull knows
1256 both Rob Owen and Oliver North." He cautions me, he said,
1257 "Do you know who Oliver North--let me tell you who Oliver

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 54

1258 North is. Oliver North is the person who introduced me to
1259 the President of the United States last week.' He
1260 emphasized that Hull knew both Owen and knew North but was
1261 basically casting an eye on me for even questioning the
1262 possible criminal involvement of these people in the
1263 activities that we were discussing.

1264 Q Did you ask them if they were involved?

1265 A Not really. This conversation just like totally
1266 took me by surprise. I did not come down prepared to speak
1267 to [REDACTED] and, in all candor,
1268 I really didn't have the understanding I have now. I often
1269 wish I did. It was a grand opportunity, investigative
1270 opportunity, and you got to understand something--you know,
1271 at the time I was 29, Assistant United States Attorney, I am
1272 with an Ambassador of the United States and [REDACTED]
1273 [REDACTED] and I was concerned to even raise some of the
1274 questions here, because obviously I did not feel that
1275 comfortable with the situation.

1276 Q Sure.

1277 A I didn't want to step on toes.

1278 Q All you need is for Shultz to call your boss.

1279 A It was just, in retrospect, I thought I was
1280 aggressive even asking the questions I asked, even pulling
1281 out the chart. But I would have been more aggressive. I
1282 should have been more aggressive, because history has

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 55

1283 basically spoken.

1284 Q You wouldn't be here.

1285 A That is right, maybe. Who knows? But that was

1286 basically what I gathered.

1287 The whole tenor of the meeting was weird. The

1288 Ambassador was, I want to say smug, but he sat back, smoked

1289 his pipe, didn't say a word, let [REDACTED] do all the

1290 talking. It was so obvious [REDACTED] was seriously bothered

1291 by our presence there, and the fact I was even asking

1292 questions, and you will see later on it was--my impression

1293 was correct, and it was just like, let's hurry up, tell me

1294 what you want to know, and let's get out of here. That is

1295 what we did, spoke for a little bit.

1296 Q Was it your impression that Tambs had heard this

1297 all before, or did he interject with questions?

1298 A My--what I remember about Tambs was I walked in,

1299 introduced myself, I said, "Mr. Ambassador, we are here to

1300 have some questions answered, one of them is a plot against

1301 your life." He laughed. He thought that was a joke. I

1302 said, "We are also here to pursue some other allegations,

1303 and I had a chart that can give you an idea of what the

1304 allegations are." I pulled out the chart, and he obviously

1305 became distressed, and he called [REDACTED]

1306 [REDACTED]--the impression I had was that he was treating us

1307 like he had us on the tip of his finger, and we asked--the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 56

1308 agents said--two agents basically kept quiet, I did the
1309 questioning, and I remember he was basically giving me some
1310 background, and I remember getting the guts up to ask him if
1311 John Hull worked for the CIA, and he smiled. That is when
1312 he told me about this stuff prior to March of '84. That was
1313 basically it.

1314 . But I could tell when he left, he thought that he
1315 had--he was directing us, go after Corbo, leave these other
1316 people alone, and let me know what you are going to do with
1317 respect to Corbo, Chamorro, blah, blah, blah. So we went on
1318 our way, and the next couple days we spent at La Reforma.

1319 . Q That is the jail?

1320 . A Yes. We spoke with the mercenaries; and we were
1321 not allowed out there without someone from the embassy
1322 accompanying us. Jim Nagel came out with us. We split into
1323 teams. Kevin Currier and I spoke with some, and Jim Nagel
1324 spoke with some, and we, all three of us, spoke with John
1325 Davies. I think that was the only interview where someone
1326 from the embassy was not present with us. I had also spoken
1327 with Welsh, a security officer with the Voice of America; he
1328 told me he knew John Hull, that he considered him a close
1329 friend, Hull and several others owned several ranches in
1330 Costa Rica. He had been to Hull's ranch numerous times. He
1331 believed Hull is a true American, hates Communists, said
1332 Hull has a radio and George Mitchell cleared this.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 57

1333 . Then he said Hull reports to someone in the
 1334 embassy, but never saw evidence of military support of
 1335 Contras on his ranch. That was all on the 31. Then I think
 1336 from 4-1 to 4-3--those were the days we did the interviews--on
 1337 4-1, I got a phone call from John Hull requesting to speak
 1338 with me in San Jose on 4-2, 4-3. I said, 'Fine'.

1339 . And then on 4-2, we started getting--it got to a
 1340 point down there where I wouldn't even speak in my hotel
 1341 room. I really didn't feel comfortable. I felt perhaps we
 1342 were being watched. I really didn't know, but there were
 1343 just certain, we were being treated like we were the enemy
 1344 and we had no business being there, and it started really on
 1345 April 2 with Jim Nagel. Nagel made a comment to George
 1346 Kyzinski which George reported to me on April 3. I wrote a
 1347 note on April 3 of the conversation I had with Kyzinski. He
 1348 told him at LaReforma Nagel asked George how long Feldman
 1349 has been in the business and how long Kyzinski was in the
 1350 business. Kyzinski asked Nagel why he was asking. Nagel
 1351 said the U.S. Ambassador is the law, and we are here through
 1352 his graciousness, there are other agencies that had their
 1353 operational requirements, and we should not interfere with
 1354 the work of these agencies. That was the start.

1355 . Then on 4-3, John Hull called me at 8:15. He was
 1356 supposed to meet me at 8:00 o'clock at Hotel ~~Bougainvillea~~^{Bougainvillea}.
 1357 I think it was down there. And he calls me up, there was a

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 58

1358 different John Hull from the man I had spoken with on the
1359 1st.

1360 . Q What do you mean?

1361 . A Well, on April 1, he called me. I had his home
1362 phone number. It is in the back of my book here. And I had
1363 left a message for him, and he called me back, and the man
1364 was really, he wanted to speak with us, and I began--this is
1365 the second big surprise. I didn't think we got a chance to
1366 speak with Hull when we got down there.

1367 . Then on the 3rd, he doesn't call up and calls me 15
1368 minutes late and says that he, said on advice of counsel, he
1369 did not want to speak with he, he said, "'We are pissing off
1370 many people in the Costa Rican Government'". He said he
1371 thought we were here to take down Martha Honey and Tony
1372 Avirgon because of false representations about them, and he
1373 has learned differently.

1374 . For the record, I am reading from my notes. He
1375 said he was a Costa Rican citizen, and I told him that we
1376 would interview him about Rene^g Corbo. He said he couldn't
1377 say much about him, and, most importantly, he denied the
1378 U.S. Embassy advised him not to speak with us. He denied
1379 that.

1380 . Q Did you ask specifically about anyone at the
1381 embassy?

1382 . A I just said, "'Did anyone at the U.S. Embassy

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 59

1383 advise you not to speak with us?'' He said, ''No. I am a
1384 Costa Rican citizen, I have nothing to do with the U.S.
1385 Embassy.''

1386 . Well, at that point we had nothing, no real reason
1387 to hang around the hotel, so we went off to the embassy, and
1388 as we walked through the door, I saw Kirk Kotula. Mr.
1389 Kotula said ''Good morning,'' we said ''Good morning''. He
1390 said, ''By the way, John Hull came to see me yesterday''--I
1391 am reading from my notes, which were written almost
1392 contemporaneous with these events. I wrote them shortly
1393 after this happened.

1394 . Kotula said Hull came to see him yesterday, Hull
1395 advised him that he contacted us and wanted advice about our
1396 purpose, and Hull wanted to know whether he should talk with
1397 us. Kotula advised Hull not to speak with us without an
1398 attorney.

1399 . At 9:15--obviously, something was up because 40
1400 minutes before the witness told me he had little or nothing
1401 to do with the government, because he was Costa Rican, and
1402 he outright denied that he had any contact with these people
1403 at all and that he had received no advice regarding whether
1404 to speak to us, and then Kotula is telling me 40 minutes
1405 later he had advised Hull not to talk. I caught Hull in a
1406 dead lie.

1407 . Then Nagel spoke to us at 9:15, and he said that

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 60

1408 Mr. Hull had spoken to the Ambassador the day before and
1409 that he had also spoken with Kirk Kotula--we saw Kotula,
1410 Kotula said, I advised him not to talk with us. Then I saw
1411 Nagel, and I found out not only did he say Kotula, but the
1412 Ambassador and Kotula advised Hull not to speak with us
1413 without counsel, and Nagel said Hull is a friend of Ronald
1414 Reagan, if you understand what I mean, Ronald Reagan knows
1415 who John Hull is, you know politicians.

1416 . And then this was--on April 3 at 10:30 a.m., I spoke
1417 with Paul Fitzgerald. He was a nice gentleman, worked with
1418 Kotula.

1419 . Q Is that the embassy?

1420 . A Yes. He is Vice Consul.

1421 . Q His name is?

1422 . A Paul Fitzgerald.

1423 . Q Since we weren't going back to La Reforma that day,
1424 I went over to the Consulate and pulled the files on Carr
1425 and Thompson. Fitzgerald was the one who was certifying
1426 them, and I have copies of the letters.

1427 . As I was speaking to Fitzgerald, I asked if he saw
1428 John Hull recently. He said yes--I am reading from my notes--

1429 . Q Fitzgerald saw Hull?

1430 . A Was in Kotula's office yesterday. Kirk told Hull
1431 had been contacted by the National Security Council and the
1432 Voice of America during our visit.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 61

1433 . Q Mull had been contacted?

1434 . A By the National Security Council and Voice of
1435 America regarding our visit.

1436 . MR. MCGOUGH: Who told you that?

1437 . THE WITNESS: Fitzgerald.

1438 . It got to a point [REDACTED] wouldn't say hello to
1439 us. We are Americans and members of the American Government
1440 doing investigative work, and I remember sitting in the
1441 restaurant at the hotel wondering whether or not there were
1442 people there watching us. That is the kind of--that is how
1443 it got down there. We were made to feel very uncomfortable,
1444 and I remember the last day after all this happened, the
1445 Ambassador wanted to see us again on the 3rd, almost like a
1446 send-off, a fond farewell, and also to get a report from us
1447 about what we discovered.

1448 . I remember that I wanted to speak to the agents,
1449 and I was in Mitchell's office with Nagel, the three of us
1450 were there with Nagel, and I saw Nagel. He bothered me, he
1451 really bothered me. He was like the House snitch in the
1452 embassy. I remember Nagel followed us wherever we went, and
1453 I said to Nagel, "You stay here, we are going out there, we
1454 are going to talk."

1455 . The three of us went outside in the hallway and
1456 spoke, and then we were brought up to the Ambassador's
1457 office, and I basically told him the people supposed to be

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 62

1458 involved in the assassination plot denied involvement, and I
1459 didn't go into the substance of my conversations with the
1460 people, and that was basically it. I remember saying
1461 something about John Hull.

1462 . BY MS. NAUGHTON:

1463 . Q Did the Ambassador ask you what you had found out?

1464 . A No, he didn't really ask me much of anything. He
1465 was just listening. [REDACTED] wasn't there, and he was very
1466 polite. I want the record to reflect he was never rude to
1467 us himself, but there was--between Hull's comments we were
1468 upsetting many people, and the way Magel was always around
1469 and the little hints we were getting, it was apparent we
1470 were stirring up some problem.

1471 . I don't know how significant this is, but I am just
1472 going to show you something here. When the allegations, not
1473 allegations, but when my memo was leaked, somehow or another
1474 the Miami Herald and some other papers got a copy of the
1475 memo I wrote, and there was a reference to the treatment we
1476 had gotten in the embassy, and when the Herald saw the
1477 footnote about our treatment at the embassy, they called
1478 Kotula and asked if these events occurred, and he said, no,
1479 that I was lying, and that everything was like totally
1480 untrue. He said that he treated Hull just like he would
1481 treat any other American citizen.

1482 . And that statement was remarkable in light of the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 63

1483 fact I found these letters in the file. The record should
 1484 reflect I am showing counsel a letter on John Hull, Clark's
 1485 stationery, dated November 5 of 1985. Let me just--certified
 1486 correct by Paul Fitzgerald, Vice Consul of the United States
 1487 of America, a letter that was attached to this
 1488 correspondence from Hull dated October 30, '85, to Mrs.
 1489 Edward J. Carr and certification of that, a letter sent from
 1490 Stephen Carr to Kirk Kotula, an affidavit dated March 9 of
 1491 '86, signed by Peter Glibbery, that was in one of the files,
 1492 and an affidavit signed by Carr, dated March 9, a note:
 1493 "Merry Christmas, John, Peta is still being hard headed, I
 1494 have chosen my course as of today. Why don't you take a
 1495 look at that? You might find some significance in those."
 1496 . The most outrageous thing is in one of the letters
 1497 Hull was requesting visa favors for one of his buddies, and
 1498 Kotula had the nerve to tell the press ^{Hall} ~~Paul~~ was just another
 1499 American citizen living in Costa Rica.

1500 . Q The letters from Steve Carr, were these after his
 1501 incarceration?

1502 . A Yes. There is a whole other side to this. Honey
 1503 and Avirgon are chasing the story about La Panka--I don't
 1504 know if you are familiar with that.

1505 . Q No.

1506 . A La Panka was at the Pastora jungle camp. I think
 1507 on March 20, 1984, Pastora called a press conference in the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 64

1508 jungle. They invited a bunch of journalists. Someone set
1509 off a bomb. Three journalists were killed and several
1510 maimed, one of them Tony Avirgon.

1511 . From that point, they set off on a hunt for the
1512 killers. Somehow or another, Honey and Avirgon were able to
1513 link Hull to La Panka, and they sued Hull in Costa Rica, and
1514 Hull was afraid of Carr, Glibbery and the rest of them
1515 because, without going into what we discovered, the
1516 allegations were that Hull had recruited or was taking part
1517 in the recruitment of mercenaries down there and were using
1518 Carr and Glibbery and these other people to establish that
1519 Hull was working on behalf of the United States to bring
1520 mercenaries to fight the contras.

1521 . And I guess they were using that to corroborate
1522 Hull's involvement with the CIA. She was trying to prove La
1523 Panka was a CIA plotter, or whatever. There was a fierce
1524 battle between Hull, Honey and Avirgon with respect to
1525 Glibbery and the rest of them. Carr and Glibbery and the
1526 rest of them believed that Hull was the key to freedom and
1527 that if they supported Hull, this is initially, they
1528 wouldn't have a problem. They trusted Hull would get them
1529 out.

1530 . When Hull didn't get them out, Carr started making
1531 statements to the press, and he basically gave, took the
1532 position that Hull was the CIA operative. And apparently

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 65

1533 Stephen realized he had made a mistake in doing that, and
1534 just referring to the letter, dated February 12, here you
1535 can see that--it was used by journalists and made an
1536 error--what is that?

1537 . All of the manipulations came from extreme leftist
1538 organizations. It's the course I want to take. Because I
1539 can't take any, can't take back my previous mistakes. Kirk
1540 Kotula was obviously involved in trying to get Carr and the
1541 rest of these people to recant their statements regarding
1542 Hull's involvement with the CIA and with any other American
1543 agency, and he knew about it, and apparently Hull and Kotula
1544 had corresponded about it, because the letter, dated April
1545 1, April 1 of '86, Hull writes Kotula encloses a letter from
1546 Robert Thompson, testimony from Carr that might help us
1547 rattle Martha Honey's cage.

1548 . I guess the whole point--you need to have that
1549 background to understand some of the references that were
1550 being made in the correspondence.

1551 . Q The Honey suit had already been filed, right?

1552 . A Right. But it had still not been tried.

1553 . Q Was that in the U.S. Courts?

1554 . A No, no. The Daniels-Sheehan suit was not filed
1555 until May 30. The suit in Costa Rica was pending and was
1556 tried, I believe, in July, or June.

1557 . Q Was Robert Owen a named defendant in either of

UNCLASSIFIED

NAME: HIR120000

PAGE 66

UNCLASSIFIED

1558 them?

1559 . A I believe he is named in the Money suit in the
1560 Southern District of Florida.

1561 . So that basically ends the trip to Costa Rica.
1562 What I wanted to mention, going back just for a second, even
1563 after Mattes advised us that he wasn't going to cooperate
1564 with us. I continued to cooperate with him and pass
1565 information on to him, and there was--on 3-28-86, I spoke
1566 with John Mattes, I was advised--I called him to tell him
1567 about a conversation that I had with Alan Saum, but he was
1568 not in the office.

1569 . Also, on 3-26-86, I spoke with Saum and again
1570 advised Mattes. There was a third conversation, which we
1571 will get to in a few moments, where Mattes was on the phone,
1572 and we spoke with Saum. I just wanted to put that in here
1573 because I have it in the chronology. We came back, I came
1574 back from Costa Rica, once again totally, totally thrilled
1575 with what I had discovered. I had no definitive proof that
1576 North and Owen and all these people were involved, but I
1577 just knew that there was something, something was going on
1578 based on the way we were treated.

1579 . I had also learned about the recruitment of
1580 mercenaries in Miami, Stephen Carr admitted he had been
1581 recruited in Miami.

1582 . Q What did Carr and Glibbery tell you, if anything.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 67

1583 about how far up this went? Did they mention North, did
1584 they mention--

1585 . A The name, North, never came up. We heard Owen's
1586 name and just that he was down there, and it was just like,
1587 there was always something mysterious about that, because
1588 everyone always talked about the North-Owen connection. But
1589 all I ever was able to prove, or, you know, able to find out
1590 in Costa Rica about North and Owen is that Owen had come
1591 down to visit John Hull sometime in late February or Early
1592 March--no, late March, early April. That was it, that he was
1593 down there.

1594 . Quite frankly, [REDACTED] had already confirmed to
1595 us Hull and Owen knew each other. But, basically, what we
1596 did find out was that Renee Corbo was involved, that he had
1597 recruited mercenaries, they had flown the guns down on March
1598 6, although Hull admitted he had never seen the guns, he
1599 only saw the boxes, and that Corbo told him there were guns
1600 in the boxes. But he had never seen the guns themselves in
1601 Fort Lauderdale, which was a direct contradiction of what he
1602 had told someone from the Miami Herald in July, '85.

1603 . But, you know, there was also allegations about
1604 [REDACTED]
1605 [REDACTED]
1606 [REDACTED]
1607 [REDACTED]

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 68

1608

1609

1610

1611 So it was very exciting.

1612

1613 . Again, we came back, and it was adding more and

1614

1615 more allegations to this already confused mess that we had,

1616

1617 But, again, it was--we knew something

1618

1619 was there, I knew something was there. It just needed to

1620

1621 be, it needed to be investigated, but there was really no

1622

1623 overall understanding of what we have, just a bunch of

1624

1625 different allegations which appeared to be true.

1626

1627 . So I came back, and on the 4th of April, I met with

1628

1629 Leon. It was the day I got back from Costa Rica. I

1630

1631 remember Ana Barnett, I remember Larry ~~Sharf~~^{ie} being there, I

1632

1633 don't remember if Dick Gregory^{ie} was there or not, and Leon

1634

1635 was there. I went through the chart that I had shown to the

1636

1637 Ambassador, and that was the first time we talked about the

1638

1639 Boland amendment. And that became a topic of conversation.

1640

1641 . I remember asking questions, raising issues: Is

1642

1643 there a criminal violation attached to violating an

1644 appropriations bill, was there a criminal section affixed to

1645 the Boland amendment, what is the Boland amendment? Just a

1646 lot of questions being raised.

1647 . When then asked, we started looking for the Boland

1648 amendment, couldn't find it. We asked David ^{Liewant} ~~Lament~~ to pull

1649

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 69

1633 a copy of the Boland amendment off the machine, and David
1634 came in three quarters of the way through our conversation
1635 and brought in the Boland amendment. I still have the
1636 copies he pulled for us. And we talked, and we came away
1637 from that meeting with the understanding that--we still
1638 didn't understand what we had, and I want you to write a
1639 memo.

1640 . Forgive me for being presumptuous for a moment,
1641 according to the papers, it was at this meeting that Leon
1642 Kellner told me to slow down or go very slow. I don't
1643 recall any conversation, except for one, which I will tell
1644 you about, which occurred later on in the summer, I don't
1645 recall any conversation where Leon Kellner ever told me to
1646 slow down. Because, quite frankly, I wouldn't be part of
1647 it.

1648 . I left that meeting on the 4th of April with an
1649 order I was to write a memo so that they could sit down and
1650 study what we had, and that was it. Leon--again, Leon's
1651 emphasis was assassination plot and guns. He didn't express
1652 a great deal of interest in a neutrality violation.

1653 . And when I sat down and told him, I remember when I
1654 told him what Carr had said, Carr had not even seen the
1655 guns, and all of them denied being involved in an
1656 assassination plot, it was almost as if, as far as they were
1657 concerned, the major allegations of the case had been

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 70

1658 | disproven, and it is not like he wasn't disinterested in the
1659 | rest of it, but the things that were most important to him,
1660 | as far as he was concerned, had no basis, in fact.

1661 | . So he wanted a memo, and that's what I basically
1662 | started doing. So from that point on, I worked on the memo,
1663 | and I had also--before I left for Costa Rica, I knew I had to
1664 | come back and prepare for a fraud trial, which I had
1665 | anticipated was going to take about six weeks to try. When
1666 | I was down in Costa Rica, I told the agents there was going
1667 | to be somewhat of a delay when I got back because I had to
1668 | start preparing this thing, it was a monster.

1669 | . And I guess from--I guess from 4-7 until May 2, what
1670 | I did--90 percent of the time was work on the boiler room--I
1671 | also worked on the memo. I have a note here on 4-11-86
1672 | Leon--Leon, Larry Sharf, Ana, I believe Dick was there, and
1673 | myself met in Leon's office. That was the day of the FBI
1674 | shooting.

1675 | . Q Wasn't that the 1st?

1676 | . A No, I think it was the 11th. It was a Friday. I
1677 | will tell you in a second. April 11 was the date of the
1678 | shooting. That was the day Bryant and Robert Perry released
1679 | an article, the first real article, about the investigation.

1680 | And I don't know why we met on the 11th, but all I remember
1681 | is I said to Ana Barnett, I remember telling them, and I
1682 | felt foolish for saying it, but I remember thinking to

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 71

1683 myself that this case was basically fraught with potential
1684 problems, and I felt that there was a need to be concerned
1685 about appearances, especially because Leon's Presidential
1686 appointment had not come through at that point.

1687 . I remember talking to Ana about that, saying that
1688 Leon has not been appointed, blah, blah, blah, and I
1689 remember Ana and I spoke to Leon. He came back on the 11th.
1690 We had said to him that, just kidding, nothing real
1691 serious and facetious, we brought up the question about his
1692 appointment and just the other political concerns, and--I
1693 should be careful when I say that. I guess the easiest way
1694 of saying this is that it was a hot potato, this case was a
1695 hot potato. Leon looked me straight in the face, and he
1696 said, 'Politics are not for me to consider, the only thing
1697 that I need to consider is the evidence and the law, and I
1698 am not interested in politics.' He was very sincere about
1699 that. That stayed very much in my mind, because I later
1700 came back to it in another conversation that I had with him
1701 in August, which I will get to. That was really the last
1702 big meeting I had with Leon, in April.

1703 . I have several references about getting notes from
1704 Kevin Currier. Also, I got an interesting letter from
1705 Mattes during April. He once--once again, Garcia's
1706 sentencing date was postponed, and he gave the reason Garcia
1707 is cooperating with the government. I don't know where he

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 72

1708 had gotten that from, because he indicated to us on the 18th
1709 that he was not. But he also--

1710 . Q Let me back up for one second.

1711 . A Yes.

1712 . Q This conversation with--had he already spoken to
1713 Leon?

1714 . A Yes. He didn't come down until the next day.

1715 . Q This conversation you had with him is before the
1716 Attorney General comes down?

1717 . A You had better ask Leon that. I wasn't at the
1718 meeting with the Attorney General. My understanding is, and
1719 what Leon has told me since, is that the meeting, I think,
1720 occurred in the lobby of the Baptist Hospital.

1721 . Q But the conversation you had with him was the day
1722 of the shooting?

1723 . A To the best of my recollection.

1724 . I am showing counsel Mattes' letter, dated April 14
1725 of '86. This is a letter I received from Mattes regarding
1726 my cooperation I extended to him. And the reason, you know,
1727 I don't mean to stress my, overly stress my relationship
1728 with Mattes, but the way I perceived this is that Mattes has
1729 accused me of obstructing his investigation into events that
1730 Leon said to have slowed down through the direction of the
1731 Attorney General, and, quite frankly, I feel that his
1732 allegations diminish my credibility because if you believe

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 73

1733 what he said to the papers, ultimately, it would make me
1734 look as if I were some kind of co-conspirator in this.
1735 . The bottom line is if I did anything with Mattes,
1736 it was I tried to assist him, even after he attempted to cut
1737 his aid off from us.

UNCLASSIFIED

NAME: HIR120000

PAGE 74

UNCLASSIFIED

1738 DCMX GLASSNAP

1739

1740 . Q Did he still represent Garcia at this point?

1741 . A Only for a few more weeks. I would note during the
1742 period of time between March 14 and May 22, which was the
1743 day he was terminated, he never once brought to the court's
1744 attention any of the so-called improprieties that I or the
1745 agents had committed. And, in fact, he never brought to the
1746 attention of Garcia's counsel, and in the Garcia brief just
1747 recently filed, there is no allegation of government
1748 misconduct. The only person who brought the so-called
1749 improprieties--the only person that he raised these
1750 improprieties to was Senator Kerry.

1751 . So on April 17, 1986, Mattes once again moved for a
1752 continuance. The significance of that is that Mattes' line
1753 now is that he was going to bring to light the North network
1754 and my role in it and my attempts to obstruct his
1755 investigation on March 19, but that Justice had moved to
1756 continue that sentencing here, and as a result, his
1757 opportunity to make the world aware of Oliver North and Jeff
1758 Feldman's attempt to impede the investigation was taken away
1759 from him. But here he is, on April 17, once again moving
1760 for a defense continuance of the sentencing.

1761 . Q Let me stop you.

1762 . A Go ahead.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 75

1763 . Q After the Attorney General's visit, did Leon
1764 discuss with you any discussions he had had with the
1765 Attorney General?

1766 . A No. No, not that I recall. The Attorney--I knew
1767 that Leon was having periodic contact with Mark Richard, but
1768 as far as Mr. Jensen or Mr. Meese, no.

1769 . MR. MCGOUGH: When you say periodic contact, with
1770 regard to this investigation or in general?

1771 . THE WITNESS: No, I think it was with regard to
1772 this investigation. That name was always around for some
1773 reason.

1774 . Then I got this--this was interesting--you know, I am
1775 just basically giving it to you as I understand it. So if I
1776 am going off track stop me.

1777 . On April 11--wait, not April 11--on April 21, I
1778 received this letter from Stephen Carr, and again for the
1779 record, I am showing counsel the letter dated April 11, 1986
1780 from Stephen Carr, care of Kotula, U.S. Embassy. And Carr
1781 is basically begging for an opportunity to cooperate with us
1782 so he can get out of jail, and he mentioned Pete Glibbery
1783 himself had received a letter from Mattas, dated March 27,
1784 saying Rosenblitt and others are "working to secure a safe
1785 return to the U.S."

1786 . And then he attached, Carr attached a letter that
1787 he had received from Petar Glibbery, and in that letter,

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 76

1788 again I am showing it to counsel at this point, Glibbery
1789 tells Carr, "Today received a letter from J. Mattes, dated
1790 March 27," says that he has tried to phone us, but couldn't
1791 get through.

1792 . Then there is a reference to Ramirez, who Mattes
1793 had allegedly spoken to on several occasions. Mattes in his
1794 letter to Glibbery said RR and others are working to secure
1795 a safe return to the USA and that Mattes sent--what do the
1796 initials PLO stand for? "Push Leon Overboard". And
1797 Mattes goes on to say he will keep in touch with us very
1798 shortly and is thanking him for their help.

1799 . BY MS. NAUGHTON:

1800 . Q What is the PLO reference to?

1801 . A I don't know. I found that very, very bizarre.
1802 Push Leon Overboard. It may be Klinghoffer.

1803 . MR. MCGOUGH: That was a joke circulating at the
1804 time about Leon Klinghoffer.

1805 . THE WITNESS: At the same time, it may be a
1806 reference to Leon Kellner. I don't know. It was--apparently
1807 by this point he was in very deep with Senator Kerry and his
1808 people. The rest of it is just, you know, the FBI--Glibbery
1809 said the FBI had been to see him, the FBI agent had been a
1810 gentleman, just some general comments.

1811 . Okay, the next significant event was on April 28, I
1812 submitted my first draft of the memo to Leon. To make it

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 77

1813 real simple, Leon didn't like it. It wasn't detailed
1814 enough. So I went back and drew up--and the reason it wasn't
1815 detailed enough, I was working my hind off on the boiler
1816 room. When the boiler room finally got continued, I had
1817 time to re-write the--

1818 . BY MS. NAUGHTON:

1819 . Q Your first draft, did it contain any
1820 recommendations for future action or course of action?

1821 . A Yes. I got the recommendation right here. It
1822 wasn't as specific. I said although--this is the
1823 conclusion--''Although our investigation has dispelled
1824 Garcia's story, we have learned CME actively assisted FDM in
1825 Honduras, Costa Rica between November, '84 and April, '85.
1826 There is no question Renea Corbo and CME actively recruited
1827 individuals in the United States to train and/or fight with
1828 the FDM and contras; further investigation may also verify
1829 Carr's claim the weapons were among the items shipped from
1830 the United States to Salvador.''

1831 . So it was basically the concept of doing further
1832 investigation. Leon wanted more. So I went ahead--by the
1833 way, let me move ahead, I have on April 25 in my book, I had
1834 notes meeting with Kellner for both 4-24 and 4-25 of '86,
1835 and apparently I met with Leon on 4-25-86. But I don't have
1836 any notes of my meetings. I kept no notes, to my regret, of
1837 my meetings with Leon. I went ahead, I imagine the 4-25-86

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 78

1838 was the meeting that we had to discuss this memo. Because
1839 that was the first meeting that I had with him after I
1840 submitted the memo to him.

1841 . Q You said the memo was 4-28?

1842 . A Then no way. I don't know.

1843 . Q You don't have any independent recollection of what
1844 those meetings were?

1845 . A No, I have no independent recollection. There was
1846 another meeting I had with Leon on 5-5-86, and that must have
1847 been the meeting we talked about the memo. But I don't
1848 remember the 4-25 meeting. There were a series of impromptu
1849 meetings that I had, and there was always discussion about
1850 the case, and for the most part they were always redundant,
1851 just what do we got here, that type of conversation.

1852 . So we had--apparently on the 5th, we had a meeting
1853 about the memo, and I re-drafted it, and I have the word
1854 'processing logs' here. The memo, which was basically a
1855 new draft of the memo, was finished at 4--I am sorry, 6:45
1856 p.m. on the 14th of May. And on May 14, I met with Kevin
1857 Currier, and we went over it line by line, the memo, and at
1858 that time we both concluded that we ought to go forward with
1859 a grand jury investigation. And that was not the first time
1860 I had stated that, because the March 14 meeting with Mattes
1861 I told Mattes I was hoping to impanel a grand jury.

1862 . But for the benefit of everyone here, I will read

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 79

1863 the last paragraph from page 20 of the 5-14 draft, the first
1864 draft: "The FBI requests we begin a grand jury
1865 investigation into the activity described in this memo. The
1866 Bureau believes a grant jury is necessary for several
1867 reasons. First, it would dispel claims the Department of
1868 Justice has not aggressively pursued this matter; second, a
1869 grand jury would eliminate some of the deception the FBI
1870 believes they have encountered during their interviews with
1871 Daniel Vesco, Ronald Boyd and Max Vargas. The grand jury
1872 would give the Department of Justice access to gun records
1873 and bank records. Canex was the fund-raising organization
1874 set up to raise funds. I concluded we have sufficient
1875 evidence to begin a grand jury investigation. I believe a
1876 grand jury investigation would ultimately reveal gun running
1877 activity, including gun running and neutrality violations.
1878 Due to the political nature of this case, I am not sure such
1879 violations could be successfully prosecuted in South
1880 Florida."

1881 . We are going to find criminal activity. I don't
1882 think we are going to win this case in South Florida. Leon
1883 liked this memo. He sent it back, and he himself concurred
1884 that we have sufficient evidence--he crossed out my whole
1885 recommendation here. For the record, he scribbled out the
1886 last paragraph, and he inserted, "I concur, we have
1887 sufficient evidence to institute a grand jury investigation

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 80

1888 into the activities described herein.''

1889 . But he himself sometime before May 20, which is the
1890 day we formally discussed this memo, he himself concurred a
1891 grand jury was in order. Okay?

1892 . Q Let me ask you this. Is it standard to write such
1893 a memo before you go to a grand jury for subpoenas?

1894 . A When you don't understand the case, I imagine that
1895 you do. This wasn't a--this was just a summary of what we
1896 had developed at this point. In terms of whether it is
1897 standard or not, you are going to have to ask Mr. Kallner.
1898 I just do what I am told.

1899 . You know, Leon did not--Leon did not have a
1900 comprehensive understanding of what I was chasing with the
1901 agents, and he wanted something to read, and I gave it to
1902 him, and that was it.

1903 . Q Here is what I am getting at.

1904 . A Go ahead.

1905 . Q Even in the initial work you do on the
1906 investigation, it is clear you need some records. What I
1907 don't understand is why can't you just issue a grand jury
1908 subpoena for the records from the beginning?

1909 . A I wanted to do that. I had no problem. To me, the
1910 grand jury is a very, very important tool, but Leon, you got
1911 to know Leon. Granted, you know, in light of everything
1912 that is going on now, there is an appearance because he did

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 81

1913 | not go to the grand jury he was involved in some attempt to
1914 | slow it down. That is certainly an appearance that has to
1915 | be acknowledged.

1916 | . But I am telling you that Leon Kellner, the only
1917 | concern that he had on the 20th when we discussed this memo,
1918 | was that the reputations of, you know, important people in
1919 | the community almost, I would say in the Latin Community
1920 | especially, were not going to be dragged down because of
1921 | inferences that can be drawn from issuing subpoenas to these
1922 | people. He wanted to know more about what we had--I am
1923 | jumping ahead--let me step back, and I think we can put this
1924 | in order. I got this draft back, I gave it to him on May
1925 | 15, I got it back sometime before the 20th. I went ahead
1926 | and had another draft typed up with his conclusion.

1927 | . And when we went into the meeting on May 20, Leon
1928 | and I were both going into the meeting believing a grand
1929 | jury was in order. I said Leon and I, because Leon himself
1930 | had written at that point the last paragraph in the memo.
1931 | So when we went in, it was--you know, Larry Sharf had been
1932 | given a copy of the memo, and I believe Ana Barnett had been
1933 | given a copy. Everybody read it. We went over it
1934 | critically, and they got to the point where they asked me,
1935 | "Why do you need the grand jury?"

1936 | . And I basically told them, "I need the grand jury
1937 | to weed out deception, I need the grand jury to get records,

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 82

1938 it's just a tool, it's just one tool I need to get the
1939 investigation started.''

1940 . And I think--let me make this real clear. No matter
1941 what reason I gave, Larry Sharf especially had a reason why
1942 I was wrong. And he did it--Larry Sharf is a very cynical
1943 individual, very bright, and I--

1944 . Q What is his position?

1945 . A He is, I think, special counsel?

1946 . Q So he came in with Kellner?

1947 . A Yes. He has known Leon for ages. They have been
1948 friends for ages. That is Larry's job in the office. If I
1949 had to describe his job, Larry is there to pull from any set
1950 of facts any problem that could possibly arise. He is "Dr.
1951 Doom" is what I call him. He basically felt that we did
1952 not have enough at that point to go to the grand jury, and
1953 Dick Gregorie felt the same.

1954 . Now, Larry Sharf was the recipient of one of the
1955 Attorney General's awards. He got it for his involvement in
1956 the ABSCAM investigation, and Dick Gregorie was the man who
1957 investigated the Meadlie Cartel. He prosecuted the case
1958 involving Barry Seal, both men had a great deal more
1959 experience than I did. And even though I felt differently
1960 than they did--and I think what I was more concerned about at
1961 that point was the appearance, let alone the need for the
1962 grand jury to do the investigation, I still nevertheless

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 83

1963 followed their recommendation, and their recommendation at
1964 that point was do some more background work, and then come
1965 back and we'll talk about issuing subpoenas.

1966 . I think the heart of their concern was that if we
1967 went to the grand jury at this point, we were taking the
1968 chance of putting people in there that you really don't have
1969 an understanding of specifically what their true involvement
1970 was, and if you get down to questions of immunity, you may
1971 end up immunizing people who are, who shouldn't be
1972 immunized. And all that was said to me at the May 20th
1973 meeting was just do some more background work and come back
1974 in a few weeks, and we'll talk about this again.

1975 . I said fine. And I knew the agents would be
1976 horribly upset because I started May 14 talking about a
1977 grand jury, and we did this memo, and it was supposed to be
1978 the last hurdle. I came out of the meeting saying, we got
1979 to do some more background work.

1980 . Let me just--

1981 . Q Here is what I don't understand. What is so magic
1982 about doing grand jury work? Why is that such a big step?
1983 All it is is you send out some subpoenas and you--

1984 . A Is it really? I don't perceive it that way.
1985 Because when you take people into the grand jury, you have
1986 to advise them of their status, number one, you got to give
1987 them their rights, and you got to make a determination what

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 84

1988 to do in the event that a witness takes the Fifth, whether
1989 or not at that point, you compel them or whether or not you
1990 just leave them alone.

1991 . And without knowing in advance what the
1992 individual's role is, or having a better understanding what
1993 the role is, then you are operating from a position of
1994 weakness. And although at the time I felt that I had
1995 sufficient information, you know, to go forward, I wasn't
1996 quite frankly worried about that, they were. And they were
1997 my supervisors, and they felt I needed more information, and
1998 that was it.

1999 . The only regret that I have is that I didn't stick
2000 with my conclusion. Leon asked me to change the conclusion
2001 on the memo, and I did. That was just it. But if you ask
2002 me, as the prosecutor of the case sitting there, whether or
2003 not the three of them had pre-planned this conclusion, the
2004 answer is no. Because there was a serious intellectual
2005 analytical discussion of each of the points that I raised,
2006 and they came up with good reasons why I was disheartened.
2007 You know, I wanted to get this thing moving, but they said,
2008 "Do some more work," and that's where we left it.

2009 . Q When you talk about impaneling a grand jury--

2010 . A It wasn't impaneling.

2011 . Q You don't mean literally?

2012 . A No.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 85

2013 . . Q There is already a grand jury sitting?

2014 . A Right. I went ahead--sometime between, before the
2015 May 20 meeting I got letters from Garcia complaining about
2016 the attorney and all this other stuff. On the 20th, we had
2017 the meeting, and this is the draft of the meeting, the memo
2018 that was used at the meeting.

2019 . For the record, I am showing counsel the memo,
2020 dated 5-20, in the top right-hand corner, and it is labeled
2021 "Final Draft with Sharf and Kellner's Suggestions."

2022 . MR. MCGOUGH: Whose handwriting is that?

2023 . THE WITNESS: Mine. This is mine too. Everything
2024 up here is mine. The black marks are yellow marker. If you
2025 guys want a better copy, I will get you a better copy. The
2026 key thing here, the substance of the memo stayed the same.
2027 The only thing that really changed was the conclusion. I
2028 came in to the May 20 meeting, I concluded we have
2029 sufficient evidence to institute a grand jury investigation
2030 into the activities described herein.

2031 . That paragraph, or that sentence was changed at the
2032 end of the May 20 meeting to read "I conclude that we have
2033 sufficient evidence to continue the investigation into the
2034 activities described herein. At present it would be
2035 premature to take this matter to the grand jury, some
2036 background work still needs to be finished. Upon completion
2037 of this work, I believe a grand jury investigation may be in

UNCLASSIFIED

NAME: HIR120000

UNCLASSIFIED

PAGE 86

2038 order.''

2039 . The only thing that I agreed to do at the end of
2040 this May 2 meeting was to do some more background work, and
2041 Leon was adamant, that's when he talked about destroying
2042 reputations by sending out subpoenas, and he really
2043 impressed me as being very concerned that the process was
2044 used legitimately.

2045 . Granted, you know, there was a question, I
2046 questioned in my own mind at that point whether or not there
2047 was some fishy business going on, but I had no reason to, it
2048 was because of what was being suggested at that point.
2049 There were articles in the New York Times. I would be lying
2050 if I told you I didn't think about it.

UNCLASSIFIED

2051 RPTS DINKEL

2052 DCMN STABNE

UNCLASSIFIED

2053

2054 . In all candor, I didn't believe it, but the
2055 conversation was serious and I just went ahead, like I said,
2056 and decided he wants a little more background, do more
2057 background. No problem.

2058 . BY MS. NAUGHTON:

2059 . Q Was that your last draft?

2060 . A No. I took this draft and resubmitted it for
2061 typing. I have the word processing log on 5/22. It looks
2062 like at 1:30 p.m., I got it back at 2:15 p.m. on 5/22. This
2063 was my final draft. Again I am showing Counsel the draft
2064 labeled 5/22. That is in the upper right-hand corner.

2065 . On this draft, I just put in what I had written
2066 at the end of the 5/20 memo. This is the draft I sent to
2067 Leon, the final draft. I didn't sign off, put my signature
2068 to any of them. I don't know why. I did it. That was it.

2069 . Q Is there a--is that the last draft?

2070 . A No. I submit this to Leon and I make plans to
2071 carry on with the investigation. In the interim, John
2072 Mattes has been removed from the case and on May 22, Judge
2073 Soxentino appointed the attorney to represent Garcia. On
2074 May 27, I had a meeting with Currier and Kyzinski. Again,
2075 the purpose for this meeting was to do--lay out a strategy to

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR120000

PAGE 88

2076 get the background work done that Leon wanted done.

2077 . I have here, I am showing you my notes from May

2078 27, "establish gun running strategy," get [REDACTED]

2079 [REDACTED] Who gave the guns, who arranged the

2080 shipment, who flew the shipment." This was an analysis of

2081 what we had accomplished to date on the March 6 gun

2082 shipment.

2083 . I would say at this point the assassination plot,

2084 for the reasons I state in the memo, basically was

2085 discounted. What we are really looking at now was the gun

2086 shipment and the neutrality violation that Corbo was

2087 involved in and perhaps CMA was involved in.

2088 . I then wrote down a list of people who we should

2089 interview, also other tasks, have to identify Corbo's

2090 Salvadoran weapon. Contact Costa Rican associates. Then

2091 the same thing with respect to the June 13 shipment. I had

2092 a list of who we should speak to.

2093 . Q Okay.

2094 . A I wrote down a list of people that--of interviews

2095 we have completed up to this point. I made notes that we

2096 had interviews from the bombing case that I needed to look at

2097 and the physical evidence that was gathered to date.

2098 . So, basically, on May 27th, I sat down with the

2099 agents and we decided who we were going to interview and it

2100 was from these interviews I was going to make--reprint my

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 89

2101 recommendation we go to the grand jury.

2102 . The interviews began very shortly. Really, I was

2103 lucky to have two very dedicated agents, ^WKyzanski and

2104 Currier. They are about as fine agents as you are going to

2105 find. They went right out and started interviewing people.

2106 . Q Did they, to your knowledge, write any internal

2107 status reports on it?

2108 . A On the investigation?

2109 . Q Yes.

2110 . A I really don't know. I am sure they did. I got

2111 a whole bunch of stuff from Customs in New Orleans. I found

2112 teletypes the FBI disseminated to Customs in there. There

2113 was a teletype regarding the Garcia interview. I know that

2114 on March 13, of 1986, Kevin Currier brought--wrote a 302

2115 to--or--what do you call that? The teletypes?

2116 . MR. FLYNN: Airtels.

2117 . THE WITNESS: Wrote an airtel to the Bureau of

2118 Headquarters regarding Mattes' relationship with Tony

2119 Avirgon. The reason that occurred, I think, is because

2120 Currier and Glibbery rewrote letters to the embassy about

2121 Avirgon authorizing immunity to them. I think that is how

2122 that came up. Look, I am sure that they did. I really

2123 don't know. I didn't see much of that.

2124 . BY MS. NAUGHTON:

2125 . Q You never saw their brown case file?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 90

2126 . A Their brown case file is 15 volumes. It is
2127 massive. The answer to your question is, no. I had my own
2128 strategy. We were just taking it through. I trusted them.
2129 I still do. There were times over the course of the
2130 investigation that I didn't. That was stupid on my part,
2131 but you know, I trusted them, dearly.

2132 . Q But did they ever--do you know whether or not
2133 they ever on their updates or anything else express their
2134 dissatisfaction with not going forward?

2135 . A They didn't have to express it. They expressed
2136 it to me. Kevin Currier, personally. Currier was adamant.
2137 U.S.--to this date, Currier will tell you there was some
2138 impropriety. I think that is what he truly believes. But
2139 there wasn't. It is just that is it. You know, I can't
2140 look into my boss' mind. I don't know what he does when I
2141 am not in his office, but as his employee, you know, I have
2142 no reason to state this, because I have no long-term plans
2143 to stay with the Department.

2144 . As his employee, he is quite frankly as fine a boss
2145 as a person can have, because the man is accessible, he
2146 listens. He is not condescending at all. I think he is
2147 truly committed to using the system in an ethical manner. I
2148 think what happened as a result of inaction, for very
2149 innocent reasons, he has created appearances of impropriety.
2150 You have to deal with them. I have never seen--except for

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 91

2151 one time, on August 29, which I will tell, but, outside of
2152 that one conversation I had with him, he never gave me any
2153 reason to believe that there was something going on.

2154 . Q Did Currier ever give you any reason to believe
2155 it?

2156 . A You have to know Kevin. Well, they were gung-ho.
2157 Their investigation always continued. It never really
2158 stopped. That investigation had been going on as far as I
2159 was concerned for years. The Cuarvo and of it, they knew
2160 about as early as 1985. George interviewed Tom Posay on
2161 January 5 of 1985.

2162 . Q What I am getting at, did either Currier or
2163 George ever mention their superiors received a call from
2164 anyone in high places or put--they had experienced any
2165 pressure through the FBI to slow down on the investigation?

2166 . A I don't recall--I don't recall any conversation
2167 where they said they got pressure from above. Kevin was
2168 putting pressure on. You know, Kevin really wanted the
2169 grand jury. Remember, they always threatened to take it
2170 above Kellnar's head and take it to headquarters, that kind
2171 of stuff. Do what you want, Kevin.

2172 . Q Okay.

2173 . A So we met on the 27th. We talked. At that
2174 point, around the 27th, the first week of June, I ended up
2175 getting a case which required my having to travel to

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 92

2176 Thailand. Of course, I was greatly distressed by this--it
2177 was a great case, a heroin case. That kept me busy really
2178 from the first of June right through the beginning of
2179 August. I tried two cases back to back. That Sodo Kyosa
2180 case, the ton of cocaine, went to trial right after the Thai
2181 case. The Thai case took the better part of the month.
2182 . Q You went to Thailand June 1 through when?
2183 . A No. This is--I picked up--I have a note here I
2184 began working on the Thai case June 5 of 1986. Between the
2185 27th, May 27th and June 5th, I have a notation on the 28th,
2186 met with Currier and Kiszynski. On the 22nd, I called
2187 Currier and asked him to check items seized from Jose
2188 Kuteen's shop in Miami.
2189 . On June 2, I have the word processing log where
2190 Larry Sharf resubmitted my memo for corrections. Larry had
2191 made changes without my permission to the memo. That was
2192 the final draft that was sent.
2193 . The changes are really for the most part
2194 insignificant. He changed the tone. In the final draft,
2195 which is dated again May 14, but which was sent out on June
2196 3rd, Larry had added--
2197 . Q Wait. Sent out on June 3rd?
2198 . A Right.
2199 . Q You told me June 2 is what he changed?
2200 . A June 2nd is when Sharf resubmitted my final draft

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 93

2201 of the memo to typing. He added certain provisions. I can
2202 go through them if you want point by point exactly what he
2203 changed.

2204 . Q Okay.

2205 . A Starting with page 8 of the draft marked 6/3/86,
2206 on the top of page 8, in my final draft, I referred to
2207 Martha Honey as a Costa Rican journalist. In Larry-Larry
2208 referred to her as a journalist. He took out the reference
2209 to her being a Costa Rican journalist.

2210 . He added the footnote 7, which concerns the
2211 filing of a civil complaint by Martha Honey on May 30, 1986.

2212 . MR. MCGOUGH: Footnote 7?

2213 . THE WITNESS: Right.

2214 . MR. MCGOUGH: what does that deal with?

2215 . THE WITNESS: Martha Honey's lawsuit in Miami.

2216 . BY MS. NAUGHTON:

2217 . Q That is why you have the difference in the date
2218 between the date on the memo and the footnote you are
2219 talking about?

2220 . A Right. On page 12 of the final draft, there is a
2221 discussion about John Hull. In my final draft, I referred
2222 to John Hull as an American citizen residing in Costa Rica.
2223 Larry Sharf referred to him as an American who resides in
2224 Costa Rica. Larry also added footnote 8 in the final draft
2225 which is--Hull told me in a telephone conversation that he is

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 94

2226 now a Costa Rican citizen. The United States Embassy,
2227 whoever documents Hull as an American citizen. I didn't put
2228 that in. That is true.

2229 . Then finally, a big change was in the conclusion.
2230 My final conclusion was what I had previously stated, in
2231 summary we have sufficient evidence to continue the
2232 investigation, it may be premature to take this matter to a
2233 grand jury, background work still needs to be done. Upon
2234 completion, the grand jury investigation may be in order.
2235 That is how I ended it.

2236 . Larry ended with the following: "I conclude
2237 that we have sufficient evidence to continue the
2238 investigation into the activities described herein. At
2239 present, it would be premature to take this matter to a
2240 grand jury absent further field investigation. A grand jury
2241 investigation at this point would represent a fishing
2242 expedition with little prospect that it would bear fruit.
2243 We are not now in ^spossession of facts which might enable us
2244 to confront those witnesses whom the Bureau believes have
2245 been deceptive. Further background investigation and
2246 interviews may uncover such information. The grand jury is
2247 not needed for access to Costa gun shop records since ATF
2248 has the right to inspect.

2249 . "Canak Bank records were desired to identify
2250 Corbo's associates. This appears to be an unnecessary and

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 95

2251 undesirable step at this time. Many Corbo associates
2252 already have been identified and further interviews can
2253 identify others who might be relevant to this investigation.
2254 The bank records on the other hand would likely yield a
2255 list of innocent contributors to Canek who have no knowledge
2256 of or active participation in the activities alleged.
2257 Moreover, the usual delays in obtaining and analyzing bank
2258 records can be expected. I have discussed the matter with
2259 FBI agents and they have agreed to defer the background work
2260 at this time. Upon completion of these steps, the grand
2261 jury investigation may be in order.'

2262 . The only thing I resent regarding my supervisor's
2263 handling of the whole case thus far is this, because I
2264 didn't write this. I'm eating this now. This is not--

2265 . Q Some of those ^easons are pretty pathetic.

2266 . A The fact that--personally, the whole idea of the
2267 investigation was to identify Corbo's associates and I never
2268 found that unnecessary and undesirable. Now some of the
2269 language in here is reaching. But it in part reflects some
2270 of the things that we talked about at the May 20 meeting,
2271 but I don't remember anyone--and I certainly did not say that
2272 it was undesirable to identify Corbo's associates nor did I
2273 believe that it was undesirable to subpoena bank records,
2274 because there may be a delay in getting them. But this is
2275 what went out. I never saw it before it went out. It was

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 96

2276 | just sent out on June 3rd with a cover letter.

2277 | . MR. McGOUGH: you never saw it before it went

2278 | out?

2279 | . THE WITNESS: I didn't see it before it went out.

2280 | . BY MS. NAUGHTON:

2281 | . Q When you say went out, to where did it go?

2282 | . A Mark Richard.

2283 | . MR. McGOUGH: Were you copied on the letter to

2284 | Richard?

2285 | . THE WITNESS: No. Leon called me down after it

2286 | was sent out and gave me a copy.

2287 | . MR. McGOUGH: How long after that?

2288 | . THE WITNESS: The next day.

2289 | . BY MS. NAUGHTON:

2290 | . Q Did you read the conclusion when I gave it to

2291 | you?

2292 | . A Yes.

2293 | . Q Did you express your dismay?

2294 | . A For what purpose? Really, at that point there

2295 | was no sense in saying anything. I had no control over it

2296 | any more. If they didn't see fit to let me look at my own

2297 | memo before it was sent out, I had no business expressing

2298 | anything. I have to work there. The thing is it was an

2299 | internal memorandum as far as I knew. I had no idea it

2300 | would ever be disseminated publicly. Certainly if I had

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 97

2301 Known someone was going to leak it, there would have been a
2302 major protest.

2303 . Q Why don't we get to that as long as you brought
2304 it up. As far as I know--correct me if I am wrong--the first
2305 people who get it is the Washington Times, is that right ?

2306 . A I don't know.

2307 . Q As far as the first leak?

2308 . A I don't know. Do you know where the postmark was
2309 from on the envelope?

2310 . Q No. We have not subpoenaed the press. I heard
2311 the ^rfirst leak was to the Washington Times.

2312 . A That would be--

2313 . Q Obviously when the story breaks or someone you
2314 know has your memo, you know if you read it in the Miami
2315 Herald, or Time magazine.

2316 . A I knew, only a couple of days ago, a week ago, I
2317 just heard from Leon that the memo had been mailed en masse
2318 to a number of papers and television stations around the
2319 country. You know. That was it. I thought it was bad
2320 because there were references to people who put their
2321 reputations and lives on the line by talking to us. There
2322 were references to them in the memo. I felt that whoever
2323 leaked it should--showed disregard for the safety of those
2324 people. There was nothing that could be done at the time.

2325 . Q So Leon told you it was to several papers

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 98

2326 throughout the country?

2327 . A Right. My understanding was that he had first
2328 gotten called about that from Justice.

2329 . Q About the leaks?

2330 . A No. Yes. About the leaks of the memo. I think
2331 it was Mark Richard again. I am not sure. I really don't
2332 know.

2333 . Q Do you now whether or not the memo was
2334 accompanied by any statement or any--

2335 . A Yes, this letter. Enclosed is a detailed
2336 memorandum reflecting the investigative steps undertaken in
2337 connection with this investigation. Footnote 7 on page 8
2338 reference is made to civil lawsuit instituted by Martha
2339 Honey and her husband Tony Avirgon. I sent you a copy of
2340 the complaint last week. I will keep you informed about the
2341 status of the investigation. Very truly yours.

2342 . Q Was the United States a named defendant in the
2343 Money suit?

2344 . A No.

2345 . Q It is in state court in Florida?

2346 . A No. United States District Court, because it is
2347 a suit involving parties from more than one state.

2348 . Q I guess you misunderstood my previous question.
2349 When the newspapers received your memo, do you know whether
2350 or not or did Leon tell you whether or not any other

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 99

2351 material was contained in it ?

2352 . A Contained in what? Contained in the--

2353 . Q The envelope with your memo? In other words, a

2354 note as to what this was, what to do with it?

2355 . A No. No.

2356 . Q Do you have any ideas as to who leaked it?

2357 . A You are asking me to speculate. That is not fair.

2358 I'm not going to be part of any witch hunt. I have a

2359 belief, but I am not going to state it. I have no evidence

2360 to support it. Whoever did it is a fool. Because it

2361 compromised the investigation. Certainly it didn't

2362 encourage people to participate when their security can't be

2363 guaranteed, and I think it demeans the Department and the

2364 system overall when the security of witnesses is compromised

2365 like this.

2366 . Q Did you give copies of it to anyone else other

2367 than--

2368 . A No. Look, I think that the memo was stolen out

2369 of my cabinet. I think it was stolen a while back. A

2370 footnote that I--the original footnote about John Mull and

2371 [REDACTED] was on a piece of yellow paper that was in my

2372 rough draft file. One day--the week after everything came

2373 to light about David ^{Lewant} ~~Swan~~, for some reason or another, that

2374 piece of paper shows up under my door. I had not seen that

2375 piece of paper in months.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 100

2376 . . Q The last time you saw it was in your file
2377 cabinet?

2378 . A It was in my filing cabinet. I walked into my
2379 office--I have the date, I don't have it here though. I
2380 don't have the book. It was recently, only about three or
2381 four weeks ago. It was laying under the door. Just totally
2382 shocked me because the only way that someone was going to
2383 get that was not even a copy. That was the original. It
2384 was to have gone into my filing cabinet and taken out.

2385 . Q It was just an insert?

2386 . A Not an insert. It was a piece of eight by
2387 fourteen paper. It was the most sensitive footnote in the
2388 entire memorandum. The footnote suggested that Mull was an
2389 operative for the CIA. That was the essence of it. The
2390 lack of cooperation we had at the end was--but--

2391 . Q Is that in your file?

2392 . A What's that?

2393 . Q That.

2394 . A Yes. Sure.

2395 . Q Is your file cabinet locked?

2396 . A It wasn't. Neither was my door. My office is in
2397 a secure area. You really--all you are locking your door
2398 from are your colleagues. I wasn't cynical enough.

2399 . Q Why don't we go on in your chronology. I
2400 think--you are in Thailand. You come back.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 101

2401 . A Again work on the Thai case June 5th. I have a
2402 notation on June 10 of 1986, met with Kellner regarding
2403 Mattes, Garcia, and destruction letter. I knew you would
2404 like that. The destruction letter was a letter dealing with
2405 destruction of drugs, where he has to sign the drug
2406 destruction letters. I had a drug destruction letter. I
2407 went looking for it the other day. Instead of finding the
2408 drug destruction letter, I found the letter I wrote to
2409 Mattes. That's how I found it.

2410 . I had no idea why at this point I was still
2411 talking to Kellner about Mattes and Garcia. I tend to
2412 believe it was because everything was still hanging in the
2413 air, he had still not been sentenced. A final decision had
2414 to be made about a cooperation agreement. At this point,
2415 though, it was just senseless. It was obvious that John had
2416 gotten his way with Senator Kerry and at this point Garcia
2417 and Mattes were no longer even in an attorney-client
2418 relationship. He had been terminated on May 22. I am only
2419 guessing. I really have no idea.

2420 . Q He was terminated because his client wanted that,
2421 right?

2422 . A Yes.

2423 . Q There was no other independent--

2424 . A No. I have the letters if you want to see them.
2425 He just basically felt Mattes was in a conspiracy with me.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 102

2426 Ironically Mattes is still visiting Garcia. I went through
2427 the attorney log book at the prison last week. As I went
2428 through it, I noticed John--I think as late as last September
2429 and October was still visiting him.

2430 . I have no recollection really of the June 10.
2431 Even if there was a meeting on that date, I just had a
2432 notation I was supposed to meet with him.

2433 . June 20, I left for Thailand. June 28, I
2434 returned from Thailand. July 7, I began the Thai case.
2435 July 25, I ended the Thai case. July 30, I began the Soto
2436 case.

2437 . Q What were the dates?

2438 . A July 30 began the Soto case. August 1, I ended
2439 the Soto case. I was really out of pocket from the
2440 beginning of June all the way through August 1 of '86.

2441 . Then 10 August I get back to the thick of things.

2442 On August--July 31, I received an FBI PROS memo. I never
2443 asked for the FBI PROS memo. This is on July 31. Kevin
2444 prepared it. I only recently found out why he prepared it.
2445 He was basically looking for a way to pressure Leon into
2446 making a decision.

2447 . There wasn't much I could do on the case after
2448 June 1 because I was tied up on the Thai case. The Thai
2449 case was given to me because the man who was handling it
2450 before ended up taking over the Miami River Cops

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 103

2451 investigation. They needed someone who could get the case
2452 together quickly and try it. It was a great opportunity. A
2453 nice trip to Thailand. I took advantage of a good thing
2454 when I saw it. I ^{was} off on that.

2455 . As a result, nothing much got done on the--on this
2456 case, the contra case until 8/8. Not 8/8, until 8/14 of
2457 '86.

2458 . 8/14, I gave Leon the PROS memo, the FBI PROS
2459 memo. I gave it to him on August 8 of '86 which is the day
2460 he left for vacation. I finished reading the FBI PROS memo
2461 on August 12 of '86. I felt that it was clearly sufficient
2462 evidence at this time to go forward. Cerbo had been
2463 interviewed. He himself admitted there were weapons on the
2464 March 6 shipment. There were a lot of other interviews that
2465 were done. I felt that at this point, we had enough to go
2466 forward.

2467 . I felt that way actually back in May, but I felt
2468 we had gotten Leon what he wanted.

2469 . I was told not to do--when I gave Leon the PROS
2470 memo, my recollectin^o is I was told not to do anything until
2471 he had read it. I didn't. The only thing I did was meet
2472 with George and Kevin on August 14. It's back to the same
2473 thing. I have the New Orleans connection which was Jack
2474 Terrell at TMA. The parameters of the investigation,
2475 September '84 through April 15. Members of the conspiracy,

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 104

2476 | the targets, further investigation that needed to be done.
2477 | Then I have a sequence of events that I went through. We
2478 | did this at lunch, at a lunch meeting. At this point, it
2479 | was just my way of getting back into the case and trying to
2480 | sort of regroup because I had been in trial or preparing for
2481 | trial since the beginning of the summer.

2482 | . August didn't pan out too well. Leon had still
2483 | not given me an answer and, too, my son was sick and was put
2484 | in the hospital. There were some personal problems. But to
2485 | say that the agents were persistent would be an
2486 | understatement. Kevin especially. He wanted to know--I
2487 | kept going down to Leon. I really thought I was losing
2488 | credibility with Leon because I was nagging him to make a
2489 | decision or let me know one way or the other. He kept
2490 | telling me that he had to read the memo. That was it.

2491 | . On August 29, that was the only time Leon ever
2492 | gave me a reason to believe there was wrongdoing. Before I
2493 | get to that, let me just catch up here. On 8/18, I began
2494 | working Operation Texas full-time, which is a marijuana
2495 | conspiracy case. 8/20 I had my only conversation with
2496 | people at Justice. ^oTh_x was Joe Tafe, who was in charge of
2497 | neutrality violations. He gave me hints. On 8/25, I began
2498 | Operation Blackjack which was a Nigerian heroin conspiracy.
2499 | I had other things going. On 8/29, I went down. This is
2500 | like the fourth time maybe--I don't remember the number of

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 105

2501 | times--I went--had been down to see Leon a number of times. I
2502 | said, look, I have to know. They want to know. They have
2503 | been waiting. They are being persistent. He told me at
2504 | that point sit on the case until he gets back from
2505 | Washington, D.C. Politics are involved. I said to him,
2506 | Leon, that really upset me because he told me on April 11,
2507 | during the day of the FBI shooting that politics were not a
2508 | consideration. I said to you, why are you telling me
2509 | politics are involved when you told me politics aren't a
2510 | factor for you to consider.

2511 | . He said to me that politics aren't a factor for
2512 | you to consider but they are a factor for me to consider.
2513 | That is what he said. He subsequently--I confronted him with
2514 | that at a later point. He explained to me what he meant by
2515 | that. He didn't deny--he has never denied that he said that
2516 | to me.

2517 | . MR. FLYNN: What was the date of that?

2518 | . THE WITNESS: August 29.

2519 | . He told me that he has received a series of
2520 | affidavits from John Hull regarding the Avirgon/Money
2521 | lawsuit. Again it was John Hull manipulating people. There
2522 | were affidavits from the various mercenaries. He was hoping
2523 | Leon would use these affidavits--it showed complete ignorance
2524 | on his part about how the system operates and even what the
2525 | United States Government role was in that lawsuit. But I

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 106

2526 | did not see these affidavits at this time. He showed them
2527 | to me subsequent to the time he got back from D.C. He was
2528 | apparently concerned that the office was being manipulated
2529 | to take a position on the lawsuit or even to take a position
2530 | with respect to the investigation that we were conducting.

2531 | . That's what he basically told me.

2532 | . BY MS. NAUGHTON:

2533 | . Q Was the U.S. a party to that lawsuit?

2534 | . A No.

2535 | . Q Why--why the affidavits?

2536 | . A Why is Hull doing that?

2537 | . Q I can understand Hull doing it for purpose of the
2538 | criminal investigation. If the U.S. isn't a party to the
2539 | civil, why would that be a concern for the U.S. Attorney?

UNCLASSIFIED

NAME: HIR120000

PAGE 107

2540 RPTS DINKEL

2541 DCMN DANIELS

UNCLASSIFIED

2542 . A Exactly. That is the question I think he was
2543 asking himself. He felt that he was being asked in a very
2544 subtle way to manipulate something he had no role in. I
2545 felt that--expressed to me his concern that the office was
2546 not only--was being manipulated.

2547 . We were being used for selfish interests, interests
2548 that may even have ties back to Washington. He just didn't
2549 know. He did the smart thing. He took the affidavits to
2550 Washington and brought them to Mark Richards and showed them
2551 to him. This is all what I learned later.

2552 . In the meantime, I didn't know any of this. The
2553 only thing I remember was my boss telling me, "Sit on the
2554 investigations; politics are involved."

2555 . I immediately reported that to my father-in-law,
2556 who is a lawyer and former judge down in Miami, because I
2557 anticipated that this day would come and I wanted a witness.
2558 I didn't want to be left in a position of making an
2559 uncorroborated statement about the conversation that I had
2560 with my boss.

2561 . But being the gentleman that he is, he never--to
2562 this day, he has not denied it. He hasn't denied he said
2563 that politics were involved. He has explained that to me.

2564 . Q So Kellner gets the affidavits pursuant to the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 108

2565 civil litigation, the Money suit?

2566 . A That is what he told me?

2567 . Q But he goes to see Mark Richards?

2568 . A He got the affidavits. There was a letter to Leon
2569 and a letter to Warren Rudman. Copies were sent to Leon.
2570 Some affidavits from some of the mercenaries; and he went to
2571 Washington with the affidavits and he came back. I don't
2572 remember when he gave me the affidavits. He did. He gave
2573 me some memoranda on the Neutrality Act, asked me to read
2574 them. It was back to the same status, just waiting for him
2575 to finish reading the memo.

2576 . In all candor, at this point, after August 29, I
2577 thought the case was dead. I really did. The case just sat
2578 in a box on my table. I was busy. I was a narcotics
2579 prosecutor.

2580 . Q How long was Kellner gone?

2581 . A Two days, but he never got back in touch with me.
2582 I didn't say a word. The only person I reported it to was
2583 my father-in-law so I had a witness. That was it.

2584 . Q Did the FBI keep bugging you at this point?

2585 . A I don't think that accurately describes their
2586 vigor.

2587 . Q But that continued?

2588 . A Sure. Sure, and I am just going on preparing my
2589 cases, getting ready for trial. Finally thinking that there

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 109

2590 was a decision made by indecision, and I was at that point
 2591 prepared not to hear anything else about this case ever
 2592 again.

2593 . I just thought that it was put out to pasture.

2594 . MR. FLYNN: Did bureau headquarters ever contact
 2595 DOJ about the case?

2596 . THE WITNESS: I don't know. I don't know. That
 2597 was my feeling. I had no idea what was going on in the
 2598 background. I had no idea Leon has given the memo that the
 2599 FBI wrote to Dick Gregorie. That was the only copy that
 2600 they had. That doesn't necessarily forgive them for not
 2601 making additional copies. What he did was sent the letter I
 2602 gave him to Dick, asked Dick to read it, make a
 2603 recommendation.

2604 . Dick sent the memo back to Leon. I imagine Leon
 2605 ultimately read it and then around the first week of
 2606 November, I got a memo from Leon authorizing me to go to the
 2607 grand jury.

2608 . . . Before I get to that, let me just fill in the gap
 2609 here. 8/14, I met with George and Kevin. 8/18, I began
 2610 working the marijuana case, Operation Texas. 8/20, I spoke
 2611 with Joe Tafa. 8/25 began Operation Blackjack. 8/29
 2612 ~~Colomer~~ ^{Kellner} told me to sit on it. 9/10/86, sit on the
 2613 investigation.

2614 . 9/10/86 began Operation Lawman, which was a large

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 110

2615 cocaine and crack distribution ring in the black community
2616 in Miami. 9/15/86, Garcia sentenced. 10/9/86, I have a
2617 notation I met with Kyzinski and Currier. I have a note,
2618 "Call Steve Mitchell re: Posey investigation in New
2619 Orleans."

2620 . What this suggests to me is I was still keeping my
2621 fingers in it even though there wasn't much being done.

2622 . 10/30/86, I met with Ralph Martin and Marshall
2623 Jarrett from the Department of Justice Public Integrity
2624 Section.

2625 . Sometime around the first week in November, I
2626 received authorization to go to the grand jury. I did not
2627 tell you when I got the memo I didn't know what was going
2628 on. I was pleased, but--

2629 . BY MS. NAUGHTON:

2630 . Q We have to back up. Jarrett and Ralph Martin--in
2631 the meantime, Hasenfus' airplane goes down. Your office is
2632 investigating it, apparently.

2633 . A The Hasenfus incident?

2634 . Q Yes.

2635 . A I knew Customs was. I didn't know my office was.

2636 . Q Didn't that ring any bells? Didn't you run down to
2637 see if there was any connection with--

2638 . A Why? As far as I was concerned, I was told that he
2639 would get back to me. I was told to--he gave me the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 111

2640 affidavits, he gave me the memoranda. That was the only
2641 thing he did when he came back from Washington. He told me,
2642 you know, I will get back to you after I read the memo.
2643 That was it.

2644 . I bugged him numerous times and this was nothing to
2645 be gained at this point because the last word I had was not
2646 do anything until he told me.

2647 . As far as I was concerned, the Masenfus incident
2648 really wasn't any great revelation because it was apparent
2649 at that time that there was much more to this whole network
2650 than Rene^y Corbo. I am not saying this network is
2651 necessarily involved with the investigation we are doing,
2652 but if for some reason the motivating factor was going to be
2653 that the United States Government may be exposed or Oliver
2654 North's network may be exposed, as far as I was concerned,
2655 that had already been done. It is just that it hadn't
2656 received the public attention that the Masenfus crash
2657 brought out.

2658 . Q After the Masenfus crash, did you receive or become
2659 aware of the inquiry the Department put out to all U.S.
2660 Attorneys Offices for any information?

2661 . A Right. The memo from Chuck Saphos?

2662 . Q Yes.

2663 . A Yes.

2664 . Q Did you respond to that?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 112

2665 . A No, I didn't. That wasn't really my place to. I
2666 had seen it. I think Ana Barnett was doing that. I
2667 remember talking about it. Chuck ~~is~~ used to be at our
2668 office. But, no.

2669 . Q Do you know whether any of your superiors sent the
2670 synopsis of your investigation to Justice?

2671 . A Sure it did. It is right there. June 3, the cover
2672 letter to Mark Richards. They had it.

2673 . Q But they didn't make a separate response to the
2674 teletype?

2675 . A I really don't know. I didn't.

2676 . Q Not to your knowledge?

2677 . A No. That is not a fair answer. I don't know. I
2678 just really don't know.

2679 . Q So when Marshall Jarratt and Martin came down, did
2680 they have the June 3 memo?

2681 . A You know, I remember speaking with them. It was
2682 late in the afternoon. I remember going through the file
2683 with them and basically detailing what the case was about.
2684 My recollection is a pretty expensive overview of the case.
2685 I was told to speak with them. I did. I don't remember
2686 much about it.

2687 . Q Do you remember them asking you if Leon has asked
2688 you to slow the case down? You remember Jarratt asking you
2689 that?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 113

2690 . . A I don't know. If he did ask me that, I know what
2691 the answer would be. Just the August 29 incident. That was
2692 it.

2693 . Q Were they taking notes when you talked to them?

2694 . A No. My recollection is that they came in--see, I am
2695 getting--I spoke with Rob Lyons and someone else from the
2696 ethics section, the Office of Professional Responsibility.
2697 I am getting--

2698 . Q Was that during the same period of time?

2699 . A No. That was later on. I have notes of that.
2700 Hold on a second.

2701 . I spoke with--

2702 . Q Jarrett and Martin are there to try to decide if
2703 the Independent Counsel should be brought in to investigate
2704 the contra matter?

2705 . A Yes.

2706 . Q Does that refresh your recollection?

2707 . A Yes. I remember that. I remember them talking
2708 about that. I have a note on 10/26 I spoke with him from
2709 Justice about this case. I have their cards. That is it.
2710 That was it. Then you can see that this was the--these are
2711 the complete notes I had of the conversation. I put a
2712 complete set of my notes back here. But--no.

2713 . Q Okay. Then we go to November 1st. You get some
2714 sort of memo or letter from Leon authorizing the grand jury

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 114

2715 . A Right. This letter. Right here.

2716 . This memo was by Dick Gregorie to Leon on around

2717 October 6. I didn't get this back until the first week or

2718 second week in November. I don't remember the exact date.

2719 . Q I concur in recommendation, prepare the necessary

2720 documentation to--

2721 . A Let's see.

2722 . Q --get approval?

2723 . A Yes. Any necessary grand jury you may deem

2724 necessary. Keep me up to date on the developments. That

2725 was it. I set up my first grand jury appointment for

2726 11/18/86. That was my first day in the grand jury.

2727 . Q Did you ask Leon if this was dated October 6 how

2728 come you never saw it until November?

2729 . A Yes. Any necessary grand jury you may deem

2730 necessary. Keep me up to date on the development. That was

2731 it. I set up my first grand jury appointment for 11/18/86.

2732 That was my first day in the grand jury.

2733 . Q Did you ask Leon if this was dated October 6 how

2734 come you never saw it until November?

2735 . A Yes. He told me.

2736 . Q Why?

2737 . A He said when the Hasenfus crash occurred, he felt

2738 there was "really something there." He decided to go with

2739 it.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 115

2740 . Q Why didn't he tell you?

2741 . A I only work for the man. You know.

2742 . Q Did you ask?

2743 . A No. Why would I want to? Why make trouble? I

2744 finally had what I wanted. What difference did it make at

2745 that point? The appearance has been created.

2746 . Q Did you talk to Mr. Gregorie to see if he had

2747 received this memo on October 6?

2748 . A No. That he had wrote--had written the memo on

2749 October 6.

2750 . Q Oh. That he had written the memo?

2751 . A Leon got the report on August 8. He gave it to

2752 Dick sometime after August 8. Dick wrote the memo back on

2753 October 6. Leon gave me the recommendation on

2754 November--sometime between November 1st and November 11.

2755 Somewhere in there.

2756 . In the spirit of candor, the most surprising thing

2757 about this memo is that I had been given carte blanche to go

2758 on the grand jury. One of the reasons that was given to me

2759 back on May 20 was that he wanted to make sure that the

2760 grand jury process wasn't being abused and that he wanted to

2761 make sure that peoples' reputations wouldn't suffer by the

2762 issuance of subpoenas.

2763 . Then here--you know, I had gotten--my recollection is

2764 he told me he wanted to approve the subpoenas that had gone

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 116

2765 out. Here I had been given carte blanche which I welcomed
2766 quite frankly. I feel that I have sufficient experience to
2767 judge when to bring one to the grand jury and what necessary
2768 prep work needs to be done before you make that move.

2769 . I didn't object to it. I just thought that that
2770 was backing off from his original position.

2771 . Now--the background, the prosecutive report
2772 contained the interviews that were done after the May 20
2773 meeting. He may have felt that we had enough to go forward
2774 without his having to discuss this once again. There was no
2775 meeting.

2776 . One day I went to my box. The memo was there.
2777 That was it.

2778 . Q when you got it, was this written on it?

2779 . A Just like that. That is it. That is what I found
2780 in my box.

2781 . Q So you never discussed it with Kellner?

2782 . A No.

2783 . MR. MCGOUGH: Let me interject. I think you said
2784 earlier you did discuss it with Kellner. He mentioned
2785 something about Hasenfus?

2786 . THE WITNESS: That was only recently. I said to
2787 him, because I confronted him with the memo and all. I
2788 don't know if I asked him or if he volunteered it. I have
2789 the exact day and the time that he told me this back in my

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 117

2790 notes in my office.

2791 . If you want it, just give me a ring. I will let

2792 you know.

2793 . MR. MCGOUGH: Can you give us a general time frame?

2794 . THE WITNESS: Within the last three or four weeks.

2795 He told me the reason he signed off was because of the

2796 Hasenfus crash.

2797 . BY MS. NAUGHTON:

2798 . Q Did he say he had spoken to Mark Richards or anyone

2799 at DOJ prior to that decision?

2800 . A No. He didn't tell me that. Not that I recall.

2801 The only thing I recall was somehow or other we got into a

2802 conversation--I remember when he told me that, I couldn't

2803 help but grin. Because--I don't know.

2804 . Q It is like an "I told you so?"

2805 . A Not like an "I told you so." Let me tell you

2806 something. The Hasenfus crash made no difference to me. I

2807 know what my case is about. There were some--there was some

2808 involvement of Hull and Owen. One aspect of the case--my

2809 understanding of the case has gone--you know, it has expanded

2810 tremendously since January when we really got started with

2811 the grand jury. Even in November, based on what I had

2812 gathered up to date, I still wasn't quite sure how all the

2813 pieces fit in. For the most part, the case about people in

2814 private organizations, basically on their own, going out and

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 118

2815 recruiting help for the FDM or putting their own little
2816 paramilitary groups together.

2817 . I knew somehow or the other that Hull and Owen fit
2818 in, but they were not central. The people who were central
2819 in the case were--and really still are--are Renee Corbo and
2820 various people in the CMA, and a host of Cubans.

2821 . There is even to this day Hull and Owen are
2822 involved, but they are in a gray area, in my opinion.
2823 Ultimately, I haven't--I better not go any further with this.

2824 . The bottom line is that the Hasenfus thing meant
2825 nothing to me. I didn't--I didn't go running down to Leon
2826 and say, "Let's get going," that wasn't my place. I work
2827 for him. He doesn't work for me.

2828 . On December 2nd, we had another meeting. It was
2829 Kellner, Sharf, Barnett, Gregorie. We were talking about
2830 the different allegations being made, different issues we
2831 had to consider with respect to Garcia.

2832 . Leon told me he wanted me to find out if we were
2833 used. He wanted me to reinterview Saum, who was Saum, why
2834 did he come to Miami, who was he working for, was Cuteen
2835 involved, trace Saum tickets from Huntsville, Miami, to
2836 Huntsville. Stay away from Cuteen, Diaz and Hamburger. He
2837 was under indictment at that time.

2838 . There was a question about allegations about our
2839 turning away evidence. What can we do about it. They

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 119

2840 basically concluded there is nothing we can do about it. It
2841 is a allegation.

2842 . Mattes--at this time, this is when I first found
2843 out--the article in The Miami Herald about my threatening
2844 Mattes did not come out until December 12. I received a
2845 phone call from a reporter in San Francisco and learned a
2846 FOIA Act had been stated suggesting I had read Mattes'
2847 rights at the March 14 meeting.

2848 . The FOIA request was being considered by Justice.
2849 They wanted to know if I should--I wanted to know if I should
2850 turn over my notes from the meeting. I was told don't turn
2851 over my notes because they are part of a pending
2852 investigation.

2853 . There was a question--you know, this goes back.
2854 There was a question on whether or not we were going to
2855 pursue the Boland amendment violations. My recollection is
2856 that that was basically not put off to the side, but when we
2857 talked about it, it didn't appear that we had any
2858 jurisdiction over that matter. I operated under the
2859 assumption that that was out of our turf. Whether they
2860 passed it on or made mention of it to anyone else, I don't
2861 know.

2862 . I asked them again on December 2nd what should I do
2863 with respect to any connection with North, Owen, Hull. They
2864 told me to continue to explore and I was told put Owen into

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 120

2865 | the grand jury after getting information.

2866 | . So all of a sudden Rob Owens, when I started gather^{to}
2867 | information, I was able to put Owen at a particular meeting[^]

2868 | in Miami. I got that information after I got authorization

2869 | to go to the grand jury. There were many meetings.

2870 | . Let me tell you right now that Rob Owen was at tons

2871 | of them. Not tons, but a significant number of meetings

2872 | with players involved in both the Cuban and the CMA

2873 | organizations.

2874 | . So--this was starting to come more to light around

2875 | this time. I was told to just keep pursuing it, just go for

2876 | it. I was told to continue to advise the people that were

2877 | going to the grand jury that they were subjects.

2878 | . Q Was there discussion at that time of independent

2879 | counsel being appointed?

2880 | . A No, not that I recall. There may have been, but I

2881 | don't recall. The first discussion I had about the IC was

2882 | on December 29. We decided not to go forward with the case

2883 | because of the provisions of 28 USC Section 597, which

2884 | requires us to suspend our investigation pending a

2885 | determination by the IC as to whether or not he has

2886 | jurisdiction over our case.

2887 | . On 1-21-87, I was informed by Mr. Kallner at 2:00

2888 | p.m. that Judge Walsh declined the case and I was to

2889 | proceed.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 121

2890 . Here we are today.

2891 . Q Did anybody from the independent counsel or FBI

2892 interview you?

2893 . A Yes.

2894 . Q When was that?

2895 . A April 7, at 10:20 a.m. of this year.

2896 . Q Was that in connection with the substance of the

2897 investigation or with the possible slowdown?

2898 . A After the Village Voice article came out saying

2899 there was a slowdown.

2900 . Q That was the nature of the interview?

2901 . A I was told initially they were not going to

2902 investigate the slowdown. In fact, when I was--around the

2903 time I was told to go forward, I was told they are not

2904 investigating the Mattes allegations against me.

2905 . After the Village Voice article came out, they told

2906 me that they were going to investigate. I said, great, go

2907 for it.

2908 . Q Do you know whether or not there is an OPR

2909 investigation?

2910 . A Oh, yes. They have become very popular.

2911 . Q Did the FBI in that interview ask you anything we

2912 haven't?

2913 . A Which interview?

2914 . Q 4-7-87.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 122

2915 . A No. I basically told them the chronology. I wrote
2916 out a summary of my interview with them. That is basically
2917 it. The only thing I didn't have in this interview was the
2918 letter I wrote on 3/28 in response to Mattes' 3/27 letter.
2919 . That is it.

2920 . Q The FBI memo you referred to of March 21, 1986,
2921 apparently it is a compilation of several interviews and
2922 things?

2923 . A It is everything from December 27 up to May 14.
2924 All of the dealings between Currier and Mattes.

2925 . Q Just Mattes or the whole facts of the case?

2926 . A Basically, what was going on.

2927 . Q Okay.

2928 . Did you ask for such a compilation?

2929 . A No. In fact, what happened was after the December
2930 12 Miami Herald came out, Mattes accused me of threatening
2931 him, Kevin told me about the memorandum and it was great
2932 because it had his contemporaneous recollections about the
2933 events which Mattes was accusing me of.

2934 . Q Okay.

2935 . A That is when I got--I didn't know it existed until
2936 after December 12.

2937 . Q Of 1985?

2938 . A No; December of 1986.

2939 . Q Oh, you didn't know there was that?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 123

2940 . . . A I didn't know. The FBI apparently has certain
2941 rules regarding which documents the prosecutor can see and
2942 which documents you can't see. You can't see the
2943 administrative section for some reason. It is basically--
2944 . . . Q I want to ask you about a series of names now. You
2945 tell me if they are familiar in the course of your dealings
2946 either with this investigation or others. Again we are only
2947 looking for information prior to December 4.
2948 . . . A Okay.
2949 . . . Q These are either people you have met, spoken to, or
2950 heard discussion of or seen reference to in documents. In
2951 other words, the only thing I am excluding from this is
2952 media reports.
2953 . . . A Okay.
2954 . . . Q In other words, if you are talking to somebody in
2955 the office and this name is mentioned, I do want to know
2956 that.
2957 . . . Elliott Abrams.
2958 . . . A Where did that name come up? Give me a minute.
2959 That name did come up. It has come up very recently. The
2960 name has come up. I don't remember how it came up. I could
2961 find out. Just give me a second to think about that, okay?
2962 . . . Oh, I know how that came up. It came up in a way
2963 that I think you need to know about, but I found out about
2964 it by interviewing a witness. You better take it up with--

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 124

2965 . . Q With Justice?

2966 . . A Yes.

2967 . . Q Can you give me a point of reference?

2968 . . A The Lanhy Duc interview.

2969 . . Q Lanhy Duc?

2970 . . A Interview.

2971 . . Q Charles Allen? Charlie Allen?

2972 . . A Sounds familiar, but I am not sure.

2973 . . Q James Bastion?

2974 . . A No.

2975 . . Q Enrique Bernudez?

2976 . . A Sure; Commander 380. He is a central figure, not a

2977 target, but he would have information about the case.

2978 . . Q He works Southern Front?

2979 . . A Enrique Bernudez? He is the main contra leader who

2980 works in the North, is my understanding.

2981 . . Q Richard Brenneke?

2982 . . A That doesn't sound familiar.

2983 . . Q Adolfo Romero Calero?

2984 . . A Sure.

2985 . . Q Other than the notoriety as contra leader, anything

2986 else?

2987 . . A I can't discuss it with you.

UNCLASSIFIED

NAME: HIR120000

PAGE 125

2988 RPTS DOTSON

2989 DCMN GLASSKAP

2990 [1:30 p.m.]

2991

2992 . BY MS. NAUGHTON:

2993 . Q Cannistraro.

2994 . A Spell the last name.

2995 . Q C-a-n-n-i-s-t-r-a-r-o.

2996 . A Doesn't sound familiar.

2997 . Q Luis Posada Carriles?

2998 . A That name sounds familiar.

2999 . Q Thomas Castillo?

3000 . A That is [REDACTED].

3001 . Q Were you aware of that other name?

3002 . A No.

3003 . Q How do you know about it?

3004 . A Newspaper.

3005 . Q You were introduced to him as [REDACTED]?

3006 . A Yes.

3007 . Q During the course of that investigation, did any of

3008 the people you dealt with refer to Mr. Castillo?

3009 . A Yes. It's 6(c) material.

3010 . Q Carl "Spitz" Channell?

3011 . A The same thing.

3012 . Q Linda Chavez?

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 126

3013 . A I don't know.

3014 . Q Dewey Clarridge?

3015 . A The name was--nothing significant. I know, the only
3016 thing I know about him is what I read in the paper.

3017 . Q Thomas Clines?

3018 . A No.

3019 . Q William Cooper?

3020 . A No, no. Doesn't sound familiar.

3021 . Q Daniel Conrad?

3022 . A No.

3023 . Q Paul Cutter?

3024 . A No.

3025 . Q Edward de Garay?

3026 . A No.

3027 . Q Ambassador Robert Duemling?


3028 . A No.

3029 . Q Robert Dutton?

3030 . A Sounds familiar.

3031 . Q Robert Earl?

3032 . A No.

3033 . Q 

3034 . A No.

3035 . Q Richard Gadd?

3036 . A No.

3037 . Q Max Gomez?

UNCLASSIFIED

NAME: HIR120000

PAGE 127

UNCLASSIFIED


3038 . Q No.

3039 . Q Felix Rodriguez?

3040 . A No. I know who they are, their alleged

3041 involvement, and it wouldn't surprise me if they are

3042 involved because the flights we are looking into went into

3043 

3044 . Q Donald Gregg.

3045 . A That name came up in Sam Allen's papers. That was

3046 the only place I saw it.

3047 . Q There was a reference to a search of Tom Posey's

3048 office or where he was living.

3049 . A I don't know about that.

3050 . Q Did you ever hear of a search being conducted?

3051 . A No. There was a--there had been numerous customs

3052 searches of Tom Posey's equipment that Tom Posey had

3053 delivered to Mario Calero, October 21--I mean, October 18,

3054 1984, I believe. Similar searches were conducted in

3055 November and December. I know in October, '84, Customs put

3056 on a big show at Kenner Airport, they had a search there.

3057 . Q Do you know whether or not Oliver North's number or

3058 reference to him was found in any of Posey's material?

3059 . A I can't tell you that either. The only place I

3060 believe I have even seen that is Allen's papers. That's the

3061 best I can recall. There was one other call, and I can't

3062 tell you about it, but also to that number. Oliver North's

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 128

3063 name comes up in the investigation, my investigation, but
3064 nothing--I can't discuss this with you. I wish I could.
3065 . Q What I am concerned about, does it come up before
3066 December 4 or after?
3067 . A Before.
3068 . Q When?
3069 . A I can't tell you that.
3070 . Q All right.
3071 . You can't tell me that because it is 6(c).
3072 . A Right. It's all information I got--if it is not
3073 6(c), it is information obtained regarding an open
3074 investigation. Just work this out with Tom.
3075 . Q See, we have--ordinarily in an interview, we have
3076 someone from Justice here, and right now I kind of wish we
3077 did, because--
3078 . A He told me he wasn't permitted to come today.
3079 . Q That is right. That is right.
3080 . A Our agreement, though, is that we will get verbal
3081 briefings on open cases but no documents. I don't want you
3082 to trust my word. I mean, I understand your concern. We'll
3083 work that out. Okay.
3084 . Q Albert Hakim?
3085 . A No.
3086 . Q What about Lake Resources?
3087 . A No.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 129

3088 . Q William Langton?

3089 . A No. This is obviously to the best of my
3090 recollection. There have been tons of names. Lake
3091 Resources sounds familiar.

3092 . Q Ramon Medina?

3093 . A No.

3094 . Q Constantine Menges?

3095 . A No.

3096 . Q Richard Miller?

3097 . A No.

3098 . Q Herman Moll?

3099 . A No.

3100 . Q H. Ross Perot?

3101 . A His name has come up.

3102 . Q Post December 4?

3103 . A Yes, but I would say in an insignificant way. His
3104 name has just come up, that's it. Nothing really--

3105 . Q [REDACTED]?

3106 . A The name sounds familiar, but not in the context of
3107 the case.

3108 . Q DEA agent?

3109 . A Out of where?

3110 . Q Washington now.

3111 . A I recall seeing something. Even just a note or
3112 something. Some Customs documents. I am not real sure.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 130

3113 . Q Raphael Quintero?

3114 . A Only from the little bit I know about it.

3115 . Q Buz Sawyer?

3116 . A No. Buz Sawyer, is that Caribbean Airlines?

3117 . Q He might have worked there.

3118 . A No, doesn't sound familiar.

3119 . Q Nestor Sanchez?

3120 . A No.

3121 . Q Richard Secord?

3122 . A No.

3123 . Q Ted Shackley?

3124 . A No.

3125 . Q John Singlaub?

3126 . A Yes.

3127 . Q Is that pre-December 4?

3128 . A Yes.

3129 . Q How did his name come up?

3130 . A Can't tell you.

3131 . Q Ambassador Tambs, have you heard from him since
3132 that meeting in Costa Rica?

3133 . A No.

3134 . Q Have you heard anything about him since then other
3135 than public media?

3136 . A I have heard he decided to teach at the University
3137 of Arizona. Other than that, I don't know.

UNCLASSIFIED

NAME: HIR120000

PAGE 131

UNCLASSIFIED

3138 . Q Howard Teicher?

3139 . A No.

3140 . Q Chuck Tyson?

3141 . A I have heard the name, but I don't remember the

3142 context.

3143 . Q Faith Whittlesey?

3144 . A No.

3145 . BY MR. MCGOUGH:

3146 . Q Can you tell me a little bit about Mattes'

3147 background, if you know?

3148 . A I know that he graduated from the University of

3149 Wisconsin, a former State Legislator.

3150 . Q About how old?

3151 . A He is about 38.

3152 . Q How long has he been with your office?

3153 . A The Garcia case was the first trial.

3154 . Q He is still with the PD's office?

3155 . A Yes. He had a sister who worked for Senator Kerry.

3156 I am just getting that through the press.

UNCLASSIFIED

NAME: MIR120000

PAGE 132

UNCLASSIFIED

3157 RPTIS DOTSON

3158 DCMN BANNAN

3159 . Q You said before you took--when you were considering
3160 taking the first trip to Costa Rica, you called Avirgon?

3161 . A Yes.

3162 . Q Why?

3163 . A Because Avirgon and Honey had been at the trial and
3164 they were the ones apparently feeding this information to
3165 Terrell and they seemed like a good source of information.

3166 . As long as they were willing to meet with me on a
3167 voluntary basis, that was my initial--they knew a lot,
3168 especially about the assassination plot. Before I left, I
3169 remember thinking to myself they were trouble for some
3170 reason. I just got a bad feeling about them, especially
3171 after Avirgon told me that Mattes had said they were targets
3172 of the grand jury and they wanted to have their lawyers
3173 present. It was too much like an adversary relationship at
3174 that point.

3175 . Q You described having a six-hour meeting on March
3176 28.

3177 . A Right.

3178 . Q You say it was six hours long. Is that because you
3179 remember it being six hours long or you have a notation
3180 somewhere that it was six hours?

3181 . A I'm showing counsel my date book with the notation.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 133

3182 spoke to Kellner six hours.

3183 . Q I see. Do you normally make notations in your book
3184 about the length meetings take?

3185 . A That was, you know--the answer to the question is
3186 no. But for some reason I did.

3187 . Q The follow-up is why in that case?

3188 . A I don't know. It was--I remember that was a
3189 significant meeting because that was the meeting where I was
3190 told to go to Costa Rica. I was seeing Leon Kellner, my
3191 impression is that I was seeing him so frequently, and the
3192 conversations were so redundant in that we never made any
3193 progress, it always--I always came out feeling more confused
3194 than I did when I first went in, I felt like I was losing
3195 credibility, in all candor, because I couldn't come up--I
3196 couldn't tell them what we're looking at. I just couldn't
3197 do that.

3198 . I can today. I couldn't do it then because I
3199 didn't have the--I didn't know him at that point. I had bits
3200 and pieces of different icebergs and I was--I felt like I was
3201 being expected to tell them what was underneath the water
3202 line without being given a chance to explore.

3203 . That's all I remembered during that period. I wish
3204 I took notes. I took no notes of those meetings with Leon.
3205 I started keeping an events log, which I will provide you a
3206 copy of, and my notations were very brief.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 134

3207 . . . In retrospect, that was a mistake, but that is just
3208 the way it is.

3209 . Q But this note in your book was made
3210 retrospectively, after the meeting was over?

3211 . A I don't know. I don't believe so. I believe it
3212 was made that day.

3213 . Q I mean after the meeting it says in past tense,
3214 spoke with Kellner six hours.

3215 . A Right.

3216 . Q You had mentioned--I am hoping here, I am trying to
3217 pick out some questions that arose.

3218 . . . When you went down to Costa Rica and you went to
3219 the embassy, you were advised by someone that Ambassador
3220 Tambs was entitled to know everything about the
3221 investigation.

3222 . A That was George Mitchell and Nagel. That is the
3223 best recollection I have on that.

3224 . Q At that time you didn't really question that?

3225 . A I questioned it but, you know, the thought that was
3226 going through my mind is I'm going to get off on a bad start
3227 if they find me asking questions that I had not told them
3228 that I was going to ask. So I told them everything.

3229 . Q They obviously knew that you were coming, you just
3230 didn't show up on their doorsteps.

3231 . A No. There were preparations.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 135

3232 . Q Did you take care of those preparations or did you
3233 contact the embassy before you went down there or was that
3234 handled by someone else?

3235 . A The only thing I did--I think the FBI did it, number
3236 one, and all I recall doing is sending my application for an
3237 official passport up here to Washington.

3238 . Q Could you get any feel for how much they knew about
3239 the purpose of your visit when they arrived?

3240 . A I don't think they really knew. I remember
3241 speaking with Mitchell and I told them what we were down
3242 here to explore. That's when I was told the ambassador--my
3243 recollection, I don't remember the exact words, but I still
3244 remember I had the impression I was told the ambassador is
3245 entitled to know about everything you are doing down here
3246 because he is, in essence, the President, for all practical
3247 purposes, in Costa Rica--President over American activities,
3248 not obviously over Costa Rican activities.

3249 . But I remember just debating to myself whether it
3250 was wise to talk about--to show him the chart, especially in

3251 [REDACTED]
3252 . Actually that couldn't have been because he didn't
3253 know the [REDACTED] was coming. I had decided I was going to
3254 play it square, and that is what I did, I played it square.

3255 . Q Going to the meeting of April 4, Barnett, Sharf,
3256 maybe Gregorie, you said Leon came in for a short period of

UNCLASSIFIED

NAME: HIR120000

PAGE 136

UNCLASSIFIED

3257 time.

3258 . A Right.

3259 . Q Do you recall--was he brought in just on the Boland
3260 amendment?

3261 . A That's it.

3262 . Q How long was he in there?

3263 . A He was in there for more than several minutes.

3264 . Q Is he anything other than an Assistant U.S.
3265 Attorney down there?

3266 . A No.

3267 . Q Does he have a special status?

3268 . A No, just another assistant.

3269 . Q It was at that meeting I think you said--

3270 . A He is in the appellate division and knows how to
3271 work jurors very well. Ana Barnett was the one who asked
3272 him. This is what she told me recently, she saw David on
3273 the machine and asked if he could pull it and he agreed.

3274 . Q You say you came away from the meeting with an
3275 understanding nobody understood what the case was about,
3276 that you were going to write a memo?

3277 . A I came away from the March 4 meeting feeling as
3278 if--you will excuse the vernacular--that my bubble had been
3279 popped. I came back psyched from the Costa Rican trip and I
3280 felt that I was in the middle of something very important,
3281 and, granted, I didn't come back with an assassination plot

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR120000

PAGE 137

3282 or large arms shipment, I still felt I was coming back with
3283 evidence regarding neutrality violations and still had
3284 sufficient evidence to explore the gun shipments.

3285 . So I really felt that I would go full speed ahead.
3286 When I went into the March 4 meeting, there was no
3287 assassination plot, and evidence of the gun shipments was
3288 weak, and there was very little interest expressed in my
3289 opinion on the neutrality matters--not interest, but just I
3290 felt it was comparatively insignificant and I was told to
3291 write a memo.

3292 . That was weeks at that time, plus I had the boiler
3293 room, so nothing was going to get started quickly, and I
3294 told the agents that. They knew I was upset. I was upset.

3295 . Q At the time you were told that, were you told why
3296 you were to write a memo?

3297 . A They wanted to be able to sit down with something
3298 and study.

3299 . Q At that time did you know there was any intention
3300 to provide that memo to the Department of Justice or anyone
3301 else?

3302 . A No way. No.

3303 . Q So it was just kind of a thought piece for you and
3304 Kellner?

3305 . A Obviously it helped me, because it gave me a chance
3306 to sit down and realize what I had and go over the documents

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 138

3307 that I had. But the document--I suspected that it was going
3308 to Washington. I was never told officially, but I knew it.
3309 . Outside of that--when I asked them to clarify it, I
3310 asked them to clarify the memo because there was what I felt
3311 was classified information in there, and they stamped
3312 ''sensitive'' on that.

3313 . Q Did you discuss or do you recall any discussions
3314 about what was to go into the memo? Not as far as exact
3315 substance, but what pieces of information?

3316 . A I went ahead, I drafted the memo myself. He didn't
3317 like the first draft. He wanted a more comprehensive memo.
3318 I gave him a more comprehensive memo. Even prior to May 20
3319 he had made changes. He struck out some of the language.
3320 But he still concurred with the grand jury.

3321 . I would not say substantive changes were made in
3322 any draft prior to May 20. May 20 I was told to change the
3323 recommendation, clear and simple. I accepted it because I
3324 had more experienced people telling me that I was wrong, but
3325 in my heart I knew what I wanted to do.

3326 . But I wasn't going to fight them; that is not my
3327 place. The only thing I could do is make a recommendation.
3328 The only mistake that I made, I feel, was not sticking,
3329 letting my recommendations stay on the face of the memo.
3330 But as it happened, it didn't make much of a difference
3331 anyway because my last memo--my last draft, which contained

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 139

3332 provisions or language that they felt was appropriate, was
3333 even changed without my seeing it and sent to Washington.

3334 . Q In the course of your discussions over that memo,
3335 did you talk about grand jury subpoenas for witnesses
3336 differently from grand jury subpoenas for records?

3337 . In my experience, one of the earliest things you
3338 get out in an investigation is your records, because they
3339 take a long time to get in. You like to have the records in
3340 front of you when you are doing witness interviews.

3341 . In those discussions did you differentiate between
3342 records subpoenas and witness subpoenas?

3343 . A I asked--I told them I needed both. You know, it's
3344 in there. The Bureau felt that some witnesses were
3345 deceiving us and we also wanted to obtain some bank records
3346 and some--I think they said ATF records.

3347 . Even from way early on, from the very first meeting
3348 we had on January 22, one of the first meetings where we
3349 talked about how we were going to corroborate Garcia, we had
3350 noted that we needed bar records from the hotel, the hotel
3351 records, airline records--obviously a lot of subpoenas could
3352 have been sent out at that point, but they persisted that we
3353 didn't need it, we didn't need those records at that time.

3354 . Q When the final draft that was done by--I think you
3355 said Sharf changed the--

3356 . A Let me just make one--I came away, though, feeling

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 140

3357 up to the May 20th meeting it was only going to be a little
3358 bit more, that we were close, they just needed a little bit
3359 more, and I never had any idea we were going to be close to
3360 six months.

3361 . So, you know, that's just the way it was. Go
3362 ahead.

3363 . Q I was going to say, at the conclusion of the memo I
3364 believe you said Mr. Sharf wrote that ultimately went to
3365 Justice, there were several sentences added about why record
3366 subpoenas weren't needed?

3367 . A Right.

3368 . Q It might be prejudicial or something like that.
3369 Had that discussion taken place, had those items been
3370 discussed?

3371 . A At the meeting we talked about whether it was
3372 important to know who the contributors were, and they felt
3373 it wasn't important. But to me, you never know what you are
3374 going to find, and when I--I'll just send subpoenas out on a
3375 whim if I have a reason--for example, if I go for toll
3376 records and I find a call was made from a particular phone
3377 call in a hotel, a subpoena goes right out to the hotel
3378 asking for any hotel records for any particular people. You
3379 don't know--obviously you can only imagine where something
3380 like that can lead you.

3381 . So to me, I only need even the most barest of

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 141

3382 evidence to justify sending out a subpoena. That is the
3383 whole purpose of a subpoena.

3384 . They felt otherwise. They felt with respect to the
3385 Canan records, it was not going to be beneficial. In terms
3386 of talking about not identifying Kellner's associates, that
3387 was never, to my recollection, said. That was the whole
3388 purpose, was to find out who was behind Canan.

3389 . Q Okay. In June the Thailand case came your way.
3390 You said somebody was pulled off to do the Miami police
3391 investigation that came into your hands than?

3392 . A Yes.

3393 . Q Can you give me a little more detail how that was
3394 assigned to you?

3395 . A Dick Gregorie, who was my supervisor at that time,
3396 said that the Thailand case--I had spoken to Pat Sullivan
3397 before I spoke to Dick and I knew he had a case which
3398 required a trip to ^{Thailand?} Taiwan. I found out from Dick--he was
3399 just talking to a few people--that the case had become
3400 available because Pat Sullivan was taking over the Miami
3401 Cops case, so I jumped on it.

3402 . Q Was there any attempt to assign you to the case?

3403 . A No.

3404 . Q What I am trying to get at, did it come from your
3405 direction or from theirs?

3406 . A The answer to the question is no, Leon Kellner did

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 142

3407 not put me on the Thailand case in order to give me a reason
3408 for not working on the contra case. I volunteered for the
3409 Thai case.

3410 . Q That was the more direct way of getting to it.

3411 . A No, it was voluntary.

3412 . MS. NAUGHTON: I have one last question for the
3413 record.

3414 . BY MS. NAUGHTON:

3415 . Q What instructions, if any, were you given by Mr.
3416 Boyd, Mr. Barquest or anyone at Legislative Affairs, other
3417 than don't speak about the open cases?

3418 . A I spoke with Kimberly.

3419 . Q Kimberly Allan?

3420 . A I spoke with her. I insisted I be permitted to
3421 show you the documents, I was not coming here under any
3422 conditions without the documents, and they ultimately agreed
3423 to that.

3424 . I was told not to talk about 6(e) material. She
3425 gave me a list of a few things. It was meaningless to me.

3426 . Other than grand jury material, I have basically
3427 given you everything. I would also add information
3428 pertaining to the merits of the case itself. But I don't
3429 think you really asked me much about that.

3430 . And I saw Tom, I met him for the first time this
3431 morning, and he basically told me if you jump up and start

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 143

3432 yelling at me, to stay calm.

3433 . Q Have we jumped up?

3434 . A He was saying it facetiously.

3435 . Q What about Mr. Kellner, did you discuss your

3436 testimony with him?

3437 . A We went over the chronology. I had prepared the

3438 chronology for the interview with the IC's office. I

3439 formally prepared the chronology last week. I had it typed,

3440 and then I went ahead and prepared sections with the

3441 supporting documents to correspond by date with the

3442 chronology, and then I finished that Friday night and

3443 Saturday the book was put together and Saturday afternoon I

3444 called Leon and told him that I prepared the chronology--he

3445 did not request it--and I asked him if I could drop it off,

3446 because we had planned a meeting for this past Monday, and I

3447 dropped the chronology off and then on Monday we went--just

3448 like we went through today.

3449 . The only changes in the chronology that were made

3450 is that I gave him the memo, FBI memo on August 8th of '86,

3451 rather than July 31, and he advised me that we did in fact

3452 have meetings on 4-25 and 5-5, because he had notations in

3453 his book.

3454 . And we also--I had thought that the discussion about

3455 his appointment was on the 4th when I got back from Costa

3456 Rica, and it apparently wasn't. It was on the 11th when he

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR120000

PAGE 144

3457 got back from Great Britain, the day of the FBI shooting.

3458 Our meeting was, I would say, pretty comprehensive.

3459 . Q To your knowledge, were there any differences in
3460 your recollections, other than the dates of the meetings?

3461 . A I basically conducted the conversation. It wasn't
3462 like do you remember this, this and this. I went through
3463 it, showed them the documents and that was it. There was no
3464 suggestion that we change testimony or anything, nothing of
3465 that sort. It was just simply going through events as I
3466 remembered it and occasionally I would look at his date book
3467 and just confirm whether or not meetings did occur on that
3468 date.

3469 . Q Was there any discussion of anything not to say?

3470 . A No.

3471 . [Whereupon, at 2:08 p.m., the deposition was
3472 adjourned.]

UNCLASSIFIED

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

UNCLASSIFIED

4286

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

COPY NO. 1 OF 3 COPIES



UNCLASSIFIED

Partially Declassified/Released on 1-21-88
under provisions of E.O. 12356
by N. Menan, National Security Council

OFFICE OF THE CLERK
Office of Official Reporters

COPY NO. 2A OF 3 COPIES

1 RPTS SUMIEL

2 DCMM SUMIEL

3

4 DEPOSITION OF JEFFREY FELDMAN

5 Wednesday, June 17, 1987

6 U.S. House of Representatives,

7 Select Committee to Investigate Covert

8 Arms Transactions with Iran,

9 Washington, D. C.

10

11

12 The Committee met, pursuant to call, at 9:42 a.m., in Room

13 2203, Rayburn House Office Building, with W. Thomas McGough,

14 Jr., presiding.

15 On behalf of the House Select Committee: Pam Naughton,

16 Staff Counsel; Ken Buck, Assistant Minority Counsel.

17 On behalf of the Senate Select Committee: W. Thomas

18 McGough, Jr., Associate Counsel.

19 On behalf of the Witness: David Goodhart, Goodhart &

20 Rosner, P.A., 10th Floor Bank of Miami Building, 21

21 Southeast First Avenue, Miami, Florida 33131.

Partially Declassified/Released on 1-21-88
 under provisions of E.O. 12356
 by N. Menan, National Security Council

UNCLASSIFIED

UNCLASSIFIED

22 . . MR. McGOUGH: This is a continuation of the
23 Deposition of Jeffrey Feldman. I'm Tom McGough, Associate
24 Counsel to the Senate Select Committee. Also present is Ken
25 Buck. Ken is Deputy Minority Counsel to the House Select
26 Committee.

27 We are waiting for one other attorney to arrive. In the
28 meantime, we're going to swear the witness and then recess
29 so that Mr. Feldman can examine a copy of his earlier
30 deposition before the committee.

31 Would the Sergeant at Arms please swear the witness?

32 . Whereupon,

33 JEFFREY FELDMAN

34 having been first duly sworn, was called as a witness
35 herein, and was examined and testified as follows:

36 THE WITNESS: I'd like the record to reflect that
37 the copy that's being provided to me at this time is not a
38 copy of the official transcript but a computer-generated
39 copy from the Senate Select Committee. Is that right?

40 . MR. McGOUGH: That's right. And what we're doing
41 is trying to arrange to get a copy of the official
42 transcript over here. In the meantime, Mr. Feldman can take
43 and look at what we have, and then when the official
44 transcript arrives, pick up there.

45 With that we'll recess the deposition.

46 . [Recess.]

UNCLASSIFIED

NAME: HIR168000

UNCLASSIFIED

PAGE 3

47 MS. NAUGHTON: We are back on the record. It's one
48 o'clock of the same day.

49 My name is Pamela Naughton, Staff Counsel for the House
50 Select Committee to Investigate Covert Arms Transactions
51 With Iran. Otherwise, the principals in the room are the
52 same.

53 The witness has been sworn.

54

55 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

56

57 BY MS. NAUGHTON:

58 Q Mr. Feldman, could you spell your name again for
59 the record?

60 A Feldman--f-e-l-d-m-a-n. First name is Jeffrey.

61 Q Okay. And again, your occupation for the record.

62 A I'm an Assistant United States Attorney for the
63 Southern District of Florida.

64 Q Now, Mr. Feldman, you've had the opportunity to
65 review your deposition taken, I believe, last month?

66 A Right. There are numerous mistakes in the
67 transcript. I've made notations on some of them, but
68 towards the latter part there were just too many. I didn't
69 even bother writing them down. It's going to take time to
70 review and to correct. But I have, you know, right--just
71 here about two and a half pages of corrections at various

UNCLASSIFIED

UNCLASSIFIED

72 | points in the transcript.

73 | . [Discussion off the record.]

74 | . MS. NAUGHTON: That's a good idea.

75 | . BY MS. NAUGHTON:

76 | . Q Why don't we attach, then, your notes as an exhibit

77 | to this deposition?

78 | . A I don't think you're going to be able to make them

79 | out.

80 | . Q Well--

81 | . A What I could do, if you want, at a later point I

82 | can go over the areas that need to be corrected. For the

83 | most part they're just names and grammatical errors which

84 | are significant because they change the meaning of the text.

85 | But I think we can do this at a later point.

86 | . Q Okay. What I would ask you to do, then, is to

87 | submit in writing your corrections to the record. That will

88 | go to our printer's office and to the reporter's, and then

89 | the corrections will be ruled on by the committee and then

90 | the corrections will go into the record.

91 | . A Okay.

92 | . Q That's our normal procedure. And then, if you want

93 | to review a corrected transcript again, you can be given the

94 | opportunity at your convenience to review the transcript.

95 | . A Okay.

96 | . Q Now you discussed in your last deposition a case

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 5

97 | which I will refer to as the Garcia case for lack of
98 | anything else, but at this point we're talking about an
99 | investigation into possible violations of the Neutrality Act
100 | and other statutes involving Costa Rica and Nicaragua; is
101 | that correct?

102 | . A The Garcia case was a gun case. From the Garcia
103 | case we began a historical investigation which ultimately
104 | led to neutrality allegations.

105 | . Q Okay. For purposes of clarity, why don't you tell
106 | me what you have labeled the investigation as?

107 | . A Well, the investigation is called Costa I. That's
108 | the official name that's been given to it by the office, and
109 | that file was opened officially on March 16th of 1985.

110 | . MR. MCGOUGH: Excuse me. Coastal?

111 | . THE WITNESS: Costa--C-o-s-t-a--I.

112 | . BY MS. NAUGHTON:

113 | . Q March 16th, 1986?

114 | . A '85. I'm sorry. '86. You're right.

115 | . Q All right. And how do the FBI records refer to
116 | this case?

117 | . A I really don't know. Just--I think they just have
118 | "neutrality matters."

119 | . When you say "this case," I'm talking about the
120 | Costa I investigation. My recollection is that they have
121 | referred to the case by their file number, which I don't

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 6

122 know offhand, and sometimes under the heading of "Rene
123 Corbo."

124 . MR. MCGOUGH: Okay. Would you spell that for the
125 record?

126 . THE WITNESS: C-o-r-b-o.

127 . BY MS. NAUGHTON:

128 . Q Now, Mr. Feldman, we were talking about your
129 activities in the spring of 1986 regarding this
130 investigation, and there was a point in time in early April,
131 the first week of April, 1986, that you went down in Costa
132 Rica; is that right?

133 . A Right.

134 . Q And you returned approximately April 4th of 1986?

135 . A That's correct.

136 . Q Do you recall a meeting in the office of U.S.
137 Attorney Leon Kellner on that date?

138 . A Yes.

139 . Q Do you recall during that meeting--first of all,
140 could you recall for us who was in that meeting?

141 . A Okay, as I've previously stated, I believe that the
142 U.S. Attorney was there, Mrs. Anna Barnett, Mr. Larry
143 Scharf, and I believe Mr. Dick Gregory^{ie} was there. I'm not
144 real sure on Dick. And a Mr. David Leiwant was there for
145 part of the meeting.

146 . Q Mr. Scharf was there, is that correct?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 7

147 . . . A Right.

148 . . . Q And you're not sure about Mr. Gregory?

149 . . . A Right.

150 . . . Q Do you recall anyone else coming into the room at
151 any time during the discussion of this case?

152 . . . A Just Leiwant.

153 . . . Q Now do you recall any telephone calls being
154 received or sent by Mr. Kallner to the main Department of
155 Justice in Washington during the discussion of this case?

156 . . . A The only thing--I recall, and I can't say I have a
157 specific recollection of telephone calls during that
158 meeting, it's my general recollection that during most
159 meetings that I had with Mr. Kallner there were telephone
160 interruptions. But I don't have any recollection of
161 specific conversations he was having at any point during
162 this entire investigation. His conferences were never on,
163 to my best recollection, never on a speaker phone. They
164 were just on a hand-held set.

165 . . . Q So, in terms of any specific telephone conversation
166 from the Department of Justice during that meeting, and
167 specifically discussing this investigation, you can't tell
168 us one way or another if Mr. Kallner actually received such
169 phone calls; is that right?

170 . . . A I have no recollection of his receiving a phone
171 call from the Department of Justice during the April 4th

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 8

172 meeting. It's my general impression that he was on the
173 phone during portions of that meeting.

174 . Q Do you know what Mr. Kellner's secretary's practice
175 is regarding his telephone messages?

176 . A No, I don't.

177 . Q Did Mr. Kellner ever say to you with whom he was in
178 contact at the Department of Justice during the spring of
179 1986?

180 . A The only person that I recall Mr. Kellner having
181 any contact with at Justice is Mark Richards.

182 . Q Mr. Kellner never mentioned Lowell Jensen to you?

183 . A That name was bandied about but it never meant
184 anything to me other than that he was a high official in the
185 Justice Department. But the contact person, the person in
186 Justice that I thought Mr. Kellner was having conversations
187 with, with regard to my case, was Mark Richards.

188 . Q So Mr. Kellner never referred to any specific
189 conversations he may have had with Lowell Jensen; is that
190 correct?

191 . A No. I don't have any recollection of that.

192 . Q What about any conversations between Mr. Kellner
193 and Mr. Steve Trott?

194 . A Same thing. The name--Steve I knew, and still do,
195 obviously. Mr. Stephen Trott was a high official in
196 Justice, but I had no idea what role Mr. Trott had in this

UNCLASSIFIED

UNCLASSIFIED

197 investigation.

198 . Q Did Mr. Kellner ever make any references to you in
199 terms of this investigation to John Poindexter?

200 . A No, not that I recall. In what specific way?

201 . Q Did you ever speak to Mr. Richards or anyone at the
202 main Department of Justice regarding this investigation?

203 . A I may have spoken with him regarding the
204 continuance that was filed, I believe, on March 19th. As I
205 stated previously, I'm not sure if I spoke with Mr. Kellner
206 about the Justice Department's request for continuance or
207 whether I actually spoke with people up there.

208 . Q All right. And this is the continuance of the
209 Garcia sentencing?

210 . A Sentencing. Right.

211 . Q And was it your testimony last time that you recall
212 that the continuance which you filed for was at the request
213 of the main Department of Justice?

214 . A That I'm sure of.

215 . Q And was that Mr. Richards' request?

216 . A I don't really know whose request it was. The only
217 thing I can tell you is that there was a call from Justice.
218 I don't--I'm not sure if I spoke with them directly or if Mr.
219 Kellner told me that Justice had requested a continuance,
220 but I'm positive that Justice had requested a continuance
221 because I put that in the motion as a basis for the request.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 10

222 . Q And, to your knowledge, that was your basis for the
223 request?

224 . A That was the only basis.

225 . I got the motion here. Let me just check
226 something.

227 . [Pause.]

228 . THE WITNESS: I'm looking at the motion for
229 continuance, and they have two paragraphs' length setting
230 forth the basis for the continuance, which state that we had
231 the request from Justice and that the Government believes it
232 would be in the best interest of all parties for the court
233 to allow the Government to explore allegations which could
234 possibly affect the sentence imposed on Jesus Garcia.

235 . BY MS. NAUGHTON:

236 . Q And the date of that continuance?

237 . A This was filed March 19th at 3:59 p.m. The request
238 from Justice based on the motion itself was made on March
239 17th at approximately 4:30.

240 . Q Would that be when Mr. Kellner informed you of it,
241 that 4:30 on the 17th?

242 . A I remember I received the information late in the
243 afternoon and I would think it would have been on March 17th
244 at approximately 4:30 because that's when I found out about
245 it.

246 . Q Now going back for a minute to the April 4th

UNCLASSIFIED

NAME: HIR168000

PAGE 11

UNCLASSIFIED

247 meeting.

248 . A Um-hum.

249 . Q Was there a discussion of whether or not the Boland
250 amendment would apply to the investigation?

251 . A Yes.

252 . Q Can you describe the context of that conversation,
253 please?

254 . A Well, when I went to Costa Rica I had prepared a
255 chart, which you're aware of, and the chart basically
256 hypothesized a scenario where Oliver North was pumping funds
257 from the National Security Council through Robert Owens to
258 John Hull, who, in turn, was distributing them to various
259 contra--

260 . MR. GOODHART: Would you excuse me for a minute?

261 . [Mr. Silber conferring with the witness.]

262 . THE WITNESS: Could I have the question one more
263 time, please?

264 . BY MS. NAUGHTON:

265 . Q Yes. I asked you to describe the discussion of the
266 Boland amendment at that meeting.

267 . A The question--the issue about the Boland amendment
268 was raised when I brought out the chart that I had prepared,
269 and there were questions as to whether or not we had
270 jurisdiction to explore possible violations of the Boland
271 amendment; particularly, whether or not--if money that was

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 12

272 prohibited by the Boland amendment actually flowed to the
273 contras in the Southern District of Florida, whether or not
274 there's a criminal violation. That's essentially what was
275 talked about.

276 . Q And did Mr. Kellner come to any conclusions
277 regarding whether or not the Boland amendment could be used
278 in such a criminal investigation?

279 . A Not at that point. Basically, the Boland amendment
280 was one aspect of the law that we covered, and there was no
281 conclusion reached at that point. There was a conclusion
282 basically reached about a week or so later.

283 . Q Okay. Can you tell us how that came about?

284 . A We were just kicking around the question whether or
285 not we have jurisdiction to investigate Boland amendment
286 violations, and even if there was a violation, would it be
287 criminal. And I left the April 4th meeting with the
288 understanding that we just didn't know, so I did some
289 research. I previously told you that I had found some
290 statutes which I felt would criminalize the kind of activity
291 that I had hypothesized, and I believe it was during the
292 meeting I had with Mr. Kellner on the day of the ~~the~~ FBI
293 shootout that I explained to him that the activities which
294 would be per se violations of the Boland amendment could
295 possibly violate these other statutes that I had found.

296 The bottom line was that I had concluded that there was

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR168000

PAGE 13

297 | apparently no criminal violation involved in violating the
298 | Boland amendment but activity which would violate the Boland
299 | amendment would otherwise violate other title 18 provisions,
300 | and there was a basic conclusion reached that we really
301 | didn't have jurisdiction over those matters and that any
302 | evidence of Boland-amendment-type violations would be
303 | referred to main Justice.

304 | Q Now, when you say there was a decision made, can
305 | you tell us what exactly Mr. Kellner told you?

306 | A It's my recollection that he basically concluded
307 | that an investigation involving allegations centering around
308 | Oliver North and Robert Owens, specifically with the passing
309 | of misappropriated funds to contra groups, would be better
310 | handled by main Justice than by the U.S. Attorney's Office.
311 | I wasn't told to disregard it. I was basically told that
312 | any evidence would be--any evidence that I found would be
313 | referred back to main Justice and main Justice would handle
314 | that.

315 | Q Did Mr. Kellner indicate to you that he had spoken
316 | to anyone at the main Department of Justice during that week
317 | or on that day?

318 | A No. No, not that I can recall. Again, Mark
319 | Richards was a name that I heard a lot during that time
320 | period, but I don't have any recollection of any specific
321 | calls that he may have had with anybody there regarding this

UNCLASSIFIED

UNCLASSIFIED

322 case.

323 . Q Did you prepare any legal memoranda on the
324 application of Boland to your investigation?

325 . A No. We got--I got a copy of the Boland amendment, I
326 read it, did some research, came up with those other
327 statutes, and I came up with the conclusion that I've
328 previously stated here and explained it to Mr. Kellner, and
329 that was it.

330 . Q Did you request any such research from the main
331 Department of Justice?

332 . A No.

333 . Q Were you ever told that any existed?

334 . A No. Well later on, in August, I was given a copy
335 of a legal memorandum which discussed the Boland amendment,
336 but prior to that time, no.

337 . Q And where was this August--when you were given the
338 memo in August from where did it come?

339 . A Mr. Kellner.

340 . Q And where did he get it?

341 . A I assume from Mr. Richards. The reason I say that
342 is because he had told me that he was going to Washington to
343 meet with Mr. Richards.

344 . Q Was this a memo generated by the Criminal Division?

345 . A Well let me strike that. I found out that he had
346 met with Mr. Richards. I didn't know at the time that he

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 15

347 | was going--I knew he was going to Washington. I didn't find
348 | out until later that he had met with Mr. Richards during
349 | that trip.

350 | . Q Was this a memo that was generated by the Criminal
351 | Division?

352 | . A I don't know who wrote it.

353 | . Q Well was it in memorandum form; in other words, a
354 | ''to'' and a ''from'' section?

355 | . A No. In fact, the administrative portions of the
356 | memorandum were clipped away, so I don't know who requested
357 | it and I don't know who wrote it.

358 | . Q Was there a date on it?

359 | . A Not that I recall; I could check; I have the
360 | memorandum--

361 | . Q Do you have it with you?

362 | . A --in the office. No, I don't.

363 | . Q Was there any way of telling from the context of
364 | the memo when it was written?

365 | . A I would really hate to say because I haven't looked
366 | at it in a long--it's been a long time. I really can't say
367 | at this point. There may be--

368 | . Q Can you tell us generally, to the best you can
369 | recall, what the memo said?

370 | . A The memo discussed the Boland amendment, the
371 | neutrality, various statutes under the Neutrality Act, and I

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 16

372 can't recall if the discussion got fact specific. In other
373 words, I don't know if it was a general legal discussion or
374 there was a general legal discussion and then it was applied
375 to various factual hypotheticals.

376 . I still have it. The best way I think for me to
377 handle this would be to go back and to look at it and
378 perhaps call you, because I'd just be guessing at this
379 point. But I know it covered those specific areas.

380 . Q That would be very helpful. Because we've received
381 memos from the Department of Justice, legal opinions. I
382 just want to make sure that what you got is what we got.

383 . A Okay.

384 . Q Now sometime after April 1986 did you take another
385 trip to Costa Rica?

386 . A No. I took one trip to Costa Rica, that was it.

387 . Q I think you said, Mr. Feldman, that you haven't--you
388 told us earlier off the record that you haven't been
389 watching the hearings; is that correct?

390 . A That's right.

391 . Q All right. Are you aware that several sources have
392 indicated that you and the FBI agents made more than one
393 trip to Costa Rica?

394 . A Well, just from you. I have only been to Costa
395 Rica once in my life. That was it.

396 . Q Do you recall telling anyone, either in your office

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 17

397 or any other branch of government, that you had gone to
398 Costa Rica a second time?

399 . A No.

400 . Q Did you ever tell anyone that?

401 . A Not to my--no. Just no. Because it's--I've been
402 there one time.

403 . Q Can you give us the dates again when you went to--

404 . A Sure.

405 . Q --not Costa Rica, but Thailand?

406 . A Um-hum. 6/20/86 is when I left for Thailand, and I
407 returned on 6/28.

408 . Q Were you out of town any time from April 4th until
409 June 20th, 1986?

410 . A Yes. I was in Freeport for one day on April 28th
411 of 1986.

412 . Q Where?

413 . A Freeport, Bahamas.

414 . Q Was that on a case?

415 . A Yes.

416 . Q Any other time?

417 . A Not that I can recall; no.

418 . Q And from June 28th, 1986, until let's say September
419 31st, 1986, were you out of town?

420 . A September 2nd I was in Key West and September 5th I
421 was in Tampa. Now those were just one-day trips.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 18

422 . Q I got the September 2nd. What's the other one?

423 . A September 5th I was in Tampa, Florida.

424 . Q And was that on a case as well?

425 . A The Key West trip was on a case, and the Tampa trip

426 was for a bar matter.

427 . Q Any other trips within that time period?

428 . A No, not that I can recall. I don't think so

429 because my son was sick during August and we were basically

430 hung up.

431 . Q There was recently a follow-up article in the

432 Village Voice. Have you read that follow-up article?

433 . A No, I haven't.

434 . Q The article said that, among other things that two

435 people in the room on April 4th, 1986, during that meeting

436 overhead ^R the call and Mr. Kellner's comments with main

437 Department of Justice regarding this case. Do you know who

438 those two people are?

439 . A I know--well, I know that David Leiwant was one

440 person who allegedly heard these statements made. I don't

441 know who the second person is. That's basically the best I

442 can do.

443 . Q All right. And have you spoken to Mr. Leiwant

444 about this matter?

445 . A No. In fact, Mr. Leiwant came to see me about this

446 matter and I refused to talk to him because I felt it would

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 19

447 | have caused an appearance of impropriety.

448 | . Q And was that before he came to Washington?

449 | . A The day before he came to Washington.

450 | . Q And since his return from Washington, have you
451 | discussed this with Mr. Leiwant?

452 | . A No.

453 | . Q Have you discussed this, I'll say incident during
454 | the meeting of April 4th, 1986, with Anna Barnett?

455 | . A I've discussed it with her many times. In
456 | reference to--

457 | . Q In reference to the alleged telephone call from the
458 | main Department of Justice.

459 | . A I don't understand your question.

460 | . Q In other words, does Mrs. Barnett recall that such
461 | a call occurred during that meeting?

462 | . A I really don't know. You know, because I'm still
463 | wondering myself who the second person is--who the alleged
464 | second person is. I don't know the answer to your question.
465 | I don't recall Anna Barnett ever telling me that she heard
466 | Leon Kellner tell me to slow down.

467 | . Q Well, wait a minute. My question is did she ever
468 | discuss with you or you discuss with her whether or not a
469 | phone call took place from the Department of Justice or to
470 | the Department of Justice from Mr. Kellner's office on April
471 | 4th, 1986?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 20

472 . A I may have discussed that with her.

473 . Q All right. And what was her recollection?

474 . A That's what I don't know. My recollection is, is

475 that she did not recall such a phone call. The reason I say

476 that is because the only person, and, you know, I spoke with

477 the principals who were in the room--Mr. Kellner, Mr.

478 Gregory^{ie}, if he was there. Again, I'm not sure. But I know

479 Miss Barnett and Mr. Scharf^g were there, and to the best of

480 my knowledge no one heard him say that. I know it wasn't

481 said because I don't recall it.

482 . I don't know if that answers your question.

483 . Q Well my question is, then, to your knowledge, aside

484 from Mr. Leiwant no one that you know recalls specifically

485 that conversation?

486 . A I asked Mr. Kellner about the possibility of a

487 second person, and he told me that the only thing that he

488 could surmise is that--

489 . MR. GOODHART: Excuse me. Let me step outside with

490 my client for a minute.

491 [Mr. Goodhart and the witness left the room briefly.]

492 . THE WITNESS: One more time.

493 . BY MS. NAUGHTON:

494 . Q All right, let's take it one step at a time.

495 . A Okay.

496 . Q Now right now I'm not talking about the substance

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 21

497 | of that telephone call, what might have been said or what
498 | Mr. Kellner might have said to you.

499 | . A Okay.

500 | . Q I'm simply asking you whether such a call was
501 | either received or made to the Department of Justice
502 | regarding this case during that meeting.

503 | . A Okay. The bottom line is I don't know.

504 | . Q But as a context for my next questions, to ask my
505 | question, not the content but the call.

506 | . A Okay.

507 | . Q Did you discuss with the other people in the room
508 | subsequently whether or not such a call took place during
509 | that meeting?

510 | . A The best I can say is I may have. I don't have any
511 | specific--other than speaking to Mr. Kellner about the
512 | possibility of a call, I don't have any recollection of
513 | speaking to anybody else about the possibility of a call
514 | coming from Justice or a call being made to Justice during
515 | that meeting.

516 | . Q All right. So you never went, for instance, to
517 | Mrs. Barnett and said, do you remember such a call?

518 | . A I don't recall doing that.

519 | . A I don't recall doing that.

520 | . Q Did you ever say that to Mr. Gregory?

521 | . A I may have. I really don't know.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 22

522 . Q Did any of the people in the room at that meeting
523 ever tell you at any time that they recalled a telephone
524 call either being made to or received from the main
525 Department of Justice during that meeting?

526 . A I really, I'll tell you I really don't know. You
527 know, that may have happened. They get phone calls from
528 Justice all the time. But, you know, you're not giving me
529 any context at all to deal with. I have no idea if a phone
530 call--if anybody told me or in fact it actually occurred
531 whether or not a phone call was made or received during that
532 meeting to or from Justice. I'm not going to say it
533 happened and I'm not going to say it didn't happen; I just
534 don't know. And I don't know if anyone else told me that or
535 if I approached anybody else on that.

536 . Q I want to get your answer straight. So your answer
537 is that you cannot recall whether or not anyone else told
538 you that they recalled such a call was received at that
539 meeting?

540 . A Correct.

541 . Q You said you discussed with Mr. Kallner the fact
542 that two people had mentioned overhearing this comment about
543 slowing down.

544 . A Um-hum.

545 . Q How did that conversation come up?

546 . A Well I saw something about that in the paper.

UNCLASSIFIED

UNCLASSIFIED

547 . Q Which paper?

548 . A I don't recall. It was maybe the Miami Herald or
549 Boston Globe or something. And I said, who is the second
550 person? And he said, well, that may be Larry or Dick. They
551 may have recalled that I said something to the effect, you
552 know, go slow, be careful. And then he said that that's
553 normal because in sensitive cases he tells his prosecutors
554 to be careful. That was the full extent of it, and that's
555 the only knowledge I have of the existence of a second
556 person who overheard him tell me something.

557 . Q But I'm speaking specifically of the April 4th
558 meeting and the phone call, not your subsequent instructions
559 by anyone.

560 . A Oh. I see. Okay, no. The bottom line is I have
561 not discussed the existence of the phone call with Mr.
562 Kellner.

563 . Q All right.

564 . A If anything, I recall him saying that it didn't
565 happen. I mean, just an outright denial by him. But I had
566 no per se conversation about it; he's been denying it all
567 along.

568 . Q The conversation you described was with Mr. Kellner
569 the day of the FBI shootout.

570 . A Okay.

571 . Q Was that prior to the shootout occurring or after?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 24

572 . A No, that was after.

573 . Q So it was later in the afternoon?

574 . A He was coming back from London that day, I remember
575 that, and it was very late in the afternoon.

576 . Q Had he already visited the hospital?

577 . A No. I think that--I don't know. I really don't
578 know. I don't know when he visited the hospital.

579 . MR. McGOUGH: Well, did he refer to it to you?

580 . THE WITNESS: No. You know, I don't think it was
581 that day because he had just gotten off the plane from
582 London.

583 . MR. McGOUGH: So you don't think what was that day?

584 . THE WITNESS: I don't think that he visited the FBI
585 agents the day that he got back from London.

586 . BY MS. NAUGHTON:

587 . Q Have you discussed with either FBI Agent Kiszynski
588 or FBI Agent Currier their depositions to the committee?

589 . A Just briefly.

590 . Q Okay. And what did you discuss with them?

591 . A The only thing that I recall is George Kiszynski
592 asking me when I gave him a copy of the May 22nd draft of
593 memo, and then there were some general references to the
594 tone of the deposition and very, you know, just very general
595 discussion. I didn't ask him, you know, what did you tell
596 them, what questions they asked, and all that other stuff.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 25

597 In other words, there was no formal debriefing of the
598 agents.

599 Q I'm not asking that. I just asked what you
600 discussed.

601 Q What did Mr. Kiszinski ask you about the May 14th
602 memo?

603 A When I gave it to him. May 22--I gave--when you say
604 the May 14th memo, there were several drafts which had the
605 date May 14th on it.

606 Q Yes, I know. That's why I'm referring to May 14th
607 memo.

608 A I take it you--the very first draft?

609 Q No. The memo dated May 14th, 1986. All the
610 versions have that date; correct?

611 A Right.

612 Q Okay. So when I refer to the May 14th memo that's
613 what I'm referring to, all the versions.

614 A Okay.

615 Q What did you discuss with Mr. Kiszinski regarding
616 that memo?

617 A When I gave him the draft that was printed on May
618 22nd.

619 Q And what did you tell him?

620 A I told him I had no recollection of ever giving him
621 that draft.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 26

622 . Q Now the May 22nd version is which version?

623 . A The very last draft I submitted to Mr. Kellner.

624 . Q Without Mr. ^QScharf's additions, is that correct?

625 . A Correct.

626 . Q And you say that you never gave Mr. Kiszinski that

627 version?

628 . A I said I have no recollection of giving him that

629 version.

630 . Q And which version of that memo do you have a

631 recollection of giving Mr. Kiszinski?

632 . A I have no recollection of giving Mr. Kiszinski any

633 memo. I gave a copy of the May 14th, or the actual draft

634 that was printed on May 14th, I have a recollection of

635 giving Kevin Currier a copy of that. That was the very

636 first draft of the May 14th memo.

637 . Q Did you give either Mr. Kiszinski or Mr. Currier or

638 anyone from the FBI the absolute final version?

639 . A I have no recollection of giving them that. Mr.

640 Kiszinski said that I did. I don't recall doing that.

641 . Q Do you recall giving anyone the very final version

642 of the memo?

643 . A I think after it was leaked a few months ago I gave

644 fresh copies of the draft to people in the office to send to

645 Washington. That's the only recollection I have of

646 providing copies of that memo.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 27

647 . . Q What was the purpose of sending the fresh drafts to
648 Washington?

649 . A You'd have to ask Mr. Kellner that. I don't know.

650 . Q What did he tell you to do?

651 . A Make me a copy of the memo.

652 . Q And he was going to forward it to main Justice?

653 . A I assume. I assume that he was.

654 . Q Was that sometime in the spring of this year?

655 . A Whenever it was that that memo was leaked, that's
656 when this occurred. I would say the spring is fair; it was
657 just a few weeks ago.

658 . Q And did you send your other drafts of the memo as
659 well?

660 . A No.

661 . Q Just the very final version?

662 . A That's right.

663 . Q Why didn't you send your other drafts?

664 . A They didn't ask for them.

665 . MR. McGOUGH: Could I interject? When you say the
666 very final draft, is that with or without Mr. Scharf's
667 changes?

668 . THE WITNESS: I'm talking the draft with Mr.
669 Scharf's changes was the copy that I submitted to Mr.
670 Kellner.
671

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 28

672 . BY MS. NAUGHTON:

673 . Q Did anyone ever indicate to you, anyone inside or
674 outside of the Government, who had leaked that memo?

675 . A No.

676 . Q Have long have you known Mr. Kiszinski?

677 . A Oh, since March of 1985.

678 . Q And have you ever discussed with him in general his
679 feelings regarding the contras in Micaragua?

680 . A We talked about it.

681 . Q Okay. Do you know what Mr. Kiszinski's general
682 feelings are regarding the contra cause in Micaragua?683 . A I would say that he supports the fight against
684 communism. His father was the victim of a totalitarian
685 state, so I think that he would support any effort to fight
686 communism, and based on that I would think that he would
687 support the efforts to eliminate communism in Micaragua.688 . Q Could you describe to us his ties to the Cuban-
689 American community in Miami? Are his contacts good? Are
690 they non-existent?

691 . A I would be speculating. I couldn't do that.

692 . Q Well hadn't he done prior investigations in which
693 the Cuban-American community in Miami helped him?694 . A The only--I can speak from personal experience. I
695 was second chair on a case that Mr. Kiszinski was lead agent
696 on. That was the Omega 7 case. In that case he and other**UNCLASSIFIED**

UNCLASSIFIED

NAME: HIR168000

PAGE 29

697 FBI agents basically destroyed Omega 7. That's the only
698 case, the only instance that I would have to judge Mr.
699 Kiszinski's ties to the Cuban community on, other than my
700 involvement with him in this case.

701 . Q Okay. Do you have any indications whatsoever of
702 any kind that might lead you to conclude that Mr. Kiszinski
703 may have leaked information regarding this particular
704 investigation to anyone?

705 . A The only thing I'm aware of is that a letterhead
706 memorandum was prepared in March of 1985, I believe by Kevin
707 Currier, that was sent to headquarters. I have no reason to
708 believe that George Kiszinski leaked any information to any
709 unauthorized individuals.

710 . Q Do you know why such a memorandum was prepared and
711 sent to FBI headquarters?

712 . A I've since learned that Buck Revell had requested
713 the memorandum.

714 . Q And when did you learn of Mr. Revell's request?

715 . A I would say sometime in the last two or three
716 months.

717 . Q Did Mr. Revell ever contact you in any way?

718 . A No. No. I don't even know who he is.

719 . Q Were you told the reason for Mr. Revell's request?

720 . A No.

721 . Q And who told you about Mr. Revell's request?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 30

722 . . . A Kevin Currier.

723 . . . Q Do you know whether at the time of the request that
724 either the FBI agents or yourself were aware of Mr. Revell's
725 relationship with Oliver North?

726 . . . A No. I didn't know and I don't know if they knew.

727 . . . Q Do you know when Mr. Revell requested the
728 information of the FBI?

729 . . . A It was sometime in March. It was a letterhead
730 memorandum. A very long one.

731 . . . Q In March of '86?

732 . . . A Right. Right. March of--late February, March,
733 somewhere in that area.

734 . . . Q Were you ever told by anyone either within or
735 without, or outside of the Government that anyone at the
736 National Security Council either requested a briefing or had
737 been briefed by anyone at the Department of Justice
738 regarding your case?

739 . . . A No. The only information I had about the NSC
740 discovering anything about this case was when I was in Costa
741 Rica Paul Fitzgerald told me that the National Security
742 Council had spoken to John Hull the day before I was
743 supposed to speak to him.

744 . . . Q Did Mr. Fitzgerald say whether or not Mr. Hull
745 placed the call to the NSC or did he receive a call from the
746 NSC?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 31

747 . A Just that the NSC had--I have my notes. Let me
748 refer to them.

749 . I have a note 4/3/86, 10:30 a.m., Paul Fitzgerald
750 advised that John Hull was in Kirk's office yesterday. Kirk
751 told Paul that Hull had been contacted by the National
752 Security Council and Voice of America regarding our visit.
753 I'm reading that verbatim.

754 . Q Now Kirk is who?

755 . A Kirk Kotula.

756 . Q All right. So Mr. Fitzgerald is telling you what
757 Mr. Kotula told him.

758 . A Right.

759 . Q And you said that Mr. Hull had been at the embassy
760 the day before?

761 . A Um-hum.

762 . Q On April 2nd.

763 . A Right.

764 . Q And had been in contact with the NSC and the Voice
765 of America?

766 . A Right.

767 . Q Did he mention any names?

768 . A No. This is all I have.

769 . Q Did you ask Mr. Fitzgerald about further details of
770 that.

771 . A The only thing I can tell you is what I have here

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 32

772 on the paper. My recollection is that I did not receive any
773 additional information from Mr. Fitzgerald.

774 . Q Did you ever receive any information as to whether
775 or not Mr. Hull met with Ambassador Tambs?

776 . A Yes.

777 . Q And what was that?

778 . A Jim Nagle, at 9:15 in the morning on April 3rd of
779 1986, advised me that Mr. Hull spoke to Ambassador Tambs the
780 day before and that he had spoken with Kirk Kotula. Jim
781 Nagle further told me that Kotula advised Hull not to speak
782 with us without counsel, and that's when Mr. Nagle said,
783 "Hull is a friend of Ronald Reagan. If you understand what
784 I mean. Ronald Reagan knows who John Hull is. You know
785 politicians."

786 . Q The day you arrived, I believe it was March 21st,
787 is that correct?

788 . A I arrived on the 31st but it was very, very late.

789 . Q All right. So on April 1st, then, of 1986 is when
790 you met with Ambassador Tambs?

791 . A Right.

792 . Q At the beginning?

793 . A Um-hum. Let me just check my chronology, okay?

794 Right. Well, actually no. It was March 30th that I had
795 left for Costa Rica and March 31st that I met with him. It
796 was Easter Sunday was the day that I left.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 33

797 . Q And after Ambassador--strike that.

798 . A Yes, it was definitely March 31st that I had spoken
799 with him.

800 . Q When you first entered the room^{where} Ambassador
801 Tams was, who else was in the room with you?

802 . A The three agents who were with me. That was it.

803 . Q Mr. Currier, Mr. Kiszinski, and who else?

804 . A The legata. The FBI legata out of Panama.

805 . Q And you four were alone with Ambassador Tams?

806 . A For about 20 seconds maybe. That was it.

807 . Q And after you began to brief with Mr. Tams,
808 Ambassador Tams, and showed him the chart, he called for
809 [REDACTED] ?

810 . A Right.

811 . Q And [REDACTED] had what comments to make about
812 Oliver North?

813 . A May I refer to my notes?

814 . Q Sure.

815 . A I'm referring to my notes made March 31st, 1986,
816 during my conversation with [REDACTED]

817 . MR. MCGOUGH: Excuse me for one second.

818 . [Discussion off the record.]

819 . BY MS. NAUGHTON:

820 . Q Mr. Feldman, if you could refer to [REDACTED] as
821 Mr. Castillo, we would appreciate it.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 34

822 . A I can't do that.

823 . Q Because that's the only name you know him by?

824 . A That's right.

825 . Q Let's just refer to him as [REDACTED] then, for the

826 purposes--

827 . A Fine.

828 . Q What did [REDACTED] say about Oliver North.

829 . A Told me that he was [REDACTED]

830 [REDACTED]

831 [REDACTED]

832 [REDACTED]

833 [REDACTED]

834 [REDACTED]

835 [REDACTED]

836 [REDACTED]

837 [REDACTED]

838 He said that John Hull--

839 . [Mr. Silber conferring with the witness.]

840 . THE WITNESS: Are you asking me specifically what

841 [REDACTED] told me about Mr. North or--

842 . BY MS. NAUGHTON:

843 . Q Right.

844 . A --specifically what he told me in general?

845 . Q About Oliver North.

846 . A The only thing that I recall [REDACTED]

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 35

847 telling--or [REDACTED] telling me about Oliver North was that Oliver
848 North had introduced him, [REDACTED] to the President of the
849 United States the week before my visit, and that--let me just
850 go down here to double check.

851 He also told me that John Hull knew Oliver North and knew
852 Rob Owens. I remember that. That was essentially it.

853 Q Okay, Mr. Feldman, those are the questions I had in
854 terms of preparation for you.

855 Upon reflection after your last deposition and in the
856 light of any subsequent events, is there anything that we
857 haven't asked you specifically but that you feel that the
858 committee should know about?

859 A No.

860 MS. NAUGHTON: I have to leave, but I will do so
861 quietly, and if you want to start your questions, just go
862 ahead.

863 MR. McGOUGH: I just have a few.

864

865 EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

866

867 BY MR. McGOUGH:

868 Q In reviewing your deposition I was a little
869 uncertain and I'm still a little bit uncertain when you
870 first heard the name Oliver North.

871 A Very early on.

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR168000

PAGE 36

872 . Q Do you remember from whom you first heard the name?
873 . A No. As I stated previously, I believe it was from
874 a number of sources--the Jacqueline Sharkey Common Cause
875 article, John Mattes, newspaper articles. That's
876 basically--that's the best I can do.

877 . Q All right. And I believe you testified earlier
878 that on March 14th you had a meeting with Mr. Kellner.

879 . A Um-hum.

880 . Q This was the first meeting you had with him is when
881 he walked into the office and said, is anyone working on
882 this--

883 . A Right.

884 . Q --on this case?

885 . To the best of your recollection, at that time were
886 you aware of the North allegations?

887 . A I would--let me check something here, please.

888 . [Pause.]

889 . THE WITNESS: I would say that I was aware that
890 allegations were being made against Oliver North as early as
891 December of '85, and I make that conclusion on the basis of
892 my notes from a meeting in December of '85.

893 . BY MR. McGOUGH:

894 . Q In your meeting on March 14th with Mr. Kellner and
895 Ms. Barnett, I believe, to the best of your recollection,
896 did you mention at that point a possible connection with the

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 37

897 National Security Council and Oliver North?

898 . A No.

899 . Q Why not?

900 . A Why? Because I didn't know. You know, all I--you

901 got to understand that the only thing that we were working

902 at that point was an alleged assassination plot. That plot

903 was based on the testimony of Jesus Garcia. That testimony

904 basically proved--well, with regard to your specific

905 question, the answer is no; because at that point I had no

906 reason to believe that Oliver North was involved in a plot

907 to assassinate the United States Ambassador.

908 . Q I believe you indicated that you had read the

909 Common Cause article in the fall of 1985, is that right?

910 . A Right.

911 . Q Leading up to your first meeting with Mr. Kellner,

912 do you recall reading any other press reports of NSC

913 involvement or North involvement in supplying the contras?

914 . A I may have. I don't know.

915 . Q But you don't specifically recall any articles you

916 might have read other than the Common Cause article?

917 . A I had articles in a file. I really, I can't answer

918 your question.

919 . Q When is the first time, to the best of your

920 recollection, you discussed the allegations about Colonel

921 North with Mr. Kellner?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 38

922 . A I imagine sometime around the time that I drew up
923 the charts.

924 . Q That would have been beyond before your trip to
925 Costa Rica?

926 . A I would say yes, because I had the charts in my
927 possession when I went to Costa Rica.

928 . And when you say allegations, let me say this to
929 you. That I at that time had no specific evidence of
930 wrongdoing on Oliver North's part. The only thing I had was
931 an hypothesis and that was it.

932 . Q I understood, and that's why I call them
933 allegations, as opposed to anything more than that. I
934 understand that what you had was--and correct me if I'm
935 wrong. What you had was someone somewhere in the chain of
936 witnesses that you were dealing with mentioning Oliver North
937 as being possibly involved in supplying the contras.

938 . Going to the April 4th meeting, you mentioned--I
939 know we've been through the roll a few times, but you
940 mentioned Mr. Kellner, Mrs. Barnett, Mr. Scharf, perhaps Mr.
941 Gregor^{ic}, Mr. Leiwant part time.

942 . A Um-hum.

943 . Q Now looking, in particular, at Mr. Scharf, do you
944 recall whether he was there the entire time or were there
945 points at which he was absent?

946 . A No. My recollection is that he was there the

UNCLASSIFIED

UNCLASSIFIED

947 entire time.

948 . Q Do you remember the time of day that meeting took
949 place?

950 . A It was late afternoon, somewhere around 2:30,
951 because my flight didn't get back until 1:00.

952 . Q Did it extend into the early evening? By early
953 evening I mean five to six o'clock.

954 . A I would say yes.

955 . Q To the best of your recollection, was Mr. Scharf
956 present at that meeting when Mr. Leiwant was present at the
957 meeting? Can you recall them being in the room at the same
958 time?

959 . A Yes.

960 . Q You said it with some emphasis. Do you have a
961 specific recollection that Scharf was there at the same
962 time--

963 . A Scharf and Leiwant were in the room at the same
964 time.

965 . Q How about Mr. Gregory? Can you place Mr. Leiwant
966 and Mr. Gregory in the room at the same time?

967 . A I don't think--I can't say for sure because I'm not
968 sure if Mr. Gregory was there.

969 . Q I see. And Mr. Leiwant was only present for that
970 one meeting, is that right?

971 . A Right.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 40

972 . Q So, if you were--that's all hypothetical. I just
973 want to say you don't have a specific recollection of
974 Gregory and Laiwant ever in the room at the same time
975 because you don't know if Gregory was there.

976 . A Right.

977 . Q On how many occasions have you talked to Mr.
978 Richards about this case or about any case?

979 . A I don't think I've ever spoken with Mr. Richards.

980 . Q When discussing the continuance, you said that you
981 may have spoken to Mr. Richards about the continuance.
982 You're not sure whether the call came to you or whether it
983 came to Mr. Kellner.

984 . A I may have spoken to somebody at the Justice
985 Department. The only reason I know of Mark Richards is
986 because I know that's someone who Mr. Kellner and Mrs.
987 Barnett have referred to.

988 . Q So to the extent you spoke to someone at the
989 Justice Department, it would not have been Mark Richards?

990 . A I don't know.

991 . Q Do you ever recall speaking to Mark Richards?

992 . A I have no recollection of speaking to someone at
993 Justice who called himself Mark Richards. I just remember
994 possibly speaking to somebody about the request for the
995 continuance. Other than speaking to Joe Tafe, that was the
996 only conversation I had with people at Justice.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 41

997 . Q All right. Well that was really going to be my
998 next question. How often do you talk to main Justice at
999 all?

1000 . A I spoke with Joe Tafa two times. Three times,
1001 maybe.

1002 . Q Joe Tafa is who?

1003 . A He's somebody who oversees neutrality cases in the
1004 Department.

1005 . Q So am I incorrect in assuming that a conversation
1006 with main Justice would have been a significant, or an
1007 unusual event in your career.

1008 . A I wouldn't say necessarily unusually, just my
1009 correspondence with Justice went through my supervisors,
1010 except for Joe Tafa.

1011 . Q Have you spoken to anyone at main Justice in the
1012 past two weeks?

1013 . A Tom Boyd.

1014 . Q When was that?

1015 . A When did we leave? Yesterday.

1016 . Q Was that to discuss whether or not you were to come
1017 down here?

1018 . A Right.

1019 . Q And did you talk about the substance of your
1020 testimony at all?

1021 . A Not really. I spoke with him I think two or three

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 42

1022 days before that.

1023 . Q On the same topic?

1024 . A Right.

1025 . Q Other than Mr. Boyd on those two occasions, have
1026 you spoken to anyone at main Justice about--let's say since
1027 the time--

1028 . A There's been a lot here. Carolyn Hable. Kimberly
1029 Allen. I mean there's been several people, but I've never
1030 sat down and discussed the case with them. Actually, after
1031 my last deposition I went back and spoke to Tom Boyd.

1032 . Q Did a debriefing of some kind?

1033 . A Right. And we may have mentioned something about
1034 Leiwant testifying. That was it.

1035 . Q Have you spoken to Mr. Kellner about the case,
1036 about the investigation since--by the investigation I mean
1037 our investigation--since you testified here last in, I think,
1038 April?

1039 . A Yes, but it was informally. There was no
1040 debriefing.

1041 . Q What do you mean by informally.

1042 . A We just talked about our mutual experiences.

1043 . Q Did you establish any points on which you
1044 disagreed?

1045 . A No. As you know, before we came here we sat down
1046 and went through the chronology.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 43

1047 . Q But to date, you haven't established any points on
1048 which you disagree with Mr. Kellner?

1049 . A There are so many points. I mean that's sort of
1050 a--it's not a fair question.

1051 . Q I just mean as between you and him.

1052 . A Okay. I can't answer that.

1053 . Q I'm not asking you whether you ever disagreed with
1054 him, but whether you and he ever discussed over which you
1055 disagreed.

1056 . A Not disagreed. He didn't remember making, or
1057 deciding to refer evidence of the Boland amendment
1058 violations to Justice.

1059 . Q When did you discuss that with him? I know you
1060 discussed it on April 11th, 1986, but when did you discuss
1061 that incident with him after that?

1062 . A The Miami Herald ran an article on Memorial Day,
1063 the Monday the Memorial Day is celebrated, and there was a
1064 question as to why I did not put in my memo the chart
1065 concerning Oliver North. And that question was asked to Mr.
1066 Kellner and he stated that he didn't know why I left it out
1067 but that I had obviously done that. And then the following
1068 day, that Tuesday, I went in and spoke to him, and it was at
1069 that time that I said, you know, you had made the decision
1070 to refer evidence of Boland amendment violations to Justice.
1071 I said so, you know, anything pertaining to the Boland

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 44

1072 amendment really was not going into that memo, number one.
1073 Number two, the memo itself did not concern theory. It
1074 concerned what we had. It was an evidentiary summary and
1075 the only evidence that I had about Boland amendment
1076 violations was Peter Glibbery's statement about John Hull
1077 getting \$10,000 a month from the National Security Council
1078 and my treatment at the embassy, and all of that was in the
1079 memo anyway. So that was it.

1080 . Q And did Mr. Kellner indicate that he did not
1081 recall that decision?

1082 . A No. He apologized. He said he had forgotten it.

1083 . Q Did he indicate that upon being reminded of it he
1084 remembered it? What I'm trying to establish is whether or
1085 not he recalled that event upon your--

1086 . A He just said he forgot it. Those were his exact
1087 words.

1088 . Q To your knowledge, did Mr. Kellner ever refer any
1089 evidence to the Justice Department regarding the Boland
1090 amendment?

1091 . A I would think not because, quite frankly, we really
1092 haven't come up with any. The only evidence that we had was
1093 what I have previously informed you of, and that was sent
1094 off to Washington June 30th.

1095 . Q Your meeting on the 11th when Mr. Kellner made the
1096 decision to defer to main Justice on the Boland amendment.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 45

1097 Did you agree with that decision?

1098 . A Say that again now.

1099 . Q Did you agree with that decision?

1100 . A You know, all I was--the answer to your question is,
1101 I really had no feeling because it really wasn't right. We
1102 didn't have anything at that point, and if I had come up
1103 with something, you know, maybe I would have felt something
1104 one way or another. But I wasn't told to just close my eyes
1105 to evidence of Boland amendment violations. I was just told
1106 that if I have evidence of Boland amendment violations
1107 that's going to be referred up to main Justice because
1108 they're the ones that should be handling a case involving
1109 allegations of that magnitude. That's their call. So, you
1110 know, quite frankly, it really wasn't right because we
1111 hadn't reached that point.

1112 . A At that time did you suspect Mr. Kellner's motives
1113 in making that decision?

1114 . Q Not at that point. You know, as I said in the
1115 previous deposition, people by that time were already
1116 kicking around allegations, but I never went into meetings
1117 feeling that they had pre-decided things. You know,
1118 when--there was too much critical analysis of the points that
1119 I was raising, and I never got the impression that this was
1120 all a big plan and that they were going to stop.

1121 . I'd be lying to you if I told you I didn't think

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 46

1122 | about it or the possibility of it, but I had been never
1123 | given any reason to believe it.

1124 | . Q You've testified both last time and this time that
1125 | to the best of your recollection Mr. Kellner indicated to
1126 | you that you should slow down your investigation.

1127 | . A August 29th was the only time.

1128 | . Q All right, I take that back, then. August 29th.
1129 | Did Mr. Kellner ever indicate to you that main
1130 | Justice wanted him to slow down the investigation?

1131 | . A No.

1132 | . Q Whether or not he, himself, wanted to do that, that
1133 | he never relayed that feeling from main Justice to you?

1134 | . A On May 20th, the only message I got from Leon
1135 | Kellner is that he wanted to be careful and he wanted to
1136 | make sure that the right thing was done. That was the only
1137 | message that I got.

1138 | . Q Does this confusion about the number of trips to
1139 | Costa Rica, and I know you've testified that you only went
1140 | once--to your knowledge, did anyone else in the Department of
1141 | Justice or the FBI ever make a trip to Costa Rica to
1142 | investigate anything in regard to what you've called the
1143 | Costa investigation?

1144 | . A I have no knowledge of that. The only person I
1145 | know who made two trips to Costa Rica within close proximity
1146 | of each other was John Madison.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 47

1147 . Q You mentioned trips to Freeport and Key West.
1148 . A Um-hum.
1149 . Q And you said it was in relationship to cases. Were
1150 either of those trips in relationship to this case?
1151 . A No.
1152 . Q You said Mr. Leiwant came to see you the day before
1153 he came to Washington to testify.
1154 . A Right.
1155 . Q Can you tell me what he said and how that came
1156 about?
1157 . A He wanted to know--he knocked at my door, I said I
1158 didn't want to speak to him. He said, all I want to talk to
1159 you about is the proceedings--actual procedure that you all
1160 utilize. And I said, if you want to know that, you go speak
1161 to Anna Barnett. I said, I don't think it's proper for us
1162 to be speaking. I said, I think it creates the appearance
1163 of impropriety, and I ended the conversation.
1164 . Q I think you indicated to Pam that Mr. Kellner may
1165 have told you that Larry or Dick remember Kellner saying
1166 something like go slow and be careful.
1167 . A Right.
1168 . Q And some standard instructions like that. Can you
1169 flesh that out a little bit? I mean, in what context did
1170 Kellner raise that with you? Was that in your discussion
1171 leading up to these depositions, or how did that come up?

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 48

1172 . A I read a newspaper article that quoted a source as
1173 saying that there were two Assistant United States Attorneys
1174 who overheard Mr. Kellner make that remark to me. Up until
1175 that time I had only known of one person and that was David
1176 Leiwant, so the second was a complete surprise. I was in
1177 Mr. Kellner's office for some reason and I mentioned to him
1178 the article, and he said he saw that. And I said, do you
1179 know who the second person is? And he said, it may be Larry
1180 or Dick. One of them may have overheard me say something
1181 about--well, you know, go slow, be careful. That's the only
1182 thing that I recall.

1183 . Q And go slow, be careful was in the context of
1184 standard instructions in any investigation, to be careful
1185 and not rush?

1186 . A Well, yes. Right.

1187 . Q Did he indicate when Larry or Dick recalled him
1188 saying that?

1189 . A No.

1190 . Q Did he indicate whether in fact he knew that Larry
1191 and Dick said that or whether this was just his speculation
1192 as to who the second person might be?

1193 . A It was more he answered my question in a
1194 speculative manner.

1195 . MR. McGOUGH: That's all I have. Tim?

1196 . MR. BUCK: I have no questions.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR168000

PAGE 49

1197 . MR. McGOUGH: Thank you.

1198 [Whereupon, at 2:15 p.m., the deposition was concluded.]

UNCLASSIFIED

UNCLASSIFIED

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

- - -

Tuesday, August 11, 1987,

Washington, D.C.

Deposition of DAVID C. FISCHER, taken on behalf of
the Select Committees above cited, pursuant to notice, com-
mencing at 10:15 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:

W. THOMAS McGOUGH, Esq.

For the House Select Committee:

THOMAS FRYMAN, Esq.
SPENCER OLIVER, Esq.
KENNETH BUCK, Esq.

For Senator Orrin Hatch:

DEE BENSON

Partially Declassified/Released on 1-23-88
under provisions of E.O. 12356
by N. Menan, National Security Council

COPY NO. 1 OF 2 COPIES

UNCLASSIFIED

UNCLASSIFIED

For the deponent:

CHARLES R. WORK, Esq.
McDermott, Will & Emery
1850 K Street, N.W.
Washington, D.C. 20006

C O N T E N T S

<u>Examination by</u>	<u>Page</u>
Senate Select Committee (Mr. McGough)	3
House Select Committee (Mr. Fryman)	138
House Select Committee (Mr. Oliver)	154, 199
House Select Committee (Mr. Buck)	192
Counsel for deponent	266

EXHIBITS

<u>Fischer Exhibits</u>	<u>Marked</u>
1 thro' 4	44
5	85
6	87
7 and 8	121
9	149

UNCLASSIFIED

UNCLASSIFIED

1 Whereupon,

2 DAVID C. FISCHER

3 was called as a witness and, having first been duly sworn,
4 was examined and testified as follows:

5 EXAMINATION BY COUNSEL FOR THE

6 SENATE SELECT COMMITTEE

7 BY MR. MCGOUGH:

8 Q Mr. Fischer, I'm Tom McGough from the Senate Select
9 Committee. If you have any questions about any of the
10 questions I ask you, just stop me, and let me clarify them
11 for you if they might be confusing.

12 A Okay.

13 Q I'd like to get a little bit of background informa-
14 tion before we begin. Could you tell me how you are currently
15 employed and what your business address is.

16 A Currently, self-employed, under David C. Fischer &
17 Associates, with an address now of [REDACTED]--no, that's the old
18 address--of [REDACTED] in Vienna. Now that is
19 just--that's a mailing address. That's my home, and I've got
20 an office there, but, you know, I do the work downtown. But
21 that's officially where the corporation is listed.

22 Q Did you say you do have an office downtown?

23 A Yes.

24 Q All right. And where is that office located?

A I kind of split my time between--actually, at Mr.

UNCLASSIFIED

Privacy

art4

4

UNCLASSIFIED

1 Work's office is where they're preparing an office, and so I
2 kind of office hop until the permanent facility is available.

3 Q And where is the permanent facility going to be?

4 A At ¹⁸⁵⁰~~1850~~ K Street, Suite 500. And I also still have
5 access to an office at IBC, which is Rich Miller's firm at
6 1912 Sunderland Place, Northwest.

7 Q What's your date of birth?

8 A [REDACTED]

9 Q And your Social Security number?

10 A [REDACTED]

11 Q You're married, is that correct?

12 A Married, with three children.

13 Q Could you give me your educational background.

14 A You bet. Starting with high school?

15 Q Yes. Why don't we start there.

16 A I graduated from Salinas High School, Salinas,
17 California, in 1966. I graduated from Hartnell Junior
18 College in Salinas in 1968. I graduated from California
19 State Polytechnique, San Luis Obispo, California in '71. I
20 graduated from J. Ruben Clark Law School of Brigham Young
21 University, Provo, Utah, in 1976.

22 Q Were you continuously a full-time student from high
23 school until you finished law school, or did you take time off
24 to work?

25 A There was a brief period where I took a little time

UNCLASSIFIED

UNCLASSIFIED

1 off, I think about a semester.

2 Q And where did you work during that semester?

3 A I was working with a citizens group in Salinas, an
4 agricultural group.

5 Q And could you put an approximate date on that?

6 A Let me see. I want to say early '70, I think is
7 about when it was.

8 Q When you finished law school, what was your first
9 employment?

10 A While I was still in law school I was working for--
11 I think it was called Citizens For Reagan, whatever Reagan's
12 campaign committee was, and that continued until the conven-
13 tion, Kansas City convention in '76. And after that I did
14 consulting work for Deaver and Hannaford.

15 Q Is that Michael Deaver?

16 A Mike Deaver and Pete Hannaford, right, which was
17 Reagan's, Ronald Reagan's office in Westwood. In January of
18 1977, I went to work for Orrin Hatch back here.

19 Q Let's stop there for a second. What was your
20 assignment with the campaign?

21 A The campaign? Was advance work.

22 Q Advance work?

23 A Yes.

24 Q And this was all the way through the convention?

A Yes, up until the convention, and then there was a

UNCLASSIFIED

art6

6

UNCLASSIFIED

1 small group of us who continued with him as he travelled in
 2 support of Republican candidates. So what we would do, we
 3 would just divide the trips up.

4 Q In 1977 you went to work for Senator Hatch here in
 5 Washington?

6 A Yes, and then, in his Utah office.

7 Q And what were your positions there?

8 A You know, I don't even know what the title of the
 9 position was. Constituent relations, primarily, and public
 10 relations, and then I went out to Utah to help set up his
 11 Utah operation.

12 Q How long were you employed by Senator Hatch?

13 A I think it ended in the summer of '77, and then
 14 started with Deaver and Hannaford on a consulting basis,
 15 going full-time with Deaver and Hannaford in about January of
 16 1978.

17 Q What were you doing for Deaver and Hannaford?

18 A Deaver and Hannaford described the position as
 19 executive assistant to Ronald Reagan. I worked strictly on
 20 Reagan's account. Reagan was their number one client, and
 21 the responsibilities there included planning his worldwide
 22 travels, handling what you'd call the advance scheduling
 23 operation and security, and also, travelled with him wherever
 24 he went, and some work on handling--you know--some of the PR,
 the correspondence. And then, as we got closer to the

UNCLASSIFIED

art7

UNCLASSIFIED

7

1 campaign I got involved in the strategic planning for his
2 1980 bid for the presidency. You know, some press relations
3 and--

4 Q Your official title was executive assistant to the
5 President and at that time--

6 A Executive--to Governor Reagan.

7 Q I'm sorry. To Governor Reagan. Excuse me. Did
8 that title change at some point, or did you maintain that
9 title continuously through the 1980 election?

10 A Well, that's, you know, that's the title that I
11 had. When we became a campaign, I continued in the same
12 function. I mean, people kind of--you know--I believed that
13 was still the title. That the job at that point got a little
14 more refined. Now we had Secret Service on board, so I no
15 longer had to worry about security even though I was the
16 liaison for the Secret Service.

17 And at that point I became more helping to run the
18 advance operation, scheduling operation, and I spent a lot
19 more time on the personal aide role. We went from a very
20 tiny operation at Deaver and Hannaford to a full-blown
21 campaign, so we had a lot of support staff.

22 Q How did you first become connected with the Reagan
23 campaign?

24 A I'll do this quickly because I have a tendency, as
25 you know, to very long answers. My last year at law school,

UNCLASSIFIED

art8

UNCLASSIFIED

8

1 I wrote to--I'm trying to think of who ran Ford's campaign--
2 Bo Calloway, and expressed an interest in working for the
3 Ford campaign.

4 As I recall, I got a form letter back saying this--
5 you know--we're working under the first Federal election
6 laws, and restricted money, we already have our staff picked,
7 thank you for your interest.

8 I flew back on my own and started knocking on
9 doors, trying to get into Calloway and other people, and I
10 spent about three days trying to see if I could find a spot
11 on the national staff.

12 I had no luck, and then, just before I went to the
13 airport, I remembered a fellow that used to work for Russell
14 Train who was head of the EPA, Mike Scanlon, and I had
15 assisted Russell Train in California about a year before.

16 So I went over to see him. He was working a lot in
17 the advance operation. To make a long story short, he
18 offered me a job, a paying job to start in January.

19 Q He was working the advance operation with Ford?

20 A He was with Russell Train, you know, as his
21 executive assistant, but on the side, all of these people get
22 involved in politics, and so he was out doing advance work on
23 the side for President Ford. And he offered me a position as
24 an advance man.

In the course of the conversation we talked

UNCLASSIFIED

UNCLASSIFIED

1 politics, and he knew I was from California, and I told him
2 Reagan--you know--was my favorite candidate, even though it
3 didn't look like Reagan was going to run for sure.

4 He called back some time later, said Reagan was
5 going to run. My roommate, Paul Russo, he's going to be
6 running the Northeast effort for Reagan, and, if you want to
7 make a switch, I'll make the introduction. And so I went
8 from a paying position at that time, to a "freebie" with
9 Reagan, and he introduced me to Russo, and I believe it was
10 January of '76, I went to New Hampshire, and started working
11 in that primary, and then eventually got a paying position
12 with him.

13 Q Now after the 1980 election, and the inauguration,
14 you assumed a position in the White House, is that correct?

15 A Correct.

16 Q And what was the title of that position?

17 A Special Assistant to the President. You know, they
18 have rankings. That's the rank. The job description would
19 be best described as personal aide to the President.

20 Q And did that job description and title remain the
21 same throughout your tenure at the White House, or did it
22 change?

23 A I'd say it remained the same.

24 Q Can you give me a general description of your
25 duties as Special Assistant to the President.

UNCLASSIFIED

art10

UNCLASSIFIED

10

1 A Yes. A lot of it was continuation of the things
2 that we had done before. It was working with the people that
3 handled his scheduling and advance operations, and my
4 immediate superior was Mike Deaver. And it was one of a
5 daily working relationship with the President.

6 I would meet him in the residence in the morning,
7 we'd walk over to the office. We'd go over what was going to
8 happen to him that day, make sure that he was up to speed on
9 the meetings. If there were any questions about what was
10 going on I would get the answers for him.

11 And then, as the day progressed, it was one of
12 staying with him throughout the schedule, making sure that
13 meetings took place when they were supposed to, the people
14 coming into see the President were--that he was briefed
15 properly, and also, that the people were briefed as to what
16 was to transpire, and the time limits.

17 And even though--and in most of these cases--every
18 appointment has an action officer--it could be an assistant
19 to the President for public liaison, or it could be national
20 security advisor--they had the primary responsibility for
21 writing briefing memos, and they were really responsible for
22 the meeting.

23 But a lot of times it was making sure that (a),
24 that everything on the schedule happened as it was written,
25 and also one of keeping track of what did happen. If there

UNCLASSIFIED

art11

UNCLASSIFIED

11

1 were changes in the schedule, I would make the notation ^{of}
 2 his schedule, and, just for the record, and those notes.
 3 What I would do, though, was take my schedule, put down who
 4 was at what meetings, and the timeframe in which each meeting
 5 took place.

6 And that kind of activity went on wherever we were.
 7 It continued when I was a liaison to the Secret Service. I
 8 travelled wherever he went, whether it was Camp David, or out
 9 to California, or, you know, overseas, and I was a link a lot
 10 between the staff and the President.

11 Q Were you involved at all in substantive policy
 12 issues?

13 A No.

14 Q Where was your office located?

15 A Right next to the Oval Office.

16 Q You mentioned that you took notes, or kept a daily
 17 log or diary.

18 A What I should say, not notes. For instance, on a
 19 notation--every day at 9:30 there was a national security
 20 briefing time. All it would say is "national security
 21 briefing." What I would attempt to do is keep a log of who
 22 went in there, and so that archives would know that, you
 23 know, on this day, the following people met with the Presi-
 24 dent.

Now, a lot of times, on meetings, the action

UNCLASSIFIED

art12

UNCLASSIFIED

12

1 officer, whether it was NSC for, say, for instance, a
2 National Security Council meeting--I of course didn't go to
3 those--they would have somebody in there who would take the
4 invitee list, and check off who was there, and make any
5 additions, and they would just turn those in to me. I would
6 staple all together, at the end of the day, all these notes,
7 and would shoot them into archives.

8 Q And they would still be in the White House archives?
9 You didn't take those when you left?

10 A They would be in the White House. They were turned
11 over every day to Dick Darman.

12 Q Did you take substantive notes during meetings with
13 the President?

14 A No. I did not.

15 Q What would happen--for instance, say, a National
16 Security Briefing would take place. That would happen in the
17 Cabinet Room, generally.

18 A What I would do is when everything was set up in
19 the Cabinet Room, and they were ready, I'd let the President
20 know--you know--they're ready for the meeting. Now many
21 times he would be briefed ahead of time, maybe Shultz would
22 be with him, or somebody, and I would just say, "They're
23 ready whenever you are."

24 And they would go in, and I would stay in the room
25 if--maybe there was a photo op going on--just to get the

UNCLASSIFIED

UNCLASSIFIED

1 press in and out, and once all the non-participants were out
2 of the room, I would exit also.

3 Q When did you leave the White House?

4 A Early April 1985.

5 Q And where did you go from there?

6 A We moved to Farmington, Utah.

7 Q And did you take a position there?

8 A Yes. Senior vice president with Huntsman Chemical
9 Corporation.

10 Q What were your duties there?

11 A Public relations, government relations, and then a
12 lot of it turned into work with employees. He was in
13 acquisition mode at the time, so I would spend a lot of time
14 traveling to different plants working with employees, working
15 with unions.

16 Q You said "he was in an acquisition mode." Who is
17 he?

18 A Mr. Huntsman.

19 Q Could you give me his full name.

20 A Jon, J-o-n. I think his middle initial is M.
21 Huntsman. H-u-n-t-s-m-a-n.

22 Q He is president of Huntsman Chemical?

23 A Chairman and president.

24 Q How long were you with Huntsman Chemical?

25 A From April until the following April, and then,

UNCLASSIFIED

art14

UNCLASSIFIED

14

1 after that, he became a client of mine.

2 Q And in April of '86, what happened?

3 A In April of '86 I switched from a full-time
4 position with him, and John became a client, or his company
5 became a client, and I started operating--I had actually
6 started operating before that under David C. Fischer and
7 Associates, had my own consulting business.

8 Q Was that a sole proprietorship, or a corporation?

9 A It was a corporation, Utah corporation.

10 Q When was it incorporated?

11 A I'm just guessing. January of 1986.

12 Q And is it still a corporation?

13 A Still, yes. It has not changed at all.

14 Q And are you the sole owner of David C. Fischer?

15 A Well, you know, I'm an officer, my wife's an
16 officer, but it's just basically David Fischer.

17 Q Other than your wife and yourself, is anyone else
18 an officer or a stockholder in David C. Fischer and As-
19 sociates?

20 A No.

21 Q When did you first meet Martin Artiano?

22 A The best I can remember meeting Marty was in the
23 1976 Reagan campaign. When, exactly, I don't know. I would
24 say early 1976, and he was an advance man, as I was, and a
25 San Diego attorney.

UNCLASSIFIED

UNCLASSIFIED

1 Q Is it fair to say that you remained in touch with
2 him through your tenure at the White House?

3 A Absolutely. Yes. We are very close friends.

4 Q Prior to leaving the White House, did you ever have
5 any professional relationship with Mr. Artiano?

6 A Professional as in business?

7 Q Any business ventures, or--

8 A I'm trying to think if we did anything after '76.
9 I don't believe so. I'm just trying to go back through all
10 my--where I've been with Deaver and Hannaford. No, I don't
11 believe there was.

12 Q So up to the time you left the White House, there
13 was no commercial aspect to your relationship with Mr.
14 Artiano?

15 A Oh, no, no. No. No.

16 Q When did you first develop a professional relation-
17 ship with him?

18 A I'm going to say late, like December 1985, probably.
19 I had had a conversation with Marty, early on, when I knew
20 that I was going to make this transition with Huntsman, that
21 I was very interested in securing clients here in Washington,
22 and, you know, I would put that late '85.

23 Q And how did that professional relationship begin?
24 I mean, what was the first stage in it?

A The first stage? Well, it was, you know, just

UNCLASSIFIED

UNCLASSIFIED

1 talking, and he would tell me about the kind of clients that
 2 the law firm had, and that there were occasional matters that
 3 they would refer to other people, that would be non-legal in
 4 nature, and those are the kind of things we talked about.

5 Q Now by that time, David C. Fischer and Associates
 6 had been incorporated?

7 A Or close to it. I believe it was January of '86.

8 Q Of '86. What kind of professional consulting
 9 services were you offering at that point?

10 A The kinds of things that I always talked about with
 11 Marty was public relations/public affairs. You know, this
 12 whole area of what they call strategic planning, and also
 13 helping companies, or entities solve their problems.

14 Q Their problems in relationship to the Government?

15 A Somewhat the Government, and others, non-related to
 16 the Government.

17 Q Did it include in your own mind executive liaison?

18 A Oh, sure.

19 Q There was a time, was there not, when you were
 20 part-time in Washington and part-time in Utah?

21 A Yes. We moved here in March of this year.

22 Q And in the latter part of 1985, were you staying
 23 with Mr. Artiano when you came to Washington?

24 A Yes.

25 Q How often would you stay with him?

UNCLASSIFIED

UNCLASSIFIED

art17

1 A Generally, whenever I came to town.

2 Q How often would that be?

3 A It kind of varied. I mean, there were periods when

4 I wouldn't come here for several weeks. There were time

5 periods, that I would come out for, you know, several weeks

6 in a row, and stay probably an average of three days a week.

7 It just varied. It just depended on what was going on.

8 Q Over what period of time did you find yourself

9 staying at his house?

10 A Until we moved here with the family.

11 Q And that would be in March of 1987?

12 A March of '87. Correct.

13 Q Was there a time when you lived here full-time, or

14 did you always split time with Utah?

15 A Oh, no. I always split time. Utah was home. We

16 were out there for--we stayed for personal reasons.

17

18

19

20

21 Q Did you also use Mr. Artiano's office for your

22 business?

23 A Yes. Matter of fact, what I did, on David C.

24 Fischer and Associates, for a Washington base, I had a

25 business card printed up, David C. Fischer and Associates. It

UNCLASSIFIED

UNCLASSIFIED

1 listed 1708 New Hampshire as a business address, and had a
 2 private line, that when you rang the line it was answered,
 3 "Mr. Fischer's office."

4 Q Who would answer, "Mr. Fischer's office"?

5 A Marty's secretary, or whomever was--or the recep-
 6 tionist.

7 Q Did you ever discuss that arrangement with anyone
 8 else at Mr. Artiano's office, other than Mr. Artiano, and his
 9 secretary?

10 A You know, I don't know that I did. I only can,
 11 sitting here, assume that Marty did, because he would have
 12 had to have permission for something like that. So I can
 13 only assume the other partners knew that, because we ended up
 14 participating in clients together. So I can only assume that
 15 they knew. I don't recall ever having discussions with them,
 16 but they were certainly aware of the relationship.

17 Q Other than business cards, were there any other
 18 professional announcements, or indications of your presence?

19 A No. You know, stationery printed, but no announce-
 20 ments, if I remember, at all.

21 Q But there was stationery printed with that address
 22 on it?

23 A Yes.

24 Q Was there any sign on the door, or outside?

25 A No.

UNCLASSIFIED

art19

UNCLASSIFIED

19

1 Q Over what period of time did you use his office?

2 A I would say that I would use that office until--I
3 would say about July or August of 1986, right after I signed
4 that association with IBC, and it was after that time--it was
5 after we got involved with the Aquino thing, that I actually
6 started using an office, a temporary office.

7 And after the Aquino visit, a permanent office was
8 set up for me at IBC, and then there was no occasion to use
9 Marty's office after that. I would still have meetings over
10 there on other client matters, but that then became a base of
11 operation.

12 Q Did you pay Mr. Artiano's firm anything in the form
13 of rent or overhead, allocated overhead, or anything like
14 that?

15 A No.

16 Q Did you pay for the private line?

17 A No. There was no separate office dedicated to me.

18 It was, you know, use of Marty's office, or a conference
19 room, or whatever happened to be available.

20 Q Did you use his secretary to do correspondence, and
21 that sort of thing?

22 A Yes.

23 Q At any time in your relationship with Mr. Artiano,
24 did he ever act in the capacity of an attorney to you? In
25 other words, do you contend that there was an attorney-client

UNCLASSIFIED

UNCLASSIFIED

1 relationship at any point in your relationship with Mr.
2 Artiano?

3 A You know, I'd have a hard time answering that
4 because I'm not so sure--

5 MR. WORK: I think the answer probably is yes.

6 THE WITNESS: I would think it would be. Marty--let
7 me give a long answer to try to describe the relationship.

8 In the business relationship, Marty and I would
9 discuss pending business opportunities. He would find some,
10 and say, would you come over, I've got something to talk
11 about. I would find some, and I would include him in on it,
12 and I can give you an example where I really considered him
13 an attorney, if you want a quick explanation of that, and
14 this is kind of typical of what we did.

15 A German industrialist friend of mine had called in
16 late '85, and said he had a British citizen that had a
17 business problem, and would I be willing to meet, and that's
18 as much as he said. Based on his recommendation I said yeah,
19 I'll meet with him. I asked Marty to sit in on the meeting.

20 We had the meeting in Marty's office. The guy gave
21 me a business card in which he said he was an executive with
22 some oil entity. He said he represented a consortium of
23 English and European businessmen who did business in Africa,
24 and they had a serious problem.

25 It took us a long time to figure out that what he

UNCLASSIFIED

UNCLASSIFIED

21

art21

1 was really doing--that he did represent a business entity but
2 the government was Angola, and at this time Angola was having
3 very serious problems with the US. And what he wanted was to
4 help in media work, and strategic planning, and improving the
5 relationships between these two governments.

6 But he said, you won't be representing the govern-
7 ments, you're going to be representing us and the businessmen.
8 We're going to pay the money. We're setting, out of our oil
9 proceeds, and other businesses, we're setting up a fund in
10 order to pay for this PR effort.

11 When I found out that the client was really Angola,
12 I told him I was not interested and gave him the reason why I
13 wasn't, that this was a government that was on, you know, the
14 Reagan Administration's "hit list", and that it was an
15 unpopular government, and that, frankly, if they were sincere
16 in their desire to improve relationships, they know how to do
17 that.

18 And if they needed to be reminded, I would set up
19 whatever meetings they needed to help have the government
20 explain, our government tell them exactly what they had to do
21 to improve relationships.

22 And he asked for recommendations on other firms,
23 and I told him some other people. They already had, I think,
24 Gray and Company, someone involved at that time, but I
25 basically said I was not interested because of the govern-

UNCLASSIFIED

art22

22

UNCLASSIFIED

1 ment, and Marty concurred in that. And then he told us how
 2 much he was offering which almost made me want to reconsider.
 3 He offered \$1 million a year for two years, the first year up
 4 front, and I believed him.

5 He also had a second business card that he gave to
 6 me, though, that identified him as a special advisor, or
 7 something, to the oil, or the energy minister of Angola.
 8 Anyway, that's the kind of relationship.

9 If something would come to me, I'd call Marty, and
 10 I wanted him there as a witness because I didn't know what was
 11 going on, and he concurred with my judgment on that one, and
 12 we were not interested in that kind of client.

13 There were other kind of deals that he would bring
 14 in, business entities, corporations, that he would--you know,
 15 I would sit in a meeting with whoever the client might be.
 16 They would explain their problem. Marty and I would meet
 17 later on, talk about the pro's and con's, and decide whether
 18 or not we wanted to assist.

19 So if that encompasses attorney-client--

20 MR. WORK: No, that doesn't.

21 THE WITNESS: I don't think that does.

22 MR. MCGOUGH: We may be able to clarify this very
 23 quickly, and I'm obviously trying to find out if we're going
 24 to run into any privilege problems vis-a-vis Mr. Artiano and
 25 Mr. Fischer, and that's probably better addressed to you.

UNCLASSIFIED

UNCLASSIFIED

23

art23

1 Are you aware of any?

2 MR. WORK: I don't anticipate that you will run
3 into any privilege problems. I do know of one particular
4 piece of advice that the firm gave to David, and as far as I'm
5 concerned we will probably waive privilege on that, but the
6 precise answer to your question, did they ever operate as a
7 lawyer to him is yes.

8 It wasn't very often, but they did.

9 BY MR. MCGOUGH:

10 Q To close out this line of questioning, did you ever
11 pay Mr. Artiano's firm for legal advice?

12 A The answer to that would be no.

13 Q And any payments that you made, or any--let me take
14 that up as a subset of the next area. That is, what were the
15 financial arrangements between yourself and Mr. Artiano?

16 A It would really--it would depend on the client at
17 the time. We had some clients in which the arrangement
18 between the client would be directly with David C. Fischer
19 and Associates, in which payment would come to me, and then I
20 would write individual checks to members of the firm.

21 There were other times when there would be--

22 Q The firm being David C. Fischer and Associates?

23 A No, meaning some of the fellows at the law firm,
24 more than Marty. And there were those, where there would be
25 Marty, and two others, that were involved on other clients.

UNCLASSIFIED

UNCLASSIFIED

1 Q Why don't you identify them for the record.

2 A One of them was C.OMB, and I don't know what it
3 stands for. It's C, period, O-M-B. They're the liquidator
4 company, the one that does that catalog, the mass-mailing
5 catalog.

6 Q I'm not talking about the clients that generated
7 the fee. What I'm talking about are the people with whom, at
8 Mr. Artiano's firm, with which you shared the proceeds.

9 A I'm sorry. You mean the other attorneys?

10 Q Correct.

11 A Bob Davis, Robert Davis, and Steve Nauheim, and I
12 think it ended with those two. Yeah, I believe that's right.
13 Just Steve and Bob.

14 Q So is it fair to say that each client who came to
15 you, which generated a fee, there would be a separate
16 agreement or understanding with you and Mr. Artiano in regard
17 to that particular client?

18 A Or, you know, the group, or other guys in the firm.

19 Q Let's turn, if we could, then, to IBC, International
20 Business Communications. What was your first contact with
21 IBC?

22 A I think my first time, that I ever met Rich--now I
23 may have met him in a campaign. I don't recall him at all.

24 The first time, I believe I met Rich, was probably in
25 December of 1985, and he was introduced by Marty. Rich had

UNCLASSIFIED

UNCLASSIFIED

1 worked in the campaign, but since I was on the traveling
2 staff--he worked for Nofziger, and I just don't think that I
3 ever met him.

4 Q Do you recall the actual meeting in which your
5 first contact with IBC took place?

6 A No. I don't.

7 Q Who did you meet at IBC at that time, or, in the
8 initial stage?

9 A Well, it would have been Rich Miller and Frank
10 Gomez, the two principals in the firm.

11 Q What did you understand IBC to do? What was it's
12 line of business?

13 A I knew they were a public relations firm with a
14 real heavy emphasis on media work, public affairs--you know--
15 just a general Washington, D.C. PR firm that was--you know--
16 had been in existence for a couple years, and were an "up and
17 coming" firm.

18 Q How did their line of business differ from David C.
19 Fischer and Associates?

20 A I would say that it probably differed in just, you
21 know, the capabilities, and then there was--I was a lone
22 operator, and they had a staff of I don't know how many
23 people working there, plus they had an office with all the
24 things that go along with an office. You know. Secretaries
25 and telephones, and FAX machines, and LEXIS/NEXUS, and, you

UNCLASSIFIED

UNCLASSIFIED

1 know, research staff. All the kind of things that if you're
 2 going to work on a wide range of things, you know, the
 3 support staff that you really need.

4 And so I would say that's one of the great differen-
 5 ces. As far as the kind of capabilities, and that, I would
 6 say most people in these kind of firms all do the same thing.
 7 Some people have specialties. You know, you may be a
 8 Congressional expert. You know, you may be just a media
 9 expert, but, I would say they encompassed about all of those.

10 Q And was there anything that you offered, that IBC
 11 did not?

12 A Yes. I think what I offered to IBC was a different
 13 range of experience that--and background, that they didn't
 14 have.

15 Q Could you be a little bit more specific.

16 A Yes. You know, Frank's specialty was more foreign
 17 affairs, having served at--I don't know if he was USIA at the
 18 State Department, but, you know, basically a State Department
 19 background. Rich had been AID, and had done a lot of media
 20 work with Nofziger, and I had understood other jobs that he
 21 had were very media-oriented.

22 And my experience had been more heavy political,
 23 and a lot in more what I would call "strategic planning",
 24 whether it's image-building, public relations, and a very
 emphasis in campaign work.

UNCLASSIFIED

UNCLASSIFIED

1 Q We've talked in several of these depositions about
2 "strategic planning" and I'm not sure I completely understand
3 what it means. Could you be a little bit more specific.

4 A Well, yes. Let me go back to that example of the
5 gentleman from England, where Angola had this supposed
6 problem, or he says his businessmen. Well, their real
7 problem was they were losing a lot of money, and, you know,
8 to them it was dollars and cents. They didn't care about the
9 political ramifications.

10 What they were looking for is how do we take--you
11 know--analyze this problem for us. How do we solve it? What
12 do we do? What do we do in terms of media? What do we do in
13 terms of the administration? How do we change the perception
14 of that government, and what they're doing down there?

15 And those are the kind of things where you sit
16 around, and, you know, you do it by yourself, you think a
17 lot, you strategize, you're sitting in a room with people and
18 you brainstorm, and you try to come up with ideas on--once
19 you've done the analysis, and realize the goals that the
20 client has, where does he want to go. Then you say, okay,
21 we're going to take the following steps in the following
22 areas.

23 This is what you've got to do in media. This is
24 what we're going to do in Executive. This is what you want
25 to do in Congressional. "Strategic planning" is a word that

UNCLASSIFIED

UNCLASSIFIED

1 is very much abused. That's how I understand it.

2 It's trying to take the client's problems, or what
3 he perceives as his problem, tell him whether it really is a
4 problem or not, and maybe even to find out that his problem
5 is really something else, and help him address that problem,
6 and take positive steps to change it.

7 And a lot of times it's nothing but perception
8 problems.

9 Q Would it be fair to say that, at least as far as
10 IBC was concerned, what you brought to the table was your
11 White House experience, and your familiarity with the White
12 House procedure, and personnel?

13 A I would say that's certainly part of it. I mean,
14 you know, part of who I was at that time, and still am, is,
15 you know, four years of experience in the Administration, and
16 of understanding the processes of the Administration, and how
17 the Executive Branch works, and how the Cabinet system works,
18 and how the departments work.

19 And certainly, that's part of it. But to me, it
20 went well beyond that. I mean, understanding the process is
21 a very valuable thing, but a lot of it also had to do with,
22 you know, with what this small group of people were able to
23 do with Ronald Reagan back in 1976 and 1980, in creating, you
24 know, a national campaign that was highly successful.

And you know, all of the media work that we got

UNCLASSIFIED

UNCLASSIFIED

29

1 involved in. And then, if anything, that was true strategic
2 planning, and what happened with Ronald Reagan.

3 Q When did you first come to an agreement with IBC to
4 be a contractor, or to enter into some kind of business
5 relationship with them?

6 MR. WORK: There are a couple of agreements.

7 THE WITNESS: That's why I want to go to the first
8 one.

9 MR. MCGOUGH: You want to go to the written
10 agreement?

11 MR. WORK: And there's no written agreement.

12 MR. MCGOUGH: I understand that. Well, that was
13 going to be one of my questions, whether it was reduced to
14 writing. But what I want to do is, the point when you said,
15 "Okay, we've got a deal," let's go forward, and that's where
16 I want to start.

17 THE WITNESS: When was the first time?

18 MR. MCGOUGH: Yes.

19 THE WITNESS: The way this particular client was
20 introduced to me was through Marty. Marty had had separate
21 discussions with me and separate discussions with Rich
22 Miller, and it seems to be that at about the time I told
23 Marty that, you know, we would soon--even though it turned
24 out to be much later than we thought--we thought we'd be
25 moving to Washington much sooner than we did--that I was

UNCLASSIFIED

UNCLASSIFIED

1 anxious to start setting up a base in Washington, and to keep
2 his eyes open.

3 At the same time that was talking place, Rich
4 Miller, who, evidently he knew before, was talking to him
5 saying "I want to take this business and really expand it,
6 and would you keep your eye open for someone that you think
7 would be a nice addition to the firm."

8 And from those discussions, we had a--you know--a
9 get-acquainted session. There may have been more--and I
10 don't know how many there were--with Rich Miller and Frank,
11 in which they told me about their business and where they
12 were going to go, and their clients, and what their goals
13 were over the next couple of years.

14 When it came to coming to terms of what an arrange-
15 ment was going to be, that was al handled by Marty, and, you
16 know, precisely when it took place--you know--I'm going to
17 say probably December of '85--you know--would be my best
18 guess.

19 And he knew that I was interested in a long-term
20 relationship, but what these guys wanted was--all these early
21 discussions led up to a formalized agreement, and what they
22 wanted was for me to become a consultant to them, and they
23 were very anxious that I not affillate with any other PR firm.

24 In other words, please--you know--doing some work
for Gray and Company here, and Deaver here, and those guys.

UNCLASSIFIED

UNCLASSIFIED

1 But they really wanted a, almost an exclusive arrangement on
2 public relations, not on other matters. And again, I'm just
3 trying to do all this from memory.

4 And so I told Marty that what I wanted was a
5 commitment that--you know--that we weren't going to start
6 doing work for this client and have it be a one-month
7 relationship, or a two month. That I wanted it permanent, or
8 at least a long-term arrangement.

9 And so he--you know--he kind of carried the ball
10 back and forth. You know, I would have discussions with him
11 and he would go talk to Rich, and, you know, a lot of this
12 time I was back in Utah, and so a lot of this was done by
13 telephone.

14 And so we came to an agreement that Marty and I
15 would become consultants to IBC in a long-term relationship.

16 Q Now let's break down the agreement a little bit.
17 What did you understand you were to do for IBC? And I
18 understand this went through several different players, but
19 let's just go back to the beginning.

20 What was your initial understanding of what you
21 were signing on to do?

22 A The initial understanding was that I would help
23 increase the capabilities of that firm, that they were at a
24 certain level, and they wanted to greatly increase their
25 base, and they were anxious to have someone like me to be

UNCLASSIFIED

UNCLASSIFIED

1 affiliated with them, even though it was going to be on a
2 consulting basis. And that they had in particular a client,
3 Channell, and his organizations, that was a primary focus and
4 concern to them at that time.

5 And that while their client, IBC's client, Channell,
6 had been doing a lot of work in support of the Administration,
7 and had very good access to the Administration, Channell was
8 not really getting the notoriety that I think he expected, or
9 at least as explained to me, that he was doing all of these
10 things, and yet, when someone would be interested by the
11 media, as being someone in the private sector who was really
12 out there influencing public opinion, or who was trying to
13 educate the public on an issue, they would always call the
14 Dick Vigueries of the world, or other people who had organiza-
15 tions that were out there supporting conservative causes.

16 And yet it was the feeling of Rich, and I believe
17 Channell, that they were doing far more than anybody else.
18 And yet, while internally within the Administration, par-
19 ticularly the White House he was getting credit for it, it
20 never transcended beyond.

21 It was always, well, a few people knew what he was
22 doing. He obviously had all these letters from the President,
23 and letters from other people in the Administration, and they
24 had all their meetings and that over there. It still wasn't
25 transcending into anything that went beyond that, and I think

UNCLASSIFIED

UNCLASSIFIED

1 he wanted to become what I would call a "serious player" in
2 Washington.

3 And then they started describing, with their
4 client, Channell, some of the different programs that they
5 had, were in the process of doing, things they'd done in the
6 past, and where they wanted to go in the future. Their whole
7 Central American freedom program. Their commercials on
8 balanced budget. SDI was a real big one, and one they were
9 just getting ready to launch. Their Constitutional minutes
10 program. I mean, obviously you guys have seen all the
11 program work. There were a dozen programs at least, that
12 they either had going, or were projecting into the future,
13 and, the problem that I believe that Miller was having, is
14 that he was having trouble keeping up with his client.

15 In other words, his client wanted to propel so
16 rapidly, and things just didn't happen quick enough for the
17 needs of that client, and he just wasn't getting the noto-
18 riety. He couldn't--I don't know how best to describe it.

19 I can give you an example of one program, if
20 that'll help, it's non-related, this one, and maybe that'll
21 help. For instance, the Strategic Defense Program.

22 Now in one of our early meetings with Channell and
23 Miller, I said tell us who you are, show me all your commer-
24 cials, give me all your paperwork.

Q Let me interject for a second. Did you meet

UNCLASSIFIED

UNCLASSIFIED

1 Channell and/or Conrad before striking a deal, or coming to
 2 an agreement with IBC? Were they part of the initial
 3 introductory negotiation phase, or was it after the fact?

4 A I just don't recall. To me, I believe that we met
 5 first of all with Miller. We eventually met with Channell,
 6 to talk to him about who are you, and, you know, when it
 7 happened, exactly, I want to say--again--some time in
 8 December, probably early December, and that's the best that I
 9 can recall, in which he was talking about his programs.

10 And then in the process of getting all of this
 11 material--you know--I said give me your files, basically, and
 12 the kind of letters that you've got. Show me who you've met
 13 with at the White House. And as I'm going through these--you
 14 know--initiations that Channell had, and just talking to the
 15 SDI thing--he had just been invited, just within--you know, I
 16 think it was in November--to a Cabinet Room briefing on SDI.

17 Well, the Cabinet Room's pretty small, and so to me
 18 that--you know--that told me that this guy is at least on
 19 somebody's list because he's being invited in for an SDI
 20 briefing, and the President's there.

21 And so the frustration they're having with that is
 22 that they couldn't get a hook on exactly what the Ad-
 23 ministration's policy really was, and Channell knew what he
 24 wanted to do and where he wanted to go with the SDI Program.

It just needed a little more direction.

UNCLASSIFIED

UNCLASSIFIED

1 So that kind of frustration was explained to me,
2 and if you want, I'll just tell you the kind of steps that
3 were taken--you know--through the ensuing months.

4 Q We'll get to that. What I'm interested in is
5 really the inception of the relationship at this point.
6 You've talked about what you felt your role was to be, and
7 what problems Mr. Miller and Mr. Channell were encountering.

8 What was the arrangement struck with IBC as far as
9 compensation, your compensation or David C. Fischer and
10 Associates' compensation?

11 A Well, the compensation package that was arranged at
12 that time was, as I recall, \$20,000 a month, and I believe
13 that started with in December.

14 Q And to whom was that \$20,000 a month, if we can call
15 it a retainer, to be paid?

16 A Well, because we hadn't--I was not incorporated in
17 December, and so the initial payments--and I didn't have any
18 bank accounts that were in that name, and so the initial
19 payments were made to Artiano.

20 Q Now a portion of that monthly retainer was split
21 with Mr. Artiano, is that fair to say?

22 A Half of it was.

23 Q Half went to Mr. Artiano and half went to you. Was
24 that pursuant to an agreement you worked out at the outset of
the relationship, that it would be 50/50?

UNCLASSIFIED

UNCLASSIFIED

1 A That was the proposal Marty made to me.

2 Q Why was it divided in that fashion?

3 A That's very typical in Washington. We had other
4 business arrangements, or, I would take a much bigger share,
5 and he and the other guys in the law firm would take--just
6 every arrangement with a client was different, but the 50/50
7 was pretty--as I understand it--was pretty normal in this
8 town.

9 And in fact the work--I mean, the labor on this
10 thing was to be split.

11 Q In what sense?

12 A And he was going to participate just as much as I
13 was in the workload.

14 Q Was he going to cut back on his law practice in any
15 sense?

16 A No, because a lot of--well, I can't say that he
17 was. I don't think he was envisioning himself moving over to
18 IBC. I mean, he enjoyed a very successful law practice. But
19 a lot of what--a lot of the so-called "strategic planning"
20 that we've been discussing here would take place between
21 Marty and I, either at his office, and would extend into the
22 evening at his residence.

23 And so, you know, he participated very heavily, and
24 he's the one that initially had all of these initial meetings
25 to check out as much as he could before he ever came and told

UNCLASSIFIED

UNCLASSIFIED

1 me about who these guys were, particularly Miller. I don't
2 know that he knew that much about Channell.

3 Q During the course of this initial phase of the
4 relationship with IBC, did you keep any time records, or did
5 Mr. Artiano keep any time records?

6 A I didn't. I don't know, Marty may have. I didn't.

7 Q Was the \$20,000 net of expenses?

8 A No expenses were ever submitted.

9 Q But was the initial agreement \$20,000?

10 A \$20,000 a month, period.

11 Q Period. That was to cover expenses from your
12 standpoint, and Mr. Artiano's standpoint?

13 A Yes. Now of course, you know, we always had access,
14 you know, if we needed lot of material run off, or if we
15 needed some secretarial work. That could always be done at
16 Rich's office, if that were required, and in fact a lot of
17 the research and that, that was done, was done by his firm,
18 particularly on things like SDI and that, and the other
19 issues.

20 So that part, you know, was paid for by Rich.

21 Q There came a time in either late December, or very
22 early January of 1985-86, when there were discussions about
23 arranging a White House briefing and securing a presidential
24 drop-by for that briefing. Could you tell me how that came
25 about.

UNCLASSIFIED

UNCLASSIFIED

1 A Sure. In the course of reviewing who these guys
2 were and checking them out, which I did very thoroughly, by
3 going to the White House and talking to people, and verifying
4 it in fact. I mean, I looked at the commercials, and I
5 looked at the letters, and I looked at the meetings that they
6 attended.

7 And in the course of my investigation, I found out
8 that I believe they had up to three briefings already, before
9 I had met them, during 1985, and that I believe they were
10 primarily Executive Office building meetings sponsored by the
11 Office of Public Liaison, in which their contributors would
12 come in, or just general supporters of their different
13 organizations.

14 And they would be briefed by--you know--whether it
15 was Linda Chavez or Pat Buchanan. I mean, there were
16 different agendas, which, again, I'm sure you got, and the
17 topic was generally the Central American Freedom Program, and
18 getting the word out on the President's program in Central
19 America.

20 And so they'd had three of those, they seemed like
21 they were very successful, and they had letters backing up--
22 you know--not only did they have the letters, but they had
23 the itinerary, so I knew that the meetings had taken place,
24 and in my discussions with people at the White House, they
25 confirmed that these guys in fact have been in here, and

UNCLASSIFIED

UNCLASSIFIED

1 they've been very supportive and very helpful.

2 All the feedback I got from everyone was extremely
3 positive.

4 Q Let's stop there for a second because you've jumped
5 to a question I was going to ask a little later. You say the
6 feedback you got from everyone. With whom did you discuss
7 NEPL and Mr. Channell?

8 A Well, you know, my memo to Don Regan says that I
9 spoke to Bud McFarlane and Oliver North, and--who was the
10 other one? Oliver North, Bud McFarlane. Oh. Elliott Abrams.

11 I know I talked to people in Public Liaison. Who,
12 specifically, I don't know. I know that my calendar has me
13 meeting with Linas Kojelis who, you know, I had not known, I
14 don't think, when I was at the White House, about these guys
15 and their past briefings.

16 I know that I talked to Bud McFarlane because we
17 had that meeting out in Utah on his vacation. And while
18 people like Bud--and I can recall that because of the unusual
19 place of the meeting--we met out there in Utah--he did not
20 indicate that he knew the principles. I don't think he knew
21 who Rich Miller was or who Channell was, but he was very
22 familiar with the TV programs.

23 And any time I would talk to somebody, I would
24 either provide them with a cassette tape of the ones that
25 they had done up to now, or they had these so-called story-

UNCLASSIFIED

UNCLASSIFIED

1 boards, you know, which are just a pictorial description with
2 the language of the commercial.

3 And when you'd show that, people would say, oh,
4 yeah--you know--we've seen those. It became very apparent to
5 me people knew the product. They didn't seem to know the
6 individuals quite as well. Bob had no idea who they were.

7 Q What about Colonel North?

8 A I don't even recall exactly what he said, or even
9 when it took place. I mean, my calendar shows different-
10 meetings that I had prior to the January 30th briefing.

11 The only thing I can say, there was always positive
12 feedback. I never found anyone who reported anything
13 negative at all.

14 Q Let me just clean up the record a little bit. Are
15 you saying that you don't recall specifically discussing NEPL
16 and Mr. Channell with Colonel North, prior to the January 30th
17 briefing?

18 A Oh, no, I did before the January 30th briefing.

19 Q Do you recall the specific discussion you had with
20 him?

21 A No, other than talking about, you know, that they
22 wanted to have a briefing, another one, and now I can't remem-
23 ber specifically what was said, other than--you know--the
24 meetings that I did have because they're on my calendar.

There were a couple just before this January 30th

UNCLASSIFIED

UNCLASSIFIED

1 briefing, and one of them was a very brief one with him, and
 2 then it led right to a meeting with Linas Kojelis, and I
 3 believe that he is the one that introduced me to Linas, or
 4 called down there and said, look, Fischer's here, this
 5 request is in for a meeting, would you see him, kind of
 6 thing. That's how I can best put it.

7 See, what happened on the briefing was, I had the
 8 meeting with Regan in Los Angeles on January 2nd or January
 9 3rd. He asked everything be put in writing, I did, and-once
 10 the request was in writing it was then an internal White House
 11 document, and then it was up to the Public Liaison Office,
 12 what they did with it.

13 Q Okay. Let me back up on a couple of points here,
 14 and try to bring it back full circle. Give me a little bit
 15 about the history of your relationship with Oliver North.

16 A The history of mine?

17 Q Yes. When did you first meeting him? What issues
 18 did you discuss?

19 A The first time I recall--I mean, I don't recall the
 20 exact time I met him, but in the course of my responsibilities
 21 of taking those attendance records at meetings, particularly
 22 during National Security, different people from NSC, staff
 23 members, which North was one of them, would come in at
 24 different times with the President and the National Security
 25 Advisor during that National Security briefing time.

UNCLASSIFIED

UNCLASSIFIED

42

art42

1 I didn't know who all the officials were, and so I
 2 would have to go to Poindexter or McFarlane, and say, okay,
 3 who's that guy there? and who's that guy? It was in the
 4 course of identifying, going to these guys and saying, who's
 5 that man and that man, that I got to know--you know--I put the
 6 name North and the face together.

7 When I was in the White House, he was nothing more
 8 than--I finally knew who he was, and that was about it. I
 9 don't ever--

10 Q Were you aware of the--they called them "accounts"
 11 at the NSC--but were you aware of the issues that Colonel
 12 North handled for the NSC?

13 A Everybody knows what he does now. You know, at the
 14 time--you know--I may have known that he was a spokesman for--
 15 --you know--Central American and the President's program on
 16 that. You know, at what point did I know that? I may have
 17 known when I was there; it may have come to my attention
 18 later on. I just can't tell you.

19 You know, the trouble is that you don't--it's hard
 20 to put in time frames when you knew something. I mean, I
 21 could have read a newspaper article last summer, and all of a
 22 sudden been aware that he was also a terrorist expert.

23 And then, you're really not too sure--you know--did
 24 you read that then, did you know it when you were in the White
 25 House? See, my dealings were primarily with the National

UNCLASSIFIED

UNCLASSIFIED

1 Security Advisor to the President, and it was just--you know--
2 --my contact with people beneath him were almost non-existent,
3 unless they happened to come through my office to get into
4 him.

5 But, you know, I think they all knew who I was, but
6 beyond that, there was no reason for me to be dealing with
7 individual members on the National Security Council.

8 Q To the best of your recollection, when was the
9 suggestion first made that President Reagan might be able--
10 that someone might be able to secure President Reagan's
11 attendance at White House briefings?

12 A You know, I would guess that it would probably be
13 in December of 1985, and it would have to be after I reviewed
14 all of the things that they had done up to this point. And
15 the conclusions I drew from looking at the record, and from
16 talking to people, was that--you know--that they were very
17 effective at what they did, and I was getting nothing but
18 positive feedback from people.

19 So I made the recommendation to Reagan directly,
20 saying this is what they've done before, this is where they
21 want to go, this is their track record, and these are the
22 people that, you know, seem to like what they're doing. And
23 so then I made the recommendation.

24 Q Had you raised that possibility with Miller,
25 Channell, or Conrad before speaking to Reagan?

UNCLASSIFIED

art44

UNCLASSIFIED

44

1 A You mean before talking to Don Reagan.

2 Q To Regan. I'm sorry.

3 A Oh, I'm sure that I did. I'm sure that I did
4 because I went to Los Angeles to talk t Regan about that, and
5 other matters.

6 Q So that the trip to Los Angeles was, at least in
7 part, targeted to raise this possibility?

8 A Yes. It was. Yes.

9 Q Do you remember when the trip to Los Angeles took
10 place?

11 A January 2nd or January 3rd, and it was, you know,
12 from Utah to Los Angeles and back. Regan was out there with
13 the President. The President was on vacation.

14 MR. MCGOUGH: I want to have marked some exhibits.
15 We are going to have a series of them, actually, and they all
16 are, to some extent or another there is a little bit of
17 redundancy, but this is the way in which they were given to us
18 by the various source agencies. And I would like to keep
19 them together so that we can get a little bit of an idea of
20 how the paper flowed.

21 [Documents were marked for identifi-
22 cation as Fischer Deposition Exhibits
23 Nos. 1 through 4]

24 [Brief recess]

25 MR. MCGOUGH: Back on the record.

UNCLASSIFIED

UNCLASSIFIED

45

1 BY MR. MCGOUGH:

2 Q We've marked a series of Exhibits 1 through 4.

3 Let's take a look--and again, in a sense of getting some
4 context to this--Mr. Fischer, at Exhibit 1, which has the
5 White House correspondence-tracking worksheet on the front,
6 and about midway through that exhibit you will find, I
7 believe, a January 5th memo from you to Mr. Regan.

8 A Okay.

9 Q Are you with me?

10 A Yes.

11 Q Look at as much of the rest of it as you care to.

12 A I'd like to some day. It looks interesting.

13 Q I want to focus on the January 5 memo.

14 A Okay.

15 Q Are you with me?

16 A Yes. January 5th memo?

17 Q Yes.

18 A Yes.

19 Q All right. Now this is the memo which I believe you
20 referred to earlier as being sent to Mr. Regan.

21 A Correct.

22 Q It would have been after your meeting with Mr.
23 Regan in California?

24 A Correct. As a matter of fact, that's as a result
25 of the meeting. He said put it in writing and we'll get it

UNCLASSIFIED

art45

UNCLASSIFIED

1 into the system.

2 Q I'd like to focus on that meeting with Mr. Regan a
3 little bit, if we could. What can you recall telling him
4 about the American Conservative Trust and the National
5 Endowment for the Preservation of Liberty? In general terms.

6 A In general terms I told him what I told everyone,
7 what I was asking about, when I was talking to different
8 people in the Administration about these people. I said this
9 is what I've found out about these guys: these are their
10 commercials, they've had these meetings, this seems to be
11 their track record.

12 In all of the meetings I had with people, including
13 the Counsel's Office at the White House, I would say this is
14 as much as I know about these people, they seem to be highly
15 effective at supporting the President, but you have to check
16 them out yourself. I don't know everything about them.

17 I was, you know, extremely careful in what I said to
18 people. I mean, I could only show them what I had, and I
19 said this is what I've got on them, and then I told--I don't
20 know the exact words, but I described the wish of the group,
21 and it was my recommendation that this briefing take place in
22 the Roosevelt Room.

23 Q Did you understand what kind of entities NEPL and
24 EPL and ACT, the American Conservative Trust, were?

A What do you mean?

UNCLASSIFIED

UNCLASSIFIED

47

art47

1 Q I mean, one was a 501(c)(3) organization.

2 A You know, it may have even been in the material. I
3 mean, I'd have to tell you, in January of '85 I couldn't have
4 told you what a 501(c)(3) was. I understand them completely,
5 now. But that may have even been in some of the memos. I
6 don't know. That, you know, this one was a 501(c)(3). I
7 knew that there were, and particularly as the association
8 continued, I knew that there were multiple entities.

9 Q Did you understand any distinction between the type
10 of thing ACT did and the type of thing NEPL did?

11 A No. I mean, it may have been explained, but it's
12 nothing that registers with me. I mean, at one time I recall
13 having a conversation with somebody--I don't know if it was
14 Rich or whether it was Channell, or who it was--about why all
15 of, you know, these entities. And someone described it to me
16 as the reason there are different entities, certain entities
17 are allowed to do some things. Some are allowed to lobby;
18 others are not.

19 That these things were created with the advice of
20 counsel, Channell's counsel, and that they set up certain
21 organizations to do certain things, and that's about as much
22 as I ever knew about it.

23 But the fine line between NEPL and ACT I couldn't
24 tell you.

25 Q Was there any discussion with Mr. Regan at the

UNCLASSIFIED

UNCLASSIFIED

1 California meeting about your compensation?

2 A Yes. There was.

3 Q Can you tell me what that was?

4 A Yes. First of all, this was a very friendly
5 meeting. Don Regan and I were, I would describe as good
6 friends. I got to know him very well as a Cabinet officer,
7 and when he was going to become chief of staff during the
8 transition, he called me over to Treasury, frequently, to talk
9 about the White House and personnel, and in fact asked me if
10 I would stay another year.

11 Originally, I was to leave in January, and I said I
12 wouldn't, but I would give him until April. So Don Regan and
13 I had a great working relationship, and as I described who
14 these people were and what they wanted, before I could even
15 say I want you to know this is a client matter--which I had
16 every intention of doing because Marty and I had discussed
17 that--and I told him that--and I described to him the Angola
18 thing that happened to me, and that I considered these, this
19 client here, as a real gift from God because they did nothing
20 but support Administration policy.

21 And before I could say anything after that, he
22 said, "I hope you're being compensated for this" and I said,
23 "I am being compensated for it." I mean, I made it clear to
24 everyone that I came in contact with that this was a client.

Q Did you discuss the terms of that compensation with

UNCLASSIFIED

UNCLASSIFIED

1 him?

2 A No, no.

3 Q Did he ask?

4 A No. He wouldn't be interested in something like
5 that.

6 Q Let's go to the January 5 memorandum, if we could.
7 Now I'm interested, initially, in what you sent to Mr. Regan.
8 You'll notice in the upper righthand corner there are "N"
9 numbers for the various pages which are our code numbers.

10 A Yes.

11 Q Now you sent him the January 5 memo which is
12 N39610, is that right?

13 A Correct.

14 Q And it had attachments to it, is that right?

15 A Yes.

16 Q Are the attachments N39611 through 39615?

17 A I believe they are.

18 Q Do you recall any other attachments in that
19 memorandum?

20 A No. I don't.

21 Q So that what you sent him, essentially, was a cover
22 letter, a meeting proposal, and storyboards, or a story line
23 for some of the commercials that NEPL and ACT had done, is
24 that right?

25 A Correct.

UNCLASSIFIED

UNCLASSIFIED

1 Q Now I notice in the materials that you sent to Mr.
2 Regan, there's no specific mention, as far as I can tell, of
3 Mr. Channell himself. But rather, there's just a reference to
4 the American Conservative Trust and the National Endowment
5 for the Preservation of Liberty.

6 A Yes.

7 Q Was that intentional? Why wasn't Mr. Channell
8 himself mentioned as being the principal in both ACT and NEPL?

9 A I have no idea. I mean, I'm not saying it's
10 intentional other than--you know--these groups are the ones
11 that--you know--that announced this program. I can't answer
12 that.

13 Q Did you discuss Mr. Channell with Mr. Regan?

14 A You know, I probably did, but, you know, I just
15 don't know. I mean, I would say that I must have because I--
16 you know--I was talking about these programs and the people
17 that were involved, and that I had checked them out as much
18 as I could. And beyond that, it was up to he and his staff,
19 and Fred Fielding. This same packet went to Fred Fielding.

20 Q The thrust of my question is you said one of the
21 things that you were hired to do was raise Mr. Channell's
22 profile, both in the white House and publicly.

23 A Right

24 Q And yet, when you submit a proposal to the White
House for the meeting, you speak of him in the corporate

UNCLASSIFIED

UNCLASSIFIED

1 sense, that is, as ACT and NEPL, but there's no mention of Mr.
2 Channell himself. Were you in any way--

3 A You know, I can't say it was a deliberate deletion,
4 if that's what you want. I have no idea why it's not.

5 Q You were aware, by that time, however, that Mr.
6 Channell was known to a number of people in the White House?

7 A No, he was known to some people; it's his programs
8 that were really know. When you said television commercials,
9 people would say, oh, yeah, I've seen those. It was dif-
10 ficult to find people in the Administration who knew who
11 Channell was, directly. But they knew that--he was known by
12 television commercials, and this ACT, and NEPL.

13 Q And that was one of the things that you were
14 retained to do, was it not, was to raise his profile, his
15 personal profile in the Administration?

16 A Personal profile and the track record of his
17 organizations.

18 Q Were you in any way uncomfortable with pushing Mr.
19 Channell to the front in this effort?

20 A Not when I first met him, as I would be involved in
21 meetings. We had certain meetings that I can tell you about,
22 in which some activity took place which made me feel uncom-
23 fortable, and if you want, I can give you a real quick
24 example. We had a meeting, which I arranged with members--

25 I'd say about five or six people of the National Security

UNCLASSIFIED

UNCLASSIFIED

1 Council--on the SDI issue. These were the people in the
2 National Security Council that had responsibility for the SDI
3 Program.

4 And the purpose of that meeting was for Channell to
5 get a clear understanding of what the Administration's
6 policy, and what the President wanted SDI to become, because
7 there were all sorts of different stories about what Reagan
8 wanted.

9 And we'd already been meeting with Jay Keyworth who
10 was the former science advisor to the President, and the guy
11 who really thought of this whole program, the SDI Program.
12 And we were in the process of writing a brochure that would be
13 used in Channell's SDI Program.

14 In the course of this meeting, which we had in the
15 EOB, in the National Security, one of their offices, instead
16 of just listening to what these people were about to tell
17 him, he proceeded to tell them what the President's position
18 was, and it got very uncomfortable.

19 And it got to the point where he was lecturing the
20 President's staff on what the President wanted. He was
21 opening disagreeing with what these people were telling him,
22 and told him that they just weren't moving fast enough, and
23 that this was what the President really wanted, and they'd
24 better get their act together.

Basically, I'm--you know--I'm putting--those aren't

UNCLASSIFIED

UNCLASSIFIED

53

art53

1 the exact words. But that was the feeling. I mean, I was
2 uncomfortable, my friends on the National Security Council
3 were uncomfortable, and I was not pleased with the results of
4 that meeting. And I let--I didn't let Channell know. I
5 always worked through Miller. I told Miller--Miller was
6 there--how upset I was, and that, you know, we just can't
7 have that kind of activity.

8 Well, I mean, it's definitely a way to get no
9 assistance from the Administration. That's kind of the-thing
10 that made me feel a little uncomfortable, and in one meeting
11 he would be fantastic. On Constitutional Minutes, where we
12 met with the Attorney General and his senior staff, talking
13 about all these TV commercials, and where they wanted to go on
14 the Constitution, he couldn't have been better.

15 I mean, it was just a marvelous meeting. So, you
16 just--you know--you never knew how he was going to be. He
17 chewed out Elliott Abrams at a meeting one time. He was
18 volatile.

19 Q We'll talk about Mr. Abrams in a minute. But as
20 far as the paperwork on the January 30th meeting, or what
21 ultimately became the January 30th meeting, other than the
22 January 5 memorandum and its attachments, did you submit any
23 additional paperwork?

24 A I don't believe I did. I believe this was the sum
25 total of it. Now copies I gave--you know--I recall getting

UNCLASSIFIED

UNCLASSIFIED

1 one to Fred Fielding's office right away, getting one to
 2 David Chew who was, you know, the staff's secretary, and I
 3 believe that's--no--and I gave one to the Secret Service,
 4 not--I don't think I gave them so much this as I gave them
 5 list of potential invitees, to make sure that their--and it
 6 was Social Security numbers, and everything else, to make
 7 sure that we didn't have any--you know--convicted felons, or,
 8 you know, strange people going into the White House.

9 So, I think that's as much documentation as I gave
 10 the White House.

11 Q Did you see any of the subsequent internal documen-
 12 tation at the White House?

13 A No.

14 Q Were you copied on any of the remaining pieces of
 15 correspondence in Deposition Exhibit 1?

16 A No. Let me look at these very quickly. No, never.
 17 Nothing from--no, never saw any of this.

18 Q Now we may be jumping ahead a little bit, but let's
 19 look at Deposition Exhibit 4, if we could. Looking at
 20 Deposition Exhibit 4, this is a scheduled proposal, dated
 21 January 8, 1986.

22 A Yes.

23 Q From Linda Chavez to Fred Ryan.

24 It refers to a meeting with "key private sector
 25 supporters of U.S.-Central American policy."

UNCLASSIFIED

UNCLASSIFIED

1 A Yes.

2 Q And if you look at the bottom, participants include
3 people from various organizations, including Spitz Channell,
4 American Conservative Trust.

5 A Right.

6 Q Were you aware of the proposal that such a briefing
7 be conducted between January 20th and January 26th?

8 A I don't believe I've ever, after leaving the White
9 House, that I ever met with Linda Chavez. And I just don't
10 recall.

11 My contact, I believe, was Linas Kojelis for this
12 briefing. And that's, as I recall, the only person from
13 Public Liaison that I dealt with.

14 But the answer is no, I did not know.

15 Q Can you divine from this perhaps who the source of
16 the proposal was?

17 A Oh, I know I can just assume it's Public Liaison.
18 They were in charge of all of these different groups.

19 And besides the briefings that Channell had of his
20 own group, he was continually invited to these kind of
21 meetings. And they computerize all that. If the subject
22 comes up Contra something, boom, they'll have 15 groups and
23 they'll just invited those people in for briefings and give
24 them updates.

Q Did anyone ever discuss this meeting with you as

UNCLASSIFIED

UNCLASSIFIED

1 opposed to the January 30th meeting?

2 A I don't even know that it ever took place.

3 MR. WORK: January 30th or 3rd did you say?

4 MR. MCGOUGH: 30th.

5 MR. WORK: 30th.

6 THE WITNESS: No, I don't recall that at all.

7 BY MR. MCGOUGH:

8 Q And Mr. Kojalius, as far as you recall?

9 A I sure don't recall it, no.

10 Again they would have no reason to tell me what was
11 going on internally.

12 Q Do you even know that this took place?

13 A I don't believe it did. And I'm just looking for
14 another document here. Hold onto it if you care to pursue it.

15 Q Now, if you look at Deposition Exhibit 4--I've got
16 two 4s here, that's not 4. This is the one you have right
17 there, right at the bottom, this is numbered what?

18 A I have 3.

19 Q 3, make it Deposition Exhibit 3.

20 And in particular page 13670. It's about the
21 middle of the package.

22 That's a memorandum from Mr. Burkhardt to Mr.
23 Martin, correct

24 A Yes.

25 Q And dated January 17.

UNCLASSIFIED

hws57

57

UNCLASSIFIED

- 1 A Yes.
- 2 Q It refers to the briefing and Presidential drop-by
3 for ACT and NEPL.
- 4 A Right.
- 5 Q And the second sentence says, "Note that the NSC
6 and Linda Chavez's office have also requested another session
7 for other groups which support our Nicaraguan policy to take
8 place in late January. I believe both of them would be
9 justified but Reagan's office might want to combine them--
10 Regan's office may want to combine them."
- 11 A Yes.
- 12 Q Did you ever discuss with anyone the possibility of
13 combining those two meetings?
- 14 A I don't ever recall that. I don't recall ever
15 knowing there was another briefing.
- 16 Q When in fact the briefing did occur on January 30,
17 is it fair to say that it was for ACT and NEPL alone?
- 18 A Yes, I believe that's correct.
- 19 Q And their guests as opposed to other organizations
20 involved in the Central American program.
- 21 A Yes.
- 22 Q Did you ever discuss Mr. Channell with President
23 Reagan?
- 24 A Yes.
- 25 Q On what occasion?

UNCLASSIFIED

UNCLASSIFIED

1 A There was a time when -- I think the first time was
2 probably just before this briefing. And I saw the President
3 as he was going from, I believe, the Oval Office into the
4 Roosevelt Room. There's a hallway there. And as he was
5 going across, you know, his entourage was with him, his
6 personal. I am not even sure that Regan was with him. And
7 it was to tell him that when he walked into the room -- you
8 know, he was just going to stand up and thank these people.
9 and he ended up taking some questions, I believe, but he was
10 going to be there for just a few minutes.

11 But, off to one side, was a guy named Fred Sacher,
12 S-a-c-h-e-r. Fred Sacher was a fellow Californian who,
13 according to Channell's group, had initiated this whole
14 program of TV commercials in support of the President's
15 programs in Central America, and had initially funded the
16 first phase of the commercials.

17 And then on one side of the table was going to be
18 Channell. And it was just to let him know who was on which
19 side and to particularly acknowledge Sacher for starting the
20 program and for Channell for organizing everything.

21 Now, I believe that was the first time. There were
22 other times when commercials were sent in and he would know
23 that this group was putting together commercials.

24 But one other thing, I think he already knew who he
25 was because in the November briefing I was telling you, the

UNCLASSIFIED

UNCLASSIFIED

1 SDI program, I had been told that in the course of that small
2 meeting on SDI that the President referred directly to
3 Channell and thanked him for some commercials that he had
4 done saluting the President's efforts in the Geneva Arms
5 Control. And they were commercials that ran the night the
6 President was flying back, before he spoke to Congress.

7 And that the President singled him out at that
8 meeting to thank him and told him that he had personally seen
9 the commercials on television and thought they were great.

10 So, he had -- you know, from that explanation, I
11 believe he had met him before and knew who he was. But,
12 other than that, before the January 30th, I think that was
13 the only time.

14 Q And one of the issues that has risen in this
15 investigation has been what President Reagan knew about the
16 organization before which he appeared, or the people before
17 which he appeared on January 30th.

18 In your memorandum to Mr. Regan, and in a number of
19 the pieces of internal correspondence that it spawned, ACT
20 and NEPL are referred to as organizations that are conducting
21 public relations campaigns and commercials, and there is not
22 any reference to direct financial support to the Nicaraguan
23 Resistance in those pieces of correspondence.

24 To your knowledge, was President Reagan aware, when
25 he appeared on January 30, 1986, that either ACT or NEPL or

UNCLASSIFIED

hws60

UNCLASSIFIED

60

1 Mr. Channell or any of his organizations were in fact
2 providing direct financial assistance to the Contras?

3 A No, not to my knowledge at all.

4 Q Were you aware at that time that those organizations
5 were providing direct assistance?

6 A No.

7 Q When did you first become aware of that?

8 A The only time that I can recall even having a
9 reference to any kind of assistance was the mention of one of
10 the contributors had provided some kind of humanitarian aid.
11 And that is as much as I knew about it. I don't know whether
12 it was --

13 Q When was that?

14 A It was in a document that was -- there is a list of
15 different people who had photo opportunities with the
16 President, and in the description of one of these people, it
17 had mentioned that she had -- it's a little unclear whether
18 she was supporting humanitarian or whether she did it. But
19 there was a reference to humanitarian aid. And that is, you
20 know, that's about as much as I recall knowing anything about
21 assistance.

22 The focus on this, the reason for that meeting was
23 -- and the President looked at their commercials before he
24 went into that meeting, so he was able to go in and thank
25 them for doing the commercials. That's precisely what he

UNCLASSIFIED

UNCLASSIFIED

1 went in there for. That's why the meeting was organized.

2 Q At any time prior to the January 30th briefing, did
3 you discuss with Colonel North the activities of ACT or NEPL,
4 specifically any activities that offered financial support to
5 the Contras?

6 A No. There are reference in my calendar meetings,
7 and the meetings prior to this January 30th briefing, I can
8 only suppose had to do with this briefing that was to take
9 place that was to take place on January 30th. And that's
10 what was discussed.

11 Q How many other White House functions did you
12 arrange on behalf of ACT or NEPL or their contributors?
13 By function, I'm speaking of any kind of meeting.

14 A There was, you know, the activities in relation to
15 the SDI program with the National Security people. There
16 were activities that were generated -- meetings that I went
17 over and had individually with the counsel's office and with
18 Public Liaison in reference to their SDI briefing that was to
19 take place in June. And there were a lot of those meetings.
20 But, in general, that was just me going over.

21 Q How many events involving an appearance by President
22 Reagan for his own personal involvement, personally respon-
23 sible for?

24 A There would be the January 30th briefing. We had
25 one scheduled for SDI that was postponed and eventually never

UNCLASSIFIED

UNCLASSIFIED

1 happened.

2 Q Was that to include a drop-by by the President?

3 A Yes. There was going to be General Abramson and
4 Keyworth.

5 And then there were approximately six photo
6 opportunities that took place over I guess a 10 or 11-month
7 period in which people had their photos taken with the
8 President.

9 Q Do you recall any of the individuals, the names of
10 any of the individuals?

11 A Oh, sure. Fred Sacher, Mr. and Mrs. ~~W~~^arm, Mr. Bill
12 O'Neill, who owns Investor Daily in California, Mrs. Garwood,
13 Ellen Garwood, Barbara Newington. And there were a couple
14 that were just arranged for the White House, and I didn't go
15 and I didn't meet the people so I can't recall their names.
16 If you gave me names, I could probably tell you.

17 Q Were you involved in Mr. Hunt's, L. Bunker Hunt?

18 A Yes, Bunker Hunt. And I think there was a name
19 Driscoll, but I don't know whether -- the Driscolls, that's
20 another name.

21 Q Was the procedure the same for each of these photo
22 opportunities in what you did in order to bring them about?
23 Was it comparable from photo opportunity to photo opportunity?

24 A Well, the only difference would be in some I was
not there. But generally I would be there and I would meet

UNCLASSIFIED

UNCLASSIFIED

1 the people prior.

2 Q But I mean as far as requesting the photo oppor-
3 tunity.

4 A Oh, yes.

5 Q And could you walk through for me what you would do
6 in order to do those?

7 A Generally there would be contact with the Scheduling
8 Office saying that is there a good, you know, in the next
9 month or two, to have a, you know, when are you doing photo
10 ops or when would be a good time? And they would give me
11 times that looked good, and then I would communicate also
12 with Jim Kuhn, the President's personal aide, who was my
13 replacement, and say, do you have any -- you know, he was the
14 one that would actually, you know, like I would before, he
15 controlled the office. And so it would be between Scheduling
16 and between Jim Kuhn.

17 Q Did it have to be reviewed by Donald Regan?

18 A It was approved by Don Regan.

19 Q And how would you -- would you -- what was done
20 about it in any way?

21 A I discussed that with Don as one of the things that
22 was requested.

23 Q Was this in January, the January meeting?

24 A I believe it was January, or if it was not, then it
25 was later on. I mean it was at some point. I can't recall

UNCLASSIFIED

UNCLASSIFIED

1 whether it was a part of it. Because I think the January 2nd
2 briefing had to do with the briefing. But there was a time
3 whether -- I think it was in his office later on in which we
4 talked about the group and the fact that there were some
5 people who had been very supportive that we would like to get
6 photos for. And, you know, that is something that is very
7 easy to do in the White House.

8 MR. MCGOUGH: Off the record.

9 [Discussion off the record]

10 MR. MCGOUGH: Let's go back on the record.

11 BY MR. MCGOUGH:

12 Q I said perhaps it was easy for you to do in the
13 White House.

14 A If you know the procedure. And, frankly, you know,
15 you have obviously reviewed the record of these people and
16 their contributions, not only to the television programs but
17 to -- these people had been long time contributors to Reagan.
18 They were, you know, either Republicans, well-known people.
19 And I won't bore you with how photos take place in the White
20 House.

21 But it was discussed with Don Regan. He said that
22 it had his approval. When I discussed that subject not only
23 with Jim Kuhn but Bud Ryan, I said this has been discussed
24 with Don, check it out. And, you know, I'm sure they did
check it out.

UNCLASSIFIED

UNCLASSIFIED

1 So they would tell me what looked good. And then
2 people would be notified and brought to Washington.

3 Q Did you discuss with Mr. Regan the approximate
4 numbers of such requests? Did you talk to him in terms of
5 dozens or a few?

6 A I can't recall. But the list was, you know, the
7 list was never -- I don't think there were ever more than 10
8 names on the list. And it was, you know, the one list that
9 was worked off of.

10 Q Whose list was that?

11 A I got it from Miller who probably got it from
12 Channell. And it was a list of a computer readout -- it was
13 not a readout, but, you know, something from the computer
14 that was given to me that had the names, social security
15 number, date of birth, and a brief description of who these
16 people were, and their past history in politics and what they
17 had done to help on the PBS.

18 Q Do you think there were approximately 10 on that?

19 A I'd say about 10 on the list, yes.

20 Q When you say what they had done, do you mean how
21 much they had contributed?

22 A Yes.

23 Q That would have been in the information given to
24 you?

25 A How much they had contributed to the TV commercials,

UNCLASSIFIED

hws66

UNCLASSIFIED

66

1 and also, you know, if they had been -- you know, this person
2 is a Republican, you know, a little bit about them to show
3 that, you know, that they were long time supporters.

4 Q Did you do any screening of that list? I mean you
5 got a list of approximately 10 and you wound up setting up
6 meetings for about six. Did you further cull that list?

7 A Well, I know on the initial list, all the people
8 were on the January 30th invitee list. At least I'm pretty
9 sure they matched up.

10 I remember, in talking to Fielding, I think it was
11 Fielding directly, about that invitee list, the one name that
12 popped up in my head that I thought may be a problem was
13 Bunker Hunt because of the problems he had with silver. And
14 I remember saying, look, I don't know these people but, you
15 know, the service is running the name check. This is the
16 only name I recognize as a public figure that maybe has done
17 something that can cause problems. He said, look, he hasn't
18 done anything that is an embarrassment.

19 So that's the only name -- I mean, counsel's office
20 had the names.

21 Q Did you send the entire list over to Fielding's
22 office?

23 A Absolutely, hand-delivered it. The January 30th
24 invitee list which I believe that everyone of these names
plus some other names.

UNCLASSIFIED

UNCLASSIFIED

1 Q I was speaking to the list of 10 if we can call it
2 that?

3 A No, that did not go to Fielding's. It had already
4 been covered.

5 Q Okay. But I guess my question is, did you, in
6 setting up these appointments or these photo opportunities
7 with the President, how did you -- if you did, how did you
8 differentiate among them? You've got six people who actually,
9 six or seven who actually did have a photo opportunity.

10 Was everyone on that list ultimately -- did that
11 everyone on that list ultimately receive a photo opportunity
12 with the President?

13 A I can't answer that. I don't recall. I mean there
14 may be one or two that didn't.

15 I know that some of these people were elderly and
16 there was health problems. And sometimes when they wanted to
17 have one, all of a sudden, the person was in the hospital and
18 there were those kinds of problems. So there may have been
19 one -- you know, the last one was last fall, I believe in
20 October was the last of the photos.

21 But I believe most of the ones on the list did with
22 maybe one or two exceptions.

23 Q Did you ever say to Mr. Channell or Mr. Conrad or
24 Mr. Miller, look, we're just going to the well too often on
25 this, or something to that effect? That, you know, there are

UNCLASSIFIED

hws68

68

UNCLASSIFIED

1 only so many of these things we can do, and you're pushing
2 too hard for too many people?

3 A No. Because there weren't that many people and it
4 was over a long period of time in which they took place. And
5 the Photo Officer literally done, I would say almost every
6 day. You know, there's not a day -- at least, someone, Jim
7 Baker would come by and say, oh, I got so and so from Texas,
8 a great friend of the President's. Take him in and give him
9 a photo. And, you know, it wouldn't be on the schedule. You
10 would just, you know, you would just take people in for
11 photos. I mean it's part of politics and part of, you know,
12 one of the rewards of being an activist and being frankly a
13 big contributor. That's why people joined the Eagles and why
14 you joined Reagan's Citizens for Republican in California
15 because every year you get invited to Washington and you get
16 to see the President.

17 And so that's part of the reason these kinds of
18 things are done. And, in fact, you know, the great extent to
19 which these people gave money and the President was able to
20 see on television what they were doing, there was absolutely
21 no reluctance to doing this. He was more than pleased to
22 meet with these people. And Don Regan, there was no problem.

23 Q Did you explain to Mr. Channell and Mr. Conrad that
24 photo opportunities could be a fairly routine matter that you
25 felt you could do?

UNCLASSIFIED

UNCLASSIFIED

69

hws69

1 A I would doubt very much. I mean I don't know what
2 I said to them. I would doubt I would say that anything in
3 the White House was easy.

4 Q I guess it's a poor choice of words on my part.
5 Do you tell them that you thought you might be able
6 to set up photo opportunities?

7 A I'm sure I did.

8 Q And that was part of the services you were rendering
9 to IBC?

10 A Well, it became one of the things that was done.
11 It was not part of initial discussions. In matter of fact,
12 the real first things that were talked about that I got from
13 Art and I believe from Rich was that there were certain
14 people that Channell wanted to meet to help explain who he
15 was and what his programs were. And, you know, there were a
16 list of people like Frank Fahrenkopf and Paul Laxalt, and
17 Elliott Abrams I know was one that he wanted to meet. And we
18 eventually did have that lunch with Elliott. And I think Don
19 Regan was on the list.

20 I mean there were those kind of people, you know,
21 that ended up, being Charlie Wick and all sorts of people
22 throughout the Administration and, you know, opinion type
23 leaders and, in fact, you know people in the Administration
24 that he wanted to get to know to tell them who he was and
25 what he was doing and where he wanted to go with his programs

UNCLASSIFIED

UNCLASSIFIED

1 in support of the Administration.

2 So it evolved into that, and that did become a
3 request, could this happen, and I said yes, it could be.

4 Q When you set up the January 30th briefing, did you
5 attend that briefing?

6 A No. Best I recall, what happened was the room was
7 so packed, and I had met the President I believe right in the
8 hallway just to say Mr. Sacher is here and Channell is here,
9 and you want to recognize those people. And he went in. And
10 I remember going around to the backdoor and just peeking in
11 and seeing what was going on.

12 But the place --besides the chairs that were in the
13 Rose Room, everything around, they brought in folding chairs,
14 and the place was packed. So I stayed outside.

15 Q Were you any of the functions that evening?

16 A Yes. They had a dinner and a reception at the Hay-
17 Adams at which Elliott Abrams was to speak. And I went over
18 for a brief time at the cocktail party and then left.

19 Q Were you ever present when Colonel North spoke to
20 any of Mr. Channell's contributors?

21 A Yes. I was at a -- well, I was in the complex
22 obviously when he gave his slide show to the January 30th
23 people. I was not in the room.

24 I think the next time I was ever with him when he
spoke to a contributor was Bunker Hunt, and that was in a

UNCLASSIFIED

UNCLASSIFIED

71

1 meeting at the Hay-Adams, like a breakfast, somewhere around
2 breakfast time.

3 Q Can you describe what took place? Who was there
4 and what took place?

5 A It was North and Channell and Bunker Hunt.

6 Q Why were you there?

7 A I kind of invited myself because I wanted to get to
8 know Bunker Hunt a little better. He was a guy that fas-
9 cinated me as a great financier, and I wanted to meet him.
10 And so I asked if I could drop by for a few minutes, and they
11 said sure.

12 Q Did you attend the meeting or meal?

13 A It wasn't a meal, I think it was more -- maybe it
14 was a meal. To me it was like late breakfast. I was there
15 for part of it.

16 Q How long were you there?

17 A This is just a guess, 20 minutes maybe.

18 Q What happened while you were there?

19 A The best that I can recall about that is that
20 Bunker had not attended the January 30th briefing. He was
21 invited and couldn't make it. And North was giving him a
22 briefing on the situation in Central America. and obviously
23 the slides weren't there, but I believe there was a map. I
24 seem to remember a map of Central America and that part of
25 the world. And I kind of call it, it became known as the dog

hws71

UNCLASSIFIED

UNCLASSIFIED

1 and pony show that, you know, you went through a description
2 of what was going on in Central America and with the Soviet
3 Union's incursion down there, and the threat that it posed to
4 the United States. And talked about the plight of the
5 Contras.

6 Q Did you understand why that presentation was being
7 given to Mr. Hunt?

8 A Yes, because he had missed the briefing in January.

9 Q Did you understand why that briefing was being
10 given, I mean why he was being given that information?

11 A Just because all the other contributors had gotten
12 that briefing, and that was, you know, they wanted him, as I
13 guess, was to get the same information as everyone else had.

14 I believe he never attended anything in the 1985
15 briefings. This was his first exposure I believe to that
16 program.

17 Q By that time, or at that time, did you have any
18 understanding that Mr. Channell was making solicitations for
19 direct aid to the Contras?

20 A No. There was nothing at that.

21 Q During that portion of the meeting that would have
22 alerted you to that?

23 A No. Matter of fact, you know, if I recall, it was
24 North that did all the talking. He was doing the briefing.

25 And everyone just kind of sat there and listened.

UNCLASSIFIED

UNCLASSIFIED

1 Q Did he speak in terms of specific military needs of
2 the Contras?

3 A He talked about the plight of the Contras, and by
4 that that they were suffering greatly, that they were, you
5 know, they were in need of food, and that they were, you
6 know, in need of bandages, medical care, and they were out of
7 weapons, that they were fighting a war with very little. He
8 did talk about that.

9 Q Did he talk in terms of specific amounts of money
10 needed to supply them?

11 A Not at all.

12 MR. WORK: Needed to supply what?

13 MR. MCGOUGH: Needed to supply those materials.

14 BY MR. MCGOUGH:

15 Q Do you recall a lunch at the White House mess with
16 Mr. and Mrs. ^aWorm and Marty --

17 A I do.

18 Q I believe it was in about March of '86.

19 A That sounds about right.

20 Q Can you tell me how that was set up and why it was
21 set up?

22 A It was set up by me, and it was just to take these
23 people to lunch in the White House and to get acquainted with
24 them. And then, afterwards, they had their photo with the
25 President.

UNCLASSIFIED

hws74

74

UNCLASSIFIED

1 Q Can you say what was discussed?

2 A I can recall them very well. Either he or she is
3 the heir to the Gerber money, Gerber Baby Food. And they
4 spent a lot of time talking to Marty and I about this island
5 that they owned off the coast of Central America, and just
6 talked about their family and spending summers down there.
7 And kind of why they got involved in the issue because, you
8 know, they had a place down there, and they were very worried
9 about what was happening in Central America.

10 And in fact they later wrote and sent us photographs
11 of the island and invited us to go down there.

12 Q After you left the White House, did you retain
13 White House mess privileges?

14 A Yes.

15 Q Is that standard operating procedure?

16 A I think there's a lot of people that have access to
17 the White House mess, yes. If there's room available for you
18 to go there. You call ahead of time and ask for permission.

19 Q And did you at that time still have your White
20 House pass?

21 A Yes.

22 Q Is that standard procedure to retain your pass
23 after you've left the White House?

24 A I wouldn't want to call it standard. I think with
25 some people, it was standard, people who were close to the

UNCLASSIFIED

UNCLASSIFIED

1 President, people that continued to provide services to the
2 White House. And by that, I mean it was something that Don
3 Regan had done for me. Matter of fact, when I left, mine
4 soon expired and I was issued a new one. And I was frequently
5 called into the White House by the Regan staff, David Chew in
6 particular, to come in and have usually a late afternoon or
7 early evening strategy sessions on different things that were
8 going on, different problems the Administration was having.
9 And they would ask me for my insight or recommendations.

10 There weren't just many old-timers left at the
11 White House and people that knew the President well. So I
12 was frequently called over to just sit and talk. You know,
13 that is approval. So I believe I must have. I mean there's
14 a sign-out procedure when you leave the White House, and one
15 of those things is you turn in your pass. And when it came
16 time for that, I didn't have to. So I believe it came from
17 his office or someone in his office had to approve that.

18 Q You say there comes a time when you turn in your
19 pass.

20 Do you recall who did the debriefing or the exit
21 procedures?

22 A Well, you go. You have a sheet of paper that tells
23 you to go 14 offices, whatever. And in each place you do a
24 certain thing. In one of the places, as you go in and turn
25 in, you know, your pass, and that one, I guess, was just

UNCLASSIFIED

hws76

76

UNCLASSIFIED

1 signed off or something. I didn't have to do it. I mean it
2 was on the record that I had mine and it was outstanding.

3 But I can only tell you you can't leave the White
4 House without either turning it in or having someone say this
5 has been approved.

6 Q Do you recall who approved it?

7 A It was either Don Regan personally or someone in
8 his office. I mean it would take someone of that stature to
9 tell whatever office that is he doesn't have to turn his in.

10 Q Did you ever ask anyone for permission to keep your
11 White House pass?

12 A I don't recall that. I don't recall that. And I
13 may have.

14 Q Do you still have your White House pass?

15 A No. That was requested by a Jonathan Miller who
16 was then -- I can't remember the title of his job -- it was
17 like the Administrative Officer -- had called last fall and
18 said that they were pulling in all of their passes that were
19 outstanding, and would I bring mine in. And I said of
20 course, and did.

21 Q In the meetings we have already discussed, did you
22 ever have any contact, direct contact with any of Mr.
23 Channell's other contributors other than pleasantries on the
24 way in or out of the meeting room?

A With me personally?

UNCLASSIFIED

UNCLASSIFIED

77

hws77

1 Q You personally.

2 A No, I didn't. Other than pleasantries on the way
3 in and things like that.

4 Q In other words, after they had their photo, was
5 there any contact?

6 A I don't believe there was with any of them.

7 I think with Bunker Hill, ^{Hunt?} he may have been the only
8 one that I ever corresponded with. I just wrote a little I
9 enjoyed getting to meet you kind of thing. And I never heard
10 back from him.

11 But other than that, I don't even think, on the
12 Wurms, I don't think I ever corresponded. I think that was a
13 letter from them to Marty with the photos of the island.

14 Q There was a meeting with [REDACTED] and Colonel
15 North that you described earlier.

16 A Yes.

17 Q Would you tell us how that came about?

18 A Yes. One of the things that -- Channell had
19 certain people he wanted to meet, not only people in the
20 Administration but heavyweights in industry. And he knew of
21 my relationship with the [REDACTED] which is very
22 close, and had expressed a desire to get [REDACTED]
23 involved in the SDI program.

24 And what he wanted to do was to go out and meet

[REDACTED] And at this point, I had had enough

UNCLASSIFIED

UNCLASSIFIED

1 experiences with Channell to know that I did not want to
2 introduce [REDACTED] directly to him. I was willing to help and
3 see if I could get him involved in SDI, but I decided to
4 handle that myself. And I believe I did this without him
5 even knowing it.

6 [REDACTED] was being visited by an official of
7 the [REDACTED] and I --I arranged for a tour.
8 I mean he went on a standard tour of the White House. And
9 afterwards I met [REDACTED] and we did a more extensive tour with
10 him and this official [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 So [REDACTED] and I and this gentleman [REDACTED]
15 and his wife got together after their tour. We did a West
16 Wing tour. This was on a Saturday. And then we walked back
17 to the hotel.

18 We discussed some of the public education programs
19 that I was involved with and, in particular, we talked a
20 little bit about the SDI program. And I kind of said do you
21 ever get involved in these kind of things? [REDACTED]

22 [REDACTED] has had
23 an aversion to doing much of that. He told me, without going
24 into all the details, that his policy was not to get too
25 involved in too many specific issues. Matter of fact, he

UNCLASSIFIED

UNCLASSIFIED

1 didn't even get involved with specific candidates unless
2 there was a real reason to get to, until the person had the
3 nomination of the party. And then he didn't mind giving
4 money.

5 And he just explained that everyone was always
6 looking [REDACTED] for donations. And I
7 believe we talked about what had been going on in these other
8 TV commercials, and I said, look, there is this other program
9 that wants to go, and would you mind if I brought somebody
10 out just to give you a briefing on what's going on in Central
11 America?

12 And he said sure, and he said just give me a call.
13 So I gave him a call. I called North up and asked him if he
14 wouldn't mind giving the slide presentation dog and pony show
15 to [REDACTED] Now, by this time, the whole Central
16 American thing is winding down, and SDI is real high on the
17 list. And so my thought was --

18 Q The dog and pony show was to be --

19 A I'm sorry. North's dog and pony show, the slide
20 show.

21 Q On Central America?

22 A On Central America.

23 And my feeling was that we would be able to show
24 him what was done on this issue, and then talk about this
25 infancy program of the SDI that we could maybe whet his

UNCLASSIFIED

UNCLASSIFIED

1 interest.

2 So we went out and had the dog and pony show. We
3 actually took the slides out, and we talked about the whole
4 Central American issue. And after the briefing was over
5 with, [REDACTED] and I called [REDACTED] up to discuss the
6 SDI program and what he had seen in the slides. And I said,
7 look, I've thought about this a lot because of what you had
8 told me about what your policy is and also because we're good
9 friends. I think for you to take a position on an issue that
10 has an equal amount of support and people who are against it
11 would be a mistake for you personally. But, business wise,
12 since your name is on the company and you are a publicly-
13 held company, and your stockholders can get pretty upset with
14 you if, all of a sudden, you are out there spending money for
15 television commercials, urging public support of a particular
16 program with the President.

17 And he laughed and said he had already come to the
18 same conclusion. And that was really the last we talked
19 about it.

20 Q So, as far as you know, no one ever specifically
21 asked him for a contribution for anything?

22 A No. Because I'll tell you, to the best of my
23 recollection, I don't believe I ever told -- I may have told
24 Miller I had the meeting, but I don't believe I told -- I
25 don't know even if I told Rich, because I decided, and

UNCLASSIFIED

hws81

UNCLASSIFIED

81

1 [REDACTED] had independently that he was not going to do
2 anything in SDI; that I just dropped it. And I just don't
3 think I ever told any.

4 He wanted to meet Joe Coors, Channell, I mean
5 there's a whole list of people that he wanted to meet with.
6 And they just didn't happen.

7 Now, he may have met some of those people using
8 other avenues and other consultants. But not with me.

9 Q In the course of your relationship with Mr. -
10 Channell -- first of all, can we put a date on that meeting
11 with [REDACTED]

12 A I'm going to say approximately April of '86.

13 Q In the course of your work with Mr. Channell, you
14 set up a number of meetings, or you set up some meetings with
15 Elliott Abrams.

16 A Yes. Well, no, I didn't. But I attended them.

17 Q You attended some meetings with Elliott Abrams.
18 All right.

19 And you mentioned that Mr. Abrams was one of the
20 people that Mr. Channell originally said he wanted to meet
21 with, correct?

22 Can you tell us how those meetings were set up?

23 A Yes. Artiano enjoyed a personal relationship that
24 went back, I think, before the campaign, or maybe they worked
25 together in the transition. But anyway there was a personal

UNCLASSIFIED

hws82

UNCLASSIFIED

82

1 relationship between Artiano and Abrams.

2 So when it came time for arranging that, he did it.
3 Elliott Abrams probably knew who I was, but I don't think we
4 had ever met than maybe, you know, when he was over at
5 meetings in the White House I may have, you know, introduced
6 myself. But Marty took the lead on contacting Elliott.

7 And the only ones I was involved in were two
8 meetings. One was a luncheon at some restaurant in town, and
9 there was Abrams, Artiano, Fischer, Channell, maybe Frank
10 Gomez. I don't know whether Frank was there or not, but I
11 can't recall that.

12 And the purpose of that meeting was a get acquainted
13 session and for Elliott to be briefed on what these guys were
14 doing in this public education effort and, you know, basically
15 get acquainted.

16 There was a second session that was requested by
17 Channell, and this was months later, in which, as I recall,
18 he was getting the words from contributors that the President
19 ~~were~~ about to radically change his position on Central
20 America. And the contributors who were calling in were angry
21 with the President. I don't know if there was a news story
22 out or what.

23 So Marty arranged, at the request of Channell, a
24 meeting with Elliott in his office, and it was to find out
25 what was going on so Channell could call his contributors

UNCLASSIFIED

UNCLASSIFIED

1 back and say, yes, it's happening, or no, it's not.

2 And as I recall, it was like a 10-minute meeting,
3 very, very brief. And it was one of those times where
4 Channell was a little contentious. And he got the answer he
5 wanted that, you know, the President in fact wasn't changing
6 his mind on Central America.

7 But it was one of those meetings that didn't go
8 well. And I know Marty and I at the end of it both came to
9 the conclusion that's it, you know, we're never going, you
10 know -- Marty was not willing at that time to ever call Abrams
11 again because of the result of that very brief meeting.

12 And if I'm not mistaken, Elliott was a little put
13 out too.

14 Q Was there any discussion at either of those
15 meetings, or to your knowledge at any point with Elliott
16 Abrams of ACT or NEPL supplying the direct financial assis-
17 tance to the Contras?

18 A No. And I got the distinct impression that the
19 reason for the lunch was they didn't know each other. And
20 this was an opportunity for them to get to know each other.

21 Q Were there ever any requests to set up meetings
22 with Vice President Bush or his staff?

23 A In reviewing again the documents that they gave me
24 for their activities in '85, I ran across correspondence that
25 showed that they had met with the Vice President. And they,

UNCLASSIFIED

UNCLASSIFIED

1 meaning Miller and Channell, had met basically directly with
2 Bush and people on the staff.

3 And while the letter didn't say what it was for,
4 they later told me as one of the things that they wanted
5 assistance on was they wanted to put together a series of
6 dinners around the country for the Vice President with people
7 that I think they described as people who wouldn't normally
8 be supporting the Vice President, but people who would be
9 opinion leaders in those States. And the purpose of this
10 would be he would go in, have dinner with these people in
11 their home -- there would be a small group of people. He
12 would give a speech on foreign affairs or domestic --
13 whatever they wanted to talk about. And there would be a
14 question and answer session. And they even talked about
15 having, whoever the agency was that handled Channell, Goodman
16 or Goodman Agency, that did their commercials, would go to
17 these and film the speech and also the Q&A session so the
18 Vice President could use it for whatever purpose he wanted
19 to, that he would have all of these different speeches and Q's
20 and As on tape.

21 And that basically was the program.

22 Q Were you involved in setting up those meetings?

23 A No. Because it happened before. And the correspon-
24 dence, I think, was already in after the meeting requesting,
you know, is this going to take place? I believe made some

UNCLASSIFIED

hwa85

UNCLASSIFIED

85

1 phone calls into the Vice President's office to find out that
 2 it was the political -- by this time, he had "Bush in '88,"
 3 or whatever they called their group -- that they had decided,
 4 the politicals, that they were going to handle those kind of
 5 meetings, and it was basically turned down.

6 Q Let me show you what is marked as Deposition
 7 Exhibit 5.

8 [A document was marked for identifica-
 9 tion as Fischer Deposition Exhibit No.
 10 5]

11 BY MR. MCGOUGH:

12 Q Take a look at that. It's a letter on the station-
 13 ery National Endowment for the Preservation of Liberty, dated
 14 February 12, 1986, to Vice President Bush, signed by Spitz
 15 Channell.

16 It proposes the types of dinners that you described,
 17 and then the fourth paragraph says, "If you could spare a few
 18 moments, Marty Artiano, David Fischer, Rich Miller and I
 19 would like to discuss seminar subject matter in your personal
 20 preference of format."

21 Do you know if in fact that meeting ever took place?

22 A If it took place, I wasn't there.

23 Q Were you aware that this letter had gone in?

24 A I can't recall this. I really can't. I mean I

just recall that they were moving forward. And my recollection

UNCLASSIFIED

hws86

UNCLASSIFIED

86

1 tion was the Vice President's office said no. Not his office
2 so much as the political office. I mean his campaign had
3 decided that this was more a campaign activity and they would
4 be handling that, you know, from Atwater's shop.

5 But, you know, not to say that that didn't happen.
6 They may have had a meeting. I don't think so because the
7 whole issue died. At a certain point it was never even
8 discussed again.

9 Q Who were your contacts in the Vice President's
10 office on this issue?

11 A It may have been Craig Fuller, but I don't know
12 that I even spoke to him or one of his assistants may have
13 called back. Or I may have even talked to Lee Atwater or one
14 of his aides in the campaign. I mean it was either somebody
15 who worked for Fuller or somebody who worked for Atwater.

16 Q Were you ever asked to set up a meeting with
17 Senator Dole?

18 A They had a program identical with this for Senator
19 Dole. And I don't that I was asked to set up a meeting other
20 than to help put together the same kind of program that they
21 wanted to go forward.

22 I believe that he met with Dole. And I know at one
23 time I had called over there to arrange a meeting to talk
24 about this. But I didn't happen or it got canceled, or
something. And then I think, independently, you know, again

UNCLASSIFIED

UNCLASSIFIED

1 I'm just trying to recall, I think independently he did get
2 his meeting. I had put in a request with the Senator's
3 office.

4 MR. MCGOUGH: Mark this as Exhibit 6.

5 [A document was marked for identifica-
6 tion as Fischer Deposition Exhibit No.

7 6]

8 BY MR. MCGOUGH:

9 Q For your information, this is a copy of a sheet of
10 telephone messages from on or about August 7, 1986, from
11 Channell organizations' telephone logs.

12 In the upper left-hand corner, there's a message,
13 what appears to be a message from you to COC, which would be
14 Mr. Channell. The first line says, I think, "Will call
15 tonight at home," or something to that effect. And then the
16 bottom line says, "Dole meeting looks good."

17 A Yes.

18 Q Does that correspond time wise when approximately
19 you were trying to set that up?

20 A You know, I believe it was about this time, you
21 know, summer or late summer.

22 See, I don't even know who I called. I think I
23 called into his secretary, meaning Dole, and there was a time
24 when it was real close to happening. But I think, oh, yes,
he was the -- this couldn't have been, '87 -- this had to be

UNCLASSIFIED

hws88

UNCLASSIFIED

88

1 '86. Oh, I'm sorry. I'm just looking at your date that you
2 put on there.

3 Because he was still the Majority Leader then. And
4 there was some kind of problem there, something going on,
5 that the meeting got scheduled, it got taken off, or it got
6 reduced from like 20 minutes to five minutes. In other
7 words, it just wasn't working out.

8 And my recollection is that it kind of got put on
9 hold. And then I was later informed that he got his meeting.
10 But I don't know how it happened. But it was on the same
11 subject. They wanted to do dinners for Bob Dole.

12 Q Did you attempt to set up meetings with Charles
13 Wick?

14 A Yes. Not only tried to, but did.

15 Q Can you tell me what those meetings were about?

16 A Yes. They wanted to meet Charlie Wick and to tell
17 him again about all of the commercials, but also the documen-
18 taries that they had been filming down in Central America.

19 And Charlie and I were good friends. And I told
20 him about this group, sent him over all the tapes of the
21 commercials, the compilation of the tapes. And he reviewed
22 that material. And we had a lunch, and it was a lunch with -
23 - Charlie Wick knew Frank Gomez because Frank had been at
24 USA, so it was Channell, Charles Wick and Frank Gomez and
Miller.

UNCLASSIFIED

UNCLASSIFIED

89

hws89

1 And again it was one of these get acquainted, this
2 is who we are, and they talked about all their programs and
3 where they wanted to go with them and, you know, sought his
4 advice and counsel on -- basically get acquainted.

5 Q How long have you known Mr. Wick? You said you've
6 known him for some time.

7 A Since the campaign days. I got to know his wife
8 fairly well, and then the campaigns with Charlie. And they
9 were around the Reagans socially, so whenever they were
10 together, I would be around.

11 Q Did you set up a meeting with Attorney General
12 Meese?

13 A Yes.

14 Q Can you tell me how that came about?

15 A Yes. That had to do with their Constitutional
16 Minutes program. The Constitutional Minutes program was a
17 very expensive education campaign on the Constitution. And
18 their concept very briefly was that they wanted to do TV
19 commercials very different from what they thought the AB and
20 other people would do.

21 They wanted to take portions of the Constitution
22 and show how it affected people in their average everyday
23 life. So it was going to be kind of geared towards the
24 average people and this is your Constitution, and because
this is in the Constitution, this is why your life in America

UNCLASSIFIED

UNCLASSIFIED

1 is better.

2 They even wanted to go so far as to do cartoon
3 commercials for Saturday morning television for children.

4 So it was definitely my judgment that the Attorney
5 General be briefed about this. And so we set up a briefing -
6 - I believe again this was in April -- with the Attorney
7 General, sent all the tapes and all the documentation over
8 ahead of time. But what he wanted to do, and I got this from
9 the staff, was he wanted his staff and me to see the Commer-
10 cials with Channell and Miller and everybody there. So we
11 went to the Justice Department at the conference table in his
12 office, and he was surrounded by his aides, and Marty Artiano
13 was there and Channell and Miller. And we sat for the first
14 part and watched all the commercials.

15 And then -- this program was really at its infancy
16 at this time and they -- Conrad was there too, because the
17 Constitutional thing had always been kind of described as
18 Dan's original idea. So Channell and Conrad briefed the
19 Attorney General and his staff on what they wanted to do,
20 only in much greater detail than I'm telling you. And even
21 though, you know, that it was a year and a half away, that
22 they were going to raise millions of dollars, and this is
23 where they were going with it.

24 We talked about Constitutional writers, you know,
25 who would be the kind of people to see. And they talked

UNCLASSIFIED

UNCLASSIFIED

1 about the kind of people that they wanted to put on their
2 Board of Directors, and it was basically this is where we are
3 and this is where we're going, and what do you think?

4 Q Was there any specific action act asked of the
5 Attorney General at that time, or was it information?

6 A Well, I don't know if it was at this time but,
7 later on, what they definitely wanted was Ed to serve like an
8 Honorary Chairman or something like that, and also to sign a
9 letter endorsing the project.

10 And later on, this was much later on, there was a
11 request that he speak at a gathering of people who would be
12 supporting this which, you know, he agreed in principle to.

13 Q Was that the only meeting that you're aware of with
14 the Attorney General?

15 A I had subsequent meetings over there not with
16 Channell. I believe that was the only one that we ever had.

17 Q Were your subsequent meetings with him related to
18 Channell or his organizations?

19 A Yes, on the Constitutional Minutes Program.

20 Q What was the substance of those?

21 A It was progress reports. And a lot of times, it
22 wouldn't even -- not a lot of times -- it was more meeting
23 with people like Kenny Cribb and John Richardson. John
24 Richardson was his Chief of Staff. And we would talk about
where they were going and the timetable, and when it came to

UNCLASSIFIED

hws92

92

UNCLASSIFIED

1 talking about a letter and a meeting where Ed would speak,
2 that was strictly done with the staff.

3 Q Did you set up a meeting for Mr. Channell with
4 William Casey?

5 A Yes.

6 Q And what was it? One of the projects that -- first
7 of all, let me back up.

8 How long had you known Mr. Casey, or did you know
9 Mr. Casey?

10 A Yes, I knew Bill very well from the campaign. I
11 mean I got to know him when he came onboard, you know, when
12 we had the first campaign team serious organization. When
13 that vacated, Casey came in and ran it.

14 And so I got to know Bill very well during the
15 campaign, the 1980 campaign. He came on, I guess, in about
16 the New Hampshire primary, February of 1980.

17 Q Were you responsible for setting up the meeting?

18 A Yes.

19 Q Between Mr. Casey and Mr. Channell?

20 A Yes.

21 Q What was the purpose of that meeting?

22 A The purpose of the meeting was Channell, one of the
23 things that he wanted to do other than -- he had documentaries
24 on Central America. He wanted to do a couple of documentaries
25 on the successes of the Agency and, in order to do that, he

UNCLASSIFIED

UNCLASSIFIED

1 had to have the Agency say, look, these are the kind of
2 accomplishments that we can even talk about. And he evidently
3 had someone, he told me, who was going to give the first half
4 million had already been committed to the project.

5 And so he wanted to meet Casey and tell him about
6 the program. And so I called Bill and set up the meeting.
7 And I attended it.

8 Q When did the meeting take place?

9 A I am going to say spring -- you'd have to check my
10 calendar -- but it's spring of '86.

11 Q And where did it take place?

12 A In Mr. Casey's EOB office.

13 Q What happened at the meeting?

14 A Well, I went in first and had a meeting with Bill
15 just to tell him, you know, a little bit more because, before
16 that, there had just been a telephone request. And so I went
17 in to tell him about the group, tell him about the commer-
18 cials, and to tell him briefly that the guy was going to come
19 in and talk about -- told him what the request was going to
20 be, just to give him enough warning about what was going on.

21 And then we brought Channell in, and he talked
22 about his program and what he wanted to do.

23 Q What, if anything, did he ask of Mr. Casey?

24 A He wanted to know if Mr. Casey would endorse such a
project and if it would be possible to get -- in order to

UNCLASSIFIED

hws94

94

UNCLASSIFIED

1 make it happen, he'd have to have some kind of cooperation.
2 Someone in Public Affairs or whatever office who would handle
3 that would have to, you know, give them the rough material
4 that could be used to film the documentaries.

5 Q Did Mr. Casey agree to that?

6 A Mr. Casey smiled. No, he did not. He thought it
7 was a wonderful idea and he would certainly discuss it with
8 his staff. I don't know just exactly what was said, but this
9 is kind of it, and that a wonderful idea, talk to my staff,
10 and we'll get back to you.

11 I knew that nothing was going to come about, and
12 nothing did.

13 MR. MCGOUGH: I think this would be an opportune
14 time to break. I probably have another half hour, 45
15 minutes, and I have a fire I have to put out at this point.

16 [Recess for lunch]
17
18
19
20
21
22
23
24

UNCLASSIFIED

UNCLASSIFIED

AFTERNOON SESSION

1

2 Whereupon,

3

DAVID C. FISCHER

4

the witness on the stand at time of recess, resumed the stand

5

and further testified as follows:

6

EXAMINATION BY COUNSEL FOR THE

7

SENATE SELECT COMMITTEE (resumed)

8

BY MR. MCGOUGH:

9

Q Mr. Fischer, I purposely left off until this point of the deposition discussion of the evolution of your arrangement with IBC, because I wanted kind of to lay the "big framework" and talk about some of the specific things you did.

14

We've been told by you, and by other witnesses, that there were several phases as far as the financial arrangement, and the specific nature of the agreements that you had with IBC, and we have established the basis of the original agreement.

19

There came a time, did there not, very early in 1986, when there was a restructuring, or a change in the financial arrangement from a straight \$20,000 a month retainer to something else, is that fair to say?

23

A Yes.

24

Q Could you tell me why that came about, and what in fact came about.

25

UNCLASSIFIED

UNCLASSIFIED

1 A Sure. In early '86, Artiano and I, particularly,
2 had discussions about my future in Washington, and how I was
3 going to operate, and we knew that we'd be moving back soon,
4 and I was in the process of trying to decide which direction
5 to go in, and as far as a permanent base of operation.

6 And Marty talked to me about--and eventually, this
7 led to discussions with Richard Frank about the possibility
8 of forming a more permanent relationship with IBC. And these
9 kind of discussions went on over some period of time, and it
10 was something that Marty was a great advocate for, and that,
11 frankly, I saw some advantages to it because of the difficul-
12 ty of working just as a single person, you know, handling
13 your clients, and sometimes, the needs of the clients became
14 greater and you needed more assistance.

15 So I saw the benefits to it. Over a period of
16 time, discussions were held about the possibility of forming
17 this association, and eventually, as you know, it did take
18 place, and it was formalized in a document in July, I
19 believe, of 1986.

20 Ongoing with--well, that's another subject. Let me
21 just stop there and let you ask the questions.

22 Q To refocus you, was there a time in or about
23 January of 1986, when payments by IBC to you and Mr. Artiano
24 increased over and above the \$20,000 monthly retainer?

A There were bigger checks. The relationship at that

UNCLASSIFIED

UNCLASSIFIED

1 time was still the same. It was a relationship with IBC, a
2 commitment over a long period of time.

3 Q And that was a 2-year commitment at \$20,000 a month?

4 A Correct. Yes.

5 Q That was not the schedule on which the payments
6 were made, is it fair to say, over the--

7 A That's correct.

8 Q In 1986, you were not receiving \$20,000 a month?

9 A No.

10 Q Why not?

11 A There were times when acceleration was requested.

12 Q Was requested by whom?

13 A I'd have to say in the initial phase, like there
14 was an acceleration end of January. That came as a part of a
15 discussion between Marty and I, and I believe Marty made the
16 request. In the early stages, as I said before, Marty was--I
17 don't want to use the word business agent because he was a
18 partner in this client, but his part of the responsibility
19 was defining the relationship, and had far more communication
20 with the principals than I did.

21 Now eventually that changed, but in the initial
22 stages, when there were things to be discussed, Marty and I
23 would discuss it, and Marty would take it in and talk to Rich.

24 Q So throughout this period there were discussions
25 that Mr. Artiano would have had with Mr. Miller to which you

UNCLASSIFIED

UNCLASSIFIED

1 were not privy? At least you weren't present when the
2 conversations took place?

3 A That's correct. Now those may have been in person,
4 or phone. I have no idea how they took place, but I just
5 know that he did have communication, independent of my
6 communication.

7 Q Now you said you and Mr. Artiano discussed ac-
8 celerating payments, and then he eventually took that as a
9 request to Mr. Miller. Is that correct sequence there? -

10 A Correct.

11 Q Can you tell me when you first had these discussions
12 with Mr. Artiano.

13 A They would have to be some time in January.
14 Exactly when, I don't know. What was happening is that what
15 was being asked for, and the projects that were now being
16 envisioned greatly exceeded what we had anticipated was
17 originally to take place, and, frankly, there was a fear on
18 his part, and frankly, mine, too, even though I hadn't--

19 Q His being Mr. Artiano?

20 A Marty. Mr. Artiano. A fear that in Washington,
21 when you have clients--today you have a client and tomorrow
22 you don't. I mean, things are very volatile, and because you
23 have a permanent arrangement doesn't in fact mean that that's
24 what's going to take place.

A client can become dissatisfied with your perfor-

UNCLASSIFIED

UNCLASSIFIED

art99

1 mance and just end the relationship. And that frankly, one
 2 of the things--because we were very new into this relation-
 3 ship, Marty and I were both concerned that maybe this may not
 4 be going on as long as we thought. And so that was the
 5 discussions we had, and it resulted in Marty making a request
 6 for acceleration.

7 Q Now this was less than one month, or approximately
 8 one month into the original relationship?

9 A Right. Probably the second month because I think
 10 we started some time in December.

11 Q And started some time in December, and some time in
 12 January you were already discussing recutting the deal, is
 13 that fair to say?

14 A No, I don't think it's recutting the deal; it's
 15 just accelerating the payments. In other words, a commitment
 16 had been made, a long-term commitment, and for that, I was
 17 going to work, as far as PR effort, just with IBC, and not
 18 affiliate, even informally, with any other group, and so that
 19 part had not changed at this time.

20 Q But we can agree there's at least an appreciable
 21 difference between \$20,000 a month for over the space of two
 22 years, and accelerating those payments up into a single year,
 23 or whatever the term was that was ultimately agreed on?

24 A Yes. Even though I'm not so sure what his discus-
 25 sions were with Rich. Obviously, an acceleration was

UNCLASSIFIED

UNCLASSIFIED

1 perfectly acceptable to IBC because they made the payment.

2 Q From your standpoint, why was an acceleration in
3 order?

4 A Again, what was requested from IBC started to
5 exceed what our original expectations were.

6 Q In what sense?

7 A The workload was getting heavier. In other words,
8 it's a far cry from initially talking about introducing their
9 client, Channell, to Frank Fahrenkopf, or Paul Laxalt, or
10 Elliott Abrams, just to describe their meeting, to all of a
11 sudden, now, can we do this briefing, we could like to do a
12 briefing, and we want to do Constitutional Minutes, and we
13 want to do SDI. And their so-called "wish list" started
14 going into the pages and pages of things that they were
15 interested in doing.

16 And so it was really based upon that that--you
17 know--in partial, and a concern that maybe this thing would,
18 say, maybe would not be around forever, that the request was
19 put in.

20 Q Well, let me see if I can get you to be a little
21 bit more specific. What did you understand in December of
22 1985 that you were going to be asked to do, and how did that
23 change in January of '86?

24 A As I've said before, the initial discussions had to
do with increasing the visibility of their client, IBC's

UNCLASSIFIED

UNCLASSIFIED

101

art101

1 client, Channell, originally, with some of the people that I
2 mentioned, and it was not in the early stages--

3 Q Essentially by setting up meetings, is that fair to
4 say?

5 A Well, sure. Introducing them to the kind of people
6 that they wanted to meet, to describe their programs, and
7 where they wanted to go with those programs. And all of a
8 sudden, very quickly, it evolved into something much bigger,
9 and the projects went from the discussion stage to specifics,
10 and we had--very soon we were involved in a dozen projects.

11 Q Was there any attempt made in December of 1985 to
12 get a written agreement as to what you were doing for the
13 \$20,000 a month?

14 A No.

15 Q It was just all an oral basis only?

16 A Yes, as were a lot of the relationships that we
17 entered into on other clients, meaning Marty and I.

18 Q In January of 1986, was there any attempt to get in
19 writing exactly what you were supposed to do, and how much
20 you would be paid for it?

21 A No, not to my recollection at all. I never
22 requested it.

23 Q How did you understand, or what did you understand
24 to be the proposal as far as acceleration went?

A How did I understand the proposal?

UNCLASSIFIED

UNCLASSIFIED

art102

102

1 Q What were you and Mr. Artiano asking IBC to do?

2 A Well, Marty put in a request to increase the
3 payment.

4 Q But it was at \$20,000 a month. To what did he want
5 to increase it?

6 A On that he made a specific request for 25 apiece.

7 Q So a \$50,000 increase, or \$50,000 monthly total--

8 A No, no. It was just a one-shot--you know--can you
9 accelerate on this date?

10 Q So it was a one-shot \$50,000 acceleration?

11 A That's my understanding of it.

12 Q And was that to be in addition to the regular
13 \$20,000 per month retainer?

14 A I believe at that time that the January payment had
15 been made. I'm not too sure what the anniversary day--maybe
16 it had been or hadn't, but I believe it had been made already.

17 Q Was anything further asked in the way of accelera-
18 tion other than the front-loading \$50,000?

19 A Not at that time, no.

20 Q Was there any proposal made to compress the entire
21 \$240,000 up to the first four months of '86?

22 A You mean, in[✓] other words--

23 Q Compress the whole contract?

24 A No, not that I ever recall. I remember that
25 specific request--you know--in the month of January.

UNCLASSIFIED

UNCLASSIFIED

art103

1 Q When this proposal was made to Mr. Miller by Mr.
2 Artiano--I don't know whether you were there, or not--but did
3 you learn, either at that time, or at a later time, that Mr.
4 Miller relayed that request to Mr. Channell?

5 A I don't know that it had--our relationship was with
6 IBC. It was a commitment from Rich Miller and Frank Gomez
7 for a long-term relationship with IBC, not only on this
8 client but on other clients of theirs, and so the request
9 just went to him, and that's as far as it went. I mean, as
10 far as I know. What his internal mechanism was, I have no
11 idea.

12 Q But you certainly were aware that he had to pass at
13 least a portion of that on to Mr. Channell?

14 A Oh, sure. I knew that he was billing Channell for
15 a wide range of his activities, and the activities were
16 related to Fischer and Artiano.

17 Q Were you aware that he was passing your fee through
18 to Mr. Channell?

19 A Was I personally? I just assumed that he was. I
20 mean, I don't have--you know--I don't have--again, in the
21 initial stages, I don't recall ever having money conversations
22 with anybody other than Artiano.

23 Q But you assumed that he was passing it through?

24 A Yes.

25 Q And it was Mr. Channell's work that initiated your

UNCLASSIFIED

UNCLASSIFIED

1 request--by you I mean Mr. Artiano's--your request for
2 acceleration, and not any other client that IBC might have
3 had?

4 A That's correct.

5 Q So you also would have assumed, would you not, that
6 any additional incremental, or any accelerated fee would also
7 be passed to Mr. Channell?

8 A You know, that might be a fair assumption.

9 Q Do you know whether Mr. Miller discussed it with
10 Mr. Channell?

11 A No. I don't. Channell's and Miller's relationship
12 was something that they discussed. What their financial
13 arrangements were, how they ran invoicing, how they did
14 bookkeeping, I, at that time, and never did know, how he ran
15 his business.

16 Q Do you ever recall being present at a meeting with
17 Mr. Miller and Mr. Channell, and perhaps other people as
18 well, but specifically those two, at which fee arrangements,
19 your fee arrangement was discussed?

20 A There was one meeting that did take place and it
21 was as a result of a request by Marty, and it had to do with--
22 -I don't know when it was, or how I came to hear this, but
23 there was--someone had said that there was a specific
24 arrangement, financial arrangement tied to meetings, and
25 there was a meeting held with everyone and it was in a

UNCLASSIFIED

UNCLASSIFIED

1 conference room at IBC, in which that was discussed, in which
2 Marty took the lead on the meeting.

3 And about the only thing I can recall is that, you
4 know, he raised the issue, and, you know, recapped what the
5 relationship had been from the beginning, and, basically,
6 straightened out the arrangement.

7 In my recollection everyone concurred that, you
8 know, our arrangement was as he said it was, and that was
9 pretty much--that's the only time I ever remember being in
10 one big room, discussing money, with Channell in the room and
11 Miller in the room.

12 Now I can tell you about later conversations that
13 Channell had with me, but as to that one meeting, everyone in
14 one room, there was that one meeting that I recall.

15 Q Do you recall when that took place?

16 A I don't. Very early in '86.

17 Q Do you remember whether it was before, or after,
18 the January briefing?

19 A I'm sure it was right after. You know, I don't
20 think it could have been before because there were no--the
21 January 30th briefing was the first meeting that was even
22 held at the White House. You know, I would assume it would
23 be after January 30th.

24 Q Do you recall when this proposal for acceleration
25 was being floated, Mr. Miller coming back to you, and perhaps

UNCLASSIFIED

UNCLASSIFIED

art106

1 Mr. Artiano, and asking about the ability to schedule photo
2 opportunities or meetings with the President, in the context
3 of your request that payments be accelerated?

4 A No, because I think that the mention of the pos-
5 sibility of photos with individuals happened even prior to
6 the January 30th meeting. At some point--you know--I don't
7 know when it was discussed, but it was all right around the
8 time of the January 30th meeting.

9 Q But some time in January, prior to the January 30th
10 meeting, there were discussions of acceleration, is that fair
11 to say?

12 A Yes.

13 Q In the context of those discussions, do you
14 remember Mr. Miller coming back to you and saying, what is
15 your ability to produce, or to get people in to the President?

16 A In the context of acceleration, no, because, again,
17 I don't remember having any conversations about acceleration.
18 That was something that Marty handled, and, you know, at this
19 stage of the game I was not involved in money discussions.

20 Q Do you ever recall Mr. Miller indicating to you,
21 or, to your knowledge, Mr. Artiano, in substance, that in
22 exchange for acceleration of the payments under the contract,
23 Mr. Channell would like to see White House meetings?

24 A I don't recall anything like that.

25 Q Do you ever recall him coming back and asking you,

UNCLASSIFIED

UNCLASSIFIED

1 on behalf of Mr. Channell, in the context of the acceleration,
2 whether it would be possible to schedule a certain number of
3 White House meetings?

4 A No, because, again, I never remember talking to
5 Rich about acceleration at this time at all.

6 Q Do you recall a discussion like that at the same
7 time, or in the same timeframe as when the request for
8 acceleration was on the table?

9 A No. Again, I don't recall discussions about
10 acceleration other than with Artiano.

11 Q But there was a time period where that was on the
12 table, and you were also having other discussions with Mr.
13 Miller. Do you recall having discussions about presidential
14 meetings that proposal was on the table?

15 A While that was on the table? You know, I just
16 don't know the timeframe of when that was. You know, I
17 believe that individual photo opportunities may have very
18 likely been discussed in January. I don't know for sure.
19 I'd have no way--I don't have a piece of paper that says it
20 happened, but I believe it would have been in January.

21 And so the timeframe, I just--I don't have anything
22 that can help me, one way or another.

23 Q Just so we make sure the record is clear on this
24 point, was there ever, to your knowledge, an offer or
25 agreement to produce, or to schedule meetings with the

UNCLASSIFIED

UNCLASSIFIED

1 President in exchange for any fee, any set amount to be paid
2 to you or--

3 A That kind of proposal was never discussed, that I
4 can ever recall. Now there's no question--and I'll make it
5 real clear--that those kind of photos certainly became part
6 of the things that were asked for and that I agreed to do,
7 and that did become part of the responsibility. But it was
8 not discussed, initially.

9 It soon became part of the things that were
10 discussed, and I did agree to that, after checking it out,
11 and that it was--you know--and I found that in fact it could
12 take place. And as I've said, and in fact it did occur, and
13 occurred as late as last October.

14 Q And with whom, again, did you check it out?

15 A Don Regan. And again, then, I told you before, the
16 process under--how which they were actually implemented, but
17 for permission, that was directly from the chief of staff.

18 Q Between January and June of 1986, were there any
19 other changes of significance in your relationship with IBC,
20 other than this one-shot acceleration of payment, \$50,000?
21 Were there any other modifications?

22 A Another acceleration?

23 A Were there any other accelerations?

24 A Yes. There was an acceleration.

Q And when was that?

UNCLASSIFIED

UNCLASSIFIED

109

art109

1 A That took place in April and that was for--and that
2 was one that I specifically asked for, for 50,000.

3 Q And why did you ask for that?

4 A Two reasons. At the time, January 1st was the
5 official cutoff with the relationship with--the salaried
6 relationship with Huntsman Chemical. I had a transition
7 period from December to April 1st in which I was still on
8 salary with Huntsman, and it was a transition period in which
9 I was able to go out and to put together a business. That
10 ended on April 1st.

11 We had a very large payment due on a note in Utah,
12 a payment of--what was it? 25,000, or 25,000 plus interest,
13 or 20, plus interest--anyway, it was a large payment, and we
14 needed an extra infusion of cash to not only take the money,
15 pay the taxes on it in our quarterly statement, and to make
16 the payment to the bank.

17 Q We being yourself and your wife, or yourself and
18 Mr. Artiano?

19 A No, no. I'm sorry. It was a personal note my wife
20 and I had. It had to do with our residence. There was an
21 extra note on the house that was due in April.

22 Q And the work that you were doing for IBC changed
23 significantly between your request for acceleration in
24 January and the request in April?

25 A Yes.

UNCLASSIFIED

UNCLASSIFIED

1 Q How?

2 A The activity increased, and also--well, more
3 activity for Channell. But also, at this point, we were
4 beginning serious discussions about a permanent, or more
5 permanent relationship with IBC. You know, the talks went on
6 for months, and this was going on about this time.

7 Q Did you yourself--

8 A Let me give you some specifics on Channell.

9 Q Sure.

10 A By this time, SDI was really going. You know, the
11 initial part--you know--the January 30th had to do with the
12 contra issue, and, you know, now by the time we're into April
13 the vote's coming up, and that is now not as important as the
14 SDI program, as the Constitutional Minutes, and, you know,
15 they were beginning to start focusing on other projects that
16 they wanted to get instituted. Not only those. The Reagan
17 Library.

18 They had--I can give you ten more, other projects,
19 totally unrelated to this, that were now all ongoing, and now
20 we're into the area of bigger--of much bigger "wish lists" of
21 things that were to be accomplished, or what they would like
22 to accomplish.

23 And so the activity was increasing, and we also
24 had, at the same time, you know, discussions about formulating
25 this association, I'll call it.

UNCLASSIFIED

UNCLASSIFIED

111

art111

1 Q But at that time, in April of 1986, again, there
2 was no attempt to reduce the agreement, at that point, to
3 writing?

4 A No. It was all--you know--it was leading up to
5 that, and that was one of the things that Marty was helping
6 on.

7 Q Was it your understanding that the two advances of
8 \$50,000 that had taken place up to that time were that, were
9 advances from the back end of the two-year term?

10 A Yes.

11 Q Was there any discussion, at that point, in April
12 of 1986, at or about the same time that you were discussing
13 the second \$50,000 advance--was there any discussions of
14 setting up meetings with the President for contributors? I'm
15 not linking them in any cause and effect relationship.

16 A In fact do that all over again because I was
17 daydreaming for a second.

18 Q At that time, in April of 1986, were you also
19 discussing with Mr. Miller and Mr. Channell, and Mr. Conrad,
20 setting up meetings with the President for contributors?

21 A Oh, they had already taken place. It was an
22 ongoing process.

23 Q And there were still some to take place, is that
24 fair to say?

A Yes.

UNCLASSIFIED

art112

UNCLASSIFIED

112

1 Q Did anyone ever express any linkage between the
2 April payment and any future meetings with the President?

3 A No. I don't ever recall that kind of discussion,
4 no.

5 Q How about any past meetings with the President?

6 A No.

7 Q Did you conduct those negotiations yourself, or was
8 that, again, Mr. Artiano?

9 A No. On that acceleration?

10 Q Yes.

11 A No. I believe, on that one, I asked Rich. By this
12 time Rich and I had started to establish a working relation-
13 ship. Prior to this--you know--in January, I didn't really
14 know him very well, my contact had been very infrequent, and
15 by the time April came along, we had a pretty good working
16 relationship, and had been through a lot of different
17 meetings and that, at that point.

18 Q Am I correct to assume that, when we talk about
19 \$20,000 a month, or these accelerations of \$50,000, these
20 were all being divided, 50/50, between you and Mr. Artiano?

21 A Yes. And let me just throw another complicating
22 factor into this thing, and another reason that we started
23 these discussions on a permanent relationship.

24 Throughout this time there were--Spitz Channell
25 would take me aside after a meeting--and I can't give you the

UNCLASSIFIED

UNCLASSIFIED

1 timeframe--but it was early on, in which he made an offer for
2 me to join his business, and offered a lot of money on
3 different occasions.

4 And the idea was, let's pull away from IBC--you
5 know--we'll set you up here, and you'll be working with us
6 and for us, but only on our projects. And those, the first
7 amount he offered was \$40,000 a month, and then it became--you
8 know--anyway that goes on later, on discussions I had with
9 him. But this was going on in the same time period.

10 In other words, Channell was very interested in
11 having me affiliate with him, and wanted to deal with me
12 directly, rather than dealing with me through Rich Miller,
13 and, frankly, just wanted to have, you know, a certain amount
14 of time devoted directly to his organizations.

15 Q Again, leading up to June of 1986, were there any
16 other changes or accelerations, or restructuring of the
17 relationship, other than the ones we've referred to?

18 A Some time in that time frame, there was the discus-
19 sions with Artiano and Rich about forming this permanent
20 relationship with IBC. We were talking specifics, and how
21 the thing was to occur. One of the points that was being
22 discussed was a real point of interest to both the IBC side,
23 and mine, was that what clients go into the association.

24 Do we take our existing and put them into the pot,
25 or is it just new clients that we bring in? Does that become

UNCLASSIFIED

art114

UNCLASSIFIED

114

1 the basis upon which we form this association, in which we
2 have the fee-splitting arrangement that is in the contract?

3 And at the same time this is going on, I have
4 gotten to know Channell a little bit better, and he has
5 already made several attempts to get me to come and join
6 them. And I learned a little bit more about how he operated
7 in that you could fall in and out of grace with him fairly
8 easily.

9 You know, if he was not pleased with the work
10 product, one day you may find yourself on retainer and the
11 next month you may not. And I knew that he and IBC had had a
12 long-term relationship, but there was some concern about what
13 was going to happen after the vote, and if the contra thing
14 passed, and they were no longer needed on this issue.
15 Exactly, of all the different consultants that Channell had,
16 who was he going to keep, and who was he going to use?

17 We came down on, in the negotiations among the
18 group on how to form this association with Fischer and IBC,
19 with the decision that clients that you had ahead of time,
20 prior to signing, were your clients, and anything that came
21 on board, once the association was formed, or anything that
22 you had that you wanted to put into the group because you
23 could no longer do it by yourself and you needed the assis-
24 tance--that, you know, those that are separate stay separate,
the new ones go into the pot.

UNCLASSIFIED

UNCLASSIFIED

1 And so in this context, Channell--and I did have--I
2 think there were several discussions. I remember several
3 times when he offered me, earlier on--come on board, and
4 we'll offer you this. But he wanted me to disassociate from
5 IBC, and completely be--I could still do other things, but on
6 any of this kind of activity, be directly linked with his
7 organization.

8 I told Rich about that, and Rich knew what was
9 going on, and what we eventually agreed on--his relationship
10 with Channell--he, meaning Rich Miller--that was to stay
11 separate. He and Gomez, they were going to continue doing
12 that.

13 And what I ended up doing was--and this, again, was
14 something Rich and I talked about, and we basically or-
15 chestrated it. I formed a separate agreement with Channell,
16 still working through IBC. The reporting relationship, and
17 all of that, maintained the same.

18 And he again offered the large amount, went down
19 to--he then offered 30,000 a month, and I said no. And I am
20 the one that named the figure twenty. And 20,000 a month,
21 that would be from the Channell organization, through IBC,
22 and then IBC to Fischer. And that was something that--I
23 wanted to be very careful because I met all of these people
24 through Rich Miller, that was his primary client, and we
25 structured something that was perfectly acceptable to him,

UNCLASSIFIED

UNCLASSIFIED

1 and still protected his client--he still had them--and then I
2 had that separate arrangement.

3 Q Now was this money to be split with Mr. Artiano?

4 A Well, no. Once that got formalized, and, that was
5 somewhere from--you know--I would say from around April time,
6 you know, into June, when we eventually signed the agreement.

7 My separate arrangement with Channell was going to
8 be just that. It was separate. I was then--you know--we
9 thought we'd be moving here, to Washington, a lot sooner.
10 And so that was going to become a permanent working relation-
11 ship at IBC.

12 And Marty, at this time, was negotiating with Rich
13 on some other matters, and which did not concern me. He had
14 some kind of other arrangement with Rich. And so once
15 Channell and I agreed to that--and it was just an informal
16 arrangement. Again, there was no contract. Once that got
17 going, then those monies that went into IBC were earmarked
18 strictly for me, and that money was mine and I did not write
19 checks to anyone out of that.

20 Q So coming to the end--and I'm just trying to
21 reconstruct this--coming to the end of that period, you had
22 your agreement with IBC, unwritten, for \$20,000 a month over
23 two years, and you were receiving, in theory at least, you
24 were receiving \$20,000 a month under that agreement, which
you would split 50/50 with Mr. Artiano, is that correct?

UNCLASSIFIED

UNCLASSIFIED

1 A Yes.

2 Q That's one element.

3 A Yes.

4 Q You also received two accelerated payments of
5 \$50,000, one near the end of January 19867 and one in or
6 about April of 19867

7 A Yes. I got 25,000 on the first but I got the
8 entire 50 on the April payment.

9 Q So the January acceleration of \$50,000 was split
10 50/50 with Mr. Artiano?

11 A Correct.

12 Q The April acceleration was not?

13 A Correct.

14 Q But that was an acceleration of--

15 A My agreement, or our agreement with IBC.

16 Q But you didn't accelerate Mr. Artiano's portion of
17 that agreement?

18 A I asked Rich to do that for me because I needed--
19 you know--for the reasons I've explained. That had nothing
20 to do with Marty. Now what Marty did on his acceleration, I
21 don't know. He may have; he may not have.

22 Q Well, did you understand that \$50,000 to be
23 deducted from the back end of your 24-month contract, without
24 regard to Mr. Artiano's share of that \$50,000? I mean, were
25 they taking just your half of the--

UNCLASSIFIED

art118

UNCLASSIFIED

118

1 A No, I considered that to be--you know--fulfilling an
2 obligation to me. If it had been part of Artiano, I would
3 suppose that I would have written a check to him for half of
4 it.

5 Q Was Mr. Miller aware of your 50/50 split with Mr.
6 Artiano?

7 A Again, I didn't discuss money with Rich, but I
8 would assume that Marty probably told him about it. I think
9 later on, you know, when we had subsequent discussions about
10 things we may have talked about it. I'm sure that Marty
11 fully discussed it with him, probably right up front. He had
12 to know. He was writing the checks.

13 Q At any rate, the \$50,000, in April was not--there
14 was no written agreement. You kept 100 percent of that
15 \$50,000?

16 A Yes.

17 Q There was then, a side deal that you had with Mr.
18 Channell, again unwritten, is that right?

19 A Unwritten.

20 Q For \$20,000 per month, which was billed through IBC?

21 A Correct.

22 Q And transferred directly from IBC to you?

23 A Yes.

24 Q And, again, Mr. Artiano did not share in those
proceeds?

UNCLASSIFIED

UNCLASSIFIED

1 A In that he did not, no.

2 Q Up until the time where you set up a joint venture
3 with IBC, did you receive any other funds from IBC, or from
4 any of Mr. Channell's organizations?

5 A No. I don't believe at all. Looking at my records
6 we never--not we--my wife and I. David C. Fischer and
7 Associates, in any relationship with the Channell organiza-
8 tions, never took any money directly from any of Channell's
9 organizations.

10 There were--because I saw one of them flashed on a
11 TV screen one time--supposedly some checks were written from
12 one of their organizations directly to me for a monthly
13 retainer, and it was sent over to IBC. IBC sent it right
14 back and said, you know, this is--you know--it's made out
15 incorrectly, make it out to IBC, and then--you know--and then
16 we pay Fischer.

17 The reason for that, it was Rich Miller's client,
18 originally, and I wanted everything to go through him, and
19 that's the way he wanted it, and it's certainly the way that
20 I wanted it.

21 Q I understand that, but my question really is an
22 attempt to close the set on the income streams, if I can,
23 prior to your entering into a joint venture. We've identified
24 what I've called the three streams, which are the original
25 agreement with IBC, two accelerations of \$50,000, and the

UNCLASSIFIED

UNCLASSIFIED

1 side agreement with Mr. Channell.

2 A Right.

3 Q Other than those three streams, in the amounts
4 we've discussed, did you receive any additional income from
5 IBC or from Mr. Channell?

6 A I believe that is--that was all of the accelera-
7 tions.

8 [Briefly off the record]

9 MR. MCGOUGH: Go back on the record.

10 THE WITNESS: We discussed other client matters
11 with IBC. I mean, he had other clients going on, and I was
12 consulted about those, but I'm going to have to say that the
13 compensation at this point was for the--was for his client,
14 Channell. But I did participate--and specifically what they
15 were I can't tell you--but he had other clients going at the
16 time, and I would be asked, occasionally, you know, for input
17 on some of those.

18 BY MR. MCGOUGH:

19 Q Would you be paid?

20 A But I would not say that I would be paid for those.
21 He may have considered it part of but my--we started working,
22 officially, on other clients, after we formed that associa-
23 tion, but I did assist him on other matters. But I would
24 call that more on an unofficial, kind of an ad-hoc basis.

Q Let's go to the formation of the joint venture.

UNCLASSIFIED

UNCLASSIFIED

1 When was that?

2 A I believe the date is like the first week of July
3 of '86.

4 Q And I believe Mr. Fryman's going to ask you some
5 questions about that. Why don't we mark them as exhibits,
6 since we're here. Mark them 7 and 8.

7 [Documents were marked for identifica-
8 tion as Fischer Deposition Exhibits Nos.
9 7 and 8]

10 BY MR. MCGOUGH:

11 Q Why don't you take a look, Mr. Fischer, if you
12 would, at Exhibits 7 and 8.

T6 13 A Do you want me to sit and read this?

14 Q No, no. Do you recognize them?

15 A I've seen this a long time ago, yes.

16 Q Is this the proposal for a joint venture, and then,
17 ultimately, the joint venture agreement?

18 A Yes. It's got my signature on this one.

19 Q The joint venture agreement itself is Exhibit 7, is
20 that correct?

21 A Correct.

22 Q And it's by letter dated July 7th?

23 A July 7th and signed by Fischer and Miller. And
24 then there's a separate page that's signed by Artiano.

Q Is that agreement still in place between yourself

UNCLASSIFIED

UNCLASSIFIED

1 and IBC?

2 A Yes.

3 Q And have you continued to receive compensation
4 under that agreement from IBC?

5 A Oh, when was the last? I think there hasn't been--

6

7 Q Let me back up. Through what date did you receive
8 compensation?

9 A February.

10 Q Of 1987?

11 A Yes. I think that's probably about right. And
12 maybe there would have been later. I have to--you know--
13 again, you've got the checks. I think that was the last one,
14 February. It may have been March.

15 Q Did this agreement also supercede your agreement
16 with Mr. Channell? The separate, the side agreement?

17 A Supercede? No.

18 Q So did you continue to receive \$20,000 a month from
19 Mr. Channell?

20 A Correct. Through IBC, and that continued until--I
21 think the last time was January of '87, I believe was the last
22 payment, and those were consistently--you know--twenty,
23 twenty.

24 Q This agreement did, however, substitute for the
25 original \$20,000 per month agreement you had with IBC dating

UNCLASSIFIED

UNCLASSIFIED

1 back to December of '85?

2 A I don't know if it superceded or was included. I
3 don't ever remember that even being discussed.

4 Q But you didn't expect to continue to receive
5 \$20,000 from IBC as a monthly retainer?

6 A For--no, I was getting \$20,000 a month from the
7 Channell organization.

8 Q From Mr. Channell, but originally, that was in
9 addition to the \$20,000 a month retainer that you were -
10 splitting with Mr. Artiano?

11 A Yes. I wasn't--you know--I wasn't getting from
12 both sources.

13 Q Wait a second. Now I'm confused.

14 A In other words, are you saying did I get 20 from
15 one and 20 from another?

16 Q Let's go back to the pre-joint venture period,
17 because I was under the impression that you were continuing
18 to receive \$20,000 from IBC, which you split 10 and 10 with
19 Mr. Artiano, and, in addition to that, received an additional
20 \$20,000 per month.

21 A No. I think if you'll see the--if the bank
22 statements all--you know--there was \$20,000 a month to
23 Fischer, and that \$20,000 was--for lack of a better word,
24 I'll call it a pass-through. It was Channell organization to
25 IBC, 20 to 20 to IBC, 20 right out IBC to David C. Fischer

UNCLASSIFIED

UNCLASSIFIED

1 and Associates.

2 Q And that was in lieu of the original retainer that
3 you had--the agreement that you had with Mr. Miller, original-
4 ly, for \$20,000 a month?

5 A I don't know if I want to even call it in lieu of,
6 because I've got to tell you, when that took place, that was
7 the deal that was struck with Channell, and I don't know if
8 it supplanted or what. I don't know how to answer this
9 because it was not something that was discussed. Rich knew
10 the negotiations were going on with Channell for that
11 separate deal, and he said it was okay with him, and that's
12 what we did, and that became, you know, the compensation.

13 Q And then you did not receive additional compensation
14 from IBC?

15 A Not until after the agreement was signed, and we
16 started doing other things, and other clients, and all along,
17 the 20,000 continued from Channell.

18 Q Was that the deal where Mr. Channell offered you,
19 originally, a greater amount, \$30,000 a month?

20 A Channell originally offered me more than that.
21 First it was forty, and, a lot of times these were informal
22 discussions. After a meeting he'd say, look, you know, if
23 you'd ever be interested we'd really like to have you come
24 over here. I know you haven't decided on what you're going to
25 do in the future, but we'd like to make you an offer and like

UNCLASSIFIED

UNCLASSIFIED

125

art125

1 to have you come in an office with us.

2 And at one time there was a more formal thing,
3 where we sat down and actually cut the deal that I'm talking
4 about, but it was after I had discussions with Rich to let
5 him know what was going on, that there was an attempt to get
6 me to disassociate from him and go to work for Channell.
7 I'll just stop there. I'm rambling.

8 Q I'm a little bit confused. Let me see if I can
9 explain my confusion, and then you can help me.

10 In January of '86, you and Mr. Artiano essentially
11 concluded that you were working too hard for the money that
12 you were being paid?

13 A Well, I didn't say too hard. I just said the
14 workload increased.

15 Q Had increased beyond what you'd originally an-
16 ticipated, and therefore you requested a \$50,000 accelera-
17 tion. Is that correct?

18 A And there was a concern that maybe this was not
19 going to be a real permanent client. I mean, based on
20 experience primarily that he'd had in Washington.

21 Q And in April, when a lot of these programs, as you
22 said, were starting to really take off--SDI and that sort of
23 thing--you again requested a \$50,000 acceleration, in part
24 because you needed to pay the note, but also, because the
25 work had grown larger.

UNCLASSIFIED

UNCLASSIFIED

1 A It was primarily because we had that large payment
2 to make, and there was a cutoff of that permanent relationship
3 with Huntsman at that time. So that was the reason for the
4 acceleration, and I explained that to Rich. I said I've got
5 this obligation to meet.

6 Q All right. At or about that same time, you
7 negotiated with Mr. Channell to substitute a direct agreement
8 to him for the original agreement that you had with Mr.
9 Miller for \$20,000 a month?

10 A No. This had nothing to do with the relationship
11 with--Rich Miller made an agreement with Artiano and Fischer
12 for a long-term relationship.

13 Q Right.

14 A That's one thing. The subsequent discussions with
15 Channell didn't substitute, didn't take the place of. It was
16 just discussion that Channell and I had, and that I kept
17 Miller appraised of.

18 Q Am I the only one that's confused in here, because
19 here's what we've got in, say, May of '86. Let's take May of
20 '86.

21 Under your agreement with Miller, you're entitled to
22 get \$20,000 a month, which you split with Artiano 50/50?

23 A Correct.

24 Q All right. Now you have a separate agreement with
25 Mr. Channell. Now either you are negotiating over that same

UNCLASSIFIED

UNCLASSIFIED

1 \$20,000 or you're getting an additional \$20,000. And what I
2 don't understand is whether you, in May of '86, expected to
3 get \$20,000 from Mr. Miller, and \$20,000 from Mr. Channell
4 through Mr. Miller, for a total of 40,000, or whether all you
5 were looking to get through Mr. Miller was \$20,000?

6 A At that point, all I got from Miller was twenty a
7 month, period.

8 Q Right.

9 A That's all that I received.

10 Q And were you expecting the \$20,000 you were getting
11 from Mr. Channell to be in addition to that?

12 A I'm really missing the boat here. It was Channell.
13 At this point it was Channell's money.

14 MR. MCGOUGH: Let's go off the record.

15 [Discussion off the record]

16 MR. MCGOUGH: Let's go back on the record and see
17 if we can reconstruct some of what was said.

18 BY MR. MCGOUGH:

19 Q As Mr. Fryman pointed out, there was a period of
20 time at the beginning of the relationship, when you and Mr.
21 Artiano were collecting a total of \$20,000 from IBC, and it
22 was split 10 and 10?

23 A Correct.

24 Q There then came a period of time, in April or May of
25 1986, when you entered into a side arrangement with Mr.

UNCLASSIFIED

UNCLASSIFIED

1 Channell, and you began to receive \$20,000 from IBC, which
2 had as its source Mr. Channell. He would pay IBC twenty, and
3 you would collect twenty?

4 A Yes.

5 Q Mr. Artiano, nevertheless, as you understood it,
6 still collected his \$10,000 from IBC?

7 A Yes.

8 Q And up until the time of the joint venture agree-
9 ment, that was the state of your income stream, other than
10 the two accelerations that we've discussed, your income
11 stream from IBC?

12 A I believe that's correct, yes.

13 Q Okay. All right. I'm going to change the focus a
14 little bit.

15 A You know, I guess--is what you're asking here was
16 Miller still paying on his--you know--honoring his obligation
17 here, and then were we operating under the side thing at the
18 same time and collecting from both? Is that what you're
19 asking?

20 Q Well, I was very confused. When you talked about
21 making this separate deal with Mr. Channell, I initially
22 inferred that you were doing that in addition to your
23 original agreement with Mr. Miller.

24 A I see. All right.

25 Q And that you were collecting 20,000 from Miller,

UNCLASSIFIED

UNCLASSIFIED

1 plus 20,000 from Channell, through Miller, for a total of
 2 \$40,000, of which 10,000 went to Mr. Artiano. As I under-
 3 stand it now, that was my mistake.

4 What you were really saying was that you were
 5 collecting a total of \$20,000 from IBC in this, after you--

6 A That was paid for by Channell.

7 Q That was paid for by Channell. And that Mr.
 8 Artiano then had a separate deal with Mr. Miller to collect
 9 his ten, or something.

10 MR. MCGOUGH: Let me go off the record for one
 11 second.

12 [Discussion off the record]

13 MR. MCGOUGH: Back on the record.

14 BY MR. MCGOUGH:

15 Q During the period of time since you left the White
 16 House, did you make any payments of money, or gifts, or other
 17 things of value--and let's put a value of, say, over \$100--to
 18 any of these people. I mean, I'll give you just a list of
 19 people.

20 A Since leaving the White House?

21 Q Since leaving the White House.

22 A Okay.

23 Q Elliott Abrams?

24 A No.

25 Q Attorney General Meese?

UNCLASSIFIED

art130

130

UNCLASSIFIED

- 1 A No.
- 2 Q Charles Wick?
- 3 A No.
- 4 Q William Casey?
- 5 A No.
- 6 Q Frank Fahrenkopf?
- 7 A No.
- 8 Q Oliver North?
- 9 A No.
- 10 Q Donald Regan?
- 11 A No.
- 12 Q To your knowledge, were any payments made, or
- 13 gifts, again of that value, made to any of those people on
- 14 your behalf?
- 15 A No, not to my knowledge, at all.
- 16 Q Do you know Ron Paccini?
- 17 A Yes.
- 18 Q And who's he?
- 19 A He's a boyhood friend of Artiano. They grew up
- 20 together in New York.
- 21 Q How long have you known him?
- 22 A I met him probably in 1986. I don't think before
- 23 that I may have. He stayed at Marty's house, occasionally.
- 24 Q On how many occasions have you seen him?
- 25 A Have I been with him?

UNCLASSIFIED

UNCLASSIFIED

1 Q Yes.

2 A Half a dozen times; maybe a dozen. And sometimes
3 being with him, maybe he was staying at the house when I was
4 there, or I would come by and he was there, and we would say
5 hello and that was about it. So, let me put it up to a dozen
6 possible encounters, all the way from bumping into him to
7 having dinner with him.

8 Q Did you ever have any kind of professional or
9 financial dealings with Ron Paccini?

10 A Yes.

11 Q And on what basis?

12 A A client. A client that was with Artiano, two guys
13 in the law firm, and Paccini.

14 Q And what were those dealings?

15 A It was a business client. It had no dealings with
16 the Government. It was strictly a business--it was a
17 business client.

18 Q And what was the--

19 A And I'd be more than happy to tell you. It's just
20 that I don't think I have to talk about personal clients,
21 but--

22 Q Well, let's see how far we have to go to describe
23 the contours of what we're talking about.

24 A But let me describe the client. It's the kind of
25 client who dealt in--it was a client that dealt in goods, and

UNCLASSIFIED

UNCLASSIFIED

1 they had some needs to meet people in related businesses, if
 2 this makes--anyway, it was a straight business deal, and it
 3 was non-related to public relations, it was non-related to,
 4 or had nothing to do with the Federal Government.

5 [Recess and brief discussion off the record]

6 MR. McGOUGH: Back on the record.

7 BY MR. McGOUGH:

8 Q Mr. Fischer, we've been discussing a business deal
 9 in which you participated with Mr. Paccini, some time--I
 10 believe you said in 1986, is that right?

11 A I believe it was '86, yes.

12 Q What we'd like are some of the details of that
 13 deal, particularly who the client was, who the partners in the
 14 deal were, what the purpose of the deal, or what you were
 15 trying to accomplish, and your estimate as to the amount of
 16 money that changed hands as a result of that.

17 A Okay. The client was a company called C.O.M.B.
 18 And it's all capital letters. C, period, O, period, M,
 19 period, B, period. I don't know what it stands for.

20 I believe the client was referred to this group, or
 21 introduced by Ron Paccini, who discussed it with Marty. It
 22 led to a meeting with the client in the law firm. At that
 23 meeting were at least Artiano and I, and probably at least
 24 one other person from the law firm. I just can't recall.

But the participants, you know, the team that was

UNCLASSIFIED

UNCLASSIFIED

1 assembled to handle this client, and who participated,
2 financially--Fischer, Paccini, Artiano, Steve Mauheim, Bob
3 Davis.

4 Q And the purpose of the arrangement, or your
5 services was, in general terms, what?

6 A The client was specifically looking for assistance
7 in obtaining liaison contacts with U.S. corporations, and
8 actually, I believe, maybe even some foreign, in order to
9 purchase consumer goods.

10 Q Did the proposed services have anything to do with
11 the United States Government?

12 A Not at all.

13 Q Did they involve any of your prior contacts at the
14 White House?

15 A I don't believe I contacted anybody at the White
16 House for any of this.

17 Q How about any former employees of the White House?

18 A I don't believe so.

19 Q And to the best of your recollection what--

20 A Now wait a minute. I just thought of--Muffy
21 Brandon who ended up running Rogers and Cowan--I think was
22 the public relations firm. Muffy Brandon used to be the
23 social secretary at the White House and I did have a couple
24 of conversations with her about C.O.M.B., and it had to do
with one of the companies, and I don't know why I thought to

UNCLASSIFIED

UNCLASSIFIED

1 call her, but she did assist with--Muffy was running Rogers
2 and Cowan at the time. I believe that's the only person--

3 Q Rogers and Cowan is what?

4 A A public relations firm based out of Los Angeles.
5 And I believe that was the only person, a former associate,
6 that I ever contacted.

7 Q Now can you give us your estimate as to what the
8 total amount of the fees received were?

9 A I believe the retainer was 10,000 a month for a
10 period of three months to maybe six months, but no longer
11 than six months.

12 Q And was that divided among the participants that you
13 described?

14 A It was divided among the participants, yes.

15 Q Mr. Fischer, at what banks do you maintain accounts?

16 A You're asking the wrong person here.

17 Q Savings or checking.

18 A My wife does that. Right, at present?

19 Q At present.

20 A I think everything is United Virginia Bank.

21 Q Do you have any accounts at any banks in the
22 District of Columbia area, other than that?

23 A No, none.

24 Q When you were in Utah, with whom did you bank?

A Let's see. There was a local bank in Farmington,

UNCLASSIFIED

UNCLASSIFIED

1 Davis County Bank, and a big chain in the West. Let me think
2 for a second. First Interstate Bank.

3 Q Other than United Virginia, Davis County, and First
4 Interstate, in the past four years, have you held accounts to
5 the best of your recollection, deposit accounts--

6 A Best of my recollection were only those two banks
7 in Utah, and the ones we just opened this year in Virginia
8 with the United--I think it's called United Virginia Bank.

9 Q We received from your attorney by letter dated
10 August 4th, copies of your check registers, and I'm not going
11 to go through them. Mr. Fryman and Mr. Oliver may want to
12 ask you some more questions.

13 I only had one question and that related to a check
14 to First Interstate Bank for \$20,000, Check Number 597, and
15 it's undated in the check register.

16 Can you tell me what that--

17 A Do you know what the date is on this?

18 Q No, it's not reflected in the check register.

19 A I'd have to ask my wife, but I have a feeling
20 that's that payment I was telling you about.

21 Q When you say the "payment you were telling us
22 about," you mean the one that sparked your request for an
23 acceleration of your fee?

24 A Yes. Again, I could ask my wife and she would
25 probably know the answer to that, but I believe that's what

UNCLASSIFIED

UNCLASSIFIED

1 it was.

2 Q Mr. Fischer, have you been immunized by the
3 Independent Counsel?

4 A Yes.

5 Q And what kind of immunity have you been granted?

6 MR. MCGOUGH: Maybe that's better addressed to you.
7 I was just interested in his actual status vis-a-vis the IC.

8 MR. WORK: Well, you can probably tell me better
9 than I can tell you, what kind of immunity we have. We have
10 something I think they call down there desk immunity.

11 MR. MCGOUGH: Can you be a little more specific.

12 MR. WORK: I can. I'll show you the letter. Do
13 you want to see it?

14 MR. MCGOUGH: Yes, if you have it.

15 [Discussion off the record]

16 MR. MCGOUGH: After discussion of the record,
17 counsel for Mr. Fischer has agreed to check with the Indepen-
18 dent Counsel, and if they have no objection, providing a copy
19 to both the House and the Senate Committee of the letter
20 granting immunity, or describing whatever it is that they did.

21 The record can reflect here, I think, that Mr.
22 Fischer is testifying without immunity from either Committee,
23 having not requested any immunity prior to testifying here
24 today.

25 MR. BENSON: Tom, may I interject, just make a

UNCLASSIFIED

UNCLASSIFIED

137

art137

1 comment here. I think that inasmuch as we've raised the
 2 issue of immunity, this record ought to be clear that Mr.
 3 Fischer didn't seek immunity from the Independent Counsel.
 4 It was offered to him, and through advice of counsel, he
 5 accepted the offer.

6 MR. MCGOUGH: No objection to that being reflected.

7 MR. WORK: I have no objection. I think what was
 8 put on there is just fine.

9 MR. MCGOUGH: All right.

10 MR. WORK: Now I might add, and I think it's
 11 important, that it was a difficult decision for Mr. Fischer
 12 to accept it because of some of the negative connotation that
 13 sometimes goes along with accepting immunity, and finally, he
 14 did decide to go forward. The description of that decision-
 15 making process was more adequately set forth in Phil Sheehan's
 16 "New York Times" article not too long ago.

17 BY MR. MCGOUGH:

18 Q Finally, Mr. Fischer, just to return to something we
 19 talked about very early, there was one episode that your
 20 counsel alluded to, where you felt you may have received
 21 legal advice from Mr. Fischer or his firm.

22 A You mean Artiano.

23 Q Mr. Artiano or his firm. Excuse me.

24 A Yes.

Q And I believe counsel said that you didn't feel

UNCLASSIFIED

UNCLASSIFIED

1 that it was necessary to invoke privilege on that. Have we
2 discussed it already? Has it been one of the items we've
3 brought up already?

4 Do you have any objection to telling us--

5 MR. WORK: I will just tell you, he did discuss
6 with him, although there was no formal rendering of legal
7 advice. Further, the advice that he received from the White
8 House Counsel's Office when he left, about whether or not any
9 revolving door prohibitions applied to him about doing any of
10 this work, and Artiano's firm advised him that the White
11 House Counsel was right, and the revolving-door provisions do
12 apply to him.

13 MR. MCGOUGH: Is that a correct statement?

14 THE WITNESS: Correct. Yes. That's correct.

15 MR. MCGOUGH: That's all I have, and I'll turn the
16 floor over to Tom Fryman.

17 EXAMINATION BY COUNSEL FOR THE
18 HOUSE SELECT COMMITTEE

19 BY MR. FRYMAN:

20 Q Mr. Fischer, I want to return, for a few minutes,
21 to the original understanding that you and Mr. Artiano
22 reached with Rich Miller and IBC, which I believe you said
23 was reached in December of 1985. Is that correct?

24 A I believe that's correct, yes.

25 Q And at that point, there was no written understand-

UNCLASSIFIED

UNCLASSIFIED

- 1 ing. This was an oral understanding?
- 2 A Correct.
- 3 Q And the understanding provided for payment of a
- 4 monthly retainer of \$20,000, is that correct?
- 5 A Yes.
- 6 Q And that was to be divided between you and Mr.
- 7 Artiano, equally, is that correct?
- 8 A Yes.
- 9 Q And that was to run for a period of two years, is
- 10 that correct?
- 11 A Yes.
- 12 Q So the period of the understanding would extend
- 13 from December of 1985 through November of 1987, is that
- 14 correct?
- 15 A Yes.
- 16 Q Now you also testified that beginning as early as
- 17 January or February of 1986, it developed that you were
- 18 devoting much more time to this arrangement with IBC than you
- 19 had anticipated when you had entered into this understanding
- 20 in December, is that correct?
- 21 A Yes.
- 22 Q And as a result of this additional time commitment,
- 23 Mr. Artiano asked that there be an acceleration of payments
- 24 under the agreement, is that correct?

UNCLASSIFIED

art140

UNCLASSIFIED

140

1 Q Now was your understanding of the acceleration,
2 that that meant, or that the time for completion of your
3 services under this understanding, would end prior to November
4 1987?

5 A I don't believe that was ever discussed.

6 Q Well, what did you understanding? If you're
7 devoting more time than you had expected to devote, and if the
8 payments were being accelerated, didn't that mean that your
9 services would end earlier? Otherwise, what is the purpose
10 of the acceleration?

11 A I'll be very honest with you. I don't believe that
12 was ever discussed. You know, we were basically, you know,
13 going month to month with this relationship, until I formal-
14 ized an agreement with IBC, that then became a formal
15 document, and ended up with an office, and all of the things
16 that--you know--the things that you do to go into business
17 with somebody.

18 Q Well, as of January or February 1986, at least one
19 month's retainer at the end of the contract had in effect
20 been paid to you. Now did you expect to be working in
21 November of 1987 for no payment?

22 A I don't believe that was ever discussed. I don't
23 believe I ever thought about it. I just--you know--as I've
24 said before, very early on we started talking about the
25 possibility of forming a permanent relationship, and that's

UNCLASSIFIED

UNCLASSIFIED

art141

141

1 eventually what happened, and beyond that--I don't know how
2 else to answer that question.

3 Q The monthly payments under the understanding were
4 \$20,000 you've testified?

5 A Correct.

6 Q Now the accelerated payment in early 1986 was
7 \$50,000, is that correct?

8 A Correct, and split.

9 Q Now is there any reason that the accelerated
10 payment was not a multiple of \$20,000, i.e., that it was
11 40,000 or \$60,000?

12 A No. I don't know how that was arrived at. I know
13 what Mary asked for, and that's what was paid.

14 Q You had other discussions yourself, you've tes-
15 tified, in April, about an acceleration just to you?

16 A Correct.

17 Q And that was an acceleration of \$50,000?

18 A Correct.

19 Q Now was it your understanding that that was five
20 payments of your \$10,000 a month, which was your half of the
21 agreement?

22 A Yes. It was an acceleration of the monies that
23 were coming to me. Yes.

24 Q And Mr. Artiano would continue to receive his half
of the payment at the times the services were to be performed?

UNCLASSIFIED

art142

UNCLASSIFIED

142

1 A Or if he--you know--he may have asked for accelera-
 2 tion. I don't know exactly how he handled his relationship
 3 but he was going to continue to receive his money.

4 Q So under that acceleration, at the time you
 5 discussed it with Mr. Miller, you were expecting to continue
 6 to perform services until November of 1987?

7 A Again, I don't ever remember talking about that.
 8 Eventually, we formalized the relationship. Now what happened
 9 when I asked for the acceleration--did we ever sit down and
 10 say now you understand that we have to go until November of
 11 '87? I don't believe that ever happened.

12 Q Well, you have used the phrase "acceleration" and
 13 that's what I'm trying to understand. I mean, were you
 14 really talking about acceleration of payments, but that you
 15 would continue to perform services for the same period of
 16 time, covered under the original understanding, with the
 17 effect that for a period of 5 or 6, or 7 months, at the end of
 18 that period, you would not receive any payments because you'd
 19 already been given accelerated payments?

t7 20 Was that your understanding by an acceleration?

21 A That I continue to work for nothing?

22 Q Yes, because you'd already been paid the money, and
 23 at the time you were then to perform the services in 1987, you
 24 would not be receiving any monthly payments as you performed
 25 the services?

UNCLASSIFIED

UNCLASSIFIED

1 A I don't know that that is how I would characterize
2 it, because, again, all of the discussions were going on at
3 the time about forming a permanent relationship with IBC in
4 which we would have a specific financial arrangement on new
5 clients.

6 At the same time, I was talking to Channell about a
7 separate arrangement. So I don't think that ever even
8 entered my mind. I mean, the thing was changing so much all
9 of the time. You know, what turned--you know--what started
10 out, it was A, evolved into B, into C, into D.

11 Q So at the time you and Mr. Artiano were talking with
12 Mr. Miller about acceleration of payments, you did not
13 contemplate performing services at the latter period of the
14 understanding without receiving monthly payments?

15 A You're going to have to phrase that. I'm lost
16 right now.

17 Q At the time that you and Mr. Artiano talked to Mr.
18 Miller about accelerating payments under this 2-year agree-
19 ment, so that you received more per month than your \$10,000
20 contemplated under the understanding, it was not your
21 expectation that toward the latter part of the period covered
22 by the understanding, i.e., late 1987, you would continue to
23 perform services without receiving a monthly check from IBC?

24 A At the time of the discussions on acceleration, I
25 think I envisioned a permanent relationship with IBC that

UNCLASSIFIED

UNCLASSIFIED

1 would involve a lot of different clients and a lot of
2 different activities. And so I wouldn't have--this was never
3 discussed, but I would not be working for no compensation.
4 We would be working on different client matters at that time.

5 At that time I would be operating as a partner of
6 sorts, in an association with IBC.

7 Q So while you've used the word "acceleration" of
8 payments under this understanding, you were really not
9 talking about an acceleration, were you?

10 A I think we were talking about an acceleration, yes.

11 Q Well, you've just said--let me withdraw that.

12 A In other words, an obligation, you know, was made
13 for a 2-year period, and, you know, that was the inducement
14 to come on board with IBC, to the exclusion of other people
15 who were talking to me. And that was the commitment that was
16 made.

17 And then, very quickly, negotiations and discussions
18 were being held to form a permanent relationship that in fact
19 did take place, and terms of which were very favorable to me,
20 and guaranteed an income stream for as long as we maintained
21 our association.

22 So, you know, there were a couple of things going
23 on at one time. There was not just this--you know--initially,
24 that's what was agreed to, with the expectation of, who knows
25 whether this is going to go on?

UNCLASSIFIED

UNCLASSIFIED

1 And that was always the fear. That was Marty's
2 fear, particularly, and, you know, after I learned a little
3 bit more about how Washington works, and how clients can
4 become fickle, and with you today and not with you tomorrow,
5 there was that reasoning given for that initial advancement,
6 or acceleration. And then the one I personally made, for a
7 more personal reason, in April.

8 So, you know, that's what was going on in our minds
9 at the time, and why those were asked for.

10 Q Well, Mr. Fischer, if you were not expecting to
11 perform services for the full two years, as you had agreed to
12 in December of 1985, how can you characterize the payments in
13 January and April as accelerations of amounts due to you
14 under that agreement?

15 A Because we didn't know exactly what the future was
16 going to hold. I mean it was anticipated when we had the
17 discussions that it was going to be a long-term relationship,
18 because that's what was asked for and that's what was agreed
19 to.

20 And as I said, and ongoing with that very soon
21 became discussions about a permanent relationship, and I
22 don't know how else to answer this.

23 Q Well, the 2-year relationship that you negotiated in
24 December was a long-term relationship, was it not?

25 A Correct. That Marty negotiated, and I agreed to.

UNCLASSIFIED

UNCLASSIFIED

146

art146

1 Yes, it was a long-term commitment.

2 Q I mean, that was one of your original objectives,
3 that you discussed with him?

4 A Yes. That I didn't want to take on this client,
5 IBC, to the exclusion of other companies that wanted to talk
6 to me, without some guarantee--in other words, you don't shut
7 other things down without a more permanent relationship, and
8 that's what I told Marty that I wanted, and that's what he
9 went after.

10 Q And then you very suddenly found that you were
11 spending more time on this client than you had expected, in
12 December of 1985?

13 A Correct.

14 Q So you asked for additional money?

15 A We asked for an acceleration, yes.

16 Q But my question is directed to whether it was
17 really an acceleration, or whether it was a renegotiation of
18 the monthly amount that you were being paid for the additional
19 time that you were putting in?

20 A I can only tell you that when discussions were had,
21 the few times I talked to Rich about acceleration, it was
22 always in terms of acceleration, and that was fine with him.
23 He didn't care when the money was paid.

24 Q All right. But it was not your expectation that
25 you would work any period at the end of the contract where

UNCLASSIFIED

UNCLASSIFIED

1 you did not continue to receive a monthly payment from IBC?

2 A Like I said, what I anticipated out of this
3 relationship was something that became permanent, and it did
4 become permanent, and in that was a complete formula, as you
5 have seen, that describes how that new entity was going to
6 operate financially, and what the splits were among the
7 principals.

8 And so, you know, what I envisioned came true. We
9 ended up forming something that was permanent, and that came
10 about in July.

11 Q But that had not been agreed upon in January or
12 February?

13 A No, it had not. No, it had not. It was being
14 discussed right from the beginning, but had never been
15 formalized.

16 Q But in January or February you got the extra
17 \$25,000, is that correct?

18 A Correct.

19 Q And there'd been no new agreement reached at that
20 point?

21 A No. No new agreement.

22 Q And at the time that got the extra \$25,000, it was
23 not your expectation that you were going to continue to
24 perform services in October and November in 1987, without
25 getting your monthly check from IBC?

UNCLASSIFIED

UNCLASSIFIED

148

art148

1 MR. WORK: He's answered that several different
2 times.

3 THE WITNESS: I feel like I'm beating a dead horse
4 here. I never thought about, you know, November of '87, or
5 sat down and said, well, if we do this, that means I've got to
6 work this many months without any income. That was never
7 discussed. I don't think I ever thought about it.

8 I knew that we were heading very quickly towards a
9 permanent relationship that would almost be a partnership, and
10 that IBC was going to be my home.

11 BY MR. FRYMAN:

12 Q Who came up with the word "acceleration"? Was that
13 your word or was that Artiano's word?

14 A I have no idea. I just know that it was a word
15 that was used.

16 Q Well, do you know if you came up with it?

17 A I don't know that I did, or Marty did.

18 Q So far as your recollection is concerned, you may
19 have come up with the word?

20 A I may have come up with it, yes.

21 Q All right.

22 A You know, I just--I mean, I don't know. That's a
23 pretty common word, acceleration.

24 MR. FRYMAN: I ask the reporter to mark as Fischer
25 Deposition Exhibit 9 for identification, a copy of the

UNCLASSIFIED

UNCLASSIFIED

1 Subpoena Duces Tecum dated June 18, 1987, directed to Mr.
2 Fischer.

3 [A document was marked for identifi-
4 cation as Fischer Deposition Exhibit
5 No. 9]

6 BY MR. FRYMAN:

7 Q Mr. Fischer, I show you Exhibit 9, and would you
8 examine that, and confirm that that is the subpoena that was
9 served on you, or your counsel, or a copy of the subpoena.

10 A That looks right.

11 Q Now Mr. Work and Mr. Fischer, under this subpoena,
12 certain documents are called for in the attached schedule.
13 Passing subparagraph a. and b. for the moment, and focusing
14 on subparagraph c., d., and e., have all of the documents
15 called for in those subparagraphs been produced?

16 MR. WORK: Yes. They have. Those were the
17 documents you received last Friday.

18 MR. FRYMAN: With your letter dated August 7th.

19 MR. WORK: Right.

20 BY MR. FRYMAN:

21 Q Now directing your attention to subparagraph b.,
22 what tax returns have been produced?

23 A 1985, Federal and state, and there's nothing in '86
24 because they haven't been filed yet. Everything for '85 was
25 provided, and, yeah, nothing for 1986.

UNCLASSIFIED

UNCLASSIFIED

1 Q And you've received an extension of time to file
2 your 1986?

3 A Yes. They were waiting for some documents on a tax
4 matter that never arrived.

5 Q Now directing your attention to subparagraph a.,
6 that is the subparagraph that calls for bank records, and Mr.
7 Work, you and I have discussed production of materials under
8 that subparagraph.

9 You were requested in the first instance to provide
10 bank statements for all of the accounts over which you had
11 any authority to withdraw funds during the period beginning
12 July 1, 1985 to the present.

13 Bank statements have been transmitted to me by Mr.
14 Work, by a letter dated July 7, 1987, and I just want to
15 review these accounts with you, to just confirm on the record
16 that these are all the accounts.

17 A First of all, let me tell you how our banking is
18 done. My wife--

19 MR. WORK: Let's speed this up. Let's let him ask
20 the questions.

21 THE WITNESS: Okay. Well, that's why I may not
22 know everything about those accounts.

23 MR. WORK: We have already heard that.

24 BY MR. FRYMAN:

Q In this letter there is an account of David C.

UNCLASSIFIED

UNCLASSIFIED

1 Fischer and Associates at the First Interstate Bank of Utah,
2 Account [REDACTED] identified.

3 A Yes.

4 Q That's the first account.

5 A Yes.

6 Q There's a second account of you and your wife at
7 the Davis County Bank, which is Account [REDACTED] There
8 is a third account at the Davis County Bank. That's Account
9 [REDACTED]

10 Now are those all of the accounts that you had any
11 control over during this period of time, prior to the opening
12 of the accounts at the United Virginia Bank?

13 A Yes. I believe that's correct.

14 Q And I think you earlier answered, in response to
15 Mr. McGough's question, that you did not have any account in
16 the District of Columbia during that period of time?

17 A No. No accounts in D.C. at all.

18 Q Now is it correct, that after you moved to this
19 area, you opened accounts at the United Virginia Bank?

20 A Correct.

21 Q And in Mr. Work's letter, there are four accounts
22 listed at that bank. Is that your understanding, that you
23 have four accounts?

24 A You know, I'll have to be honest. If he's got it
25 down there, we do.

UNCLASSIFIED

UNCLASSIFIED

art152

1 Q Let me just read for the record the numbers.

2 A Okay:

3 Q Account [REDACTED] Account [REDACTED]

4 [REDACTED] And Account [REDACTED] Now are those four
5 accounts the remaining accounts that you have had any
6 signatory control over during the period of time called for in
7 the subpoena?

8 A Yes. I can't tell you what those accounts are,
9 but--

10 MR. WORK: Let me just put on the record what he
11 said before. His wife manages all these accounts to a much
12 greater degree than he does. So I would have to say that I
13 had to get all of this information from his wife as to what
14 these accounts were, and what was--

15 THE WITNESS: She works with the accountant.

16 MR. WORK: And how they were run. So--

17 THE WITNESS: But I believe that's right. We do
18 not deal with any other bank, other than that bank.

19 MR. FRYMAN: All right.

20 THE WITNESS: And all our Utah accounts are closed.

21 BY MR. FRYMAN:

22 Q Now prior to the deposition today, Mr. Fischer, I
23 spoke with Mr. Work, and indicated that our accountants have
24 reviewed the materials that you have, and in order to clarify
25 our understanding of these materials, we have a number of

UNCLASSIFIED

UNCLASSIFIED

1 questions about specific deposits or specific withdrawals.

2 I think a more efficient way to proceed, rather
3 than to direct these questions to you orally today, without
4 your possibly being familiar with all the documents, would be
5 for me to send a letter, or letters, to Mr. Work, setting
6 forth these questions and possibly calling for additional
7 documentation under subparagraph a. of the subpoena.

8 It is my hope and expectation, that through an
9 exchange of correspondence we can resolve all of these
10 questions. In the event that there remain any ambiguities, I
11 would reserve the right to reconvene the deposition, and in
12 my discussion prior to commencement today, Mr. Work indicated
13 that that arrangement was satisfactory to him, and to you.

14 Is that correct?

15 A Yes. That's correct.

16 [Pause]

17 MR. FRYMAN: I also indicated to Mr. Work, prior to
18 the deposition, that the materials that accompanied his
19 letter dated August 7 were not actually physically received by
20 me until this morning, and I'm not saying that's Mr. Work's
21 fault. It's just a matter of, within our office, I did not
22 get them until this morning.

23 We have reviewed the materials during the morning,
24 and I do not believe we will have any additional questions
concerning those materials.

UNCLASSIFIED

UNCLASSIFIED

1 However, because of the short period of time that
2 we have had to review them, I would also reserve the right,
3 in case we have additional questions, to pursue them at a
4 later time.

5 MR. WORK: That's satisfactory to us.

6 MR. FRYMAN: With those understandings, I have no
7 further questions at this time.

8 EXAMINATION BY COUNSEL FOR

9 THE HOUSE SELECT COMMITTEE

10 BY MR. OLIVER:

11 Q Mr. Fischer, you indicated earlier, that your first
12 knowledge of Oliver North occurred when it was necessary for
13 you to identify people who were going into meetings with the
14 President.

15 A Yes.

16 Q When did you come to know Oliver North on a
17 different basis?

18 A On a more first-name basis? About the time of this
19 briefing, of the January 30th briefing.

20 Q January 30th, 1986?

21 A Correct.

22 Q Had you had any direct contact with him prior to
23 that?

24 A No. I don't believe I ever did. The first time
25 that I ever met with North, outside of my White House

UNCLASSIFIED

UNCLASSIFIED

1 employment, was in conjunction with the January 30th briefing.

2 That would be the first time.

3 Q In conjunction with the January 30th briefing?

4 A Yes, or the request for the January 30th briefing.

5 Q When would that have been?

6 A I've got to say probably January of '86.

7 Q Did you meet with him?

8 A Yes.

9 Q Where did that meeting take place?

10 A EOB, in his office. Executive Office Building at
11 the White House.

12 Q Do you remember when that--

13 A It's in the calendar. Early January.

14 Q In your calendar?

15 A Yes.

16 Q Do you remember talking to him on the phone in
17 early January about Spitz Channell?

18 A There may have been a phone conversation but I
19 really--the only record I have is of meeting with him in his
20 office, and then meetings following that, the Public Liaison
21 office, about the January 30th briefing.

22 Q That's what you referred to in your earlier
23 memorandum about having talked to McFarlane and North, and--

24 A The January 5th memo says that I met with--or
25 conversations with Abrams, North, and McFarlane. I have a

UNCLASSIFIED

UNCLASSIFIED

1 feeling that what happened is that Artiano may have talked to
 2 Elliott Abrams, because I really think the first time I
 3 talked to Elliott Abrams is when we had the lunch.

4 McFarlane, I remember, because it was in Utah, and
 5 he was out on a ski vacation, and we talked about this, among
 6 a lot of other subjects. And North, I don't remember the
 7 specific time, but I did meet with him about the briefing.

8 Q But if it was in your January 5th memo, would not it
 9 have had to have been before January 5th?

10 A I would assume that it could have been late
 11 December. I just don't recall.

12 Q Were you in Washington in late December?

13 A Early part of December, middle, and late, I think.
 14 I don't have an '85 calendar, but I was in town in '85,
 15 December of '85.

16 Q You said earlier that you joined Huntsman Chemical,
 17 I believe, in April of 1985, as a vice president?

18 A Correct. Yes.

19 Q And you were in charge of public affairs, and,
 20 later--

21 A Employee relations, and unions, and so forth.

22 Q And what caused you to want to leave that employment
 23 after such a short period of time?

24 A Let me--and I'll do this briefly. When I left the
 White House, I didn't do what everyone else does, and that's

UNCLASSIFIED

UNCLASSIFIED

1 talk to executive search firms, and interview with ten
2 companies. My wife had been--ever since we've been married,
3 we've been with Reagan, and our lives centered completely
4 around that.



5
6
7
8
9
10 While all this was going on, John Huntsman, who is
11 a very prominent individual from Utah, a very active Republi-
12 can who served in the Nixon Administration, his son was at the
13 White House in the Advance Office, and he and I had become
14 friends. As a result of that, I met his father. His father
15 was in Washington at the time serving as what they call a
16 mission president, supervising the Mormon missionary effort in
17 the Washington, D.C. area.

18 Q I'm not really interested in all of Mr. Huntsman's
19 background. I don't object to your putting it on the record,
20 but--

21 A But anyway, he and I got to become friends while he
22 was here, and he just said, when you leave the White House I
23 want to talk to you first. I had a conversation with him, he
24 made an offer and I accepted it. That was the only person I
25 talked to about employment, and I wanted to get back to Utah.

UNCLASSIFIED

UNCLASSIFIED

1 Huntsman provided the vehicle.

2 And then to answer your question about why did I
3 leave. [REDACTED]

4 [REDACTED] I was very anxious to get back into
5 politics again, and in Washington activities.

6 Q Let me get this straight. You went to Utah because

7 [REDACTED]
8 A Right. And that was the employment
9 opportunity that allowed us to do it.

10 Q I see.

11 A And so we went there. And also because I wanted
12 out of Washington. I had suffered what we all do in govern-
13 ment, burnout. So I went out there, and then, very soon,
14 within a short period of time, realized I wanted to come back
15 to Washington, and so started exploring opportunities to come
16 back. [REDACTED] we
17 probably would come back to Washington.

18 Q And when did [REDACTED]

19 A In July of last year.

20 Q July of 1986?

21 A 1986. Yes.

22 Q What caused you to come back in December of '85/

23 A What caused me to come back?

24 Q To Washington.

A I made frequent trips back to Washington.

UNCLASSIFIED

UNCLASSIFIED

1 Q On behalf of Huntsman?

2 A On behalf of Huntsman, and on behalf of--the
3 President had put me on a commission, and I came back on
4 commission work.

5 Q Which commission was that?

6 A International Boundary Commission.

7 Q Did that require that you be confirmed by the
8 Senate?

9 A No.

10 Q Were you compensated for that?

11 A It has a compensation pegged at about a GS-15, I
12 think. When the commissioner before me took the full
13 compensation, and what I decided to do was take compensation
14 as I worked, and so, I think over the two-year period--I'd
15 been in for almost two years, and I think the allocation for
16 that position has been about 125,000, of which I've turned
17 back to the Government 105,000 in two years.

18 Q You actually received the money and written checks
19 back to the U.S. Treasury?

20 A Well, no, what I have to do is every year I have to
21 write to the Comptroller of the State Department, and say in
22 this fiscal year I have turned down this much money and I
23 have to turn it back into our budget. And what I do is, I
24 write a letter saying this is not to be used for other IBC
25 business. It's to be for Boundary Commission business. It's

UNCLASSIFIED

UNCLASSIFIED

1 to be turned back to the general revenue.

2 So it's up to me how I handle. I chose not to take
3 the money. And so there were occasions when I was back
4 either on Huntsman business, or I'd be back on Boundary
5 Commission business.

6 Q What was Huntsman's business, that you did for them
7 in Washington?

8 A Huntsman--oh, back in Washington?

9 Q Yes.

10 A Some political work. John keeps his fingers very
11 actively in politics, keeping his contacts open.

12 Q Is that what you were paid to do?

13 A Was I paid to do?

14 Q Yes.

15 A No. My job was senior vice president in charge of
16 public relations, public affairs, and for that it was keeping
17 the Huntsman Chemical name, you know, in the forefront,
18 promoting the company, promoting John personally, but a lot
19 of it had to do with employee relations.

20 Q Did they have any interest in Washington, government
21 contracts, legislation that affected the company in any way?

22 A He did have--he had one matter before the Justice
23 Department, and it had to do with an acquisition or a merger
24 that he was going through.

And I was asked by other senior officers if there

UNCLASSIFIED

UNCLASSIFIED

1 was anything I could do to assist in expediting the matter
 2 before the Justice Department, and I said that it would be
 3 improper and that that thing had to fly on its own merit,
 4 that the merger would either be approved or not approved.
 5 Huntsman didn't make the request. Other people made the
 6 request if I could help. And I refused and did not do it.
 7 And the merger went through anyway.

8 And that was the only contact with the Federal
 9 Government that I was ever aware of with Huntsman Chemical.

10 Q So your trips back to Washington on behalf of
 11 Huntsman had nothing to do with legislation or the Executive
 12 Branch of Government?

13 A No, sir.

14 Q It was strictly political?

15 A Political and, in some, for John personally. I
 16 mean, you know, John, as I said before, was part of the Nixon
 17 Administration, had been very active in the Reagan campaigns,
 18 served as a Financial Chairman and State Chairman and so
 19 forth. And a lot of it was just keeping his name in the
 20 forefront. You know, he would be back here for meetings of
 21 Chamber of Commerce or whatever, and I'd be back here about
 22 the same time.

23 Q On these trips, were your expenses back and forth
 24 to Washington, your air fare and so on, paid for by Huntsman?

25 A Some of them were, yes.

hws162

162

UNCLASSIFIED

- 1 Q Were some of them paid for by someone else?
- 2 A Some of them were paid for by the Boundary Commis-
- 3 sion.
- 4 Q By the Boundary Commission?
- 5 A Yes, sir.
- 6 Q How many trips between April of 1985 and December
- 7 of 1985 did you make to Washington?
- 8 A April of '85 --
- 9 Q When you moved to Utah, when you took this job.
- 10 And then you came back.
- 11 A From April to when?
- 12 Q Till December of 1985, the balance of 1985.
- 13 A I can't estimate. Maybe on the average of once a
- 14 month, I would say would be my best guess right now.
- 15 Probably once a month.
- 16 Q But they were strictly for political and public
- 17 relations or for the Boundary Commission?
- 18 A Yes.
- 19 Q How many trips did you make for the Boundary
- 20 Commission? Did you attend the actual meetings of the
- 21 Boundary Commission?
- 22 A Yes.
- 23 Q When do they meet, four times a year?
- 24 A No. The Boundary -- there's a couple of Boundary
- 25 Commissions. This one meets really when the Commissioners

UNCLASSIFIED

UNCLASSIFIED

1 want. We generally meet at least twice a year. And then
 2 there's a staff here in Washington and there's a staff in
 3 Canada.

4 So I would come back and meet with my staff. But,
 5 as far as official meetings with my counterparts in Canada,
 6 it was generally in the spring and the fall.

7 Q You were receiving full-time compensation from the
 8 Huntsman Chemical Company from April 1985 until when?

9 A April of '86.

10 Q April of '86. You were a full-time Vice President?

11 A Yes, sir.

12 Q When did you receive permission to receive outside
 13 income as a consultant? Did you receive permission? Did Mr.
 14 Huntsman know --

15 A Yes.

16 Q When did --

17 A Right from the beginning of the relationship, it
 18 was understood.

19 Q Did you have any other consulting income prior to
 20 the income you had from IBC, other than the Boundary Commis-
 21 sion, any particular income?

22 A Other than the IBC and that relationship, I think
 23 that was all. There may have been a few things that Marty
 24 and I worked on in December of '85, but I don't know.

It was about December of '85 that it was agreed

UNCLASSIFIED

UNCLASSIFIED

1 that we were going to go consulting; that Huntsman and I had
 2 a discussion in which we got basically four months here to
 3 put your business there, and then we are going to go consult-
 4 ing.

5 So, you know, there may have been something in '85,
 6 another thing. But my relationship with IBC started, I
 7 believe, in '85, December of '85, and that was the first
 8 check from that.

9 There may have even been another client matter with
 10 Artiano unrelated to this. I just can't --

11 Q But you can't remember. You had this agreement
 12 with Huntsman right from the beginning that you could do
 13 consulting?

14 A Yes.

15 Q But you can't remember whether or not you did any
 16 during that period of time?

17 A I don't think there was any consulting.

18 Q So the first then would have been IBC?

19 A I believe that's correct, yes.

20 Q When did Marty Artiano suggest to you that you
 21 might want to consider consulting with IBC?

22 A I believe it was December of 1985. That's my best
 23 recollection. It could have been earlier, but I don't think
 24 so. I believe it was December of '85.

Q Was it in a meeting or a phone call?

UNCLASSIFIED

UNCLASSIFIED

1 A It could have been either one. Marty and I, you
2 know, we have been constant contact, even when I was in the
3 White House.

4 I mean there's so many conversations, it's hard to,
5 you know -- he's not a guy that I heard from once a year. We
6 talked all the time.

7 Q Was there a conversation in November of 1985
8 between you and Mr. Artiano in which he discussed this matter
9 and suggested you come back to Washington, or when you were
10 in Washington that you meet with Rich Miller?

11 A In '85, in November?

12 Q November of '85.

13 A I believe it was December. It may have been
14 November, but I believe it was December. I just don't have
15 the time frame.

16 Q The phone call?

17 A Phone call, or it could have been a meeting.

18 Q When you came back to Washington in December of
19 1985, it was the beginning of December, is that correct?

20 A It could have been the beginning, it could have
21 been the middle. I was definitely here in December of '85.

22 Q Do you keep a calendar?

23 A I do. I have the complete '86 calendar. I don't
24 have the '85. And the '86 you have.

Q What happened to your 1985 calendar?

UNCLASSIFIED

UNCLASSIFIED

166

hws166

1 A Probably in the moving it got lost. I just don't
2 have it.

3 Q And when did you move?

4 A March of this year.

5 Q March of this year. Do you remember a meeting on
6 December the 5th, 1985, at which you, Marty Artiano, Rich
7 Miller, Frank Gomez, Spitz Channell and Dan Conrad were
8 present?

9 A I don't have a specific recollection of that, no.
10 But, you know, I've already acknowledged I met with all of
11 those people on frequent occasions.

12 Q Do you remember meeting with those people together
13 in early December of 1985?

14 A Sometime in December of 1985. That's probably when
15 we got together. I mean it certainly happened before I went
16 to see Don Regan on January 2nd. So, you know, it had to be
17 at least in December.

18 Q In that meeting, do you recall Mr. Artiano having a
19 discussion on compensation with Mr. Miller and Mr. Channell
20 and Conrad with all of you present?

21 A I don't recall that, no.

22 Q Could it have happened?

23 A It could have happened. But my recollection is
24 that discussions of money and relationships, that was
25 something that Marty had with Rich Miller.

UNCLASSIFIED

hws167

167

UNCLASSIFIED

1 Q I understand that.

2 I was asking whether or not you were present when
3 any of those conversations took place?

4 A No, I don't recall being present when money was
5 discussed.

6 Q Do you remember being present when money was
7 discussed with Spitz Channell or Dan Conrad in December of
8 1985?

9 A No. No, I don't.

10 Q When you told Mr. Regan on January the 2nd or 3rd
11 of 1986, that you wanted to arrange this meeting, and he said
12 to you I hope you're being compensated for this, was there
13 any further discussion about compensation?

14 A No, there was not.

15 Q Why would he ask you a question such as that?

16 A Well, let me set the framework for how it happened.

17 I was going to make sure that he knew that it was a
18 client matter. I think any time you do something, you should
19 always tell people it's a client matter.

20 And so it was my intention at the end of talking
21 about this group to say this is a client matter, and describ-
22 ing who these guys were and what their goals were in helping
23 the Administration and, in fact, what their track record was.
24 And I said something like, you know, this is, and I told him
about what happened with that Angola character. I said this

UNCLASSIFIED

UNCLASSIFIED

1 is the kind of thing that's like a client -- it's a gift from
2 God. I mean here you get someone who wants to do nothing but
3 help the President, and you're going to help make them more
4 effective in what they do. I said it's a gift like God.

5 And then his response, as I recall, was, well, I
6 certainly hope you're being compensated for it. That's the
7 context of it.

8 Q And you said yes, I am?

9 A I said, yes, I most certainly am.

10 Q Was anyone else present at that meeting?

11 A It was just Don Regan and I.

12 Q Where did that meeting take place?

13 A I believe it was the Century Plaza Hotel. Fred
14 Fielding was there, but he was in another room.

15 Q You went there for the purpose of discussing this
16 arrangement with Don Regan?

17 A Yes. The request for the meeting.

18 Q The request for the meeting that took place on
19 January 30th?

20 A Yes.

21 Q And he indicated to you at that time that he
22 thought it was a good idea and that he would see to it that
23 such a meeting was arranged?

24 A He said based -- and again I couched my recommenda-
25 tion in terms like this. This is as much as I know about

UNCLASSIFIED

UNCLASSIFIED

169

hws169

1 this group at this time. I have checked them out as thorough-
2 ly as I can. You are going to have to check them out too.

3 And he asked me to put it in a memo. He said it
4 sounds good to me, put it in a memo, which I did, and got the
5 memo into the system.

6 And then, as part of that checkup, was giving it to
7 Fred Fielding and giving it to the Secret Service and giving
8 it to David Chew. In other words, I papered the place.

9 Q You were in Los Angeles on December 2nd or 3rd?

10 A January 2nd.

11 Q January 2nd or 3rd. And you said you flew down
12 from Utah and then you flew back.

13 A Correct.

14 Q Then did you fly to Washington?

15 A Later on. At some point I did.

16 Q The next day?

17 A No. I would have to look at the calendar. You
18 know, it's on the calendar.

19 Q You indicate you met with Don Regan in Los Angeles
20 on January 2nd or 3rd.

21 A Correct.

22 Q The memorandum to Don Regan is dated January the
23 5th, and you indicated you went back from Los Angeles to Utah.

24 You would have had to, it seems, to fly from Los
25 Angeles to Utah on the 3rd, and then you would have had to

UNCLASSIFIED

hws170

UNCLASSIFIED

170

1 spend all day practically flying here on the 4th, because
 2 when you go from Salt Lake City to Washington, D. C., how do
 3 you go, through Chicago or --

4 A No. It was a direct flight.

5 Q Through or nonstop?

6 A Direct to Dulles.

7 Q So you don't remember flying back here the next day?

8 A Not right away, no. I might have.

9 Q How did you get the memo into the memo into the
 10 White House so quickly?

11 A Well, for one thing, I probably did the memo at
 12 home -- I mean it was on my own stationery.

13 Q And then you mailed it back to Washington?

14 A No. I may have mailed it, I may have taken it
 15 back. I believe I took it back and delivered it to the White
 16 House.

17 Q You would have had to do that the next day,
 18 wouldn't you?

19 A I'm saying, you know, all you've got to do --

20 Q I'm just a little confused. You indicated that you
 21 flew from Salt Lake to Los Angeles and then back.

22 A Salt Lake and home.

23 Q And then there's a memo which goes into the White
 24 House on January the 5th, and you indicated you sort of
 25 papered the place.

UNCLASSIFIED

UNCLASSIFIED

171

hws171

1 A It's dated the 5th. It may not have gone into the
2 White House on that date. That's the date that is on the
3 memo. That means that thing was typed in my house on January
4 the 5th, or a date of January 5th was put on it.

5 Q Well, did you make more than one trip back to
6 Washington in January of 1986?

7 A There were several trips back to Washington.

8 Q In January of 1986?

9 A Yes. Yes.

10 Q And were these all related to IBC?

11 A No. Not related to the Boundary Commission.

12 Q Do you know how many trips you made back to
13 Washington in January?

14 A Probably two or three trips. Again it will be
15 right on the calendar.

16 Q Did you talk to Oliver North on the telephone from
17 Utah shortly after you met with Mr. Regan?

18 A I don't believe that I did, but I may have. I
19 remember meeting with him in the Executive Office Building.

20 Q Do you remember calling him on January 7, 1986?

21 A I do not recall a telephone call. But, again, I'm
22 not saying it didn't happen. I just don't recall.

23 Q Would it have been possible that there could have
24 been a phone call?

A I would say it's possible.

UNCLASSIFIED

hws172

UNCLASSIFIED

172

1 Q Well, do you remember a telephone conversation in
2 which you talked to him about Spitz Channell and Spitz's
3 efforts?

4 A I certainly had to have a discussion about that
5 because I was working on the briefing and making proposals
6 that the briefing take place. And, you know, there's clear
7 indications in my calendar that I had some meetings with him
8 and with the people at Public Liaison. And they had to be
9 about that briefing

10 Q Do you recall having lunch with Spitz Channell and
11 Marty Artiano and Elliott Abrams in early January? That was
12 on January the 6th.

13 A If that's the date on the calendar. I mean I don't
14 have the calendar in front of me. If that's in there. I
15 remember having lunch with all of those participants.

16 Q So you were in Los Angeles on January 2nd or 3rd,
17 and you were back in Washington at a lunch on January the 6th?

18 MR. WORK: Mr. Oliver, if you're going to ask him
19 about dates. Do you have the calendar over there. Show him
20 the calendar and we'll move this right along.

21 THE WITNESS: Yes, show me the calendar. And
22 whatever the calendar says --

23 MR. OLIVER: Well, I've just seen his calendar for
24 the first time.

MR. WORK: You've sought his recollection on what

UNCLASSIFIED

hws173

173

UNCLASSIFIED

1 dates he was doing it on several times, and I sit here and
2 let you do that to him. But now you've got the calendar over
3 there. Let's show him the calendar.

4 THE WITNESS: Whatever the calendar says is what
5 happened.

6 MR. OLIVER: Counsel, I've just seen this calendar
7 for the first time.

8 MR. WORK: That is not my fault. It was delivered
9 to you last week.

10 MR. OLIVER: As Mr. Fryman said, we didn't have an
11 opportunity to read it until this morning.

12 MR. WORK: Again, that is not my fault.

13 BY MR. OLIVER:

14 Q Well, you were compensated on a full-time basis by
15 the Huntsman Chemical Company until April of 1985?

16 A Correct. Even though the responsibilities were no
17 longer full time as of late December.

18 Q As of what?

19 A As of the month of December.

20 Q Had you given Mr. Huntsman notice?

21 A He and I discussed that. That was what he proposed
22 to make. We sat down and agreed that there would be a four-
23 month period in which I could make this transition into the
24 consulting business.

UNCLASSIFIED

Q Did you write him a letter to that effect changing

UNCLASSIFIED

174

hws174

1 the arrangement that you had or it was just an oral agreement?

2 A We had an agreement between a boss and his employee.

3 Q You indicated earlier that there was a meeting that
4 was arranged, I believe, by Mr. Artiano, or someone, with
5 Spitz and you and Marty and Rich Miller and Frank Gomez and
6 Dan Conrad, sometime after the briefing to discuss restructur-
7 ing of your arrangement earlier?

8 A I don't think it was --

9 Q You indicated that someone had said that there
10 might have been an arrangement of a certain amount of
11 compensation per meeting with the President?

12 A Yes.

13 Q And that occasioned a meeting?

14 A Yes, sir.

15 Q Who had said that there might have been such an
16 arrangement?

17 A I have no idea. I just know that somewhere that
18 came up and it was discussed among Marty and I, and a meeting
19 was called by Marty and that was discussed. And that's as
20 much as I know. I don't know where I heard it, or whether he
21 brought it to my attention, or whether someone had told me.
22 I just don't know. I just know that it came up. And so a
23 meeting was held, you know, to talk about that and to make
24 sure that everyone knew exactly what the arrangement was
25 between Artiano and Fischer and IBC, and to review the kind

UNCLASSIFIED

UNCLASSIFIED

175

hws175

1 of projects that were to be worked on.

2 Q Did you ever have a discussion with Oliver North,
3 meeting on January the 30th, about bringing in people quietly
4 to have briefings or to have their photos taken with the
5 President?

6 A No. I believe the only person that ever brought
7 that up to me or it was discussed would have been with Rich,
8 and it may have been Rich alone, or it may have Rich, you
9 know, with his client Channell. But it was discussed among
10 Artiano, Fischer, IBC group.

11 Q Not with Oliver North?

12 A I don't believe it ever was.

13 Q Do you remember meeting with Oliver North on the
14 day of the briefing at the White House?

15 A You're going to have to tell me on the calendar. I
16 don't know that I did. I don't think so.

17 Q Did you and Marty Artiano meet with Oliver North in
18 January of 1986, the two of you together?

19 A The meetings that are listed under -- just has
20 North's name, who was at that, I know, was I alone or with
21 anybody else, I just don't remember. There's no indication
22 of that.

23 Matter of fact, I must tell you that there's a
24 chance that, you know, that is not necessarily an adequate
25 reflection of what happened. Sometimes, you know, as we do

UNCLASSIFIED

hws176

176

UNCLASSIFIED

1 on all of our calendars, you write something down that's
2 going to happen tomorrow. It doesn't happen, and you never
3 go back and take it off.

4 Q Well, your calendar indicates a meeting with Oliver
5 North at the NSC on Tuesday, January the 21st.

6 A Okay.

7 Q Prior to or in conjunction with a meeting with Linas
8 Kojelis.

9 A Of the Public Liaison Office.

10 Q Were those separate meetings or were they meetings
11 together?

12 A As I recall it, it was -- I don't believe I knew
13 who Linas Kojelis was, and I think he was to be the Action
14 Officer, and I think either North took me down to introduce
15 me or phoned, or somehow I believe that there was -- North
16 was introducing me to Linas Kojelis as the fellow who had
17 responsibility for the briefing. And that was where I recall
18 about that thing.

19 Q Was that the first time you ever met with Oliver
20 North?

21 A I don't know. I may have met with him in December
22 about this briefing.

23 Q Prior to these briefings, you had never met with
24 Oliver North before?

25 A No, not before the subject of this briefing came.

UNCLASSIFIED

hws177

177

UNCLASSIFIED

1 up, no. No.

2 Q Why did you meet with Oliver -- why Oliver North at
3 this point?

4 A Because he was the one who was the spokesman for
5 the Administration. He's the one that had participated in
6 all of the briefings that Channell's groups had had. And I
7 knew by his reputation that he was giving speeches all over.
8 He was like the spokesman on this issue for the President.

9 Q Did he ever indicate to you that he was being of
10 assistance to the Contras?

11 A Of assistance to them?

12 Q Yes.

13 A Well, I think he believed in those briefings he was
14 being of assistance to them out there giving briefings and
15 educating people.

16 Are you saying beyond that?

17 Q Yes.

18 A Not that he ever told me.

19 Q Also on your calendar there's a meeting with Oliver
20 North indicated from 5 o'clock until 6:15 on the 28th of
21 January, which would have been two days before the briefing.

22 Do you know what the purpose of that meeting was?

23 A No. Can I just see that real quick?

24 Q Yes.

UNCLASSIFIED

A No. It had to be about the briefing.

UNCLASSIFIED

1 Q Following that was a meeting with David Chew.

2 A Yes. That would have been about the briefing.

3 That could have been about other issues too.

4 Q Did you tell President Reagan, when you met with
5 him prior to the briefing, that you were being compensated
6 for the work that you were doing?

7 A I don't believe that would have been the kind of
8 conversation that I would have had with the President.

9 Q You indicated earlier that you had told everybody
10 or everyone that you were being compensated.

11 MR. WORK: Wait a minute. I don't think he said
12 that.

13 MR. OLIVER: I think he did.

14 MR. WORK: I'm quite sure he didn't. He told Don
15 Regan, he told --

16 BY MR. OLIVER:

17 Q Who else did you tell besides Donald Regan that you
18 were being compensated by IBC?

19 A Don Regan. I believe Fred Fielding, Peter Wallison
20 who took over Fielding's position, you know, what people in
21 the NSC I don't know. You know, I would assume that maybe
22 some of the people on the NSC staff, on the SDI issue. You
23 know, at that point, I don't know.

24 I do know that I talked to the Counsel's office,
and I talked to Don Regan.

UNCLASSIFIED

1 Q What occasioned your discussing this with Peter
2 Wallison?

3 A Peter Wallison had become the new Counsel to the
4 President when Fred left. And we were working on the
5 proposal for an SDI briefing. I did not know Peter Wallison
6 so I asked for an appointment with him so I could meet him,
7 talk to him about what had happened on the other briefing,
8 what this group was doing on SDI, and talk about the SDI
9 issue and about the fact that there would be a proposal
10 pending, there would be one coming requesting a briefing for
11 the SDI issue, similar to the one that had taken place for
12 the Central American Freedom Program. And that was to happen
13 like in June, June of '86.

14 Q Prior to the January 30th briefing, you had met
15 with Fred Fielding to discuss --

16 A No, I believe that had met directly with Fred. It
17 may have been with, you know, I can't think of his deputy,
18 but Dick Hauser, it may have been Dick Hauser.

19 I seem to remember meeting directly with Fielding
20 because I'm positive I raised, when we were going over the
21 list of names, here's all the names, I said they are into the
22 Secret Service or checked. The only name that I would red
23 flag in this is Bunker Hunt. And his response was there's no
24 problem with Bunker Hunt. He hasn't done anything.

25 Q When you say red flag, what do you mean?

UNCLASSIFIED

UNCLASSIFIED

1 A Well, what I was trying to do in this business, of
2 always trying to be careful and making sure that I wasn't
3 recommending something that was not a good idea or in the
4 best interest. I was trying to check out all these people
5 and who they were.

6 What I did on this in preparation for the proposal
7 for the January 30th briefing, I asked Miller and Channell to
8 get a list of all of the people that they wanted to attend
9 that briefing with social security numbers and date of birth
10 and all that. This is before it was proofed.

11 I got that to the Counsel's office and said these
12 are the kind of people that they want to invite in, and I
13 gave a copy to the Secret Service also so they could start
14 running, in advance of this meeting being on schedule, to run
15 name checks.

16 Q Is it ordinary procedure in the White House for
17 people who are going to visit the White House or to be seen
18 by the President to be run by the Counsel?

19 A I believe that any meeting that goes on, anything
20 that goes on the schedule, I mean that's the first time I had
21 seen this kind of internal paperwork, things have to be
22 signed off as I believe correspondence is signed off by
23 someone in the Counsel's office. And one of the things that
24 you do is you attempt to have the Secret Service run name
25 checks to make sure that you are not bringing some axe

UNCLASSIFIED

hws181

UNCLASSIFIED

181

1 murderer into the White House.

2 Q I understand the Secret Service running name
3 checks. But what I'm trying to --

4 A But part of the Counsel's responsibility is also
5 more political. You may have somebody on there that is not a
6 criminal but maybe has done some horrendous thing in public,
7 and the last thing in the world you want is that person
8 standing next to the President and have his picture -- that's
9 the kind.

10 Q Of course. I understand that.

11 But whenever someone arranges a meeting with the
12 President of the United States, is it the normal procedure
13 for the Counsel to the President to be consulted about
14 whether or not --

15 A Yes. If not the Counsel directly, the people on
16 his staff. I believe everything that goes on gets signed off
17 by the Counsel's office.

18 Q Every meeting with the President he --

19 A That's absolutely correct.

20 Q When you had been there, you were the person who
21 sort of was the last person at the door before people went in?

22 A By the time it was on the schedule, it had gone
23 through whatever this horrendous system was and been signed
24 off by all the office that had to sign off, and then it gets
25 on the schedule.

UNCLASSIFIED

UNCLASSIFIED

182

hws182

1 Q Including the White Counsel?

2 A I believe that everything went through Counsel's
3 office.

4 Q Everything?

5 A That is my belief. You know, I never had to
6 initiate while I was there. It was not my job to initiate
7 meetings or proposals for meetings. All that stuff --

8 Q I understand that. But did you --

9 A My understanding of the system is absolutely that
10 one of the steps to having something approved is to go
11 through some area of the Counsel's office just to make sure
12 that everything is okay here. That's my understanding.

13 Q Well, that's why I was asking because you had that
14 job for four years.

15 A But my job did not encompass deciding what went on
16 the schedule and what didn't.

17 Q You said that everybody, all these different
18 offices checked off on it?

19 A What I'm saying is that that had to happen before
20 it ever got on the schedule.

21 Now what the system was, and precisely each step
22 that went on, I don't know what the step was. It was always
23 my understanding that Counsel's office carefully checked
24 everything that went on. That was part of their respon-
25 sibility in protecting the President.

UNCLASSIFIED

hws183

183

UNCLASSIFIED

1 Q So why did you need to go and meet with Fred
2 Fielding if it was done as a matter of routine?

3 A Because what I wanted to do, because I was personal-
4 ly involved in this, and I wanted to let him know, as I
5 wanted Don Regan to know, that I was trying -- on my own, I
6 did the best that I could to check out who these people were
7 because I didn't know firsthand. I had limited exposure to
8 them. I only knew early on what they were telling me. And I
9 was judging from their record, which I thought was good.

10 But as more protection for me also, I wanted people
11 to know that I was being very upfront about this thing,
12 providing even though it eventually would come that way, if
13 you get it right into the Counsel's office and say, look,
14 this is a proposal and these are the people being invited,
15 and I've checked them out as best I can, but I don't much
16 more, that's going as far as you possibly can in trying to
17 protect yourself, protect the White House.

18 And so, if it turns out if you recommend something
19 that is horrendous, you don't want somebody to look back and
20 say, you know, look what this guy did. That was my attempt
21 to be as open as I could.

22 Q You discussed it with Fred Fielding?

23 A I remember it as being Fred Fielding. The only
24 reason I remember it is because of a discussion about Bunker
25 Hunt.

UNCLASSIFIED

UNCLASSIFIED

1 I mean you remember if something unusual has to
2 happen, and I remember looking at the list. Bunker Hunt, the
3 name bounced out at me. And I thought maybe this is a
4 problem.

5 Just like in my discussion with Peter Wallison on
6 SDI, the question that I had for him, and that's why I
7 remember the meeting so well, is these people, some of the
8 invitees are representatives of companies who do business
9 with the Defense Department on SDI, and is it proper to
10 invite them?

11 Q Did you tell Mr. Fielding at that time that you
12 were being compensated for arranging these meetings?

13 A I may have; you know, I honestly can't say whether
14 I did or not. I know I did with Wallison because he was a
15 new guy and I wanted to go to extraordinary lengths. I
16 believe that I did. But I can't sit here and tell you I know
17 exactly, as I can with ---

18 Q You remember you talked to Wallison and told him
19 you were being compensated?

20 A I absolutely did.

21 Q What was his reaction?

22 A I think he probably assumed, as most people do,
23 when you are back in the White House that you are on a client
24 matter.

UNCLASSIFIED

25 Q You indicated that you remembered telling Wallison

UNCLASSIFIED

185

tb185

1 you were being compensated.

2 A I remember telling Peter Wallison, but it was in
3 the context, too, of--I specifically had a question; I had a
4 concern about the list of potential invitees on the SDI
5 briefing, and I raised that one issue of whether it was
6 proper; that meaning the red flag to me--it was a totally
7 different issue. We had people here who represent companies
8 who do business on SDI. Is that a proper kind of person to
9 invite?

10 Q My question to you was what was Mr. Wallison's
11 reaction when you told him you were being compensated?

12 A I don't remember any kind of reaction. But I think
13 again, when any time someone came back in there after they
14 left, you know, it was ---

15 Q Did he make any response to your disclosure of
16 compensation?

17 A No, I can't recall that he did at all.

18 Q Did that briefing ever take place?

19 A It was scheduled and it got cancelled; it was going
20 to be put on again, and it never got put back on.

21 Q When was it scheduled?

22 A I believe it was June of 1986.

23 Q Of 1986.

24 A I think that's right; it may have been July, but I
believe it was June, and it had been approved.

UNCLASSIFIED

tb186

186

UNCLASSIFIED

1 Q All the way to the top?

2 A Yes.

3 Q And Mr. Wallison had signed off on it in the normal
4 way saying it was okay to do this?

5 A Yes, but it was because of the issue that I raised
6 that it had to be cancelled. And that was the fact that some
7 people had been invited--the issue to me was: can you invite
8 people who are representatives of defense contractors to a
9 briefing on SDI? His initial response to me was: as long as
10 it's a mixed group, of course you can; no one is asking for
11 anything here, it's okay. What happened was the invitations
12 went out and Channell jumped the gun; instead of letting
13 Public Liaison or whichever office the White House decided
14 was going to do the briefing, he sent out his own telegram
15 and it got to a defense contractor who knew Peter Wallison;
16 he brought it in and said take a look at this. And then I
17 was called in by Peter Wallison.

18 Q Who was that defense contractor?

19 A I can't answer that, I don't know who it was. But
20 I was shown the actual telegram or mailgram that Channell's
21 organization sent out, and Peter said do you know anything
22 about this. I said I do not know anything about it. And
23 after reading it, he said what do you think, and I said it's
24 got to be cancelled. And it was cancelled.

25 Q When did that meeting take place?

UNCLASSIFIED

UNCLASSIFIED

1 A Some time prior to--you know, if the briefing was
2 going to be in June--you know, several weeks before--maybe
3 within a month of when the meeting was to take place. In
4 other words, there was a target date set for the briefing; it
5 had been signed off on; and then, because the group had done
6 their own inviting ahead of the White House inviting, it was
7 determined that that was not a good way to do business, and
8 so therefore Mr. Wallison decided to defer [sic] an air of
9 caution, and he said it's off.

10 Q Prior to the January 30th meeting, hadn't these
11 people who came there, these nineteen potential contributors,
12 been notified that they were going to receive an invitation?

13 A I have seen paper work that makes me think that
14 they were, but I didn't know that they were.

15 Q Did you know that they each received a letter from
16 Oliver North that was mailed from the White House ten days
17 prior to that meeting?

18 A I did not know that, and I haven't seen the letter.
19 I have no knowledge of that at all.

20 Q You indicated at an earlier time that one of the
21 reasons for wanting a meeting to restructure your agreement
22 or to bring about this acceleration of payments was some
23 concern that this might not last, and that somehow ---

24 A May be a client this month and not the next month.

25 Q You also mentioned that there was a vote on contra

UNCLASSIFIED

tb188

UNCLASSIFIED

188

1 aid that somehow figured in that concern. What was that
2 concern? What was this vote that you were talking about?

3 A I believe the vote that I am referring to is the
4 one on whether or not there was going to be the passage of
5 the big aid bill, the 100 million, or whatever the dollar
6 amount was, that Congress--you know, this is what all these
7 public education spots were leading up to. And there was a
8 concern among I know Miller and IBC, and there was a concern
9 with me personally that who knows where this relationship is
10 going to go. Channell had talked to me about other entities
11 that he was going to put together that went way beyond this
12 Administration, and in fact he had a very ambitious plan to
13 form a foundation that was going to be funded before Reagan
14 left office to allow him to go on radio or television any
15 time he wanted to after he left office, and he had people all
16 lined up ready to put the money in. And that was a project
17 that he wanted me to get intimately involved with and
18 probably even run it for him after Reagan left office.

19 So what was happening at that time was a fear of
20 Miller's that maybe, you know, his client, Channell, if he
21 doesn't have a need for Miller any more, that may disappear,
22 or--and, you know, I didn't know what was going to happen. I
23 was more secure in my position than I think Rich was at the
24 time. And so it was a concern over the volatility of, you
25 know, not only the client, but the issues the client was

UNCLASSIFIED

UNCLASSIFIED

1 working on; if he wasn't working on issues on which you could
2 help him, there was no reason to have you as a consultant any
3 more.

4 Q Was there a time in April of 1986 on or about the
5 date of the vote in the House that Rich Miller indicated to
6 you that Spitz Channell was not going to compensate the
7 people involved in the Central American Freedom Program any
8 longer?

9 A My recollection is that the vote wasn't until June,
10 but I may have my dates all mixed up. No, I don't recall
11 anything like that.

12 Q Did he ever tell you that Spitz Channell was in
13 effect cutting everybody off?

14 A In April of ---

15 Q Of 1986.

16 A 1986?

17 Q Yes.

18 A No, I don't recall that. You know, there were
19 certainly times later on in the summer, particularly when he
20 lost his SDI program, when that thing got postponed, and the
21 Central American Freedom Program was no longer needed--that I
22 know there was a concern of Rich of exactly what kind of
23 programs is IBC going to have, because they had done so much
24 research and writing for Channell on these other issues, and
there was a question as to where they were going to go, was

UNCLASSIFIED

UNCLASSIFIED

1 SDI really going to happen, or was Channell all of a sudden
2 going to switch--and he would switch programs: he may be
3 going full bore on one thing, and he'll very quickly do a 180
4 and refocus on some other issue. It's whatever, you know, he
5 wanted to do at the time. That was always a concern, because
6 you really never knew where the guy was going to be almost
7 day to day. And he ran his operation very tightly, and it
8 was whatever he decided to do what his organization was going
9 to do; he didn't need a board of directors to tell him--he
10 was the board of directors.

11 Q And you dealt directly with him?

12 A After a while, particularly when we had the
13 separate arrangement, I was dealing at times directly with
14 him.

15 Q You were concerned that this thing might not last
16 and therefore you went after this acceleration, and you knew
17 of Spitz Channell's volatility--I think you described him as
18 a volatile person. Why didn't you seek a binding contract or
19 something in writing?

20 A Those binding contracts aren't worth the paper they
21 are printed on. A personal service contract, you know, it's
22 not the kind of thing you are going to go into court to try
23 to enforce. First of all, I don't think a court would; and,
24 second of all, who would want to--you know, if someone
25 doesn't want you to perform services or you are doing a lousy

UNCLASSIFIED

UNCLASSIFIED

tb191

191

1 job for them, it's their right to cut that off.

2 Q So you don't believe in written contracts.

3 A I believe in some written kind, but personal
4 service contracts I think are very suspect and I don't think
5 they have--I personally don't think, and I know it was
6 Marty's opinion that they are not worth the paper they are
7 printed on. If someone doesn't want to honor it, what are
8 you going to do? Are you going to drag them into court?

9 Q Yes.

10 A But on a personal service contract I think it would
11 be very difficult. All the guy has got to do is go in and
12 say, look, this guy promised to do this for me, his perfor-
13 mance is unsatisfactory, he broke the contract.

14 Q After your initial arrangements with IBC and Spitz
15 Channell, did you receive any compensation from the Federal
16 Government other than your nominal sum from the Boundary
17 Commission?

18 A No, sir.

19 Q Did you do any work for any government agencies?

20 A No, sir.

21 MR. WORK: How much longer are you going to go?

22 MR. OLIVER: I don't know. Off the record.

23 [Brief discussion off the record and brief recess]

24 MR. OLIVER: If we could go back on the record, Mr.

25 Buck has a few questions that he wants to ask, and he has

UNCLASSIFIED

UNCLASSIFIED

1 another engagement, so I will defer to him temporarily and
2 continue my questions when he has completed his.

3 MR. BUCK: Thank you very much.

4 EXAMINATION BY COUNSEL FOR THE
5 HOUSE COMMITTEE

6 BY MR. BUCK:

7 Q I want to clear something up about the acceleration
8 of payments question. This concerns the agreement you had
9 with IBC in December of '85, January of '86.

10 Is one of the main reasons that the payments were
11 accelerated was because the work was accelerated? Or why
12 don't you give me the reasons why.

13 A The work load continued to increase at a very rapid
14 pace. What was envisioned in December changed in January,
15 and continued to change. And so increased demands, an
16 increase in the number of projects, that certainly would have
17 been a factor, yes.

18 Q Let me give you a hypothetical and see if this
19 sounds reasonable. If you were going to be paid \$20,000 a
20 month for a year and you expected that you would be working
21 about 500 hours a year and, after a month or two, you figured
22 out that you were going to be working 500 hours within the
23 first six months, and you accelerated payments, would that
24 seem consistent with what we are talking about here? In
25 other words, you never planned on working for free the last

UNCLASSIFIED

UNCLASSIFIED

193

tb193

1 period of time.

2 A Let me see if I can do this without being confusing.
3 When acceleration was made, thought was never given to that
4 hypothetical about, well, that means you are going to work --
5 for every month that you take up front means you are going to
6 work for free here. That was never talked about, I don't
7 believe ever thought about. The situation was so fluid and
8 literally changing month to month that what was going to
9 happen six months down the road, nine months, a year, frankly
10 was not even thought about that much, because, again, it was
11 a very fluid situation.

12 But there's no question that what was contemplated
13 and what was asked of in December changed very rapid. There
14 was just a lot more expected.

15 Q Did you do considerable work for clients other than
16 IBC during the relevant time period, that being December '85
17 on?

18 A Yes, there were other clients that had nothing to
19 do with IBC, that I did a considerable amount of work on.

20 Q How would you split it on a percentage basis?

21 A I can do it by percentage of income.

22 Q Okay, why don't you give us percentage of income.

23 A This is going to be a ballpark figure. I believe,
24 if you add up all the compensation that was put into David C.
25 Fischer & Associates in 1986, 60 percent I think is about

UNCLASSIFIED

tb194

194

UNCLASSIFIED

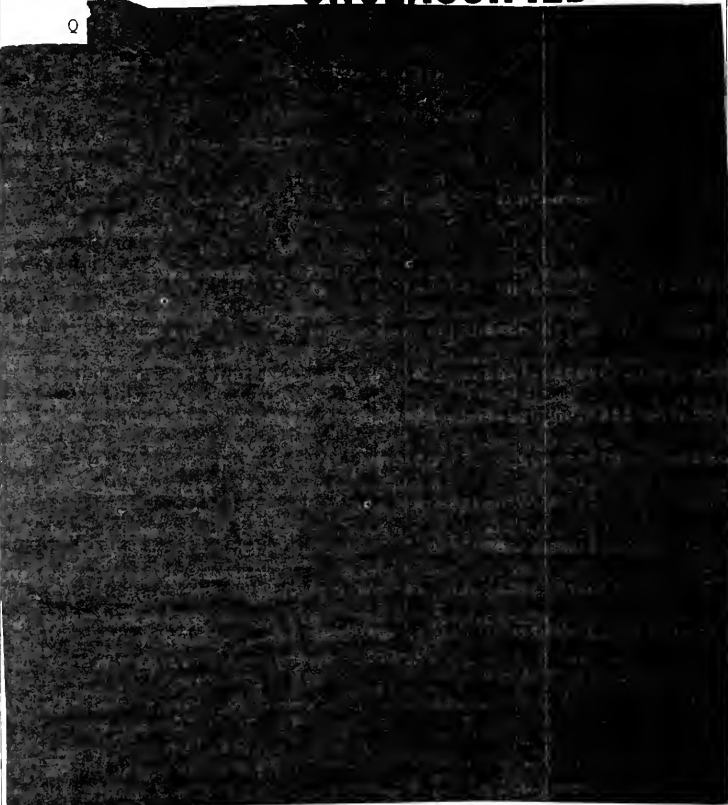
1 right--I think one time I guessed it was 75 percent or 80
 2 percent--was IBC. I think 60, now that I look at it, is a
 3 little closer--60 percent, IBC-related; 40 percent, totally
 4 non-related to IBC.

5 Q Unrelated to IBC, unrelated to any of the Channell
 6 organizations.

7 A Correct.

UNCLASSIFIED

8 Q



9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

Page 195

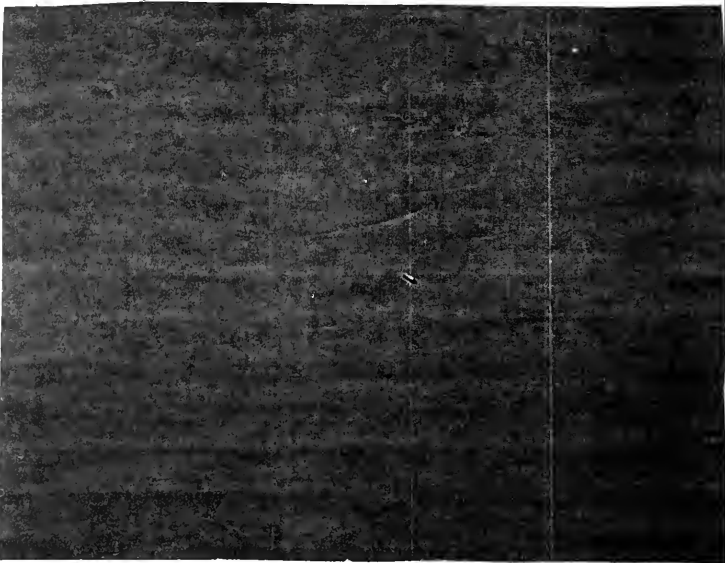
DENIED IN
TOTAL

tb196

UNCLASSIFIED

196

1
2
3
4
5
6
7
8
9
10
11
12



13 Q We've talked a little bit about this question so
14 far this morning and this afternoon, and I just want to ask
15 you, to find out for the record, did you ever sell White
16 House visits for any price?

17 A No, I did not sell meetings at the White House.

18 Q Do you know if anybody in the White House ever
19 received any money from yourself, Mr. Miller, or any of his
20 organizations, or Mr. Channell, or any of his organizations,
21 for meeting with any of Mr. Channell's contributors?

22 A No. Again, they didn't have to; they were getting
23 just about what they wanted. I was able to look in the
24 record and clearly establish that they were invited frequently
25 into the White House--their contributors were in the White

UNCLASSIFIED

UNCLASSIFIED

1 House. And I'd like to put one other thing: even after the
2 relationship that they established with me, they continued to
3 be invited. And there was a meeting in April of '86--it had
4 to do with the photograph that I saw with Channell and the
5 President--and I said I don't remember that ever taking
6 place. And I was told that Miller and Channell had been
7 invited to a briefing in the cabinet room on this issue. I
8 never knew about that until six months ago when I said that
9 photograph, when did that take place. And they said, Oh, it
10 was a briefing. So they continued to enjoy access, very
11 intimate access, without my participation, without my
12 encouragement, and in fact, because they had had it for so
13 long, and I believe they had it because they deserved it; I
14 mean, they were performing obviously what the Administration
15 thought invaluable services.

16 Q What was your knowledge of Mr. Channell's fundrais-
17 ing, organizations, and techniques? Were you intimately
18 involved with his fundraising?

19 A No. The thing that impressed me about Channell was
20 that, number one, he seemed to be highly organized. He
21 seemed to have the ability where people--and I will put this
22 in context of the Reagan Library, when we met with people
23 from the Reagan Library, he wanted to assist them in figuring
24 out how to raise big dollar amounts. Where they thought in
25 terms of little amounts, which would still be big to you and

UNCLASSIFIED

UNCLASSIFIED

198

Eb198

1 I, he thought in much bigger terms; he would think in terms
 2 of getting people to donate half a million, a million
 3 dollars, five million dollars. And that is the grand scale
 4 that, you know--so that was the thing that impressed me about
 5 Channell, his ability to raise money and to put together
 6 programs that people wanted to contribute to.

7 Q Did you have any knowledge that money being raised
 8 by Mr. Channell or Mr. Miller was being used to directly
 9 assist the contras?

10 A No.

11 Q This is at the time, not what you read in the media
 12 afterwards--but at the time, did you have any knowledge that
 13 any of the money being raised by Mr. Channell or Mr. Miller
 14 was being used to buy weapons?

15 A No.

16 Q Did you ever hear the subject of weapons discussed
 17 at any meetings which you attended?

18 A Yes, in that one briefing in particular with Bunker
 19 Hunt, in which, as part of his briefing, he talked about the
 20 needs of the contras. But that's the only time that I ever
 21 recall ever hearing that.

22 Q Did you ever hear Colonel North solicit any
 23 individual for money?

24 A The only time I was with him with a contributor was
 Bunker Hunt, and, you know, when I was there he did not. It

UNCLASSIFIED

tb199

199

UNCLASSIFIED

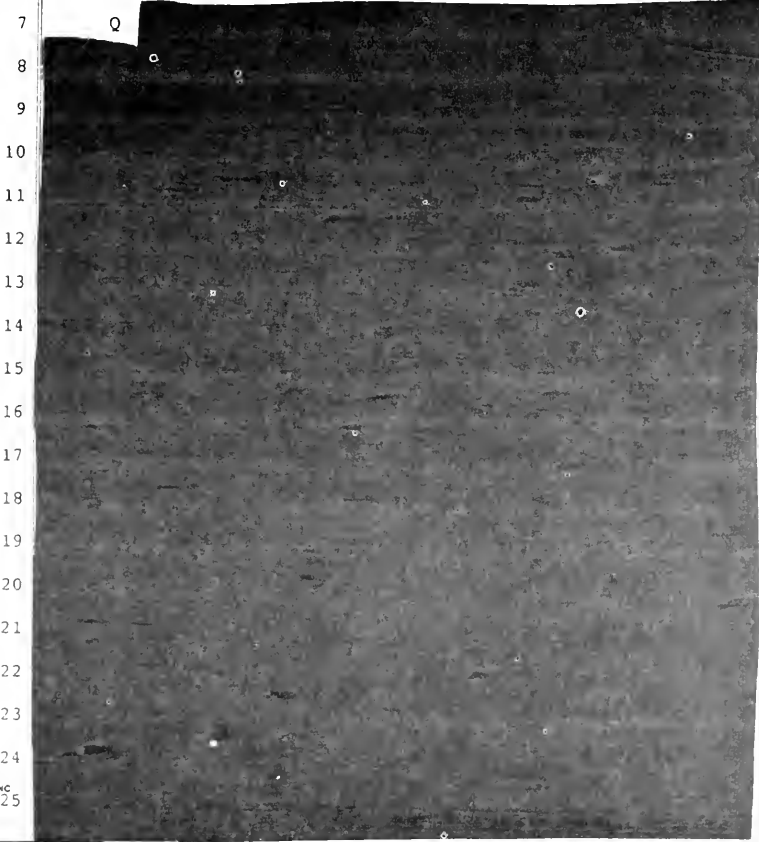
1 was a straightforward kind of briefing.

2 MR. BUCK: I have no further questions. Thank you,
3 Mr. Oliver, and thank you very much, Mr. Fischer.

4 FURTHER EXAMINATION BY COUNSEL FOR
5 THE HOUSE COMMITTEE

6 BY MR. OLIVER:

UNCLASSIFIED



7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

Page 200-217

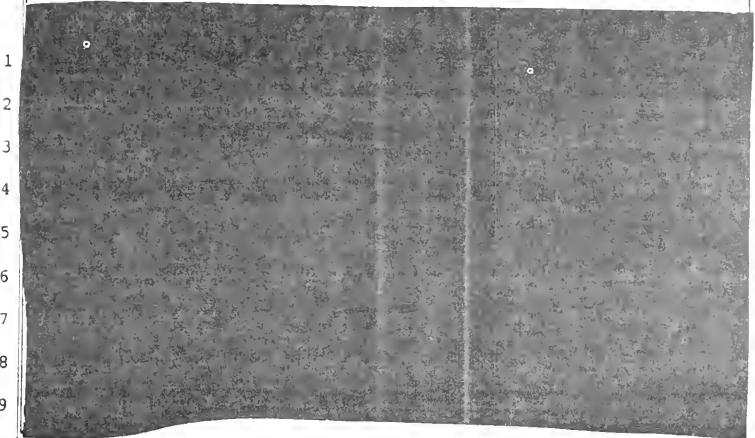
DENIED IN

TOTAL

UNCLASSIFIED

hws218

218



1
2
3
4
5
6
7
8
9
10 Q I want to switch back to another subject, if I may.
11 You indicated earlier in the discussions with Mr.
12 McGough and Mr. Fryman that -- I think you used the word
13 "passthrough" -- that the arrangement was that Channell would
14 pay \$20,000 to IBC, and IBC would pay \$20,000 to you or to
15 Mr. Artiano, or 10,000 to each.

16 How did that work?

17 A No. The original agreement that was struck in
18 December, or whenever it was in '85, was for the \$20,000 --
19 MR. WORK: I want to object to this since we are
20 now going over it for the fourth time. Every questioner has
21 asked him this question. And I know you have a right to ask
22 him the question, but everyone has asked him this question.
23 And I hope you will be short.

24 And I think it is objectionable because every
25 questioner has asked it.

UNCLASSIFIED

UNCLASSIFIED

1 MR. OLIVER: Your objection is on the record,
2 counsel.

3 THE WITNESS: I'm tired. The original agreement
4 with Artiano and Fischer and IBC was strictly with IBC.
5 There never were discussions at that point that I'm aware of
6 that said, well, all this money, even though we knew that the
7 vast majority of work was on behalf of his client, Channell,
8 his obligation was a long term that IBC personally agreed to.

9 When we were making a reference to Channell putting
10 \$20,000 in, that became later on, and that one was because he
11 wanted me to work for him personally. And I said no, I will
12 continue my relationship with Miller, and everything will go
13 through Miller.

14 Q I understand that, but your \$20,000 a month, which
15 I believe was the compensation that was agreed upon at some
16 point, was basically what you were paid. My understanding is
17 that \$20,000 was paid by Spitz Channell, NEPL, whatever, to
18 IBC, and then IBC wrote a check to either David Fischer
19 Associates or Marty Artiano or you. I mean the \$20,000
20 passed from Channell to IBC to you, or to you and Marty.

21 A I can assume that that is what happened. As far as
22 discussions in those early stages when the deal was negoti-
23 ated, I do not know, because, you know, I did not participate
24 in those discussions.

I can tell you when I did have a conversation is

UNCLASSIFIED

UNCLASSIFIED

1 when I struck that separate deal with Channell when he was
2 trying to get me to work for him in which he wanted to do it
3 directly, and I said it will go through IBC. And that is the
4 time I had discussions about particularly how money was
5 handled. In other words, it was Channell to IBC, and I had
6 that discussion, and I --

7 Q And you talked about the exact amount a month of
8 money?

9 A Correct.

10 Q So that exact amount of money went to IBC, as you
11 had agreed, and then you got the exact amount of money that
12 you had agreed upon with Channell?

13 A Correct.

14 Q So, out of this arrangement, IBC didn't get any
15 money?

16 A Well, IBC at that time had separate arrangements
17 with Channell on a wide variety of programs for which I
18 believe they were being compensated for. What they were
19 being compensated exactly for all of the projects, I have no
20 knowledge. That was not discussed with me.

21 Q But as far as David Fischer and Marty Artiano were
22 concerned, there was not a cut taken by IBC out of the money
23 that came from Channell to pay for your services?

24 A Until I formed a separate agreement with Channell.
25 How Rich Miller billed Channell, if that's what he did, or

UNCLASSIFIED

UNCLASSIFIED

1 what funds he used, where he came up with that 20,000 a month
 2 to pay to Fischer and Artiano, I had no discussion with him,
 3 that was not a concern of mine. I just know that I --

4 Q You did not know that the money was coming from
 5 Spitz Channell?

6 A I assumed that it did because we were working on
 7 matters pertaining primarily to his client, Channell.
 8 However, until I had specific discussions with Channell later
 9 on, a couple of months later, whenever it was, in which we
 10 were talking about the separate arrangement, I knew I was
 11 negotiating with him at that point exactly how this was to
 12 take place. This was when he was trying to get me to work
 13 for him, and he wanted to pay me directly.

14 Q This was in?

15 A April or, you know, sometime in the spring.

16 And so, in the initial arrangement, how Rich
 17 Miller, how he did his books and how he billed, what amount
 18 he was billing to Channell, I couldn't tell you. I haven't
 19 the foggiest idea. I have never seen the IBC books to this
 20 day.

21 Q So why did you have a meeting, or why was it
 22 necessary for you and Marty Artiano to meet with Channell and
 23 Conrad and Miller and Gomez after the first White House
 24 meeting if your arrangement was with IBC?

A Because the work was being done in behalf of

UNCLASSIFIED

UNCLASSIFIED

1 Channell.

2 Q Which work?

3 A The work that we were engaged in, the meeting in
4 January, all of these projects we were doing on behalf of
5 Spitz Channell. That is why that issue was brought up, when
6 this rumor was heard, or whatever it was, that resulted in
7 this meeting in which it was discussed among all the par-
8 ticipants.

9 Q And at that meeting did you discuss this rumor?

10 A As I recall the meeting, as I've said earlier,
11 Marty Artiano conducted the meeting, and he brought up the
12 issue, recapped what we understood the relationship to be.
13 As I recall, everyone said that's exactly what it is, or
14 concurred, or no one raised objections or whatever, and then
15 went on to other matters.

16 It was just something, you know, that had come up.
17 You know, Marty wanted it discussed with everybody. And I
18 don't believe that that meeting was just called for that
19 because periodically we would all meet together in the board
20 room and go over the wish list and decide who was going to do
21 what, and divide assignments up. And I believe this just
22 took place at one of the meetings.

23 And it was, you know, it was on the agenda, and
24 Artiano, as I recall, is the one that addressed the issue to
25 everybody.

UNCLASSIFIED

UNCLASSIFIED

1 Q When did you first ask Rich Miller to arrange for
2 an accelerated payment in January of 1986?

3 A I did not ask. Artiano asked.

4 Q And when did he ask?

5 A I can't tell you. I have no idea. Sometime in
6 January.

7 Q Did you think you needed an accelerated payment at
8 that point?

9 A I must have, you know, because I agreed with it and
10 received a check.

11 Q Well, you had already received checks in December
12 and probably early in January?

13 A Yes.

14 Q And you received another check?

15 A Again this had to do with the concerns that I've
16 already expressed; number one, that there were increased
17 demands on what was expected, increased demands on my time,
18 and projects that were envisioned greatly exceeded what was
19 originally envisioned in the relationship.

20 And as I've said before, this relationship, it is
21 an exaggeration to say it even -- I mean it was, at a
22 minimum, changing month to month. It was almost week to week
23 new things were coming up. And, all of a sudden, we went
24 from something that existed in December with the projects
I've described, and in January we were in a total different

UNCLASSIFIED

UNCLASSIFIED

hws224

1 ball game, totally unrelated to what was originally en-
2 visioned.

3 Q Other than arranging meetings with Government
4 officials for Channell's people and for Channell, what else
5 did you do for Spitz Channell?

6 A For Spitz Channell, a lot of the meetings that we
7 had and a lot of the effort that was spent was on not only
8 these meetings with Government officials, but was on a lot of
9 the projects that he envisioned doing in the future.

10 He had conferences that he wanted to hold, con-
11 ference on terrorism, one on pulling in a future of conser-
12 vatism conference that he wanted to have in 1987.

13 There were the Reagan Library efforts that were
14 non-related to the Government. There was the Reagan Founda-
15 tion, I believe was what he was calling it, on putting
16 together this organization in this Foundation.

17 Q And what did you do in relation to those projects?

18 A Well, in those kinds of projects, it was a matter
19 of putting together game plans for him and figuring out how
20 he could go about and achieve these objectives. A lot of
21 times --

22 Q Did you put together those game plans?

23 A Some of them we did, yes.

24 Q Do you still have copies of those game plans?

25 A No. You have copies of everything that I have.

UNCLASSIFIED

UNCLASSIFIED

1 In another area, he had a program in which he --
2 and I can't remember the name of the program -- in which he
3 wanted to put together commercials to -- he had commercials
4 that were very prone; in other words, on SDI, we'll find
5 Congressional Districts that support the President and we'll
6 put commercials in those districts.

7 He also had ideas to do a negative campaign on
8 specific Congressmen. And I remember --

9 Q Did he discuss those with you?

10 A He absolutely did. Rich Miller and I in a res-
11 taurant. I remember it so clearly because of the subject
12 matter that was brought up, and he described his program of
13 targeting certain Members of Congress who had been, you know,
14 vigorously opposing the President on certain issues, SDI and
15 also the Contra issue, and running some negative ads. And he
16 asked for our opinion, and Miller and I, in the strongest
17 terms, told him that it was a terrible idea. And I remember
18 so well saying you admire Ronald Reagan, and you say that you
19 take his lead. You know that Ronald Reagan doesn't believe
20 in negative advertising. It backfires, it doesn't work, and
21 you shouldn't do it.

22 And I think the record is clear that he went ahead
23 and did it. But, you know, it was my opinion --

24 Q Did Rich Miller help him do it?

A I don't believe so. He was as opposed to that as I

UNCLASSIFIED

UNCLASSIFIED

1 was. And I never heard of that program again.

2 But I know that he went forward with it. Now, if
3 Rich had separate meetings with him, he may have, I don't
4 think so. Because Rich was opposed to it also.

5 Q He told him that he was opposed to targeting
6 Congressmen who opposed the President for ads?

7 A Negative campaigns.

8 Q Negative campaigns.

9 A He was opposed to negative campaigns where you
10 target specific Members and say this person opposed the
11 President on this issue and he ought to be defeated in the
12 election. That kind of campaign, I know that Rich was
13 opposed to that.

14 Q Were you aware that the ads for that negative
15 campaign were paid for by the people who attended that
16 briefing that you arranged at the White House on January 30th?

17 A I don't know how the funding came in for that. You
18 know that Channell had so many organizations, and who gave to
19 what organization I can't tell you. Or even what entity he
20 created. Maybe that was that ATAC group that I've heard
21 about. Maybe that was the negative ads.

22 I don't know what entity or who paid for it.

23 Q Was there any discussion surrounding the January
24 30th briefing either before or after or during where they
25 talked about the ads that would be run as part of the Central

UNCLASSIFIED

UNCLASSIFIED

227

hws227

1 American Freedom Program during February and March and April
2 of 1986?

3 A Each time there were new ads in the works, I was
4 able to look at them after they were completed.

5 Q Look at the story-boards or look at the cassettes?

6 A No. I actually saw the finished product when they
7 came out of the agency. And those were always passed over to
8 the Administration. They were able to view them.

9 Q Did you review the Mike Barnes ads when they came
10 out of the agency?

11 A No. I don't know if I saw the Mike Barnes ad. I
12 did see the one on -- was it McCloskey? I think I saw one
13 negative ad one time, and I believe it was McCloskey or
14 Mikulski.

15 Q Did you see any positive ads on the Contras?

16 A Oh, all of them. I mean, when I say positive, it
17 would support the President, I view that as a positive ad.
18 When you start targeting a specific member and saying, you
19 know, this person opposed the President and you ought to
20 defeat him and elect somebody else, that's negative advertis-
21 ing.

22 Q At the luncheon which took place on January the
23 6th, which Marty Artiano arranged with Elliott Abrams, you
24 were present?

25 A Yes, I was.

UNCLASSIFIED

UNCLASSIFIED

228

hws228

1 Q Was Barbara or Adam Goodman present also?

2 A I don't believe so. No, I'm positive they weren't.
3 I don't think I even ever met Mr. Goodman.

4 Q Did Spitz Channell show the story-boards for ads to
5 Elliott Abrams at that luncheon?

6 A I believe he did at that luncheon.

7 Q And you saw those story-boards?

8 A I have seen them. You know, I can't definitely
9 recall, but I believed that it happened. We couldn't have
10 shown them to Tate in a restaurant so I believe that was part
11 of it, was to educate as to what they were doing on the ads.

12 Q On the ads.

13 And how did Elliott Abrams react to these story-
14 boards?

15 A Again my recollection was that -- excuse me -- that
16 he was very impressed with what the group was doing.

17 I don't remember anyone in those early days, until
18 maybe the negative advertising, that anyone ever raised any
19 objections or concern about those ads. No one ever said
20 those guys are going too far, or we don't like the context.
21 I mean the text of it, or we don't think that's Administration
22 policy. I never heard -- I don't think I ever heard a
23 negative comment in those early days on their ads.

24 Q Did you know that those ads were being run in
25 specific districts that were related to upcoming votes in the

UNCLASSIFIED

UNCLASSIFIED

1 Congress?

2 A Yes.

3 Q How did you know that?

4 A I knew that he had a polling expert, Finkelstein,
5 that Finkelstein was at least a pollster that he used. I was
6 more familiar with the SDI because I got to see the SDI
7 polling. I never saw anything on the other issues. On SDI,
8 I did, and I got to go through the whole study.

9 So I was aware that he was doing some in Congres-
10 sional districts. And I know in the SDI program, they were
11 targeting specific places where they wanted to run, support
12 the President on SDI ads. So I'm kind of assuming from that
13 the same thing was done for the Contra issue. But they
14 bought in specific Congressional districts.

15 Q Did you participate in any meetings that were
16 related to the upcoming Congressional vote in January,
17 February, March, April or 1986, where the legislative
18 strategy was discussed?

19 A It had to be discussed at some of the meetings, but
20 I just don't have a specific recollection of it. It's not
21 the kind of thing that would stick in my mind.

22 Q Did you know Dan Kuykendall?

23 A Yes, I met Dan Kuykendall. I did not know him
24 until --

25 Q When did you meet Dan Kuykendall?

UNCLASSIFIED

hws230

UNCLASSIFIED

230

1 A I don't think I met Dan Kuykendall until late
2 spring probably of '86. I'd have to say that would be my
3 guess.

4 Q What was the occasion?

5 A I think he was brought in in the context of some of
6 these programs. And I knew that he had done some Hill work,
7 was a consultant of Channell's.

8 Q He was brought in. Where did this meeting take
9 place? Was it a meeting at Miller's office?

10 A Yes. As I remember, you know, I don't know whether
11 that was the first, but I do remember sitting down at a
12 meeting with Kuykendall in Miller's office?

13 Q Were there several other people at that meeting?

14 A Yes, I think there was. If I remember, it was in
15 the conference room. There were people sitting around.

16 Q Were they discussing the vote and legislative
17 strategy at that time?

18 A I can only assume because Kuykendall was there that
19 they would have been. But I just don't have a real -- and
20 again I could be way off. I may not have met him until the
21 summer. I just can't pinpoint exactly when Kuykendall came
22 into it.

23 Q Do you know whether or not Rich Miller was involved
24 in the targeting of the Congressmen against whom ads were run?

A I can only suppose from his reaction at that lunch

UNCLASSIFIED

UNCLASSIFIED

1 when negative ads were brought up and the way he opposed it,
2 that I would be very surprised if he was involved in negative
3 targeting.

4 Now, he was probably involved in targeting of
5 support the President ads, which I don't call negative. But
6 the ones where they were negative ads about specific Con-
7 gressmen, I would be very surprised if he was involved with
8 that.

9 Q You don't know whether he was or not?

10 A I don't know. Not only that, if Channell's polling
11 data was as good as it was, I don't think he needed anyone to
12 figure out where he was going to put his ads. He really did
13 some very, very extensive polling ads.

14 Matter of fact, he shared it with the White House.

15 Q What prompted you to incorporate, or did you
16 incorporate as David C. Fischer Associates in January of
17 1986? What prompted you to do that?

18 A It was a matter of forming some business entity,
19 and someone recommended incorporating. A law firm in Utah
20 said this is the best way to do it.

21 Q When did you discuss it?

22 A Sometime prior to incorporating, probably December
23 of '85. It may have been as late as, you know, early
24 January, something we did, you know, fairly quickly./

Q And you incorporated in Utah?

UNCLASSIFIED

232

hws232

1 A Yes.

2 Q Do you remember the date of the incorporation?

3 A No, I don't. I don't. I'm assuming it was early
4 January of '86. It was definitely January.

5 Q You said that you had no policy input in the
6 various meetings in the White House, that you were primarily
7 a facilitator of meetings and arrangements and so forth.

8 Did you have any policy input into what IBC or
9 Spitz Channell's organizations were doing?

10 A What do you mean policy?

11 Q Well, you indicated you heard this term "strategic
12 planning"?

13 A Yes. Well, those are two different things.
14 Strategic planning doesn't necessarily mean just policy. And
15 even in the White House, the kind of activity that I had a
16 part in would be in this area of deciding -- and this isn't
17 policy -- but if you take issues with the President who wants
18 to go out in the country and get across with its education
19 and the schools or whether it's SDI, then groups of us would
20 sit around and say okay. This is the issue. How do we go
21 about and put him, the President, in settings to get this
22 message across and make news out of it? And we would sit
23 around and strategize. We would strategize about what to do
24 on foreign trips, and I was part of that process.

Q You indicated that you asked Channell to show you

UNCLASSIFIED

UNCLASSIFIED

233

hws233

1 who they met with at the White House, that you gathered a
2 number of these papers and so on, and take a look at what
3 they had done?

4 A Yes.

5 Q When did you ask Channell to do that?

6 A I believe it was in December of '85, or I asked
7 Rich or both of them tell me, show me who you are, give me
8 all the information that you've got, along with the cassette
9 tape of the commercials, along with story-boards. I got
10 correspondence, lots of letters from Ronald Reagan to Spitz
11 Channell, correspondence indicating that samples of telegrams
12 from the White House inviting people to meetings.

13 Q Have any of the contributors to Spitz Channell's
14 organizations ever met with the President prior to your
15 involvement?

16 A I have been told yes.

17 Q Who?

18 A I have been told that it happened, and I think the
19 **only** one that comes to mind was maybe Barbara Newington. You
20 know, I was told that it had taken place because that is a
21 question that I did ask. Well, I know you've had briefings,
22 has this ever happened? I was told yes. And as an example I
23 believe it was Barbara Newington who had a photo ops.

24 Q Prior to the arrangement that they made with you,
25 had the President ever stopped by any of the briefings for

UNCLASSIFIED

UNCLASSIFIED

1 ACT or NEPL?

2 A According to the paperwork I saw, no. Because the
3 briefings were all in the EOB, and that didn't happen.

4 Q When Marty Artiano talked to you initially about
5 this arrangement, did he tell you they wanted you to arrange
6 meeting with the President?

7 A No. No.

8 Q He did not mention it?

9 A No. It was not mentioned at all ion our initial
10 discussions with this client.

11 Q Was it mentioned at a later time?

12 A Yes.

13 Q When and in what context?

14 A Well, it was in our subsequent discussion. Once,
15 we know, we started checking out the group, and then they
16 started asking for, you know, would it be possible to do a
17 briefing? And we went through that and got the briefing.

18 Well, would it be possible to go and have some of
19 our contributors have photos, people who hadn't met the
20 President before? And we checked into it and, yes. So it
21 was not all at once, but it was over time that initial
22 projects and requests came up.

23 Q Was there a time in January of 1985 that it was
24 indicated to you that Admiral Poindexter did not want to
25 attend this meeting, or did not want it to take place in any

UNCLASSIFIED

UNCLASSIFIED

1 way?

2 A January of '86 you mean?

3 Q I mean January of '86. Excuse me.

4 A No. Again, because once I put the request in, it
5 then became a White Ho^use matter and they decided who was
6 going to be there.

7 And the briefing memo that was recommended was just
8 a format that had been followed before. In fact, I don't
9 think Poindexter did participate.

10 Q Other than the meeting that you had with the
11 President in the hallway prior to his entry in the Roosevelt
12 Room on January 30, 1986, did you ever meet with the President
13 or discuss with the President any of your activities related
14 to IBC or Spitz Channell?

15 A There had to be some kind of discussion once
16 because I accompanied some of these people in for their photo
17 ops. So I mean in that context he knew that I had a relation-
18 ship and knew that these people were helping on the TV
19 commercials. So I would have to say, you know, yes in that
20 context.

21 And in fact he, you know, he knew that I had
22 provided, and matter of fact we saw some of the commercials,
23 Fred Sacher, the Vice President, Ronald Reagan and I watched
24 a couple of commercials, some of the new commercials that
came out.

UNCLASSIFIED

UNCLASSIFIED

hws236

1 Q When did you do that?

2 A Whenever it was in the calendar, when Fred Sacher
3 went in for his photo, and we took a couple of minutes and
4 had a television in the study there and watched a couple of
5 the commercials.

6 Q Was Mr. Sacher present?

7 A That's correct.

8 Q And the Vice President and you? And Don Regan, was
9 he there too?

10 A I think Don Regan was present.

11 Q Was anyone else present?

12 A Jim Kuhn, the Aide to the President, was there.

13 MR. MCGOUGH: Could I interject?

14 You said in the study. Where do you mean by that?

15 THE WITNESS: He had the Oval Office, and then you
16 go in a little hallway and there's the bathroom and a little
17 tiny study. And it used to be Mike Deavers' office. It's
18 just a place where he has a lunch and where, if he wants to
19 go to a smaller office to have an informal meeting, or watch
20 a new broadcast or something, the television is in there.

21 BY MR. OLIVER:

22 Q How long did that meeting take place with Fred
23 Sacher?

24 A About 10 minutes maybe because we watched some of
25 the commercials.

UNCLASSIFIED

UNCLASSIFIED

1 Q And what was the date of that meeting, do you
2 remember?

3 A I want to say it was sometime after the January
4 30th briefing.

5 Q Shortly thereafter?

6 A Yes. I'd say, you know, probably February sometime.

7 Q Which commercials were these?

8 A You know, I don't have any idea..

9 Q Did the President comment on them to Mr. Sacher?

10 A You know, as best I recall, they were impressed
11 with them. Again, the only thing I can tell you is I don't
12 remember anyone saying negative things about the President,
13 as I recall. He was most impressed. And again had seen some
14 of the commercials before the January 30th briefing.
15 Commercials had been sent and he had seen them.

16 Q Did the Vice President say anything or Mr. Sacher?

17 A No. I just remember it as being very nice and kind
18 of thinking, well, that's great of you to start this programs,
19 and these ads are wonderful. And, you know, it was all just
20 very positive, that kind of casual conversation.

21 Q Was there a discussion about the briefing that had
22 occurred on the 30th?

23 A No, I don't recall that at all.

24 Q Was it mentioned?

A I don't believe so. But, you know, again it may

UNCLASSIFIED

hws239

1 Q Were these things cleared through the Counsel's
2 office?

3 A I would not know. I know that they were cleared
4 with the Chief of Staff and that is the gentleman that I
5 specifically mentioned these to and got permission.

6 Q To Don Regan?

7 A To Don Reagan directly.

8 Q And he was aware that you were being compensated?

9 A Or that this was a client matter, and, you know, I
10 had the discussion with him in January, and we again had
11 subsequent meetings in his office on a wide range of issues.

12 But he absolutely knew that this was client matter.

13 Q So you knew that in effect he cleared how many
14 meetings at your request? You count the January 30th
15 meeting, then you have these one, two, three, four, five,
16 six, seven photo opportunities.

17 In addition to that, were there any other meetings
18 that you cleared?

19 A Well, the SDI one was on the boards. But then that
20 got canceled. So, you know, the SDI briefing had been
21 approved.

22 Q By Mr. Regan?

23 A By Mr. Regan's office at least.

24 Q Were any objections ever raised to the SDI meeting
25 by anyone in the White House to your knowledge?

UNCLASSIFIED

UNCLASSIFIED

240

hws240

1 A Other than what I've told you before is that
2 originally it had been completely signed off on, and it was
3 when Channell's organizations sent out their own telegrams in
4 advance of the White House doing something. And that caused
5 a cancellation, or we postponed it, because later on the
6 proposal was in again.

7 Q Do you have a copy of those telegrams that were
8 sent out?

9 A I don't, but I guarantee that Counsel's office did,
10 or at least they did at the time because they showed them to
11 me.

12 Q Was there something in the text of the telegram
13 that caused them to flag it?

14 A Well, no. I think it was primarily the fellow who
15 received it. He was a defense contractor. And they were
16 worried that even though before this they had already said
17 there was no problem as long as there was a mix, you can have
18 defense contractors there but it's got to be a well-rounded
19 mix group.

20 And then, all of a sudden, when this telegram came,
21 Counsel's office now was saying, my God, someone from the
22 defense industry has been invited to this, we cancel it.

23 So, to my recollection, that was the one thing that
24 cancelled it, and I don't think they liked the text anyway,
25 because the White House likes to invite people themselves to

UNCLASSIFIED

UNCLASSIFIED

241

art241

1 go on briefings.

2 Q Did you know that Spitz Channell's organization
3 and/or Rich Miller were specifically trying to get a list of
4 the defense contractors who supported the President's SDI
5 program?

6 A No, they already--I think they had it in their
7 research they were doing. I mean, there were articles being
8 written at the time about who got what chunk of the SDI
9 budget. I mean, that was well-known and was--you know--and I
10 believe there were even documents showing this company does
11 this much business, they do this, and it was lists.

12 Q They had those documents?

13 A I saw it in articles myself in the media.

14 Q Were there ever any discussions of those articles,
15 or those lists, with Rich Miller or Spitz Channell?

16 A About?

17 Q In relation to the SDI briefing that you were
18 attempting to arrange at the White House?

19 A Oh, yes. What had been raised with me--and that's
20 why I asked the Counsel's Office about it--was the fact that
21 aside from the usual kind of contributors they wanted to
22 invite, they wanted to invite some people from the defense
23 industry. I went into Wallison's office and raised the
24 issue, saying I don't--I was the one that said I didn't think
25 it was proper. They assured me that it wasn't, as long as

UNCLASSIFIED

UNCLASSIFIED

242

art242

1 there was a mix, and so they said no, there's no problem, and
2 I reported it back--nope--he says there's no problem.

3 And in fact when the first telegram was received and
4 it got into the Counsel's Office, they did an about-face and
5 said can't do this.

6 Q Did the contractor who got the telegram object to
7 something that was said in the telegram?

8 A No. I got the impression that it was somebody that
9 Peter Wallison knew, and the guy was just sending it to Peter
10 to say, look, do you know this is going on, just as a friend.

11 Q Do you know what company that person was associated
12 with?

13 A No. I don't.

14 Q You don't remember?

15 A No. I don't.

16 Q Well, was it your understanding that this particular
17 contractor was offended by the fact that he might be asked to
18 contribute money to Spitz Channell's organization?

19 A No. You know, again, I read it in the context.
20 I'm sure he had the same reaction I did, when Channell asked,
21 and Miller asked me, can we invite defense contractors. My
22 first reaction was no, don't do it. But I went into the
23 White House Counsel's Office and asked permission--is this
24 proper?--and they said yes, as long as it's a mixed bag of
people. And so they went ahead and did it. I didn't--

UNCLASSIFIED

1 Q Did you tell Channell that, or Miller that?

2 A I reported back to somebody, look, there's no
3 problem with this as long as we do a mix, don't have--you
4 know--put in a portion of defense contractors, but it's got to
5 be a mix of people.

6 Q So the White House Counsel had told you it was
7 okay, and you told them it was okay?

8 A That's right. But what got them in trouble was,
9 Channell went ahead and sent out his own telegram without
10 talking to me about it. I don't know if he talked to Miller
11 but he never told me, or--

12 Q What difference does that make, if the telegram
13 went to a mix?

14 A Because you had a private group inviting people to
15 the White House. The White House is supposed to invite
16 people to the White House.

17 Q But you were arranging meeting for Spitz Channell's
18 people. You're a private individual.

19 A No, no, but now the difference is--

20 Q Channell's a private organization.

21 A No, you're missing the point.

22 Q These are private individuals.

23 A Now the difference is that what I did is I proposed
24 briefings, and I went through the system in the White House.

25 I went to the right people and said here is a proposal. They

UNCLASSIFIED

UNCLASSIFIED

art244

1 then took it and put it through their system, and all of the
2 offices that have to agree to this would agree to it.

3 And in this case, in the SDI, it been signed off,
4 and it's till the system went off-base a little bit that it
5 got cancelled. But the White House is the one, whether it's
6 Public Liaison Office, or the Office of Science and Technol-
7 ogy, someone is supposed to originate the invitation, not an
8 outside group.

9 It's okay for a group to follow up, but the first
10 time a person hears about a briefing should not be from a
11 private group, saying, you are hereby invited to the White
12 House, and, please--you know--come to the gate at this time.
13 That has to come from the White House.

14 Q But the idea for the meeting, the briefings in the
15 White House, came from you and came from Spitz Channell, isn't
16 that right?

17 A Sure. Oh, yes. Absolutely.

18 Q And the list was provided by you and Spitz Channell
19 to the White House?

20 A Yes. Now I never gave a list on the SDI briefing.

21 Q But you did give a list on the other briefing?

22 A Absolutely. Yes.

23 Q But you were prepared to give a list on the SDI
24 briefing?

25 A Yes. You know, it was just--I wanted to go clear

UNCLASSIFIED

UNCLASSIFIED

art245

1 up the matter on whether or not you could invite defense
2 contractors.

3 Q And you did do that, and what's confusing to me is
4 that the only issue that seemed to have been raised by the
5 Counsel was whether or not there was a mix of people. Yet
6 the ^emeeting was cancelled because these people got a telegram
7 saying they were going to be invited to the White House. I
8 mean, it sounds like "apples and oranges" to me.

9 A No, listen. First of all, it was very distressing
10 to me to have them say one day it's okay, and then, you know,
11 a month later, all of a sudden day you can't invite defense
12 contractors, is basically what they told me. They did an
13 about face, but I think they did it because they were angered
14 that Channell's group sent out telegrams ahead of time,
15 before the White House officially notified those people
16 themselves, and that, to them, was enough to cancel it.

17 Q Were you aware that Spitz Channell's organization
18 was going to contact the people who were on their list?

19 A Not ahead of time. No. I did not.

20 Q Who compiled the list?

21 A I can assume that Channell did.

22 Q Well, was the purpose of this exercise to get these
23 people to contribute to the television advertising campaign
24 that they were going to do?

A Sure. Sure. Absolutely.

UNCLASSIFIED

UNCLASSIFIED

1 Q Well, if the President wasn't going to ask them for
2 money, how did you expect them to learn that they were about
3 to be solicited if they weren't contacted by Spitz Channell?

4 A Because contact, after you're invited by the White
5 House, a group then can do all the contact--I mean, can do
6 the contacting if they want, or they can have meetings after
7 the White House meeting.

8 But for a private group, that the first contact you
9 would have as an invitee of the White House is from some
10 private group, that is not proper, and that's what got them
11 in trouble.

12 Q Do you know if any of the 19 people who were
13 invited to the White House on January 3rd of 1986 were
14 contacted by the White House before they were contacted by
15 Spitz Channell?

16 A That one, I don't know how it was done. I'd have no
17 idea how--who invited who. First, I wasn't involved in that,
18 nor was the issue ever raised with me. No one ever said, do
19 you know that this telegram went out, or this? That was
20 never raised with me. There were no hitches or problems with
21 the January 30th briefing.

22 Q Well, the people who were invited were people who
23 had already been developed as contributors by Spitz Channell.

24 A Or additional. I mean, I don't know how--you know--
25 the list was more than I think nineteen. There were a lot

UNCLASSIFIED

art247

UNCLASSIFIED

247

1 of people who were invited to the January 30th, and he was
 2 always updating his list, and figuring out who he was going
 3 to invite to the next briefing. It was an ever-evolving list
 4 of people.

5 Q Did you know that they were going to solicit these
 6 people for contributions at the Hay-Adams Hotel later that
 7 night after the briefing?

8 A In the January 30th?

9 Q January 30th.

10 A I didn't know what they were going to do at the
 11 January 30th briefing. I certainly knew that these people
 12 had given money to the program. You know, how he did it, or
 13 whether he was going to solicit at the Adams, I--

14 Q You didn't know that they were going to be asked to
 15 contribute money after the briefing?

16 A At that briefing? I didn't--

17 Q After the briefing, at the Hay-Adams.

18 A I did not know that.

19 Q You did not know.

20 A But I would assume that that's--

21 Q Were you aware that they did contribute?

22 A That people did contribute?

23 Q Yes.

24 A Yes, because I saw lists where, you know, the

25 people that ended up getting private photo ops, it listed the

UNCLASSIFIED

UNCLASSIFIED

1 kinds of things that--the amounts of money.

2 Q How much money they had contributed?

3 A Sure.

4 Q It was an impressive amount of money, wasn't it?

5 A And it's not only that. And it was always touted

6 as a meeting of the people who had contributed, and the

7 purpose of this was to thank them, and encourage them to

8 continue supporting the President.

9 Q Were you aware that after the meeting at the White
10 House, where the President appeared, that 16 of the 19

11 potential contributors who were there that night contributed

12 over \$4 million in the next five months to Spitz Channell's

13 organization?

14 A I wouldn't know, you know, who gave what.

15 Q You were never informed of whether or not this was

16 a successful event?

17 A Oh, yes, everyone was very pleased with ^{it} Mit, and I

18 knew that they were able to--you know--hit some of their

19 goals, as was put in the memo, that they were hoping to raise

20 another--I don't know how many millions--for their public-

21 education program. I mean, they obviously were achieving it

22 because they continued to produce ads and put more on.

23 Q Would you say that Spitz Channell was basically a

24 fundraiser?

A He was a fundraiser, but he also took that money

UNCLASSIFIED

UNCLASSIFIED

1 and produced--I don't know if you want to call it--I don't
2 know how you describe someone who tries to put on public-
3 education programs, whether that's one who tries to influence
4 public opinion, or to sway public opinion. I mean, he was
5 certainly both of those.

6 He couldn't have done the second without raising
7 the money. I mean, the money was the vehicle in order to
8 allow him to produce commercials.

9 Q Well, you said that you had checked him out before
10 you finalized--

11 A As best I could, yes.

12 Q As best you could. Well, were you told what his
13 background was?

14 A No. The only thing that I could find out in going
15 into the White House was that--my impression was people
16 didn't know him very well, but they certainly knew the
17 product, and I could show storyboards, and, oh, yeah, I've
18 seen that commercial, or, oh, yes, they're doing great work.

19 Q Did you know he had been the finance chairman for
20 NCPAC?

21 A I found that out at some point, yes. I mean, when
22 I did, I don't know.

23 Q What I'm trying to determine, Mr. Fischer, is, is
24 it your conception that Spitz Channell is anything other than
25 primarily in the fundraising business?

UNCLASSIFIED

UNCLASSIFIED

1 A No, I don't--he was many things, but, you know, he
2 certainly had--first he created programs that people wanted
3 to support, so that's the first thing that he did, and he was
4 very smart. He turned out to be a fellow who, like other
5 organizations in town, would find issues which they would
6 stand for.

7 He chose to take issues that were in support of
8 Administration policy, and those were very easy to support
9 for him, and it was very easy for him, then, to go to con-
10 tributors and say, look, I'm trying to help the President on
11 arms control, on SDI, on support the President in Central
12 America.

13 And so he had to create the programs, first. He
14 had to create the vehicle. Once he created the vehicle--and
15 he was very good at that--then it was--he obviously did it
16 easily because he was able to go and get people to support
17 it. And in some cases you had people like Fred Sacher who
18 got the credit for coming up with the Central American
19 program. That's what I was told, that it was his idea, not
20 Channell's, but Channell put it together.

21 Q So it isn't your impression that he was doing this
22 to make money. He was doing this for altruistic reasons, is
23 that what you're saying?

24 A I can't tell you what his motivation--what I think,
ultimately, what Spitz Channell wanted? I think when it was

UNCLASSIFIED

art251

251

UNCLASSIFIED

1 all said and done, that Channell wanted to be a man of
2 influence in Washington, so that if Ted Koppel on "Nightline"
3 wanted to have an expert on influencing public opinion, that
4 they wouldn't necessarily go to Richard Viguerie anymore.
5 They would say, you know, this Channell's the guy who's been
6 doing this ad, and all of a sudden you'd seen Channell on
7 television, and he would be the one that people would be
8 mentioning and writing about.

9 So he was doing all of these things and never
10 getting any credit for it. That's why I think, ultimately,
11 he--

12 Q Well, he's well-known now.

13 A No, but I think, ultimately, that's kind of what he
14 wanted. He may have been in it for the money. I don't know
15 what he made on it, but I sincerely believe that he really
16 wanted to help the President.

17 Q But you were in it for the money?

18 A He was certainly a client, I wasn't doing it for
19 free.

20 Q Had you ever been paid that much money before in
21 your life?

22 A In one year? Absolutely not. I've been offered
23 more, as I told you the other examples. Just before I met
24 Channell, I was offered a lot more money.

Q So this was practically a doubling of your income,

UNCLASSIFIED

UNCLASSIFIED

1 wasn't it, this arrangement with IBC?

2 A I would say from '85 over to '86, that that's--you
3 know--that's probably about right. I'd have to review the
4 taxes, but I'm sure that's correct. But that was going from
5 a salaried employee to self-employed.

6 Q Did you discuss with Rich Miller, at any point,
7 difficulties that he was having with the Channell arrangement
8 in August of 1986, or thereabouts?

9 A I know there was a time, and I think it had to do
10 with SDI, in which there were some hitches. There had been a
11 lot of money expended, I believe, on a big writing project,
12 and research, and other people had been brought in to assist
13 in putting together this big SDI package, and Spitz was now
14 starting to veer away, and it appeared to him that the
15 Administration no longer considered this a big, important
16 item, and so he was thinking about other things. So I think
17 that was happening about that time.

18 Q But did they terminate their arrangement in August
19 of 1986 for a period of time?

20 A I don't know. There was a time when there was--I
21 think a couple months--where--I don't know if you'd call it a
22 hiatus, or whatever it was--in which there were no specific
23 programs that Channell wanted Miller to work on. I think
24 that's correct. I don't know if it was a month or two months.

Q Did you continue to be paid your monthly fee

UNCLASSIFIED

art253

253

UNCLASSIFIED

1 throughout this period?

2 A Yes.

3 Q And Mr. Artiano continued to be paid throughout
4 this period?

5 A I can only assume that. I don't know for sure, you
6 know, what was happening with Marty, but I believe he was.

7 Q Do you know what the circumstances were under which
8 Lynn Nofziger was brought in as a client of IBC?

9 A One of the things that Channell would ask me,
10 occasionally, is--he always was looking for new people to
11 assist him, and I know Pete Hannaford. He asked me about Pete
12 Hannaford at one time. He talked about Nofziger. And those
13 are the two that stick my mind.

14 And I said, you know, obviously they're well-known
15 people, Nofziger more than Hannaford, and depending on what
16 you want them for, they'd be good quality people to be
17 associated with.

18 Q So you recommended Nofziger to Spitz?

19 A He asked me what do you think of Nofziger, and I
20 said, you know, he'd be good for--you know--depending on what
21 you're looking for, he would be a good man to have on board
22 with you, as I did with Pete Hannaford.

23 Q So Spitz retained Lynn Nofziger?

24 A I believe he did, from what I read in the newspa-
pers.

UNCLASSIFIED

UNCLASSIFIED

1 Q Was Rich Miller involved in that?

2 A With Nofziger?

3 Q Yes.

4 A I don't know. We had meetings, occasionally, with
5 Nofziger, Channell, Miller and I.

6 Q What was the purpose of those meetings?

7 A Lynn, as I remember, ~~Adme~~ on very late in 1986, and
8 I think some of it had to do with strategy on where he was
9 going. I remember one--and the reason I remember it was
10 because it was a disturbing issue to Channell. This is like
11 late--I don't know if this is December or November of '86.

12 Whenever there were some initial stories about the
13 Channell organization, and this girl that was a former
14 employee--

15 Q Jane McLaughlin?

16 A Jane McLaughlin, and somebody else. Quayle? Linda
17 Guell.

18 Q Linda Guell.

19 A Linda Guell. I was told by either Miller or
20 Channell, or both at the same time, but it all led up to a
21 meeting with Nofziger in which it was alleged--and I don't
22 have any firsthand knowledge--that those girls, one or both
23 of them, had asked Channell for \$200,000 to set up their own
24 PR firm. They were somehow tied in with Western Goals, or
25 some organization that they had worked for before, that

UNCLASSIFIED

1 Channell took over.

2 But it was kind of alleged by the people telling us,
3 that this was kind of either, "Give us the money or we're
4 going to go public with some documents." And I just remember
5 having a meeting in Lynn's office in which this was all
6 discussed openly, and it was my opinion at the time--and I
7 expressed it very vocally--if anyone's doing that, talk to
8 your lawyer, and if he thinks there's a problem, go to the
9 authorities with it.

10 If somebody's trying to do that--you know--if
11 that's in fact what's happening. And that's as much as I
12 remember. And Lynn was outraged by it, and said, if that's
13 true, get ahold of your lawyer and he'll tell you what to do
14 about it.

15 Q Why was Nofziger brought in for that kind of advice?

16 A No, I'm just saying that Lynn--and we may have
17 talked about other things. It's just that, you know, when
18 you're trying to recall something, something unusual has to
19 happen in a meeting for it to come to your attention. I
20 remember that specific one just because it's a pretty unusual
21 thing to be talking about.

22 Q Was Nofziger paid directly by Spitz, or was he paid
23 through IBC?

24 A I believe it was direct from Channell--and, again,
25 I'm getting this from whatever I've read in the papers.

UNCLASSIFIED

UNCLASSIFIED

256

tb256

1 Q But you would have known had it come from IBC,
2 because by that time ---

3 A No, I wouldn't have known even then, because I
4 never saw the IBC books; I don't know what was coming into
5 IBC, and I don't know what was going out or who they had
6 under consultancy.

7 Q By the fall of 1986, you had already entered into
8 this new joint venture with IBC where you had discussed the
9 structuring of who was whose clients and what were holdovers
10 and so on.

11 A Yes.

12 Q Nofziger apparently was paid thousands of dollars
13 in September and October ---

14 A 20,000 a month.

15 Q --- of 1986. And my question is, whose client was
16 he?

17 A I think he was Channell's. But, again, even if he
18 had been paid ---

19 MR. WORK: "Client" isn't the right word.

20 THE WITNESS: No, he was a consultant to Channell.

21 BY MR. OLIVER:

22 Q Employee, consultant, whatever.

23 A As I've said before, I don't know--Miller was the
24 managing partner of IBC; I don't know how he invoiced, I
never saw the books of IBC. So he could have been. I mean,

UNCLASSIFIED

UNCLASSIFIED

1 I read in the paper that it was--and it was my impression--
 2 that it was a direct relationship between Channell and
 3 Nofziger. But I don't know that for a fact. But I believe
 4 that's the case.

5 Q Do you know what Nofziger was supposed to do for
 6 this \$20,000 a month?

7 A I don't.

8 Q You have no idea?

9 A No.

10 Q But you were participating in this meeting after
 11 the Channell ---

12 A There were a couple of meetings that we had with
 13 Lynn, but, you know, the only thing that really sticks in my
 14 mind was that particular issue, and I am not saying that the
 15 meeting was called for that, but ---

16 Q That would have been January of this year?

17 A Or it could have been--whenever the story broke, I
 18 can't recall when it was. It could have been December of
 19 '86, it could have been January of '87--I just don't know
 20 when it was. I just know that whenever that whole issue came
 21 up, that it was a subject discussed with Nofziger; I mean, I
 22 remember sitting right in his office when they talked about
 23 it. I know what my reaction was to it.

24 Q Did IBC or David Fischer Associates, to your
 25 knowledge, have a PAC, a political action committee?

UNCLASSIFIED

UNCLASSIFIED

1 A Well, I sure don't, and I don't believe IBC--at
2 least I've never heard of one. But I also didn't hear of
3 other things that were ---

4 Q Were you on the board or involved in any PAC's in
5 any way in 1986?

6 A No, sir.

7 Q You indicated that Jonathan Miller was the one who
8 requested you to give your pass back. Did you know Jonathan
9 Miller?

10 A You just made me think of something. I sit on the
11 finance committee for Bush's PAC, so I just remembered I do
12 officially sit on that.

13 Q How long have you been?

14 A Gee, right after he formed it, I was asked, I was
15 one of hundreds of people. I was the representative from
16 Utah. But that's the only one that I've ever been affiliated
17 with.

18 Q Let's go back to Jonathan Miller. He requested
19 that you give your White House pass back?

20 A Yes.

21 Q When was that?

22 A October or November of 1986.

23 Q Was that in connection with a blanket recall on all
24 of them?

25 A Yes, I was told that they were recalling any

UNCLASSIFIED

UNCLASSIFIED

tb259

1 outstanding passes.

2 Q Did he give you a reason why they were doing that?

3 A No, but, if I recall, there was something about
4 Nofziger at that time had just gotten in trouble. But I was
5 just called and they said bring the pass in, and then
6 Jonathan and I had breakfast in the White House.

7 Q How long have you known Jonathan?

8 A I don't think I really--I think I had met Jonathan,
9 but I don't think I really got to ever know him until he took
10 over from John Rogers as the administrative guy at the White
11 House. He had left NSC as staff secretary--I think that's
12 what he was--and went over to run the White House complex,
13 and I believe that's where I first got to know him. I mean,
14 I kind of knew who he was because of his activities at NSC.

15 Q What did you know about his activities at NSC?

16 A Just that I believe he was staff secretary, and
17 that's about as much as I knew.

18 Q How did you know that?

19 A I don't even know if he was staff secretary when I
20 was there. I'm having a hard time figuring out when I knew
21 people.

22 Q Well, the reason I asked the question is because
23 you left the White House in April of 1985.

24 A I may have gotten to know Jonathan after that, I
25 just don't know.

UNCLASSIFIED

UNCLASSIFIED

1 Q Mr. Miller was not at the White House when you
2 left, he didn't return until later. So my question was when
3 did you get to know him?

4 A Again I believe it was when he was the administra-
5 tive officer under Don Regan.

6 Q Did you know that he was involved with Rich Miller
7 and Frank Gomez?

8 A Rich Miller at some point during my relationship
9 with Rich and Frank said that they knew him, and that he had
10 somehow--again, I am getting some of this from the papers--
11 that he had worked at an office in the State Department that
12 had responsibility for like public diplomacy, or something,
13 and that is how they had known Rich Miller and Frank had
14 known Jonathan Miller.

15 Q Did you get to know Jonathan Miller through them?

16 A No, I don't think so. I recall knowing him because
17 of my being in the White House, and that when he took over
18 from--it was John Rogers, another Regan guy, and that guy
19 went to Agriculture Department, and when he took over I think
20 that's the first time I ever sat down and had a meeting with
21 him. I mean, I never remember having a meeting with him
22 outside the White House; he was never at IBC. I just recall
23 meeting with him in his office in the basement of the West
24 Wing.

Q After you had left the White House?

UNCLASSIFIED

UNCLASSIFIED

1 A Correct. And that was in the admin office when he
2 took over that job.

3 Q Why would you have been meeting with him if you
4 didn't know him?

5 A Just because he had that position and I was
6 frequently in there and met with Regan's staff on a very
7 regular basis, and he was one of Regan's guys.

8 Q Did you tell him at that time that you were working
9 for IBC?

10 A I can't recall, I just don't know.

11 Q Was there any discussion ---

12 A I mean, there wouldn't be a reason to be talking to
13 him because his responsibilities had to do with the physical
14 maintenance of a building, and he was basically admin officer.

15 Q But he also controlled White House passes.

16 A He did that, because he called and asked for mine
17 back. But I had already had mine at this time.

18 Q How often are they issued?

19 A I think when we got ours in 1981 that there was not
20 a new one issued until ---

21 Q So it wasn't an annual thing.

22 A Oh, no, I think it's like every three or four--it's
23 whenever Secret Service--it's a Secret Service decision,
24 whenever they decide it's time for security reasons to change
the pass system, they do it. And they've gone to these--I

UNCLASSIFIED

UNCLASSIFIED

262

tb262

1 can't think of the holograms where they have that little
2 funny stripe that turns--and they did that so people couldn't
3 fabricate fake passes.

4 Q Do you have a White House pass now?

5 A No, sir.

6 Q Do you have access to the White House?

7 A Only like any other citizen where someone has to
8 clear you.

9 Q You are not on a list or something?

10 A Not that I am aware of.

11 Q Of people who are cleared?[?]

12 A Maybe on a different kind of list right now, a do-
13 not-admit list--no, I don't even know if there are those
14 kinds of list. The only way that I can get into the White
15 House is like anyone else: you have to have someone call
16 Secret Service and say this person will be at this gate,
17 here's the Social Security number, date of birth, and would
18 you please clear him.

19 Q You indicated a few moments ago that you met with
20 Regan's people frequently.

21 A Correct.

22 Q What was the purpose of your meeting with these
23 people?

24 A The primary contact I had was with David Chew, who
was staff secretary. David and I had started a relationship,

UNCLASSIFIED

tb263

UNCLASSIFIED

263

1 and a very good one, when he was working for Don Regan as
2 Secretary of the Treasury, and David would frequently call me
3 over to sit down, particularly at the end of the day, and sit
4 and talk about things that were going on at the White House,
5 concerns that they had, how--they particularly wanted
6 feedback, particularly from the western states: how's Reagan
7 doing, how is Don Regan doing, what are you hearing out
8 there, we have this problem in this area, how would you
9 handle it, can you give us recommendations on this--and a lot
10 of it was they wanted feedback, I think, from a guy that they
11 liked, a former Ronald Reagan guy who had been around for
12 awhile, but yet was respected by Don Regan and them. And so
13 I was viewed, I think, as a valuable source of feedback for
14 them.

15 Q Were these people aware that you were being
16 compensated by the people for whom you were arranging those
17 meetings?

18 A Oh, sure, David Chew did and Don Regan did, yes.

19 Q Anyone else on Don Regan's staff?

20 A You know, I don't know, they may have.

21 Q What about Fred Ryan, did he know you were being
22 compensated?

23 A I believe Fred did, too.

24 Q And Fred Fielding knew you were being compensated?

25 A Yes.

UNCLASSIFIED

UNCLASSIFIED

264

tb264

1 Q And Peter Wallison knew you were being compensated?

2 A Yes.

3 Q And did you say Bill Hauser?

4 A Well, Dick Hauser ---

5 Q Dick Hauser.

6 A I believe Dick Hauser may have been in on a
7 meeting, so I believe he did.

8 Q He knew you were being compensated.

9 A I believe, I'm not too sure on Dick Hauser.

10 Q Did Linas Kojelis know you were being compensated?

11 A That I can't speak to; I mean, he was far enough
12 down the ladder, I'm not so sure that that would have been a
13 subject to discuss. I may have, but I just don't know. I
14 doubt it.

15 Q Did Elliott Abrams know that you were being
16 compensated?

17 A Only if Marty had told him. That's not the kind of
18 thing I would have talked to him; we didn't have any kind of
19 a social relationship. And my meeting with him was only
20 those two--as I recall, were only those two occasions.

21 Q Did he wonder why you were there in January of 1986?

22 A Well, Marty is the one that set the meeting up. I
23 don't know what Marty said to him, but knowing Marty I am
24 sure he told him it was a client matter.

Q Did you participate in the discussion at all at

UNCLASSIFIED

UNCLASSIFIED

265

tb265

1 that meeting with Elliott Abrams?

2 A I wouldn't call it a discussion; it was more a
3 lecture or a monologue by Channell telling Elliott Abrams
4 everything that was doing. When Spitz is in a room, he
5 dominates it. I recall him just doing most of the talking.

6 Q But he was aware at that time that you and Marty
7 Artiano had a relationship with IBC and with Channell?

8 A I would say that he had to, but what Marty told him
9 I don't know. But knowing as careful as Marty is, I am sure
10 he told Elliott that it was a business relationship and that
11 it was a client matter, because Marty was always the one that
12 insisted to me that, even though I would have done it anyway,
13 be sure and tell Don Regan this is a client matter. And I
14 can only suppose what he said.

15 Q I have no further questions, Mr. Fischer, thank you
16 very much for your patience.

17 MR. WORK: Can I put one other thing on the record?
18 We can go off the record while you decide whether I can or
19 not.

20 MR. OLIVER: We'll go off the record.

21 [Brief discussion off the record]

22 EXAMINATION BY COUNSEL FOR THE

23 WITNESS

24 BY MR. WORK:

25 Q Mr. Fischer, would you describe, please, your very

UNCLASSIFIED

UNCLASSIFIED

266

tb266

1 first meeting with the independent counsel, tell us whether
 2 you had immunity at that time and what you did when you went
 3 to meet with him.

4 A I believe the first encounter with the independent
 5 counsel was in March of--I believe it was March of 1987. And
 6 it was a result of my request to meet with them to describe
 7 everything that I knew about it, and the reason for that was
 8 the people that I had been associated with were in the
 9 process of being investigated or subpoenaed, or whatever was
 10 going on at the time, and I just felt a real desire to go up
 11 there before any of that happened to me and fully explain my
 12 relationship to the parties involved and exactly what I knew.
 13 And I went up there. Even though the response from the
 14 attorneys was they didn't want to meet, didn't think it was
 15 necessary, we continued to insist, and in fact that led to a
 16 meeting in which I fully described the relationship with all
 17 of the principals involved--with no immunity.

18 Q And you told this whole story that you have been
 19 telling here today, is that right?

20 A Yes.

21 MR. WORK: Thank you very much for letting me put
 22 that on the record.

23 MR. OLIVER: I would like to ask just a couple of
 24 more.

UNCLASSIFIED

UNCLASSIFIED

THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

1
2
3 Q Have you discussed your deposition here today with
4 any of the individuals who were mentioned today other than
5 your lawyer?

6 A I told--Marty, of course, knew that I was going to
7 have a deposition, as I knew he was having one. And I
8 informed Rich Miller that I was going to have one.

9 Q Did you discuss with them questions that might be
10 asked of you or questions that might have been asked of them?

11 A No; I did ask Marty how it went, and he said fine.
12 It was a very general discussion; you know, they ask all the
13 questions you would expect. The only thing that he did
14 volunteer--and it was the only thing--was that there was a
15 lengthy inquiry into his background and basically his
16 qualifications to be someone involved in public relations.
17 And that's as much as he told me. And he said that it was
18 long, longer than he thought it was going to be.

19 Q He didn't tell you what questions had been asked
20 other than that?

21 A No.

22 Q You didn't discuss any of the answers that he might
23 give.

24 A No.

25 Q And other than Marty and Rich, there are no o' ^{others (?)}

UNCLASSIFIED

UNCLASSIFIED


1 whose names have been mentioned today that you discussed ---
2 A No--other than my wife.
3 Q Have you discussed your testimony here or your
4 involvement in this matter with any members or staff on this
5 committee other than the people who have been here today?
6 A No, sir.
7 Q Not directly or indirectly?
8 A No.
9 Q Thank you, Mr. Fischer.
10 [Whereupon, at 6:20 p.m., the taking of the
11 deposition in the above-entitled matter concluded]

UNCLASSIFIED

UNCLASSIFIED

NOTARY PUBLIC 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.

UNCLASSIFIED

UNCLASSIFIED

UNITED STATES SENATE
 SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN
 AND THE NICARAGUAN OPPOSITION

In the Matter of the Oral Deposition of:

EMANUEL A. FLOOR

* * *

BE IT REMEMBERED that on the 8th day of June, 1987, commencing at the hour of 2:00 p.m., the deposition of EMANUEL A. FLOOR, produced as a witness at the instance and request of the Associate Counsel, in the above-entitled action, was taken before RASHELL GARCIA, a Certified Shorthand Reporter and Notary Public in and for the State of Utah, at the offices of the U.S. Attorney's office, 350 South Main, Fourth Floor, Salt Lake City, Utah; and

That the deposition was taken pursuant to Subpoena.

* * *

ORIGINAL

4080

RASHELL GARCIA
 CSR No. 144

INDEPENDENT REPORTING
 SERVICE
 Certified Shorthand Reporters

1200 Beneficial Life Tower
 36 South State Street
 Salt Lake City, Utah 84111
 (801) 538-2333

classified/Released on Dec 22 1987
 under provisions of E.O. 12356
 by D. Sirko, National Security Council

UNCLASSIFIED

UNCLASSIFIEDA P P E A R A N C E S

1
2 For the United States Richard Parry
3 Senate Select Committee on Associate Counsel
4 Secret Military Assistance 901 Hart Senate Office Building
to Iran and the Nicaraguan Washington, D.C. 20510
Opposition:

5 For the Witness: Robert D. Radcliffe
6 Attorney at Law
7 463 East 200 South
Salt Lake City, Utah 84111

I N D E X

8
9
10
11 The Witness Page
12 EMANUEL A. FLOOR
13 Examination by Mr. Parry 3
14 Examination by Mr. Radcliffe 66
Further Examination by Mr. Parry 71
15
16
17
18
19
20
21
22
23
24
25

UNCLASSIFIED

UNCLASSIFIEDEXHIBITS

<u>Number</u>	<u>Description</u>	<u>Page</u>
1		
2		
3	1 Copy of magazine article pertaining to Adnan Khashoggi	10
4	2 Copy of draft of Stock Purchase Agreement	14
5	3 Series of agreements with routing slip attached (29 pages)	15
6	4 Copy of sketch drawn by Adnan Khashoggi to illustrate arms transaction	29
7	5 Copy of a telefax sent from Parsons, Behle & Latimer to the office of the witness	40
8	6 Photocopy of business cards	48
9	7 Photocopy of handwritten notes made by the witness	48
10	8 Photocopy of the witness's passport	53
11	9 Copy of itinerary for trip to New York and subsequent trip to Cayman Islands	53
12	10 Copy of guarantee to Vertex Finances S.A. dated 6th March, 1986	54
13	11 Copy of acknowledgement	54
14	12 Copy of acknowledgement	54
15	13 Instructions to Euro Bank	54
16	14 Copy of letter from Larry Taylor to Don Fraser dated January 3, 1986	55
17	15 Telex to Robert Shaheen dated November 1, 1985 from the witness	55
18	16 Document prepared by the witness entitled Vertex/Triad Relationship	56

* * *

UNCLASSIFIED

UNCLASSIFIEDPROCEEDINGSEMANUEL A. FLOOR.

1
2
3 having first been duly and legally sworn to state
4 the truth, the whole truth, and nothing but the
5 truth, was examined and testified on his oath as
6 follows:

7 MR. PARRY: For the record, I would like to state
8 that Mr. Emanuel Floor is here pursuant to a subpoena served
9 by the United States Senate Select Committee on Secret
10 Military Assistance to Iran and the Nicaraguan Opposition.

11 Mr. Floor is represented by his attorney,
12 Mr. Robert Radcliffe, and Mr. Radcliffe and I have agreed to
13 stipulate that all objections except as to the form of the
14 question can be reserved.

15 MR. RADCLIFFE: Agreed and stipulated.

EXAMINATIONBY MR. PARRY:

18 Q Mr. Floor, I'd like to just start with some basic
19 background questions.

20 Could you tell us your full name, where you were
21 born and your educational background, briefly.

22 A My name is Emanuel A. Floor. I was born in
23 Salt Lake City, Utah, December 3rd, 1935 and have lived in
24 Salt Lake City all of my life with the exception of two
25 years in which I was in Logan, Utah.

3

2/22/1997

UNCLASSIFIED

UNCLASSIFIED

1 I was educated through the public school system of
2 Salt Lake City graduating from West High School in 1953 and
3 the University of Utah in June of 1957.

4 Q All right. After graduation, what career field did
5 you go into?

6 A From 1957 and actually during college until 1964, I
7 was involved in the advertising and public relations
8 business. I worked for David Evans Advertising. I worked
9 for the Salt Lake Tribune. I worked for KSL Television
10 during that period. In 1964--actually, probably early '65--
11 I went to the State of Utah and was the director of the Utah
12 Travel Council for approximately two years and then in 1966,
13 I went to Utah State University in Logan where I served as
14 the director of institutional development.

15 In 1968, I returned to Salt Lake City and came back
16 to the David Evans Advertising Agency. In '69, I went to
17 work for Terracor and that's when I changed my career from
18 the advertising/public relations field to the real estate
19 field.

20 In '69 through '72, perhaps '73, I was with
21 Terracor in a variety of assignments, finance, development
22 and marketing. And then I was an independent consultant in
23 '73, '74, and on January 1 of '75, I became the executive
24 vice-president of AK Utah Properties Incorporated, which was
25 the Khashoggi company engaged in the development of the Salt

4

UNCLASSIFIED

Gerald L. Certified Shorthand Reporter

~~UNCLASSIFIED~~

1 Lake International Center. I was employed and associated
2 with Mr. Khashoggi and the Triad companies through the end
3 of 1986. Since late 1986, early this year, I've been
4 associated with a public company, Longhorn Enterprises,
5 Incorporated, which does business as Republic International
6 Corporation, where I've been serving as a consultant and
7 corporate officer.

8 MR. RADCLIFFE: Excuse me, Mr. Floor. Before you
9 go forward answering any more questions, please respond to
10 the question. The question was: What career field did you
11 go into after college. I didn't object prior because
12 Counsel would have got this information anyway, but in the
13 future, please respond to the question, don't anticipate
14 Counsel's direction.

15 THE WITNESS: Yes, sir.

16 MR. RADCLIFFE: Thank you.

17 Q (By Mr. Parry) Let's go back to when you first
18 became associated with Adnan Khashoggi and AK Utah
19 Properties, I believe, in 1975. How did you come to meet
20 Mr. Khashoggi?

21 A In early October of '74, I was asked to look at the
22 Salt Lake International Center project. I attended some
23 meetings with Khashoggi representatives in late October.
24 They offered me a position with the company in early
25 December and I was hired by representatives of Mr. Khashoggi

~~UNCLASSIFIED~~

UNCLASSIFIED

1 in December to start work January 1 of '75.

2 Q Who were the representatives of Mr. Khashoggi that
3 you first dealt with?

4 A They were representatives of a company called Triad
5 America Capital Management Incorporated, TACMI, and a
6 company called TRACK, Triad America Capital Corporation.
7 They had offices in the Los Altos/Palo Alto area of
8 San Francisco. Mr. John McMahan was the businessman heading
9 it up. Mr. Morton McCloud was an attorney and there was
10 some other attorneys that may not have been directly
11 involved with the company but were representing
12 Mr. Khashoggi, Mr. Thomas Childers and Mr. David Berrado,
13 and they were the people I met with. There were others, but
14 those were principally the people I met with in late '74.

15 Q When did you first meet Mr. Khashoggi?

16 A I met Adnan Khashoggi for the first time in early
17 April of 1975 in Paris at his Paris condominium.

18 Q And since that time, you've had numerous meetings
19 with Mr. Khashoggi?

20 A Yes, many.

21 Q What was your position when you first came with the
22 Khashoggi companies?

23 A In January of '75, I was the executive vice
24 president of AK Utah Properties and a member of the board of
25 directors of AK Utah Properties. And that company was the

UNCLASSIFIED

UNCLASSIFIED

1 Salt Lake City based or the Utah based company that owned
2 the International Center. In about April of '75,
3 Mr. McMahan, who had been president of AK Utah Properties,
4 resigned and I was elected president of AK Utah Properties
5 and I have been--well, I've had a number of positions with
6 the Utah companies. By the time I resigned, I think I
7 probably resigned from 50 or 60 posts, but, essentially, I
8 was president of AK Utah Properties. Then I became
9 executive vice president of Triad America, which was
10 subsequently created, and I was the president of Triad
11 Properties, which was the real estate company within the
12 Triad group.

13 Q You were never president of Triad America?

14 A No, I was not. I was a member of the board of
15 directors of Triad America from its inception until I
16 resigned.

17 Q And did Mr. Khashoggi control all of these
18 companies?

19 A Mr. Khashoggi was the majority shareholder of the
20 parent Triad America and his brother, Essam Khashoggi, was
21 the minority shareholder. There were just the two
22 shareholders early on. And in the early days, the chairman
23 of the board was a U.S. based but in, oh, about 1980, Essam
24 Khashoggi became chairman and through these various people,
25 Mr. Adnan Khashoggi controlled these companies.

UNCLASSIFIED

UNCLASSIFIED

1 Q There's also a company called Triad International.
2 What is its relationship to Triad America and the other
3 companies?

4 A Triad International is--well, there's actually a
5 couple of companies that have that designation, one is Triad
6 International Holding Company, a Cayman holding company
7 which held the stock or may still hold the stock of Triad
8 America and was owned by Mr. Adnan Khashoggi. There's also
9 a company called Triad International Marketing, which is the
10 name Mr. Khashoggi or others had given to his international
11 marketing efforts. And there was also a Triad International
12 that we organized in Utah but was never--we organized it as
13 a company to preserve the name so other companies couldn't
14 use the name, but it was never operated as another name.

15 Q Did you become responsible for or involved in most
16 of the major financing for Triad America?

17 A I was involved in the financing for the real estate
18 portion of Triad America, yes.

19 Q Was that primarily the properties in Utah?

20 A That included the properties in Utah, which were a
21 major factor, but it also included properties in Florida,
22 Texas, California and Memphis, Tennessee, which were all
23 part of the group at one time.

24 Q Where did--let's talk about the Utah project.
25 Where did the initial financing for that project come from?

UNCLASSIFIED

Rashell Garcia - Certified Shorthand Reporter

UNCLASSIFIED

1 A There were

2 Q And, again, in general terms.

3 A There were three Utah real estate projects of some
4 size. The initial project, the Salt Lake International
5 Center, was financed--the acquisition was financed by funds
6 made available through the Triad organization before I
7 joined the firm. Following the time I joined the company,
8 Mr. Khashoggi arranged for financing through Credit
9 Commercial de France and Continental Illinois Bank for a
10 \$6 million dollar funding that funded it. Subsequent
11 projects were funded primarily by equity investment by the
12 Triad organization, Mr. Khashoggi and his associates, into
13 Triad America which were then filtered--which came into the
14 Properties company and debt financing. So, it was a
15 combination of investment capital and debt financing.

16 Q And was it Mr. Adnan Khashoggi who made the final
17 decision on all financial transactions?

18 A Well, that's my understanding. Essam Khashoggi--we
19 would go to Essam Khashoggi with our requests or our
20 recommendations and our capital needs and he would indicate
21 to us that he would talk to his brother and then, following
22 those conversations, we would receive funds. In some
23 instances, we talked directly to Adnan Khashoggi about
24 funds.

25 Q All right. Beginning in 1985, it appears that

UNCLASSIFIED

UNCLASSIFIED

1 Mr. Khashoggi began dealing with Sarsvati International.

2 Can you tell me briefly who Sarsvati International is and
3 when that relationship began.

4 A My first contact with that entity was in late
5 October of '85. Mr. Khashoggi introduced me to a Mr. Ernest
6 Miller and indicated to me that he represented that he was
7 Sarsvati and that Sarsvati International was an entity
8 somehow associated with a religious man from India that we
9 referred to as Swamiji.

10 Q Do you know the full name of Swamiji?

11 A I can't recall it, but I've seen it a couple of
12 times.

13 MR. PARRY: If you want to mark this as an exhibit,
14 we can, but I think that's the name.

15 MR. RADCLIFFE: Is that him?

16 THE WITNESS: Yes. The name Swamijimaharaji as
17 printed in this article, that's the Swamiji part of it. I
18 can see now where it came from.

19 MR. PARRY: Okay. For the record, perhaps we
20 should just make this an exhibit. It appears to be either a
21 newspaper or magazine article that refers to the
22 Swamijimaharaji.

(Exhibit 1 was marked for
identification.)

23
24
25 Q (By Mr. Parry) Now, just to clarify, you first met

UNCLASSIFIED

10

UNCLASSIFIED

1 Ernest Miller--and is he also the individual referred to as
2 Walter E. Miller?

3 A Correct.

4 Q So, Ernest is his middle name but he goes by
5 Ernest; is that your understanding?

6 A He's always preferred Ernie or Ernest, Ernie when
7 I've had discussions with him.

8 Q When you first met this gentleman in October of
9 1985, was it in his capacity as a representative of the
10 Swami?

11 A Yes. I was in New York City, the Swami was in
12 New York City, Mr. Miller was there, Mr. Khashoggi was
13 there. They had had some meetings at Mr. Khashoggi's
14 residence in the Olympic Towers and Mr. Khashoggi indicated
15 to me that he wanted to enter into a business transaction.
16 I was introduced to Mr. Miller as, you know, the business
17 manager of the Swami. Mr. Miller and I were to work out
18 documentation regarding the transaction.

19 Q Okay. Before we get into the transaction, was it
20 also your understanding that the Swami was a representative
21 of a third party?

22 A I wasn't certain. There was a--there was an
23 advisor to Swamiji who was involved with Mr. Miller that I
24 understood was also a representative of the Swami and I was
25 told that Mr. Miller represented many wealthy people, but

UNCLASSIFIED

11

UNCLASSIFIED

1 I'm not sure what the relationship was at that time.

2 Q Who was this other individual?

3 A We referred to the other individual as Mamaji and
4 I--this person was of the same derivation as the Swami and
5 tended to be sort of the spokesman for the Swami in business
6 kinds of matters and religious matters. I apologize for not
7 knowing his full name, but I met him on several occasions
8 and chatted with him.

9 Q He would normally be with the Swami?

10 A He was generally traveling with the Swami and in
11 all the times--in all the instances when I ran into the
12 Swami, when I was in meeting when the Swami was nearby, this
13 person would attend the meetings and talk about the business
14 transactions.

15 Q Okay. Back to October of '85, did either Mr.
16 Miller or the Swami lead you to believe that they were
17 representing the Sultan of Brunei?

18 MR. RADCLIFFE: Excuse me, there's been no
19 statement that Mr. Floor had contact with the Swami.

20 Q (By Mr. Parry) Is that correct? Had you had
21 contact with the Swami in October?

22 A Well, I met the Swami and had meetings with him--I
23 met him, but I met him later after the business deal was put
24 together.

25 Q All right.

UNCLASSIFIED

UNCLASSIFIED

1 A I was told by Mr. Khashoggi that Mr. Miller was a
2 business advisor to the Sultan of Brunei. I don't recall
3 being told that the Swami and the Sultan were necessarily
4 linked, but Mr. Miller was linked to both of them.

5 Q And who told you that?

6 A Adnan Khashoggi.

7 Q Did Mr. Miller ever tell you that himself?

8 A No, not that I can recall. Well, my meetings with
9 Mr. Miller extended into the next year and I believe it was
10 Mr. Khashoggi who told me that and Mr. Shaheen who told me
11 that. I'm not sure that Mr. Miller ever disclosed it.

12 Q You've referred to a Mr. Shaheen?

13 A Shaheen.

14 Q Who is that?

15 A Robert A. Shaheen is a chief of staff individual
16 for Mr. Adnan Khashoggi and, in all of the time I had
17 anything to do with Mr. Khashoggi, Mr. Shaheen was in that
18 role and had been for some time before.

19 Q All right. Now, there have also been references in
20 various articles to a John Shaheen. Have you ever met that
21 individual?

22 A I have not met John Shaheen.

23 Q Do you know if he is any relation to John Shaheen?

24 A I'm not aware of any relationship. I don't know
25 that much about Mr. Shaheen's family.

UNCLASSIFIED

UNCLASSIFIED

1 Q Just to clarify, did the Swami, to your knowledge,
2 or Mr. Miller have their own business transactions that were
3 not related in any way to the Sultan of Brunei?

4 A I believe they did.

5 Q So it was possible that this transaction in October
6 could have or could not have had anything to do with the
7 Sultan of Brunei?

8 A That is correct.

9 MR. PARRY: Can we mark this as Exhibit No. 2?

10 (Exhibit 2 was marked for
11 identification.)

12 Q (By Mr. Parry) Mr. Floor, I'd like to show you and
13 your counsel Exhibit No. 2, which is a document that you
14 have produced to the Committee pursuant to the subpoena, and
15 I'd like you to tell me what that document is.

16 A This document is a copy of a Stock Purchase
17 Agreement that we prepared on the 30th day of October, 1985
18 relating to the transaction between Mr. Khashoggi and
19 Sarsvati International. The name in the document is
20 Sarsbati, S-a-r-s-b-a-t-i, and the correct name is Sarsvati,
21 S-a-r-s-v-a-t-i. This document was subsequently replaced by
22 one that had the correct spelling and it was that document
23 that was signed by both parties. But this was the document
24 which I had prepared and faxed to New York for signature.

25 Q Have you produced the edited copy that has the

UNCLASSIFIED

UNCLASSIFIED

1 correct spelling?

2 A I believe that it's an exhibit to the documents
3 later produced. Can we go off the record for just a second?

4 Q Sure.

5 (An off-the-record discussion
6 was held.)

7 MR. PARRY: Let's have this marked.

8 (Exhibit 3 was marked for
9 identification.)

10 Q (By Mr. Parry) Let's go back on the record. We've
11 been referring to Exhibit 2, which is a draft Stock Purchase
12 Agreement. I'll now show Mr. Floor Exhibit 3, which is a
13 series of agreements with routing slips in front that--

14 MR. RADCLIFFE: How many total pages do we have
15 there? Why don't you count them out.

16 THE WITNESS: Twenty-nine pages.

17 MR. RADCLIFFE: So, the exhibit consists of 29
18 pages.

19 Q (By Mr. Parry) Yes. Now, Mr. Floor, to the best
20 of your knowledge, does Exhibit 3 contain the final version
21 of the Stock Purchase Agreement represented by Exhibit 2?

22 A Yes, it does.

23 (Exhibit 3-B was marked for
24 identification.)

25 THE WITNESS: It is an exhibit to the agreement.

UNCLASSIFIED

UNCLASSIFIED

1 You've marked it as Exhibit 3-B.

2 Q (By Mr. Parry) All right.

3 A And that is the final document which was the result
4 of the negotiations in New York and subject to some changes
5 that occurred between the two dates.

6 Q And Exhibit 3-B is dated November 15th?

7 A The 15th day of November, 1985, and the word
8 Sarsvati is correctly spelled.

9 Q All right.

10 A And it is signed by both Adnan Khashoggi and the
11 other signature for Sarsvati, that's Mr. Miller's signature.
12 That's Walter Miller's signature.

13 Q And that is on page 4 of Exhibit 3-B, it appears?

14 A Correct.

15 Q All right. Now, Exhibit 3-B incorporates other
16 financing agreements in addition to the one originally
17 discussed; is that correct?

18 A Correct.

19 Q Can you summarize the various loans or agreements
20 that are incorporated in that document? Now, I'm not asking
21 for your legal conclusions as to what exactly the agreements
22 require, but just a general summary of your understanding of
23 what those agreements were.

24 MR. RADCLIFFE: His understanding as a layman?

25 Q (By Mr. Parry) Yes.

UNCLASSIFIED

UNCLASSIFIED

1 document was sent to us in Salt Lake City for our files and
2 a copy of this document was presented to me at the meetings
3 in the Cayman Islands and was represented to me by
4 Mr. Khashoggi and Mr. Miller and others as being a copy of
5 the agreement they'd entered into.

6 Mr. Khashoggi and Sarsvati had entered into three
7 loans and this was one of the three. At the same meeting in
8 the Cayman Islands, I was given the Promissory Notes of the
9 other two loans and that is copies of them. I was told that
10 all three loans had been entered into and that it was the
11 desire of the parties to consolidate the loans. So,
12 Mr. Khashoggi and Mr. Miller and Mr. Miller's advisor,
13 Mr. Fraser, told me that the assignment was to consolidate
14 these three loans into a single loan.

15 Q Now, you referred to a meeting in the Cayman
16 Islands.

17 A Yes, sir.

18 Q When did that meeting take place?

19 A That meeting took place on March 4th, 5th and 6th
20 of 1986.

21 Q All right. Can you tell me who attended the
22 meeting or meetings on those dates?

23 A The meetings included--there were two or three--
24 there were different sessions but, essentially, present some
25 or all of the time were Adnan Khashoggi, Robert Shaheen,

UNCLASSIFIED

UNCLASSIFIED

1 Walter Ernest Miller, Donald Fraser, and Mr. Ivan Burges was
2 in the offices. We were in the offices of Euro Commercial
3 Bank. He was not, however, privy to the meetings discussed
4 in the transactions. There was an attorney, Mr. Graham P.
5 May, whose offices were in the same building, or near--yes,
6 the same building--and he attended most of the meetings.

7 There were a couple of meetings where all of the
8 parties were present and then there were meetings where
9 Mr. Fraser and I and Mr. May negotiated the transactions
10 which were consummated at that time.

11 Q And all three loan transactions were discussed at
12 one or more times during these meetings?

13 A Well, the consolidation loan was discussed as were
14 other loan transactions that were discussed, yes.

15 Q Okay. Can you tell me what the substance of the
16 discussions--or what were the purposes of the loans and who
17 was actually doing the funding?

18 MR. RADCLIFFE: You're talking about the March '86
19 meeting?

20 Q (By Mr. Parry) Yes.

21 A Mr. Khashoggi and I and some other staff flew to
22 the Cayman Islands from New York City early the morning of
23 March 4th, as I recall, and we were to discuss a series of
24 financings involving Mr. Miller and his entities. There
25 were to be three basic loans. One was to be a consolidation

UNCLASSIFIED

UNCLASSIFIED

1 of the three earlier financings entered into between
2 Mr. Khashoggi and Sarsvati, and I've referred to--I refer to
3 that as the \$21 million dollar loan, which was the sum of
4 the three loans added together. There was an \$8 million
5 dollar loan, a \$7 million dollar loan, and a \$6 million
6 dollar loan, which together represented the \$21 million
7 dollars.

8 A second loan, which we discussed, negotiated and
9 closed, was a \$9 million dollar loan between a bank that
10 Mr. Miller and Mr. Fraser controlled and Triad America. And
11 this loan was to finance certain Triad America obligations.

12 The third loan, which was discussed and signed, was
13 a \$10 million dollar loan, which we characterized as a loan
14 to facilitate certain international marketing.

15 So, those were the three loans, the \$21, the \$9 and
16 the \$10.

17 Q All right. Before we get on to what was discussed,
18 the \$21 million dollar loan, was that intended to fund Triad
19 America in any way?

20 A Well, the \$21 million dollar loan, we signed in the
21 Cayman Islands. All the money had been funded and of the
22 \$21 million dollars, \$3 million dollars had come to Triad
23 America, which was a part of the loan that was written up
24 originally in late October and closed subsequently on
25 November 15th. There was a \$6 million dollar loan which was

UNCLASSIFIED

UNCLASSIFIED

1 dated in the documents, the Promissory Note, as January 5th,
2 1986, and there was the \$7 million dollar loan which was
3 dated November 18th, 1985. None of those funds came to
4 Triad America.

5 My understanding is those funds went to Adnan
6 Khashoggi or his designees. I might point out, too, that
7 during the meetings in the Cayman Islands, there was some
8 debate as to when the January 5th loan actually had closed
9 and Mr. Khashoggi told me that that money had actually come
10 to him prior to the loan that we documented in New York and
11 that it was done, in a sense, on a handshake. We dated the
12 note January 5th because no one could remember what the date
13 was that the money actually moved.

14 There was also some discussion about whether the
15 total was \$21 or \$22 million. Mr. Miller thought it was \$22
16 million, and Mr. Khashoggi was sure it was \$21 million.
17 They made a phone call to either Swamiji or the Mamaji and
18 determined that it was \$21 million, and so there was some
19 clarification as to the \$21 million dollars of funding that
20 went on during this March meeting.

21 Q Was that an unusual circumstance to someone to
22 extend \$6 or \$7 million dollars on a handshake or is that
23 the way Mr. Khashoggi often does business?

24 A I thought it was an unusual situation. I'm not
25 sure how that kind of business is done but I thought it was

UNCLASSIFIED

UNCLASSIFIED

1 unusual.

2 Q To your knowledge, had that been done before when
3 Mr. Khashoggi--

4 A I don't know about all of Mr. Khashoggi's loan
5 transactions. It had not been done in the other
6 transactions in which I had been involved but I hadn't been
7 involved in all of them, certainly.

8 Q And when was this money extended to him?

9 A Well, what I was told in the Cayman Islands by
10 Mr. Khashoggi and Mr. Miller and Mr. Shaheen was that the \$6
11 million dollars was the first of the three transactions and
12 that it occurred prior to my meeting Mr. Miller in New York.

13 Q Prior to October of 1985?

14 A Yes. And then we did the October loan, which
15 closed in November, which sort of set a pattern of
16 documentation. Then there was the third loan that was
17 funded shortly after the second loan was funded. Then in
18 the Cayman Islands on March 6th, we properly documented the
19 three transactions.

20 Q Let's go to the \$9 million dollar loan. That was
21 intended for Triad America?

22 A Yes, sir.

23 Q And was that funded?

24 A \$1 million of the loan was funded while we were
25 meeting in the Cayman Islands. Money was wired to Salt Lake

UNCLASSIFIED

UNCLASSIFIED

1 City. Additionally, about \$6 to \$700,000 was funded prior
2 to my leaving the company in early September of '86. I do
3 not know whether any other part of it was funded.

4 Q To your knowledge, you only know that approximately
5 \$1.7 million dollars of the \$9 million dollars was actually
6 funded then?

7 A Yes, and there was no question that that's all that
8 was funded through late August of '86. After that time, I'm
9 not sure what was done.

10 Q Do you know why additional funding or the complete
11 \$9 million wasn't funded at the time?

12 A I was told that the groups that Mr. Miller and
13 Mr. Fraser represented--that they themselves would make the
14 decision about what portion of the loans would be funded.
15 When we closed the loan--I'm sorry, when we signed the loan
16 in the Cayman Islands, the \$9 million dollar loan, I
17 provided a schedule of payments that were to be made under
18 the loan. My understanding was that the loan would fund
19 that schedule.

20 However, we met again before the end of March in
21 Geneva to work out complications in the final documentation
22 of the loans and it was determined at that time that
23 Mr. Miller and Mr. Fraser would, in their judgment, alone
24 make decisions about how the loan would be funded. And the
25 amount funded was what they deemed appropriate and they

UNCLASSIFIED

UNCLASSIFIED

1 weren't willing to fund the rest.

2 Q Now, the \$10 million dollar loan, which was
3 designated as intended to finance international marketing--
4 is that the term?

5 A Yes, sir.

6 Q What was the understanding or what were you told
7 was the international marketing--or what was the merchandise
8 that was going to be marketed?

9 A I was advised in the Cayman Islands that the
10 merchandise to be marketed was weapons.

11 Q Any specifications as to the type of weapons?

12 A No; military hardware. Weapons was the general
13 term used.

14 Q What was their destination?

15 A Iran.

16 Q Do you know what their origin was?

17 A No, I don't. I was told that the sellers of the
18 weapons wouldn't release them without the money and that the
19 buyers, Iran, would not buy them without the weapons, and
20 that it required financing to bridge the differences between
21 the parties.

22 Q Okay. And was it at the meeting in the Cayman
23 Islands--was that the first time that you were told that the
24 financing related in any way to weapons?

25 A Yes, sir.

UNCLASSIFIED

Rashell Garcia - Certified Shorthand Reporter

UNCLASSIFIED

1 Q Now, was that the first time that you had been told
2 that Iran was involved in any way in the international
3 marketing?

4 A Yes, sir.

5 Q Who told you this?

6 A Adnan Khashoggi told me--told all of us in a
7 meeting--in one of the meetings in the Cayman Islands--the
8 transaction was actually a series of transactions and the
9 \$10 million dollars was actually going to fund the joint
10 venture between Vertex--at least it was proposed in the
11 Cayman Islands that it would fund a joint venture between
12 Vertex and Adnan Khashoggi and that Euro Commercial or one
13 of Mr. Miller's entities would fund a \$10 million dollar
14 loan to Mr. Khashoggi. Mr. Khashoggi would convey the \$10
15 million dollars to a joint venture to be known as Trivert
16 International, that Trivert International would then enter
17 into the transaction which was described to us.

18 Q All right. Now, we've gone from Sarsvati to
19 Vertex.

20 A Yes.

21 Q Do you know who the principals were or who
22 controlled Vertex?

23 A I was told that Mr. Walter Miller controlled Vertex
24 and that Vertex was somehow related to Sarsvati. All of the
25 Sarsvati loans were assigned to Vertex as a part of the

UNCLASSIFIED

UNCLASSIFIED

1 transaction in the Cayman Islands.

2 Q Was it your understanding then that the Swami was
3 also involved in Vertex?

4 A It was my understanding that the Swami was involved
5 in all of the things we were talking about, that is, all of
6 the companies, all of the entities, but I'm not certain as
7 to what relationship he had.

8 Q Was anything ever said to you or was anything ever
9 done that would lead you to believe that the Sultan of
10 Brunei was involved in Vertex or with these dealings?

11 A Not directly.

12 Q Indirectly?

13 A Well, I was told that Mr. Miller represented many
14 very wealthy people and that Vertex was a vehicle through
15 which some of that money was invested on behalf of these
16 individuals. I was also told that Mr. Miller represented
17 the Sultan of Brunei. I was not told that the Sultan of
18 Brunei's money was involved in Vertex but I was also--I
19 mean, it was never a question that was raised. I don't
20 know.

21 Q Now, you have met the Sultan yourself, haven't you?

22 A Yes, sir.

23 Q Can you tell me about--has it been more than one
24 occasion?

25 A No, sir, just on one occasion.

UNCLASSIFIED

UNCLASSIFIED

1 Q Can you tell me what the purpose for that was?

2 A Well, there were two or three meetings during one
3 trip.

4 Q Can you describe that trip? Tell me the purpose of
5 the meetings and who was there.

6 MR. RADCLIFFE: When did it take place?

7 Q (By Mr. Parry) Yes. Thank you.

8 A In March of 1985. I'd have to check my passport to
9 get you the specific date. I was asked by Bob Shaheen and
10 Essam Khashoggi to prepare a proposal for the Sultan of
11 Brunei in which the Sultan of Brunei would be asked to
12 invest substantially in Triad America. With my associates
13 in Salt Lake, we prepared the presentation, which was
14 essentially a summary of Triad America's operations,
15 financial statements, opportunities, and a series of
16 proposals. We did this in consultation with Mr. Khashoggi--
17 Adnan Khashoggi and his brother, Essam, and we prepared that
18 document.

19 I took my copies of the document and flew to Hawaii
20 where I met up with Adnan Khashoggi and his party, and
21 Essam Khashoggi and his family were already in Hawaii, and
22 together we left Hawaii and flew to Brunei on
23 Mr. Khashoggi's DC-8.

24 We prepared a videotape on the ten years of Triad
25 America's operations in Utah. We prepared financial

UNCLASSIFIED

UNCLASSIFIED

1 statements and a presentation and we took along some gifts
2 and other items.

3 We flew to Brunei. We arrived early in the day.
4 On the day of arrival, we were escorted to a guest house, a
5 lovely guest house, and all of us stayed there. We then met
6 with the Sultan of Brunei at the Khashoggi DC-8 and we made
7 our presentation to him, showed him the videotape and
8 outlined the presentation.

9 That evening, we were all invited to dinner at the
10 Sultan's residence. The Khashoggis, their wives and others
11 were in the party and we made a--we repeated the
12 presentation to the Sultan's financial advisor at the
13 dinner--after the dinner.

14 Q This was well before there was any discussion with
15 Mr. Miller or Mr. Fraser?

16 A Yes, this was in March of '85 and the first meeting
17 with Mr. Miller was in the fall of '85.

18 Q All right. So, to your knowledge, you had no
19 knowledge that the Sultan had any connection with the
20 meetings in the Cayman Islands or those financial
21 transactions?

22 A Not until on the way to the Cayman Islands that
23 next year, a year later. Mr. Khashoggi--well, let me say
24 this: We made our presentation. The Sultan's advisor said
25 that they would take the matter under advisement.

28

UNCLASSIFIED

Certified Shorthand Reporter

UNCLASSIFIED

1 A Exhibit 4 is a photocopy of a document I have in my
2 files which was a sketch or chart or drawing prepared by
3 Adnan Khashoggi to illustrate to Mr. Miller, Mr. Fraser,
4 myself--and perhaps the attorney was in the room--the
5 transaction which was to be contemplated--which was
6 contemplated by the \$10 million dollar loan.

7 Q All right. And who was present when this document
8 was created?

9 A Well, I know for certain Mr. Donald Fraser,
10 Mr. Miller, Mr. Adnan Khashoggi and myself were in the room.
11 I'm not certain whether Bob Shaheen was in the room at the
12 time and I'm not certain whether Mr. May, the attorney, was
13 in the room, but I believe so.

14 Mr. Khashoggi and Mr. Miller and Mr. Fraser and
15 Mr. Shaheen and I had met when we first arrived in the
16 Cayman Islands and we had talked generally about the three
17 loans.

18 Mr. Khashoggi and Mr. Shaheen left the island by
19 plane and went somewhere else--I think they went to Florida,
20 I'm not sure--and they were gone for about a day, day and a
21 half. While they were gone, Mr. Fraser and I were to
22 conclude the negotiations of these loans. Mr. Khashoggi was
23 to come back, we were to go over the loans and sign the
24 documents. It was rather clear that my understanding of the
25 \$10 million dollar loan and Mr. Fraser wasn't what

UNCLASSIFIED

30

UNCLASSIFIED

1 Mr. Miller's understanding was. There was some confusion
2 about how Mr. Miller and his associates would participate in
3 some profits.

4 And so when Mr. Khashoggi came back, we explained
5 to him what our understanding of the transaction was. He
6 says, Oh, no, it's a joint venture, what's mine is yours,
7 what's yours is mine, we're going to be partners. And so he
8 took out my yellow pad and he sketched a transaction in
9 which--and he explained how the \$10 million dollars of funds
10 would move from Triad International Marketing--

11 Q Maybe we can walk through the document as he drew
12 it so we'll know what you're talking about. You're pointing
13 at a square at the top of the page?

14 A Yes, there's a square at the top that has TIM,
15 Triad International Marketing, and he said that the money,
16 the \$10 million dollars, would go into a joint venture and
17 that the \$10 million dollars would go--and he had a box with
18 a "Y", and he said, "This is where we buy the arms." Then he
19 drew an arrow down to a box in which he put the words
20 "Iran". Then he drew a line back up through a box in which
21 he wrote the name "Monacur Gobonafar". He wrote a name at--
22 he was trying to pronounce it and he wrote it out and, you
23 know, it's obviously the name of ~~manucher~~ Ghorbanifar

24 Off to the right, he wrote "Credit Swisse" and he
25 wrote \$10 million dollars back into the joint venture, and

UNCLASSIFIED

UNCLASSIFIED

1 then the \$10 million dollars became the \$11 and the--the
2 square actually starts with "Credit Suisse". In other words
3 \$10 million dollars from Credit Suisse goes into this
4 venture, the venture buys the arms, the arms are shipped to
5 Iran, Iran pays for the arms, except when the money comes
6 back through, it's \$11 million dollars, and there was to be
7 a profit. Part of the profit was to go to Triad
8 International Marketing and part of the profit was to go to
9 others, including something that he described as BCCI, and
10 then he put \$40 million dollars, "40,000" and underlined it
11 and indicated that this \$10 million dollars would go through
12 four times producing \$40 million dollars of sale and,
13 therefore, additional profit.

14 Following his laying out of this transaction, we
15 then rewrote the document and everybody went off to have
16 lunch and the attorney and I busily worked at rewriting the
17 document to create the entity, Trivert International, and
18 form the joint venture which the document contemplated.
19 Then we even went so far as to prepare the Promissory Note
20 where Mr. Khashoggi would owe the money to Vertex and then
21 Trivert would owe the money to Mr. Khashoggi, and we had
22 other documents that were involved.

23 Q All right. Let me interrupt you. The attorney
24 you're referring to is Mr. May?

25 A Yes, Graham P. May.

UNCLASSIFIED

UNCLASSIFIED

1 Q Another question. You're referring to the joint
2 venture as Trivert in the subsequent agreement. The name in
3 the box that you have indicated as the joint venture--
4 Mr. Khashoggi has a different name. Do you know what that
5 name is?

8 A No. Well, he referred to some vehicle. I thought
7 he used the word Garnet, the name Garnet.

8 Q Okay.

9 A But the Trivert name, actually what happened at the
10 top where "TIM" is, he put a box and he put an "X" in it and
11 that was going to be the joint venture. The point he made
12 was that Triad International Marketing had the agreement but
13 because of this financing, that Trivert would have it. And
14 so Trivert took the place of Triad International Marketing,
15 is my understanding of this document.

16 Q That is, Triad and Vertex--is that the derivation?

17 A Yes, that's how they came up with the name.

18 Q Now, the box with the "Y" in it--

19 A Yes.

20 Q Did he say anything to indicate who that person or
21 entity was?

22 A No, it was the source--and I'm not sure whether it
23 was one source or several sources--that's just--the weapons
24 were going to come from "Y".

25 Q Okay. Now, did he ever mention the involvement of

UNCLASSIFIED

UNCLASSIFIED

1 the Israeli government or Israeli citizens?

2 A Not in my presence. I have no idea what he said to
3 Mr. Miller separately but not in my presence.

4 Q Was ~~Manaeur Gobonafar~~ ^{Manucher Ghorbanifar} the only individual that he
5 specifically named as being involved in the transactions?

6 A Yes, sir. He referred to his associates two or
7 three times. He said, "These are my associates," and when he
8 wrote BCCI down, he said some name but I can't recall what
9 it was.

10 Q Now, at these meetings in the Cayman Islands or at
11 any future time, did he indicate the identities of any other
12 individuals involved in the arms transactions?

13 A Not to me.

14 Q Did he ever indicate the involvement of United
15 States Government officials?

16 A Not that I recall.

17 Q Did he ever make mention of involvement of a
18 Mr. McFarland or Poindexter or North?

19 A Not in my presence that I can recall.

20 Q So, as far as you knew, there was an arms
21 transaction to Iran but you did not know the source or who
22 was involved other than ~~Manaeur Gobonafar~~ ^{Manucher Ghorbanifar}?

23 A That is correct, but it was not just a transaction,
24 there were to be a series of transactions and Mr. Khashoggi
25 told me that he hoped in the future there would be

UNCLASSIFIED

UNCLASSIFIED

1 substantially more business because of this.

2 Q Involving weapons or other products?

3 A He just said this would open up a big market.
4 That's all he said.

5 Q And you understood that to mean Iran?

6 A That's right.

7 Q Did he or anyone indicate at these meetings or any
8 other time that there had been previous transactions
9 involving weapons to Iran?

10 A It's my recollection that when he described this
11 transaction on Exhibit 4, he described it as something that
12 had been done before but he didn't talk about dollars or
13 times or places, it was just my impression that he needed
14 substantially more money to do what needed to be done.

15 Q What was to be the collateral for the arms
16 financing?

17 A Mr. Khashoggi in the Cayman Islands--we signed a
18 loan agreement which provided that Mr. Khashoggi's holdings
19 in the stock of American Barrick would be the collateral for
20 this loan as well as stock of Triad America Corporation.
21 Now the American Barrick stock was really not--actually,
22 there was a company called Horshem Securities, Limited which
23 had a beneficial interest in stock and the agreement was
24 that the note would be secured by an assignment of the
25 Trivert note. In other words, he would borrow the funds,

UNCLASSIFIED

UNCLASSIFIED

1 give it to Trivert, take the Trivert note and assign that,
2 plus the American Barrick stock through Horshem Securities
3 plus some Triad America stock. The American Barrick
4 Resources asset had a previous assignment to it, to another
5 entity, and they took it subject to that.

6 Q Do you have any knowledge as to whether this \$10
7 million dollar loan for the arms transaction was ever
8 funded?

9 A I don't know whether the loan whose documents we
10 saw in the Cayman Islands was funded, but I'm satisfied that
11 a subsequent \$10 million dollar loan was funded. Well, I
12 believe a second \$10 million dollars was funded and the
13 reason I say that is Mr. Khashoggi--following the Cayman
14 Islands meetings and following the meetings in Geneva which
15 occurred later in the month, Mr. Khashoggi was extremely
16 anxious to get the \$10 million dollar loan closed. All of
17 the transactions relating to Triad America in these loan
18 documents had to be consummated in order to close the loans.
19 Following all of this discussion and these transactions and
20 following the arrival of Mr. Miller and Mr. Fraser to take
21 over the operation of Triad America, they subsequently
22 disengaged, and during the disengagement process, we were to
23 pay certain legal fees to their Salt Lake based attorneys
24 but not the legal fees relating to a \$10 million dollar loan
25 to Adnan Khashoggi which closed in late April.

UNCLASSIFIED

36

UNCLASSIFIED

1 So, I personally believe that the loan we
2 contemplated here closed or there were two \$10 million
3 dollar loans and I don't know which it is.

4 Q You referred to a subsequent meeting in Geneva.
5 When did that occur?

6 A March 17th or 18th--and maybe on both days.
7 Following the meeting in the Cayman Islands, I flew to
8 Geneva to take care of certain paperwork relating to these
9 transactions and to take care of other business.

10 Mr. Khashoggi flew to France. His sister died in
11 Cairo and he flew to Cairo for the funeral. In the
12 meantime, documents were being prepared in Salt Lake City by
13 counsel for Triad America and for Vertex, Euro Commercial,
14 et al, and disputes had arisen regarding the final nature of
15 the transaction, final details.

16 I had sent all of the documents in Exhibit 3 from
17 Geneva to Salt Lake to be forwarded to various people that
18 needed to have them. Well, in the negotiation or the
19 discussion with the attorneys, it became clear that there
20 were some disputes as to what was intended on some of the
21 documents and so Adnan Khashoggi and Bob Shaheen and
22 Mr. Miller, Walter Miller, and Mr. Fraser and Mamaji and
23 Tariq Kadri, another member of the tribe--and me all met in
24 Geneva to discuss the transaction one more time. And those
25 meetings were held approximately the 17th and 18th of March.

37

UNCLASSIFIED

Lawrence Sanders, Reporter, Shorthand Reporter

UNCLASSIFIED

1 Q Where in Geneva were they held?

2 A They were held in Mr. Khashoggi's suite at the Noga
3 Hilton Hotel, I believe on the fourth floor. I can't
4 remember for sure. And they were held in Mr. Khashoggi's
5 suite.

6 Q You mentioned a Tariq--

7 A Kadri, K-a-d-r-i, yes.

8 Q Is he a Saudi national?

9 A No, he's an American citizen born in California.
10 He has a--I believe his parents were Iraqi but I'm not sure,
11 which is--

12 Q He's another American executive?

13 A American executive of Triad America, yes. He's an
14 attorney, graduate of Georgetown.

15 Q After March of 1986, did you have any further
16 discussions with Mr. Khashoggi or anyone else regarding the
17 financing of the arms transactions?

18 A Not directly. Following the March Geneva meeting
19 into late March and into April, I was on the phone several
20 times with Mr. Khashoggi trying to get the Canadians--I
21 refer to Mr. Fraser and Mr. Miller as the Canadians--to get
22 these loans that we negotiated closed, and he, on two or
23 three occasions, told me that the \$10 million dollar loan
24 should get closed, but we did not discuss the purpose of the
25 loan again or any of those sorts of things.

UNCLASSIFIED

UNCLASSIFIED

1 Q I'd like to go a little deeper into your
2 involvement with the Canadians. When you say the Canadians,
3 you mean Mr. Fraser and Mr. Miller?

4 A Yes, sir.

5 Q Was it after these meetings in March that they
6 began to play an active role in the management of Triad
7 America?

8 A Well, yes. At the Geneva meeting, it was agreed
9 that the board of directors of Triad America would be
10 reconstituted from its then three members to six members.
11 Mr. Fraser and Mr. Miller and Mr. Ivan Burges, who was at
12 the bank in Cayman, would be three directors appointed by
13 Vertex. And Mr. Essam Khashoggi, Mr. Tariq Kadri and I
14 would be three directors appointed by Triad, and that
15 Mr. Fraser would become the president of Triad America and
16 that in the case of a tie, Mr. Fraser would vote the tie-
17 breaking vote or the casting vote. He referred to it as the
18 casting vote.

19 And so the decision was made in Geneva that
20 Mr. Miller and Mr. Fraser would operate the company and it
21 was agreed that they alone would decide how the funds were
22 to be used from the \$9 million dollar loan. I offered my
23 resignation at that time and was told, No, that they wanted
24 us to continue. So, Mr. Kadri was to set up energy
25 operations and I was head of real estate operations. We

UNCLASSIFIED

Rashell Garcia - Certified Shorthand Reporter

UNCLASSIFIED

1 were both still on the Triad board.

2 They came to Salt Lake City following the Geneva
3 meeting within two or three days and proceeded to implement
4 their management of Triad America. So, they took not only
5 an active role, they took control of the company on about
6 March 20th of 1986.

7 Q And so from that time until the time you left Triad
8 America, Mr. Miller and Mr. Fraser have been in control of
9 the company and of the properties?

10 A No. No, they were in control until late April,
11 maybe early May, when serious problems were developing in
12 the operation of Triad America and I advised the Khashoggi
13 that I felt Mr. Miller and Mr. Fraser were destroying the
14 company, not saving it. It was agreed then that Mr. Miller
15 and Mr. Fraser should disengage from Triad America.

16 So, Mr. Tariq Kadri and Essam Khashoggi and
17 Mr. Adnan Khashoggi had meetings in New York City and in
18 Paris and in a couple of other cities with Mr. Miller and
19 Mr. Fraser trying to work out some kind of disengagement.

20 It was during this period that the disengagement
21 memoranda were prepared by Parsons, Behle & Latimer.

22 Q Maybe we should mark those as an exhibit.

23 MR. RADCLIFFE: Collectively?

24 MR. PARRY: Yes.

25 Exhibit 5 was marked for
 (identification.)

UNCLASSIFIED

UNCLASSIFIED

- 1 Q (By Mr. Parry) Look at that and count the pages.
- 2 A There are 29 pages.
- 3 Q All right. Are you familiar with Exhibit 5?
- 4 A Yes. I believe there are 30 pages.
- 5 Q Thirty pages. Can you tell me what these 30 pages
6 represent?
- 7 A Yes, this is a copy from my files of a telefax that
8 was sent from Parsons, Behle & Latimer to my office in Salt
9 Lake City relating to the disengagement of the Vertex
10 interest from Triad and what it was, actually, is the law
11 firm of Prince Yeates had prepared the documents --
- 12 Q Who did Parsons, Behle & Latimer represent and who
13 did Prince Yeates represent?
- 14 A Parsons, Behle & Latimer represented Triad America
15 and Prince Yeates represented Vertex, Mr. Miller,
16 Mr. Fraser, Euro Commercial--let's say the Miller interests.
- 17 Q All right.
- 18 A Prince Yeates--following the meetings held in Paris
19 and New York and elsewhere, there was discussion that there
20 should be a separation or settlement agreement. Prince
21 Yeates on behalf of Mr. Miller and others prepared a release
22 and other documents which would unscramble the egg, if you
23 will, which would release the various parties and which
24 would separate the parties but it clarified certain issues.
25 Well, this document was prepared, this particular

UNCLASSIFIED

UNCLASSIFIED

1 draft was prepared, by Prince Yeates and was sent by
2 photocopy over to Parsons Behle who then sent the photocopy
3 on to us and, hence, across the top there are two series of
4 numbers, one from the Prince Yeates law firm sending it to
5 PBL and one from PBL sending it to us. This was sent to us
6 to determine--to review and it was sent at night. We were
7 all working late. This was sent to tell us what was being
8 proposed as a separation.

9 From this document, it was determined that there
10 would have to be subsequent meetings and there were
11 subsequent meetings and, finally in June, a final release
12 document was signed separating the parties. And so this is
13 a draft of the release that was subsequently signed, and I
14 suspect that somewhere in my files, I have a file copy.

15 Q So there was a disengagement that actually took
16 place?

17 A Yes, sir.

18 Q And when did that occur?

19 A It occurred in June. I'd have to check the dates,
20 but in my recollection, it was about the middle of June,
21 middle to late June.

22 Q After the end of June, did you have any further
23 communications with Mr. Miller or the people representing
24 that group?

25 A No, not--well, yes, I did. In late August, June

UNCLASSIFIED

UNCLASSIFIED

1 and July and early August, we attempted to solve the Triad
2 America problems. Mr. Adnan Khashoggi came to Salt Lake on
3 two or three occasions to meet with banks. By then the
4 company was having serious financial difficulty and was
5 unable to meet its obligations. On August 22nd, which I
6 believe was a Friday, the Triad America board met in Salt
7 Lake City for some meetings and Mr. Ernie Miller and Don
8 Fraser were in the building at the same time. Mr. Adnan
9 Khashoggi had meetings with them and then meetings with the
10 board and then brought us all together and announced that
11 Mr. Miller and Mr. Fraser were going to come back in and
12 take charge of Triad America once again, that they had
13 agreed to fund certain immediate obligations that had to be
14 funded and that at that time, Essam Khashoggi resigned as
15 chairman and director and president of Triad America. Adnan
16 Khashoggi then became chairman, Mr. Fraser became president
17 and I continued as executive vice president and director.

18 Again, I offered my resignation to Mr. Khashoggi.
19 He didn't want to accept it; however, on August 26th, I did
20 resign as a director and on September 3rd or 4th, I resigned
21 all of my posts with Triad. So, they came back in and
22 continued to operate Triad America. I have no idea what
23 their current status is.

24 Q So, since your resignation was accepted in--

25 A Early September.

UNCLASSIFIED

Rashell Garcia - Certified Shorthand Reporter

UNCLASSIFIED

1 Q Early September, have you had any further
2 communications with Miller and Fraser in their
3 organizations?

4 A I've talked with Mr. Fraser in person and by phone
5 on two or three occasions regarding my separation agreement.
6 Mr. Khashoggi signed certain documents which promised
7 certain payments which have not been made and I discussed
8 those matters with Mr. Fraser.

9 I also discussed with Mr. Fraser certain litigation
10 against Triad America in which they wanted my assistance,
11 and I guess the last conversation I had with him was prior
12 to the first of this year.

13 Q During any of those conversations since your
14 resignation, did they specifically discuss Mr. Khashoggi's
15 default on the \$10 million dollar loan to finance the arms
16 transactions?

17 A No, they did not.

18 Q Has there been any discussion between you and
19 Mr. Miller or Mr. Fraser regarding the arms transaction
20 since the revelations in the media by Mr. Meese of the arms
21 transactions?

22 A No.

23 Q Have you had discussions with Mr. Khashoggi or any
24 of his representatives since the revelations in the public
25 regarding the arms transactions?

UNCLASSIFIED

UNCLASSIFIED

1 A Well, I've certainly had conversations--yes, I have
2 had.

3 Q Regarding the arms transactions?

4 A Since the disclosure was made to the public, yes.

5 Q Can you tell me what those conversations were and
6 who was involved?

7 A Yes. I want to characterize them correctly. I had
8 conversations with Mr. Shaheen regarding Mr. Khashoggi's
9 various appearances on the news media. Following his
10 appearance on the Barbara Walters Show, I called him, talked
11 to Shaheen, and talked to Mr. Khashoggi. I told him that I
12 thought his presentation was clear and coherent and I
13 thought he looked good. It was sort of a courtesy call. We
14 did not discuss the substance of the matter.

15 Then following the disclosures made, many news
16 media representatives called me and wanted my comments and
17 asked questions regarding Triad America's involvement. And
18 other than the conversations I had in the Cayman Islands,
19 which I disclosed to a couple of people, there was no other
20 involvement.

21 I did on occasion call Mr. Khashoggi and
22 Mr. Shaheen and say, Hey, I'm talking to CBS Morning News or
23 I'm talking to somebody, and they--I'm the only guy that
24 defends Adnan's paying his bills and my focus was primarily
25 on his role in Salt Lake City.

UNCLASSIFIED

UNCLASSIFIED

1 On one occasion, I discussed with Mr. Shaheen that
2 I had this memo drawn by Adnan--

3 Q You're referring to Exhibit 4?

4 A Exhibit 4. And he said, Fine, and it didn't go any
5 further than that. So, the discussions were pretty minimal.

6 Q There was never, since your name has appeared in
7 the paper, there's never been any communications with you
8 from Mr. Khashoggi's people or Mr. Miller's people regarding
9 what you have purported to have told the newspapers?

10 A Yes. Following the Knight Ridder story, the Knight
11 Ridder people--the representative of Knight Ridder inter-
12 viewed me in New York City in late January when I was--I was
13 there on other business. The story ran quite a bit later
14 than that. After the story ran, Bob Shaheen called me and
15 told me that Adnan was very disappointed in the story and
16 felt that I'd let him down somehow in that article. Of
17 course, I had not seen the article at that time. That is,
18 it had run in eastern papers and what had run in Salt Lake
19 apparently was just an abstract. It wasn't until later that
20 I saw the full article in which my trip to the Cayman
21 Islands was described.

22 Bob told me that he and Adnan--Adnan particularly--
23 was very disappointed about the article, but he didn't tell
24 me why.

25 Q Did they suggest that anything you said was not

UNCLASSIFIED

UNCLASSIFIED

1 true?

2 A No, they did not.

3 Q Did they imply that you should retract your
4 statements or make any correcting statements?

5 A No, they did not.

6 Q They just indicated disappointment?

7 A Yes.

8 Q Was it at the fact that you had talked to the paper
9 or the fact of what you had said to the paper?

10 A They didn't say what bothered them but my
11 impression is that what I had said bothered them. As I
12 recall the conversation, my recollection is that Bob said,
13 Manny, Manny, why did you do this? And I said, Well, Bob,
14 you know I was in the Cayman Islands, I do have the piece of
15 paper. And Bob said, But, Manny, you didn't need to tell
16 everything, or something--I want to be careful what I say
17 here, but my recollection is he said, Well, we're
18 disappointed. I certainly at no time--I once suggested to
19 the Khashoggis that I was going to write a book to Bob
20 Shaheen and he said, Go ahead. I mean, there's never been
21 any--you know, saying, Don't say this or, Don't say that.
22 I've never been instructed in what to say or to whom to
23 talk. I've kept a low profile because I've chosen to.

24 Q Other than this one conversation with Bob Shaheen,
25 any other conversations or communications regarding the arms

UNCLASSIFIED

UNCLASSIFIED

1 transactions?

2 A No.

3 Q And none with Mr. Fraser or Mr. Miller or any of
4 his people?

5 A No.

6 (Exhibit 6 was marked for
7 identification.)

8 Q (By Mr. Parry) I would like to show you Exhibit 6
9 which you've looked at earlier during your testimony. Can
10 you tell me what that is?

11 A It's a photocopy of two business cards, one with
12 the name of the attorney Graham May and the other with the
13 Euro Commercial Bank offices. The second one is actually
14 not a business card, it was a little clip that they would
15 attach to things that they would give you, but that was
16 where we would have our meetings in the Cayman Islands.

17 Q And those cards were given to you in March in the
18 Cayman Islands, March of '85--or '86, I mean?

19 A Yes, sir. Yes, March of '86.

20 (Exhibit 7 was marked for
21 identification.)

22 Q (By Mr. Parry) I'd like to show you what's been
23 marked as Exhibit 7 which are three pages of handwritten
24 notes, and I'd like you to identify those for me, if you
25 can.

UNCLASSIFIED

UNCLASSIFIED

1 A These are photocopies of handwritten notes from my
2 file which I prepared on the Khashoggi airplane flying from
3 New York City to the Cayman Islands the morning of the
4 meeting. These are three of several pages of notes that I
5 made on the plane.

6 Q This was on the plane from New York to the Cayman
7 Islands?

8 A (Nodding affirmatively.)

9 Q Can you briefly go through and tell me what those
10 notes say.

11 A Well, I arrived in New York around eleven and about
12 two or three in the morning they woke me up and told me that
13 we were going to leave. We got to the airplane about four
14 and when we got on the plane, Mr. Khashoggi outlined to me
15 his situation. I had been told prior to leaving Salt Lake
16 for New York that I was to be prepared to negotiate some
17 additional financing on certain issues and I had brought
18 with me a lot of facts about Triad America.

19 He explained to me that he had obligations to
20 Sarsvati totaling about \$22 million dollars.

21 Q Now, we're on the third page of the three?

22 A Three pages. Then he told me he owed \$56 million
23 to the Sultan of Brunei, including interest, that he owed
24 Credit Commercial de France \$10 million dollars and that he
25 required a \$10 million dollar revolving line for

UNCLASSIFIED

UNCLASSIFIED

1 International Marketing.

2 We discussed the fact that he owned 80 percent of
3 Triad through Triad International, and Triad International
4 also had an interest in the--

5 Q Was the third page the first page of your notes?

6 A Well, there were other notes. We had these
7 discussions on the plane for about an hour and then he went
8 off and rested while I prepared some ideas and then he came
9 back. So, we were having this discussion during the night.
10 Then I was to put together some transactions in which some
11 investor outside the company might buy an interest in either
12 Triad America or specific projects.

13 Q Now, this is the second page. Does that say
14 "proposed deal"?

15 A "Proposed deal," yes.

16 MR. RADCLIFFE: Would you, Mr. Floor, please refer
17 to certain pages and where you're talking in reference to
18 your dialogue.

19 THE WITNESS: On the second page of the document, I
20 had four items that were sort of a little summary and the
21 first was that an outside investor would buy a hundred
22 percent of the Salt Lake International Center for \$40
23 million dollars and then Triad Property would manage for a
24 fee and then do certain things as a developer, developer
25 profit. That Sarsvati would provide AKW a \$10 million

UNCLASSIFIED

50

UNCLASSIFIED

1 dollar line of credit and that Sarsvati might also lend
2 money to acquire the Gilmore land. We went through a series
3 of scenarios on the airplane, which we didn't end up
4 discussing with the Sarsvati people, but I included this
5 when you asked for the information because there was always
6 this constant, you know, we need the \$10 million dollar line
7 of credit, and so it was on the notes.

8 Q All right. Going back to the first item, do you
9 know who the investor was?

10 A Well, we were proposing that the investor in this
11 case would be Vertex.

12 We had another scenario in which the investor would
13 be the Sultan of Brunei, whose name is mentioned on page 3,
14 and Adnan explained to me that he needed to take advantage
15 of the equity in Triad America to solve certain cash
16 problems that he had and that we at Triad America had, and
17 we went over our cash requirements again. We talked about
18 our payables at Triad America and the loan we needed for the
19 tower and our land debt and the Sarsvati debt.

20 This is where we got into the discussion about how
21 much it was and his need for the marketing line. And so
22 these notes are not all of my notes but do represent the
23 notes in which the \$10 million dollar marketing line was
24 mentioned.

25 Q The \$10 million dollar marketing line appears

UNCLASSIFIED

UNCLASSIFIED

1 rather insignificant in relation to the various debts listed
2 on your notes. Did he ever indicate why this relatively
3 small line of financing was so crucial to his business?

4 A Well, on the airplane going down, he indicated to
5 me that this was a revolving line that was going to be worth
6 a lot to him because he could do something over and over and
7 over again.

8 Q More than four times?

9 A Well, he didn't characterize the number of times on
10 the airplane and when we got to the Cayman Islands, when he
11 talked about this Exhibit 4, he indicated at least four
12 times, but I got the impression that this could go on, but
13 four was the one he talked about.

14 Q Because, according to his drawing, Exhibit 4, the
15 four times would generate a profit of perhaps \$8 million
16 dollars but you got the feeling that he was looking at a
17 much larger profit?

18 A Yes, sir.

19 Q But you don't know the details?

20 A I don't.

21 (Exhibit 8 was marked for
22 identification.)

23 Q (By Mr. Parry) I'd like to show you what's been
24 marked as Exhibit 8 which consists of nine pages, a front
25 page of which--and subsequent pages--which appear to be

UNCLASSIFIED

UNCLASSIFIED

1 copies of your passport. Is that correct?

2 A Yes, these are photocopies I made of my passport at
3 your request. It does not include the front cover nor does
4 it include all the pages, but it includes all the pages on
5 which anything has been stamped and they are sequential
6 through page 17 of the passport.

7 Q And those pages, I assume, indicate your travel to
8 the Cayman Islands and to Geneva in March?

9 A Yes, sir.

10 (Exhibit 9 was marked for
11 identification.)

12 Q (By Mr. Parry) I'd like to show you what's been
13 marked as Exhibit 9. Can you tell me what that is?

14 A Yes, this is a photocopy of an itinerary that was
15 prepared by my secretary March 3rd for my trip to New York
16 and subsequently to the Cayman Islands on March 4th.

17 Q Was that a regular practice for your secretary to
18 prepare an itinerary for each of your trips?

19 A Yes. This particular trip, I was called on this
20 trip the morning of the 3rd. That is, I was advised to get
21 a plane and come back to New York. And she would put
22 together these kinds of itineraries with all the detail for
23 me so other people on my staff have a copy and my family and
24 so on.

25 Q Let's go off the record for a second.

UNCLASSIFIED

UNCLASSIFIED

(Exhibits 10 through 13 were marked for identification.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q (By Mr. Parry) Back on the record. I'd like to show you Exhibits 10, 11, 12 and 13 which I'd like you to look at and identify for me.

A These are photocopies of documents that were produced during the Cayman Islands meetings. Exhibit 10 was a guarantee by Triad America signed by me and by Triad International Corporation signed by Adnan Khashoggi guarantee^{ee}ing to Vertex the \$10 million dollars, the \$9 million dollars, and the \$21 million dollars, so, it's a brief guarantee.

Exhibits 11 and 12 were acknowledgements by Adnan Khashoggi and then by Trivert that even though the demand loan--the \$10 million dollar loan was a demand note, four months were to be given to pay it back, which would have meant the money was due back in July.

Exhibit 13 is a copy of instructions to Euro Bank signed by Adnan Khashoggi, and I prepared this document. Mr. Khashoggi signed an original. Mr. Khashoggi, while in the Cayman Islands, opened a number of accounts for the \$10 million dollar loan to flow through. It was to flow from the bank to his account, this number, and from this account to the account of Trivert, which would also be at the bank.

///

UNCLASSIFIED

UNCLASSIFIED

1 (Exhibit 14 was marked for
2 identification.)

3 Q (By Mr. Parry) I'd like to show you Exhibit 14,
4 and could you identify that briefly.

5 A This is a copy from my files of the letter from
6 Larry Taylor, one of our officers at Triad America, to
7 Mr. Donald Fraser dated January 13th. Mr. Fraser and
8 Mr. Miller came to Salt Lake in early December. As a result
9 of that visit, they asked for quite a bit of information
10 regarding the company, and this is a transmittal letter
11 which sent on some or most of what was requested by
12 Mr. Fraser.

13 Q I guess we'll put that in too.

14 (Exhibit 15 was marked for
15 identification.)

16 Q (By Mr. Parry) Could you look at Exhibit 15 and
17 tell me what that is.

18 A This is a copy of a telex--a telex from me to
19 Robert Shaheen sent from the AK Utah telex machine in Salt
20 Lake to Mr. Khashoggi's Paris telex machine. It is a telex
21 regarding the Sarsvati transaction which was negotiated
22 in New York City on October 30th which we discussed
23 earlier.

24 Following the October 30 meeting, I got on the
25 phone with Don Fraser and there were some issues--technical

UNCLASSIFIED

Rashell Garcia - Certified Shorthand Reporter

UNCLASSIFIED

1 Q That was subsequent to the--

2 A Yes, it was not underlined at the time I did the
3 document.

4 Q Do you have a cover letter or anything that would
5 indicate that this was in fact sent to Mr. Khashoggi, his
6 brother and Tariq?

7 A I don't have such a letter with me but I suspect in
8 my files that I have a letter.

9 Q Do you recall that it was in fact sent?

10 A Yes, there's no question this was prepared and
11 sent.

12 Q In approximately April of 1986?

13 A Yes, sir.

14 Q All right. Now, other than the 16 exhibits and the
15 few other documents that you produced to me on Friday, to
16 your knowledge, do you have any other documents that relate
17 to the arms transactions that Mr. Khashoggi was involved in?

18 A No, sir. I have documents that relate to the
19 transaction in the Cayman Islands in general and some in
20 specific but none which mention arms specifically.

21 Q And none that would indicate that \$10 million
22 dollars was in fact funded?

23 A No, sir.

24 Q Let's go off the record for a second.

25 ///

UNCLASSIFIED

UNCLASSIFIED

(An off-the-record discussion was held.)

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Q (By Mr. Parry) Mr. Floor, I would like to ask you about various individuals, and I want to know whether you know these people and know anything about their possible involvement in the arms transactions. Let's start with a Mr. Furmark. I believe his first name is Ron.

A I believe it's Roy.

Q Do you know Mr. Furmark?

A I've met him. Mr. Furmark was in Salt Lake City for at least one of our Triad activities and I believe I've also met him either in Europe or in New York at Mr. Khashoggi's condominium. But our meetings were just Hello. I just know that he was an associate or friend of Mr. Khashoggi's.

Q And you've never done business with him or been involved in a transaction in which he was involved?

A No, sir.

Q You know him through Mr. Khashoggi?

A Yes, sir.

Q Has anyone ever suggested to you that he was involved in the arms to Iran?

A Only what I read in the newspaper.

Q All right. How about Cyrus Hashemi? Do you know that man?

UNCLASSIFIED

UNCLASSIFIED

- 1 A I don't know the name, no.
- 2 Q How about Albert Hikeem?
- 3 A Again, only what I've read in the papers. It's not
4 a name that I'm familiar with.
- 5 Q And General Seccord?
- 6 A Again, the same answer.
- 7 Q Oliver North?
- 8 A Same answer.
- 9 Q John Poindexter?
- 10 A Again, these are people I've only heard of.
- 11 Q Other than the newspaper accounts--
- 12 A That's right.
- 13 Q --you've never met or heard of these people?
- 14 A No, sir.
- 15 MR. RADCLIFFE: Off the record a minute.
- 16 (An off-the-record discussion
17 was held.)
- 18 Q (By Mr. Parry) I believe in the Knight Ridder
19 article that we've referred to, I believe that there was an
20 indication--and it may be a different article--that there
21 was in fact a \$15 million dollar transaction to finance the
22 arms deal and that it was not Mr. Miller or Mr. Fraser but
23 another Saudi investor who provided the funds. Do you know
24 anything about that?
- 25 A No, the only financing I know about is the proposed

UNCLASSIFIED

UNCLASSIFIED

1 \$10 million dollar financing joint venture.

2 Q You don't know who the other Saudi investor
3 referred to could be and you've never heard about a \$15
4 million dollar--

5 A No. No, sir.

6 Q Do you want me to ask--with respect to that
7 article, were there statements attributed to you which you
8 did not make to the reporter?

9 A Well, there were statements in the article which
10 were not attributed to anyone and the way the article was
11 written, it appeared that I had said them. Also, you're
12 showing me a copy of the Salt Lake Tribune copy of the
13 article. I'm not sure that was the entire article.
14 Somebody told me that the article ran in the east was
15 longer, but there are statements that I think--there are
16 clearly statements which are attributed to me or to no one
17 that sound like they came from me which I didn't make.

18 Q Do you offhand recall what those particular
19 statements were, the ones that people may have attributed to
20 you?

21 A Well, there was some conclusions in the article
22 about what Mr. Khashoggi did or didn't do with certain funds
23 that I had no knowledge of and it implied that I had said
24 certain things.

25 Q Going back to Mr. Hashemi, who you haven't heard

UNCLASSIFIED

UNCLASSIFIED

1 about, there have been other criminal investigations of arms
2 deals with Iran that Mr. Hashemi was involved in and other
3 people who have been associated with Mr. Khashoggi. Did you
4 know about any of those investigations or the criminal
5 prosecutions at the time that Mr. Khashoggi was discussing
6 this particular transaction in March of '86?

7 A No. No, the only information I had about those
8 transactions--I believe those came about sometime after May
9 of '86. All I know about those transactions are what I read
10 in the newspapers and I have talked to Mr. Evans and to
11 Mr. Maynard Dose since they were both released about the
12 situation just briefly as friends. I had no prior
13 knowledge.

14 Q Do you know Sammy Fadel?

15 A Sammy Fadel, yes, I know Sammy Fadel.

16 Q Have you done business with him? Tell me what his
17 position is with Mr. Khashoggi.

18 A Mr. Fadel is the managing director of the Geneva
19 office of Triad. He offices in Geneva. Prior to that, he
20 was in Luxembourg for Mr. Khashoggi. He was also in Paris
21 for Mr. Khashoggi, and he was on the Triad America--he was
22 on the AK Utah board in 1977. I believe he's still with
23 Mr. Khashoggi. When I went to Geneva following the Cayman
24 Islands, it was to his office I went and he was the person
25 that kept all the records, all the financial and stock

UNCLASSIFIED

61

UNCLASSIFIED

1 information in Geneva for Mr. Khashoggi.

2 Q Would he have necessarily been aware of the \$10
3 million dollar transaction to finance the arms deal?

4 A Well, I gave him copies of all three loan documents
5 when I went to Geneva because he kept track of all of the
6 obligations Mr. Khashoggi incurred, and since these were
7 obligations of Mr. Khashoggi as well as obligations of Triad
8 International, he needed those records. And it was his
9 office from which I sent the documents which I sent back to
10 this country for distribution.

11 Q Were arms to Iran ever discussed in his presence--
12 in your presence?

13 A Not when we were both together.

14 Q Do you know of a company named Kremdale?

15 A No, sir.

16 Q Or Galliot?

17 A No, sir.

18 Q Have you ever met a John Gamble, another Canadian?

19 A I'm not sure.

20 MR. RADCLIFFE: Don't speculate.

21 THE WITNESS: I can't recall.

22 Q (By Mr. Parry) You don't recall?

23 A I don't recall.

24 Q How about William Birchall?

25 A I want to say the man is associated with Barrick

UNCLASSIFIED

UNCLASSIFIED

1 Resources but--I believe he is. Mr. Birchall was one of the
2 Barrick people.

3 Q Have you had any dealings with Mr. Birchall?

4 A Yes, I was on the Barrick Utah board and I assisted
5 Barrick when they came to Salt Lake City, did certain things
6 with the press and others, and I believe Birchall may have
7 been involved.

8 Q To your knowledge, did he have any involvement or
9 any knowledge of the arms transactions?

10 A I have no idea.

11 Q All right. I'd like to ask you about Timothy Kahn.

12 A Yes, sir.

13 Q You know him?

14 A Yes, sir.

15 Q What was his connection with Mr. Khashoggi?

16 A Mr. Kahn was a Canadian businessman, as I recall,
17 and Mr. Khashoggi was interested in expanding, or was
18 looking at possibly doing some things in Canada. When he
19 went to Canada, Mr. Kahn made certain arrangements for
20 certain meetings. I don't know much beyond that.

21 Q I take it he was not a former Khashoggi aid^e?

22 A Again, I don't know how--I'm not sure whether he
23 ever worked directly for the Khashoggis or not. He may
24 have. I met him on only one occasion.

25 Q He was not in the Cayman Islands?

UNCLASSIFIED

UNCLASSIFIED

1 A No, sir, he was not in the Cayman Islands.

2 Q To your knowledge, he had no involvement in the arms
3 transactions?

4 A No, I have no information that he did.

5 Q But you think he was connected with Mr. Fraser and
6 Mr. Miller?

7 A No, I don't know that he was connected with Fraser
8 and Miller. I just know that he was Canadian and that he
9 arranged some meetings for Mr. Khashoggi in Canada. I don't
10 know if those meetings involved Mr. Fraser or Mr. Miller.

11 Q One name I left out that I wanted to ask you about
12 was Mr. Casey. Was his name ever brought up or have you
13 ever heard his name mentioned in the presence of
14 Mr. Khashoggi?

15 A Not to my knowledge. Not in my presence.

16 Q How about the various Israelis allegedly involved,
17 Mr. ^{Nir} ~~Neer~~, Mr. ^{ch} ~~Swimmer~~, Mr. ⁱ ~~Nimrod~~, any of those?

18 A Not in my presence.

19 Q Do you know--I believe it's a lawyer named
20 Mr. Evans.

21 A There is a Sam Evans, Samuel Evans. I know Sam
22 very well.

23 Q Now, is Mr. Evans a lawyer for Mr. Khashoggi?

24 A He was at one time. I have no idea what his
25 present relationship is. Mr. Evans was associated with

UNCLASSIFIED

UNCLASSIFIED

1 Mr. Khashoggi for many years and, again, was on the Triad
2 America board.

3 For a period of time, he lived in Los Angeles and
4 participated with us in our Salt Lake and Triad America
5 operations. He left the employ of the company a few years
6 back and went back to London where he set up a law practice.
7 He did some additional work for Mr. Khashoggi following that
8 but I don't know for how long and I don't know what his
9 current status is with Mr. Khashoggi, if any.

10 Q To your knowledge, was he involved at all with
11 respect to the arms deal?

12 A Well, he was not involved in--as far as I know, he
13 was not involved in any of the things that we've talked
14 about that I have any knowledge of.

15 Q He was not at any of the meetings and his name
16 didn't come up at any of the meetings?

17 A No, sir.

18 Q In any of your conversations with the people that
19 were involved in the various transactions, did the subject
20 of hostages ever come up?

21 A No, sir.

22 Q Did the subject of financing the rebels in
23 Nicaragua ever come up?

24 A Not in my presence, no, sir.

25 Q And, again, I've asked this before, but was there

UNCLASSIFIED

UNCLASSIFIED

1 ever any question or suggestion that the United States
2 Government was giving approval to this transaction?

3 A Not to my recollection.

4 MR. PARRY: All right. Thank you very much. I
5 don't have any further questions.

6 EXAMINATION

7 BY MR. RADCLIFFE:

8 Q Please answer as briefly as possible.

9 During the first quarter of 1986, did you form an
10 opinion that Triad Utah and its various business were in
11 financial trouble?

12 A Yes, sir.

13 Q When you traveled to New York to visit with Adnan
14 Khashoggi, did you go there for the purpose of discussing
15 those financial troubles as reflected in Exhibit 7?

16 A Yes, sir. The exhibit was prepared on the airplane
17 from New York to the Cayman Islands but I had lots of
18 material with me relating to Triad America's financial
19 problems.

20 Q Was your principal discussion directed towards
21 solving the financial problems of the company that you were
22 president of?

23 A Yes, sir.

24 Q When you arrived in Grand Caymans and met with
25 Mr. Fraser and Mr. Miller, did you discuss with them the

UNCLASSIFIED

UNCLASSIFIED

1 financial trouble of the company as outlined in Exhibit 7?

2 A Yes, sir, and with other materials I had with me.

3 Q In that meeting, it's my understanding that they
4 agreed to fund those \$9 million dollars toward certain
5 liabilities of the company as reflected in Exhibit 7; is
6 that correct?

7 A Well, they redefined \$9 million dollars of
8 liability. There were other exhibits, including the loan
9 they signed and including the documents which are not
10 entered as exhibits, which I presented to them in the Cayman
11 Islands spelling out specifically the \$5 million dollar
12 payable schedule and the \$4.5 million dollar tower loan
13 which are referred to in Exhibit 7.

14 Q Looking at Exhibit 4--and when you discussed the
15 four possible transactions evidenced by the \$40 million
16 dollar or the \$40,000, whatever it reflects up in the upper
17 right-hand corner of Exhibit 4, did you have any
18 understanding as to how long each of the transactions would
19 take place?

20 A It was my understanding it would be a relatively
21 short period of time and when we signed the loan documents
22 and agreed on the repayment of four months, it was
23 anticipated that the transactions would be complete in four
24 months so that the money could be paid back.

25 Q Was it your understanding that no more than \$10

UNCLASSIFIED

6-

UNCLASSIFIED

1 million dollars of original loan would be required to
2 accommodate the entire \$40 million dollar transaction?

3 A That was the way it was described, yes.

4 Q Was the \$9 million dollar loan required by Triad
5 contingent at all upon the repayment of the \$10 million
6 dollar transaction now described as the arms transaction?

7 A No, sir.

8 Q Did Mr. Miller and Mr. Fraser understand that they
9 were jeopardizing the company by not funding the \$9 million
10 dollar loan, and thereby their own security?

11 A I believe that that's the point I made, but I don't
12 know if they understood it. The point I made certainly was
13 that the \$5 million dollars in payables and the \$4.5 million
14 necessary to start the tower were both critical to the real
15 estate side of Triad America successfully meeting the plan.

16 Q So, they knew if whoever was to repay that \$10
17 million dollar loan through the arms transaction was not
18 repaid, that the company would be in dire straits; is that
19 correct?

20 A Because they insisted that Triad America guarantee
21 the \$10 million dollar loan and the \$20 million dollar loan
22 and the \$9 million dollar loan, I have to believe they
23 recognized that the nonpayment of any one of them would
24 have, A, given them the company; or, B, destroyed the
25 company.

UNCLASSIFIED

UNCLASSIFIED

1 Q Did you feel that they had any idea in their mind
2 at the time they made the Iranian arms loan that it probably
3 wouldn't be repaid?

4 A No. As a matter of fact, it was an interesting
5 thing. One of the reasons Adnan personally guaranteed the
6 loan is they raised the question--or one of us did--why
7 can't you give the arms and then get paid before you pay for
8 the arms, and vice versa. You know, why is it that--and
9 Adnan made it clear that the parties had to develop trust
10 for one another and that it was necessary for him to have
11 the money to provide the vehicle of trust. He said, I
12 guarantee it will be repaid; therefore, here's my stock and
13 here's my Barrick Horshem interest and here's my guarantee,
14 and if you don't get paid, I'm the guy that suffers. So,
15 the question came up and he assured them that he would
16 guarantee payment.

17 Q You knew of Mr. Khashoggi's prior arms history; is
18 that correct?

19 A Yes, sir.

20 Q Did it seem strange to you then that they would be
21 discussing arms at that meeting?

22 A Well, it surprised me when it came up because I--on
23 the airplane he had told me five, six, seven times how
24 important it was to get the \$10 million dollar marketing
25 loan and he kept referring to it as a loan to facilitate

UNCLASSIFIED

UNCLASSIFIED

1 some very important marketing transactions and that he had a
2 series of transactions and that he needed a revolving line
3 of credit.

4 It was not until we got to the Caymans and we were
5 discussing how to structure the transaction and he drew the
6 chart that I understood that arms were being shipped to
7 Iran. It surprised me that he brought it up then and hadn't
8 brought it up on the plane, but we had never--there was
9 never a time when we had ever discussed the actual
10 involvement in arms sales, but I was aware that he had been
11 involved. I mean, he didn't like being referred to as an
12 arms dealer. He would become very upset about that. And
13 his brother, Essam, was very upset. They wanted to be
14 referred to as brokers and merchants and business statesmen.
15 He was always interested in being referred to as a merchant
16 statesman.

17 Q Mr. Khashoggi was also involved in the oil
18 business, was he not?

19 A He was in the Sudan and elsewhere.

20 Q Did you discuss oil when you met with the Sultan of
21 Brunei?

22 A Yes, there was some discussion about the
23 possibility of the Sultan making available some crude oil
24 for use in the acquisition of a refinery.

25 Q Was the Sultan of Brunei concerned about the world

UNCLASSIFIED

UNCLASSIFIED

1 market price of oil during your meeting with him?

2 A I don't recall.

3 Q Do you recall hearing in the newspaper that the
4 Sultan of Brunei actually funded \$10 million dollars to the
5 Contras?

6 A Yes, I read in the newspapers that story, yes.

7 Q Did that seem strange to you?

8 A Well, nothing has seemed strange to me since all of
9 this began.

10 Q Did you connect it at all with your discussion
11 concerning the oil prices and--

12 A Well, let's put it this way: I've been very
13 curious as to the relationship of the Sultan of Brunei, the
14 Guru or Swami, as he was called, Mamaji, Swamiji,
15 Mr. Miller, Mr. Fraser. I think there's a whole network of
16 involvement there that I don't fully understand. So, it
17 didn't surprise me that the Sultan of Brunei and the Saudi
18 name and the Khashoggi name and the Canadian names all came
19 up. It seemed to me to be sort of an interesting fit.

20 Q Thank you very much.

21 MR. PARRY: I would like to follow up with one or
22 two questions.

23 FURTHER EXAMINATION

24 BY MR. PARRY:

25 Q You mentioned the trust required to do this deal,

UNCLASSIFIED

UNCLASSIFIED

1 the arms deal. Did Mr. Khashoggi ever indicate, give an
2 indication of the trustworthiness of Mr. Gabonafar?

3 A Well, he indicated that he had a number of
4 associates in this chain and that he was dealing with these
5 people and that he had dealt with these people and that he
6 needed to put certain money--certain of the profit had to
7 move to this entity in order to satisfy Mr. Gabonafar and
8 others, and he suggested that--when we had this discussion
9 about how do we know we'll get our money--I mean, why would
10 we want to buy arms that we may not be able to sell, and why
11 would we want to deliver arms that we may not get paid for,
12 His comment was, Well, we've been working with these people.
13 And I want to be careful how I recall this, but my
14 recollection is he said, We've worked with these people and
15 we can trust them. But it was clear that Adnan Khashoggi
16 had to have the money available to make this thing flow,
17 that he was the designated supplier of funds.

18 Q Now, you've said he said, We've worked with these
19 people. Was he referring to ^{Ghorbanifar} Gabonafar?

20 A He said, These are people we know and this is the
21 only name on the page and so this man was not a stranger to
22 him.

23 MR. RADCLIFFE: That man was on the page.

24 Q (By Mr. Parry) So you don't know specifically who
25 he was referring to or in what context he had worked with

UNCLASSIFIED

UNCLASSIFIED

1 them before?

2 A No, sir.

3 Q Same question about Mr. Miller and Mr. Fraser as to
4 trustworthiness. Did Mr. Khashoggi indicate great trust in
5 those individuals?

6 A Well, Mr. Khashoggi was constantly referring to
7 Mr. Miller as his partner in all of these transactions, in
8 the transactions in late October, in the transactions in
9 March, in all of these situations. He was always referring
10 to Mr. Miller as--that they were partners. As a matter of
11 fact, when we were going to meet in Geneva, Mr. Kadri came
12 over and he and I met with Mr. Khashoggi prior to the
13 arrival of Mr. Miller and Mr. Fraser and Mr. Khashoggi
14 suggested that his perception of all of this was that he and
15 Mr. Miller and Mr. Miller's associates were going to be
16 50/50 partners in everything, in Triad America, in the
17 marketing, in everything. It was sort of a together we will
18 solve all of these problems and we will be partners, and we
19 laid out some notes and prepared some ideas about how that
20 partnership might work, which was really sort of more of the
21 same information that we described on the airplane flying to
22 the Cayman Islands.

23 It was my impression that Mr. Khashoggi was
24 anticipating that Mr. Miller and Mr. Miller's wealthy
25 associates were going to be able to solve a lot of

UNCLASSIFIED

UNCLASSIFIED

1 Mr. Khashoggi's problems.

2 Q Was that his main asset that he brought to the
3 partnership, his wealthy associates, or did he have
4 particular expertise in solving business problems?

5 A Well, I always felt that all he had were wealthy
6 partners. He said he had expertise.

7 Q Do you know anything about his background? Does he
8 have unusual qualifications?

9 A My experience with him is that his qualifications
10 are not apparent immediately. He explained--I mean, there's
11 no question he seems to be able to deliver funds. His style
12 of doing business is not my style. To say it's right or
13 wrong would probably be--you know, it's certainly not a
14 style I'd employ. It's a management by intimidation style,
15 and that's one of the reasons I resigned. He claims to have
16 been very successful in all the things he's done. I have no
17 direct knowledge about what he's done or hasn't done. He
18 obviously appears to control a considerable amount of
19 wealth, but whether that's his wealth or other people's
20 wealth, I don't know, but he has control over substantial
21 funds.

22 Q One related area.

23 Are you presently involved in any litigation with
24 Mr. Miller or Mr. Fraser or Mr. Khashoggi?

25 A No. I'm a creditor to the bankruptcy proceeding of

UNCLASSIFIED

74

~~UNCLASSIFIED~~

1 Triad America. Triad America and many of the real estate
2 companies were placed into Chapter 11 Bankruptcy Proceedings
3 in February, late February of this year, and I am a
4 creditor. I have not been sued by nor am I presently suing
5 them. I have filed a creditor's claim in the Bankruptcy
6 Court. I have been subpoenaed as a witness in a couple of
7 instances in matters relating to Triad and others, but
8 that's the current status and situation.

9 Q All right. This time I'm really finished.

10 MR. RADCLIFFE: So am I.

11 (Whereupon, the taking of this
12 deposition was concluded.)

13 * * *

14

15

16

17

18

19

20

21

22

23

24

25

~~UNCLASSIFIED~~

CERTIFY

UNCLASSIFIED

STATE OF Utah)

COUNTY OF Salt Lake) : ss.

I HEREBY CERTIFY that I have read the foregoing testimony consisting of 75 pages, numbered from 3 to 75, inclusive, and the same is a true and correct transcription of said testimony, with the exception of the following corrections listed below, giving my reasons therefor.

Page	Line	Change/Correction	Reason
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			

EMANUEL A. FLOOR

Subscribed and sworn to at _____
this _____ day of _____, 198 .

My commission expires: _____ Notary Public

UNCLASSIFIED

UNCLASSIFIED

C E R T I F I C A T E

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF UTAH)
)
COUNTY OF SALT LAKE)

I, Rashell Garcia, a Certified Shorthand Reporter and Notary Public within and for the County of Salt Lake and State of Utah, do hereby certify:

That the foregoing proceedings were taken before me at the time and place herein set forth, and were taken down by me in shorthand and thereafter transcribed into typewriting under my direction and supervision:

That the foregoing 75 pages contain a true and correct transcription of my shorthand notes so taken.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal this 12th day of June 19 87.

My commission expires:
December 15, 1988



UNCLASSIFIED

HSIS 157 / 787

1311x7

TOP SECRETORIGINAL

THIS IS A COVER SHEET

FOR CLASSIFIED INFORMATION

ALL INDIVIDUALS HANDLING THIS INFORMATION ARE REQUIRED TO PROTECT IT FROM UNAUTHORIZED DISCLOSURE IN THE INTEREST OF THE NATIONAL SECURITY OF THE UNITED STATES.

HANDLING, STORAGE, REPRODUCTION AND DISPOSITION OF THE ATTACHED DOCUMENT WILL BE IN ACCORDANCE WITH APPLICABLE EXECUTIVE ORDER(S), STATUTE(S) AND AGENCY IMPLEMENTING REGULATIONS.

Partially Declassified/Released on 12-23-87
 under provisions of E.O. 12333
 by N. Menan, National Security Council

4099

COPY NO. 1 A OF 1 COPIES
 (This cover sheet is unclassified.)

TOP SECRET

STANDARD FORM 703 (8-55)
 Prescribed by GSA/HS-00
 32 CFR 2003

UNCLASSIFIED

TOP SECRET CODEWORD

FORMER CIA OFFICER

1

TESTIMONY OF [REDACTED]

Friday, May 8, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

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 9:45 a.m., the witness having been duly sworn by MICHAL ANN SCHAFFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFFER and transcribed under her direction.

Partially Declassified/Released on 12-23-87
 under provisions of E.O. 12356
 by H. Manan, National Security Council

UNCLASSIFIED

TOP SECRET CODEWORD

UNCLASSIFIED
REF ID: A66503

2

1 APPEARANCES:

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

5 DANIEL FINN, ESQ.

6 On behalf of the Central Intelligence Agency:

7 KATHLEEN A. MC GINN, ESQ.

8 Assistant General Counsel

9 Office of General Counsel

10 RHONDA M. HUGHES, ESQ.

11 Legislative Counsel

12 Office of Congressional Affairs

13 Central Intelligence Agency

14 Washington, D. C. 20505

UNCLASSIFIED
REF ID: A66503

UNCLASSIFIED
TOP SECRET COMINT

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

C O N T E N T S

EXAMINATION ON BEHALF OF

WITNESS

SENATE

[REDACTED]

By Mr. Finn

4

E X H I B I T S

[REDACTED]

EXHIBIT NUMBER

FOR IDENTIFICATION

1

10

2

38

3

54

4

58

5

60

6

61

7

89

8

122

9

124

UNCLASSIFIED
TOP SECRET COMINT

UNCLASSIFIED
CONFIDENTIAL COPY

4

P R O C E E D I N G S

1 Whereupon,
2

3 [REDACTED]
4 called as a witness by counsel on behalf of the Senate
5 Select Committee and, having been duly sworn, further
6 examined and testified as follows:

7 EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

8 BY MR. FINN:

9 Q [REDACTED] I'd just like to review the facts
10 that you gave to us last time when we had an interview,
11 which I believe was on April 15 of '87, as we were just
12 discussing, and we'll just establish the recent years of
13 your career with the CIA and the circumstances that led
14 to your departure and your activities since then.

15 A Okay.

16 Q Could you state your full name for the record?

17 A [REDACTED]

18 Q And have you ever used any other name?

19 A In the Agency?

20 Q Yes, sir, at any time.

21 A In the Agency I have, yes.

22 Q Have you used any other name since your
23 departure from the CIA?

24 A No, I have not.

25 Q What is your current address?

UNCLASSIFIED
CONFIDENTIAL COPY

UNCLASSIFIED

5

- 1 A [REDACTED]
- 2 Q What is your current employment status?
- 3 A I'm not employed right now.
- 4 Q Are you under any form of contract or retainer
5 arrangement with any organization?
- 6 A I am not.
- 7 Q That includes any agency of the U.S.
8 Government?
- 9 A Precisely.
- 10 Q Do you have any employment relationship or
11 contractual relationship with any individual, either an
12 official or nonofficial of the U.S. Government?
- 13 A Not at this point, no.
- 14 Q Have you had any contractual relationship with
15 any individual who was formerly an official of the U.S.
16 Government during the period after your departure from
17 the CIA?
- 18 A No, I have not.
- 19 Q By contractual agreement I would mean an
20 agreement under which you would provide services and be
21 paid some fee or receive some other consideration in
22 return.
- 23 A No, I have not.
- 24 [REDACTED]
- 25 [REDACTED]

UNCLASSIFIED

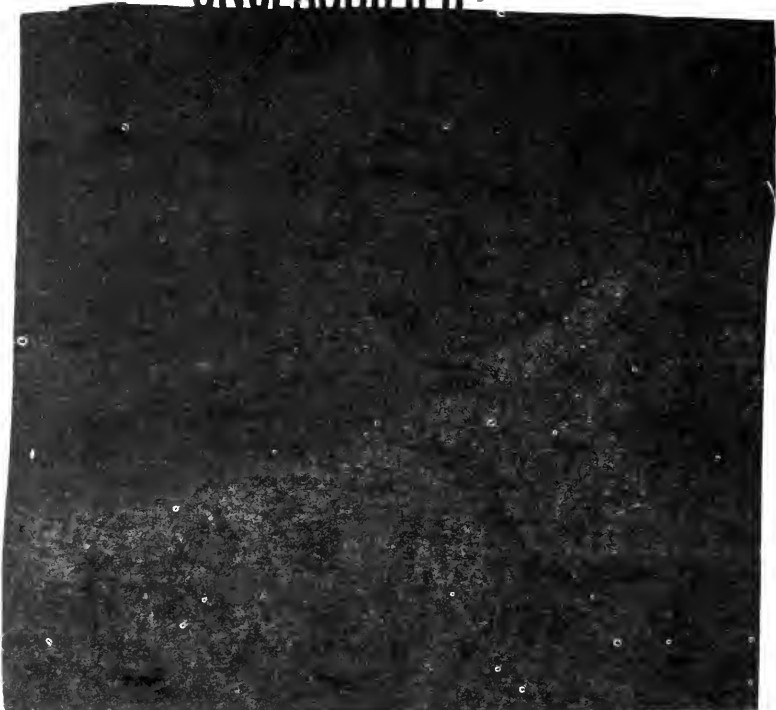
Pages 6 to 8

DENIED IN

TOTAL

UNCLASSIFIED

9

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

19 Q During that period did you have any contacts
20 with Oliver North?

21 A I had **one** contact with Oliver North in August
22 of 1984 [REDACTED] -- a
23 very brief contact. Basically I met him.

24 Q We'll get to that later as the story unfolds.
25 And that was the only time?

UNCLASSIFIED

UNCLASSIFIED

SECRET WORD

10

1 A That was the only time I met him.

2 Q I have here and I'd like to have the
3 transcriber enter this as [REDACTED] Exhibit Number 1, some
4 notes which we know to have come from Oliver North's
5 files or safe and which we believe to be Oliver North's
6 notes, and these appear to be a Xeroxing of various
7 scraps of paper. Whether the original all appeared on
8 one sheet, I don't believe. They seem to be copies of
9 index cards.

10 (The document referred to was
11 marked [REDACTED] Exhibit Number 1.
12 for identification.)

13 Let me call your attention to the bottom right
14 quadrant of that. It would appear, would it not, that
15 your name is listed [REDACTED]

16 A Right.

17 Q Does it also appear to you, as it does to us,
18 that other CIA personnel in the various countries during
19 a certain period are listed in connection with those
20 countries?

21 A It does indeed.

22 Q Can you identify the date of this list based
23 on the assignments and names of the personnel listed
24 during that time, at least in an approximate fashion?

25 A I would imagine that this was during that

UNCLASSIFIED

SECRET WORD

UNCLASSIFIED

11

1 period that we met in August, to the best of my
2 knowledge.

3 Q So these individuals --

4 A And they got the name [REDACTED]
5 there. There's a question mark on the copy there, for
6 obvious reasons. It looks like [REDACTED] something.

7 Q Or [REDACTED] I'm not sure. Do you recall?

8 A No, I don't.

9 Q Maybe [REDACTED] Is there [REDACTED]

10 A Not that I'm aware of. Is [REDACTED] mentioned
11 here?

12 Q No, [REDACTED] does not appear to be mentioned.

13 A Well, anyway, I'm not aware of anybody [REDACTED]
14 [REDACTED] by that name.

15 Q During this period that we were just
16 discussing, let's say approximately August of '84, was
17 there an individual named [REDACTED] in [REDACTED]
18 [REDACTED]

19 A [REDACTED] I couldn't tell you specifically.
20 The name rings a bell, but I can't honestly tell you
21 specifically.

22 Q How about [REDACTED]
23 [REDACTED] Would that be current for that period,
24 approximately August of '84?

25 A Yes.

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET / NOFORN

12

1 Q Do you have any explanation for why Oliver
2 North would have written your name on a list of CIA
3 personnel?

4 A Well, I imagine that as he attended at least a
5 portion [REDACTED] -- and I'm speculating -- that
6 he was listing the names [REDACTED] at that
7 point, or at least [REDACTED] personnel -- not that all
8 on this list attended [REDACTED] to my knowledge.
9 But obviously some of them did.

10 Q But, at any rate, you have no other
11 explanation why he would have put your name on it?

12 A Not at all.

13 Q All right. Thank you.

14 A At what period during your service [REDACTED]
15 did you first become aware that Director Casey was
16 considering you for a special assistant type assignment?

17 A I became first aware of that, I believe, in
18 June of '85. I received a cable -- I think at that
19 period; I'm not exactly certain of the date, but I think
20 it was in June -- that with regard to my next assignment
21 I was summoned to come to headquarters. Now at that
22 point I didn't know what that was all about, but I came
23 within the next couple of days and at that point I was
24 aware that I was being considered for this job.

25 Q And who did you see? Who gave you that

UNCLASSIFIED
TOP SECRET / NOFORN

UNCLASSIFIED

13

1 information?

2 A I saw -- the first person I saw on that was Ed
3 Juchniewicz, who was the Associate Deputy Director of
4 Operations, who told me.

5 Q I see. Were you instructed to see Juchniewicz
6 or did you find your way there, as it were?

7 A I think I was instructed to. I think I
8 probably checked in with the Task Force or the Division
9 chief, but I cannot tell you exactly.

10 Q Did you then see Casey to discuss the
11 assignment?

12 A I did, yes.

13 Q What was the nature of the discussion you had
14 with Casey at that time?

15 A Well, we sat down and I think initially I
16 might have been a little bit confused or at least maybe
17 confused a little bit in the first session, but we talked
18 at that time about [REDACTED] specifically. He wanted my
19 views on the various activities that were going on [REDACTED]

20 [REDACTED]
21 [REDACTED] the general
22 questions that I'm sure the Director would normally ask.

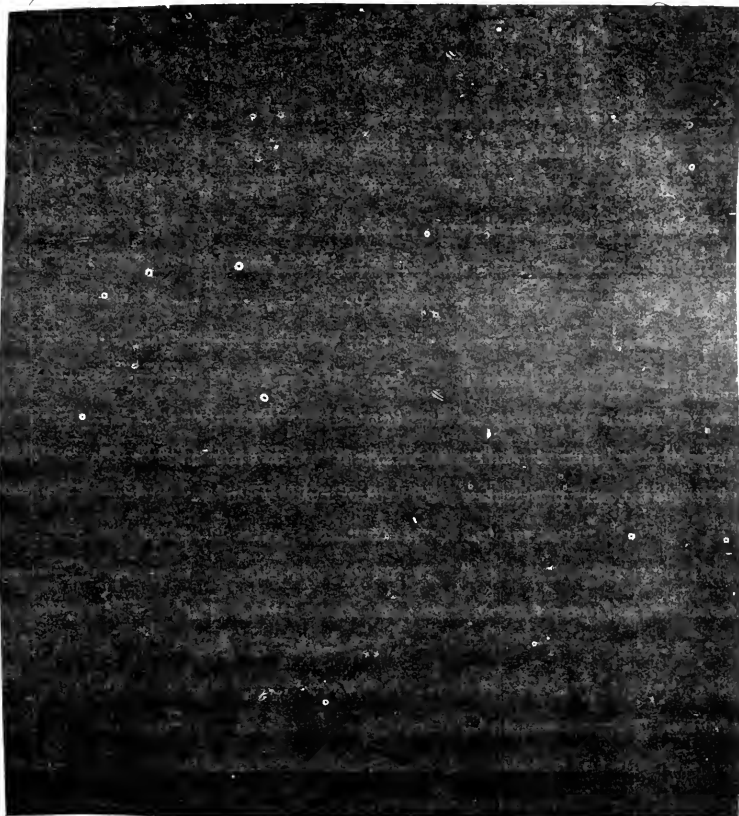
23 And it was at this point that he specifically
24 asked me if I was interested in the job of being
25 Executive Assistant to him.

UNCLASSIFIED

UNCLASSIFIED

14

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21



22 Q During your first meeting with Casey, was this
23 -- am I correct in believing this would be June or July
24 of '85?

25 A I believe it was July.

UNCLASSIFIED

UNCLASSIFIED

15

1 Q This would now be July?

2 A Yeah.

3 Q You had heard in June that you were under
4 consideration; then a few days or weeks later you
5 proceeded up in response to that?

6 A Precisely. I'm not absolutely certain of the
7 date, but I'm almost certain it was June or July.

8 Q Was there specifically a discussion with Casey
9 in that first meeting on the status of the armed
10 resistance?'

11 A No, not specifically at all. I did mention to
12 him at that point that I had considered resigning from
13 the Agency but that the humanitarian aid bill had just
14 passed, I believe in June -- perhaps it was a little bit
15 earlier -- and I told him as we were chatting, I said I
16 felt that that changed my opinions in terms of
17 specifically resigning at that time.

18 But we didn't speak specifically on the armed
19 resistance at all, other than to mention the fact that
20 none of the humanitarian assistance was being received.

21 Q How did you account for, let's say, your
22 consideration of resigning to assist -- I presume to
23 assist the armed resistance in some way; is that correct?

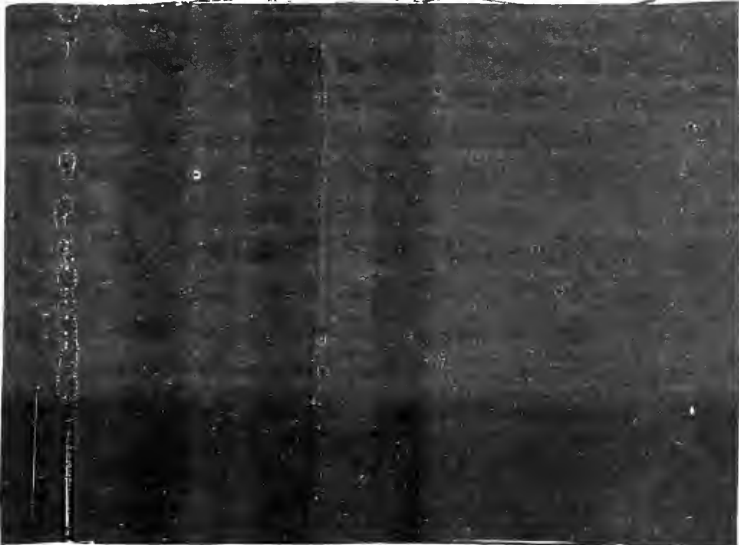
24 A Yeah. Well, I felt very strongly about
25 helping them to the degree that one could legally, and so

UNCLASSIFIED

TOP SECRET COBRENCO
UNCLASSIFIED

16

1 that was what I was mentioning in that context.
2
3
4
5
6
7
8
9
10
11
12
13
14
15



16 Q How do you account for, let's say, the
17 strength of your feelings and commitment to the cause of
18 the armed resistance even though you had had no chance,
19 let's say, to assess them directly?

20 A Well, I was certainly aware from a variety of
21 sources, I was quite aware of the fact that they were
22 probably not doing very well, for one, and I was also
23 very directly aware of the fact that the build^up,
24 Sandinista build^up, was going very strong, particularly
25 on the Soviet side, and it seemed to me that the armed

TOP SECRET COBRENCO
UNCLASSIFIED

UNCLASSIFIED

17

1 resistance probably was not doing very well.

2 Q Was that, let's say, your primary motivation
3 in believing that the armed resistance needed to be
4 supported, namely that the Soviet and Cuban consolidation
5 and build-up was proceeding very rapidly in Nicaragua?

6 A Well, that was certainly one, definitely one
7 of my perceptions, of course.

8 Q Did you also see a political dimension, that
9 the armed resistance was a necessary adjunct to, let's
10 say, political opposition to the Nicaraguan regime?

11 A An adjunct? What do you mean by "adjunct"?

12

13

14

15 Q Had you reached a conclusion that the unarmed
16 opposition had to be supplemented by an armed opposition?

17 A No, not necessarily, although certainly I
18 think there was an unspoken feeling that if indeed the
19 armed opposition failed or disappeared or was not there
20 that the unarmed opposition probably would not be able to
21 exist as such. That's not demonstrable, but the armed
22 opposition certainly served in some regard.

23

24

25

UNCLASSIFIED

UNCLASSIFIED

18

1 [REDACTED] the armed opposition certainly did
2 represent to some degree a rallying point for people who
3 were dissatisfied with what was going on in Nicaragua
4 particularly with the regime.

5 So there was an unspoken tie, I think, with
6 regard to that. But I always felt it was very important
7 that some armed opposition exist.

8 Q And believing that the armed opposition needed
9 to be supported through various means, what objectives
10 did you support for the armed opposition? Did you
11 believe that they should overthrow the government of
12 Nicaragua or that they should cause some political change
13 in Nicaragua? What were your intentions, let's say, for
14 the movement that you wished to support?

15 A Well, I think specifically what I would liked
16 to have seen was that the armed opposition as such would
17 at least minimally put enough pressure on the Sandinista
18 government to, if there was changes that they were going
19 to make within the internal system, that one needed
20 obviously that kind of pressure. So I think that my
21 feeling with regard to the armed opposition was that that
22 was very critical, particularly for U.S. policy
23 interests.

24 Q Did you discuss the objectives that you saw
25 for the armed opposition with Casey during that first

UNCLASSIFIED

UNCLASSIFIED

19

1 meeting?

2 A No, I did not.

3 Q Did Casey make any statements concerning what
4 he felt the role of the armed opposition was?

5 A No, he did not.

6 Q Did you feel you had reached any understanding
7 with him about the armed opposition -- let's say that it
8 needed to be supported all the way or only part way?

9 A No. We didn't speak about the armed
10 opposition.

11 Q Let's go back, if we can, to a point you
12 mentioned earlier. [REDACTED]

13 [REDACTED] Now that was in August of '84; is that
14 correct?

15 A That's correct.

16 Q What was the purpose [REDACTED]

17 A Well, the purpose [REDACTED] -- it was
18 my understanding it's general policy to usually have a
19 meeting [REDACTED] periodically within various
20 regions, geographic regions, of the world, and this
21 indeed was certainly one of them.

22 Q Did senior CIA officials attend [REDACTED]
23 [REDACTED]

24 A Yes.

25 Q Who were they?

UNCLASSIFIED

UNCLASSIFIED
REF ID: A66000

20

1 A Mr. Casey, obviously; Dewey Clarridge, [REDACTED]
2 [REDACTED] the Deputy Director of
3 Operations, Clair George.

4 Q [REDACTED] was not yet in his position and was
5 therefore not there; is that correct?

6 A Yes.

7 Q Was [REDACTED] there by any chance?

8 A [REDACTED] No, he was not there, to my
9 knowledge.

10 Q I believe you mentioned in your previous
11 interview that Oliver North also attended [REDACTED]
12 [REDACTED]

13 A Indeed, he did.

14 Q You are quite certain in your recollection
15 that North attended [REDACTED]

16 A Well, I know he was there, at least sitting in
17 the room initially, either when we came in to meet with
18 the Director or he came in soon thereafter. I cannot
19 recall how long he stayed specifically. I know that he
20 did speak at a certain point.

21 Q So North was actually present during one of
22 the sessions [REDACTED]

23 A The primary session, exactly.

24 Q And what was the nature of the primary
25 session?

UNCLASSIFIED
REF ID: A66000

UNCLASSIFIED
REF ID: A66666

21

1 A Well, it was basically to give the Director,
 2 as I was told, an overview of the various countries
 3 [REDACTED] that were represented [REDACTED]
 4 [REDACTED]

5 Q So it was the format to go around the table,
 6 as it were, with the [REDACTED] briefing the Director
 7 on the issues [REDACTED]

8 A Precisely. Not necessarily to [REDACTED]
 9 but to the country itself [REDACTED]
 10 [REDACTED]

11 Q Now did Ollie North speak up at all during
 12 that session?

13 A He did, yes. He did mention -- I can't to my
 14 recollection tell you exactly what he said, but I do
 15 recall that he was speaking particularly with regard to
 16 Nicaragua, but his specific statements, in all fairness I
 17 couldn't specifically say what they were.

18 Q Do you recall did North make statements
 19 concerning the probability of renewed Congressional
 20 support for the resistance?

21 A I don't recall him ever saying anything like
 22 that.

23 Q Did North discuss the Soviet and Cuban buildup
 24 in Nicaragua?

25 A He may have mentioned it, but again to the

UNCLASSIFIED
REF ID: A66666

UNCLASSIFIED
TOP SECRET - CONFIDENTIAL

22

1 best of my recollection I can't specifically say that he
2 did. We certainly talked about it.

3 Q What was the main point or thrust of your
4 presentation, [REDACTED] Do you recall?

5 A Well, yes. I'd have to go back in my memory a
6 little bit. That was quite a while ago. But obviously I
7 gave the Director an overview [REDACTED]

8
9
10

11 [REDACTED] I really would have to review in more detail .
12 what I said. I really haven't thought about specifically
13 what I talked about, but I think I gave him a general
14 overview.

15 Q Do you recall Oliver North interjecting during
16 your presentation and discussing some of those points?

17 A Well, I do recall him saying something as I
18 was speaking, yes, but to tell you the truth I couldn't
19 tell you specifically what his question was or if he was
20 elaborating on something that I said. I don't recall
21 specifically.

22 Q Would you agree^{ed} that Ollie North is a rather
23 animated individual?

24 A Very much so -- passionate, very articulate.

25 Q Do you recall when he spoke up that it was

UNCLASSIFIED
TOP SECRET - CONFIDENTIAL

UNCLASSIFIED

23

1 with some animation and therefore difficult to ignore?

2 MS. MC GINN: Object to the question.

3 BY MR. FINN: (Resuming)

4 Q All right. Did he speak in an animated
5 manner, do you recall?

6 A Did he speak in an animated manner? I would
7 say he probably did.

8 Q Did he speak at some length?

9 A He probably talked for a minute or two on
10 various topics, but nothing --

11 Q Was the nature of the proceedings such that
12 there was a fairly, let's say, good degree of
13 concentration and the participants were more or less
14 listening to what was transpiring?

15 A I think we were all sitting around waiting to
16 give our own talk and probably weren't thinking too much
17 about what the other person was saying.

18 Q Did you find it surprising that North was
19 permitted to attend the primary session [REDACTED]

20 [REDACTED]
21 A Well, I'll tell you the truth. Yes, I suppose
22 I did find it a little surprising. On the other hand,
23 that was [REDACTED] We had the
24 Director there. I don't recall that I specifically knew
25 who Ollie North was at that time. I think I knew he was

UNCLASSIFIED

UNCLASSIFIED

24

1 on the NSC, but I didn't find it surprising, given the
2 fact that the Director was holding [REDACTED] that
3 he would have somebody there. So it wasn't a total
4 shock, but I must say I was a little bit taken aback.

5 Q Were you introduced to North at some point
6 [REDACTED]

7 A I introduced myself to him and, quite frankly,
8 I may actually have met him possibly the night before.

9 [REDACTED] had a
10 party for us, all of us, and I cannot recall if possibly
11 Mr. North may have come to that party, just passing
12 through.

13 I knew that he was late [REDACTED] I
14 remember him mentioning that he had come in late and at
15 one point I introduced myself to him and asked him who he
16 was.

17 Q So your recollection is that you introduced
18 yourself to North at the cocktail party?

19 A I'm not so sure. I just remember introducing
20 myself. Whether it was [REDACTED] as he came in
21 or possibly at the party just before [REDACTED]
22 that night, I'm not clear. But at one point I just said
23 hello to him.

24 Q Did you have an understanding whether North
25 came along with the delegation of senior CIA officials or

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET CODEWORD

1 whether he came separately?

2 A As I recall, he came separately. I think he
3 said he either missed the plane or he had come down there
4 on his own, or at least not with the Director.

5 Q Was North accompanied, by anyone during his
6 attendance at the cocktail party?

7 A Not to my knowledge, if indeed he did attend
8 the cocktail party. But he was not accompanied by anyone
9 either at the cocktail party that I knew of, if he was
10 there, or certainly [REDACTED] when we were there.

11 Q Do you recall [REDACTED] having been in
12 attendance at the primary session [REDACTED] [REDACTED]

13 A Yes, sure.

14 Q Was the nature of that session such that,
15 let's say, [REDACTED] all the participants,
16 stayed throughout at least that session?

17 A To the best of my recollection I think all of
18 us did. There might have been -- I think even the
19 Director excused himself a few times. We were in
20 basically a vault something like this [REDACTED]
21 [REDACTED] and the whole session took
22 most of the morning, as I recall. Most people were
23 there.

24 Q The session was conducted in a fairly small
25 room?

UNCLASSIFIED
TOP SECRET CODEWORD

UNCLASSIFIED
IN THE PUBLIC INTEREST

26

1 A Yes, reasonably small.

2 Q What was the total number of participants? Do
3 you recall?

4 A Well, I can tell you that the Director was
5 there and Clair George was there. Dewey Clarridge was
6 there. Are you counting? I believe -- I'm not sure of
7 this -- that a DDI officer was there as well, Deputy
8 Director of Intelligence officer.

9 Q Would that have been Bob Vickers?

10 A I think it was Bob Vickers. Obviously myself,
11
12
13
14
15



16 Q So let's say roughly a dozen people were in
17 the room?

18 A I would say something like that.

19 Q I think you actually mentioned eleven. Let's
20 say a dozen just for argument. And the room was a fairly
21 small one, you said.

22 A It was probably a little bit bigger than this,
23 but I can't recall.

24 Q Just asking you to exercise your powers of
25 recall, was everyone arrayed around a single table?

UNCLASSIFIED
IN THE PUBLIC INTEREST

UNCLASSIFIED

27

1 A I think we had a big table and I think people
2 were sitting around in a rather horseshoe fashion, and I
3 think the Director was sort of at the head of the table,
4 if I'm not mistaken.

5 Q And what was the approximate size of the room?
6 Can you use this room as an example?

7 A I would say it was certainly bigger than this
8 room.

9 Q Let's say 25 by 15?

10 A I didn't measure it, of course. I would say
11 it was maybe one and a half times the size of this room. .

12 Q And this room, be it noted, is, would you
13 agree, approximately 12 feet by 25 feet?

14 A I'll give you that.

15 Q And in fact I think those are the actual
16 dimensions, since I arranged for this room.

17 A It was bigger than this room, but it was not,
18 you know, 15 times bigger.

19 Q Just as a parenthetical, I consider this room
20 one of my great victories, since I was the person who
21 found this in a warehouse in Virginia. Thanks for that
22 description [REDACTED]

23 Just one more question on that. Was there,
24 since this was obviously a period of some ferment in the
25 management of Central American programs, particularly the

UNCLASSIFIED

UNCLASSIFIED
REF ID: A66004

28

1 contra assistance program, which I believe was referred
2 to as the [REDACTED] program, was there any discussion
3 of, let's say, the phase-out of support for the contras
4 and the modalities of CIA activities with respect to the
5 Nicaraguan resistance in the future?

6 A No, there was not, certainly to the best of my
7 knowledge [REDACTED] In other words,
8 during the period when we were in that room together this
9 was basically overviews of the situations within the
10 given countries [REDACTED] but
11 I don't recall any specific talk, although there could
12 possibly have been, about the lack of aid or the armed
13 resistance as such.

14 Q Was there something in the nature of a
15 valedictory statement by Dewey Clarridge at this time?

16 A No. As a matter of fact, to my knowledge --
17 at least I wasn't aware that he would be leaving or at
18 least that he would be changing jobs at that point. So,
19 as I recall, in my view I wasn't terribly close to him,
20 so I don't recall any statement by him at that point.

21 Q Was there any discussion by any of the senior
22 officials there, or indeed by any of the officials there
23 concerning what the policy should be toward, let's say,
24 contacts and support of the contras themselves?

25 A Not to my recollection.

UNCLASSIFIED
REF ID: A66004

UNCLASSIFIED

29

1 Q Let's go back, then, to the period in which
2 you are being considered for the -- now the precise
3 position, I take it, for which you were being considered
4 [REDACTED] was called
5 Executive Assistant to the Director?

6 A That's correct.

7 Q The Director also had other, let's say,
8 special assistants, did he not?

9 A Yes.

10 Q What were their titles?

11 A Special Assistant to the Director. There was
12 also -- that was [REDACTED] at that point. And there
13 was [REDACTED] whose title was, I believe, Executive
14 Secretariat or head of the Executive Secretariat at that
15 point.

16 Q Sometimes referred to as the Executive
17 Secretary? Would that be correct?

18 A I think so.

19 Q Well, here it is, July '85, and you are
20 brought back to consider taking this position. Was that
21 actually the time when you were chosen and appointed to
22 that position?

23 A Not technically, no, but the Director asked me
24 if I was interested in the job and I said that I thought
25 I would be, and he said, well, you think about it and let

UNCLASSIFIED

UNCLASSIFIED
SECRET (CONTINUED)

30

1 me know. And that's indeed what I did. I think I
2 probably accepted the job at the end of -- early August
3 perhaps it was.



4
5
6
7
8 Q Did Casey offer you the position during that
9 meeting?

10 A Yes, essentially he did. He didn't say will
11 you take this, but obviously he was offering the job.

12 Q I see. So shortly thereafter you were
13 informed that he had selected you?

14 A Yes, I was.

15 Q And you accepted?

16 A Yes, I did.

17 Q And who was the channel of communication for
18 that offer and acceptance? Do you recall? Was that
19 through ordinary channels?

20 A I believe it was, yes.

21 Q Would that have come through, let's say --

22 A Probably through 

23 Q Who was the Division Chief at that time?

24 A Yes.

25 Q Was  involved?

UNCLASSIFIED
SECRET (CONTINUED)

UNCLASSIFIED
SECRET/NOFORN

31

1 A I don't believe he was, no, not in the
2 communication. It comes in a cable, so you don't know.
3 Nobody signs it. There's no signature on the cable.

4 Q When did you then return to headquarters to
5 take this position?

6 A I came back approximately at mid-August -- to
7 come home, not to accept the position at that point, or
8 not to assume the position, but to take a little bit of
9 home leave, get my family established. And then I
10 started the job of Executive Assistant I believe it was
11 probably the first or second week of September of '85.

12 Q Shortly after arriving did you have any
13 discussions with the Director concerning the nature of
14 your responsibilities?

15 A No. He just told me to keep him out of
16 trouble.

17 Q Did you periodically have private discussions
18 with the Director while you were serving as Executive
19 Assistant?

20 A Not very many. Obviously occasionally.

21 Q I presume you had snippets of conversation
22 from time to time.

23 A With whom?

24 Q With the Director.

25 A Of course. I saw him daily.

UNCLASSIFIED
SECRET/NOFORN

UNCLASSIFIED

32

1 Q When you received, let's say, certain papers
2 on occasion would you hand-carry them in to the Director
3 and make oral comments about them?

4 A Occasionally. Certainly if there were
5 specific papers that I felt that needed his attention I
6 would hand-carry them in. I might pass them. Put them
7 on his desk. He had various in and out boxes and reading
8 material and so forth, so I would be able to do either
9 one, basically.

10 Q Now I believe you resigned from that position
11 sometime in March of '86.

12 A The 14th of March, yes.

13 Q Did you at any time during the period in which
14 you were in that position, from September '85 to March of
15 '86, have any significant discussions with the Director
16 concerning the policy toward Nicaragua?

17 A I wouldn't say any significant discussions
18 with regard to that, no.

19 Q Did the Director ever ask you for your
20 observations about the situation in Nicaragua?

21 A Certainly when we first talked in July he was
22 obviously interested in my perceptions at that point, but
23 he didn't specifically ask me anything, you know, from
24 that point on that I can recall, anything substantive.

25 Q Well, after Casey told you that your job

UNCLASSIFIED

~~TOP SECRET~~
UNCLASSIFIED

33

1 description was to keep him out of trouble, how did you
2 go about determining what your actual responsibilities
3 were?

4 A Basically what I was responsible for was to
5 maintain a paper flow coming in to the Director, make
6 sure that he was sort of up to snuff on what was going on
7 administratively and so forth. We had responsibility for
8 meetings that he would have with the various Cabinet
9 officials and I would help to prepare briefing books for
10 him in his meetings -- for instance, with the Secretary
11 of Defense or with the NSC.

12 Q So in general you coordinated the paperwork
13 for various papers coming in to the Director as well as
14 the paperwork for various meetings that the Director
15 might have?

16 A That was certainly one of my responsibilities.

17 Q Did you also attend meetings with any
18 regularity?

19 A I attended his staff meetings on Wednesday. I
20 would sit in occasionally on meetings that he would have,
21 daily briefings from the DDI on intelligence.

22 Q How about other meetings with, let's say,
23 other CIA officials or occasionally persons outside the
24 Agency?

25 A Generally not, no.

~~TOP SECRET~~
UNCLASSIFIED

UNCLASSIFIED

34

1 Q Would somebody in Casey's Executive Staff
2 attend such meetings as a general practice?

3 A It would depend. Certainly there were times
4 that [REDACTED] attended a meeting. There would be
5 possibly a time when the secretary would take notes.
6 That's a possibility. But of the executive staff,
7 generally not, no.

8 Q What was the distinction between the
9 responsibilities of the Special Assistant and those of
10 the Executive Assistant?

11 A Hard to tell you really what they were. We
12 were all sort of working together on trying to make sure
13 that the Director was properly briefed on what he was
14 going to do. I had the responsibility occasionally of
15 arranging meetings. Well, I'll give you an example. I
16 think I mentioned this perhaps the last time.

17 I had received a phone call that a General at
18 SAC headquarters in Nebraska wanted to invite the
19 Director to attend a meeting or a ceremony and so we
20 would sort of farm that out to see if that was possible
21 and schedule and see if he'd be interested in doing that.
22 So in a sense what I'm telling you is that type of
23 meeting and arranging was frequent.

24 Q Did your responsibilities involve more the
25 paper side than the Special Assistant's responsibilities

UNCLASSIFIED

UNCLASSIFIED

SECRET CODEWORD

35

1 involved?

2 A Well, I don't know specifically what the
3 Special Assistant's responsibilities involved. Again,
4 we're talking about [REDACTED] now on the DDI side.
5 Again, he was also very much responsible for certainly
6 the briefing books, making sure that indeed we knew what
7 the Secretary of Defense, in that case --

8 Q So just to be clear, the then-Special
9 Assistant was drawn from the DDI side of the
10 organization?

11 A Well, at that point he was, yes.

12 Q And you were, of course, drawn from the DDO.

13 A Exactly.

14 Q Did that make for a natural division between
15 your responsibilities?

16 A No, not really. I mean, if there were DDO
17 responsibilities that I had or if I had to pass that on,
18 that certainly could very well come through me. [REDACTED]
19 [REDACTED] also was involved, you know, in coordination of
20 all this.

21 Q Would you have a regular slug or something or
22 was there a routing symbol that would bring things to you
23 that were intended to ultimately go to the Director?

24 A It would be the Executive Assistant/DCI.

25 Q Would people put, let's say, "copy to

UNCLASSIFIED

SECRET CODEWORD

00 -

UNCLASSIFIED

36

1 Executive Assistant" on the bottom of various memos?

2 A Yeah, that would be a normal thing to do.

3 Q So when we see DC/EA or something like that
4 on the bottom of a meeting summary or something, that
5 would have come to you?

6 A Most likely, yes.

7 Q And what would you do with those things, let's
8 say background papers that had that routing on them?
9 Would it be your job to transmit them to the Director for
10 his use?

11 A No, not necessarily. He might have gotten his.
12 own copy. I mean, in other words, I think generally, as
13 I recall, that the central repository for paper of that
14 sort, after I had read that, I'm fairly clear that we
15 would have sent it back to the Secretariat as such after
16 that, or toss it. It was just a copy of something.

17 Q And the Secretariat was [REDACTED] organization?

18 A That's correct.

19 Q Would requests for operational approvals of
20 various kinds or things that required the Director's
21 action commonly come, let's say, through your desk before
22 going to the Director?

23 A Yes, very well could.

24 Q In that capacity did you ever come upon any
25 matters related to the Iran, let's say, negotiations with

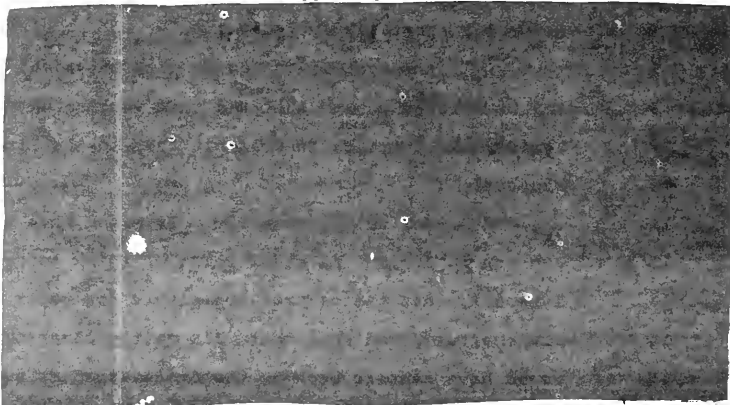
UNCLASSIFIED

UNCLASSIFIED
SECRET CODEWORD

37

1 elements of the Iranian government concerning the release
2 of U.S. hostages?

3 A No, I did not -- at least to my knowledge. At
4 that point, in fact, I was totally surprised. I was not
5 aware of any of that happening.



6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q I see. When such a request would come in
routed to you, would it be your practice to read the
contents of the document prior to transmitting it to the
Director?

A Yes.

Q Is it possible that if something were routed
to you on its cover sheet, is it possible that it would
have gone to the Director without for some reason coming
to you?

A There was always that possibility. Certainly

UNCLASSIFIED
SECRET CODEWORD

UNCLASSIFIED

38

1 people did bring memos to him directly that I may never
2 have seen. [REDACTED] I
3 think probably I would have seen that. But, you know,
4 you can't prove a negative, obviously.

5 Q Was it your practice to initial items which
6 were routed to you on a cover sheet of some kind, or
7 would you simply pass them along to the Director -- take
8 note of the reading and pass them along?

9 A I can't recall specifically if I would initial
10 off on it or not. I suppose I probably did. But
11 specifically I couldn't tell you that.

12 Q Well, let me show you a document that we found
13 in our files and see if you recall it. I'd ask the
14 transcriber to mark this [REDACTED] Exhibit 2.

15 (The document referred to was
16 marked [REDACTED] Exhibit Number 2
17 for identification.)

18 As you see, this appears to be a cover sheet
19 for a Top Secret document which appears to have your name
20 as the routing person. Do you recall was this a common
21 type of form for you to receive?

22 A Yes.

23 Q I think, if you wish, you can have a minute to
24 take a look at this and see if you recall the document.

25 (A brief recess was taken.)

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET FROTH/GR

39

1 BY MR. FINN: (Resuming)

2 Q Have you had a chance to review this document?

3 A Yes, I've looked at it.

4 Q Do you have any recollection of seeing this
5 document?

6 A I do have a vague recollection of seeing it.
7 I do.

8

9

10

11

12

13

14

15

16

17

18

19

20

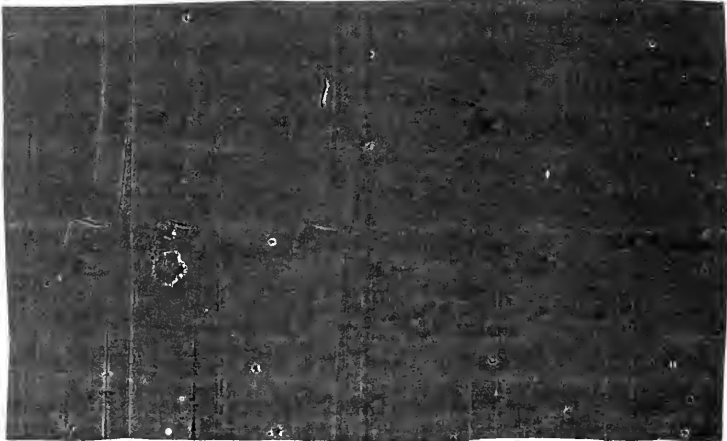
21

22

23

24

25



Q Was this the only such document along these
lines that you saw or were other similar documents routed
to you?

A Well, I'll tell you the truth. If they were,
I didn't pay too much attention to it, frankly. I mean,
there were obviously things that were going on that I was
not aware of and that did not necessarily ring any bell

UNCLASSIFIED
TOP SECRET FROTH/GR


UNCLASSIFIED

40

1 to me as such or cause me to sit up. But I do vaguely
2 remember seeing this.

3 Q. 

Do you recall


8 Charles Allen providing the Director 
9 materials concerning these negotiations?

10 A. I do not recall that, no. Not to my
11 knowledge.

12 Q. So you can't recall anything being routed
13 through you related to that?

14 A. I can't recall. It's possible that it was,
15 but it wouldn't come to my memory.

16 Q. Now how would you organize things in the
17 office? Can we assume that if a document like this
18 related to a certain program or matter would be routed
19 through you that all or most other documents related to
20 such a program would also be routed to you?

21 A. Well, it would depend. Now this was coming
22 from  who was generally the individual who
23 would bring requests of this type to the Director's
24 attention for his approval or disapproval, and to the
25 best of my knowledge it would generally come to me to

UNCLASSIFIED

UNCLASSIFIED

41

1 present it then, to make sure that the Director saw it
2 and signed it or disapproved it -- whatever.



3
4
5
6
7
8
9 Q - Do you recall any other documents related to
10 the program of contacts with the Iranian government
11 related to the release of hostages that came through you
12 for the Director's attention?


13 A There may well have been, but to the best of
14 my knowledge I couldn't tell you specifically that there
15 were.

16 Q Would you say -- did this document surprise
17 you when you saw it?

18 A As I say, it didn't shock me.

19 Q Did you learn either previously or through
20 this document that in fact the U.S. Government had a
21 program of clandestine contacts with the Iranian
22 government?

23 A No, I did not learn that.

24 Q Would you agree that that would appear from
25 this letter contained herein, signed by 

UNCLASSIFIED

UNCLASSIFIED

42

1 [REDACTED] a note for the DCI, that it would appear from that
2 document, would it not, that there was a program under
3 way of contacts with the Iranian government?

4 A Obviously from the document itself, as it
5 says, the individuals names have been blanked out, are
6 involved in very sensitive negotiations.

7 Q Undoubtedly the version you saw earlier had
8 the names.

9 A I couldn't tell you what they were. But if
10 this is true, they were involved in some kind of
11 negotiations.

12
13
14
15
16
17
18
19
20
21

22 Q Would you take interest when things came to
23 the Director's attention that involved Iran?

24 A Not particularly, no, not as such.

25

[REDACTED] You have

UNCLASSIFIED

UNCLASSIFIED

43

1 to understand that the whole world came through me. In
2 other words, what I mean by that is that a lot of issues
3 and a lot of various operations and intelligence
4 information affecting the entire world, you know, a lot
5 of that was routed through me. So I could not really
6 spend a lot of time in my job specifically looking into
7 these various instances.

8 Q I certainly understand that. Would you say
9 that by this time, late fall of '85, you had become
10 generally aware that there was a program of contact with
11 Iran concerning U.S. hostages in Lebanon?

12 A No, I can't say that. I would not say I was
13 generally aware of that.

14 Q Then for some reason this document did not
15 make you aware?

16 A It did not pop into my mind that this was
17 going on.

18 Q So since you were not aware you were not
19 particularly looking, let's say, for such matters in
20 other documents that may have come through you?

21 A Precisely.

22 Q So when did you first become aware that the
23 U.S. Government had such a program of contacts with the
24 Iranian government?

25 A I think the first time I became aware of that

UNCLASSIFIED

UNCLASSIFIED

44

1 was when it came in the newspapers.

2 Q So even though you had seen this document in
3 October of '85 you say that you had, let's say, no
4 awareness that there was a program?

5 A I would agree. In other words, it wasn't
6 something I focused on reading this for the first time.
7 This is the first time that I remember that indeed this
8 happened to come across my desk.

9 Q But it is your testimony, at any rate, that
10 you had seen this document when it was routed to you at
11 the time?

12 A That's correct.

13 Q Thank you. Now did you do any traveling with
14 Casey when you were acting as his Executive Assistant?

15 A I did. Yes, sir.

16 Q Well, why don't you say on what occasions that
17 occurred?

18 A The only one specifically was in late January
19 of '86 [REDACTED] I
20 accompanied him at least on [REDACTED] portion of the
21 trip.

22 Q Do you have any recollection of anything that
23 explains the timing of that particular trip?

24 A No, I do not, not to my memory.
25 [REDACTED]

UNCLASSIFIED

TOP SECRET / COBALT
UNCLASSIFIED

45

1

2

3

4

5

6

7

Q- Now did the Director take other trips during your service as his Executive Assistant?

8

9

A He did, yes, but I didn't accompany him.

10

Q And did you ever learn the reason that you were invited to accompany him on this trip?

11

12

A Well, I wanted to go myself, and I certainly wanted to -- at about this time I had decided I was going to leave, and I wanted to get sort of a firsthand look,

13

14

15

16

17

Q Did you ask the Director personally, face to face, whether you could accompany him on this trip?

18

19

A Yes, I did.

20

Q Did you state that rationale for your accompanying him?

21

22

A I believe I did, yes.

23

Q Did he make any comments about that?

24

A He thought that was a good idea.

25

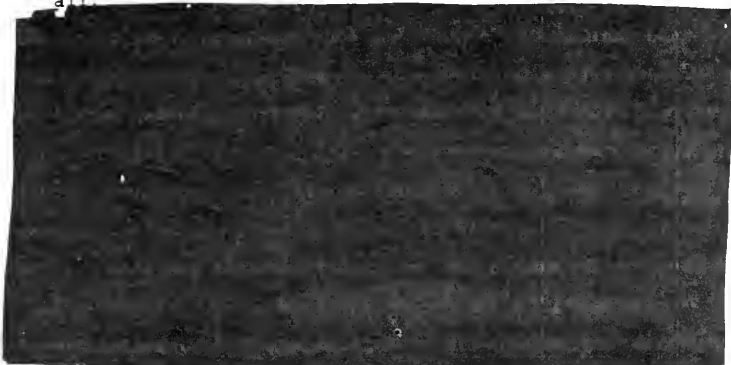
TOP SECRET / COBALT
UNCLASSIFIED

UNCLASSIFIED

46

1 Q In preparing for that trip or any time on that
 2 trip do you recall any preparation for the Director
 3 concerning any presentations he might make [REDACTED]
 4 [REDACTED] concerning the necessity of support
 5 for the contras?

6 A Oh, no. I never saw anything like that at
 7 all



17 Q Now who else was on the Casey delegation?

18 A At that time?

19 Q Yes.

20 A There was [REDACTED]

21 There was [REDACTED]

22 Q Excuse me. Do you recall the name [REDACTED]

23 [REDACTED] just for the record?

24 A I can't offhand. I cannot remember. It's a

25 [REDACTED]

UNCLASSIFIED

UNCLASSIFIED

47

1 Q Was it [REDACTED]

2 A [REDACTED] yes.

3 Q Thank you. [REDACTED] is that correct?

4 A Yes. There was a doctor and [REDACTED] who

5 was one of the secretaries, one of Casey's secretaries,

6 and his security staff.

7 Q And this was all on a [REDACTED] aircraft?

8 A Yes.

9 Q A large aircraft?

10 A Exactly.

11 Q So the delegation was, as you testified, then,

12 the delegation was Casey, [REDACTED] yourself, a

13 secretary, a doctor. Were there also communicators?

14 A To the best of my knowledge there were not,

15 no.

16 Q Any other support personnel -- security?

17 A Well, the security people.

18 Q I see. Now that was the delegation that

19 arrived [REDACTED] is that correct?

20 A That's correct.

21 Q Were you aware of any plans that other CIA or

22 U.S. Government officials would meet the Director in

23 [REDACTED]

24 A No, I was not, not to my knowledge.

25 [REDACTED]

UNCLASSIFIED

Page 48

DENIED IN

TOTAL

UNCLASSIFIED

49

1
2
3
4
5
6
7
8
9

10 Q Did you have any reason to believe that Casey
11 would be discussing the subject of the contras with [REDACTED]
12 [REDACTED] at a later stage of his trip?

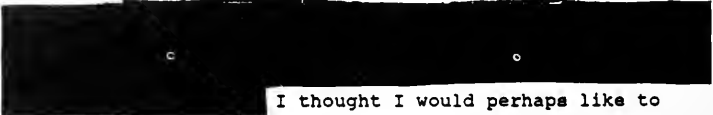
13 A I had no knowledge of that, if he did.

14 Q Now I believe you told us in your earlier
15 interview with us that you stay [REDACTED] when the
16 Director flew on [REDACTED]; is that correct?

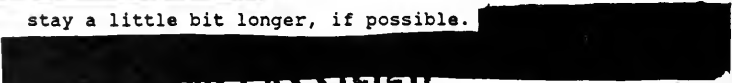
17 A I did indeed, yes.

18 Q Was that on instruction of the Director or at
19 your suggestion?

20 A It was actually pretty much at my suggestion.

21
22
23
24
25

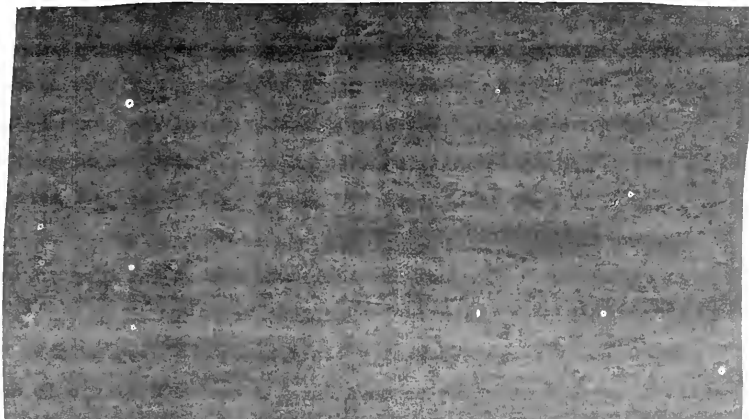
I thought I would perhaps like to
stay a little bit longer, if possible. [REDACTED]

**UNCLASSIFIED**

UNCLASSIFIED
TOP SECRET / CODE WORD

50

1 [REDACTED] if it's all right with you,
2 I'd like to skip [REDACTED] and come back on my
3 own. And he said okay.



4
5
6
7
8
9
10
11
12
13
14
15 Q And how did you return to headquarters?

16 A I came back via probably the longest flight
17 I've ever taken in my life.

18 Q This was a commercial flight?

19 A It was a commercial flight, yes [REDACTED]

20
21 [REDACTED]

22 Q Now you returned sometime during February of
23 '86; is that correct?

24 A I believe it was probably the first part of
25 February.

UNCLASSIFIED
TOP SECRET / CODE WORD

UNCLASSIFIED

51

1 Q The first part of February?

2 A Maybe the end of January.

3 Q And what was the situation -- I'll be more
4 specific -- in the Director's office, namely were plans
5 afoot for any further travel by the Director?

6 A Yes. I don't know that they were afoot at
7 that point, but they probably were. He was scheduled to
8 go on another trip just before I resigned or just before
9 I left in early March, and I believe he was going to
10 [REDACTED]

11 Q Do you recall who was in the Director's party
12 during the planning of that trip?

13 A I really can't recall because by that time I
14 was starting to move out. I had very little to do with
15 that.

16 Q Was any official who either had or had at some
17 point had responsibility for matters in Central America
18 or Latin America part of the delegation, to the best of
19 your recollection?

20 A To where?

21 Q [REDACTED]

22 A To the best of my recollection, no.

23 Q And you have no reason to believe, is it
24 correct, that the issue of support for the contras was on
25 the agenda for the Director's visit [REDACTED]

UNCLASSIFIED

UNCLASSIFIED
SECRET CODEWORD

52

1 A I have no recollection of that, and I think I
2 would have remembered that if it was.

3 Q Did the Director take any other trips during
4 your period as his Executive Assistant?

5 A He went [REDACTED] Did I mention that?

6 Q I believe you didn't mention that.

7 A I did not. He went [REDACTED] at one point and
8 I can't recall the exact dates of that, but I was not
9 accompanying him.

10 Q Now was there any discussion or did you have
11 any reason to believe that the subject of the contras was
12 going to come up during the Director's visit [REDACTED]

13 A [REDACTED] No, I have no reason to believe
14 that.

15 Q Did you have any reason to believe the
16 Director would be pursuing the issue of covert sources of
17 Soviet-style arms and ammunition during his visit [REDACTED]

18 [REDACTED]
19 A Not to my recollection, no.

20 Q I'd like to focus for a moment at the period
21 December '85 and leading up to January '86, the period
22 where we were just located.

23 A Sure!

24 Q I believe you may have been present -- correct
25 me if I'm wrong -- at a meeting where the Director met

UNCLASSIFIED
SECRET CODEWORD

UNCLASSIFIED

53

1 with General Daniel Graham and Barbara Studley.

2 A Yes, I was present.

3 Q We believe that meeting to have occurred on
4 December 20 of 1985. Would that date be consistent with
5 your recollection?

6 A I think so.

7 Q Generally consistent?

8 A Yes.

9 Q Now you were actually present during that
10 meeting; is that correct?

11 A Yes.

12 Q What was the subject of the meeting?

13 A Well, the subject of the meeting was basically
14 to, as I recall, to Mrs. Studley was there to tell the
15 Director, as I recall, that she was involved in
16 supporting the contra movement. She said that she was
17 formerly, I believe, to the best of my recollection,
18 either a missionary or religious figure of some sort and
19 that she had gotten into the arms business as a result of
20 her deep desire to support the contra movement.

21 Q Deep religious belief. Did she also mention
22 she was a former radio talk show host and beauty queen?

23 A I don't recall that. Frankly, as I recall, it
24 was a fairly short meeting, and I didn't pay a lot of
25 attention to what she was saying. That I recall, that

UNCLASSIFIED

UNCLASSIFIED

54

1 she had been formerly involved.

2 Q Do you recall why the meeting was scheduled?

3 A I really don't recall that.

4 Q What was General Graham's point for being at
5 the meeting?

6 A He didn't say much at all. It seemed to me
7 that he perhaps was making the introduction, but what his
8 particular purpose was, to the best of my recollection I
9 was never really clear on it.

10 Q So it's your recollection that Studley, to the
11 extent there was a presentation, Studley made the
12 presentation?

13 A As far as I recall.

14 Q Were any documents distributed, to your
15 recollection?

16 A To my recollection, no, they were not.

17 Q Let me show you a document which we believe,
18 based on other testimony, to have been distributed at
19 that meeting and see if you recognize it, and I'd ask the
20 transcriber to mark this as [REDACTED] Exhibit Number 3.

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

24 As you see, this appears to be a memorandum
25 from Barbara Studley to Oliver North dated October 30,

UNCLASSIFIED

UNCLASSIFIED

55

1 1985, and I'll give you a few minutes to take a look at
2 it, if you wish.

3 (Pause.)

4 Have you had a chance to look at this
5 document?

6 A Briefly.

7 Q Do you recall this document being circulated
8 at that meeting?

9 A I do not recall a document being circulated at
10 all. The only thing that sort of rings a bell is perhaps
11 some of the conversation she had with the Director
12 involved some of this information, but to the best of my
13 recollection I don't recall a document. It's conceivable
14 she did give him something.

15 Q I believe you mentioned that Studley discussed
16 her efforts on behalf of the contras to provide the
17 contras with arms and ammunition; is that correct?

18 A That's correct.

19 Q Do you believe it may have been a purpose of
20 the meeting from the standpoint of Graham and Studley to,
21 let's say, wire Studley up as a potential covert source
22 of covert procurement for the CIA?

23 A I think if she had asked for that I would have
24 remembered that specifically, and surely it could have
25 been their intention. I can't specifically state that.

UNCLASSIFIED

UNCLASSIFIED

56

1 Q Would it have been the intention of Studley to
2 attempt to secure, let's say, the blessing of the
3 Director in a general sense for her support activity
4 functions?

5 A I couldn't comment on that. I just don't
6 know.

7 Q You didn't have the feeling that Studley was
8 attempting to get the Director to be supportive of her
9 action?

10 A It would be speculation on my part if I did,
11 but I don't recall any specific mention of that by her.

12 Q So she briefed the Director on her activity
13 but to your knowledge had no reason for doing so?

14 A She may well have had a reason to do it, but
15 I'm not aware of it.

16 Q But no reason that she stated?

17 A As far as I can recall, no. As I say, it was
18 a relatively brief meeting.

19 Q You did not get the impression that she was
20 seeking some form of support or approval from the
21 Director?

22 A To the best of my recollection, no.

23 Q As you can see from the first two pages of
24 this, which is the section which seems to be a memo to
25 Ollie North from Studley, Studley is very vociferously

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET / CONFIDENTIAL

57

1 complaining that another arms dealer, Mario Dellamico,
2 who was associated with the Florida arms dealer Ron
3 Martin, was essentially horning in on their source of
4 Soviet-style armaments [REDACTED]

5 A Um-hum.

6 Q Do you recall her discussing this with the
7 Director?

8 A I recall the name Ron Martin being mentioned
9 by her, but the context again I don't recall
10 specifically.

11 Q Was she complaining about Martin's activity? .

12 A I'm going to speculate that I think she
13 probably was, but I can't specifically say that she said
14 that.

15 Q Well, did she attempt to get a commitment from
16 the Director to stop Martin?

17 A I don't recall that happening, no. But again
18 that was quite a while ago.

19 Q Now you'll see at the bottom of this memo that
20 General Singlaub's name is mentioned.

21 A Yes.

22 Q Did Studley represent herself as being
23 involved with Singlaub in her contra arms supply
24 operation? This would be on page two.

25 A To the best of my knowledge I don't recall

UNCLASSIFIED
TOP SECRET / CONFIDENTIAL

UNCLASSIFIED
REF ID: A66022

58

1 Singlaub's name being mentioned during that meeting as
2 such, and I see his name here.

3 Q Did Richard Secord's name come up during that
4 meeting?

5 A Not to my knowledge, no.

6 Q So there was no mention of Secord being
7 another channel of arms to the contras?

8 A Not to my knowledge at that point, no.

9 Q Let me show you another document which we
10 believe may have been circulated at that meeting and see
11 if you recognize it. I will ask the transcriber to label
12 that as [REDACTED] Exhibit 4.

13 (The document referred to was
14 marked [REDACTED] Exhibit Number 4
15 for identification.)

16 A Do you want me to study this thing? This is
17 the first time I've ever seen it in my life.

18 Q Just sufficiently to answer whatever
19 questions. If you feel you need more time to examine it,
20 please say so.

21 A Okay.

22 Q Do you recognize this document as having been
23 on the table at that meeting?

24 A No, I do not.

25 Q Based on your familiarity from reading this

UNCLASSIFIED
REF ID: A66022

UNCLASSIFIED

59

1 document at the present time, does this cause you to
2 recall that any of these matters were discussed by
3 Studley with the Director at that December 20 meeting,
4 namely the idea of creating a circular arrangement in
5 which a trading company would be established to supply
6 freedom fighter movements which Congress was unwilling to
7 support for one reason or another and that Israel would
8 sell certain things, military equipment, to the People's
9 Republic of China, who would supply the Soviet arms,
10 which would then be brokered to the freedom fighters, and
11 that Israel would be benefitted by the United States
12 through a high technology support or other compensation?

13 Do you recall anything?

14 A What's the question?

15 Q Well, the question is were the matters that I
16 have just described discussed by Studley at that meeting?

17 A To the best of my knowledge, they were not,
18 no.

19 Q Do you recall the same day as the meeting with
20 Studley that the Director called Richard Secord for a
21 meeting?

22 A No, I don't.

23 Q Let me show you a document which we've been
24 provided by the CIA, which we are informed is a summary
25 of the Director's meeting log and telephone log with

UNCLASSIFIED

TOP SECRET CONFIDENTIAL
UNCLASSIFIED

60

1 Richard Secord. I'll ask the transcriber to label this
2 [REDACTED] Exhibit 5.

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

6 You'll note on this summary that there is a
7 meeting and a phone call with Secord by the Director on
8 December 20.

9 A Um-hum.

10 Q Do you have any knowledge of that?

11 A Not specific knowledge. We would get
12 generally a list of people that he was going to visit on
13 a particular day and if we start talking about my meeting
14 with Secord I was trying to remember where I had heard
15 his name and I vaguely do remember that he may have seen
16 the Director.

17 Q Let's say something shortly before your
18 departure, in this time frame?

19 A Yes. But the time frame now is December 20.

20 Q This particular meeting would have been 20
21 December 1985.

22 A It's possible that he did, but it didn't ring
23 a bell to me anyway, if indeed he met with him.

24 Q Let me show you some testimony and I'll ask
25 the transcriber to label this [REDACTED] Exhibit 6.

TOP SECRET CONFIDENTIAL
UNCLASSIFIED

UNCLASSIFIED
SECRET CONTROL WORD

61

1 (The document referred to was
2 marked [REDACTED] Exhibit Number 6
3 for identification.)

4 This is the partial transcript of Richard
5 Secord's testimony that was taken on May 5 of this year,
6 just a few days ago, during the Iran-contra hearings.
7 Now I direct your attention starting on page 193, which
8 is the first page of this document, about two-thirds of
9 the way down, and into page 194. Secord describes his
10 meeting with the Director. I'll give you a few minutes
11 to just read those pages.

12 A When is this taking place?

13 Q According to Secord, Secord says it would have
14 been a few days before Christmas '85, but according to
15 the Director's logs it would appear to be December 20,
16 the same day the Director met with Studley. I would ask
17 you to read to page 196.

18 (Pause.)

19 A Okay.

20 Q Now, as you'll see from the pages 193 to 196
21 of the transcript of Secord's sworn testimony the other
22 day, Secord recounts a meeting with the Director a few
23 days prior to Christmas of 1985 in which there was, let's
24 say, a significant discussion of Nicaragua and the need
25 for improvements in logistical support to the contras.

UNCLASSIFIED
SECRET CONTROL WORD

~~SECRET~~
UNCLASSIFIED

62

1 A Um-hum.

2 Q This could correspond, we believe, to the
3 Director's telephone call and meeting with Secord listed
4 on the previous document that we gave you, which was
5 Exhibit 5. Were you present during this meeting?

6 A No, I was not.

7 Q Were you aware the meeting was occurring?

8 A No.

9 Q Did you know Secord at this time?

10 A ' No, I did not.

11 Q Now I believe you said during an earlier
12 interview that you were also present at another meeting
13 in December of '85 which involved Adolfo Calero and
14 Enrique Bermudez.

15 A I was.

16 Q Can you recall who the other participants
17 were?

18 A [REDACTED] was there, the Director, and
19 myself.

20 Q Not Clair George?

21 A No.

22 Q What was the subject of that meeting?

23 A Well, the subject, as I could see, it was
24 basically a courtesy call, one of the few meetings I
25 attended, perhaps the only meeting I attended with regard

~~SECRET~~
UNCLASSIFIED

UNCLASSIFIED

63

1 to Nicaragua in terms of the contra leadership. It was
 2 basically a courtesy call by the two heads of the FDN,
 3 from what I could ascertain, and basically a plea --
 4 well, first of all, there was essentially a briefing
 5 given by both Bermudez and Calero, Bermudez particularly,
 6 on the military situation in Nicaragua to the Director
 7 and his comments that ~~indeed~~ while their military
 8 situation looked at least reasonably all right for the
 9 time being, for the six to eight-month period, military
 10 supplies, that they were having a lot of trouble with
 11 regard to other supplies.

12 Q Humanitarian type, let's say, non-lethal?

13 A Non-lethal specifically. And I think it was
 14 brought up at the meeting that the humanitarian aid that
 15 was supposedly being shipped by the State Department
 16 under Congressional authorization was not getting to the
 17 contras. So there was a general, I guess you would say,
 18 a general plea by Mr. Calero that if there was something
 19 that could be done to particularly [REDACTED] to
 20 allow the release of these goods, that that would be
 21 appreciated.

22 Q So this meeting occurred during the period
 23 during which [REDACTED] were, for one reason or
 24 another, delaying and not permitting the NHAO flights?

25 A To the best of my recollection, that was it.

UNCLASSIFIED

UNCLASSIFIED

64

1 Q Can you place that meeting in the month of
2 December? Was it prior to the Studley-Graham meeting?

3 A I don't think I can place it directly, no. In
4 fact, I couldn't place the Studley meeting, you know, to
5 a specific date. But to my recollection they both
6 occurred in December and probably before Christmas.

7 Q Also, was this meeting with Bermudez and
8 Calero shortly before Christmas?

9 A I wouldn't want to speculate. I don't know.
10 My guess is it would be probably earlier in December.

11 Q Just to help you, you said that by January, I
12 believe you stated earlier that by January you were
13 resolved to leave and to help the contras directly
14 yourself.

15 A Exactly.

16 Q And was this meeting well before that in
17 December or sometime --

18 A My best judgment is probably somewhere around
19 the first or second week of December, talking about the
20 Calero meeting.

21 Q Right. So you think it was the first part of
22 December?

23 A Yes. I'm sure there's a log.

24 Q And this was in the Director's office at
25 Langley?

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET COMINT

65

1 A That's correct.

2 Q Was the situation portrayed by Calero and
3 Bermudez at that time particularly desperate for the
4 contras?

5 A Well, it seemed to me that they were
6 portraying that as such. Of course, I think one could
7 say that indeed if aid was not being received or at least
8 the humanitarian aid that the contras were supposed to be
9 getting, that indeed yes, it could have been very
10 desperate.'

11 Q Now you mentioned one of the chief issues or
12 needs of the contras as expressed by Calero and Bermudez
13 was the need to get the humanitarian assistance rolling
14 ██████████ again. Was equal emphasis placed on the
15 importance of having a means to deliver various kinds of
16 assistance, humanitarian and otherwise, from the contra
17 bases ██████████ into Nicaragua?

18 A I don't think that was specifically discussed
19 at the meeting. It seemed to me the general tone of the
20 meeting was that Calero was hoping that the
21 Administration and Congress could turn around and begin
22 resuming, you know, full aid to the resistance. That was
23 the general tone of it. And specifically, as I recall,
24 he was talking about the lack of aid that had been
25 authorized being received by the contras.

UNCLASSIFIED
TOP SECRET COMINT

UNCLASSIFIED

66

1 Q So it was primarily getting humanitarian or
2 other nonlethal assistance down to Central America where
3 it could do the contras some good and not the issue of
4 getting these various forms of deliveries inside
5 Nicaragua that was the subject?

6 A To the best of my recollection, that was not
7 specifically discussed. If it was, I don't recall it.

8 Q Now did Calero or Bermudez make a direct
9 appeal for Agency assistance in logistics, for example
10 using Agency aircraft or helicopters or anything of that
11 nature?

12 A No. To the best of my knowledge, that didn't
13 occur.

14 Q No such appeal was made?

15 A That I recall.

16 Q Was there any discussion of the arrangements
17 that the contras had using their own aircraft or aircraft
18 associated ~~with~~ other organizations to move supplies into
19 Nicaragua to support their military activities?

20 A You'll have to repeat that. I'm sorry.

21 Q I'm sorry. Was there any discussion by Calero
22 and Bermudez of the means they were using to get supplies
23 inside Nicaragua?

24 A I can't recall if they specifically talked
25 about that, so I would have to say to the best of my

UNCLASSIFIED

SECRET CODE WORD
UNCLASSIFIED

67

1 recollection, no, they didn't discuss that as such. It
2 was not a lengthy meeting that we had and if they brought
3 that up specifically I don't recall it.

4 Q Specifically did they make an appeal for CIA
5 assistance [REDACTED] to
6 permit their flights from [REDACTED] and other bases to go
7 once again inside Nicaragua?

8 A I don't think that they specifically said the
9 CIA. They may have implied that, but they wanted the
10 U.S. Government to try to convince [REDACTED] to
11 release this aid, if I recall correctly.

12 Q Now what I'm getting at is that their appeal
13 for U.S. Government support was not only to get the
14 humanitarian assistance [REDACTED] but also to get
15 whatever kind of assistance, whatever supplies they had
16 into Nicaragua.

17 MS. MC GINN: Object to the question. He's
18 answered that several times already. It is no, they
19 didn't discuss that.

20 BY MR. FINN: (Resuming)

21 Q Is that your answer?

22 A Would you repeat it once more for me, then?

23 MR. FINN: Will Counsel permit the question to
24 be repeated?

25 THE WITNESS: I think it's the same question.

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET//COMINT//SI

68

1 I just want to make sure.

2 BY MR. FINN: (Resuming)

3 Q I'm sorry for the repetition, but I'm trying
4 to assist your recollection. My question was whether the
5 assistance of the U.S. Government that was sought by
6 Calero and Bermudez vis-a-vis [REDACTED] was
7 not only [REDACTED] to allow the humanitarian
8 assistance into that country but also to permit the
9 contras to stage their supply operations into Nicaragua?

10 A 'No. I don't recall that as such.

11 Q You don't recall that?

12 A No. No, there was no discussion of that that
13 I can recall.

14 Q Now I believe you said in your interview
15 previously that this meeting affected you so much that
16 you wrote a memo of the meeting; is that correct?

17 A Yes, I did.

18 Q Did you by any chance take that memo with you
19 when you left the CIA?

20 A No, I did not.

21 Q Do you recall where you located that memo?

22 A Where I located it?

23 Q Um-hum.

24 A Well, I think I gave one copy to the Director
25 and one copy to -- I may have sent it down to the

UNCLASSIFIED
TOP SECRET//COMINT//SI

UNCLASSIFIED
DATE 10/27/00 BY SP4/STP/STP

69

1 National Intelligence Officer, Bob Vickers, and probably
 2 to [REDACTED] as well. It basically outlined, you know, what
 3 had been discussed at the meeting. Again, this is, of
 4 course, a year and a half ago, so I can't recall exactly
 5 what was on that memo.

6 Q Would it be ordinary practice in Casey's
 7 office for that memo to have gone into a file?

8 A Probably not, no. I don't recall what he did
 9 with the memo. He could have just read it and put it in
 10 his out basket but not into a file.

11 Q Would that be ordinarily a classified memo?

12 A Sure. Oh, yeah, it would be classified.

13 Q I believe in your previous interview you also
 14 mentioned that you wrote a memo, I believe, sometime
 15 later, perhaps in January or February of '86, with some
 16 suggestions to the Director. This was an unsolicited
 17 memo, I believe.

18 A It was in November, actually.

19 Q Related to improving the situation of the
 20 contras in November '85?

21 A That's correct.

22 Q Did you retain a copy of this when you left
 23 the CIA?

24 A No, I did not.

25 Q This was also a classified memo?


UNCLASSIFIED
DATE 10/27/00 BY SP4/STP/STP


~~SECRET~~
~~CONFIDENTIAL~~
UNCLASSIFIED

70

1 A Exactly.

2 Q Who else aside from the Director did you give
3 copies of that memo to?

4 A I gave a copy of that to 

5 Q So just to the Director and to 

6 A As I recall, yes.

7 Q Do you recall what position you argued in that
8 memo?

9 A Well, it was basically a think piece more than
10 anything else. I had been feeling strongly about the
11 problems again sort of back to the problem that I felt
12 existed, some of the problems that existed with the
13 Nicaraguan -- with the Nicaraguans as such and the
14 Sandinistas and the resistance, and I think I outlined,
15 as I recall, some of the problems that we had been up
16 against with regard to the resistance, and I think that I
17 suggested that I thought that there might be a way of
18 possibly, because of the problem, because of the lack of
19 funding, because of the specific buildup in the
20 Sandinista military and political machinery, that perhaps
21 several of us would have to resign, or at least I would,
22 I think I indicated that people that were familiar with
23 the situation and try to assist legally, as non-
24 government officials with no ties to the government, the
25 resistance as such.

~~SECRET~~
~~CONFIDENTIAL~~
UNCLASSIFIED

UNCLASSIFIED

71

1 I think that was sort of the broad outline, as
2 I recall, of the memo that I wrote.

3 Q Now that's a fairly radical scheme, wouldn't
4 you agree?

5 A Not really, if you believe that indeed their
6 survival was most necessary for the security of the
7 United States, as I did, and that you could not obviously
8 do this as a government official because of the Boland
9 Amendment, that this would be a possibility of at least a
10 partial fix of the problem or attempt. I didn't think it
11 was radical. Certainly it's unusual.

12 Q Did you get any reaction from the Director as
13 such?

14 A No, I didn't really. Of course, I thought
15 about that, obviously, because it was to me a
16 particularly critical memo, in my view, but no, he didn't
17 have any specific comment on it. He did ask me to show
18 it to [REDACTED] and I did, or at least I gave him a
19 copy and I asked [REDACTED] comment. [REDACTED] comment was that
20 he didn't think it was particularly workable. In that
21 sense you would probably have to have full Republican
22 Party support for something like that, much like one saw
23 in Europe in the opposition or the political parties that
24 involved themselves to more a degree than this country in
25 foreign policy, that that kind of a system would have to

UNCLASSIFIED

UNCLASSIFIED
SECRET CODEWORD

72

1 be engendered that way.

2 Q You mean there would have to be something akin
3 to a social democratic movement or Christian democratic
4 movement or organization to support such a thing?

5 A I think that was [REDACTED] point on that. But
6 the Director himself really had no comment on it,
7 specific comment on this.

8 Q Well, how did you ultimately communicate your
9 decision to follow through on your plan to leave and
10 actually go about doing that?

11 A Well, I came to him in, I believe, mid-
12 January, to the Director, and I said that basically with
13 the reporting that we'd been getting, obviously the
14 meeting with Calero and so forth, that I felt in my own
15 emotional state or my view was that I thought I would
16 have to leave the Agency and try to do what I could to
17 mobilize or try to mobilize more private sector support.

18 Well, he commended me for that. He had
19 earlier at one point I think maybe I mentioned to you in
20 the previous testimony, that when I first talked to him
21 about this in July, when I came up to see him for the job
22 interview, that I said I had thought about resigning, and
23 he said that he indeed had as well. He said I know an
24 awful lot of rich people and maybe I could solicit their
25 aid as a non-government official.

UNCLASSIFIED
SECRET CODEWORD

UNCLASSIFIED

73

1 Q Casey said that in July of '85?

2 A He said that in July of '85 when I was talking
3 about the fact that indeed this humanitarian assistance,
4 you know, had now at least partially removed that anxiety
5 that I had about helping. So in a sense he commended me
6 for my patriotism and so forth and let it go at that.

7 Q Now in January of '85 -- I'm sorry, January of
8 '86, humanitarian assistance I think at that point was
9 finally being received in a more or less effective
10 manner.

11 A I wasn't aware that it was. As you recall, in
12 December at least of that year Calero was complaining
13 very strongly, so I had no specific knowledge that it
14 was.

15 Q Did you ask anyone else about the probability
16 that U.S. Government support, both humanitarian and
17 otherwise, would be forthcoming in the future? Did you
18 consult with various officials concerning whether it's in
19 a sense worth it to leave or whether the U.S. Government
20 would take over again?

21 A Oh, I see. Yes, I did. I mean, I think I had
22 as good an opinion about whether the Congress would turn
23 around or not as anybody else did, and it was my
24 indication or my feeling personally -- and I think most
25 people's feeling -- that no, they probably would not.

UNCLASSIFIED

UNCLASSIFIED

74

1 Certainly a full aid package was not going to be
2 forthcoming.

3 Q What would be the ordinary end of your tenure
4 as Executive Assistant had you not resigned?

5 A Had I not left? Well, I would probably have
6 been there about a year. That seems to be the normal
7 state of affairs.

8 Q So let's say September of '86 would have been
9 your ordinary departure?

10 A Right.

11 Q Had you received at the time of your decision,
12 in January of '86 any indication of what your subsequent
13 assignments might be in CIA?

14 A No, I had not specifically. I think I
15 probably would have stayed in the Agency or at least at
16 Headquarters level.

17 Q Did you have any particular feelings about
18 your career at that time?

19 A You'd have to be a little bit more specific.

20 Q I'm just wondering why you made the rather
21 dramatic decision to leave. You were obviously a CIA
22 officer with a good pedigree and you had prospects.

23 A Well, I felt very strongly about this, very
24 strongly, obviously, and that was the reason that I left.
25 That was certainly the overwhelming reason that I left.

UNCLASSIFIED

UNCLASSIFIED

75

1 Q In this meeting or discussion you had with
2 Casey in January of last year, did Casey give you any
3 reason to believe that you would be successful in your
4 efforts to raise funds?

5 A No.

6 Q As of that time, when you made this decision,
7 how did you envisage your activities in the future to
8 support the contras?

9 A Well, I wasn't really certain what my
10 activities would be. I felt very much that I could not
11 really look into the private, you know, whatever was
12 going on in the private sector as a government official.
13 In other words, I really couldn't look into that
14 particular area. It wouldn't have been appropriate for
15 me to do that. So I really couldn't lay much groundwork
16 as a member of the CIA at that point.

17 But I think my vague -- my feelings were that
18 if either I could fit into something or do something on
19 my own, particularly with regard to raising money, that
20 this would satisfy certainly a need that I felt and also
21 perhaps be of some help to the resistance as well.

22 Q Did Casey make any suggestions in the middle
23 of January of last year concerning individuals you might
24 see to get started?

25 A Well, he mentioned, wondered if I had talked

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET CODEWORD

76

1 to Clair George about my decision -- now whether he meant
2 my leaving or not, I don't know -- or [REDACTED] And
3 then he also at one point mentioned Ollie North.

4 Q Do you remember anything more about what Casey
5 said about any of these individuals? Why would you
6 contact Clair George?

7 A That's all he said. Have you talked to Clair
8 about this? He wondered about North, [REDACTED] I can only
9 speculate that, of course, Oliver North didn't work for
10 the Agency. These other two men did. I can only
11 speculate that he may, you know, have been aware that
12 Ollie was certainly knowledgeable, certainly, in the
13 private sector area more than he was, but specifically he
14 never said.

15 Q Did you follow up on Casey's suggestion that
16 you should see George and [REDACTED]

17 A I saw [REDACTED] I think I had basically written
18 a memo saying that I'm going to resign and I did not see
19 Clair George. I talked to his associate, Ed Juchniewicz,
20 about my desires, and then, of course, later I talked to
21 Ollie as well.

22 Q Why don't you go through, for the record, your
23 contacts with North after Casey suggested?

24 (A brief recess was taken.)

25 BY MR. FINN: (Resuming)

UNCLASSIFIED
TOP SECRET CODEWORD

~~TOP SECRET CODEWORD~~
UNCLASSIFIED

77

1 Q I believe we were discussing the period in
2 which let's say you were deciding. You had first
3 expressed your intention or were expressing your ultimate
4 intention to leave the Agency, and you talked to Casey in
5 mid-January of last year, and Casey, you stated, referred
6 you to Clair George, [REDACTED] and Ollie North.

7 A Among others.

8 Q Among others?

9 A Well, I don't recall anybody else specifically
10 that he mentioned.

11 Q Did he mention Singlaub at that time, General .
12 Singlaub?

13 A No. He mentioned that later.

14 Q And I believe shortly thereafter you had a
15 meeting with Ollie North; is that correct?

16 A Yes, that's correct.

17 Q Can you describe that?

18 A Sure. Let me tell you how that happened.

19 Again, I had mentioned that with the Director and so
20 forth, and the chronology is this, that we then went on
21 that trip [REDACTED] and I also was out for a little bit
22 of sick leave. I had a back injury.

23 So the point is that I really didn't get back
24 on Ollie North really until I think it was probably
25 around the third week, second or third week, of February,

~~TOP SECRET CODEWORD~~
UNCLASSIFIED

UNCLASSIFIED

78

1 and I went to the Director and I said essentially can you
2 give him a call because I'd only met North at one point.

3 Q Just to clarify, that one point was [REDACTED]

4 A That was the one point, [REDACTED] just that
5 brief occasion. I didn't know if he would remember me or
6 not. So I went ahead and called him. The Director
7 didn't say specifically he was going to call or not, but
8 I think he did, because when I called North he seemed to
9 know who I was.

10 ' It was a secure phone. I said, you know, I'd
11 like to get together with you. And he said fine. I said
12 I'm thinking about resigning or I am going to resign and
13 he said okay.

14 Q Was this all on the telephone?

15 A It was on the telephone. And he said
16 basically let's get together.

17 Q Did you indicate that not only were you
18 intending to resign but also to assist the contras?

19 A Well, I don't recall exactly what I said on
20 the phone. I said I wanted to get together with him
21 particularly with regard to the fact that I was in -- oh,
22 yeah, I'm sure I mentioned it.

23 Q Would North have been aware of your desire to
24 assist the contras as the reason for that meeting?

25 A I think so. I think I said I wanted to help

UNCLASSIFIED

UNCLASSIFIED

79

1 out the resistance. No question of that. And he said
2 yeah, they need all the help they can get.

3 Q So how was the meeting with North arranged?

4 A The meeting was set up this way. We decided
5 on a place, which was Charlie's restaurant on 123, and we
6 set a time and a date.

7 Q That was during your first conversation on the
8 phone with North that you set the time and place?

9 A I think so, yes, on the phone. And he said,
10 you know, I think at some point -- we did also talk a
11 couple of times on the open phone because we missed the
12 meeting. He didn't show up. So we did obviously discuss
13 a meeting.

14 Q So it was back and forth on scheduling?

15 A We missed the meeting. We finally get
16 together and we got the date and time. I walk into
17 Charlie's Restaurant.

18 Q When did the meeting finally occur?

19 A I don't have the specific date, but it was
20 probably, at least I'm pretty sure, probably the last two
21 weeks in February, probably the third week, I would
22 imagine. And I had told him, you know, I would sit at
23 the bar and have a couple of packs of cigarettes in front
24 of me so he would recognize me.

25 So I'm there at the appointed time and this

UNCLASSIFIED

UNCLASSIFIED

80

1 gentlemen comes over to me and introduces himself as Dick
2 Secord, and I think at first I hadn't seen Ollie. It was
3 a little dark, and I thought maybe it was Ollie, but it
4 obviously wasn't. It was Secord, and he said that Ollie
5 would be coming in a few minutes. He'd be a little bit
6 late.

7 So we sat down and just, you know, very
8 briefly chatted for a couple of minutes until Ollie
9 showed up.

10 Q Now just to clarify, you had never met Secord?

11 A I had never met Secord before.

12 Q And he approached you and introduced himself?

13 A Exactly. We sat there and Ollie showed up,
14 and the gist really of the whole meeting was that I told
15 him -- I'll have to say that I was a little -- I didn't
16 know really who this Secord fellow was, although I had
17 some indication.

18 Q Had you heard of Secord before?

19 A I'd heard his name definitely, but I didn't
20 connect him with Ollie North or necessarily with, as I
21 recall, the Central American aspect of anything. Anyway,
22 we sat and we chatted and Ollie showed up. And I told
23 Ollie that I was leaving, planning to leave, probably
24 within the next two weeks, and he said good. He said --
25 we discussed, and I'm not sure exactly the chronology of

UNCLASSIFIED

UNCLASSIFIED

81

1 this, but I think he wanted my views [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 He was interested in that. I told him of some

5 of my views on the needs, what I perceived were the needs

6 of the resistance -- money, training. And then he

7 proceeded to explain to me or at least said that there

8 had been established -- he never said that he had

9 established, but there had been established a series of

10 foundations as well as corporations that were assisting

11 the resistance.

12 And he basically described them as five or six

13 foundations, I think, if I recall correctly, which

14 received money, donations, and these monies were somehow

15 transferred to the particular companies that had been

16 established as well to facilitate either the purchase or

17 the shipment of equipment and supplies.

18 Q Did you get an impression of where the

19 foundations were located?

20 A Well, to the best of my recollection he said

21 they were in Europe. I think the foundations were in

22 Europe and the companies were in Europe, but I'm not

23 clear on that, but Europe was mentioned specifically.

24 Q Did North mention tax deductible contributions

25 to foundations?

UNCLASSIFIED

UNCLASSIFIED

82

1 A No, not to my knowledge, not at all. He sort
2 of generally described the situation, you know, this
3 mechanism of sorts, and he may have certainly mentioned
4 the tax deduction angle to the foundations, but I
5 couldn't tell you for sure of that.

6 Q What form of assistance did you believe that
7 these were providing to the contras, based on North's
8 description?

9 A Well, I didn't know for sure. There was no
10 specific mention of any military equipment as such. You
11 know, he didn't say well, this is all military. He
12 didn't say that, but it was my impression from what he
13 was talking about that it was a fairly extensive
14 operation. And my impression also, although Secord
15 didn't really say much during this meeting, was that
16 obviously he had something to do with this, maybe
17 logistics support in terms of this operation.

18 Q Did Secord give you any reason to believe that
19 he was involved in the logistical side of things or that
20 was a conclusion?

21 A That was sort of my conclusion. As I say, he
22 didn't say too much at the time.

23 So, anyway, you know, that was sort of the
24 gist of what Ollie recounted. Now he was very passionate
25 and articulate about the problems and so forth, and so we

UNCLASSIFIED

UNCLASSIFIED

83

1 discussed that. And in a sense I suppose I could have
2 joined up with that. He didn't specifically offer any
3 job, but that was what he was describing. That's
4 obviously part of what he was saying to me.

5 Q Was there any special reason that you didn't
6 take advantage of that opportunity or indicate an
7 interest at that time?

8 A Well, I'll tell you the truth. I was somewhat
9 interested in it. I mean, you know, these are both to
10 me, it seemed to be, quite honorable men. I mean Ollie I
11 knew a little bit about him. I didn't know anything
12 about Secord as such, but Ollie described him as a
13 patriot and a man of integrity and he was obviously out
14 of the government at the time. But I think I came away
15 from the meeting -- I think it's more important to
16 understand how I come away from that.

17 Certainly I think at that point I was
18 intrigued by it. I felt that I was dealing with, you
19 know, honorable men. Certainly North, from the little
20 reputation I had of him, seemed like a good guy. So
21 those were the positive aspects.

22 I think the negatives were that this was a
23 little bit vague. I wasn't sure and would have to know a
24 lot more about it before I would really get involved, and
25 that certainly there was a little bit of a question in my

UNCLASSIFIED

UNCLASSIFIED

84

1 mind the degree that Ollie North was specifically
2 involved in this. You know, that was a question that I
3 would have had in my mind.

4 Q You mean concerning the extent of involvement
5 of a U.S. Government official with contra support?

6 A Precisely, although he never said specifically
7 that he was involved in this. But he said that he was
8 certainly knowledgeable of it.

9 Q Approximately how long did this meeting last?

10 A I would say it was about maybe an hour.

11 Q You had lunch?

12 A No. It was nighttime. I think it was 6:00 or
13 7:00. We had a beer. I think we had something to eat at
14 some point.

15 Q Did you ever discuss that meeting with the
16 Director when you went back to your job at your office?

17 A Well, yes. I didn't discuss the meeting
18 specifically. I certainly didn't describe it to him, but
19 I said, look, you know, I met with Ollie and I said -- I
20 asked him what's he involved in here. And the Director
21 said very specifically I don't know, and I don't want to
22 know. But Ollie's a good guy.

23 Q Is that fairly close, to your recollection,
24 the Director's actual words?

25 A Just about, yes.

UNCLASSIFIED

UNCLASSIFIED

85

- 1 Q Would you repeat them?
- 2 A I said what's Ollie involved in, and he says I
3 don't know and I don't want to know.
- 4 Q And then he said?
- 5 A But he's a good guy.
- 6 Q Something like Ollie's a good guy?
- 7 A Yeah, he's a good guy.
- 8 Q Which you took as encouragement to continue?
- 9 A No.
- 10 MS. MC GINN: Object to the question.
- 11 THE WITNESS: That's fine, because it wasn't
12 encouragement at all.
- 13 BY MR. FINN: (Resuming)
- 14 Q Are you quite sure of your description of the
15 time of day in which the meeting with North and Second
16 occurred?
- 17 A The time of day? That it was at night you
18 mean?
- 19 Q The evening?
- 20 A Oh, yeah, I'm sure of that.
- 21 Q At some point I believe you had some contact
22 with General Singlaub; is that correct?
- 23 A That's correct.
- 24 Q How did that occur?
- 25 A Well, about a day or two before I left the

UNCLASSIFIED

~~SECRET~~
UNCLASSIFIED

86

1 Agency -- I'm sorry, not the day before I left the
2 Agency. The Director had left, was going to leave on an
3 trip [REDACTED] towards the first week, in the
4 first week of March. And about the last conversation I
5 had with the Director after I had said goodbye, I
6 remember it was sort of the last day that he was going to
7 be around, and I would therefore have a couple of weeks
8 to process out and so forth, because he'd be gone.

9 He came to me and he said I've met with
10 General Singlaub, John, Jack Singlaub, and I think that
11 was on his schedule. I think I knew that he had met with
12 him. And he said this guy's involved in a lot of things.
13 He says, he's involved in Nicaragua. He's involved in
14 the resistance movement [REDACTED] or at least he claims he
15 is, and [REDACTED] and so forth. He says, this is a guy you
16 ought to talk to.

17 And he said I gave him [REDACTED] name and I gave
18 him [REDACTED] name -- [REDACTED] you know who he is --
19 and I gave him your name. He says, have these guys give
20 him a call. Let's find out what this guy's doing. You
21 know, he's got all kinds of stuff happening here.

22 So I called. I think I called [REDACTED] first and
23 [REDACTED] says no. First of all, he says the Director
24 shouldn't even be meeting with Singlaub. He said that's
25 a mistake. And I said well, yeah, because I had heard a

~~SECRET~~
UNCLASSIFIED

UNCLASSIFIED
SECRET CODEWORD

87

1 little bit about Singlaub, too. I mean, I just knew he
2 was very, very political.

3 So [REDACTED] said, you know, that was a mistake.
4 He shouldn't have met with him anyway. But he says we
5 don't want anything to do with this guy. And also I
6 think I called [REDACTED] and I said, you know, [REDACTED] the
7 Director wants you to call Singlaub. He's at the hotel.
8 I've got his number and all this. And I said, you know,
9 look, this is a direct order here, but I mean, on the
10 other hand, maybe it's not the wisest thing to do here.

11 I mean, this guy may not help the Agency. So
12 the long and short of the matter is that I don't know
13 whether [REDACTED] called Singlaub or not. I doubt it. But I
14 told [REDACTED] I said, look, as you know, I'm leaving here.
15 I'll deal with [REDACTED] after I leave. In other words,
16 you know, I'll talk to him, whatever he's got. [REDACTED]
17 says, yeah, do that. That's good.

18 So while I was still there at the Agency,
19 those last two weeks, Singlaub calls me at my office, and
20 I'm sure he got the number probably. It was the same as
21 the Director's office.

22 Q Same general number?

23 A Well, it was a different extension, but I
24 think, you know, he has my name, so he calls and says --
25 he probably asked the secretary to talk to me. So that's

UNCLASSIFIED
SECRET CODEWORD

UNCLASSIFIED
SECRET CODE WORD

88

1 the best of my recollection, but I certainly recall him
2 calling me.

3 Q This was at the beginning of March?

4 A This would be about the beginning of March.
5 And ^{he} said -- this is General Jack Singlaub. I said,
6 yes. He said I'd like to get together with you. You
7 know, I understand you are leaving, or some words to that
8 effect. And I said, fine. I said, General, I'm going to
9 be out of town here for a couple of weeks. Let me get
10 back to you. As a matter of fact, I said I'll give you
11 my home phone number.

12 When I come back, if you're going to be back
13 in town, why don't you call me. So we left it at that,
14 and shortly thereafter, after I resigned -- well, let me
15 just finish that. I think the last thing that Casey said
16 to me the last time I ever saw him was that same day
17 after he had told me that he had given my name to
18 Singlaub, that he sort of towards the end of the
19 afternoon came to me and said, well, [REDACTED] thinks that
20 was a big mistake I made here.

21 He said, you know, maybe I made a mistake,
22 basically, by giving your name out or at least giving all
23 this stuff. And I think that was sort of his parting
24 words.

25 Q I'm sorry. Could you go through that again,

UNCLASSIFIED
SECRET CODE WORD

UNCLASSIFIED

89

1 that Casey indicated that he had made a mistake?

2 A Yeah. As I recall, he said, you know,
3 Singlaub is not the kind of guy that maybe the Agency
4 should be talking to or that was the impression that I
5 got, but basically that, you know, there's no sense in
6 the Agency dealing with Singlaub as such. But all he
7 said was, you know, I think maybe I did make a mistake
8 here with this. Those were his words.

9 Q Did you see Casey as attempting to discourage
10 you from contacting Singlaub?

11 A No. I told him basically I'll be leaving.
12 I'll deal with him. I mean, I can talk to him. I have
13 no problems with that after I leave. He said all right,
14 that was no problem.

15 Q He didn't encourage you as such to do that?

16 A No.

17 Q Let me interrupt your story just briefly to
18 introduce into the record as [REDACTED] Exhibit 7 another
19 list of the Director's meetings with various individuals
20 which has been provided to us by the Agency.

21 (The document referred to was
22 marked [REDACTED] Exhibit Number 7
23 for identification.)

24 You'll notice under John Singlaub there is a
25 meeting in November of '84 -- let's skip that one.

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

90

1 There's a telephone conversation February 25 of '86, and
2 a meeting February 27 of '86. Now I believe you have
3 just testified that it was your impression that Casey had
4 met with Singlaub shortly before the events that you just
5 described.

6 A Right.

7 Q Would these dates be more or less consistent
8 with that impression?

9 A I think so, sure. You're talking about the
10 25th and 27th?

11 Q The telephone call on the 25th and the meeting.
12 on the 27th.

13 A That would certainly have to be the time,
14 sure.

15 Q Now after you left the Agency Singlaub did in
16 fact contact you again; is that correct?

17 A Yes, that's correct.

18 Q Let me go back to [REDACTED] comment. You had
19 more or less agreed, I suppose, even before the Director
20 came back to you and sort of cancelled in a sense his
21 previous instruction as regards the Agency, that [REDACTED]
22 had agreed with you it would be a good idea for you after
23 leaving the Agency as opposed to a CIA employee to meet
24 with Singlaub.

25 A No, he didn't agree to that. I said let me do

UNCLASSIFIED
CONFIDENTIAL

UNCLASSIFIED

91

1 that. I mean, there's no sense -- if this guy is real
2 bad news, you know, there is no sense in anybody doing
3 anything with Singlaub as such. I said, you know, I can
4 call him after I'm out.

5 Q Did Casey or ██████████ or anyone else at the CIA
6 give you any particular instructions to follow during
7 your interaction, subsequent interaction with Singlaub?

8 A Absolutely none.

9 Q Did they say that you should attempt to
10 convince Singlaub or make Singlaub believe that you were
11 a channel for Singlaub to the Director?

12 A Absolutely not.

13 Q Or that you should make it appear that the
14 CIA, through the Director, supported Singlaub's
15 activities at that time?

16 A Absolutely not.

17 Q So why don't you describe how Singlaub got in
18 touch with you again?

19 A He called. He called me at home I think
20 shortly after I resigned -- it might have been within the
21 week after I left -- and asked to get together. And I
22 said sure. I think we had a meeting at his hotel. I
23 don't know the exact date, but it was probably within the
24 week or two after I left.

25 We had some breakfast and he basically

UNCLASSIFIED

SECRET
UNCLASSIFIED

92

1 described this sort of world anti-communist league that
2 he was involved with and their activities. He had a
3 tendency to ramble. I didn't quite, frankly, pay a lot
4 of attention to what he said. I know that he was very
5 active in lobbying efforts on the Hill. He seemed to
6 have very close connections with Jesse Helms. I mean,
7 this is what he was talking about.

8 Q In connection with Senator Helms did Singlaub
9 suggest that in concert with Senator Helms or Senator
10 Helms' staff or whatever that he was attempting to secure
11 supplies for Eden Pastora's group in south Nicaragua?

12 A I don't know that he was saying it through
13 Helms' office, but there came a time -- I met with
14 Singlaub at least twice, I believe, brief meetings after
15 I left, and there came a time -- perhaps it was the
16 second meeting; and again I can't tell you the exact
17 dates here, but we're talking still certainly in the
18 spring, maybe April -- where Singlaub had showed me a
19 letter that he I believe -- yes, in fact he had already
20 given the letter to Pastora which said that the U.S.
21 Government -- no, which said that the United States would
22 support Pastora if Pastora moved his troops, of which he
23 had very little, into the southern front of Nicaragua.

24 And, you know, it was, I guess, my impression
25 at that time that this guy really -- I mean his political

SECRET
UNCLASSIFIED

UNCLASSIFIED

SECRET DOCUMENT

93

1 judgment here, first of all representing himself -- I
2 said did you represent yourself as the U.S. Government?
3 He said, no, no, no. It's U.S. He said, I've talked to
4 a lot of people about this, and I think he may have
5 mentioned Helms at that point.

6 Q Did Singlaub indicate that he had already
7 taken this letter down to Pastora? Or was this before he
8 had done that?

9 A He said he had gone to see Pastora and had
10 visited one of his camps.

11 Q Did Pastora's signature appear on the
12 agreement?

13 A I'm trying to think. You know, I'll tell you
14 the truth. I don't know that it did or not, and I'm
15 trying to think if he had showed me that letter before he
16 went down or afterwards, that he had gotten the
17 signature. I think it may have been before. I don't
18 recall Pastora's signature as such, but I do recall
19 Singlaub indicating at some point that he had gotten his
20 agreement or was trying to get his agreement to do this,
21 to move his forces into the southern front in return for
22 support from the U.S.

23 Q Now this thing was in the form of a letter,
24 the document that you saw?

25 A I think so, yeah.

UNCLASSIFIED

SECRET DOCUMENT

UNCLASSIFIED

94

1 Q How many pages was it?

2 A I think it was like one page. It was like a
3 legal memorandum

4 Q Did it have signature blanks at the bottom or
5 something like that?

6 A I think so, yeah. It had his name, and I
7 honestly cannot recall if Pastora's name had been signed
8 there.

9 Q Was there a space for Pastora?

10 A I think so.

11 Q But you can't recall whether the actual
12 signature was present?

13 A I really don't. I mean, I was more looking at
14 this letter thinking that this man is somehow
15 representing the U.S. Government and I asked him directly
16 are you representing somebody here. I said, you know,
17 you don't have U.S. Government, but you've got U.S., the
18 United States will, and Singlaub says well, I'll do what
19 I can to get that kind of support for Pastora.

20 Q Did Singlaub mention other people who were
21 supportive of this agreement, particularly, for example,
22 Ambassador Tambs in Costa Rica?

23 A I think he said he had talked to Tambs or was
24 planning to talk to Tambs about this, but I don't know
25 that he specifically said he had gotten his agreement on

UNCLASSIFIED

UNCLASSIFIED

95

1 this thing or not.

2 Q I see. But you're not sure whether Singlaub
3 had actually met with Tams on that?

4 A I can't remember if he said he was going to
5 meet with him or that he had met with him.

6 Q How about Elliott Abrams? Did he make any
7 statements about Abrams?

8 A I don't think he mentioned Abrams at all.

9 Q Did he mention Ollie North at all in
10 connection with that?

11 A No, he did not.

12 Q Did he say that he had showed this agreement
13 to Director Casey?

14 A No, he never mentioned Casey.

15 Q Or anyone else at the CIA?

16 A I don't think so, no, because, you see, I
17 think there was always an impression, or at least as much
18 as I tried to dissuade him that I perhaps was somehow a
19 channel to the Director, and I kept telling him I am not,
20 I have resigned, I'm not that, and sometimes when you
21 tell people like that, you are emphasizing it too much;
22 therefore, obviously you are.

23 Q Did you see any danger that in fact along
24 these lines that your meetings with Singlaub could be
25 misinterpreted by Singlaub as an expression of some form

UNCLASSIFIED

UNCLASSIFIED

96

1 of support?

2 A Precisely, and that's pretty much the reason I
3 really discontinued seeing him.

4
5
6
7
8
9

10

11 So I think I was much more sensitive. I was
12 still floundering around a little bit, and I'm thinking
13 back on my motives for not getting involved and sort of
14 doing as much as I could on my own was to make sure that
15 there was no association, certainly not in reality, but
16 even in appearance that somehow I was representing the
17 Agency at some point.

18 Q Are you aware that Singlaub is now claiming
19 that he was encouraged to sign this agreement by various
20 agencies of the United States?

21 A Is that right? No, I wasn't aware of that.

22 Q Are you aware that Eden Pastora feels that
23 this agreement was engineered to cause him considerable
24 embarrassment in the breakup of the southern front
25 constituted under his leadership?

UNCLASSIFIED

~~TOP SECRET//COMINT~~
UNCLASSIFIED

97

1 A I'm not aware of it. I'm not too surprised at
2 what Pastora would say and so forth, but no, I'm not
3 specifically aware of that.

4 Q Don't you agree there was a danger in your
5 meetings with Singlaub that Singlaub might interpret this
6 as CIA support for this activities that he has been
7 briefing to you and that, therefore, when that support
8 was not forthcoming there would be some hazard to the
9 individuals involved?

10 A Well, I think I told him in very specific
11 terms that I didn't think from my view that the Agency,
12 particularly the Agency, wanted to have anything to do
13 with Pastora. I mean, you know, that I recall telling
14 him personally.

15 Q Let me draw your attention back to the last
16 exhibit that we had, which was number 7, and you will see
17 that there was a telephone call between Singlaub and
18 Casey on March 20 and then a telephone call April 21, and
19 a meeting April 24. Then there were subsequent telephone
20 calls and meetings during May -- May 5 and 8, 1986.

21 Now did Singlaub or Casey, if Casey contacted
22 you again, or anyone else give you any reason to think
23 that there was a continuing exchange between Casey and
24 Singlaub?

25 A Did anyone do that? Casey I haven't seen

~~TOP SECRET//COMINT~~
UNCLASSIFIED

UNCLASSIFIED

98

1 since I left.

2 Q And haven't spoken to him?

3 A Nor spoken to him, absolutely not.

4 Q Now did Singlaub mention that he had also had,
5 let's say, in your later meetings after you left the
6 Agency, did Singlaub mention that he had had these
7 communications with Casey?

8 A To the best of my knowledge, he did not, no.
9 I don't recall. I don't think he mentioned the Director
10 at all other than to, you know, sort of imply that he
11 thought I was a contact or that I might have been a
12 contact through him. And I kept saying no, I was not. I
13 only had, I think, to the best of my recollection, I
14 think I only had two, possibly three, meetings with
15 Singlaub.

16 Q Do you have any reason to believe that the
17 Agency had a political action program -- let's describe
18 it as a political action program -- or project through
19 which to discredit Pastora by setting him up with an
20 expectation of U.S. Government assistance which was then
21 withdrawn?

22 A Absolutely not.

23 Q And you have no reason to believe, therefore,
24 that Singlaub was a witting or unwitting agent in any
25 such effort?

UNCLASSIFIED

UNCLASSIFIED

99

1 A No knowledge of that. That sounds like a
2 Singlaub theory, though. He has got a lot of theories.

3 Q Let's go to some of the other ones. You
4 mentioned that Singlaub in his meetings with you
5 discussed various other support to freedom fighters in
6 various other places. You said he had some interest in
7 [REDACTED] is that correct?

8 A Not to me. This is what the Director told me.
9 He said that Singlaub had mentioned this, and this guy's
10 all over the place, the implication being that Casey was
11 interested in seeing what the guy was doing.

12 Q Did he also mention, did the Director also
13 mention [REDACTED]?

14 A Not to my recollection. I'm not certain, but
15 I don't recall.

16 Q How about [REDACTED] Was
17 that mentioned?

18 A No.

19 Q Did you have any impression that Casey, aside
20 from rhetorical support, was lending any other support to
21 these efforts by Singlaub to assist freedom fighters?

22 A Absolutely not. Absolutely not. As I recall,
23 the only specific mention of a resistance organization
24 was [REDACTED] -- that Casey
25 had mentioned as such when he came and said this guy's

UNCLASSIFIED

UNCLASSIFIED

100

1 all over the place.

2 Q I see. This was the non-communist resistance

3 [REDACTED]

4 A I would imagine that's what he was talking
5 about.

6 Q Moving right along, I believe you may have had
7 some contact with Ray Burkhardt at the NSC.

8 A Yes, I did.

9 Q I believe shortly before leaving the Agency;
10 is that correct?

11 A Actually it was after I left the Agency.

12 Q Could you describe that briefly?

13 A Sure. Just before I left the Agency Bob
14 Vickers and Vince Cannistraro called me and said, look --
15 I told Vickers I was leaving. I don't know if I talked
16 to Vince. Vince was down at the NSC at the time. He
17 said, you know, there's a job opening up here on the
18 Central American desk, as such, of the NSC under
19 Burkhardt, and he said, you know, you might be interested
20 in getting that job.

21 And I said well, you know, that's not really
22 what I had in mind, basically. I'd be happy to talk to
23 Burkhardt about it, but I mean my idea here is really to
24 leave the government and try to do what I can. I don't
25 think I can do any different than I could at the Agency.

UNCLASSIFIED

UNCLASSIFIED

101

1 Of course, I didn't know about all this. But, anyway, so
2 I did go down and see Burkhardt the first of April, after
3 I had left the Agency, and I had tried to call him a
4 couple of times because I was interested in chatting with
5 him anyway to see what the offer was.

6 I went down and met with him and he told me
7 that this job was opening up but that he thought that
8 they probably would be filling this with a political
9 appointee, that Poindexter wanted that filled with a
10 political appointee of sorts. And I said that's all
11 right because I didn't want the job anyway. So it was
12 essentially a non-job offer and a non-acceptance. And
13 that was essentially the discussions.

14 I did tell him that I had left the Agency.

15 Q Did you meet Colonel North while visiting Mr.
16 Burkhardt?

17 A I did indeed. I met him right after I talked
18 to Burkhardt, walked over and, by no prearrangement,
19 Ollie North's office was across the hall from Burkhardt.
20 In fact, I think I told Burkhardt I was going to go and
21 try and see Ollie.

22 Q How much time did you spend with North that
23 day?

24 A About three minutes -- three or four minutes.

25 Q That was just in the hallway? He was going

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET, UNRECORDED

102

1 down to a meeting at the White House and we sort of
2 walked along the hallway.

3 Q And what did North say to you at that time
4 concerning your plan to get involved in fundraising for
5 the contras?

6 A Well, first of all I told him I'd left, and he
7 said okay. He said what are you going to do, and I said
8 essentially what I wanted to do was -- I thought I still
9 was looking around, but I thought that probably I would
10 get involved in the fundraising activity. He said, good.
11 He says, have you talked to -- I told him, I said, I
12 enjoyed getting together with you. I said I didn't know
13 too much about Secord. He said, well, go see Secord. He
14 said he's a good guy.

15 I had told him also that I would give them
16 more of my views on the resistance needs, so he said go
17 talk to him, go see him. So I said I would.

18 Q Did you do that?

19 A I did.

20 Q And how did you arrange that?

21 A Well, I gave Secord a call. In fact, I think,
22 as I recall, I had a hard time getting hold of him. He
23 was always gone. I had, I think you know, maybe called
24 him two or three times. Finally he called me and I said
25 let's get together for lunch, as we had discussed before,

UNCLASSIFIED
TOP SECRET, UNRECORDED

UNCLASSIFIED
TOP SECRET//COMINT

103

1 and he said fine. And so we did have a luncheon meeting
2 the first week of May.

3 And you are probably interested in what was
4 discussed at that meeting.

5 Q Certainly.

6 A He was quite pleasant, didn't really talk
7 about too much in substance, particularly with regard to
8 his logistical operation or whatever he was involved in,
9 although he was quite forthcoming about his background
10 and what he was doing or what he had been doing.

11 He talked about his background in Iran. He
12 had been in Iran. He talked about his involvement with
13 the Saudi AWACS system when he was Deputy Assistant
14 Secretary of Defense. We didn't really talk too much
15 about the logistical organization. I never got the
16 feeling that he was really too interested in my getting
17 involved in it in any case.

18 Q He didn't make you any offer as such?

19 A Absolutely not. As a matter of fact, there
20 was never an offer as such.

21 Q Did Secord seem particularly interested about
22 the Central American activities at the time you met him?

23 A Oh, yes, definitely. He was quite
24 knowledgeable, it seemed to me.

25 Q Did he ever give you any indication that he

UNCLASSIFIED
TOP SECRET//COMINT

UNCLASSIFIED

104

1 was getting weary of the business?

2 A Yes, he did. At one point we were talking
3 about -- and I can't remember the context of this, but he
4 said that, you know, he really was getting a little -- he
5 was sort of getting set to get out of this whole project
6 that he was involved in, this operation.

7 Q Now did you lay out your own views about what
8 the contras needed?

9 A Exactly.

10 Q How did he respond to that?

11 A Well, I had given him basically a little paper-
12 on training needs that I thought the resistance needed.
13 I mean, I sort of delineated that. I was specifically
14 interested in, you know -- I was concerned about the lack
15 of training that the resistance had and I thought that
16 that, along with money, was one of the focuses of an
17 effective resistance movement that had to be done from my
18 perspective. So I had given him that.

19 Q Do you have a copy of that?

20 A No. I did not keep a copy of it.

21 Q Have you written any other things that
22 describe your views about how this assistance could be
23 conducted to the contras?

24 A Not about that specifically, but I have been
25 doing a piece on the first year of the revolution in

UNCLASSIFIED

UNCLASSIFIED

105

1 Nicaragua.

2 Q This is a historical piece?

3 A Exactly, basically. But that's been on my
4 own.

5 Q You haven't set down on paper anywhere or in
6 an electronic medium your plans for fundraising or your
7 views on the types of assistance which the contras
8 needed?

9 A No, other than this one.

10 Q You didn't take any related documentation with
11 you from the CIA?

12 A I did not.

13 Q So when you and Secord broke up this lunch
14 meeting, what was the understanding between you? Was
15 there any particular understanding?

16 A Well, I'll ^{tell} you, one thing I wanted to do also
17 was get a hold -- I had started at that point looking
18 seriously for donors, for people through friends of mine
19 and so forth for aid for the contra movement,
20 humanitarian aid, and I needed at some point, or would
21 have needed at some point a mechanism, a foundation of
22 some sort that was reliable and was above-board, that if
23 I did come into some money that I would have to use.

24 Q Is it your testimony that your plan as far as
25 obtaining assistance for the contras was to identify

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET//NOFORN

106

1 potential donors who you would then direct to an
2 appropriate foundation?

3 A Precisely, exactly. I was starting basically
4 at ground zero when I left because I'd only been in
5 Washington about six months and, as I said, I hadn't
6 really looked. I didn't feel it appropriate to really
7 look into that while I was still in the Agency, so the
8 fact of the matter was that I needed, you know, that type
9 of foundation. And I asked Secord about that at the
10 luncheon.

11 I said if I do come across somebody, can you
12 recommend somebody, and he said, well, yeah. He said, I
13 don't know anybody. He says I'm not involved in that.
14 But he said certainly if you get something going I'll
15 make sure somebody gets ahold of you.

16 Q At this point why don't we get into the
17 reasons you believed you might be successful in locating
18 a donor. As you say, your time in Washington was
19 somewhat limited. You had spent a lot of time outside
20 the United States.

21 A Exactly.

22 Q What caused you to believe that you might be
23 successful in identifying a donor?

24 A I wasn't certain that I would be successful,
25 but it seemed to be really the major appropriate way of

UNCLASSIFIED
TOP SECRET//NOFORN

UNCLASSIFIED

107

1 doing this would be if I indeed was interested in getting
2 money to the resistance, particularly the humanitarian
3 side, that one has to go out and start to solicit that
4 money.

5 Q Was your view that you would in a sense make a
6 mass appeal for contributions or find a few, let's say,
7 wealthy people who might contribute significant sums?

8 A The latter.

9 Q And how did you believe that you might be able
10 to identify such individuals?

11 A Well, I felt that I would have to go to
12 friends of mine who perhaps would be able to. I didn't
13 know wealthy donors or any wealthy potential donors, I
14 guess. I didn't know anybody that was wealthy, frankly.
15 But I did know people that were in touch with potential
16 people that would perhaps make contributions. And so I
17 began doing that, in other words, after I left, making a
18 conscious effort to try to find these people and try to
19 solicit some money from them.

20 Q You mean try to find your friends?

21 A Well, I found my friends, but then to see what
22 indeed would be involved.

23 Q Can you give me the names of some individuals
24 who are friends of yours whom you believed might have an
25 ability to locate?

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET CODEWORD

108

1 A I would rather not. I think I'd have to seek
2 counsel on that if I had to. I'd feel very badly about
3 doing that.

4 Q Sure. Could you answer whether one of these
5 friends was Bill Casey?

6 A Absolutely not.

7 Q Were any other friends officials in the United
8 States Government?

9 A No officials of the United States Government,
10 none whatsoever.

11 Q So you were going to proceed through friends, .
12 individuals you describe as friends, to locate wealthy
13 persons.

14 A Not necessarily just wealthy people, but
15 people that would be politically inclined to perhaps seek
16 other wealthy people. In other words, it didn't have to
17 be somebody who was just wealthy. It would obviously
18 have to be somebody who had -- who felt the same way and
19 would be able to bring together some people.

20 Q These were based on your own personal
21 contacts?

22 A Precisely.

23 Q This did not include -- the friends or persons
24 who would bring you to these people emphatically did not
25 include Bill Casey?

UNCLASSIFIED
TOP SECRET CODEWORD

UNCLASSIFIED
TOP SECRET//COMINT

109

1 A No, it did not.

2 Q Were there any officials of foreign
3 governments who fall into that category?

4 A No, there were none.

5 Q Okay. At a later date I believe you finally
6 succeeded or believed you might have succeeded in
7 locating a potential donor; is that correct?

8 A That is correct.

9 Q Now how did that situation arise?

10 A 'Well, I had contacted a friend who said that
11 he thought that maybe he could put me in touch with some
12 people, both in the New York and Miami area, and he
13 identified one specific one, and he said that this fellow
14 would very definitely be worth seeing. And that brought
15 about a third meeting -- well, actually a follow-up
16 meeting -- with General Secord because I was interested.

17 You recall that the luncheon meeting was the
18 first part of the week or at least the first week of May.
19 I did again see him at his office for a brief period. I
20 believe it was around the third week of May, if my memory
21 serves me right. I at that point had identified a
22 potential donor and I went to his office and he actually
23 had invited me over at the luncheon, at some point to
24 come on over and see him.

25 So I came over and spent about five or ten

UNCLASSIFIED
TOP SECRET//COMINT

~~TOP SECRET / CODE WORD~~
UNCLASSIFIED

110

1 minutes with him and told him, do you have anybody? I
2 think I'm going to be making a trip here in-country and I
3 think I'm going to be able to see somebody and I need
4 some kind of a mechanism here if indeed there's a
5 considerable amount of money that this man can give or
6 can facilitate. I don't want to handle it myself.

7 He said fine. He said -- he seemed to be a
8 little distracted at the time. This was maybe the third
9 week of May. If the paper accounts are all true, then--

10 Q They were very busy.

11 A Anyway, he said I'll have somebody call you on-
12 that. And it came to be about the end -- well, I left
13 and didn't see him again ever. It came to be about, I
14 think, the first week -- end of May, first week of June.
15 My friend had lined up a trip to see this man and I
16 needed this foundation. I needed something.

17 So I called Secord a couple of times. Usually
18 he wasn't there or he was traveling or something. I even
19 called Ollie North's office at one point, I think in
20 early June. He was not there either. I finally got hold
21 of Secord I think the second -- early second part of the
22 week of June -- because I knew when I made the trip. And
23 I said I haven't heard from anybody yet. He says, okay,
24 I'll get somebody to you.

25 And I think the next day that I talked to him,

~~TOP SECRET / CODE WORD~~
UNCLASSIFIED

UNCLASSIFIED

111

1 after I talked to him I got a call from Carl Channell,
2 who asks me if I am a donor. And I said no, I'm not a
3 donor, but I think I may know somebody that is. And he
4 said, fine, let's get together.

5 Q Now at this point had you already undertaken
6 the travel?

7 A No, I had not, because I wanted that
8 preparation. I wanted to have something there in case
9 the guy was going to ask questions about this.

10 Q Did you ultimately take that trip to see the
11 potential donor?

12 A I did, yes.

13 Q Together with your friend. Did you meet with
14 the donor?

15 A We did meet.

16 Q What was the nature of that meeting with the
17 donor on the situation?

18 A I would have to tell you first about my
19 meeting with Channell because I had that before the
20 meeting with the donor. We met the same day, and he
21 said, you know, he says I'll be at the Mayflower Hotel at
22 2:00 and he says I'm carrying -- so you'll know me, I'm
23 carrying a gold suitcase. So I said fine.

24 I showed up. There's a guy with a gold
25 suitcase. We sat down and we had a drink together. He

UNCLASSIFIED

UNCLASSIFIED

112

1 had apparently been meeting with somebody that day ~~at~~ at
2 the hotel. So he said -- he told me who he was, gave me
3 his card. He was the president of this National
4 Endowment for the Preservation of Liberty. He described
5 it as a tax-exempt non-profit organization registered
6 with the U.S. Government.

7 He said it has been successful in obtaining
8 aid for the contras through this, and I said when I
9 approach this donor -- and I gave him the guy's name and
10 he didn't acknowledge knowing that individual -- but I
11 said what can I tell this guy? He says well, you tell .
12 him it's a legal foundation. If they have any questions
13 on it, the guy should consult his lawyer.

14 So essentially, armed with that information, I
15 had the name of that foundation, I went to see this
16 donor. So I wanted to give you that background.

17 Q Did you discuss with Channell the nature of
18 the support that the foundation provided, his foundation,
19 NEPL provided the contras?

20 A I hadn't heard that one. Not specifically,
21 no. It was my understanding that if it was tax-exempt
22 and non-profit and registered it was obviously on the up
23 and up. And he gave me the impression that the
24 foundation had been used quite a few times. In the back
25 of my mind I wondered if this was one of the foundations

UNCLASSIFIED

UNCLASSIFIED

113

1 that Ollie had described, North had, and I don't know to
2 this day if it was, but I suspect it might have been.

3 Q Did you bring up the subject of North with
4 Channell?

5 A He mentioned North. I guess more he said
6 Ollie North has high regard for you, so I think basically
7 what he was trying to say is that I'm okay. In other
8 words, you're meeting with the right person.

9 Q So did that lead you to believe that North had
10 put Channell on to you in a sense?

11 A Yeah.

12 Q Did Channell give you any reason to believe
13 that any of the contributions that he was soliciting
14 through his various organizations, including NEPL, would
15 go for, let's say, lethal assistance to the contras?

16 A Not specifically at all. He didn't say that.
17 I was left with the impression that basically, because of
18 the way he described the setup, that I was aware of the
19 problem with military aid, so I felt it was basically
20 probably humanitarian or nonlethal anyway.

21 Q Did Channell describe in any way his
22 activities to influence public opinion in the United
23 States?

24 A Well, he was quite forward ^{about} himself, a rather
25 articulate, somewhat impressive guy. He said that he had

UNCLASSIFIED

UNCLASSIFIED

114

1 been doing a lot of lobbying on the Hill. He mentioned
2 having met at one point the President. He said -- we
3 were pretty much talking about resistance needs and so
4 forth, but I got the impression that he was quite active
5 on the Hill. In fact, I read about him later in the
6 papers.

7 Q He didn't mention his media campaign in
8 support of the contras?

9 A I don't think he did, no. I don't recall
10 anything like that at all. It was about a 15-minute
11 meeting.

12 Q Did you ever see Channell again after that
13 meeting?

14 A Never did, no, but I talked to him. I called
15 him when I came back from the donor. Now the donor said
16 that he thought that maybe he could do something, but it
17 wasn't going to be his money and he said that if indeed
18 we could get -- you know, he said I'd be willing to put a
19 few of my friends together and come up and have a
20 briefing of some sort, you know, on the situation. He
21 didn't say whoever you represent.

22 But, in other words, if you could come up and
23 do that, that we might be successful in getting some
24 money together.

25 Q Now just to get this straight. The donor is

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET//NOFORN

115

1 located up in New York; is that correct?

2 A Yeah.

3 Q And you have a friend also in New York?

4 A I have a friend here who knew the guy.

5 Q And the plan was that you and your friend
6 would go to New York and discuss the situation of the
7 contras with the donor?

8 A Well, yeah. I told the friend that I was
9 interested in seeing if we could get some money.

10 Q And it was your understanding the donor wasn't
11 going to use his personal funds necessarily?

12 A That was the sort of implication there. The
13 guy wasn't real clear on that, but I thought he was
14 probably sincere, that he would probably try to do what
15 he could.

16 Q Did he refer to, let's say, a tax deductible
17 contribution by a corporation or something of that
18 nature?

19 A No. He was talking about personal friends of
20 his. That was the idea. In other words, he'd have
21 friends of his get together and have this briefing and
22 see if we could get some money.

23 Q Did you have any reason to believe that the
24 donor was an acquaintance of Bill Casey?

25 A No, absolutely not. Now I never told the

UNCLASSIFIED
TOP SECRET//NOFORN

UNCLASSIFIED

116

1 donor what organization this was either. I wanted to
2 have that in the back of my mind. So when I came back I
3 called Channell and said I've got this guy who looks
4 interested and I said that the only problem is, he's
5 going to be tied up here. I basically explained to
6 Channell over the phone what I have just told you, and
7 Channell said yeah, that's great.

8 I said the donor probably is not going to be
9 available until the first part of July. This was, now
10 we're talking about mid-June. And he said okay. Channell
11 said he was going to be taking some vacation until, I
12 think he said, the 20th of July. And he said let me know
13 after I get back. Let me know where the thing stands.
14 And I think about four or five days later the House
15 passed the \$100 million bill, which came as both a relief
16 and a shock to me because in a sense it was back to where
17 the money should be, back in the U.S. Government.

18 Q Just to run through the dates a little bit
19 again, you met Channell the first time -- I'm sorry.
20 When did you meet Channell?

21 A It had to have been just before the weekend
22 that I went up there, so this would be about the 10th or
23 11th of June when I actually met him. I met him the same
24 day he called.

25 Q And then you went to New York.

UNCLASSIFIED

UNCLASSIFIED

117

1 A Um-hum.

2 Q Returned?

3 A Um-hum.

4 Q And then Channell was in New York?

5 A No. Channell was still here. He had given me
6 his telephone number. I called him when I came back,
7 just about after the 14th or 15th of June, and explained
8 what the situation was.

9 Q Did Channell also go to New York to see the
10 donor?

11 A The story is not over yet -- just about over,
12 but not quite. I called Channell towards the end of July
13 after he had come back, or maybe it was just after his
14 return. I had also taken some vacation with my wife and
15 children. And I called him and I said, you know, they've
16 already passed the bill or they've passed the aid bill,
17 so we don't need that any more, do we?

18 And he said, no, quite the contrary. We do
19 need it. He said, as a matter of fact our
20 prognostication of when the Senate will pass this bill or
21 get this in Committee and get the money actually
22 allocated could be two or three months from now, maybe
23 even more. And he said indeed the situation is very
24 desperate now because we've been getting reports of some
25 starvation down in the resistance camps.

UNCLASSIFIED

UNCLASSIFIED

118

1 So he said can you arrange this? I mean, we
2 need the money. So I said, sure, of course, or at least
3 I'd try to do that. So I got ahold of the intermediary
4 here, who I'm always dealing with. I don't think I
5 talked to the donor again in person. In fact, I'm sure I
6 didn't, either by phone or meeting. I said, can we
7 arrange something? I said the situation is such that it
8 looks quite desperate right now. Of course the aid money
9 will be coming eventually, but right now it's a problem.

10 So my friend said he'd see what he could do.
11 So what happened was this. We got the donor to agree to
12 meet with Channell in New York. This would have been
13 about mid-August now. The guy kept delaying. I was
14 starting to think that this donor maybe really wasn't
15 going to come across here and that we maybe sort of
16 struck out on this deal, but I thought it was worth a
17 chance.

18 And I talked to Channell. As a matter of
19 fact, I talked to this girl named Jane McLaughlin, who
20 apparently obviously worked for NEPL, and she kept
21 calling me up and saying can we arrange this thing, and I
22 said yeah, I think we've got a date. Can we do this in
23 New York, in other words, rather than having the guy come
24 down here. And Janie McLaughlin said yes, we can.
25 Channell's going to be up there on business anyway at

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET CODEWORD

119

1 this specific date and can we set up some sort of a
2 meeting at a hotel or something along those lines.

3 I said let's do that. They went to the hotel.
4 The donor didn't show up.

5 Q "They" being Channell?

6 A Yeah, and I think Jane as well, McLaughlin. I
7 think the two of them went.

8 Q And how did you discover that?

9 A Well, the guy says he's not there. He says
10 we've been waiting for him. By this time I realized this
11 donor's apparently not that serious.

12 Q Did they call you from the meeting place at
13 the hotel?

14 A I think they did, as a matter of fact. They
15 hadn't shown up.

16 Q The intermediary was there, too?

17 A No. Just Channell and McLaughlin waiting for
18 the donor. And so finally the end of the story is that
19 the donor doesn't show and I think a couple of days later
20 I got a call. I was in touch with McLaughlin and I said
21 I'm sorry about this, and she said well, we appreciate
22 your help, that happens, and is there anybody else that
23 maybe we can discuss and so forth. And she invited me
24 down to the headquarters of this organization.

25 I spent, I guess, about 20 minutes with her,

UNCLASSIFIED
TOP SECRET CODEWORD

UNCLASSIFIED

120

1 not Channell -- I didn't see Channell again -- discussing
2 possible other donors that we might be able to go to.

3 Q What was the magnitude of the contribution
4 that was envisioned from this donor?

5 A It's hard to say.

6 Q Did you ever have any discussion of the
7 amount?

8 A You know, he may have mentioned something
9 about \$200,000 -- \$100,000 to \$200,000 -- he thought he
10 could get together. At some point that was the magnitude
11 of it.

12 Q So with respect now to Singlaub and Secord and
13 North and Channell are the meetings and contacts you have
14 described today to the best of your recollection the ones
15 that occurred during the period we have discussed?

16 A Very definitely.

17 Q How have you supported yourself since you left
18 the CIA?

19 A I have supported myself by my pension return,
20 contribution, by the sale of land that I had purchased
21 during my career in the Agency, and by my savings of
22 being overseas for basically the last ten years or so.

23 Q And this pension contribution was a lump sum
24 disbursement from your retirement account; is that
25 correct?

UNCLASSIFIED

UNCLASSIFIED

121

1 A That's correct.

2 Q You were not eligible for retirement at this
3 time; is that correct?

4 A That's correct.

5 Q Did you have any firm agreement with the
6 Director or anyone else in the CIA concerning your return
7 to the Agency after this period of unemployment?

8 A Absolutely no firm agreement at all.

9 Q And, to repeat, you had no contractual
10 relationship with the Director or any official of the CIA
11 or the Agency concerning your period outside the
12 government?

13 A Absolutely not.

14 Q And, similarly, no contractual arrangement
15 with the National Security Council?

16 A Absolutely not.

17 Q Okay. I believe in response to our request
18 you were going to voluntarily provide your tax -- I
19 believe a copy of your tax return; is that correct?

20 A Indeed that's correct.

21 Q We certainly appreciate that.

22 A Do I ever get it back? I guess it's a copy;
23 it really doesn't matter.

24 Q We could make a copy?

25 A No, it's okay. I'll give it to you. Here it

UNCLASSIFIED

~~TOP SECRET//COMINT//RO~~
UNCLASSIFIED

122

1 is. I also included a copy of the -- the question is
2 really here this was sent to me. This is a contribution
3 which is not taxable. In other words, it's not part of
4 my taxes, but I wanted to somehow let you know that I got
5 this. I don't have any problem giving that. Is there
6 any problem? It's not classified.

7 Here's the full tax return. I got it in the
8 mail, but it does say the Agency on it. It says contact
9 the Agency.

10 MS. HUGHES: Can we go off the record?

11 (A discussion was held off the record.)

12 MR. FINN: Thanks for being so cooperative as
13 to furnish your tax-related information, which I would
14 ask the transcriber to enter into the record as [REDACTED]
15 Exhibit 8.

16 (The document referred to was
17 marked [REDACTED] Exhibit Number 8
18 for identification.)

19 Let the record also reflect -- and I invite
20 counsel to make any comment she wishes to make on this --
21 that [REDACTED] has also supplied for our inspection a
22 document which appears on a form numbered 12-77 3123A,
23 entitled Notice of Refund of Retirement Contributions.
24 And this form specifies that a refund check numbered
25 [REDACTED] dated 12/10/86, is being mailed and that that

~~TOP SECRET//COMINT//RO~~
UNCLASSIFIED

UNCLASSIFIED
TOP SECRET CONFIDENTIAL

123

1 check apparently would be sent to [REDACTED] at the
2 address he gave for a refund of an unspecified nature in
3 the total amount of \$35,918.02.

4 And be it also noted that although the
5 document is not classified that counsel has some
6 objections to its being taken, accepted by the Committee,
7 and that [REDACTED] will provide it to counsel, and the
8 Agency has received our request for whatever version of
9 this document is appropriate, even though it is an
10 unclassified document.

11 Is that acceptable?

12 THE WITNESS: Can we go off the record a
13 second? There's one thing you didn't say.

14 (A discussion was held off the record.)

15 MS. MC GINN: Let the record just reflect that
16 this document does describe itself as a refund of
17 retirement contributions, so that the amount of the
18 refund is for his retirement contribution while a Federal
19 employee.

20 BY MR. FINN: (Resuming)

21 Q [REDACTED] your intention in bringing this
22 document was to show us the nature of the \$35,000 and
23 some odd contribution which would appear in your bank
24 records?

25 A Precisely.

UNCLASSIFIED
TOP SECRET CONFIDENTIAL

~~TOP SECRET~~
~~CONFIDENTIAL~~
UNCLASSIFIED

124

1 MR. FINN: Thank you very much.

2 THE WITNESS: If we could go off the record
3 one more time?

4 (A discussion was held off the record.)

5 BY MR. FINN: (Resuming)

6 Q It's our understanding you'd also like to
7 supply us records relating to the sale of three parcels
8 of land which you've used to support yourself during your
9 period of unemployment.

10 A Yes, and as reflected in my IRS statement.

11 Q We will certainly accept those at this time
12 with thanks and thanks again for your cooperation. I
13 would ask the transcriber to label this packet of
14 documents [REDACTED] Exhibit Number 9.

15 (The document referred to was
16 marked [REDACTED] Exhibit Number 9
17 for identification.)

18 MR. FINN: Once again, we thank you for your
19 cooperation. It assists us in assuring ourselves that
20 your employment status is actually as represented by you.

21 BY MR. FINN: (Resuming)

22 Q Just a few last questions. Are you currently
23 an applicant for reemployment with the CIA?

24 A I am not, no.

25 Q Do you have any current intention to seek

~~TOP SECRET~~
~~CONFIDENTIAL~~
UNCLASSIFIED

UNCLASSIFIED

125

1 employment with the CIA in the future?

2 A No, I don't think so.

3 Q And finally let me just ask you a few last
4 things. Have you been outside the United States at all
5 since departing from the CIA?

6 A I have been -- actually no, but I've been in
7 Puerto Rico about two months ago on business, on personal
8 business. But I have not been, no.

9 Q And you've had no sources of income during the
10 time except from those noted, the disbursement and the
11 land sales and other personal savings or interest on
12 those savings? You have had no sources of income in your
13 period of unemployment?

14 A That is absolutely correct.

15 Q Your testimony is that you have not assisted
16 the former Director of the CIA, Bill Casey, in monitoring
17 the activities of private organizations providing support
18 to the contras?

19 A Absolutely not.

20 Q And you have not been in Europe for that
21 purpose?

22 A No, sir.

23

24

25

UNCLASSIFIED

UNCLASSIFIED

126

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



Q Have you ever heard the name Olmstead?

A Yes, I have, and it was either Olms or Olmstead that Richard Secord noted when we were talking about possible foundations, and it seemed to me that the name came up in that. In other words, he told me at one point, I think when we were having lunch, that he didn't know anybody in that, but then he mentioned the name either Olms or Olmstead. When you mentioned it the first time we got together, that rang a bell.

Q What was your understanding concerning the nature of that individual's activities?

A It was made in passing and the only thing -- it might not even have been Olmstead. It might have been Olms. But he mentioned the name of a possible fundraiser in that regard, and that was in relationship to the name.

Q Have you ever used the name Olmstead?

A No, I have never used the name Olmstead.

MR. FINN: Well, I think that may be all. We thank you very much for your cooperation and for coming in without subpoena on a voluntary basis.

UNCLASSIFIED

UNCLASSIFIED
TOP SECRET CODEWORD

1 (A discussion was held off the record.)

2 MR. FINN: Let's go back on the record just
3 briefly to make one further clarification.

4 BY MR. FINN: (Resuming)



8 Q And therefore your identity in connection with
9 the CIA [redacted] is that correct?

10 A 'It's classified. I've sworn to an oath not to
11 reveal that publicly [redacted]



14 MR. FINN: Thank you.

15 (Whereupon, at 1:04 p.m., the taking of the
16 instant deposition ceased.)

17 _____
18 Signature of the Witness

19 Subscribed and sworn to before me this _____ day of
20 _____, 1987.

21 _____
22 Notary Public

23 My Commission Expires: _____

UNCLASSIFIED
TOP SECRET CODEWORD

UNCLASSIFIED

CERTIFICATE OF DEPOSITION

I, Michal A. Schafer, 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 by me to the best of my ability and thereafter reduced to typewriting 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 thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer
NOTARY PUBLIC

My Commission expires: 2/28/90

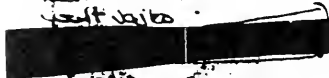
UNCLASSIFIED

RPI 2000 UNIT Car - Boxes
2000 515-24-6261
383-1961

Chief Burgess

Cherny Supt 2145

300-377/
Merrill Kelly - 2145
Jeff Vajta



UNCLASSIFIED

- No Rate
- Many may have been forced to modify their AFO by free fight.
- Large & conducted through Nic. C 5181
- C3 lay duo, guidance from Nic continues.
- Nic ability to support & actually intervene impeded by lack of FF
- Nic drug conversion

- Day/night leadership at same time
N2042
12/1/60
65

N2043
12/1/60
65

301-877-1644
John Stubbart (617) 22-2003
(617) 22-0213
(8812) - 200000

Partially Declassified/Released on 4 FCARFF
under provisions of E.O. 12356
by K. Johnson, National Security Council

5260

UNCLASSIFIED

I and - 2804 - 282 FORMER
337 - 4037 - 283 CIA
8828 - 282 - 008 OFFICER



Ex. #1

no date

UNCLASSIFIED

EX#2

6 Pages

1-0632 To 1-0637

DENIED IN

TOTAL

5261

UNCLASSIFIED

UNCLASSIFIED

30 Oct 85

E = 3

Partially Declassified/Released on 11/26/87
 under provisions of E.O. 12356
 by B. Reger, National Security Council

MEMORANDUM

TO : LT. COL. OLIVER NORTH
 FROM : B. F. STUDLEY
 DATE : OCTOBER 30, 1985

BS

0005

4:00 AM, October 29, 1985 - Washington, D.C.

Received a phone call from my source (ref. "W") inside [REDACTED]

"W" was insistent that I convey the following information to you IMMEDIATELY as he was concerned that information might end up in the hands of the media. In turn, they would confront you.

October 29, 1985, AM [REDACTED] - "W" was called to a meeting at [REDACTED]

Authorities questioned "W" about the shipment that went from [REDACTED] to [REDACTED] on June 20, 1985. "W" denied that his ship was intended for the Contras. They then informed "W" of the following incredible events.

A man named MARIO DELLAMICO (Cuban American, works for an arms dealer named RON MARTIN) walked into [REDACTED] two weeks ago.

Dellamico was asking their help in getting [REDACTED] to sell Ron Martin's Company, arms for Contras.

[REDACTED] answer was ABSOLUTELY NOT - it would be against their law. At that time Dellamico gave the [REDACTED] a copy of OUR PACKING LIST bearing the following information:

1. Shipment left [REDACTED] and was received by [REDACTED]
2. Itemized List of Inventory.
3. Ship's Name and Date of Departure.
4. Our Representative's Signature.

Partially Declassified/Released on 4/14/88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

5262

600001

UNCLASSIFIED

UNCLASSIFIED

MEMORANDUM
PAGE TWO

BS

0006

As [redacted] questioned "W" [redacted] that same morning "W's" man (who handled shipment at [redacted] port) was called in by [redacted] authorities [redacted]

In both cases - [redacted] VERY ANGRY. [redacted]

"W" had an important shipment in port and was concerned they would stop shipment. ("W" said to tell you it is the first of five you are expecting.) "W" later called to say SHIP HAD SAILED.

"W" was furious that his contact (long and costly to form) could be blown. "W" is concerned about his sensitive shipment sitting in [redacted] port and also concerned that this could become international headlines.

The copies of our packing list has now gone from Washington, [redacted] because of Ron Martin's man, Dellamico.

"W" urges you to stop Ron Martin/Dellamico.

Dellamico was given packing list by [redacted] that accepted our shipment.

I am informed that Ron Martin and [redacted] are involved in attempting to force Contras to buy from them. Dellamico demanded [redacted] sell to Ron Martin the same goods that they sold to us. They refused - they are afraid of Ron Martin.

[redacted] is sending a special man to talk to "W" [redacted] on Friday, November 1, 1985 regarding this entire affair.

"W" maintains he has crisis there under control - however, is very concerned about Ron Martin.

Meanwhile - Martin's company still has copies of our documents -

ENCLOSED:

1. Copies of documents delivered to [redacted] by Dellamico.
2. Report from my representative that was in [redacted] to meet ship. The "Mario" referred to is Dellamico.
3. General John K. Singlaub has been advised of this information.

UNCLASSIFIED

600002

UNCLASSIFIED

OBSERVATIONS AND EXPLANATIONS

To Whom It May Concern:

BS

0007

Upon arrival in [REDACTED] I proceeded directly to the hotel, checked in and phoned [REDACTED]. He was surprised at my presence [REDACTED] but welcomed me when I arrived in his office at 1100 hours, July 8, 1985. He then briefed me on the vessel's status.

On arrival in the port of discharge, the vessel anchored inside the harbor. At 1120, July 9, 1985 [REDACTED] one local customs agent, one local health official and I went aboard via pilot boat. With above personnel and [REDACTED] in the master's office, customs seemed confused and asked "where is [REDACTED]". The Port Captain answered [REDACTED] and customs seemed satisfied.

At 1135 customs, health and Agent went ashore and master showed me and Port Captain some cargo that he found loose in the hold after sailing from the loading port.

The cargo that was found and the Master's comments are in the Master's Report.

When the vessel docked it began to rain and I was approached by a man who introduced himself as Mario Hernandez. He was dressed as a civilian, but carried a side arm. He spoke fluent Spanish as well as English although English seemed his second language and he spoke it with a heavy Spanish accent. He represented the receivers of the cargo and was anxious to begin discharging.

Mario claimed that rain would not hurt the cargo and was prepared to sign papers holding the ship owner harmless for damage to the cargo incurred in discharge during the rain. This became a moot point as the rain stopped and discharge began at 1556 hours, July 9, 1985. It should be noted that Mario was known to [REDACTED] as "Mario D'Amico" and signed his name "Mario Rodriguez" to the Master's Report and the Order to Discharge. He seemed to move easily about the heavily guarded and restricted dock area giving orders to both "civilian" and military personnel.

He remained on the dock or aboard the ship at all times during the discharge as far as I know.

At 1210 hours, July 10, 1985, the master, in the presence of the port Captain and myself, gave Mario the cargo he found loose. Mario talked freely about where the cargo was made and about various specifications of it. A young man in [REDACTED] uniform carried the loose cargo off the ship concealed in cloth and put it in Mario's car which was alongside the ship.

6-000003

UNCLASSIFIED

For ~~Classification~~ / Released on 12/2/85
under provisions of E.O. 12355
of B. Reger, National Security Council

UNCLASSIFIED

B S

0008

After completion of the discharge Mario and I inspected the holds and the hatchcovers were reolaced. Later, while checking out of the hotel at the discharge port, I saw Mario and learned that he had a room there. He asked if he could ride back to [REDACTED] with me and I said yes. While waiting in front of the hotel for Mario to pack and check out, I observed his two bodyguards arrive in Mario's jeep and enter the hotel openly carrying what appeared to be the cargo found loose by the master and given to Mario. I followed them into the hotel to Mario's room where they put down the cargo. I carried Mario's gear to my waiting taxi and Mario and I then departed for [REDACTED]. Mario carried an automatic pistol in his belt.

During the sixty minute ride [REDACTED] and a subsequent dinner we had together that night, I learned the following about Mario:

- he was born in North Carolina
- he has lived in Central America for 17 years
- his current home is [REDACTED]
- he has a wife and two children in the U.S.
- he has a wife in [REDACTED]
- he has a girlfriend in [REDACTED]
- he prefers Central America and would not return to the states
- he is not a U.S. citizen (although I thought I saw a U.S. passport through his shirt pocket)
- he is extremely well versed in current events and has a vast and detailed knowledge of world politics - both the policies and the players
- he could talk at length about the small arms and weapons systems of many different countries

At dinner Mario also informed me that three latin men were found by "his people" in a fourth floor room of a hotel near the docks. They had, in his words, "a lot of sophisticated camera equipment" and were taking pictures of the port area. Mario said they destroyed the film and had the men in custody. He would not say who had them though. Because of many inconsistencies in his story regarding this matter, I had trouble believing it.

Other observations regarding Mario

- approximately 5'8"-5'9" tall
- approximately 175 lbs. (paunchy)
- usually wore very thick (1/2") glasses
- brown hair, advanced receding hairline

UNCLASSIFIED

600004

UNCLASSIFIED

BS

0009

As a final note on Mario, I add my impression of him. I can only report what he told me and do not submit any of it as fact. While he seemed to have an important status and role in the receipt of this cargo and handled the mechanics of that job well, his character seemed confused. He seemed to boast at times about his position, but never said what it was. He liked to talk and often said more than I thought would be prudent. I found him talking to himself at times. He liked to tell stories about himself, his travels and his life but they often contradicted each other and I found it difficult to believe any of them.

Without having a thorough understanding of the logistics of this shipment, I make the following observations that may or may not be valid.

- 1) containerized cargo is more secure, attracts less attention, is easier and quicker to handle and could be handled in most weather conditions.
- 2) there is rail siding on the dock and offers another discharging alternative
- 3) the cargo was taken by truck to [REDACTED] then to its final destination; why not discharge at [REDACTED] and avoid many of the security problems found at the commercial docks

Michael W. Fields
 MICHAEL W. FIELDS
 8-6-85

UNCLASSIFIED

G000005

DENIED
IN
Total

- 9 pgs

- BS 0010 - BS 0018

- G0000006 AND
G0000008 - G0000015

UNCLASSIFIED

1. OBJECTIVE



EX-4

NO DATE

N 5518

To create a conduit for maintaining a continuous flow of Soviet weapons and technology, to be utilized by the United States in its support of Freedom Fighters in

- Nicaragua, Afghanistan, Angola, Cambodia, Ethiopia, etc.

2. PROBLEM

With each passing year, Congress has become increasingly unpredictable and uncooperative regarding the President's desire to support the cause of the Freedom Fighters, despite growing Soviet oppression. The funds have not been forthcoming to supply sufficient arms necessary for the Freedom Fighters to win. Therefore, in lieu of the necessary funding to support this goal, the following 3-Way Trade is proposed:

5263

Partially Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

3. PROPOSAL

COUNTRY "A": [REDACTED] is capable of producing an ongoing supply of Soviet-compatible arms. [REDACTED] is at the same time trying desperately to upgrade their own military forces and equipment. They would like to purchase from [REDACTED] a wide range of military equipment.

COUNTRY "B": [REDACTED] would like to sell to [REDACTED] but [REDACTED] economy is not capable of supporting long-term credit or barter agreements. As such, the United States is the key in the successful 3-Way Trade.

COUNTRY "C": UNITED STATES. The United States is able to provide [REDACTED] with desired High Technology equipment and information. Based on this commodity, the Trade would operate as follows:

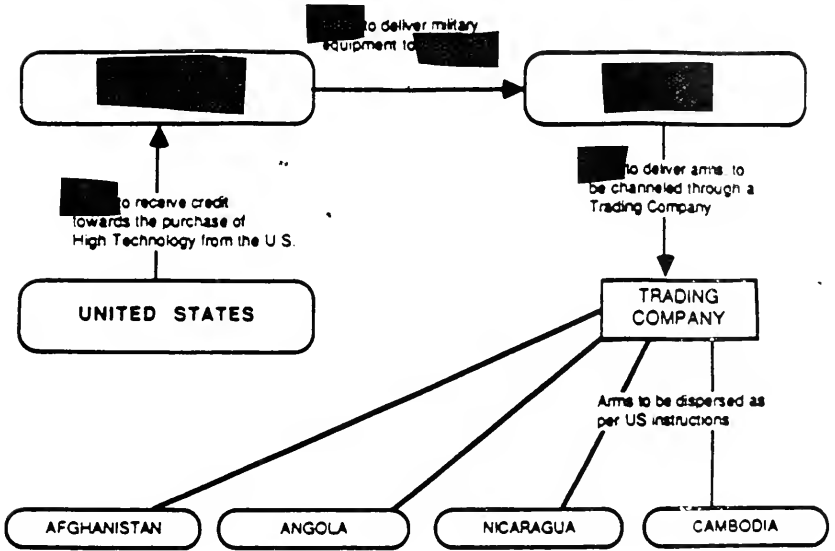
UNCLASSIFIED

PAPERCLIP TO 2034

UNCLASSIFIED

N 5519

3 WAY TRADE



UNCLASSIFIED

UNCLASSIFIED

4 'RESULTS'

[REDACTED] sells equipment, which in many cases sits stockpiled at present, to [REDACTED]. In return [REDACTED] receives from the United States equipment and technology that it could not otherwise afford to purchase.

[REDACTED] receives much-needed modernization for its forces, thereby presenting a stronger threat to the Soviet Union. In return [REDACTED] exports an ongoing supply of domestically manufactured arms, as per directions from the United States.

The United States then has at its disposal a large and continuous supply of Soviet technology and weapons to channel to Freedom Fighters worldwide, mandating neither the consent or awareness of the Department of State or Congress.

The United States would be in a position to dispense these shipments through a neutral Foreign Trading Company, established solely for this purpose.

[REDACTED] would only be aware of the fact that it is to ship to the Trading Company such specified goods as requested, comparable in USD value to the equipment received from [REDACTED]. [REDACTED] would not be aware of the final destinations of any of the exported arms.

[REDACTED] would only be aware of the buying power extended by the United States for US technology, again in comparable USD value to the equipment sent to [REDACTED].

UNCLASSIFIED

UNCLASSIFIED

The United States at present holds to a policy of providing assistance to [REDACTED] a goal which would be forwarded through this transaction. Likewise, the United States is committed to extending financial and technological assistance to [REDACTED]. This too would be accomplished. There are many avenues available regarding the forms of credit which could be extended to Israel.

We have received confirmation from [REDACTED] and [REDACTED] that they are most interested in pursuing their role in this trade arrangement. Upon your encouragement and belief that the United States could perform its role, we will proceed with [REDACTED] and [REDACTED] defining their respective roles and the equipment they are willing to trade. This will serve to establish our initial parameters of equipment quantities, and the proportionate amount of credit required.

UNCLASSIFIED

UNCLASSIFIED

20 Dec 85
Ex. #5

RICHARD SECORD

C 1627

MEETINGS:

Date

Others Attending

Record?

Subject

20 Dec 85
11 Feb 86

PHONE CALLS:

Date

Subject

20 Dec 85

[

5264

Partially Declassified/Released on 4 FC 888
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

A

C11N1090

Location 74.068

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

SMAYED
[Redacted] Ex. #6

UNCLASSIFIED

oral testimony
5/5/87

**Joint Hearings
of the**

**Select Committee to
Investigate Covert Arms
Transactions with Iran**

U.S. HOUSE OF REPRESENTATIVES:

**Select Committee on
Secret Military Assistance
to Iran and the Nicaraguan Opposition**

UNITED STATES SENATE

Partially Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council



UNCLASSIFIED

5265

**OFFICE OF THE CLERK
Office of Official Reporters**

UNCLASSIFIED

NAME: N1R125000

PAGE 193

4179 Director of Central Intelligence, did you actually meet with
4180 him in connection with Nicaragua?

4181 Mr. SECORD. Yes.

4182 Mr. MIELDS. On how many occasions?

4183 Mr. SECORD. Three occasions.

4184 Mr. MIELDS. When was the first occasion?

4185 Mr. SECORD. A few days before Christmas 1985, was my
4186 first meeting. I went to his office at Langley, met with
4187 him.

4188 Mr. MIELDS. How was the meeting arranged?

4189 Mr. SECORD. He called me in my office and asked if I
4190 could be over there in a few minutes. I wheeled right over
4191 there, I got in a little late because it was bad weather
4192 that day. But he saw me anyway.

4193 Mr. MIELDS. Do you know why he called you?

4194 Mr. SECORD. Later I determined he called me because North
4195 had suggested to him it might be a good idea for him to call
4196 me, but he, himself, did call me.

4197 Mr. MIELDS. Will you describe your meeting?

4198 Mr. SECORD. Yes. The meeting probably lasted 45 minutes.
4199 I would guess. As I said, just the two of us were there.
4200 It was a little bit humorous because at the start of the
4201 meeting he was doing most of the talking and I was making a
4202 few comments but we were talking about two different
4203 countries, and I didn't realize it for about five minutes.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR125000

PAGE 194

4204 He was talking about Iran, and I was talking about the
4205 Nicaraguan scene, so we were hemispheres a part for awhile.
4206 The director was not the easiest guy I have ever
4207 communicated with, but I have great respect for the man, I
4208 want to make that very clear to the committee. He had a lot
4209 of strategic vision.

4210 After we got the talking past each other the problem
4211 straightened out, and we got around quickly to the subject
4212 of Central America, which was the purpose of the meeting, he
4213 was talking about Iran only because he knew I had something
4214 to do with Iran matter which was not yet discussed and I
4215 won't get into that right now. We talked about the
4216 situation in Latin America.

4217 I told him that I was not an expert on that area, that I
4218 felt inadequate about that area because I really didn't have
4219 any first-hand knowledge of the geography, the people or
4220 anything else. But he was well aware that we were cranking
4221 up his airlift operation, knew of its importance.

4222 He asked me for my estimate of the situation, by that he
4223 meant the overall military-political situation, and I gave
4224 him a brief explanation, and I told him that among other
4225 things that I felt that the contra had no chance of
4226 prevailing, none whatsoever, if we didn't get this airlift
4227 operation into the field, and even with it, even if we were
4228 very successful I had grave reservations about their ability

UNCLASSIFIED

UNCLASSIFIED

NAME: MIR125000

PAGE 195

4229 to achieve any military victories. Of course--any
4230 significant military victories.

4231 I didn't see any real moves to create a viable southern
4232 front. It never was done successfully thereafter.

4233 Although I knew they had many thousand more men than they
4234 could successfully arm and train, I didn't see the logistics
4235 capability, I didn't see the intelligence capability and I
4236 did not see the leadership which is going to be required for
4237 a decisive military victory there.

4238 Of course, it is possible that sufficient pressura could
4239 be generated by keeping them in the field to bring the
4240 Sandinistas to the table. I believe he shared my view of
4241 that situation, at least at that time.

4242 He told me that they were very appreciative of what I was
4243 doing, and he said I had his admiration and asked what he
4244 could do, and I explain to him that I needed intelligence
4245 information, as I just discussed with you gentlemen. He
4246 took some notes on that; he was non-committal, he didn't
4247 promise me anything.

4248 But he said he would look into it. Just as I was leaving
4249 that particular disoussion, I said to him, Mr. Direotor, if
4250 and when you get your hunting license back--this was a kind
4251 of crude way to referring to hoped for congressional
4252 action--whatever assets were creating right now--by that I had
4253 in mind the air field which was just being soratched out and

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR125000

PAGE 196

4254 our air lift operation, and the material that went with it
4255 is yours, just walk in and it is yours. That I assure you.
4256 He said, thanks very much, and I left.

UNCLASSIFIED

NAME: HIR125000

PAGE 197

4257 RPTS DOTSON

4258 DCMN BANNAN

UNCLASSIFIED

4259 Mr. NIELDS. You were referring to the assets you were
4260 developing in connection with this air re-supply operation?

4261 Mr. SECORD. That is correct. As I said earlier, it was
4262 not a profit-making picture for us. We were just trying to
4263 hold the line until we could get out of there.

4264 Mr. NIELDS. When was your next meeting with Director
4265 Casey?

4266 Mr. SECORD. The next meeting was at my request and it was
4267 a very brief meeting that took place in--I believe it took
4268 place in early February '86. I don't have any notes on it,
4269 but I remember it fairly well.

4270 Mr. NIELDS. How was that set up?

4271 Mr. SECORD. I called North and asked him to set it up,
4272 and he did.

4273 Mr. NIELDS. This one was at your request?

4274 Mr. SECORD. My request. I went to see him because I was
4275 unhappy, and I told him, Mr. Director, you and I are both
4276 too old to waste time beating around the bush. I have come
4277 here to complain.

4278 Complain about what?

4279 I said, complain about your organization.

4280 What organization?

4281 The Central--the task force, I said.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR125000

PAGE 198

4282 He said, what task force?

4283 I said, the Central America task force.

4284 Oh, that one. What's the problem?

4285 I said, the problem is I'm not getting any support. I
4286 wanted intelligence information, guidance; whatever support
4287 you can give us, I want. We want every bit of support we
4288 can get from you. Instead what we are getting is a lot of
4289 questions about the nature of Gadd's organization, how is it
4290 organized, who owns it, who has the share, what Secord is
4291 doing. It was like an investigation of our organization.
4292 They weren't supporting it.

4293 I didn't need to be investigated, I needed to be
4294 supported, and that was the nature of my complaint, and I
4295 stated it firmly. Again he said he would look into it. The
4296 meeting was a brief meeting.

4297 The last time I saw the director was quite a bit later,
4298 and I'm sorry but I cannot tell you what month it was in. I
4299 think it was before the May Journey of Mr. McFarlane to
4300 Teheran in '86, but it might have been after, I'm not sure.
4301 But it was about that time frame.

4302 This meeting concerned itself also with contra matters. I
4303 happened to be in North's office discussing something when
4304 the director called Colonel North, and North said that was
4305 the director, he wants to see me, would you like to go with
4306 me.

UNCLASSIFIED

UNCLASSIFIED

NAME: HIR125000

PAGE 199

4307 I thought we were leaving the building, but we weren't.
4308 We were just going around the corner to another office where
4309 he happened to be, the director happened to be. I went in
4310 and he said, good to see you again, General.

4311 North and I sat down with him and the subject was raised--
4312 and I believe this was a continuing discussion Colonel North
4313 was having with the director, because he went right into the
4314 middle of a problem, and that was the growing shortage of
4315 funds to support the contras.

4316 North said that this was becoming a really critical
4317 problem, that donations to the cause were tailing off, they
4318 hadn't been materializing as they should, there were
4319 shortages in virtually everything, even food by this time.

4320 The director stated that he wasn't at all confident that
4321 they would be able to get a new bill out of Congress in too
4322 short a period of time. He said that some people over here,
4323 meaning the executive offices, seemed to think they were
4324 going to be able to get a new bill rather rapidly off the
4325 Hill. But he didn't share that view.

4326 North turned to me and asked me to give my estimate of the
4327 situation, so I had to give my estimate of the situation
4328 again. So I ran through quickly what I thought I knew about
4329 the situation at the time. I told him that this airlift
4330 operation, which was my area of concern, was also short of
4331 funds, we needed a lot of things, we needed a lot of new

UNCLASSIFIED

UNCLASSIFIED

4332 equipment.

4333 I wanted in particular to buy some initial navigation
4334 equipment for the new airplanes but they were very
4335 expensive. We didn't have good weather radar either, and so
4336 on.

4337 Casey asked me how much money is needed, and I said, well,
4338 it depends on what period of time you are talking about.
4339 Unless the Government, the U.S. Government, gets back into
4340 the support of the contras, you know, we are not going to
4341 make it.

4342 That was the message I wanted to impart. It had to be
4343 done fairly soon, because these private efforts, while they
4344 can bring a little bit, they cannot supplant the kind of
4345 effort that can be put forth by a nation. No private
4346 organization ever has enough resources to do that kind of a
4347 job.

4348 I have already mentioned intelligence and there are other
4349 areas. He said, well, a few months, the end of the summer,
4350 something like that, I guessed. I said I thought it would
4351 take about \$10 million, I thought.

4352 He said \$10 million, \$10 million, and then he mentioned
4353 the country which he thought might be willing to donate this
4354 kind of money. But then he said, but I can't approach them.

4355 Why, I don't know. Why he couldn't approach them, I don't
4356 know and he didn't say. But he said that two or three

UNCLASSIFIED

UNCLASSIFIED

NAME: NIX125000

PAGE 201

4357 times. And then he said, then he looked at me and said, but
4358 you can.

4359 And I said, Mr. Director, I'm not an official of the U.S.
4360 Government. I don't think these people are particularly
4361 interested in solicitation from private citizens. I think
4362 that would be very foolish.

4363 And then he mused about it again and North said somebody
4364 better damn well start looking into this thing right away
4365 because it is a rather desperate situation.

4366 The director stated that he believed that George, meaning
4367 the Secretary of State, could make such an approach, though,
4368 and that was the bottom line. He said he would speak to the
4369 Secretary of State about this matter.

4370 That was the last time I ever met with the director,
4371 although again he thanked me for the efforts that I had been
4372 involved with.

4373 Mr. NIELDS. Any other government officials, other than
4374 the ones you have mentioned and Oliver North, who lent you
4375 support in this operation?

4376 Mr. SECORD. None that I can think of right now.

4377 Mr. NIELDS. All right.

4378 I would like to return to the KL-43 messages. You should
4379 have one in front of you dated 4-28-86.

4380 Mr. SECORD. Okay.

4381 Mr. NIELDS. Who is that from and who is it to?

UNCLASSIFIED

EXHIBIT # 8
INCOME TAX RECEIPTS
10 pages

DENIED IN
TOTAL

EXHIBIT # 9

LETTER WITH ENCLOSURES 12/9/86

10 PAGES

DENIED IN

TOTAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

UNCLASSIFIED OR **CONFIDENTIAL**

ERIC 638 /87

CONFIDENTIAL INTERVIEW DEPOSITION

of

DONALD FRASER

of

GEORGETOWN, GRAND CAYMAN

CONDUCTED BY:

A REPRESENTATIVE OF THE UNITED STATES SENATE SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
APPOINTED BY THE UNITED STATES SENATE

-and-

A REPRESENTATIVE OF THE SELECT COMMITTEE TO INVESTIGATE COVERT
ARMS TRANSACTIONS WITH IRAN
APPOINTED BY THE
UNITED STATES HOUSE OF REPRESENTATIVES

-o0o-

Held before ALFRED C. DEVENPORT, Official
Examiner, in his Chambers, Suite 305, Boardroom, 65
Queen Street West, Toronto, Ontario, Canada, on the
29th day of April, 1987.

UNCLASSIFIED

COPY NO. 1A OF 1 COPIES

ALFRED C. DEWINTER, Official Examiner, Toronto

UNCLASSIFIED
CONFIDENTIAL

13

APPEARANCES:COPIES NO 1 OF 2 COPIES

JOHN A. GAMBLE, Q.C.
Barrister & Solicitor
Counsel for
Mr. Donald Fraser

Gamble & Garbe
7507 Kennedy Road
P.O. Box 296
MARKHAM, Ontario, Canada
L3P 3J7

JOEL LISKER, Esquire
Associate Counsel

United States Senate,
Select Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
901 Hart Senate Office Building
WASHINGTON, D.C. 20510

MS. PAMELA J. NAUGHTON
Staff Counsel

Select Committee to Investigate
Covert Arms Transactions with Iran
U. S. House of Representatives
H-419 The Capitol
WASHINGTON, D.C. 20515

4172

Declassified/Released on 11 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

1b

UNCLASSIFIED
CONFIDENTIAL

A P P E A R A N C E S, C O N T I N U E D:

DANIEL C. DREIBELBIS, JR.	Federal Bureau of Investigation
Special Agent Accountant	7142 Ambassador Road
	BALTIMORE, MD 21207

MS. VICKI BEEN	Office of Independent Counsel
Associate Counsel,	555 13th Street N.W.
Appointed at the Request	Suite 701
Of U.S. Attorney General	WASHINGTON, D. C. 20004

CST. L.D. (Lionel) LIZOTTE	Royal Canadian Mounted Police
National Crime Intelligence	225 Jarvis Street
Section N.C.I.S.	Toronto, Ontario, Canada

- oOo -

UNCLASSIFIED
CONFIDENTIAL

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(~~CONFIDENTIAL~~) D. FRASER

1c

INDEX OF EXAMINATION

<u>WITNESS, D. FRASER:</u>	<u>PAGE NO.</u>
By Mr. Lisker	7 - 38
By Ms. Naughton	39 - 71
By Mr. Lisker	71 - 79
By Ms. Naughton	79 - 80

---0---

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(~~CONFIDENTIAL~~) D. FRASER

1d

INDEX OF EXHIBITS

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1	List of Names	63

UNCLASSIFIED

ALFRED C. DEVER, P. O. Box 111, Etobicoke, Ont. L9R 4R1, Toronto

UNCLASSIFIED(CONFIDENTIAL) D. FRASER

3

1 RCMP, Toronto.

2 MR. GAMBLE: And I'm John Gamble, Counsel
3 for Mr. Fraser.

4 MR. LISKER: At the outset, I'd like to
5 make one statement for the record, and I believe
6 we'll have another statement: That is that
7 nothing that is asked of you this morning, by
8 either the House or the Senate, will in any way
9 be derived from any information received from
10 immunized witnesses. In particular, nothing will
11 be asked of you regarding Albert Hakim, or
12 documents supplied to the various committees by
13 Mr. Hakim.

14 MS. NAUGHTON: Pamela Naughton, for the
15 House Representatives. We just want to put on the
16 record that this is a Senate deposition, not a
17 House of Representatives' deposition.

18 I'll be participating, but we'll be
19 proceeding under the Senate rules.

20 MS. BEEN: Vicki Been from the Office of
21 Independent Counsel. I'd just like to put on the
22 record that we have received assurances from both
23 the House and the Senate that no immunized
24 materials, including the record -- any records or
25 testimony from Albert Hakim -- will be used in the

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

2

DONALD FRASER

1
2 was duly sworn by Alfred C. Devenport,
3 Official Examiner, to testify to the
4 truth, the whole truth, and nothing but
5 truth in this Interview Deposition.

-0-

7 MR. LISKER: Good morning, Mr. Fraser. My
8 name is Joel Lisker. I'm an Associate Counsel
9 with the Senate Select Committee on Secret
10 Military Assistance to Iran and the Nicaraguan
11 Opposition.

12 We have several other individuals in the
13 room with us, and I'd appreciate it if each would
14 identify themselves for the purposes of the
15 record.

16 MS. NAUGHTON: Pamela Naughton, Staff
17 Counsel, with the House of Representatives,
18 Select Committee.

19 MR. DREIBELBIS: Dan Dreibelbis, Special
20 Agent, FBI, assigned to Independent Counsel, to
21 Judge Lawrence Walsh' investigation.

22 MS. BEEN: Vicki Been, Associate Counsel
23 with the Office of Independent Counsel, Judge
24 Walsh.

25 MR. LIZOTTE: Lionel Lizotte, with the

UNCLASSIFIED

Declassified/Released on 11 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

1 process of their questioning.

2 MR. LISKER: Yes. Let me just add one
3 thing to what I said previously. We may ask you
4 questions about Mr. Hakim, but nothing from Mr.
5 Hskim's immunized testimony.

6 MR. GAMBLE: Now, if I may just outline the
7 series of questions and answers in the routine
8 that will be followed today -- I'm not aware of
9 the consequences of excluding questions that may
10 arise out of immunized witnesses' previous
11 testimony or depositions -- but the purpose of
12 this series of questions and answers, to be made
13 of and given by Mr. Fraser, is that he may be
14 given an opportunity to respond to a legitimate
15 series of investigations undertaken by agencies of
16 the United States Government or Representatives of
17 the United States Legislature, in both of its
18 branches. The purpose being, on one occasion, to
19 provide answers to questions related to the Secret
20 Military Assistance to Iran and to the Nicaraguan
21 Opposition, and not with respect to matters of a
22 general nature related to the business of Mr.
23 Fraser or his private or personal life.

24 It will be Mr. Fraser's intention to answer
25 all the questions that he can with respect to this

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

5

1 matter, the specific subject matter of
2 investigation.

3 But it is sincerely hoped -- and as a matter
4 of fact, it is one of the conditions of our
5 arranging this series of questions and
6 answers -- that there be a single interview.

7 Now, I would like to point out that if,
8 subsequently, for some reason, which escapes me,
9 some immunized witnesses' evidence might give rise
10 to answering questions in similar circumstances,
11 such as this, at another time, Mr. Fraser would
12 object to it. So that I hope that all questions
13 that is wished to be asked of Mr. Fraser, at one
14 point or another, during this investigation, will
15 be asked.

16 I notice Pamela Naughton's comments with
17 respect to employing the Senate rules. I would
18 sincerely hope -- and it was the intention when
19 this meeting was arranged -- that the Select
20 Committee of the U.S. House of Representatives,
21 dealing with government arms transactions with
22 Iran, would be given an opportunity to ask
23 questions of their own.

24 It is not Mr. Fraser's intention to return
25 again and answer questions that may be asked by

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

(~~CONFIDENTIAL~~) D. FRASER

6

1 any Representative of the U.S. House of
2 Representatives' Select Committee to Investigate
3 Covert Arms Transactions with Iran. This is an
4 opportunity for the House to do so. And if the
5 House chooses not to do so, it will not be Mr.
6 Fraser's intention to return and answer any other
7 questions.

8 This does not, of course, mean that he would
9 not respond to any invitation to appear before
10 either committee of the U. S. Legislature.

11 Now, having said that ---

12 MR. LISKER: Excuse me, Mr. Gamble.

13 MR. GAMBLE: Yes.

14 MR. LISKER: You said Senate rules. I
15 think you meant to say House rules.

16 MR. GAMBLE: I thought that Miss -- rather,
17 Pamela Naughton said that they were going to
18 employ the Senate rules.

19 MR. LISKER: Well, we are employing Senate
20 rules.

21 MR. GAMBLE: That's what I meant.

22 MR. LISKER: I'm sorry.

23 MR. GAMBLE: That's what I meant, and
24 that's what I thought I said.

25 MR. LISKER: Yes.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

7

1 MR. GAMBLE: Yes. I just didn't understand
2 the consequences; that if that meant that the
3 House was -- and I'm talking about the House of
4 Representatives -- was not about to ask their
5 questions, then it bothers me, because this is the
6 one single opportunity that the House of
7 Representatives is going to have, because it was
8 on that understanding that we arrange this
9 meeting. So having said that -- Mr. Lisker.
10 MR. LISKER: Thank you, Mr. Gamble.

11

12

EXAMINATION BY MR. LISKER:

13

14 Q. Mr. Fraser, will you tell us what your
15 profession is?

16

17

18 A. I'm a businessman; formally an accountant
19 from Canada.

20

21 Q. And what is your background in business?

22

23 A. I'm a chartered accountant.

24

25 Q. Sorry?

26

27 A. I'm a chartered accountant.

28

29 Q. A chartered accountant?

30

31 A. The same as a CPA in the United States.

32

33 Q. I see. How and when did you first come in
34 contact with Mr. Adnan Khashoggi?

35

36 A. I met him once, I think, at a -- in Monaco.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

8

1 at the casino, for a brief period of time, shook hands
2 with him, in 1980 or '81. But I don't think he'd
3 remember that meeting. And then I met him for the
4 first time in March of last year, March of 1986.

5 Q. Prior to March of 1986, did you, to the best
6 of your knowledge, have any business relationship with
7 either Mr. Khashoggi or any enterprise under his
8 control and direction?

9 A. No, I didn't.

10 Q. At the present time, will you identify those
11 businesses or business organizations or
12 entities -- partnerships, corporations, so
13 forth -- with which you have an interest, in which you
14 have an interest, in which Mr. Khashoggi also has an
15 interest at this time, or has had an interest in the
16 past?

17 A. I think the only one that I'm involved with
18 is Skyhigh Resources Limited, which is a public
19 company, traded on Vancouver, in which he is the
20 Chairman, and I'm a director of that company.

21 Q. What is the relationship between the Triad
22 group and Skyhigh Resources?

23 A. I don't think there is any relationship, as
24 far as I know.

25 Q. Did you ever have a relationship with the

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

9

1 Triad group or Triad U.S.?

2 A. I was president at one time of Triad
3 America.

4 Q. And when was that?

5 A. I resigned about three -- I think about
6 three weeks ago.

7 Q. And when did you become president?

8 A. Two times. I became president, I think,
9 around the end of March, for a period, to the end of
10 May, and then -- there will be documents on file in
11 Salt Lake. I don't know the exact dates. And then I
12 became president again, I think, around the 1st of
13 September until this time, I resigned now.

14 Q. Three weeks ago. Under what circumstances
15 did you become president?

16 A. What do you mean?

17 Q. How did you come to be president on those
18 two occasions?

19 A. The company was troubled. I was asked to
20 come on to try to solve the problems. I made certain
21 recommendations, which people wouldn't accept at
22 this -- in the first instance. And then the second
23 time I came on, they accepted some of the
24 recommendations, and reduced the staff. And I put the
25 company into Chapter 11, whatever it is.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

10

1 Q. And who asked you to become president?

2 A. Who asked me? Mr. Khashoggi.

3 Q. And what did he tell you at that time?

4 A. I'm sorry?

5 Q. What did he tell you at that time, to
6 persuade you to do this?

7 A. Oh, I thought it was probably my -- it
8 didn't take much persuasion. I think I was caught up
9 with being involved with Mr. Khashoggi, and having a
10 chance to run a very large organization during that
11 time.

12 Q. Well, what is your relationship with
13 Skyhigh?

14 A. I'm a director of Skyhigh and an investor.

15 Q. And that begins in March of 1986, you said
16 previously?

17 A. No, I've been -- I was a director for about
18 two years.

19 Q. I see. How did you become a director of
20 Skyhigh? Did you have a prior relationship with the
21 company?

22 A. Oh, yes. I have been involved with several
23 companies with a Mr. Philp (phonet.). And he is
24 president of Skyhigh. And Skyhigh was a small resource
25 company, and I'm involved with a number of companies.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

11

1 Q. And do you have a capital position with
2 Skyhigh, apart from your directorship?

3 A. Yes. I'm the largest shareholder in that.

4 Q. How many shares does that represent?

5 MR. GAMBLE: Oh, I don't know if that's
6 material.

7 THE WITNESS: It's public knowledge,
8 anyways.

9 MR. GAMBLE: Well, I still don't know that
10 it's material.

11 MR. LISKER: Well, I'm just simply trying
12 to get some understanding of his relationship with
13 Khashoggi's enterprises and the depth of his
14 commitment to Mr. Khashoggi.

15 THE WITNESS: I think Mr. Khashoggi has a
16 very small position in Skyhigh. He didn't get
17 involved until the summer of '86.

18 BY MR. LISKER:

19 Q. So, do you want to answer the question?

20 A. I don't know off the top of my head. It's
21 over a million shares I have.

22 Q. And apart from Skyhigh, and these two
23 positions as president -- there are two periods of time
24 in 1986 and later in 1987 with Triad -- do you have any
25 other relationship with Mr. Khashoggi, business

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

12

1 relationship?

2 A. Well, there's lot of -- like I was
3 explaining to Mr. Gamble, when I resigned from Triad, I
4 resigned both times on a blanket resignation, stating
5 that any companies that I was involved with, that I
6 would either sign documentation, or this resignation
7 was resigning from all the companies.

8 The Triad group and Mr. Khashoggi's
9 companies, they're -- like the lawyers would put you on
10 as directors, and I wouldn't know which companies I was
11 a director of or an officer of. And so when I wanted
12 to be indemnified, I asked for a blanket resignation
13 from all the companies. And, also, all docu-
14 ments -- like I signed documents as high as this roof,
15 and I just asked the lawyers for their okay, and I
16 would ask to sign it. So I wouldn't have any idea
17 what -- you know, what companies I was an actual
18 director of.

19 Q. Which lawyers are you relying on for this
20 advice?

21 A. The Salt Lake lawyers. Like the Triad
22 lawyers that were ---

23 Q. And the name of the firm?

24 A. The last one was Prince, Yates (phonet.).

25 And I think the one before that was -- I can't think of

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

13

1 the name of it.

2 MR. LISKER: Would it be possible, Mr.
3 Gamble ---

4 THE WITNESS: It's the main one for Triad
5 up until last summer, I guess.

6 MR. LISKER: Would it be possible, Mr.
7 Gamble, to provide the committees -- and I suppose
8 the Independent Counsel -- with a copy of the --
9 of some document which incorporates the names of
10 these companies, the various companies?

11 MR. GAMBLE: It wouldn't, because as Mr.
12 Fraser has just explained ---

13 THE WITNESS: Sorry, I don't have any ---

14 MR. GAMBLE: As Mr. Fraser just explained,
15 he doesn't know what companies they are.

16 BY MR. LISKER:

17 Q. Okay. They didn't provide you with copies
18 of what ---

19 A. Well, what you could do, I'm sure -- a Mr.
20 Art Miller, when he went to your committee, the
21 committees -- all those documents were subpoenaed at
22 one time.

23 Q. Okay. Now, as president of Triad during
24 those two periods of time, what were your
25 responsibilities, specifically?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

14

1 A. I was the general supervisor of the group of
2 companies; mainly trying to reorganize, cut back the
3 debt, and try to, I guess, eliminate companies that
4 weren't needed. There was a real mess. Money was
5 being wasted, and the company was going nowhere fast.
6 It was going downhill very quickly.

7 Q. Now, what is your relationship with Vertex
8 Finances, S.A.?

9 A. In which way? I was a director at one
10 point.

11 Q. A director?

12 A. Yes.

13 Q. And how many directors ---

14 A. I'm not at liberty to answer that.

15 Q. And what does Vertex Finances, S.A. do?

16 A. Again, that's a Cayman Island company. I
17 don't know if I can answer that.

18 MR. GAMBLE: The problem -- and you've run
19 into this before -- I think all of you have -- is
20 that Mr. Fraser is a resident of Grand Cayman, and
21 he is required by the secrecy laws of that country
22 not to make disclosures of any information that
23 relates to Grand Cayman corporations.

24 I've spoken to Mr. Fraser about this, and in
25 the event that those companies are his own

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

15

1 personal corporations, a hundred per cent
2 controlled by Mr. Fraser, I see no difficulty in
3 releasing that information.

4 If there are other people involved, however,
5 I think that it would be a breach of their secrecy
6 laws to make disclosures of that information, and
7 I have advised him accordingly. He's very
8 concerned about his position in Grand Cayman.

9 THE WITNESS: Well, I think there is a
10 treaty between the United States and Grand Cayman
11 that you can request the information through the
12 treaty. But a lot of information you've asked
13 me, even if I do know it or don't know it, I have
14 to answer the exactly the same, so you're going to
15 get the impression that I may know some
16 information, which I don't.

17 BY MR. LISKER:

18 Q. How about Euro Commercial Finances, B.V.?

19 A. That's my own corporation.

20 Q. Can you tell us what that company does

21 and ---

22 A. It's basically just -- it's an investment
23 company which holds my own investments.

24 Q. It's a holding company?

25 A. Holding company, basically.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

16

1 Q. A personal holding company?

2 A. Personal holding company, and management
3 company for some others.

4 Q. Does Euro Commercial Finances, B.V. have any
5 relationship with the Triad companies?

6 A. I originally made a commitment to advance
7 nine million dollars to Triad America. And the first
8 time when I went in, I advanced -- started advancing.
9 I advanced a million dollars. Then I advanced
10 subsequent advances, which ended up being one million,
11 seven hundred and sixty thousand. I stopped the
12 advances when I saw that the money was -- that it
13 was -- when I resigned as president. Like there was
14 no -- and I took substantial collateral. For that I
15 took the Triad Energy stock as collateral.

16 Q. Who solicited those loans from Euro
17 Commercial Finances?

18 A. It was Mr. Khashoggi.

19 Q. And when was that?

20 A. That was in March, when I was president, in
21 March.

22 Q. March of 1986?

23 A. Yes.

24 Q. So that was when you initially assumed the
25 presidency?

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

17

- 1 A. Right.
- 2 Q. Was that a condition to your assuming the
3 presidency?
- 4 A. That was part of it. It was part of the
5 conditions of getting a loan, yes.
- 6 Q. In other words, you were seeking to assert
7 your management skills over a company which was to
8 become indebted to you?
- 9 A. Right.
- 10 Q. In the terms of overall indebtedness of
11 Triad, where would a million, seven hundred and sixty
12 thousand dollars fit in the scheme of things?
- 13 A. Very small. Very small.
- 14 Q. Do you know what the total indebtedness of
15 Triad was ---
- 16 A. Not at the time, no.
- 17 Q. --at the time of your departure?
- 18 A. It's all on file, anyway. I don't know the
19 exact figure. I wouldn't -- it's very substantial.
- 20 That was not the only loan. When I came
21 back, I subsequently was advancing funds to Triad
22 Energy, also.
- 23 Q. Now, there have been stories -- and which
24 have appeared in the press, and I'm sure you're
25 familiar with them -- indicating that at one point

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

13

1 forty-three million dollars in loans, in advances,
2 apparently secured by notes, were passed from
3 companies, which you control, to Triad U.S.

4 A. Well, I didn't think it said what I control.

5 Q. Well, then Vertex -- well, I'm sorry, that's
6 true. Euro Commercial Finances and Vertex Finances,
7 you're correct. You don't control Vertex Finances.
8 But through those two companies, to the best of your
9 knowledge, is that a true statement?

10 A. The figure I don't remember, but I know that
11 there was mortgages placed on some of the Triad
12 properties, which would all be of record in Salt Lake,
13 from Vertex. I don't know the exact figures.

14 MR. GAMBLE: From Triad?

15 THE WITNESS: Yes, from Triad and its
16 various subsidiaries. But they would be all
17 registered.

18 MR. GAMBLE: Yes.

19 BY MR. LISKER:

20 Q. Mr. Gamble indicated that you are a resident
21 of the Cayman Islands -- of Grand Cayman. What other
22 residencies do you have?

23 A. I'm also a resident of Monaco.

24 Q. And your citizenship is exclusively
25 Canadian?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

19

1 A. Right.

2 Q. Have you had frequent meetings with Mr.
3 Khashoggi?

4 A. Yes.

5 Q. How many times have you met with him since
6 you first began business with him in March of 1986?7 A. Meetings or telephone calls and that? At
8 one point, I would speak to him on a daily basis.9 Q. Did you speak to others, senior advisors of
10 Mr. Khashoggi's? Did you speak, for example,
11 frequently with Mr. Furmar or ---12 A. I was telling Mr. Gamble, Mr. Furmar I met
13 for the first time three weeks ago, when I resigned.
14 He was in Mr. Khashoggi's apartment in Paris. And that
15 was the first time that I have ever met the man.

16 Q. Had you heard his name before?

17 A. Sure, in the press.

18 Q. Well, I mean apart from today. In the
19 context of these stories or ---20 A. No. Other than the press, and I read the
21 Tower report, and that sort of thing.22 Q. Again, according to press accounts, the
23 indebtedness to which I referred earlier, was
24 secured -- was obtained in three instalments.
25 According to the press: Eight million with a~~CONFIDENTIAL~~
UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Chartered Accountant, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

20

1 promissory note on 11-15-85; seven million with a
2 promissory note three days thereafter, which would be
3 11-18, and six million with a promissory note 1-5-86.
4 To the best of your knowledge, is that true?

5 A. I remember documentation in March relating
6 to that, yes.

7 Q. So it is true?

8 A. As far as -- it's on public record. Again,
9 on Triad's records.

10 Q. Yes. Again, the same story said that there
11 was a deed of trust, March 20th, 1986, for certain Utah
12 real estate?

13 A. Right.

14 Q. To your knowledge, and without violating the
15 secrecy laws of Cayman Islands, was all of the money
16 that passed through the two companies accounted for in
17 one form or another? In other words, assuming the
18 twenty-one million dollars came from those companies
19 that flowed into Triad, are you satisfied, in your
20 mind, that the money -- that you know what happened to
21 that money?

22 A. I never saw the funds in or out. Like I
23 wasn't involved with the funds at all, so ---

24 Q. So you have no knowledge of what
25 transpired ---

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

21

1 A. I have no knowledge of that at all.

2 Q. Is Mr. Miller also a director of Triad?

3 A. He was at the first, from March to May, but
4 that's the only time he was on as a director.

5 Q. Was he also solicited by Mr. Khashoggi to
6 assume those responsibilities, or did you? Were you
7 interested ---

8 A. You'd have to speak to Mr. Miller on that.
9 I don't know.

10 Q. You didn't ask him to do it?

11 A. No.

12 Q. In your business dealings, in your normal
13 business dealings, have you ever been involved, to your
14 knowledge, in any business activities relating to the
15 purchase or transfer of arms?

16 A. None whatsoever.

17 Q. And when I say arms, I mean not only weapons
18 and implements of war, but materials which could be
19 applied in way of supporting those items?

20 A. I'm not -- you have to understand one thing.
21 I'm involved in the finance business. I'm involved
22 in -- I trade on the stock market. I'm an investor. I
23 have some small companies here in Canada. One, a
24 manufacturing of steel buildings, and that is it. Like
25 I'm not involved in any trading or arms dealings or

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Chartered Accountant, Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

22

1 anything like that.

2 Q. Well, apart from your participation in
3 Vertex Finances, and your exclusive ownership of Euro
4 Commercial Finances, B.V, what other companies do you
5 participate in? I'm not speaking of shares held, you
6 know, in the stock market, as an ordinary investor, but
7 I mean, do you have official positions in any other
8 companies?

9 A. Quite a few, but that's my private thing.

10 MR. GAMBLE: Yes, it is.

11 BY MR. LISKER:

12 Q. Not related in any way to Mr. Khashoggi ---

13 A. No, not related.

14 Q. --or any of the other individuals who have
15 been identified?

16 A. You have to understand one thing with Mr.
17 Khashoggi. I met him in March. I've received a lot of
18 publicity about it. I finally have been able to resign
19 and go back to the way I was living with a low profile.

20 And I have very, very little relationship
21 with Mr. Khashoggi, other than right now through
22 Skyhigh. And he's Chairman of the board, and I'm a
23 director, and that's it.

24 I will still give -- if he needs my help, to
25 give him consulting on Triad. I have agreed that I

UNCLASSIFIED

~~CONFIDENTIAL~~

ALFRED C. DEVENPORT, Director, Royal Canadian Mounted Police, Toronto

~~CONFIDENTIAL~~ D. FRASER

23

1 would. Because I'm -- they've taken a lot of my advice
2 on cutting back where they should and eliminating some
3 of the companies and that, but other than that, that's
4 the total extent of my business with Mr. Khashoggi.

5 Q. Do you know Mr. William Casey, former CIA
6 Director.

7 A. No, I don't.

8 Q. Mr. Charles Allen, former National
9 Intelligence Officer for the CIA?

10 A. No, I don't.

11 Q. Do you know Mr. Manuchehr Ghorbanifar?

12 A. No, I don't.

13 Q. Mr. George Cave?

14 A. No.

15 Q. Okay. Do you know Mr. Cyrus Hashimi
16 (phonet.), or did you know Mr. Cyrus Hashimi?

17 A. No. Some of these names you're say-
18 ing -- okay, I've met a lot of people at Mr.
19 Khashoggi's apartments, and things like that, okay,
20 and -- but I do not know any of those people by name,
21 other than I've read some of the people's ---

22 Q. Right.

23 A. --names from ---

24 MR. GAMBLE: You may know who they are, in
25 other words?

~~CONFIDENTIAL~~

UNCLASSIFIED

ALFRED C. DEVLIN, 1001 Bay Street, Toronto

(CONFIDENTIAL) D. FRASER

24

- 1 THE WITNESS: Yes.
- 2 BY MR. LISKER:
- 3 Q. But you don't know them personally?
- 4 A. No.
- 5 Q. General John K. Singlaub?
- 6 A. No.
- 7 Q. Michael Ladeen?
- 8 A. No.
- 9 Q. Emanuel Wiggensberg (phonet.)?
- 10 A. No.
- 11 Q. Mr. Nimrodi, Mr. Nir?
- 12 A. No.
- 13 Q. Do you know Mr. Kimche?
- 14 A. No.
- 15 Q. You have never met any of those people, to
- 16 your knowledge?
- 17 A. Not to my knowledge.
- 18 Q. Have you had any discussions with Mr.
- 19 Khashoggi, since this story broke, concerning Mr.
- 20 Furmask's comments and how this thing evolved?
- 21 A. Well, I'm sure I have. Like I was very
- 22 upset when it first broke. But I can't specifically
- 23 remember exactly what I discussed about it, you know,
- 24 but I'm sure I've commented about this to him.
- 25 Q. Well now, you know there were two stories

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

25

1 initially. Mr. Furner~~g~~'s version of the two angry
2 Canadians, and then Mr. Khashoggi's subsequent press
3 interview in which he said that that was a ruse, in
4 order to put pressure on the CIA to come up with ten
5 million dollars to satisfy an unnamed partner.

6 Do you have -- apart from what you have read
7 in the press, do you have any information about those
8 two events?

9 A. I have nothing. I tried to stick mainly to
10 Triad. And when I went to the press trying to explain
11 it, I got deeper and deeper into a bigger mess,
12 so -- like I just stayed away from the whole thing.

13 Q. How many discussions with Mr. Khashoggi have
14 you had since the story broke, approximately? How many
15 discussions?

16 A. I have been talking -- like up to a point, I
17 said I talked on a daily basis to him, when it was -- I
18 had a lot of ---

19 Q. But how many of those discussions related to
20 the press accounts and what was happening to you, as
21 opposed to business of Triad and ---

22 A. I'm not sure.

23 Q. --Blue Sky?

24 A. I would -- I've just mentioned -- Skyhigh.

25 Q. Skyhigh. I'm sorry.

UNCLASSIFIED
CONFIDENTIAL

UNCLASSIFIED

ALFRED C. DEVENORY, OFFICE OF THE ATTORNEY GENERAL, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

26

1 A. It would just be in comments that, you know,
2 like I wish -- I'd say something: Like I wish this
3 would straighten itself up and ---

4 Q. And what would he say?

5 A. He would assure me that it's fine, so ---

6 Q. Did he ever give any explanation to you as
7 to why Mr. Furnargk made the statements that he did?

8 A. No.

9 Q. Did you ever seek an explanation?

10 A. No, I never. It wasn't -- like I thought
11 that -- I don't think Mr. Furnargk ever said my name.
12 It never came up, but it was -- like I never realized
13 that he had actually said my name with them.

14 Q. Well, the names initially were, as I
15 understand it, were garbled a little bit, but I
16 believe he had your last name, or a last name which
17 Mr. Khashoggi said was a ruse.

18 A. Oh, I never knew. I really didn't know that
19 until now. Like I think, originally, when it came out
20 that there were two Canadians, I thought that it was
21 two other chaps that were involved with Barrick
22 Resources.

23 Q. I'm sorry. Who are those two persons?

24 A. What's the guy's name now? My mind has gone
25 blank, I think.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

27

1 MR. GAMBLE: Well, that's all right. I
2 know one of them, but I don't know whether that's
3 a -- I mean, this was just speculation on his
4 part.

5 MR. LISKER: Well, I'm curious as to why he
6 would have thought it was these two fellows.

7 THE WITNESS: It's just that they were
8 dealing a lot closer with Mr. Khashoggi over the
9 last number of years through Barrick, so -- okay?

10 BY MR. LISKER:

11 Q. Well, could we have their names? I don't
12 expect you to recall them now.

13 MR. GAMBLE: I know what they are, but ---

14 MR. LISKER: Well, if it's not Mr. Fraser
15 and it's -- you know, the other gentlemen ---

16 THE WITNESS: Well, I don't -- they are
17 not involved. I don't think that they were
18 involved at all, but ---

19 BY MR. LISKER:

20 Q. How would you know that?

21 A. Just from the understanding that no one was
22 really involved.

23 Q. But you see the problem that we've been
24 having with Mr. Khashoggi, and his various explanations
25 of events, is that there seems to be something lacking

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, President, Toronto

(CONFIDENTIAL) D. FRASER

28

1 in consistency; and depending how the spirit moves him
2 at a particular moment, he offers a new explanation.
3 And while I'm not suggesting in any way, shape or form
4 that these men are actually involved, I would
5 appreciate it, if it would be possible, to have the
6 names, recognizing that this is not going to be a
7 public transcript; that this transcript will be under
8 our rules and under the House rules, and will not be
9 released.

10 MR. GAMBLE: Well, how about the rules of
11 the Select -- the ---

12 MR. LISKER: Independent Counsel.

13 MS. BEEN: Well, it's the position of the
14 Office of Independent Counsel that this not being
15 transcribed at our request. Why?

16 MR. GAMBLE: What's going to happen to this
17 at this point?

18 MS. BEEN: We are absolutely bound by
19 Grand Jury secrecy. We do not release our
20 materials to anyone, as has been reported in the
21 press, and as you alluded to earlier. We have no
22 intention of releasing any of this information.

23 MR. GAMBLE: I just hate to implicate
24 people that we now believe never in fact were ever
25 involved.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEWEY, 100 St. Nicholas St., Toronto

~~(CONFIDENTIAL)~~ D. FRASER

29

1 MR. LISKER: With respect, Mr. Gamble, you
2 haven't conducted an investigation.

3 MR. GAMBLE: No, I know that. I know that.
4 But I suppose it may be material in answering your
5 question. When the Canadians were -- the two
6 Canadians were spoken of ---

7 THE WITNESS: I think it was in press there
8 anyways, John. I remember the name, that one is
9 Peter Monck (phonet.). I might as well say it.
10 Peter Monck ---

11 MR. GAMBLE: Yes.

12 THE WITNESS: --and what's the other guy's
13 name?

14 MR. GAMBLE: Gilmore.

15 THE WITNESS: Gilmore. It was in the
16 Canadian press.

17 BY MR. LISKER:

18 Q. Mr. Gilmore's first name, sir?

19 MR. GAMBLE: I can't remember Gilmore's
20 first name, but ---

21 MR. LISKER: I appreciate your cooperation.
22 I understand your concern, but I assure you
23 that ---

24 MR. GAMBLE: It's that we wish not to put
25 you on to people that ---

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

30

1 MR. LISKER: Yes, yes. I completely
2 understand, but you have to also appreciate that
3 we are attempting to develop as much as
4 information about Mr. Khashoggi as possible, for
5 purposes of these various investigations. To that
6 extent those individuals, who have dealings with
7 Khashoggi, are of interest to us -- at least, in
8 passing, and perhaps nothing more than that.

9 THE WITNESS: Well, they were involved in a
10 public company with them also, and that was the
11 only thing. And I think the press started off
12 with them, and then their stock plunged and
13 then ---

14 MR. GAMBLE: Yes.

15 THE WITNESS: --they made statements, and
16 then our names came up, Mr. Miller's and my name,
17 so ---

18 BY MR. LISKER:

19 Q. And the public company that they were
20 involved with?

21 MR. GAMBLE: American Barrick.

22 THE WITNESS: American Barrick.

23 MR. GAMBLE: American Barrick Resources, I
24 think.

25 Q. Is it B-E-R-E-C-K?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

31

- 1 A. B-A-R-R-I-C-K.
- 2 MR. GAMBLE: Yes.
- 3 BY MR. LISKER: .
- 4 Q. Are you familiar with the company called
- 5 Shaheen Natural Resources?
- 6 A. No. I'm familiar with a Shaheen, ---
- 7 Q. Which Shaheen?
- 8 A. --a name Shaheen, Bob Shaheen.
- 9 Q. Bob Shaheen. Do you know Mr. Richard
- 10 Secord?
- 11 A. No, I don't.
- 12 Q. Mr. Thomas ^{Clines} ~~Quane~~, (phonet.) with an S?
- 13 A. No.
- 14 Q. Mr. Albert Hakim?
- 15 A. No, I don't.
- 16 Q. You never met him or ---
- 17 A. No.
- 18 Q. --spoken to him, to your knowledge?
- 19 A. No.
- 20 Q. Now, John Shaheen?
- 21 A. No. Like who -- is that a relation to -- I
- 22 may have met a Shaheen ---
- 23 Q. No, no relation. There are two Shaheens,
- 24 John and Robert.
- 25 A. Right. Is he related to Robert?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENISH, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

32

- 1 Q. They're not related, no.
- 2 A. No. Oh.
- 3 Q. Mr. Schlomoko Zeit (phonet.)?
- 4 A. No.
- 5 Q. Mr. Raphael Eitan?
- 6 A. No.
- 7 Q. Mr. Fraser, do you travel abroad frequently?
- 8 A. Yes, I do.
- 9 Q. Do you travel to your Europe?
- 10 A. Yes, I do.
- 11 Q. Do you travel to Switzerland?
- 12 A. Yes.
- 13 Q. Which cities in Switzerland do you travel
- 14 to?
- 15 A. I have traveled to quite a few: Zurich
- 16 Geneva.
- 17 Q. Did you travel to those cities during 1985
- 18 and 1986?
- 19 A. I know I did in '86. '85, I'm sure I did,
- 20 probably.
- 21 Q. And what would the purpose of your traveling
- 22 be?
- 23 A. Usually business.
- 24 Q. Do your companies maintain accounts in
- 25 Switzerland, banking accounts?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

33

1 MR. GAMBLE: When you're referring to his
2 companies, you're referring to companies that he
3 himself controls, and owned entirely by Mr.
4 Fraser?

5 MR. LISKER: Yes.

6 MR. GAMBLE: Okay.

7 THE WITNESS: Well, that's all right. As
8 long as they don't get frozen.

9 Yes, I do. My companies do.

10 BY MR. LISKER:

11 Q. And do you maintain accounts at the Credit
12 Suisse Bank?

13 A. No, I don't.

14 Q. When Mr. Khashoggi is unavailable, who on
15 his staff would you normally converse with, if it was
16 important to speak to someone who could speak to Mr.
17 Khashoggi or who could communicate with him directly?

18 A. If I have trouble getting ahold of him, I
19 guess Bob Shaheen. I try to get him.

20 Q. Have you traveled with Mr. Khashoggi
21 extensively?

22 A. Not that much, no.

23 Q. Have you ever been on the Nabila?

24 A. No, I haven't.

25 Q. You must be the person who hasn't been

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

34

1 on it, except for present company?

2 A. I have only been on his plane with him once,
3 ever. I have been promised to go on the Nabila.

4 Q. And your travels with Mr. Khashoggi were
5 when and to where?

6 A. I had one trip from New York to Denver. And
7 I can't remember the date.

8 Q. It was '85 or '86?

9 A. '86. I think it's November, somewhere
10 around there.

11 Q. I'm sorry. '86.

12 A. It was probably November or December,
13 October -- somewhere like that.

14 Q. You indicated that -- I believe you
15 indicated that you met him initially in 1981; was it?

16 A. '80, '81. Just shaking hands in the casino.
17 I was friends with the casino managers. And he
18 happened to be there, and he was coming through and he
19 was talking to one of them, and I shook hands with him.

20 Q. And did they introduce you to him, or did
21 you introduce yourself or what?

22 A. They introduced me, but it was like ten
23 seconds -- sort of.

24 Q. All right. When you began your business
25 relationship with him, how did that come about?

UNCLASSIFIED

ALFRED C. DEVENNEY, Director of Investigations, Toronto

~~CONFIDENTIAL~~ D. FRASER

35

- 1 A. I was introduced to him through Mr. Ernie
2 Miller.
- 3 Q. And what was Miller's relationship with him?
4 A. I think they're friends.
5 Q. Are they business associates as well?
6 A. I -- you got me there.
7 Q. And at the time of Mr. Miller's
8 introduction, what representations were made? Was it
9 just an informal introduction, or was it an
10 introduction with a view towards establishing a
11 business relationship?
- 12 A. No. We both went on as directors at that
13 time on Triad. And I guess it was mainly we were going
14 on as directors to advance additional funds to support
15 Triad, until they determined, you know, what was going
16 to happen to the company.
- 17 Q. Why do you suppose Mr. Khashoggi came to
18 you?
- 19 A. Well, through Mr. Miller.
20 Q. I mean why? I mean, it seems to me that,
21 you know, given only this one big chance meeting, in a
22 casino, in 1980, 1981 ---
- 23 A. Oh, it was from Mr. Miller. Mr. Miller I've
24 known twenty years.
- 25 Q. And had Mr. Khashoggi previously approached

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

36

1 Mr. Miller about securing some additional financing?

2 A. I don't know. Oh, yes, sure, he did.

3 Q. Did Mr. Miller explain this to you at the
4 time?

5 A. Yes. That was the purpose of the meeting
6 with Mr. Khashoggi and Mr. Miller and myself.

7 But the main thing was to try to save Triad.
8 He had very, very bad management there. And like I
9 said, I cut something like three or four million
10 dollars of the overhead the first couple weeks I was
11 there, and then things were just going downhill very,
12 very badly.

13 Q. At the time you came on, as a result of this
14 meeting which Mr. Miller set up between yourself and
15 Mr. Khashoggi, did you have any understanding of
16 Triad's difficulties?

17 A. Partly, but they were understated. They
18 were substantially understated. And it was only until
19 the end of April, early May, that I realized how bad
20 they were, the situation was.

21 Q. Well, so you were coming on, not only to
22 supply additional financing, but also to bring
23 management skills and some organization ---

24 A. Right.

25 Q. --to a faltering company; is that correct?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Toronto

(CONFIDENTIAL) D. FRASER

37

1 A. That's right.

2 Q. And yet your only contact, apart from that
3 chance meeting in 1981, was through Mr. Miller?

4 A. Right. It was through Mr. Miller's
5 recommendation that I was brought on as president.
6 Like he has known me, like I said, twenty years.

7 Q. Do you still have a good relationship with
8 Mr. Miller?

9 A. Off and on.

10 Q. What do you know about Mr. Khashoggi's other
11 business activities?

12 A. I don't really know anything about his
13 business activities.

14 Q. From your position as president of Triad,
15 U.S. -- I assume that that's correct?

16 A. Right.

17 Q. Were you briefed or kept abreast of Triad's
18 daily situation? You know, their ---

19 A. The Triad America situation?

20 Q. Yes, Triad America?

21 A. Oh, yes. I tried to keep on top.

22 Q. Did Triad America -- I think it's pretty
23 clear, from what you said earlier, that Triad America
24 had some interlocking relationship with a whole host of
25 other companies?

UNCLASSIFIED

CONFIDENTIAL

ALFRED C. DEVENPORT, Director, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

38

1 A. Well, it has subsidiaries throughout the
2 United States, yea. It has, well, subsidiaries in
3 Florida and California and Utah and Texas. So it's
4 a -- it was a substantial -- still is a substantial
5 holding company.

6 Q. Does Triad, U.S. or the international
7 company, to your knowledge, have any connection with
8 Lonrho, the London-Rhodesia company, Lonrho?

9 A. Not that I know of.

10 Q. Headed by Mr. Tiny Rolands, who is
11 the -- Rolands is the CEO?

12 A. No, I don't.

13 Q. Are you aware of any loans or credit
14 extended in 1986 by Mr. Rolands to Mr. Khashoggi?

15 A. No, I don't. Other than what I read in the
16 press.

17 Q. Do you know the El Fied (phonet.) brothers,
18 in London?

19 A. No, I don't.

20 MR. LISKER: Well, why don't I break and
21 allow -- give my colleague an opportunity here.
22 And I would like to reserve the opportunity to
23 come back afterwards.

24 MS. NAUGHTON: Okay.

25

CONFIDENTIAL

UNCLASSIFIED

ALFRED C. DEVENPORT, Director, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

39

1 EXAMINATION BY MS. NAUGHTON:2 Q. If we can go back, please, Mr. Fraser, to
3 these loan situations. Did I understand you to say
4 that Euro Commercial Finances loaned nine million
5 dollars?6 A. No. I committed to loan nine million. I
7 ended up lending: I think it was one million, seven
8 hundred and sixty thousand.9 Q. Okay. When you committed to loan the nine
10 million, for what purpose was that?

11 A. What purpose?

12 Q. Yes?

13 A. It was to fund the payrolls and bring some
14 of the mortgages up to date and that, but the idea was
15 that I was able to take -- I was supposed to be able to
16 take a look at the situation. And the money would be
17 spent the way I thought that it should be spent.18 Q. All right. So this money was to be used for
19 the management of Triad?

20 A. Right.

21 Q. Is that right? Was that in the committal?
22 Was that specified in the committal?23 A. No, but part of the commitment was that I
24 was the president of Triad, and I was -- I had held the
25 purse strings, and I was going to advance the funds as**UNCLASSIFIED**

UNCLASSIFIED

ALFRED C. DEVENPORT, OFFICIAL BANKER, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

40

1 it was needed.

2 Q. So part of the deal was that you would
3 become president?

4 A. Right.

5 Q. And the deal was consummated in March of
6 '86?

7 A. Right.

8 Q. And Euro Commercial actually loaned one
9 point -- what is it that you ---

10 A. One million, seven hundred and sixty
11 thousand. I think that's the right figure. That's the
12 figure.

13 Q. Okay. Was that in form of cash?

14 A. It was wire transfers. There was one for a
15 million dollars, and then I wired funds to my lawyers,
16 and they advanced the funds.

17 Q. Was that from the Bank of Montreal?

18 A. I don't know where they would have advanced
19 it through. It would be coming from the Cayman
20 Islands. So I don't know where they would have
21 advanced it through Montreal.

22 Q. Do you bank at the Royal Bank of Montreal at
23 all?

24 MR. GAMBLE: Well, those are different
25 banks. There's the Royal Bank and the Bank of

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

(~~CONFIDENTIAL~~) D. FRASER

41

1 Montreal, two separate banks?

2 THE WITNESS: No, I don't bank with either
3 one of them.

4 BY MS. NAUGHTON:

5 Q. You don't bank with either one of them?

6 A. Now, if it's being transferred, okay, the
7 banks in Cayman may be using one of those banks to
8 transfer it through. That's the only thing.

9 Q. What happened to the rest of the commitment
10 on the nine million? Was that canceled at some point?

11 A. Yes.

12 Q. When was that?

13 A. When I left.

14 Q. When you resigned this last time?

15 A. No, the time before.

16 Q. The time before.

17 A. Yes.

18 Q. So that was ---

19 A. In May.

20 Q. --around May?

21 A. May.

22 Q. What made you resign in May?

23 A. The Board was at a deadlock, and I had to
24 use my veto power for every motion, and it became very
25 uncomfortable in dealing with the Board the way it

UNCLASSIFIED
CONFIDENTIAL

UNCLASSIFIED

ALFRED C. DEVENPORT, OFFICE OF BRAMPTON, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

42

1 stood.

2 Q. And what made you come back?

3 A. The other half of the Board was to resign
4 and Mr. Manny Floor was to go off the Board, and it was
5 basically that I could then start working without
6 having my suggestions changed every two minutes.

7 Q. And was that also -- was part of the deal
8 also another commitment for funds?

9 A. Yes.

10 Q. And how much was that commitment for?

11 A. It was supposed to be around five million
12 dollars.

13 Q. Again, what were these proceeds to
14 be -- this money to be used for?

15 A. They were used on a -- again, daily basis,
16 to pay mortgages, salaries -- everything. It was
17 always advanced in small amounts.

18 Q. Okay. So operating expenses?

19 A. Yes.

20 Q. And how much of this commitment was actually
21 paid?

22 A. I'm trying to think of the figures. I
23 advanced about 3.2, I think.

24 Q. Million?

25 A. Right. I'd have to go to the figures and

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, OFFICIAL RECEIVER, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

43

1 see, because there were some other small loans that
 2 weren't involved with the commitment that --- but it
 3 would all be recorded in Salt Lake. I'm not sure of
 4 the exact figures.

5 Q. Okay. When you say -- well, first of all,
 6 would these be in the minutes of the Board meetings?
 7 In other words, would this require Board approval, or
 8 you just did it on your own?

9 A. Which?

10 Q. The ---

11 A. The funds advanced?

12 Q. Yes.

13 A. They would be advanced at the last minute,
 14 when I had to make the payroll or something like that,
 15 for something like that.

16 Q. And do you recall approximately how many
 17 advances there were? You said they were small loans.

18 A. Twenty. Twenty advances, approximately.

19 Q. And this is over the period of what time?

20 A. From September up until -- I guess when the
 21 company went into bankruptcy in January.

22 Q. And what made you resign this last time?

23 A. You're reading some of the press there right
 24 now. I want to get back to doing my own living.

25 Q. Did you ever get paid back any of the money?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

44

1 A. Not yet, no. I'm well secured, but it will
2 be the bankruptcy courts that will decide it.

3 Q. Was any of that commitment backed from
4 collateral of stock in American Barrick?

5 A. No, it wasn't.

6 Q. Do you know of any loan, either in which you
7 participated, or any loan at all, to your knowledge, in
8 which American Barrick was put up as collateral?

9 A. I think through the -- I'm trying to
10 think. There was a commitment that was signed by Triad
11 America, but I don't think that loan went through. But
12 there was some American Barrick that was supposed to be
13 put up as collateral. But, again, the documentation
14 would be in Salt Lake. But I think because that loan
15 didn't go through, the collateral was -- like the
16 guarantee was not taken down.

17 And then there was another loan, I think,
18 that -- I'd have to take a look at the Salt Lake
19 records and see exactly what loans there were. But I
20 think there was a loan that was supposed to be for
21 Barrick, but I don't know if there ever was a final
22 instrument.

23 Q. Was there ever any one consummated in which
24 stock from American Barrick was taken as collateral?

25 A. Not in American Barrick. There was a

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Officer Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

45

1 company -- another company called Barrick, which owned
2 Barrick, okay, but not American Barrick itself. But I
3 don't have the full details with me.

4 Q. What was that company's name?

5 A. I think it's just Berrick Investments, and
6 then there is company called Horsham (phonet.), Horsham
7 Investments. That's with those -- the other two
8 Canadian chaps that ---

9 Q. In, let's say, September of 1986, do you
10 know what the value of American Barrick Resources stock
11 was?

12 A. From about a quarter of what it is now.
13 It's worth about eighty million dollars now. It was
14 probably worth twenty then. It's gold stock, which has
15 jumped dramatically. Twenty, thirty million.

16 Q. And when did it take the dive?

17 A. When did it -- what do you mean, when did
18 it ---

19 MR. GAMBLE: It's not a dive. It was an
20 increase ---

21 THE WITNESS: An increase.

22 MR. GAMBLE: --he's describing.

23 BY MS. NAUGHTON:

24 Q. An increase?

25 A. Well, it was worth twenty to thirty million

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

46

1 dollars ---

2 Q. Then?

3 A. --in September.

4 Q. Oh.

5 A. And it's -- it went down and then went right
6 back up. These are approximate figures. I don't watch
7 that stock, in other words. But it was over
8 forty -- it was over forty dollars Canadian last week,
9 per share.

10 Q. Okay. Now, Mr. Lisker asked you some
11 questions regarding larger loan figures. The reports I
12 have was thirty-one million loaned to Mr. Khashoggi.
13 Now, was that loan by Vertex?

14 A. The document, yes. Well, the documentation
15 states that it was owned -- I'm trying to think -- like
16 there were three notes or four notes, or whatever it
17 was, and like it was all on file, again, through
18 mortgages on the properties and so on.

19 Q. So ---

20 A. I think there was about a truckload of
21 documents relating to those loans in Salt Lake.

22 Q. Were these loans by Euro Commercial ---

23 A. No.

24 Q. --or by -- by whom?

25 A. There was nothing by Euro Commercial. It

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

47

- 1 was Vertex, okay, that was ---
- 2 Q. By Vertex?
- 3 A. Would this be the mortgagor or mortgagee?
- 4 Mortgagor?
- 5 MR. GAMBLE: Mortgagee.
- 6 THE WITNESS: Mortgagee. The one that
- 7 lends, that's the ---
- 8 MR. GAMBLE: That's right?
- 9 THE WITNESS: --mortgagee.
- 10 BY MS. NAUGHTON:
- 11 Q. Okay. By Vertex to Triad?
- 12 A. I think they were loans to Mr. Khashoggi,
- 13 and then guaranteed by Triad.
- 14 Q. Guaranteed by mortgages held by Triad?
- 15 A. On Triad properties; some of the
- 16 subsidiaries of Triad.
- 17 Q. Uh-huh.
- 18 A. Again, there's a very -- it's very involved
- 19 documentation.
- 20 Q. Now, was this the -- this totaled the
- 21 twenty-one million? Do you recall that ---
- 22 A. There was three notes, yes. I think it was
- 23 twenty-one million, yes, ---
- 24 Q. Okay.
- 25 A. --that the mortgages relate to.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

48

1 Q. And do you know what period of time this
2 was?

3 A. It was all documented in March of last year.
4 And at the same time there was the ten million dollar
5 loan in March, which I don't think we ever got
6 advanced.

7 Q. Okay. Explain that to me. There was a
8 commitment for a ten-million dollar loan?

9 A. Right. But that was supposed to be
10 advanced, and I don't think it ever got advanced.

11 Q. And what was the collateral for that?

12 A. That was the one I said that was some -- the
13 Horsham stock and the -- there was supposed to be some
14 Triad stock, I think, and some Triad guarantees, but
15 that loan I don't think ever went through.

16 Q. Why not?

17 A. Pardon?

18 Q. Why not?

19 A. I don't know.

20 Q. Of the loans to Mr. Khashoggi, or to Triad,
21 have we covered them all now, of which you are aware?

22 A. As far as I know, of the funds that I have
23 advanced, yes. Like there's hearsay on them, but I
24 can't talk about hearsay -- about other loans. As far
25 as I know, yes.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

49

1 Q. All right. Did Mr. Miller ever tell you
2 that he had advanced Mr. Khashoggi any money?

3 A. I don't think he has personally.

4 Q. Any of his companies?

5 A. It's possible, but I don't know the figures.
6 You would have to talk to Mr. Miller.

7 Q. Now, when Mr. Miller introduced you to Mr.
8 Khashoggi, did he tell you they had known each other a
9 long time? And what was the impression you got of
10 their relationship?

11 A. I think they have known each other for
12 awhile. I'm not sure exactly how long they've known
13 each other. I have the impression that they're fairly
14 good friends.

15 Q. And what exactly did they say, either Mr.
16 Khashoggi or Mr. Miller, to get you involved in the
17 March '86 transaction?

18 A. Well, they didn't have to say too much.
19 Like I said, I was intrigued with the idea of being
20 able to run Triad. And I thought that would lead to a
21 lot of business connections, which I have met a lot of
22 interesting people in business, but the connections
23 aren't the way I want it to be.

24 MR. GAMBLE: You, for instance, Counsel.

25 BY MS. NAUGHTON:

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

50

1 Q. What was Mr. -- Mr. Miller was put on the
2 Board at the same time ---

3 A. Right.

4 Q. Did he have any financial interest in this
5 transaction?

6 A. Well, he had -- Triad had guaranteed the
7 Vertex loans, a group of them. And he's the Chairman
8 of Vertex here in Canada, so ---

9 Q. What was the interest rate on those loans?

10 A. I'm not sure about that. I think it was
11 prime or prime, plus something. I think mine was
12 prime, plus one or something.

13 Q. Those loans the twenty-one million in the
14 three notes, in March of '86, now, were those lump sum
15 advances?

16 A. These were -- like the documentation I got
17 involved with were for advances made prior to when I
18 knew anything about the funds. So I don't know how
19 they were advanced, whether it was a lump sum or
20 partial advances.

21 Q. Did Mr. Khashoggi tell you about any other
22 personal loans that he had received?

23 A. No.

24 Q. In any of your conversations?

25 A. No.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

51

1 Q. Why was it that Khashoggi needed money?

2 A. I don't know. You'd have to ask him.

3 Q. Well, I mean, you helped arrange and get
4 money. What was his reason? Was it supposedly because
5 he spends more ---

6 A. Well, Triad America was very, very short of
7 funds.

8 Q. Uh-huh.

9 A. And I'm assuming that he's having a cash
10 flow shortage, a problem also.

11 Q. I sort of gathered, from your comments, that
12 you thought some of it was due to mismanagement. Is
13 that true?

14 A. That was the -- how shall I -- in America
15 anyways.

16 Q. All right. When you discovered this -- and
17 you said April or May you began to get
18 inklings -- why didn't you just pull out then?

19 A. Because I said that I'd -- I had recommended
20 that Chapter 11 was the only way at that time; that
21 the -- he wanted to save face; that he didn't feel that
22 was the way to go, nor his brother.

23 And nine million dollars was going to be
24 dumped in there, and was going to disappear just as
25 fast as if he put in ninety million dollar in there,

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

52

- 1 because it was just -- it was an endless hole.
- 2 Q. Explain how that means that you shouldn't
- 3 have walked away?
- 4 A. I did walk away. I left, didn't I?
- 5 Q. All right. So you recommended Chapter 11?
- 6 A. Last year.
- 7 Q. --in May of ---
- 8 A. May.
- 9 Q. '86?
- 10 A. Yes.
- 11 Q. And it was Mr. Khashoggi that opposed that?
- 12 A. Well, not so much. There were other
- 13 directors. The other directors opposed it.
- 14 Q. Who I assume are controlled by him; is that
- 15 right?
- 16 A. Mr. Khashoggi is -- really didn't know that
- 17 much about what was going on in the U.S. operation.
- 18 It's from what I could understand. He was influenced
- 19 tremendously by the other directors.
- 20 Q. There have been accounts in the paper
- 21 regarding five million being provided to him by a
- 22 Swami, or by a Saudi Arabian, in connection with the
- 23 loans that they asserted that you had made to them for
- 24 the arms deal. In other words, the assertion was, you
- 25 put up ten million, and some Swami put up five. Are

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

53

- 1 you aware of the identity of this individual?
- 2 A. No, I am not.
- 3 Q. Okay. What is your relationship, if any, to
- 4 the Sultan of the Brunei?
- 5 A. Just what I read in the newspapers. That's
- 6 all I know.
- 7 Q. Have you ever heard of that person other
- 8 than in the newspapers?
- 9 A. Oh, in conversations with various people,
- 10 but nothing -- I've never done business with him or
- 11 talked about doing business with him or anything.
- 12 Q. All right. Have any of those conversations
- 13 included Mr. Miller or Mr. Khashoggi or Mr. Furmar@k?
- 14 A. No.
- 15 Q. Do you know whether or not Mr. Khashoggi was
- 16 doing business with the Sultan of Brunei?
- 17 A. No, I don't.
- 18 Q. Okay. Do you know of Transworld Arms? Have
- 19 you ever heard of that?
- 20 A. No, I haven't.
- 21 Q. Now, this first hit the public media, I
- 22 suppose, maybe sometime in late November. Would that
- 23 be fair to say?
- 24 A. I think it was in mid-December when it hit.
- 25 Q. Mid-December?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

54

1 A. Yes.
2 Q. All right.
3 A. I remember it well. The stocks fell out of
4 bed like crazy.

5 Q. What did you do?

6 A. What did I do?

7 Q. Yes?

8 A. Tried to shore up the stocks. I was in the
9 middle of a financing for one of the public companies.
10 Went and held hands with Kidder Peabody three times,
11 and tried to keep it alive, and then lost it.

12 Q. Okay. But did you call up Mr. Khashoggi?

13 A. I'm sure I talked to him several times on
14 that, because I was having a lot of problems with
15 Triad.

16 But I think my main concern at that time was
17 I was involved with a number of public companies. And
18 I started reaching the idea at that time that I'd have
19 to start looking after my myself, and look after some
20 of the things, or I was going to lose an awful lot of
21 the -- my own investments. And I was going to lose a
22 lot of my reputation, if I kept just going along with a
23 lot of things.

24 I tried to go to the press at one point. I met
25 with the RCMP as soon as I heard they wanted to meet

UNCLASSIFIED

UNCLASSIFIED
~~CONFIDENTIAL~~

ALFRED C. DEVENPORT, Official Examiner, Toronto

(~~CONFIDENTIAL~~) D. FRASER

55

1 with me.

2 And by going to the press, I think it
3 backfired on me, because they took some of the
4 statements I said, and made it as if I was saying other
5 things in between, and then it came out -- other things
6 from it.

7 Q. But as to Mr. Khashoggi, when this hit,
8 didn't you call him up and say: what's going on here?

9 A. Well, I don't have ---

10 Q. Why didn't you tell him? Why didn't you
11 tell him: I don't ---

12 A. I don't have that close a relationship.
13 Like with Mr. Khashoggi, I have a business
14 relationship. It's not the kind of relationship that I
15 could call up and talk about that sort of thing.

16 Q. But this was ruining your business?

17 A. Yes.

18 Q. Then your statement is that you have never
19 discussed it with him?

20 A. No, no. I said I have talked to him, okay.
21 But at that time I was of the impression that it was
22 just going to come out that I was not involved, okay,
23 that I was speaking to him.

24 And I don't think the press was playing
25 it -- it went to the press for maybe two or three

UNCLASSIFIED
~~CONFIDENTIAL~~

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

56

1 weeks, that it was bad, okay. And when we tried to
2 make statements, or I tried to make statements to the
3 press, Maclean's magazine, or any of the other ones, it
4 didn't really -- well then, especially the Salt Lake
5 newspapers -- it didn't come out that good.

6 And it was through John and some of the
7 other people that said: just lay off, and don't say
8 anything to the press and keep quiet. So there was no
9 point of me making statements.

10 Every time Mr. Khashoggi made a statement in
11 the press, in any way, for any reason, and whether it
12 was for Tried or anything, it affected the stock market
13 tremendously.

14 And I was trying to put some major financing
15 together for a couple other companies.

16 Q. Well, didn't you ask him then to stop
17 talking to the press, or in the alternative, to tell
18 them the truth?

19 A. It's not my place to tell Mr. Khashoggi not
20 to talk to the press. He has all kinds of experts to
21 tell him, but ---

22 Q. All right. Did you tell any of his people,
23 that worked for him, that you would appreciate it if he
24 didn't make these statement?

25 A. I had personal feelings that I spoke to

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

57

1 certain people, yes.

2 Q. All right.

3 A. But I don't think that I should -- you know,

4 that's my personal -- but I never came out to Mr.

5 Khashoggi, and said: Look, Mr. Khashoggi, you

6 shouldn't speak to the press. It wasn't my place.

7 Q. What about Mr. Furmar█k?

8 A. I never -- like I said, I've met Mr.

9 Furmar█k for the first time about three weeks ago.

10 Q. All right. Had you spoken to him prior to

11 that time?

12 A. No, I hadn't.

13 Q. Had you had any anyone on your behalf speak

14 to Mr. Furmar█k?

15 A. Never.

16 Q. Now, you are aware that the details of these

17 accusations come from Mr. Furmar█k; correct?

18 A. Uh-huh.

19 Q. All right.

20 A. That's what I understand from the press,

21 yes.

22 Q. When you met him at Mr. Khashoggi's

23 apartment, did you discuss this?

24 A. I shook hands with him. I said to one of

25 the gentlemen, that I was with, that was the first time

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

58

1 I've met him, and that's -- that's it. I didn't even
2 want to discuss it with him. I didn't want to be put
3 in the position that I'd have to discuss things with
4 Mr. Furmar#k.

5 Q. Why not?

6 A. I may have lawsuits pending, and I have to
7 look after what I have to do with the press and other
8 people.

9 Q. Mr. Furmar#k's statement, which is public
10 record in the Tower Commission report, is that you had
11 planned or were going to hold off suing him or Mr.
12 Khashoggi for the money? Had you ever threatened Mr.
13 Khashoggi or Mr. Furmar#k with filing a lawsuit to get
14 your money back?

15 A. No. Like I was continuing to advance funds
16 when he supposedly said I was going to sue.

17 Q. So, in October of '86 ---

18 A. I said that in the press. I told the press
19 that, too, so it's ---

20 Q. I want to get the time frame down. In early
21 October of 1986, you were still advancing money to ---

22 A. I advanced right up to January of '87. I
23 slowed down considerably after December 15th, but just
24 to keep a few things alive, until I could talk him into
25 Chapter 11, and finalize Chapter 11.

UNCLASSIFIED

UNCLASSIFIED
~~CONFIDENTIAL~~

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

59

1 Q. To the your knowledge, had Mr. Miller
2 threatened to sue either Mr. Khashoggi or Mr. Furmar#k?

3 A. I don't know.

4 Q. But to your knowledge, he had not?

5 A. He had not, no.

6 Q. Is that something that you ---

7 A. I could not see -- Mr. Miller and Mr.

8 Khashoggi were very close friends. I couldn't see
9 them -- I couldn't see Mr. Miller suing Mr. Khashoggi.

10 Q. So when you saw -- by the way, when you met
11 Mr. Furmar#k for the first time, is that the only time
12 that you have met him, or have you met him since?

13 A. No, that's the only time.

14 Q. Have you spoken to him since?

15 A. No, I haven't.

16 Q. Did you and Mr. Furmar#k and/or Mr.
17 Khashoggi discuss CIA Director Casey at all?

18 A. No, I haven't done that. Like I said, I
19 only said hello to him. I've never said -- I don't
20 think I said more than three or four words to him.

21 Q. Why do you think they would do this?

22 MR. GAMBLE: I couldn't hear that question.

23 BY MS. NAUGHTON:

24 Q. Why do you think they would do that?

25 A. I have no idea.

UNCLASSIFIED
~~CONFIDENTIAL~~

UNCLASSIFIED
~~CONFIDENTIAL~~

ALFRED C. DEVENPORT, Official Examiner, Toronto

(~~CONFIDENTIAL~~) D. FRASER

60

1 Q. You certainly have some thoughts on it.

2 A. Well, just from what -- I guess maybe the
3 last statement that Mr. Khashoggi made to the press was
4 to put some pressure on collecting his funds. I have
5 no idea.

6 Q. But I mean, Khashoggi has got other ways,
7 don't you think, of getting ten million dollars, other
8 than going to the Director of Central Intelligence?

9 A. I don't know what the game plan is.

10 Q. Well, what was -- you know the financial
11 markets. What was his -- what, in October of '86, was
12 his financial power, in terms of obtaining a ten-
13 million dollar loan from somewhere?

14 A. I don't know. I don't know his
15 personal -- Triad America could not get any funds at
16 that time. Like I was having trouble financing on a
17 day-to-day basis.

18 And the only reason I was advancing is that
19 I had the most solid collateral involved, and we were
20 looking at taking that into a public company.

21 Q. All right. And you're not aware of the
22 financial status of his other enterprises?

23 A. Not at all.

24 Q. Did Mr. Khashoggi discuss with you, at any
25 point, in your conversations, the status of the Middle

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

61

- 1 East?
- 2 A. No.
- 3 Q. Did he discuss Iran with you?
- 4 A. No.
- 5 Q. Did he discuss any plans of his to invest in
- 6 Iran when the war was over?
- 7 A. No.
- 8 Q. Did Mr. Khashoggi ever discuss the Israelia
- 9 with you?
- 10 A. Not at all, no.
- 11 Q. What would you talk about when you saw him?
- 12 A. How I was going to make the payroll next
- 13 week, and who I was going to fire, and whether I
- 14 should -- I had something like eighty lawsuits going on
- 15 in the company. Assets being seized. There was a lot
- 16 to talk about.
- 17 MR. GAMBLE: Would you like to read some of
- 18 the refinancing contracts in your leisure time?
- 19 Fascinating reading.
- 20 BY MS. NAUGHTON:
- 21 Q. Did you have any of Mr. Khashoggi's bank
- 22 accounts blocked for any reason?
- 23 A. No, not at all.
- 24 Q. No action to -- any garnishment of any
- 25 assets or anything, attachments?

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

62

1 A. Well, I ween't suing him for anything, so.

2 Q. Do you know Mr. Ghorbanifar?

3 A. No.

4 Q. So you never had any of his accounts, to
5 your knowledge, blocked?

6 A. No.

7 Q. I'm going to show you two pictures, and ask
8 you if you recognize either of those people?

9 A. No, I don't.

10 Q. I'll give you this. I'll be asking you
11 these names that appears in this photograph. Okay.
12 I'm going to ask you a series of names.

13 MR. GAMBLE: Well, do you want to identify
14 who these people are. They're rather ---

15 BY MS. NAUGHTON:

16 Q. For the record ---

17 MR. GAMBLE: This appears to be a
18 photograph of someone calling himself Albert
19 Hekin, H-A-K-I-M, and the other -- a rather bad
20 photograph, of someone by the name of, apparently,
21 Richard V. Secord, S-E-C-O-R-D.

22 And Mr. Fraser can't identify either one of
23 those gentlemen.

24 BY MS. NAUGHTON:

25 Q. Mr. Fraser, I'm going to ask you a series of

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

63

1 names, and my questions as to all of them, will be the
 2 same: That is, have you ever either met, spoken to, or
 3 heard of these individuals, other than in public media?
 4 Okay? So in other words, if you heard Mr. Khashoggi
 5 mention this name, I want to hear about that.

6 If, however, you've only read about them in
 7 the newspapers, we don't particularly care to hear
 8 about that.

9 A. Is there a chance of getting a glass of
 10 water?

11 MR. GAMBLE: Certainly. Off the record.

12

13 OFF THE RECORD.

14

15 EXHIBIT NO. 1: List of Names.

16

17 BY MS. NAUGHTON:

18 Q. My question was, once again: I'm going to
 19 read to you a series of names, and ask you if you have
 20 ever met, spoken to, or otherwise communicated with, by
 21 letter or memorandum, or heard of these people, other
 22 than in public media and the press.

23 Elliott Abrams?

24 A. No.

25 Q. Charlie Allen?

UNCLASSIFIED

**UNCLASSIFIED
CONFIDENTIAL**

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

64

- | | | |
|----|----|---|
| 1 | A. | No. |
| 2 | Q. | Adolfo Calero? |
| 3 | A. | No. |
| 4 | Q. | Carl Spitz Channell? |
| 5 | A. | No. |
| 6 | Q. | Duane Clarridge? |
| 7 | A. | No. |
| 8 | Q. | Edward de Garay? |
| 9 | A. | No. |
| 10 | Q. | Robert Dutton? |
| 11 | A. | No. |
| 12 | Q. | Graham Fuller? |
| 13 | A. | No. |
| 14 | Q. | Richard Gadd? |
| 15 | A. | No. |
| 16 | Q. | Max Gomez? |
| 17 | A. | No. |
| 18 | Q. | Donald Gregg? |
| 19 | A. | No. |
| 20 | Q. | Albert Hakim? |
| 21 | A. | No. |
| 22 | Q. | Had you ever heard of him? |
| 23 | A. | Not really, no. |
| 24 | Q. | When you say "not really", do you have some |
| 25 | | vague recollection? |

UNCLASSIFIED

**UNCLASSIFIED
CONFIDENTIAL**

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

65

- 1 A. Well, today and -- mainly today.
- 2 MR. GAMBLE: There is a picture. One of
- 3 them is of this gentleman, Hakim; wasn't it?
- 4 MS. NAUGHTON: Yes.
- 5 BY MS. NAUGHTON:
- 6 Q. How about a Manny Copp, C-O-P-P?
- 7 A. No.
- 8 Q. Robert McFarlane?
- 9 A. No.
- 10 Q. John McMahon?
- 11 A. No.
- 12 Q. Richard Miller?
- 13 A. No.
- 14 Q. Amiram Nir?
- 15 A. No.
- 16 Q. Oliver North?
- 17 A. No.
- 18 Q. Robert Owen?
- 19 A. No.
- 20 Q. H. Ross Perot?
- 21 A. I have known ---
- 22 Q. Do you know him?
- 23 A. I don't know him myself, no, but I've
- 24 discussed him with people.
- 25 Q. All right. In connection with business

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVELOPMENTAL SERVICES, Toronto

(CONFIDENTIAL) D. FRASER

66

- 1 dealings?
- 2 A. Hoping to do business dealings, but nothing
- 3 ever matured.
- 4 Q. All right. Were any of these
- 5 negotiations -- did any of them involve Triad?
- 6 A. No. This is before I knew Triad.
- 7 Q. John Poindexter?
- 8 A. No.
- 9 Q. Al Schwimmer?
- 10 A. No.
- 11 Q. Ted Shackley?
- 12 A. No. Is that the Shaklee from the
- 13 Shaklee's ---
- 14 Q. Products? No.
- 15 A. No.
- 16 Q. I don't think so.
- 17 A. Because I -- no, we were looking at doing
- 18 some things along the -- similar to the Shaklee stuff.
- 19 Q. Howard Teicher?
- 20 A. No.
- 21 Q. Chuck Tyson?
- 22 A. No.
- 23 Q. Faith Ryan Whittlesey?
- 24 A. No.
- 25 Q. Do you know who she is?

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

67

1 A. No, I don't.

2 Q. When you made trips to Switzerland, did you
3 ever have any business or go to the American Embassy in
4 Berne, or the Council in Zurich or Geneva?

5 A. No. I was only there, I think, once last
6 year.

7 Q. Okay.

8 A. I think only once.

9 Q. What about a man named Willard Zucker?

10 A. No.

11 Q. In Switzerland, there is a company -- I'll
12 refer to as CSF. Have you had any dealings with them?

13 A. No.

14 Q. I may have asked this. I apologize if I
15 did. But of the money that was advanced, that you
16 advanced, did any of it get paid back?

17 A. No, it's not ---

18 Q. Okay. So it's just in the bankruptcy state
19 now?

20 A. It's still in the bankruptcy state, yes.

21 Part of it is not -- Triad Energy is not in
22 bankruptcy, so the part that they owe me is still -- it
23 may go into bankruptcy. It's not in bankruptcy yet.

24 Q. It's in Chapter 11?

25 A. No. It's not in Chapter 11.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

68

1 Q. Is it in reorganization?

2 A. Well, it's one of the subsidiaries that's
3 not in Chapter 11, which probably -- you know, the
4 trustees will probably bring it into Chapter 11.

5 Q. Okay. So what is in Chapter 11 right now?

6 A. You would have to get the list of the
7 companies from Salt Lake. I can't remember. There is
8 about nine or ten companies that are in Chapter 11.

9 Q. But what I'm getting at: in terms of the
10 structure, are these companies that are owned by Triad?

11 A. Triad America, right.

12 Q. Okay. They are all subsidiaries of Triad
13 America, and Triad America itself.

14 Q. Have you ever employed or do you know of any
15 law firm that at one time handled the case involving
16 President Nixon?

17 A. Not that I know of.

18 Q. When I have asked you the question about the
19 Swami earlier, would it fresh your recollection to
20 refer to some Saudi Arabian in Los Angeles, who might
21 have political connections with Senator Cranston? Do
22 you know anybody that would fit that description?

23 A. No.

24 MR. GAMBLE: If we can just go back a
25 moment. On that question about a law firm that

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

69

1 represented former President Nixon, Mr. Fraser
2 said no.

3 If you want to identify the law firm, then
4 he may be able to answer the question ---

5 MS. NAUGHTON: Yes. I don't know.

6 MR. GAMBLE: --in a more precise way.

7 MS. NAUGHTON: I don't know.

8 MR. GAMBLE: Oh, all right. Okay. He has
9 dealt with a lot of law firms, and maybe one of
10 them did act for former President Nixon, in
11 buying ---

12 MS. NAUGHTON: Right.

13 MR. GAMBLE: --a house in California or
14 something, and he wouldn't know about it.

15 MS. NAUGHTON: Right.

16 MR. GAMBLE: Do you see my problem?

17 MS. NAUGHTON: No. I understand that.
18 That's as good a description as I have.

19 MR. GAMBLE: Oh, okay. All right.

20 BY MS. NAUGHTON:

21 Q. When did you first learn of the Iran arms
22 transaction?

23 A. From the press. I can't remember the day.

24 Q. And when did you first hear of Mr.

25 Khashoggi's involvement?

UNCLASSIFIED

UNCONFESSED

ALFRED C. DEVENISH, Chief Clerk, Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

70

- 1 A. In the press.
- 2 Q. Do you remember how soon after?
- 3 A. I really don't know.
- 4 Q. Were you surprised?
- 5 A. Was I surprised? It's his business. It
- 6 didn't surprise me, no.
- 7 Q. Have you ever had any business transactions
- 8 with Iranians? That is, people who were under the
- 9 Shah, who are now living elsewhere in Europe?
- 10 A. My company shipped buildings there previous,
- 11 but that was before I owned the company.
- 12 MR. GAMBLE: Yes.
- 13 THE WITNESS: Well, since I -- no, I don't.
- 14 I'd have to say no.
- 15 Just to clarify that, I have a building
- 16 company that had previously shipped buildings to
- 17 Iran, but that's before I owned the company.
- 18 BY MS. NAUGHTON:
- 19 Q. Was that at the time of the Shah?
- 20 A. Yes, it was.
- 21 Q. And you haven't done any kind of business
- 22 with any Iranians currently running the Iranian
- 23 government?
- 24 A. No.
- 25 Q. You had indicated to Mr. Lisker before that

UNCONFESSED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

71

1 you did not know a Mr. Hashimi, but had you heard
2 anyone speak of him?

3 A. To the best my knowledge, no.

4 Q. Have you ever heard of Lake Resources?

5 A. No. Just in the newspapers.

6 Q. You have not heard of it prior to that time?

7 A. No.

8 MS. NAUGHTON: Okay. Those are all the
9 questions I have.

10 MR. LISKER: Okay. If I could -- with your
11 indulgence, if I can could go back and just
12 finish up, and then move on.

13

14 EXAMINATION BY MR. LISKER:

15 Q. My questions basically will go back over
16 some of what we have previously covered.

17 If an individual comes to you and seeks
18 financing for a business, what steps do you take before
19 you offer the money, or undertake to make a commitment
20 for financing?

21 A. Well, it will vary, but I check the
22 collateral and I check who the person is.

23 Q. When you say you check who the person is,
24 how do you do that? By word of mouth?

25 A. Credit rating or something like that.

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

72

- 1 Q. The Dunn & Bradstreet type. Do you ever
2 employ independent investigators to make some sort of a
3 financial assessment to give you a ---
4 A. No, it's usually ---
5 Q. --more complete picture?
6 A. Usually myself.
7 Q. Yourself?
8 A. Yes.
9 Q. And what resources do you have available for
10 that sort of check?
11 A. Myself.
12 Q. You just call people who -- you ask for
13 references? Do they complete ---
14 A. Oh, sure.
15 A. --some sort of a credit application form?
16 A. Like if you're referring to why would I
17 advance to Mr. Khashoggi in this state, ---
18 Q. Exactly.
19 A. --you can go to about forty different banks
20 that have done the same thing, and haven't even taken
21 collateral.
22 Q. Did you go to those forty banks or any of
23 the banks to check his ---
24 A. No. Well, I -- I took very good solid
25 collateral and I took Mr. Miller's recommendation

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

73

1 that ---

2 Q. So you felt completely ---

3 A. I felt that I'm the only creditor that
4 secured.

5 Q. How do you know that that collateral has not
6 previously been pledged?

7 A. Because I have it in my possession.

8 Q. You have the deeds of trust; is that what
9 you are saying?

10 A. I have the Triad Energy stock in my
11 possession.

12 Q. Okay. I thought there were also some real
13 estate deeds that ---

14 A. Oh, that's for Vertex.

15 Q. I see.

16 A. I wasn't involved in that, as I said, if
17 that's what you're talking about.

18 Q. Have you ever received any commission on the
19 loans made to Mr. Khashoggi?

20 A. No, I haven't.

21 Q. Have you traveled to the Middle East?

22 A. I've traveled -- the only place I've been
23 be in the Middle East is Bahrein.

24 Q. All right. When was that?

25 A. Christmas, three years ago. My wife's

UNCLASSIFIED
CONFIDENTIAL

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, ~~CONFIDENTIAL~~ Director, Toronto

(CONFIDENTIAL) D. FRASER

74

1 sister lives there.

2 Q. I see. You've never been to Saudi Arabia?

3 A. No.

4 Q. Nor Israel?

5 A. No.

6 Q. Nor Lebanon?

7 A. No.

8 Q. Do you know a man by the name of Bander Bin

9 Sultan al-a Aziz? Prince Bander, B-A-N-D-A-R, Bin,

10 B-I-N, Sultan, S-U-L or O-L, T-A-N, al, A-L, dash A,

11 A-Z-I-Z, Aziz.

12 A. I'm going to answer this carefully, because

13 I met a Saudi prince at the opening of Mr. Carter's

14 Library, and I'm not sure whether that was -- I forget

15 the name of who I met.

16 Q. Do you recall what he looked like? Could

17 you describe him?

18 A. No.

19 Q. Was he in ---

20 A. No, he was ---

21 Q. --Saudi dress?

22 A. No, he wasn't. He was in western dress.

23 Q. Beard, mustache, round face?

24 A. I think -- I'm trying to think if he had a

25 beard. I was more taken that President Reagan was

UNCLASSIFIED
CONFIDENTIAL

UNCLASSIFIED

ALFRED C. DEVENPORT, Director, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

75

1 there that day than anything else. There was a lot
2 people there.

3 Q. Was he introduced to you as the American
4 ambassador -- the ambassador to the U.S.?

5 A. Yes.

6 Q. Thanks. Okay, that would be him.

7 A. He wasn't introduced to me. He spoke. He
8 did a presentation. I've never been introduced to him,
9 although I saw him. He did a -- he spoke at the affair
10 there.

11 Q. And did you speak to him at all?

12 A. No, I didn't.

13 Q. And that was your only contact with this
14 individual?

15 A. Yes.

16 Q. The Swami, the elusive Swami, Mr. Swamaji
17 Maharaj (phonet.) -- who seems to have enormous
18 influence on the Sultan of ^{RU}Bornei and several U.S.
19 politicians and a few heads of State around the
20 world -- had you ever heard his name before?

21 A. I know a Swami, okay. I met him through Mr.
22 Miller, but that's the only way I met him. I met him
23 for the first time sometime last year. I'm not sure of
24 when it was.

25 Q. Was he in sort of robes and with jewelry

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVANEY, Director, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

76

1 and ---

2 A. Uh-huh.

3 Q. Okay. Where did you meet him?

4 A. I met him several times. I've met him at
5 Mr. Miller's house here in Toronto, and I've met him at
6 Mr. Khoshaggi's apartment. I can't remember anything
7 else. And I met him in Los Angeles. He was in
8 Vancouver, but I don't think I met him that time when
9 he was in Vancouver.

10 Q. In these various meetings which you've just
11 described, what time period are we speaking of?

12 A. Oh, in the last eight to ten months, I
13 think.

14 Q. And on how many occasions was Mr. Khashoggi
15 present?

16 A. I don't remember.

17 Q. Was he generally present?

18 A. I'd say half the times, I guess.

19 Q. Did you have any conversations with the
20 Swami?

21 A. No.

22 Q. With ---

23 A. I've talked to him, but, you know, just
24 generally.

25 Q. Do you have any sense of the influence which

UNCLASSIFIED

~~CONFIDENTIAL~~
UNCLASSIFIED
~~(CONFIDENTIAL)~~ D. FRASER

- 1 the Swami exerts on Mr. Khashoggi?
- 2 A. None whatsoever.
- 3 Q. Does it strike you as bizarre that Mr.
- 4 Khashoggi is frequently in the company of the Swami?
- 5 A. Not at all.
- 6 Q. Do you understand what the role of the Swami
- 7 is in any of this?
- 8 A. No, I don't.
- 9 Q. Is he a social acquaintance, a financial
- 10 advisor, a business partner? Do you have a sense of
- 11 where it fits?
- 12 A. No, no. He has a lot of followers. Like I
- 13 was at his -- I attended his birthday party, and
- 14 Elizabeth Taylor was there, and there was all kinds of
- 15 people.
- 16 Q. At the Swami's?
- 17 A. Yes.
- 18 Q. Are you aware of any of the Swami's business
- 19 enterprises?
- 20 A. None.
- 21 Q. Do you know anything about the Swami's
- 22 relationship with the Sultan of ^{YU}Bornei?
- 23 A. None.
- 24 Q. And I think you said previously that you are
- 25 not aware of any financial relationship between the

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

78

- 1 Sultan and Mr. Khashoggi; is that correct?
- 2 A. I don't know of any, no.
- 3 Q. Have you ever heard of a company called ISI?
- 4 It doesn't stand for anything, just the initials ISI.
- 5 A. No.
- 6 Q. Have you ever been solicited by anyone,
- 7 directly or indirectly, for funds to support the anti-
- 8 Sandinista forces?
- 9 A. No.
- 10 Q. Do you have under your direction or control,
- 11 or are you participating in any companies which are
- 12 registered in Panama?
- 13 A. I had one, but I think it's probably not in
- 14 force now. Well, I'd say no now. I had one, but it's
- 15 not related to anything that ---
- 16 Q. That you owned exclusively?
- 17 A. I owned fifty percent with another party,
- 18 but it's -- I'm sure it's fifty percent with another
- 19 person, but it had nothing to do with this. And it
- 20 goes back about four or five years now, I would say.
- 21 Q. I see. You had said previously that you do
- 22 not know Michael Ledeen?
- 23 A. Right.
- 24 Q. Is that correct?
- 25 A. Right.

UNCLASSIFIED

ALFRED C. DEVENISH, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

79

1 Q. Do you know Richard Pearle?

2 A. No.

3 Q. P-E-A-R-L-E. Do you know Stephen David
4 Bryen, B-R-Y-E-N?

5 A. No.

6 Q. That's S-T-E-P-H-E-N.

7 MR. LISKER: I believe those are all the
8 questions that I have. Thank you.

9 MS. NAUGHTON: Can I ask one more?

10 MR. GAMBLE: Certainly.

11 MS. NAUGHTON: Okay.

12

13 EXAMINATION BY MS. NAUGHTON:14 Q. When you would see the Swami in the company
15 of Mr. Khashoggi or others, what were they discussing?16 A. I wasn't there to hear them discuss
17 anything.18 Q. Well, now I'm confused. Were you in the
19 same room with them?20 A. Very rarely. I'd see them talking but like
21 if I was there. It would just be in and out, and I
22 would be introduced, but I would not be sitting around
23 discussing anything with them.24 Q. All right. But did you hear what they were
25 discussing?~~UNCLASSIFIED~~

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

80

- 1 A. No.
- 2 Q. They would stop when you got into the room?
- 3 A. I really wouldn't be paying -- like if I
- 4 came in to the room where they were, I would probably
- 5 be just in and out to speak to Mr. Miller or Adnan for
- 6 something, and then I would be out, but I've never sat
- 7 in a room and discussed things with them.
- 8 Q. All right. Do you know whether or not Mr.
- 9 Miller did any business with them, with the Swami, in
- 10 particular?
- 11 A. Oh, they are very good friends. I ---
- 12 Q. But do you know if they did any business
- 13 together?
- 14 A. No, I don't.
- 15 MS. NAUGHTON: Okay. That's all I have.
- 16 MR. LISKER: Thank you very much.
- 17 Off the record.
- 18
- 19 (DISCUSSION OFF THE RECORD.)
- 20
- 21 MR. GAMBLE: The undertakings between
- 22 Counsel are now going on the record.
- 23 MR. LISKER: In portion one of the
- 24 deposition, in the deposition which we conducted
- 25 before we left, part of that record, my

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

81

1 undertaking simply is this, as simply stated as I
2 can: That in terms of the payment for this
3 deposition, since the Senate was involved in its
4 portion of the deposition with the House, and the
5 observers, that the Senate will, under its rules,
6 assume financial responsibility for that portion
7 of the record.

8 Because the Senate has not participated in
9 the second portion of the record, conducted by the
10 Independent Counsel, under our rules, we are
11 prohibited from paying for that portion, so that
12 other arrangements will have to be made.

13 It is further my undertaking that upon
14 receipt of the original deposition, which Miss
15 Naughton and I participated in, that a copy will
16 be sent by overnight mail, immediately, to Mr.
17 Gamble for his use, provided that he agrees with
18 an understanding that the transcript will be
19 neither quoted from, nor reproduced, and that no
20 dissemination beyond Mr. Gamble and Mr. Fraser
21 will be made.

22 MR. GAMBLE: Yes. And I agree with that
23 undertaking, subject to one qualification, that
24 the transcript may, indeed, be used in any further
25 proceedings in which the Senate or the House of

UNCLASSIFIED

ALFRED C. DEVENPORT, Director, Toronto

CONFIDENTIAL
UNCLASSIFIED

(CONFIDENTIAL) D. FRASER

82

1 Representatives may be involved.

2 MR. LISKER: That's fine.

3 MR. GAMBLE: But otherwise the material
4 will be kept strictly confidential, and only Mr.
5 Fraser and myself will have access to it.

6 MR. LISKER: Now, with respect to
7 Independent Counsel, it's my understanding, in
8 speaking with Mr. Paul ^{Barbafaro} ~~Barbagero~~ (phonet.), that
9 in order to make a dissemination of our portion,
10 of the transcript, the Senate's portion of the
11 transcript, to the Independent Counsel, a vote of
12 the Committee will be required.

13 He has given me to understand that that is a
14 pro forma matter, and that there is nothing which,
15 to his knowledge, or to my knowledge, would
16 preclude such dissemination. And, in fact, both
17 he and I, and those involved in this
18 investigation, will make every effort to arrange
19 for the transmission of this document to the
20 Independent Counsel as soon as the vote is
21 completed; and that should be as soon as possible.

22 MS. BEEN: Okay. And I'd like to put on
23 the record -- Vicki Been, from the Independent
24 Counsel's Office -- that we agree to to go forward
25 with our interview on the basis of the

UNCLASSIFIED

UNCLASSIFIED
CONFIDENTIAL

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

83

1 undertaking, to provide us with a transcript of
2 this morning's session, the first session. That
3 we understand that the Senate has to go through
4 the formality of taking a vote. That we further
5 understand that they will do everything possible
6 to make sure that that vote is to give the
7 transcript to the Independent Counsel. And that
8 we agree to this arrangement on the understanding
9 that we would not object to Mr. Fraser providing
10 the Senate with a copy of his transcript, in
11 exchange for the Senate not blocking us from
12 getting a copy of the morning transcript.

13 MR. LISKER: That's fine. We're parting
14 friends.

15 MR. GAMBLE: Now, just let me suggest that
16 we take this intervention and discussion among
17 Counsel from the place where it appears in the
18 transcript, as it now exists, and put it
19 immediately at the end of the conclusion of
20 Counsel's examination of Mr. Fraser. So that we
21 can place it where it belongs, and assume that
22 there was simply a recess while all this
23 discussion went on, and we're now on with Mr.
24 Dreibelbis again.

25 MR. LISKER: Okay.

UNCLASSIFIED
CONFIDENTIAL

UNCLASSIFIED

ALFRED C. DEVENPORT, Special Examiner, Toronto

(CONFIDENTIAL) D. FRASER

84

1 MR. GAMBLE: All right?
2 MR. DREIBELBIS: Certainly.
3 MR. LISKER: Thank you very much.
4 MS. NAUGHTON: Okay. Thank you all.
5 MR. LISKER: Bye, bye.
6 MR. GAMBLE: Thank you.

--- 0 ---

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

(CONFIDENTIAL) D. FRASER

85

1 PROVINCE OF ONTARIO)
 2 CITY OF METROPOLITAN TORONTO)
 3 JUDICIAL DISTRICT OF YORK)

4

5 I, Sonia V. Bowra, Chartered Shorthand Reporter,
 6 do hereby certify:

7 That the Witness in the foregoing Interview
 8 Deposition named DONALD FRASER, appeared before me and
 9 was in my presence sworn to tell the truth, the whole
 10 truth and nothing but the truth for the Interview
 11 Deposition; that the said Interview Deposition was
 12 stenographically reported by me and was thereafter
 13 transcribed into printed booklet form, all to the best
 14 of my knowledge, skill and ability.

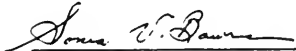
15 I further certify that I am not counsel nor
 16 attorney for either or any of the parties hereto, nor
 17 am I in any way interested in the outcome of the issues
 18 in this matter.

19 IN WITNESS WHEREOF, I have hereunto set my hand
 20 this 4th day of May, 1987.

21

22

23



24

SONIA V. BOWRA, C.S.R.

25

UNCLASSIFIED

UNCLASSIFIED

ALFRED C. DEVENPORT, Official Examiner, Toronto

~~(CONFIDENTIAL)~~ D. FRASER

86

1 PROVINCE OF ONTARIO)
 2 CITY OF METROPOLITAN TORONTO)
 3 JUDICIAL DISTRICT OF YORK)

4

5

6

I, Alfred C. Devenport, do hereby certify:

7

That I am an Official Examiner of the Province of

8

Ontario, Canada, authorized under the Laws of the

9

Province of Ontario, to administer oaths of

10

Depositions:

11

That the witness in the foregoing Interview

12

Deposition, named DONALD FRASER, was duly sworn to tell

13

the truth, the whole truth and nothing but the truth in

14

this Interview Deposition.

15

I further certify that I am not counsel or

16

attorney for either or any of the parties hereto, nor

17

am I in any way interested in the outcome of the issues

18

in this matter.

19

IN WITNESS WHEREOF, I have hereunto set my hand,

20

this 4th day of May, 1987.

21

22



 A. C. DEVENPORT, Official

23

Examiner in and for the.

24

Judicial District of York.

25

UNCLASSIFIED

15 Dec 86

UNCLASSIFIED

NOTICE

ONLY AUTHORIZED PERSONNEL
 ARE ALLOWED IN THE OFFICE.
 ALL DOORS ARE TO BE KEPT
 LOCKED. THIS POLICY IS
 EFFECTIVE IMMEDIATELY.

*500-105 desk
 where returned
 12/10/86*

Partially Declassified/Released on 11 Feb 88
 under provisions of E.O. 12958
 by K. Johnson, National Security Council

5253

JM 000050

#5 - no

EXHIBIT
 Fraser Exhibit
 Ex. 1

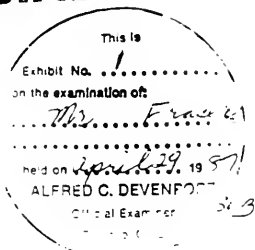
UNCLASSIFIED

UNCLASSIFIED

No Date

ABRAMS, Elliott
 ALLEN, Charles

BASTIAN, James
 BERMUDEZ, Enriquez
 BRENNKE, Richard J.
 CALERO, Adolfo
 CALERO, Mario
 CANNISTRARO, Vince
 CARRILES, Luis Posada
 CASTILLO, Thomas
 CAZE, George
 CHANNELL, Carl R. (Spitz)
 CHAVEZ, Linda
 CLARRIDGE, Duane "Dewey"
 CLINES, Thomas
 COOPER, William
 CONRAD, Daniel
 CUTTER, Paul
 de GARAY, Edward
 deGRAFFENREID, Ken
 de MIRANDA, Pires
 DUENLING, Ambassador Robert
 DUTTON, Robert
 EARLE, Robert
 EISENBERG, Guri & Israel
 FERCH, John



FISCHER, David
 FRASER, Donald
 FULLER, Graham
 FURMARCK, Roy
 GADD, Richard
 GARWOOD, Ellen
 GHORBANIFAR, Manuchehr
 GILLESPIE, Lt. Col. Wayne
 GODSON, Roy
 GOMEZ, Frank
 GOMEZ, Max
 GOODMAN, Adam
 GREGG, Donald
 HAKIM, Albert
 HULL, John
 KHASHOGGI, Adnan
 KIMCHE, David
 KOJELIS, Linas
 LANGTON, William
 LEDEN, Michael
 LILAC, Robert H.
 McFARLANE, Robert
 McMAHON, John M.

Partially Declassified/Released on 10 Feb 88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

5254

UNCLASSIFIED

UNCLASSIFIED

MAESTRI, Raphael
MATTEO, John
MEDINA, Ramon
MENGENS, Constantine
MILLER, Ernest
MILLER, Richard
MILLER, Walter
MOLL, Herman
MOSSAZ, Jacques
NIMRODI, Yaacov
NIR, Amiram
NORTH, Oliver
OWEN, Robert
PEROT, H. Ross
POINDEXTER, John
POSEY, Tom
QUINTERO, Raphael
REICH, Otto
RODRIGUEZ, Felix
SANCHEZ, Nestor
SAWYER, Wallace
SCHWIMMER, Al
SECORD, Richard
SHACKLEY, Theodore
SHAHEEN, Daniel
SINGLAUB, John K.
SPORKIN, Stanley
TAMBS, Ambassador Lewis
TEICHER, Howard
TERRELL, Jack
TRACY, Larry
TYSON, Charles B.
WATSON, Sam
WHITTLESEY, Faith Ryan
ZUCKER, Willard

UNCLASSIFIED

UNCLASSIFIED

1A
ORIGINAL

SELECT COMMITTEE TO INVESTIGATE COVERT

ARMS TRANSACTIONS WITH IRAN

U.S. HOUSE OF REPRESENTATES

AND

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE

TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

- - -

Wednesday, July 1, 1987

Washington, D.C.

Deposition of EDIE FRASER, taken on behalf of the Select Committees above cited, pursuant to notice, commencing at 1:44 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:

THOMAS MCGOUGH, Esq.
Associate Counsel

LAWRENCE EMBREY
Senior Investigator

41104

Declassified/Released on 12-28-87
under provisions of E.O. 13526
by N. Menon, National Security Council

UNCLASSIFIED

UNCLASSIFIED

For the House Select Committee:

SPENCER OLIVER, Esq.
Associate counsel

THOMAS FRYMAN, Esq.
Staff counsel

BILL DAVIS
Investigator

For the deponent:

JERRIS LEONARD, Esq.
ROBERT CASEY
Manatt, Phelps, Rothenberg, Tunney & Evans
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036

C O N T E N T S

<u>Examination by counsel for</u>	<u>Page</u>
Senate Select Committee (Mr. McGough)	4
House Select Committee (Mr. Oliver)	71, 99
Senate Select Committee (Mr. Embrey)	97

EXHIBITS

<u>Fraser Exhibits</u>	<u>Marked</u>
1	4
2 and 3	6
4, 4-A, 4-B	7
5	9

UNCLASSIFIED

art3

3

UNCLASSIFIED

EXHIBITS (contd)

Fraser Exhibits

Marked

6	11
7	14
8	81
9	90

UNCLASSIFIED

tb4

4

UNCLASSIFIEDP R O C E E D I N G S

1
2 Whereupon,

3 EDIE FRASER

4 was called as a witness and, having been first duly sworn,
5 was examined and testified as follows:

6 EXAMINATION BY COUNSEL THE SENATE

7 SELECT COMMITTEE

8 BY MR. MCGOUGH:

9 Q Ms. Fraser, my name is Tom McGough, I'm associate
10 counsel with the Senate Select Committee; seated to my left
11 is Tom Fryman who is associate counsel with the House Select
12 Committee. I will be asking the questions initially; Mr.
13 Fryman will then conduct his questions on behalf of the House
14 Committee. We are conducting a joint investigation, as you
15 are probably aware.

16 MR. OLIVER: I may also have some questions.

17 BY MR. MCGOUGH:

18 Q Mr. Oliver, also representing the House Committee,
19 may also have some questions.

20 A Certainly.

21 MR. MCGOUGH: Let's have this marked as Exhibit No.

22 1.

23 [The document referred to was marked for iden-
24 tification as Fraser Exhibit No. 1]

UNCLASSIFIED

UNCLASSIFIED

1 BY MR. McGOUGH:

2 Q Ms. Fraser, let me show you what has been marked as
3 Exhibit No. 1. It consists of a deposition subpoena and a
4 subpoena duces tecum, requesting production of certain
5 documents.

6 Did you receive a copy of this subpoena?

7 A Counsel showed it to me today, yes.

8 Q Did you bring with you, Ms. Fraser, certain
9 documents in response to that subpoena?

10 A I believe we've got all relevant documents.

11 Q All right, can we take a look at what you brought
12 with you? I'm sorry, you say you believe you produced all
13 the relevant documents, or you have them with you right now?

14 A We think--correct me--we gave Larry Embrey the
15 relevant documents of what was requested. And I think those
16 are the documents that are warranted.

17 MR. LEONARD: To our knowledge, I think we have
18 provided you at our last meeting, Mr. Embrey, with all the
19 documents. Our conversation related to originals. I don't
20 think Ms. Fraser has any originals other than those which may
21 have been given to you.

22 MR. EMBREY: We also discussed on the phone
23 attachments, and there were attachments indicated on the
24 correspondence. We discussed that in our phone conversation.

25 THE WITNESS: I think we have all of those. The

UNCLASSIFIED

UNCLASSIFIED

1 attachment that bears on basically the letter to Mr. North
 2 listing the background is the background paper--and this is
 3 the fact sheet on the Nicaragua Refugee Fund attachment.
 4 Attachment was basically the leadership of the Nicaragua
 5 Refugee Fund.

6 MR. MCGOUGH: Well, let's do this: just so the
 7 record makes a little more sense when we start talking about
 8 attachments, let me mark two exhibits, Exhibits 2 and 3,
 9 Exhibit 2 being a letter dated December 27, 1984, to Oliver
 10 North from Edie Fraser, and Exhibit 3 being a letter of March
 11 4, 1985, to Oliver North from Edie Fraser. We will identify
 12 those first.

13 [The documents referred to were marked for
 14 identification as Fraser Exhibits Nos. 2 and
 15 3]

16 THE WITNESS: That's correct. To Exhibit 1, which
 17 is the prior letter, December 27, the background papers are
 18 the fact sheet and the request form, right?

19 BY MR. MCGOUGH:

20 Q Let's slow down for a moment here. I think you are
 21 referring to the letter of December 27, 1984, that is Exhibit
 22 2, and you have handed counsel two documents.

23 A "Overview of Nicaragua Refugees."

24 Q And the second document is?

25 A "Nicaragua Refugees."

UNCLASSIFIED

UNCLASSIFIED

1 Q And you believe that those were the attachments
2 referred to in the letter of December 27? That's Exhibit 2.

3 A No, I'm sorry, those were the attachments to the
4 letter of December 12th.

5 MR. McGOUGH: All right, let's mark December 12 as
6 an exhibit.

7 [The document referred to was marked for iden-
8 tification as Fraser Exhibit No. 4]

9 Now, this is Exhibit 4--and we will make sure that
10 everybody walks away with copies of everything marked as a
11 deposition exhibit.

12 BY MR. McGOUGH:

13 Q But you believe that the two documents that you
14 have identified before, the headings being "Overview of
15 Nicaraguan Refugees" and "Nicaraguan Refugees," the latter
16 being a two-page document, were the attachments to the
17 December 12 letter?

18 A I do.

19 MR. LEONARD: Counsel, can I suggest that we mark
20 those 4-A and 4-B for the record?

21 MR. McGOUGH: That's a splendid idea.

22 [The documents referred to were marked for
23 identification as Fraser Exhibits Nos. 4-A
24 and 4-B]

THE WITNESS: Excuse me, can I just see the

UNCLASSIFIED

UNCLASSIFIED

1 December 27th? I just gave up my copy.

2 BY MR. McGOUGH:

3 Q Let's refer, then, to what has been marked as
4 Exhibit 2, the December 27, 1984, letter, if you would. Take
5 a look at what has been marked as Exhibit 2, and that is the
6 letter of December 27, 1984. That letter also refers to
7 attachments.

8 Take a moment and attempt to determine if you have
9 the attachments to that letter.

10 A Did we give that to you last time, that is, not the
11 attachment--the attachment was just the background on the
12 Sultan of Brunei, and I don't have that with me--I thought we
13 gave that to you. We should have it in the file.

14 MR. EMBREY: I obtained two documents, and those
15 are the ones that are marked 2 and 3.

16 THE WITNESS: I don't think that ever went to the
17 White House; I mean, this was internal.

18 MR. LEONARD: Was that an attachment to this letter?

19 THE WITNESS: I don't believe so, no. This was the
20 attachment which is the background--this is the attachment
21 which is basically the background on the Sultan of Brunei,
22 just the background.

23 MR. McGOUGH: We are going to have to have that
24 marked as another exhibit, then, because when you refer to
25 this the record is not going to be particularly clear. This

UNCLASSIFIED

UNCLASSIFIED

9

1 should be marked Exhibit 5.

2 MR. LEONARD: I don't think so. I think it should
3 be marked 2-A so it is connected with the letter to which it
4 relates.

5 MR. MCGOUGH: I understand your point, Jerris, but
6 let's mark it 5 because it's actually a separate letter dated
7 the day after the December 27 letter.

8 [The document referred to was marked for iden-
9 tification as Fraser Exhibit No. 5]

10 BY MR. MCGOUGH:

11 Q For the record, would you just describe that
12 document by addressee and date, Ms. Fraser.

13 A The letter is to Oliver North; it's the background
14 on the Sultan of Brunei.

15 Q And it's dated December 28, 1984?

16 A That is correct.

17 Q Now, Exhibit 2 is a letter dated December 27, 1984,
18 to Oliver North, is that correct?

19 A That is correct.

20 Q Now, with reference to any of the exhibits in front
21 of you, do you have an opinion or recollection as to what the
22 attachment was to the letter of December 27?

23 A My recollection is that this was the attachment; it
24 says "On the background of the Sultan of Brunei." This is
the attachment to the letter of the 28th.

UNCLASSIFIED

UNCLASSIFIED

tb10

1 Q Exhibit 5.

2 A Yes, correct.

3 Q So that you sent a letter on December 27 with an
4 attachment dated December 28th? I mean, that's the incon-
5 gruity I am trying to explore.

6 A My recollection may have been it all went December
7 28th; in other words, this was the background to this, from
8 my recollection--this is what it says, "Here's the attached
9 background," and this is what it is. Whether this went the
10 27th--probably they went together on the 28th, it was just
11 dated on the 27th, and that is the attachment.

12 Q Now, the letter of December 28, would you have
13 referred to that as a memo, as opposed to a letter--if you
14 would look at the last words in the text of the letter--or
15 might there have been a separate memorandum dealing with the
16 background of the Sultan of Brunei?

17 A This says "Attached is the background on the Sultan
18 from Brunei."

19 Q Right, but I was looking at the end of that
20 paragraph, where it says "See attached memo."

21 A I have to apologize. Now that I read the first
22 paragraph, this indeed was the attachment on the 27th, which
23 basically--because if you read that--"We are attaching the
24 initial list which went to the potential members of the
25 honorary committee." This was the attachment; there was no

UNCLASSIFIED

UNCLASSIFIED

1 attachment on the letter of the 28th.

2 MR. MCGOUGH: Let's mark this, then, as Exhibit 6.

3 [The document referred to was marked for iden-
4 tification as Fraser Exhibit No. 6]

5 MR. LEONARD: This was attachment to a letter of
6 which date?

7 MR. MCGOUGH: December 27.

8 BY MR. MCGOUGH:

9 Q Now, Ms. Fraser, you came to that conclusion based
10 on a reading of the first paragraph. The second paragraph
11 also refers to an attachment, however, does it not?

12 A But that was the only thing that went over to the
13 White House was the letter of December 28 on the Sultan of
14 Brunei. This is the background on the Sultan from Brunei.

15 Q So your recollection is that the letter of December
16 28th was also an attachment to the letter of December 27?

17 A That's my recollection, yes.

18 Q Which brings me back to one of my original ques-
19 tions, which is would you have referred to this letter of
20 December 28th as a "memo," as it would appear to be described
21 at the end of the second paragraph in your letter--"See
22 attached memo"?

23 MR. LEONARD: Counsel, for the purpose of clearing
24 this up and getting it straight, could I have just a minute
25 to confer with Ms. Fraser?

UNCLASSIFIED

UNCLASSIFIED

tb12

12

1 MR. MCGOUGH: Sure.

2 [Brief consultation and discussion off the record]

3 MR. LEONARD: Let me, if I can, just say that after
4 the off-the-record discussion with Ms. Fraser, she had in her
5 possession at the time she wrote the letter of December 27,
6 1984, a memorandum from the State Department on the Sultan of
7 Brunei. It appears that she dictated the letter of the 27th
8 and then decided, rather than send the memorandum, to put the
9 information in the memorandum in the form of the letter of
10 December 28th.

11 THE WITNESS: That's correct.

12 MR. LEONARD: That's how the letter of December
13 28th became the attachment to the letter of the 27th.

14 BY MR. MCGOUGH:

15 Q So at this point it's your recollection that there
16 was no attachment to the letter of December 27 relating to
17 the Sultan of Brunei?

18 A No, just the first paragraph attachment.

19 Q But the letter of the 27th was in fact sent to
20 Oliver North?

21 A In reality it probably all went on the 28th, all
22 right, but I don't recollect that; we probably held it up one
23 day till we pulled the other attachment, which was in the
24 form of a letter.

25 Q Let's look for a moment at what I believe has been

UNCLASSIFIED

UNCLASSIFIED

13

tb13

1 marked Exhibit 3, a letter dated March 4, 1985. That also
2 refers to an attachment, does it not?

3 A What that was was basically the list--Jerris, I'm
4 not sure we had--it's just of the people that were the co-
5 chairs of the honorary committee, the dinner, and the co-
6 chairs--and that's all it was in terms of that list. Do you
7 have that, Larry? I mean, it was just a list of the people--
8 whether it was Pat Boone or Frank Borman, it was that list of
9 who had signed up; that's what that attachment is.

10 MR. LEONARD: Well, let's take just a minute, if we
11 might ---

12 MR. MCGOUGH: I'm informed, by the way, that we did
13 not receive that attachment before, but I will give you a
14 moment to see if you can locate it.

15 [Pause]

16 THE WITNESS: Let me go back and read the first
17 letter that went over to the White House and see if that was
18 the later attachment or not.

19 [Pause]

20 It looks like that that was the attachment on the
21 27th, but let me look at those names again.

22 [Pause]

23 I may have to go check that--and I'm sorry, Jerris,
24 if I don't know; it looks like that that was the memorandum
that we already attached to the record of the first letter,

UNCLASSIFIED

UNCLASSIFIED

1 the 27th, is correct in terms of the advisory and the
 2 honorary committee. So therefore it's my recollection that
 3 all we did was list those people that had signed up on the
 4 honorary committee and the advisory--by March is the attach-
 5 ment, but I don't seem to have a list in front of me, right?
 6 And so therefore we would have to check. These were the
 7 people that had signed up; I mean, this is attachment which
 8 shows a letter of March 9, which were the people.

9 MR. MCGOUGH: We are going to have to mark this.
 10 When we talk about "this's" and "that's," we ought to mark
 11 them as exhibits.

12 [The document referred to was marked for iden-
 13 tification as Fraser Exhibit No. 7]

14 THE WITNESS: Those were the individuals.

15 BY MR. MCGOUGH:

16 Q So the people listed on Exhibit 7 were the advisory
 17 committee?

18 A That's exactly right.

19 Q Ms. Fraser, as you were discussing this with
 20 counsel, you were also reviewing a manila file, which appears
 21 to be a collection of some documents of some kind. Is that
 22 your file? Is that Miner and Fraser's file? I should ask,
 23 how was that compiled, how were those documents compiled?

24 MR. LEONARD: Counsel, I don't know what you are
 referring to by a manila folder. Are you talking about the

UNCLASSIFIED

UNCLASSIFIED

1 one in front of me?

2 MR. MCGOUGH: Yes. My question is if that's Miner
3 and Fraser's file or if that's your file?

4 MR. LEONARD: This is my file and this is simply
5 copies of what we ---

6 THE WITNESS: I think it's the exact same thing in
7 there, plus his notes.

8 MR. MCGOUGH: Okay, I'm obviously not interested in
9 Mr. Leonard's note.

10 MR. LEONARD: There is nothing in here except the
11 documents and a few notes, with all of your names on it.
12 There is nothing in there of any value, I assure you.

13 BY MR. MCGOUGH:

14 Q That's fine. What I'm trying to do is make sure
15 that we have in fact seen or been given an opportunity to see
16 all the documents relating to ---

17 A I believe that is it.

18 Q Particularly all of the documents relating to
19 Oliver North.

20 A That's a hundred percent relating to Oliver North.

21 Q You mean a hundred percent of the documents
22 relating to Oliver North have been produced?

23 A Exactly.

24 MR. LEONARD: That are in her possession.

25 BY MR. MCGOUGH: -

UNCLASSIFIED

tb16

16

UNCLASSIFIED

1 Q That are in your possession--or the possession of
2 Miner and Fraser.

3 MR. LEONARD: Correct.

4 THE WITNESS: That's correct.

5 MR. LEONARD: I don't know whether we tied up the
6 list of the advisory committee members with the letter of
7 March 4.

8 MR. MCGOUGH: We can do that.

9 BY MR. MCGOUGH:

10 Q The stationery with the list of the advisory
11 committee on it has been marked as Exhibit 7. I believe you
12 said it was your recollection that it was that--not necessari-
13 ly Exhibit 7, but those names that were on the attachment
14 that went with the letter of March 4.

15 A Correct.

16 MR. LEONARD: So, in other words, that attachment
17 is being offered only for the purpose of showing the list of
18 the people that are printed on it and not for the substance
19 of what is contained in the memorandum to Sugar Rautbord,
20 which is not relevant--at least hasn't been made relevant to
21 this inquiry at this point in time, is that correct?

22 THE WITNESS: Correct.

23 BY MR. MCGOUGH:

24 Q Ms. Fraser, let me just tack on one other question
25 on the document production: Have you also produced all

UNCLASSIFIED

UNCLASSIFIED

tb17

1 documents in your possession or in Miner and Fraser's
2 possession that relate to the Sultan of Brunei?

3 A Yes.

4 Q Let me get some background, if I could. You are
5 employed by or a principal in the firm of Miner and Fraser,
6 is that correct?

7 A That is correct. The firm is now Miner, Fraser,
8 Gabriel.

9 Q You will have to spell "Gabriel" for the court
10 reporter.

11 A G-a-b-r-i-e-l.

12 Q And when was "Gabriel" added to the masthead?

13 A In March, 1987.

14 Q And where are your offices located?

15 A 1025 Connecticut Avenue, Northwest, Suite 900.

16 Q How long have your offices been located there?

17 A Approximately thirteen months.

18 Q How many--and I don't know whether you divide by
19 partners or associates as a law firm might--but let me just
20 say how many employees--and by "employees" I mean people
21 working in your offices--are there at the present time?

22 A Approximately twenty-eight.

23 Q And let's take January 1 of 1985. Approximately
24 how many people were working in your offices at that time?

A Recollection of about seventeen.

UNCLASSIFIED

tb18

1 Q Could you just describe generally the business of
2 Miner and Fraser?

3 A In the business of government relations and
4 communications.

5 Q And how long has Miner and Fraser been in existence?

6 A As a corporation, since January 2nd, 1983.

7 Q Did it operate as a partnership or sole ---

8 A It's a corporation.

9 Q Did it operate prior to being incorporated as Miner
10 and Fraser, or ---

11 A It was established as a new corporation on January
12 2nd.

13 Q If you incorporated on that date, prior to incor-
14 poration had you been operating as a partnership or did you
15 just come into existence as a business entity at that point?

16 A Correct.

17 Q And what were you doing prior to that?

18 A Had another public affairs firm.

19 Q And what was that called?

20 A Fraser Associates, Incorporated.

21 Q How long have you been engaged in public affairs?

22 A Since coming to Washington in 1965, or twenty-two
23 years. The fact is ---

24 MR. LEONARD: The question is how long have you
25 been engaged in public affairs. The answer is since 1965.

UNCLASSIFIED

tb19

1 THE WITNESS: Twenty-two years.
2 BY MR. McGOUGH:
3 Q Have you ever been an employee of the federal
4 government?
5 A Yes.
6 Q And when was that?
7 A In the early days from 1965 through 1968.
8 Q And what was your employment?
9 A At the United States Peace Corps. Then I was
10 engaged again in 1969 for a year at the old Health and Human
11 Services--Health, Education and Welfare.
12 Q That was just for a year?
13 A Yes.
14 Q And in 1969, upon concluding with Health, Education
15 and Welfare, as it was known then ---
16 A '79.
17 Q I'm sorry, in '79.
18 A Yes.
19 Q '65 to '68 you were with the Peace Corps.
20 A Correct.
21 Q And that was in a public affairs capacity?
22 A Yes, both public affairs and as a desk officer.
23 Q In 1969 you entered the private sector here in
24 Washington?

A Yes, I did.

UNCLASSIFIED

UNCLASSIFIED

1 Q And you were in the private sector until 1979, when
2 you went with HEW.

3 A I went into--I'm sorry, it was 1969--now you have
4 me confused, sorry about that. 1969 is when I spent a year
5 at Health, Education and Welfare, going to the private sector
6 full time in 1970.

7 Q And at that time were you with your own firm or
8 were you with ---

9 A I was with another public affairs firm internation-
10 ally.

11 Q And what was the name of that public affairs firm?

12 A I went with the firm of Carl Byoir and Associates.
13 I established my own firm in 1975 of Fraser Associates,
14 Incorporated.

15 Q And did Fraser Associates, Incorporated, do
16 business until it became Miner and Fraser in 1982?

17 A Yes, as a separate corporation.

18 Q Ms. Fraser, we are going to concentrate overall on
19 contacts you had with Oliver North, but I want to get a
20 little bit of background about the Nicaragua Refugee Fund and
21 the dinner that occurred in the spring of 1985 for that Fund.
22 How long has the--and let's call it the NRF--been a client of
23 either yours or Miner and Fraser's?

24 A It was never a client of mine; it was a client of
25 Miner and Fraser Public Affairs from I believe December of

UNCLASSIFIED

UNCLASSIFIED

tb21

1 '84 through the termination of this dinner, exclusively.

2 Q And how did that client come to Miner and Fraser?

3 A Through a Dr. Alvaro Rizo.

4 Q And who is Dr. Rizo.

5 A Dr. Rizo is a former Nicaraguan.

6 Q Does he live in Nicaragua or is he resident in the
7 United States?

8 A No, resident in the United States.

9 Q In the Washington area?

10 A Yes.

11 Q Does he have any formal capacity with any Nicaraguan
12 exile group, or any Nicaraguan political organization?

13 A I don't know.

14 Q Is he affiliated with the NRF, or was it just a
15 referral from Dr. Rizo that brought NRF to Miner and Fraser?

16 A He's the executive director of NRF.

17 Q What did the NRF employ Miner and Fraser to do for
18 them?

19 A To put together an honorary and advisory team and
20 to put together a prestigious fundraising dinner to raise
21 money for refugees and to bring visibility to the importance
22 of the refugees.

23 Q Now, when you speak to the refugees, can you be a
24 little bit more specific. What exactly was the problem you
were addressing, or the NRF was addressing?

UNCLASSIFIED

UNCLASSIFIED

22

tb22

1 A That attachment that I provided in the letter of
2 December 27 specifically talks about the refugees in Costa
3 Rica, Honduras, in refugee camps, refer specifically to women
4 and children and the needs in terms of health care and shoes
5 and medicine.

6 Q Do you know why Dr. Rizo came to Miner and Fraser?

7 A I had known Dr. Rizo off and on for years.

8 Q Was he referred to you by Miner and Fraser or by
9 someone else?

10 A No, he had at one point been a consultant to us
11 before in my former firm. But our firm takes on many such
12 events, special events, so it was quite natural that our firm
13 would take on this event. We do for many philanthropic
14 organizations.

15 Q Was this to be a one-event relationship or was this
16 to be an ongoing public affairs relationship between Miner
17 and Fraser and the NRF?

18 A Initially the hope was to do an ongoing relation-
19 ship. It turned out that I think we wanted and the Nicaragua
20 Refugee Fund wanted to have a one-event.

21 Q What had Dr. Rizo been a consultant about with--you
22 said he had worked as a consultant at one point for ---

23 MR. LEONARD: This goes back to a time prior to
24 1975. I can't see any possible relevancy in that. It's
prying--prying into her business and his business, and it has

UNCLASSIFIED

UNCLASSIFIED

23

ub23

1 nothing to do with the investigation and charter of this
2 committee.

3 MR. MCGOUGH: I beg to differ with you. I think
4 how the NRF came to Miner and Fraser is relevant.

5 MR. LEONARD: Well, that's not the question you
6 asked. The question you asked is what was the relationship
7 prior to 1975. That was the former employer--his relationship
8 with the former employer, which is 1975. Answer the question.
9 Let's go through the whole thing, let's get it all on the
10 record.

11 When did you first meet Dr. Rizo?

12 THE WITNESS: I believe it was in 1981, approximate-
13 ly.

14 BY MR. MCGOUGH:

15 Q And under what circumstances?

16 A He had served as a public affairs consultant to
17 several firms, including Bob Gray's and including Carl Byoir
18 Associates, as an international consultant.

19 Q Did he become a consultant to you or a group with
20 which you were affiliated at that point?

21 A Yes.

22 Q And that would not have been Miner and Fraser at
23 that point; that would have been Fraser Associates.

24 A Fraser Associates, Incorporated.

Q Did Dr. Rizo have an area of specialty or expertise

UNCLASSIFIED

UNCLASSIFIED

tb24

1 that he brought to Fraser Associates?

2 A I believe, in terms of international exchange, in
3 terms of events, and counsel--in terms of international
4 counsel--that was his expertise.

5 Q And how long was he a consultant for ---

6 A I believe one year. I'd have to go back, but I
7 believe approximately one year.

8 Q All right.

9 A It may have been shorter than that, as a matter of
10 fact; it may have been seven months.

11 Q Did you understand the Nicaragua Refugee Fund to
12 have any connections or relationship with any of the political
13 or paramilitary groups that were opposing the Sandinistas in
14 Nicaragua?

15 A No.

16 Q I believe that you said NRF came to Miner and
17 Fraser in December of 1984. It was shortly thereafter, I
18 imagine, that you began planning what was to become the NRF
19 dinner in the spring of '85, and at some point, I believe you
20 told Mr. Embrey, in December of 1984, you met Colonel Oliver
21 North, is that correct?

22 A That's correct.

23 Q Can you describe the circumstances under which you
24 met him?

25 A I'd be delighted to. Had a meeting over at the

UNCLASSIFIED

UNCLASSIFIED

1 State Department, talking about the refugees and getting some
2 background on where the refugee camps were with children, and
3 it was suggested by the person we were meeting there, by the
4 name of Richard Hollowell, that we go over and I'd be
5 interested to Oliver North about the importance of the
6 refugee situation. I then had a meeting set up, and ---

7 Q Let's back up for one moment, if we could. What
8 did Mr. Hollowell tell you about Colonel North?

9 A Not much; I mean, just said I think you ought to
10 take it, Mr. North will be interested.

11 Q Did he attempt to explain why Mr. North would be
12 interested if he was involved in the issue at all?

13 A No, he did not.

14 Q So you set up a meeting with Colonel North?

15 A Yes.

16 Q Do you recall when that meeting took place?

17 A In early December--my meeting was December 11th.

18 Q Who was present at that meeting, if you recall?

19 A My recollection is it was just Oliver North and
20 myself.

21 Q Where did it take place?

22 A In his office.

23 Q In the Old Executive Office Building?

24 A That's correct. My only meeting.

Q Your only meeting with Colonel North?

UNCLASSIFIED

UNCLASSIFIED

1 A That's correct.

2 Q What did you discuss?

3 A The importance of the refugees, and the potential
4 interest in having support within the White House and
5 potential participation if there were a philanthropic type
6 event.

7 Q Did you discuss the Nicaragua Refugee Fund itself
8 with Colonel North?

9 A Only from the basis of what it was set up to do, to
10 aid in terms of the refugees, which is precisely that one-
11 page backgrounder, correct.

12 Q All right, did Colonel North discuss with you his
13 own role in or familiarity with the Nicaraguan issue?

14 A No.

15 Q Did you understand him to have any familiarity with
16 the Nicaraguan issue?

17 A Yes, I thought ---

18 MR. LEONARD: Excuse me, just a minute. Counsel,
19 "Did you understand him to have any familiarity with the
20 Nicaraguan issue?" How is Ms. Fraser supposed to answer
21 that, from her knowledge of reading newspapers, from her
22 knowledge of government, that somebody who is at the National
23 Security Council ought to have some knowledge about Nicaragua?
24 Let's ask her about what she knew and what she said and what
he said to her. Let's get the facts and not get into the

UNCLASSIFIED

1 realm where she is trying to call upon knowledge that really
2 may not relate specifically to the conversation.

3 My objection to the question specifically is I
4 think the term "understand"--"What did you understand him to
5 know"--is just too nebulous and innocuous for me?

6 MR. McGOUGH: Let me ask it in a slightly different
7 fashion.

8 BY MR. McGOUGH:

9 Q Did Colonel North tell you anything about Nicaragua
10 or the Nicaraguan issue?

11 A No, not at that meeting, no.

12 Q Why did you think you were talking to Colonel North?

13 A I was told by the State Department that he would
14 have an interest in the Nicaragua refugee situation.

15 Q Just an interest. Did anyone at the State Depart-
16 ment indicate that he could help, that he was the person in
17 the White House who was responsible for that issue?

18 A That he had the interest in the issue.

19 Q What if anything did you ask Colonel North to do?

20 A I merely shared with him the background of what we
21 thought was important on the Nicaragua refugees and the
22 refugees in general.

23 MR. LEONARD: Ms. Fraser, the question is: What
24 did you ask Colonel North to do?

UNCLASSIFIED

UNCLASSIFIED

1 BY MR. MCGOUGH:

2 Q Did you ask him to help you, to put it as bluntly
3 as I can?

4 A Colonel North showed interest in terms of the
5 refugees and the Nicaragua refugees that had fled Nicaragua,
6 and suggested that it might be a very good idea to have
7 participation, and that would be receptive to a former
8 request from our chair or co-chairs of our dinner to par-
9 ticipate. .

10 Q When you talk about "participation," what do you
11 mean? Whose participation?

12 A The participation of the President, as a group,
13 would go through not Colonel North for that participation,
14 but through White House scheduling.

15 Q Did you ask him to do anything to assist you in
16 putting together this dinner?

17 A No, except to lend his support to the scheduling
18 office.

19 Q Did he agree to do that?

20 A Yes.

21 Q Did you continue to remain in contact with Colonel
22 North after that time regarding plans for the Nicaraguan
23 dinner?

24 A The exception is exactly what you have in your
25 possession, an update, that in terms of who, of the likes of

UNCLASSIFIED

UNCLASSIFIED

1 the honorary and advisory committee on the dinner--that was
 2 the exception of the two, the two memorandums that you've got
 3 of December 27th and March 4th. I never personally talked to
 4 him again.

5 Q You never spoke to him on the phone again?

6 A Not to my recollection at all.

7 Q And you only had that one meeting with him?

8 A Yes, that is correct.

9 Q Let's take a look at the letter of December 27. Do
 10 you have that?

11 A Yes, I do.

12 Q Let's pretty much take it sentence by sentence.
 13 The first sentence reads "I look forward to getting with you
 14 on January 3 or 4 regarding the Nicaragua Refugee Fund and
 15 the proposed plan."

16 What was the proposal to get together on January 3
 17 or 4?

18 A The proposal was a recommendation for a dinner, a
 19 humanitarian effort for a dinner, attached.

20 Q What was getting together with Colonel North on
 21 January 3 or 4? Certainly that wasn't the dinner itself.

22 A It was to discuss the importance of the refugees
 23 and potentially a dinner?

24 Q Were you trying to set up another meeting with him?

25 A No. I was trying to get his assistance in the

UNCLASSIFIED

UNCLASSIFIED

1 support--of the specific support for the refugee fundraising
2 dinner for philanthropic cause.

3 Q I guess what's confusing me is the first sentence:

4 "I look forward to getting with you on January 3 or 4...."

5 Now, at that time, at the time you wrote that letter, did you
6 have a meeting scheduled with Colonel North on January 3 or 4?

7 A I don't believe I did.

8 Q Had you discussed meeting with him at all at that
9 point?

10 A There was one more meeting at the White House. It
11 did not involve Colonel North. There was one more meeting at
12 the White House, January 3rd and 4th. It involved a guy by
13 the name of Walter Raymond who was given the public affairs
14 role of this kind of event.

15 Q Was Colonel North invited to that meeting?

16 A I don't know.

17 Q Do you know what the reference to "getting with you
18 on January 3 or 4" means?

19 A My understanding was that there would be a meeting
20 set up to discuss the public affairs or for the event.

21 Q And Colonel North was to come to that meeting?

22 A That was up to the White House, and I gather they
23 asked Walter Raymond to have that meeting.

24 MR. LEONARD: The point is, when you say "you," you
25 are not talking about you--North personally; you are talking

UNCLASSIFIED

tb31

1 about you-somebody at the White House.

2 THE WITNESS: That's correct.

3 BY MR. MCGOUGH:

4 Q But we can agree the letter is addressed to Oliver
5 North.

6 MR. LEONARD: Sure it is.

7 THE WITNESS: That's correct.

8 BY MR. MCGOUGH:

9 Q Skipping down a little bit, there is, maybe three
10 sentences into that, a statement "Perhaps it would be best to
11 wait until after our meeting with you" and again, is it your
12 recollection that that's a reference to the White House, as
13 opposed to a reference to Colonel North specifically?

14 A Yes. My understanding is that a White House
15 representative, yes.

16 Q The first paragraph--the first sentence of the
17 second paragraph read "Attached is the background on the
18 Sultan of Brunei" which I mentioned to you.

19 A Yes.

20 Q Now, when did you mention the Sultan of Brunei to
21 Colonel North?

22 A At the prior meeting.

23 Q On December 11?

24 A Yes.

Q And what did you mention about the Sultan of Brunei?

UNCLASSIFIED

UNCLASSIFIED

1 A That I had been told that the Sultan of Brunei had
2 a tremendous philanthropic interest, that he had helped the
3 boat people, and that he had had a major contribution going
4 to UNICEF in the First Lady's name.

5 Q Uh-huh.

6 A That was my only understanding.

7 Q And why did you mention the Sultan of Brunei to
8 Colonel North?

9 A Because it had been suggested to me that he might
10 be interested in helping the refugee children as he did with
11 UNICEF.

12 Q Did you approach the Sultan of Brunei?

13 A No, I did not.

14 Q Why not?

15 MR. LEONARD: Why not? There is no foundation for
16 that question. She just said she never approached him.

17 BY MR. MCGOUGH:

18 Q It seems to me to be enough foundation. You had a
19 lead that the Sultan of Brunei might be interested in helping
20 the refugee children.

21 A Yes, I did.

22 Q But you did not approach him?

23 A No, I did not.

24 MR. LEONARD: The question is did she have somebody
25 else approach him. Did she talk to anybody else about

UNCLASSIFIED

1 approaching him. Not why she didn't.

2 MR. MCGOUGH: The objection is noted.

3 MR. LEONARD: There is no clear answer to a why
4 question. Now, she's going to answer the facts.

5 BY MR. MCGOUGH:

6 Q To your knowledge, who was to approach the Sultan
7 of Brunei? Let me put it that way.

8 A No one specifically. It was recommended to me by a
9 third party. There was a tremendous philanthropic interest
10 from someone that had been involved with his contributions to
11 the boat people and to UNICEF. All I took that was an idea
12 and put that as a potential that we might have for the
13 fundraising dinners.

14 Q Did you do anything with the idea?

15 A No, I did not.

16 Q Did you talk to anybody about it in the future?

17 A No, I did not.

18 Q Other than you did mention it to North, correct?
19 Why did you mention it to North?

20 A Because there was a potential of maybe having a
21 major contribution to help refugees as he had done in the
22 other two instances.

23 Q I understand, but to your knowledge, nobody
24 followed up on that potential? Do you know if anyone
25 followed up with the Sultan of Brunei?

UNCLASSIFIED

tb34

1 A Yes, I do know that, basically, at the Refugee Fund
2 dinner, they made a very small contribution through the
3 Ambassador here, all right, for the refugees.

4 Q Did you have anything to do with it?

5 A I believe the Committee followed up with, basically,
6 an invitation for him.

7 Q So you believe that, but do you know how they got
8 the contribution from Brunei?

9 A Yes. Our staff contacted the--through this
10 contact, there's a woman by the name of Elaine Trebeck, who
11 lives in California, who had worked with Brunei and was
12 friendly. It was her suggestion in the first place. We went
13 back to her. She said they would be very receptive to a
14 small contribution for the refugees, which basically, was in
15 the tune of \$2,500 for the dinner to take a table, and that
16 came through Elaine Trebeck.

17 Q And Elaine Trebeck is not in the White House?

18 A Elaine Trebeck has a firm in California. She
19 apparently had done some consultancy work with Brunei and was
20 involved with their philanthropic endeavors.

21 MR. LEONARD: Let me interrupt for just a minute.
22 Ms. Fraser, I didn't mean to imply by my questions that we're
23 angry at Mr. McGough. I'm just trying to get to what you
24 knew and how the contributions came about.

THE WITNESS: Sure.

UNCLASSIFIED

1 BY MR. MCGOUGH:

2 Q Which brings me back to my original question.

3 A Sure.

4 Q Why did you bring the Sultan up with Colonel North?

5 A Only from the purpose that there may be a major
6 contribution that would be possible in terms of the same kind
7 of philanthropic--and again, I'm talking about refugees.

8 Q I understand that, but, I guess my question again,
9 is why broach that with Colonel North?

10 A Because at the point he said that, basically, he
11 was the person handling the refugees from Nicaragua in terms
12 of the potential.

13 Q Did you want Colonel North to do anything with that
14 information?

15 MR. LEONARD: Did you expect North to contact
16 somebody from Brunei?

17 THE WITNESS: No.

18 BY MR. MCGOUGH:

19 Q That's not my question. My question is did you
20 want North to do anything with that information?

21 A No.

22 Q Take a look at what's the attachment or the letter
23 of December 28th. The record will speak for itself. I'm a
24 bit confused about what was attached to what. I think the
25 record is clear. I just don't recall. All right, you say in

UNCLASSIFIED

1 the first sentence, "In addition to the memorandum updating
2 you on several items regarding the Nicaraguan Refugee Fund, I
3 felt it important to give you the background of the Sultan."
4 And you go on to give him all that information.

5 A Uh-huh.

6 Q And you give him lots of some biographical stuff.
7 And you talk about a contribution to the Nancy Reagan drug
8 program.

9 A Yes. And I discussed the potential of a major
10 contribution for refugees.

11 Q I guess what I'm having difficulty with is why you
12 felt it was "important" to brief Colonel North on the
13 background of the Sultan of Brunei.

14 A I think it was requested they'd like to know a
15 little bit more in terms of the background so I did two
16 things. One, I called Elaine Trebeck. Two, I called--the
17 staff member called the desk up at the State Department who
18 gave us this background.

19 Q I understand how you got the background.

20 A Sure.

21 Q My question is why did you feel it important to
22 give this background to Colonel North?

23 A I think it says that they might give a contribution
24 to help refugees.

25 Q But what role was Colonel North to play in obtaining

UNCLASSIFIED

UNCLASSIFIED

1 that contribution?

2 A I think Colonel North was only interested in terms
3 of how much might be done for the refugees for the dinner was
4 my understanding.

5 Q How much might be done by whom?

6 A Might be contributed to assist the refugees.

7 Q I'm not trying to be elliptical here. My question
8 is did you want Colonel North to help you solicit a contribu-
9 tion from the Sultan of Brunei?

10 A No.

11 Q Did you want the White House to help you to solicit
12 a contribution from the Sultan of Brunei?

13 A No. I would never.

14 Q Never say never.

15 MR. LEONARD: Number one is after you've finished
16 answering the question, stop. And number two is never say
17 never.

18 BY MR. MCGOUGH:

19 Q If we could just take a moment--I don't want to
20 tarry too long on this but I do want to read the letter again
21 in light of what Ms. Fraser has been saying and it just will
22 take a moment.

23 (Pause.)

24 BY MR. MCGOUGH:

Q Well, let's go back on the record and let's see if

UNCLASSIFIED

UNCLASSIFIED

1 you can help me make heads or tails of some of this stuff.
2 In the background section, the indented paragraph, there is--
3 I'm fine through the second sentence.

4 A Uh-huh.

5 Q And I actually do pretty well through the third
6 sentence and then I come to the sentence that says "Naturally,
7 it has been recommended that he might kick in a million
8 dollars of that for the refugees for Central America."

9 A Uh-huh.

10 Q I guess my first question is a million dollars of
11 what?

12 A A million dollars to assist refugees as he did for
13 UNICEF.

14 Q Okay, but it says "he might kick in a million
15 dollars of that for the refugees for Central America." And
16 "that" is the reference that mystifies me right at this
17 moment.

18 A A million dollars for the refugees. I don't think
19 the "of that" refers to anything.

20 Q Just kind of extraneous?

21 A Let me just say again. I was impressed that they
22 had given the money in the First Lady's name to UNICEF. I
23 think that our thinking, in the recommendation was from this
24 person in California, that he might give it to the refugees
again, all right, for the same type of purpose that he had

UNCLASSIFIED

1 given the other philanthropic efforts.

2 Q All right. Let's go on to the next sentence.

3 A Uh-huh.

4 Q First of all, let me ask--"recommended" is the word
5 in there--"Naturally, it has been recommended." Do you
6 remember recommended by whom, in particular?

7 A The recommended was Elaine Trebeck from California,
8 the only person I ever knew.

9 Q All right. The next sentence says "This is
10 important as it must be a clear opportunity for this country
11 to endorse that initiative and thank the Sultan." My first
12 question is, which country is this country?

13 A "This country" would be the representatives of the
14 United States that care about refugees and to "thank the
15 Sultan" for a contribution of helping the refugees.

16 Q So "this country" is representatives of the United
17 States?

18 A Yes.

19 Q All right. So it is "it must be a clear opportunity
20 for representatives of the United States to endorse that
21 initiative." "That initiative" is what initiative?

22 A The refugee contribution, refugees.

23 Q And "thank the Sultan." Who is to thank the Sultan?

24 A I assume that, from my understanding and I don't

know, that Nancy Reagan thanked the Sultan for the contribu-

UNCLASSIFIED

UNCLASSIFIED

1 tion he made to UNICEF, as they would have figured out. I
 2 think the same thing, the Nicaragua Refugee Fund would get a
 3 contribution to help the refugees and that there would be a
 4 thanks from the White House for his assistance on the
 5 refugees. Same process.

6 Q Now, I think it's beginning to clear up a little
 7 bit. What you're saying is that this dinner presents an
 8 important opportunity for our government to endorse the
 9 Nicaraguan Refugee Fund and to thank the Sultan. Am I close
 10 to what that means?

11 A And to thank the Sultan for a contribution to the
 12 Refugee Fund, yes.

13 Q All right. Thank the Sultan for the contribution
 14 to the Refugee Fund or to UNICEF?

15 A No, I think they had already thanked for UNICEF.

16 Q Okay. And again, you weren't asking for any
 17 assistance in soliciting the Sultan?

18 A No, I wasn't.

19 Q What happened at the meeting on January 3rd or 4th
 20 at the White House? Who was present, first of all, answer
 21 that.

22 A I thought I answered. The meeting that you're
 23 referring to is I had alone with Oliver North, sent over by
 24 the State Department's suggestion, right?

Q I'm talking about the January 3rd or 4th meeting,

UNCLASSIFIED

UNCLASSIFIED

41

1 which is the one Oliver North you said did not attend, but
2 was just with a representative of the White House.

3 A My understanding--I think it was Walter Raymond,
4 somebody else on the National Security Council, and I don't
5 know if somebody from Public Liaison was there. It was just
6 to suggest the potential in terms of this dinner, as they
7 would, staffing out any other event that they would consider.

8 Q And who else was there other than the White House
9 representatives?

10 A I think Dr. Rizo was there, at that point, as there
11 had been two chairman of the dinner, right, the Friends of
12 Americas and the Sugar Rautbord, both who had worked on
13 refugees. But they were not in attendance at the meeting.
14 To my recollection, I was only there for about ten minutes.
15 I mean, I think it was more of an internal meeting in terms
16 of the refugees. Not to volunteer information, but the co-
17 chairman then had sent official requests into Presidential
18 Scheduling as they should.

19 Q Let's go, if we could, to the letter of March 4,
20 1985. I think it's Exhibit 3.

21 A Uh-huh.

22 Q Let's have the exhibit.

23 MR. LEONARD: Where is the exhibit itself?

24 THE WITNESS: The exhibit is the list of the--

MR. LEONARD: No; no. I'm talking about the--

UNCLASSIFIED

tb42

UNCLASSIFIED

42

1 MR. MCGOUGH: I have a number of copies floating
2 around here. This is two. I'm uncertain where the actual
3 marked.

4 MR. LEONARD: Let's find the marked exhibits.

5 MR. MCGOUGH: Let's look at Exhibit 3.

6 THE WITNESS: And here's the attachment. Here are
7 all the exhibits.

8 BY MR. MCGOUGH:

9 Q This is a letter of March 4 from you to Oliver
10 North?

11 A Correct.

12 Q "Dear Ollie: We were asked to get this over", this
13 being the attachments that you've identified.

14 A Correct.

15 Q Do you recall who asked you to get this over?

16 A No, I don't know the question. I understand the
17 question. Let me just go back. No, I don't remember. I
18 think somebody on the staff had called. All I know is that I
19 was asked to get over the list of the honorary and advisory
20 committee. I don't know who.

21 Q All right. As best you can recollect, it was not
22 Ollie himself?

23 A No.

24 Q There's then the handwritten note at the bottom.

A Correct.

UNCLASSIFIED

UNCLASSIFIED

1 Q Let's talk about that for a minute. It says
2 "Ollie, very IMP" which I assumes stands for important. Is
3 that correct?

4 A Yes, correct.

5 Q "Very IMP. Two people want to give major contribs."
6 meaning contributions, I guess?

7 A Correct.

8 Q "i.e., \$300,000 and up if they might have one
9 'quiet' minute with the President." And then there's a
10 handwritten note at the bottom.

11 A Excuse me, can I correct you on that?

12 Q Sure.

13 A The handwritten note on the bottom was what I wrote
14 in June, 1987.

15 Q You're jumping a little bit ahead.

16 MR. LEONARD: You're jumping and volunteering.
17 Please wait for the question.

18 THE WITNESS: Sure, okay.

19 BY MR. MCGOUGH:

20 Q Okay. That's why I didn't read it because I had
21 understood that that's a separate note written at a different
22 time. The REF and then the squiggle--

23 A Sure.

24 Q So setting aside the last line of handwriting.

A That's correct.

UNCLASSIFIED

UNCLASSIFIED

tb44

1 Q Am I correct, that was written at another time?

2 A That's correct.

3 Q Let's focus, if we can, on everything above that.

4 A Correct.

5 Q All right. Now, there are a number of questions
6 that spring from this. What was, first of all, what was the
7 source of this note? Why did you--what caused you to put
8 this note on the letter?

9 A The source of the note was Spitz Channell.

10 Q And what did Spitz Channell tell you that caused
11 you to put this note on there?

12 A My best recollection, and my interpretation, of that
13 discussion, which we discussed with Mr. Embrey, was that the
14 inference that Mr. Channell had some major contributors that
15 would be willing to give substantial money, all right? That
16 is my "i.e." in terms of the suggestion, in terms of the
17 potential amount of money and I've been over it and over it
18 in terms of the best of my recollection, that is precisely
19 it--my interpretation of what Mr. Channel said.

20 Q Your interpretation of what Mr. Channel said is of
21 great importance to us. What I'd be interested in right now,
22 though, is what you remember him saying to you.

23 A My best recollection is that he felt that he had
24 major contributors that would give substantial money for
meetings with the President.

UNCLASSIFIED

UNCLASSIFIED

45

tb45

1 Q Now, you say substantial money. Did he mention a
2 figure to you?

3 A My interpretation of that, of his major con-
4 tributors, were in the tune of several hundred thousand
5 dollars.

6 Q In other words, the \$300,000 was a figure, as best
7 you can recollect now, that was a figure that you came up
8 with as opposed to something Mr. Channel told you specific-
9 ly?

10 A I believe it is.

11 Q Now, you've given me, I think you suggested one
12 possible basis for that \$300,000. That is an understanding
13 of what Mr. Channel's contributors--what ball park they were
14 in, is that right?

15 A That is correct.

16 Q Did you have any understanding as to how much of a
17 contribution might generate, from the White House's stand-
18 point, a quiet minute with the President?

19 A I never understood what the White House might
20 generate. I understood--my inference is what Mr. Channel
21 said he could raise, all right? Only inference.

22 Q I understand that. You said that Mr. Channel
23 didn't mention a figure to you, that \$300,000 was your figure.

24 A My best interpretation is that he had major
25 contributors, all right?

UNCLASSIFIED

UNCLASSIFIED

tb46

46

1 Q Now, wait, wait. I don't want to get off on your
2 interpretation at this point. This is obviously a very
3 important point. What I want is your recollection of what he
4 told you.

5 A My recollection--

6 Q Your recollection.

7 A Is precisely that he had major contributors, okay,
8 that would give substantial money for a meeting with the
9 President.

10 Q Do you recall him saying \$300,000 or something in
11 the neighborhood of \$300,000?

12 A No, I don't.

13 Q So it's your recollection that that \$300,000 was
14 your own--

15 A Inference.

16 Q Inference and addition, if you will, to this letter.

17 A Yes. Major contributions.

18 Q And the "i.e., \$300,000" was your insertion, what
19 you felt the major contribution in this context would be, is
20 that fair to say?

21 A That is correct.

22 MR. LEONARD: You notice how optimistic she is.
23 She says "and up."

24 THE WITNESS: Mr. Channell, as you know, is a very
25 optimistic guy in terms of his enthusiasm for--

UNCLASSIFIED

UNCLASSIFIED

1 BY MR. MCGOUGH:

2 Q Now, this was to be a \$300,000 and up contribution
3 to what?

4 A Nicaragua Refugee Fund.

5 Q To the Refugee Fund then?

6 A To the refugees, yes. The only thing I was working
7 on is refugees.

8 Q In settling, and again, I'm just asking for the
9 best of your recollection, in settling on the number \$300,000,
10 did you take into account what you felt it would take to get,
11 what size of contribution it would take to get a quiet moment
12 with the President?

13 A No, I did not do that. I had the suspicion that
14 Mr. Channell thought that he had major contributions.

15 Q No, I'm not asking for Mr. Channell's standpoint.
16 I'm asking from the White House's standpoint. But my
17 question really is, did you have any reason to believe--

18 A I never talked to the White House about setting up
19 meetings with the President for X amount of money ever.

20 Q I understand that. But did you have any basis for
21 believing that contributions of \$300,000, or thereabouts,
22 would enable one to have a private meeting with the President?

23 A No.

24 Q Why did you make this proposal to Colonel North?

MR. LEONARD: Counsel, I really don't want to

UNCLASSIFIED

1 interfere but when you ask that question why, after she's
2 gone through the facts; she told you about her conversation
3 with Channell; she told you that it was her interpretation,
4 her impression; she wrote the note, nobody else wrote the
5 note; she didn't know how much it would take, whether it
6 would take \$10,000 as an eagle or \$10 million. I don't
7 understand the why question. I can only believe that that
8 question is asked for the purpose of laying a foundation for
9 something that I don't like to think about.

10 BY MR. McGOUGH:

11 Q No, it's not asked for the purpose of laying any
12 foundation. It is, in fact, the ultimate question in a lot
13 of ways and that is, the question is, this was a proposal
14 that you relayed to Colonel North--

15 A From Spitz Channell.

16 Q Via Spite Channell gave it to you, you relayed it
17 to Colonel North.

18 A Yes.

19 Q All right. Why did you relay the proposal to
20 Colonel North?

21 MR. LEONARD: The question is why she relayed this
22 information that's handwritten at the bottom of the March 4th
23 letter to Colonel North?

24 MR. McGOUGH: That will do for starters.

MR. LEONARD: Okay, that's fine.

UNCLASSIFIED

49

tb49

1 THE WITNESS: He was the contact point at the White
2 House. That had been referred to me by the State Department,
3 as I understand it.

4 Q And you had no contact--

5 A Since, subsequently in those two--

6 Q --whatsoever with him since December 11th of 1984
7 and that was one meeting in his office?

8 A I, personally, no.

9 Q At the time you wrote this note, were you aware of
10 any other instances where a contribution was made to any
11 cause or group on the condition that there might be a private
12 meeting with the President?

13 A I think, as Mr. Leonard said, it's like the eagle's
14 contribution or I think there have been lots of things during
15 all Administrations, when somebody, particularly in a
16 philanthropic way, makes a contribution of something that is
17 really important to the Administration. There are thank
18 you's, yes.

19 Q I understand that there are thank-you's when a
20 large sum--on occasion, when a large contribution is made.
21 My question is, have you ever known of a contribution--

22 A I, personally, no.

23 Q No, no. Let's just back up. How do you know you
24 don't know personally unless I ask you the question first,
25 all right? My question is were you aware, at the time you

tb50

50

UNCLASSIFIED

1 wrote this note, of any instances where a contribution was
2 made contingent upon a meeting with the President?

3 A No.

4 Q So this would have been the first--

5 A I just want to remind you of this.

6 Q I don't want to misinterpret this, I don't want to
7 misinterpret this. But my question is you're proposing here
8 that two people may make, or will make, want to make, major
9 contributions, if they could have a private minute with the
10 President?

11 A May I suggest that this my reference to Spitz
12 Channell.

13 Q I understand that, I understand that.

14 A Okay.

15 Q So, had you ever made a proposal like that before?

16 A No.

17 Q Had you ever heard of such a proposal being made?

18 A No.

19 Q Who, if you recall, were the two people who wanted
20 to make a contribution?

21 A I have no idea.

22 Q Were there two?

23 A That was my understanding of Spitz Channell. I
24 don't know.

Q Again, it was your understanding was two or your

UNCLASSIFIED

51

tb51

1 understanding was some, and you put in two?

2 A My understanding was that there were two. That's
3 what I wrote. I don't know. I have no idea who they would
4 be.

5 Q Has anyone ever approached you before and asked you
6 to make such a proposal to the White House?

7 A No.

8 Q Has anyone ever approached you since and asked you
9 to make such a proposal to the White House?

10 A No.

11 Q So this was the first and only time in your public
12 affairs career that you had ever made a proposal that a major
13 contribution, or a contribution of any kind, would be made in
14 exchange for a meeting with the President?

15 A I, personally, yes.

16 Q Do you know of any other such proposals being made?

17 A Do I personally? No.

18 Q Do you personally know of any other such proposals
19 being made?

20 A No.

21 Q Did you, at the time, consider it appropriate to
22 make that proposal?

23 MR. LEONARD: I'm going to object to that, Counsel.

24 That's totally irrelevant to this inquiry. This witness
25 isn't a consultant being paid by this Committee. She's not--

UNCLASSIFIED

UNCLASSIFIED

1 her opinions are certainly not relevant to the inquiry and I
2 object to that question.

3 MR. MCGOUGH: Your objection is noted. The
4 question stands.

5 MR. LEONARD: No, I'm not going to let her answer
6 it.

7 BY MR. MCGOUGH:

8 Q Did you, when Mr. Channell made this proposal--did
9 you discuss with him the propriety of making that kind of
10 proposal?

11 A No. Let me say I'm not sure Mr. Channell made this
12 as a proposal. I mean, I think in the enthusiasm of trying
13 to raise money for the Refugee Fund, I think the understanding
14 was that he had major contributors. I've said just the
15 facts. All right, I think in light of everything that's
16 happened, it looks so much more, but the facts stand as the
17 facts, right, and I don't know anything more.

18 Q I guess my question is did Mr. Channell--was it Mr.
19 Channell's proposal or did you take an inference made by Mr.
20 Channell and turn it into a proposal? I don't want to mis-
21 lead you.

22 A I think it was Mr. Channell's suggestion of what he
23 could do, all right?

24 Q What we have here in your handwritten note reads,
25 certainly to me at least, very much like a proposal. "If two

UNCLASSIFIED

UNCLASSIFIED

tb53

1 people can have quiet moments with the President, they will
2 contribute \$300,000 and up."

3 A Yes.

4 Q All right. Now, what I'm trying to find out is
5 whether that proposal was made to you by Mr. Channell or
6 whether you extrapolated or embellished upon something Mr.
7 Channell told you and made the proposal on your own?

8 MR. LEONARD: No, Counsel, that also calls for a
9 conclusion and I think the testimony is clear as to what her
10 best recollection is of what Mr. Channell says. It is
11 certainly clear what this note says. Now, whether or not
12 that constitutes an embellishment is a conclusion. She has
13 said that the note does not describe exactly what Mr.
14 Channell told her. I don't know why you're trying to wring
15 this out. The fact is the note is not in direct--exact
16 conformity with the conversation she had with Mr. Channell.
17 She said it is my impression, it is my interpretation of the
18 conversation.

19 THE WITNESS: I understand the importance to you,
20 but I just back that up. That is just the facts as I know
21 them, all right?

22 BY MR. MCGOUGH:

23 Q I guess your counsel has just said this note does
24 not reflect what Mr. Channell told you. Does it or does it
25 not reflect what Mr. Channell told you?

.....

UNCLASSIFIED

tb54

1 MR. LEONARD: No, Counsel. She has already said
2 that it doesn't. She has said it is her interpretation of
3 what he said. Her testimony, which is on this record as to
4 what he said was, that I have a couple of people who would
5 give major contributions if they had some time with the
6 President.

7 THE WITNESS: That's exactly what he said.

8 MR. LEONARD: That is her best recollection. Now,
9 she wrote this note sometime after she had that conversation
10 with Channell. Now, if you want to go into all the details
11 about how busy she was the day she wrote it and how the fact
12 is she scribbled it at the bottom of a letter that was going
13 off, and she was in a hurry to get it there, and whether or
14 not it was an exact interpretation. Those are all con-
15 clusions. What you want are the facts and she's given you
16 the facts and I object to the fact that you're trying to get
17 her to interpret her own actions. This lady is a witness.
18 She's not a target. She isn't a principal. She's not a
19 primary subject and we're trying to be cooperative, but I'm
20 not going to have you sit here and try to nit-pick her brains
21 as to what might have been meant by this. She's testified
22 truthfully, honestly and has been forthcoming. Now let's get
23 on to some more facts.

24 MR. MCGOUGH: I'm perfectly prepared, Mr. Leonard,
25 to swear you at any time if you'd like to testify. I don't

UNCLASSIFIED

55

tb55

1 think that's what you want to do to the extent that you are
2 proffering facts which aren't in the record. I think that's
3 inappropriate, unless you would prefer to take the oath.

4 MR. LEONARD: Let's adjourn this right now and
5 let's get a record and determine whether I have said anything
6 here that's not in the record. Let's adjourn this deposition
7 right now.

8 MR. MCGOUGH: If you want to.

9 MR. LEONARD: When would you like to re-schedule it?

10 MR. MCGOUGH: I will re-schedule it in five
11 minutes, Mr. Leonard, if you care to wait.

12 MR. LEONARD: Reporter, when can you get us a
13 transcript? I've just been accused by this lawyer of not
14 telling the truth and I want to vindicated by the record.
15 When can we have a transcript?

16 THE REPORTER: Well, I'm required just to give a
17 transcript to the Senate and House counsel.

18 MR. LEONARD: Well, then, we're going to have to go
19 to court and fight over it because I'm not going to put up
20 with this. I'm not going to sit here and let you interrogate
21 this witness and get her to interpret, not being a lawyer, as
22 to whether or not what she did was proper or improper. So
23 let's get a judge. I want to stop now and I want a trans-
24 cript.

MR. MCGOUGH: Mr. Leonard, we've gone back and

UNCLASSIFIED

UNCLASSIFIED

56

1 forth for a good five minutes now without--

2 MR. LEONARD: Counsel, we're going to stop now.

3 MR. MCGOUGH: Without, I don't think, an outstanding
4 question on the record. Now, if you would care to make
5 further statements, we can do that. If you would like to
6 proceed with the deposition, we can do that. If you care to
7 adjourn the deposition, I'd suggest we adjourn it for five
8 minutes while everybody cools down. If you're talking about
9 walking out of here, I don't consider the deposition ad-
10 journed, and I won't instruct the court reporter to transcribe
11 the deposition until we do adjourn it. Now, I think we ought
12 to just proceed. Now, would you like to put something on the
13 record?

14 MR. LEONARD: Can I talk now? Let's take a five-
15 minute adjournment.

16 [Recess]

17 BY MR. MCGOUGH:

18 Q All right, Ms. Fraser, let's try to get the record
19 clear on a point we were kicking around before the break.

20 MR. LEONARD: Counsel, could I interrupt for just a
21 minute and say that I wouldn't want anything in this record
22 to be interpreted as being in any way not fully cognizant of
23 what your responsibilities are and the professional way in
24 which you and all of your colleagues have carried them out.

25 I think we had a little problem with semantics here and I

UNCLASSIFIED

tb56

UNCLASSIFIED

1 think we've now get it cleared up.

2 MR. MCGOUGH: I think we did.

3 BY MR. MCGOUGH:

4 Q What I would like to explore with you, Ms. Fraser,
5 is whether or not Mr. Channell presented the proposal to you
6 that contributions--significant contributions--could be
7 obtained in exchange for meetings with President Reagan,
8 either expressly or implicitly did he present that possibility
9 to you or that proposal to you?

10 A Well, let me make clear that your word "proposal,"
11 in the sense of a verbal statement, not a formal proposal, all
12 right?

13 Q Okay.

14 A Second, it is my understanding, as we just said, is
15 Mr. Channell and his associate, Mr. Conrad who, as you know,
16 work together, made the statement that they had major
17 contributors who would give significant money, contingent on
18 a meeting with the President and they would suggest that and
19 that was basically it.

20 Q And you then relayed that to Colonel North?

21 A Exactly. My relation is their statement.

22 Q All right. Let's go to the note we excluded from
23 our consideration before.

24 A Sure.

25 Q And that is the REF with the scratch through it.

UNCLASSIFIED

58

tb58

1 A Right.

2 Q Could you tell me what that note said and how it
3 was put on there?

4 A Sure. This month, right, when Embrey called me to
5 ask us to come down, I wrote a reference Spitz Channell for
6 Jerris Leonard and that was the only--so I wrote it within
7 the past--I'm not even sure that's a record, but if you want,
8 it was my internal reference for him when Embrey called and
9 asked us what it was reference to.

10 Q All right, let me see if I can--it would read, if
11 not crossed out, reference to Spitz.

12 A That's exactly right.

13 Q Now when, as best you can recollect, did you put
14 that note on the page?

15 A Four weeks ago. I did it for Mr. Leonard.

16 Q You did it for Mr. Leonard?

17 A When he asked for the background papers.

18 Q And when did you cross out or write through the
19 part of the statement that says "to Spitz."

20 A I think when we were--right down before we came
21 down to the meeting with Mr. Embrey, because I had done that
22 internally. The original copy, of course, didn't have that
23 on it, that went to the White House. We were trying to give
24 Mr. Embrey exactly what went to the White House.

Q I guess my question is when did you--you say--I'm

UNCLASSIFIED

1 still not clear on when you crossed out--

2 A Right before we came down to see Mr. Embrey. Okay?

3 This all happened in the last month, all right?

4 Q Why did you cross out "to Spitz."

5 A Because it wasn't what went to the White House.

6 Okay? What you asked for is what went to the White House.

7 Q All right. Let's talk about your contact with

8 Spitz Channell a bit.

9 A All right.

10 Q Excuse me. I have to follow up on something here.

11 What, if any, acknowledgement or response did you receive

12 from Colonel North regarding this note?

13 A None.

14 Q Did you ever--you said you've never spoken to him

15 since that time, since the December 11th meeting?

16 A Thank goodness, I haven't.

17 Q All right. And he did not ever contact you in

18 writing or by telephone or in person to follow up at all on

19 that proposal?

20 A No.

21 Q Did you ever hear from anyone again about that

22 proposal?

23 A No.

24 Q Particularly anyone at the White House about that

25 proposal?

UNCLASSIFIED

UNCLASSIFIED

tb60

- 1 A No.
- 2 Q Did you ever renew the proposal with anyone at the
3 White House?
- 4 A No.
- 5 Q Did you ever speak to Mr. Channell again about this
6 proposal?
- 7 A No.
- 8 Q Did he ever ask you whether anything had come of it?
- 9 A No.
- 10 Q Was Mr. Channell aware that you were going to relay
11 this proposal to the White House? Did he ask you to relay it
12 to the White House?
- 13 A Not formally, in terms of asking me to relay it. I
14 think he was making a statement, so the answer is no.
- 15 Q All right. Do you know--did you ever indicate to
16 him that it had, in fact, been relayed to the White House?
- 17 A No.
- 18 Q To your knowledge, was he aware that you had passed
19 this along to Oliver North?
- 20 A No.
- 21 Q When did you first meet Mr. Channell?
- 22 A After we had been hired to put together this
23 refugee event, we had asked various groups in town, who had
24 philanthropic interests or conservative interests, to really
25 come together and he expressed considerable enthusiasm of

UNCLASSIFIED

UNCLASSIFIED

61

tb61

1 helping on the event. That's the first time I ever met him.

2 Q Do you recall how you were first put in touch with
3 him?

4 A Yes. I think one of our staff members--

5 Q Was it through a mutual--

6 A No, one of our staff members called around to 20
7 groups in town who might be interested in assisting in terms
8 of helping on the refugees from Nicaragua.

9 Q Did Mr. Channell become involved in the organization
10 and preparation for the NRF dinner?

11 A Yes. I mean, did he get involved--

12 Q Did he get involved with you?

13 A Yes.

14 Q Did Mr. Channell become involved through a par-
15 ticular organization of his or was there a particular
16 organization that got involved? Let me see if I can make it
17 a little more clear.

18 A No, I'm subsequently very aware of all of his
19 organizations. I did not know he had all those organizations
20 at the time and was it one of his organizations that he was
21 associated with is a relevant question and I don't remember
22 which one. I thought it was the Conservative Trust, for some
23 reason. I mean, I haven't heard that lately in all the
24 things I read, but I think that was it. He was head of the
25 Conservative Trust. Okay..

UNCLASSIFIED

UNCLASSIFIED

1 Q Did you work with anyone else in Mr. Channell's
2 organizations or did you meet with anyone else in Mr.
3 Channel's organizations.

4 A The only person that assisted Mr. Channell was this
5 Mr. Dan Conrad.

6 Q He was Executive Director of the National Endowment
7 for the Preservation of Liberty and some of the others?

8 A That is not my--I mean, my knowledge was not of
9 that organization at that time. It was the Conservative
10 Trust and that he was an associate of Mr. Channell. It was
11 merely that.

12 Q What did you understand, at that time, about Mr.
13 Channell's organizations?

14 A I didn't know much about him. I mean, in other
15 words, a staff member calling around town to find out which
16 organizations, such as Project HOPE and as such, as the Red
17 Cross that might help, Bob Hope and those others, contacted a
18 lot of organizations and he expressed a lot of enthusiasm of
19 helping.

20 Q Do you recall your first meeting with Mr. Channell?

21 A It was not a one-on-one. I mean, in other words,
22 he came to a meeting about the importance of helping on this
23 Nicaragua Refugee Fund and there were lots of organizations
24 and people that were involved.

Q Can you recall when, approximately, he first came

UNCLASSIFIED

UNCLASSIFIED

63

tb63

1 on the scene?

2 A Probably January of 1985, yes.

3 Q and what was it Mr. Channell and his organizations
4 were to do in the context of the dinner?

5 A He expressed a volunteer capacity to assist.

6 Q Did he also express an interest in helping to raise
7 money for the dinner and to sell tickets for the dinner?

8 A That was precisely his offer.

9 Q The dinner ultimately occurred on April 15, 1985,
10 is that correct?

11 A That is correct.

12 Q Approximately how many times did you meet with Mr.
13 Channell or with groups in which Mr. Channell was present?

14 A I never knew of all Mr. Channell's groups at the
15 time.

16 Q No, no, I meant, how many times did you meet with
17 Mr. Channell in planning, or leading up to, April 15, 1985,
18 and by Mr. Channell, I meant to include group settings where
19 he might be in a group?

20 A Oh, there were probably only two group settings.

21 Q All right. Did you meet with him individually on
22 other occasions?

23 A Occasionally but it was not just me. You realize,
24 we had a whole staff that was basically a little team of
25 people, so it was not I individually. And I think, Mr.

UNCLASSIFIED

UNCLASSIFIED

tb64

1 Conrad was probably his representative more than he was, yes.

2 Q So, do you recall how many occasions you might have
3 met with either Mr. Channell or Mr. Conrad, one-on-one, or
4 small group settings?

5 A Infrequently. Okay? In one-on-one settings with
6 Mr. Channell?

7 Q Yes.

8 A Very rare. Several times. Mr. Conrad more than
9 Mr. Channell.

10 Q Well, let's break them apart. Mr. Channell, three
11 or four times? Less than that? More than that?

12 A Mr. Channell? Yes, that's approximately right. I
13 would say three or four or five times.

14 Q Mr. Conrad?

15 A Mr. Conrad, you know, would report back into our
16 staff much more frequently in terms of what they were doing
17 to assist on the dinner.

18 Q And can you put a figure on the number of times you
19 might have met with Mr. Conrad personally?

20 A I, alone, with Mr. Conrad? Or the staff or the
21 group?

22 Q By you alone, I mean, you personally, with Mr.
23 Conrad, whether there were other people present or not.

24 A Several times.

25 Q Approximately three or four?

UNCLASSIFIED

UNCLASSIFIED

1 A Sure. And I think he worked with two or three
2 people on our staff and over at the Nicaragua Refugee Fund
3 that were helping with the dinner, both, so that he probably
4 worked with us, you know, on, I would say during that whole
5 time, in and out of our office and in and out of the Nicaragua
6 Refugee Fund.

7 Q Can you recall when, in the preparation for the NRF
8 dinner, Mr. Channell made the suggestion to you that was
9 reflected in your letter of March 4?

10 A I assume it must have been right around the first
11 of March for me to have written that note.

12 Q So it was sometime approximately at the time of the
13 letter?

14 A Sure.

15 Q And you discussed--other than that occasion around
16 the time of this letter, did you ever discuss that proposal
17 with Mr. Channell again?

18 A No.

19 Q What, if any, did Mr. Conrad have in discussions of
20 the proposal?

21 A Be careful about the word proposal, okay?

22 Q I'm trying to use shorthand.

23 A Every time I think of a proposal, I think of a
24 formal--

Q The subject of your handwritten note.

UNCLASSIFIED

UNCLASSIFIED

1 A Their suggestion, basically.

2 Q All right.

3 A Mr. Conrad was often Mr. Channell's representative,
4 all right? His consultant and his representative. So, the
5 question is--

6 Q The question is what, if any, discussions did you
7 have with Mr. Conrad regarding the subject of this handwritten
8 note?

9 [Brief recess.]

10 BY MR. McGOUGH:

11 Q I was exploring with you any involvement Mr. Conrad
12 might have had in discussions regarding the subject of your
13 handwritten note, and I'm inquiring really, in distinction to
14 Mr. Channell, any independent input he might have had or
15 information he might have conveyed to you regarding that
16 subject.

17 A My recollection is that Mr. Conrad was often Mr.
18 Channell's representative to report things in terms of what
19 they were doing, in terms of any potential support for tables
20 at the dinner. And my understanding was, and I was trying to
21 recollect, whether this came from Mr. Channell directly with
22 the two of them sitting around just suggesting this, right?
23 Or whether this came directly from Mr. Conrad saying, look,
24 Spitz can do this, right? And I don't quite remember, you
25 can believe that, I can't remember but I thought that it

UNCLASSIFIED

67

1 really came from the two of them.

2 Q And you can't, at this point, sort between who said
3 what regarding that subject?

4 A That's correct. It was definitely the inference to
5 Mr. Channell, though. I can't raise that kind of money.

6 Q Were you ever aware of any efforts or activities by
7 Mr. Channell, or any of his organizations, or any of his
8 employees, in raising money for direct contribution to the
9 Nicaraguan resistance?

10 A No. No emphatically.

11 Q And by that emphatic no, you would include both
12 lethal and/or non-lethal assistance to the Nicaraguan
13 resistance?

14 A Precisely. I'll just say for the record that I
15 would very opposed to it.

16 Q Very opposed to what? So the record is clear.

17 A Money for weapons.

18 MR. LEONARD: See what happens when you volunteer
19 information? The answer to the question is no.

20 THE WITNESS: Yes, sir. No.

21 BY MR. McGOUGH:

22 Q There came time, did there not, when you were
23 retained by one of Mr. Channell's organizations to assist in
24 something called the Central American Freedom Program?

A Yes.

UNCLASSIFIED

tb67

tb68

68

UNCLASSIFIED

1 Q And was that in early 1986?

2 A Correct.

3 Q What were you retained to do?

4 A To provide public affairs educational assistance,
5 in the terms of \$15,000 in support of the education of the
6 Congress in terms of the Nicaragua relief.

7 Q Was that for direct mail work?

8 A That was for contact and education, yes.

9 Q Contact with whom, by what means?

10 A Contact for various groups, be they women's groups,
11 be they basically things like the American Legion, to get to
12 their grassroots for education.

13 Q I guess my question is: Who was supposed to
14 contact whom?

15 A Our organization was to contact in very small time-
16 -it was a three-week period, as I remember, and that was it--
17 to really contact the organizations, to give them basically
18 the importance of the educational effort and have them
19 contact their members.

20 Q So it was really a two-stage sort of thing: you
21 were to contact grassroots organizations with either the hope
22 or the goal that they would in turn contact their members?

23 A That is correct.

24 Q Members of Congress, that is.

A That is correct.

UNCLASSIFIED

UNCLASSIFIED

1 Q What did you understand the overall goal of the
2 Central American Freedom Program to be?

3 A To gain the support for the Congress in terms of
4 funding the Nicaragua contras.

5 Q Had you been involved with the Nicaraguan issue
6 other than the Nicaragua Refugee Fund dinner?

7 A No.

8 Q During that period of time.

9 A No contact.

10 Q Who else was part of the Central American Freedom
11 Program?

12 A I don't know.

13 Q Did you meet as committees or task forces or groups
14 on any of these issues during that period of time?

15 A No.

16 Q How did you get your instructions--or what happened,
17 how did it work then?

18 A Mr. Channell and Mr. Conrad were the direct contact
19 with our organization, and there were three individuals in
20 our organization during the total of the three-week period,
21 which is all in terms of saying the importance of getting the
22 education out, of contacting groups, and that was it. There
23 was no contact with any other group--of that organization.

24 Q "That organization" being?

A What did you just call it?

UNCLASSIFIED

UNCLASSIFIED

b70

1 Q Central American Freedom Program.

2 A Yes.

3 Q Did you have any contact with any lobbyists
4 involved with that program?

5 A No.

6 Q Did you have any contact with IBC, International
7 Business Communications?

8 A No.

9 Q Did you ever have any contact with any of Mr.
10 Channell's contributors?

11 A Never.

12 MR. MCGOUGH: I don't have any further questions.
13 Off the record.

14 [Brief discussion off the record]

15 MR. FRYMAN: Ms. Fraser, as Mr. McGough indicated
16 at the beginning, this is a joint deposition of the Senate
17 and House Committees, and, before we commenced, I gave you a
18 subpoena from the House Committee, and I have provided your
19 counsel with copies of the House resolution of the House
20 rules. My colleague, Mr. Oliver, has some questions for you
21 at this time, and I may or may not have some further questions
22 after he's finished. But I will turn it over to Mr. Oliver
23 at this point.

24

25

UNCLASSIFIED

UNCLASSIFIED

71

tb71

EXAMINATION BY COUNSEL FOR THE
HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Ms. Fraser, I'd just like to ask a few questions to follow up some of your earlier answers and to expand a little bit on some of the areas that were touched upon.

You indicated that you were at the State Department when you were told about Colonel North, is that correct?

A That is correct.

Q You indicated that you were with Ambassador Robert Hollowell, is that correct?

A That's correct.

Q Why were you there?

A That's an interesting question. Oh, I know, we were getting background on the refugee situation in Latin America from the staff of the Assistant Secretary for Latin American or Inter-American Affairs. Our staff had initially gone over to get background and we asked if he would brief us on the situation there. We were just getting general background briefing because of the Nicaragua Refugee Fund.

Q Who was the Assistant Secretary for Inter-American Affairs?

A I can't remember if Tom Ender--no, he had already left. I don't remember.

Q Was there anyone else present at the meeting with

UNCLASSIFIED

UNCLASSIFIED

1 Ambassador Hollowell?

2 A No, and I think it was a very brief meeting where
3 he had asked certain staff in the public affairs unit to give
4 us background papers on the refugees.

5 Q You don't remember who any of those staff people
6 were?

7 A I think it was just he and I for a very short
8 meeting where he had asked the public affairs people--or the
9 public affairs people had just given us the background on the
10 refugee camps and refugees. We were trying to determine
11 location of the refugee camps.

12 Q I may have missed it earlier, but why were you
13 trying to determine the location of refugee camps?

14 A We needed the educational background in order to
15 basically know where were the refugees in terms of the
16 Refugee Fund for the Refugee Fund fundraising, for the dinner.

17 Q Where did the original idea come from to do this
18 dinner?

19 A The Nicaragua Refugee Fund.

20 Q From Mr. Rizo?

21 A Yes.

22 Q You indicated that after you met with Colonel North
23 you had another meeting in January of 1985 at the White House
24 with Mr. Walter Raymond.

A Right.

UNCLASSIFIED

UNCLASSIFIED

73

1 Q And you said that Dr. Rizo, you thought, was
2 present at that meeting also?

3 A It's my understanding it was probably more of an
4 internal meeting, but, if I remember--all I remember is I was
5 there for a very short period, I don't think more than about
6 10 or 15 minutes. But it was in Mr. Raymond's office, that's
7 correct.

8 Q I believe you indicated that somebody from public
9 liaison was there?

10 A I don't know if that was public liaison or their
11 public affairs staff, the National Security Council.

12 Q Do you remember any of the names of any of the
13 other people that were present at that meeting?

14 A I really don't. I think there was one other person
15 in the meeting.

16 Q Have you ever met Jonathan Miller?

17 A No. He was not, and I have not.

18 Q Did you have any conversations with Colonel North
19 on the telephone after your first meeting with him in
20 December of 1984?

21 A I don't believe so.

22 Q Your first letter in December of 1984 is addressed
23 to him as "Dear Oliver" and signed "Edie Fraser." The letter
24 in March is addressed "Dear Ollie" and signed "Edie." What
made you transfer from that sort of informal to a very

UNCLASSIFIED

UNCLASSIFIED

1 personal salutation during that period of time?

2 A I'm a very informal person, maybe being in the
3 public relations business, and I generally call people by
4 their first names.

5 Q You did call him by the first name--you called him
6 "Oliver" and you signed it "Edie Fraser," and then it went to
7 "Ollie" and "Edie," and that seems like quite a jump for no
8 contact. There was no contact between you and Oliver North
9 between December of 1984 and the "Dear Ollie, signed Edie"
10 letter of March of 1985?

11 A No, I think the reference to him from others was
12 named Ollie, all right? So therefore I called him what
13 others called him. The NSC staff referred to him as "Ollie."

14 Q Who on the NSC staff?

15 A I guess Walter Raymond, and the contact was
16 "Ollie," right?

17 Q Did you have any further contact with Mr. Raymond
18 after that meeting in January?

19 A None.

20 Q Did you have any contact with any other members of
21 the NSC staff?

22 A None.

23 Q Did you have any contact with anyone in the public
24 liaison office at the White House?

25 A No.

UNCLASSIFIED

UNCLASSIFIED

75

tb75

- 1 Q Did you ever meet with Mr. Bob Riley?
- 2 A No.
- 3 Q Was Mr. Bob Riley involved in any way with the
- 4 Nicaragua Refugee Fund dinner that took place in April of
- 5 1985?
- 6 A I don't think so, no.
- 7 Q Was the dinner a successful dinner?
- 8 A The newspaper reports was the only thing we knew in
- 9 terms of their saying very little money was left over in
- 10 terms of what actually went to the refugees. From the
- 11 educational--of getting the visibility of the refugees, I
- 12 think yes. We did not have the financial accounts of the
- 13 Fund; Nicaragua Refugee Fund had that.
- 14 Q Were you in charge of organizing the dinner?
- 15 A Assisting in the organization, yes.
- 16 Q Were you the primary organizer of the dinner?
- 17 A In cooperation with the Nicaragua Refugee Fund, yes.
- 18 Q Did you regular meetings of the volunteers who were
- 19 working on the dinner?
- 20 A Initially, we had, as I said, in our probably two
- 21 meetings with some of the organizations, yes.
- 22 Q And did the organizations pledge to raise a certain
- 23 amount of money or sell a certain number of tickets?
- 24 A As different from a lot of the efforts we are
- involved in, I don't think there were formal pledges; I mean,

UNCLASSIFIED

UNCLASSIFIED

1 a lot of the efforts that we get involved in for philanthropic
2 are much more specific.

3 Q Was the dinner originally scheduled for some time
4 in March?

5 A Yes.

6 Q Why did it not take place in March?

7 A I don't know.

8 Q Who decided it wouldn't take place in March?

9 A I guess the White House.

10 Q How were you told that the dinner wasn't going to
11 take place in March?

12 MR. LEONARD: Don't guess, Edie. If you don't
13 know, say: I don't know.

14 THE WITNESS: I don't know.

15 BY MR. OLIVER:

16 Q You were the primary organizer of the dinner and
17 you don't know why it was postponed?

18 A We were the contact ---

19 MR. LEONARD: Excuse me, she was not the primary
20 organizer of the dinner, and that's in her testimony, Mr.
21 Oliver.

22 BY MR. OLIVER:

23 Q Who was the primary organizer of the dinner?

24 A The Nicaragua Refugee Fund was in charge of all
25 logistics for the dinner, and the co-chairmen, with the

UNCLASSIFIED

1 Nicaragua Refugee Fund.

2 Q And who were the co-chairmen?

3 A The co-chairmen were Mr. Woody Jenkins and Mr.

4 Sugar Rautbord.

5 Q Were they in Washington?

6 A No.

7 Q Who was in Washington that was working on the
8 dinner?

9 A Dr. Alvaro Rizo and Mr. Michael Schoor.

10 Q They were in Washington?

11 A They were the Nicaragua Refugee Fund.

12 Q And you met with them frequently?

13 A Yes.

14 Q They attending meetings arranging these dinners?

15 A There weren't a lot of meetings; initially there
16 were two or three meetings, yes. They were the primary
17 contact then in terms of the White House. All I did was
18 initiate; they took over as the Nicaragua Refugee Fund.

19 Q They provided mailing lists? Who decided who to
20 sell tickets to?

21 A I think that was a joint effort of those that they
22 knew and those that we had in terms of the advisory committee
23 and others, in terms of those that took tables for the
24 dinner, and individual tickets. That was then run out of the
25 Nicaragua Refugee Fund, not out of our office, for the

UNCLASSIFIED

UNCLASSIFIED

cb78

1 tickets.

2 Q What was run out of your office?

3 A The organizing initially in terms of the honorary
4 and the advisory, and basically a certain number of commit-
5 ments in terms of tables and funds, yes.

6 Q How did you secure ---

7 A And preparing the packet basically on the Nicaragua
8 Refugee Fund dinner. Those were the three functions.

9 Q How did you secure commitments?

10 A Invitation, and basically a request whether someone
11 would take a table or take individual tickets. Those were
12 then turned in to the Nicaragua Refugee Fund.

13 Q Did you make phone calls to potential contributors?

14 A Yes.

15 Q Did you make the phone calls yourself?

16 A There was a team of about five people making phone
17 calls.

18 MR. LEONARD: Did you make the phone calls yourself?

19 THE WITNESS: I was one of five people.

20 BY MR. OLIVER:

21 Q Who were the other people?

22 A Staff, our staff, and staff of the Nicaragua
23 Refugee Fund.

24 Q Where were the phone calls made from?

A Our office our out of the Nicaragua Refugee Fund.

UNCLASSIFIED

UNCLASSIFIED

1 Q How did you avoid duplication of phone calls? Did
2 you call one list and they called another?

3 A I believe, in the organization sense, we had
4 certain number of the advisory committee and certain of the
5 corporate support, yes. And they had just general mailing
6 and support. There was a listing, you know, of basically
7 who--that was provided in terms of telephone calls and
8 commitments.

9 Q Were you concerned that the postponement of the
10 dinner might result in losing some of the prominent par-
11 ticipants who were supposed to participate in March?

12 A I was concerned that the dinner change; I didn't
13 know the effect.

14 Q Did there come a time when you were concerned that
15 the date of the dinner might affect whether or not Bob Hope
16 would participate?

17 A To the best of my recollection, ---

18 MR. LEONARD: That question can be answered yes or
19 no. Were you concerned? Yes, I was concerned; no, I wasn't
20 concerned.

21 THE WITNESS: The answer is probably no, then.

22 BY MR. OLIVER:

23 Q You were not concerned about the change of date?

24 A I was concerned about change of date.

MR. LEONARD: Excuse me, that wasn't the question.

UNCLASSIFIED

8b80

1 The question was: Was she concerned that the change of date
2 would affect the participation of Bob Hope? Yes or no, were
3 you or weren't you?

4 THE WITNESS: No, but I'd like to qualify.

5 MR. LEONARD: Go ahead.

6 THE WITNESS: I don't think there was a firm
7 commitment from Bob Hope to participate on the March 15th
8 even; there was a firm commitment from Mr. Hope to lend his
9 name to the honorary of the dinner. And I think that was the
10 only commitment in terms of--that they ever made, right?

11 BY MR. OLIVER:

12 Q Did there come a time when you were concerned that
13 the President would not be able to participate in the dinner
14 because of a schedule conflict?

15 A No. I qualify that again. The concern was
16 basically getting a firm date, all right, from the White
17 House.

18 Q Did you communicate with the White House that the
19 President's inability to participate on a specific date would
20 harm the success of the dinner?

21 A No. Only request was to have a specific date.

22 Q And when did you get that specific date?

23 A There was a letter that was sent back to Mr.
24 Jenkins that was sent to the Nicaragua Refugee Fund, of which
25 I brought a copy, at the Nicaragua Refugee Fund office from

UNCLASSIFIED

tb81

UNCLASSIFIED

81

1 the White House of March 26, then, which must have given ---

2 Q Is this one of the pieces of correspondence that
3 was turned over to the Committee?

4 MR. LEONARD: No.

5 THE WITNESS: This is from the Nicaragua Refugee
6 Fund; it wasn't to me.

7 BY MR. OLIVER:

8 Q Would you submit that letter for the record?

9 A Sure.

10 MR. OLIVER: Let the record show that counsel for
11 the witness is submitting a letter dated March 26, 1985, to
12 Mr. Jenkins from Frederick J. Ryan, Jr, director of Presiden-
13 tial Appointments and Scheduling. Please mark that as an
14 exhibit.

15 [The document referred to was marked for iden-
16 tification as Fraser Exhibit No. 8]

17 THE WITNESS: May I just explain that letter was
18 received by the Nicaragua Refugee Fund, not by us.

19 BY MR. OLIVER:

20 Q Did you communicate with Mr. Walt Raymond any
21 further after your meeting in January at the White House?

22 A I don't believe so. I mean, I think I was asked
23 that all communications would be to the Nicaragua Refugee
24 Fund.

25 Q Did you ever have any further contact with the

UNCLASSIFIED

tb82

- 1 State Department regarding this dinner?
- 2 A No.
- 3 Q When you participated in this Central American
4 freedom project in 1986 which involved education of the
5 Congress, how did you become involved in that particular
6 project?
- 7 A Mr. Channell approached our organization.
- 8 Q Did he call you?
- 9 A Yes.
- 10 Q And what did he ask you to do?
- 11 A To meet with him to discuss the efforts that they
12 had under way, that they were using various organizations in
13 the educational process.
- 14 Q And did you meet with him?
- 15 A Yes.
- 16 Q Who else was present?
- 17 A I think I had a staff member by the name of Maria
18 Humeres with me.
- 19 Q And was anybody there besides Mr. Channell?
- 20 MR. LEONARD: Maria Humeres.
- 21 BY MR. OLIVER:
- 22 Q In addition to Maria Humeres and you, was there
23 anyone else present?
- 24 A I don't think so.
- 25 Q And what did Mr. Channell tell you at that meeting

UNCLASSIFIED

UNCLASSIFIED

1 about this project?

2 A That there was a timetable to do educational
3 effort, not directly with the Congress, but through education
4 of organizations to reach their grassroots.

5 Q Through education of organizations to reach their
6 grassroots.

7 A Yes.

8 Q How would that take place? How would you educate
9 organizations through their grassroots?

10 A Those that were sympathetic to the issue would ask
11 them to send a letter to their members, certain members, to
12 contact the members of Congress, as occurs in most grassroots
13 efforts.

14 Q Which groups were involved?

15 A I don't remember precisely; I knew that we had a
16 lot of the women's groups very specifically, and I believe--I
17 did not coordinate this effort; I mean, one of our staff
18 people--we had Maria Humeres and a consultant by the name of
19 Jane Ellis really worked on this project, and, again, it was
20 only a three-week effort, very specifically in terms of--I
21 guess they were the women's groups and certain patriotic
22 groups, and there weren't that many groups to educate in
23 terms of their grassroots. Very small, very short-term
24 educational initiative.

25 Q What did you do in those three weeks?

UNCLASSIFIED

tb84

84

1 A We made contacts with certain of those organiza-
2 tions, to tell them in terms of the time to educate their
3 members, the importance of getting to Congress to support the
4 Nicaraguan issue.

5 Q Did you discuss specific congressional districts?

6 A I think there was a list that Mr. Channell gave us
7 of the districts that were important, yes.

8 Q How did you use that list?

9 A The list was given to groups.

10 Q Can you remember the names of any of the groups?

11 A General Federation of Women's Clubs.

12 Q Why would these groups write letters to their
13 congressmen?

14 A I think you are familiar on any given issue there
15 are supporters in this country and groups that are very
16 interested--probably a hundred issues a day where that
17 process occurs, all right? Whether it's the Chamber of
18 Commerce effort or the AFL-CIO effort, the same process
19 occurred here in going to groups that were sympathetic or
20 that had members that were sympathetic.

21 Q Do you remember when Mr. Channell contacted you?
22 Do you remember the date approximately?

23 A No, I don't; I'd have to go back on the record.

24 But wasn't it somewhere like March of '86? It was a very
25 small three-week period.

UNCLASSIFIED

UNCLASSIFIED

tb85

- 1 Q How about early February of 1986?
- 2 A That sounds appropriate--I knew it was February or
3 March.
- 4 Q When did this effort end?
- 5 A We only worked on it for that short three weeks
6 from the time in February till basically on that first vote,
7 and that was it. I think there were numerous organizations,
8 as you know.
- 9 Q Did you have any contact with Mr. Rich Miller of
10 IBC?
- 11 A No.
- 12 Q Were you aware that Mr. Channel and Mr. Conrad had
13 a working group, a task force, that related to this Central
14 American Freedom Program?
- 15 A I was not aware.
- 16 Q Were you aware that your name was on the list of
17 participants in that task force that was provided this
18 Committee by Mr. Conrad?
- 19 A No, I was not.
- 20 Q Do you know Mr. Jack Lichtenstein?
- 21 A No, I do not.
- 22 Q Do you know Mr. Marty Artiano?
- 23 A Excuse me, Jack Lichtenstein, I guess I have met
24 him--but did I meet him through this effort? No, I did not.
- 25 Q Was he involved in this effort?

UNCLASSIFIED

UNCLASSIFIED

- 1 A I think he was.
- 2 Q What makes you think that he was?
- 3 A Excuse me, I'd like to strike that: I don't know
- 4 that he was, okay?
- 5 Q What does Mr. Jack Lichtenstein do?
- 6 A I don't know. I really don't know him. Wait a
- 7 minute. I will qualify that: I think he does public
- 8 relations, public affairs, all right?
- 9 Q Do you know Mr. David Fischer?
- 10 A I know of Mr. Fischer.
- 11 Q Have you ever met him?
- 12 A Yes.
- 13 Q When did you meet him?
- 14 A I met him with Mr. Channell.
- 15 Q When was that?
- 16 A During that period.
- 17 Q What was the purpose of the meeting?
- 18 A The meeting with Mr. Channell to describe what he
- 19 wanted in the educational effort, Mr. Fischer was sitting
- 20 there.
- 21 Q Was anyone else present?
- 22 A No, I don't believe so.
- 23 Q Was Mr. Conrad present?
- 24 A I don't think so.
- 25 Q Was there discussion at that meeting of a vote in

UNCLASSIFIED

87

tb87

1 the Congress on aid to the freedom fighters in Nicaragua?

2 A The purpose of the effort was to gain educational
3 support for the vote for the Congress, yes.

4 Q Is it your testimony there was a discussion of a
5 vote that was to take place in Congress related to aid to the
6 freedom fighters? Was there a discussion of that?

7 A Yes.

8 Q What was said?

9 MR. LEONARD: By whom?

10 MR. OLIVER: Let me try to be a little bit more
11 specific.

12 BY MR. OLIVER:

13 Q Did Mr. Channell indicate to you that this educa-
14 tional program related to that vote in the Congress?

15 A Yes.

16 Q Did he indicate that there was a timetable and a
17 deadline that related to the timing of that vote in the
18 Congress?

19 A Yes. As I have stated, we were told there was a
20 three-week effort, which I gather was the first vote on
21 Nicaraguan aid.

22 Q So there was an urgency that was related to that
23 deadline?

24 A The first deadline, yes. And that was the only
25 deadline we were involved in. Yes.

UNCLASSIFIED

UNCLASSIFIED

1 Q You said the first deadline. Was there a second
2 deadline?

3 A I gather there was another vote; we were not
4 involved.

5 Q Were you involved, in your recollection, until the
6 middle of April of 1986?

7 A I'd have to go back to the record. My recollection,
8 as I said here, was no more than three or four weeks. It was
9 a very short timetable.

10 Q Is it possible it could have been from early
11 February till the middle of April?

12 A I'd have to go back and look.

13 Q Do you know Bob or Adam Goodman?

14 A No, I don't.

15 Q Have you ever heard of them?

16 A Read the newspaper.

17 Q What did you read about them in the newspaper?

18 A That he made spots for this whole effort, public
19 television spots.

20 Q Have you ever met Dan Kuy^kendall?

21 A Yes.

22 Q When did you meet Dan Kuy^kendall?

23 A Not from this effort; I met Dan Kuy^kendall back in
24 1979 when we were working on a labor law reform project.

Q Have you met him in relation to the Nicaraguan

UNCLASSIFIED

tb90

1 A Not in my recollection, no.

2 MR. OLIVER: Excuse me just a moment. Could we go
3 off the record.

4 [Brief consultation off the record]

5 MR. OLIVER: Could we take just a moment? We want
6 to make a copy of something.

7 [Brief recess]

8 BY MR. OLIVER:

9 Q Ms. Fraser, I'd like to show you a document from
10 the Committee's files, which is marked No. A0079238, which is
11 the Committee's identification number. And I'd like to have
12 it entered in the record. And I'd like to ask you to take a
13 moment to peruse this letter, if you might. It was the basis
14 for some of the questions I've been asking you during the
15 last few moments.

16 [The document referred to was marked for iden-
17 tification as Fraser Exhibit No. 9]

18 Ms. Fraser, you now have read the letter?

19 A Yes.

20 Q Does anything mentioned in that letter refresh your
21 recollection about the program in which you were involved in
22 February and March of 1986?

23 A What do you mean "refreshed"?

24 Q Do you remember working with any of those people on
25 that campaign?

UNCLASSIFIED

UNCLASSIFIED

1 A Mr. Channel got us involved, all right; we basically
2 had a small team of people during that short period, all
3 right; we had specific contracts; we did what we did; we
4 provided our results to Mr. Channell. We really did not work
5 with those other people. That is correct.

6 Q Well, the reason I ask the question is because the
7 letter refers to you as sub-contractors of IBC, and the
8 letter is from Spitz Channell to Rich Miller, asking him to
9 call the names which I have mentioned to you. And it is your
10 testimony that you did not receive a call from Rich Miller.

11 A Nor were we ever a sub-contractor of IBC, ever.

12 Q And you have never met or talked with Rich Miller,
13 is that your testimony?

14 A I have met Rich Miller, okay, but only once in the
15 presence of Mr. Channell, all right? Our contact was Mr.
16 Channell.

17 Q When did you meet Rich Miller?

18 A During that time period, that one meeting. Mr.
19 Channell contacted us, had the contract with us, we weren't a
20 sub-contractor to IBC, I didn't know IBC, and Mr. Miller sat
21 in a meeting with Mr. Channell.

22 Q Was anyone else present at that meeting?

23 A I thought we went through that question once, and
24 you asked me if Mr. Conrad was in that meeting, and my best
25 recollection was not, no.

UNCLASSIFIED

UNCLASSIFIED

tb92

1 Q My recollection is that you referred earlier to
2 David Fisher being at the meeting with Mr. Channell. And I
3 was asking you about Rich Miller. And you have now indicated
4 that you met Mr. Miller with Mr. Channell, and I am assuming
5 that must have been a separate meeting.

6 A I'm sorry, it was the first time I really knew, and
7 it was Richard Miller--here's the guy, David Fischer? I
8 apologize, it was not David Fischer, it was Richard Miller.
9 I'm sorry, I don't know them very well, and I was trying to
10 recollect. It was Mr. Miller that was in that meeting with
11 Mr. Channell.

12 But our contact was Mr. Channell.

13 Q I understand that.

14 A We had no sub-contract with IBC.

15 Q But it is your testimony that there was not a
16 coordinating or steering or task force group that met
17 frequently during this period of time to coordinate this
18 campaign.

19 A No. As far as I know, we didn't participate with
20 any of those other people.

21 Q Did anyone who worked for you participate with any
22 of those people?

23 A No. Ms. Humeres and I had one meeting with Mr.
24 Channell that Mr. Miller sat in on. Mr. Channell was in
charge.

UNCLASSIFIED

UNCLASSIFIED

tb93

1 Q How much were you paid for your participation in
2 this project?

3 A \$15,000.

4 Q Were you paid in one lump sum or in various
5 increments?

6 A The answer is various increments--and I'd have to
7 go back; our administrative staff has that--it was in the
8 contract: it was either two or three payments from the best
9 of my recollection.

10 Q The contract called for a flat fee?

11 A It was for a specific fee, yes.

12 Q There were no expenses involved?

13 A I'd have to go back and look at the contract. My
14 understanding was that it was a flat fee. We had no real
15 expenses per se, but it may be plus expenses. Our typical
16 contracts are plus expenses, so there may have been minimal
17 expenses of just telephone and that's basically it, all
18 right? I'd have to check that, if you'd like. But it would
19 be minimal. We weren't involved in ---

20 Q Have you supplied a copy of that contract to the
21 Committee? Would you be willing to supply us with a copy of
22 that contract?

23 A I'd be delighted to.

24 Q And the correspondence related to that contract and
25 to that project?

UNCLASSIFIED

UNCLASSIFIED

tb94

1 A Sure, I'd be delighted.

2 MR. LEONARD: To Mr. Embrey?

3 MR. OLIVER: To Mr. Embrey would be fine.

4 MR. FRYMAN: And a copy to me also.

5 MR. OLIVER: And a copy to Mr. Fryman, if you would.

6 MR. LEONARD: Counsel, if I might note, that

7 organization is not identified anywhere in the subpoena, is

8 it?

9 MR. OLIVER: I was just getting ready to look at

10 the subpoena. Let's see whether or not it was identified.

11 MR. LEONARD: I just wanted to point out, if it

12 was, that Ms. Fraser and I went over this list we thought

13 fairly carefully just before we came here. But in any event

14 I don't see it listed.

15 MR. OLIVER: You are correct, counsel; I think it

16 was an oversight. We did not include it.

17 MR. LEONARD: I just want the record to be clear

18 that she, not being in the subpoena, didn't know about it.

19 But we'll be happy to provide the information; we'll get it

20 to Mr. Embrey and to Mr. Fryman. Thank you.

21 MR. OLIVER: Thank you, counsel.

22 BY MR. OLIVER:

23 Q Just a couple of more questions, Ms. Fraser. Did

24 you ever meet Barbara Newington?

UNCLASSIFIED

UNCLASSIFIED

tb95

1 Q Do you know who Barbara Newington is?

2 A I was just recollecting; it's been in the paper.

3 Q Had you before these references to her in the
4 newspaper ever heard of her?

5 A No, I had not.

6 Q How about Ellen St. John Garwood?

7 A Never heard of her.

8 Q Bunker Hunt?

9 A Certainly had heard of Bunker Hunt--who hasn't,
10 right? But, no, I had not in reference to this thing.

11 Q When you had renewed your association with Spitz
12 Channell in 1986, did you discuss with him any of his sources
13 of funding for this project?

14 A No, I never did.

15 Q Did you ask who was paying for this project?

16 A No.

17 Q Who paid you?

18 A Sentinel, to my recollection, will pull the
19 contract. We had done so, as you may know, for the IRS, as
20 every organization did, and supplied all our records on the
21 contract.

22 Q What is Sentinel?

23 A I gather it's Mr. Channell's organization.

24 Q Well, you indicated in your earlier testimony that
25 you later became familiar with a number of his organizations.

UNCLASSIFIED

UNCLASSIFIED

1 A Excuse me just a minute, I only have learned of his
2 organizations through the same media that everybody has been
3 reading. I believe that the organization that hired us was
4 named Sentinel, all right; I know that the contact was Mr.
5 Channell. I have to go back and look at the contract per se.
6 I don't handle our contracts; we have an administrative staff.

7 Q Did you ever meet Mr. Bruce Cameron?

8 A No.

9 Q Did you ever hear of the Center for Democracy in
10 the Americas?

11 A Yes.

12 Q Where did you hear about that?

13 A I watched it through the passage of the Congress
14 with Dante Fascell and the others, because I've been very
15 interested in foreign affairs, as we all are, right?

16 Q I think you may be confusing the Center for
17 Democracy in the Americas with the National Endowment for
18 Democracy.

19 A Oh, I apologize; I know the National Endowment, I
20 don't know the Center for Democracy. I'm sorry, there are so
21 many names. I apologize.

22 Q I have no further questions, Ms. Fraser. I thank
23 you.

24 MR. FRYMAN: I have no further questions, Ms.
25 Fraser.

UNCLASSIFIED

UNCLASSIFIED

tb97

1 MR. EMBREY: I have just a brief follow-up.

2 EXAMINATION BY COUNSEL FOR THE

3 SENATE SELECT COMMITTEE

4 BY MR. EMBREY:

5 Q A couple of points from our earlier interview, in
6 response to a direct question from me about Mr. Kuychendall,
7 you indicated before that you had never met him. Now you
8 have met him several times. I didn't catch ---

9 A Excuse me, let me go through exactly what I said.
10 I said I had known Mr. Kuychendall through the business
11 community in Washington. He was involved in numerous
12 business organizations in the effort of 1979 on a labor law
13 reform effort. At that point I was introduced to Mr.
14 Kuychendall. He didn't work directly with us in that effort.
15 I never saw him involved in this effort. I went to one
16 reception on the Hill that Mr. Channell had. I saw him at
17 that reception; I said: hello, Dan.

18 Q You indicated that your conversation with Colonel
19 North on your December 11 meeting was brief, and from my
20 notes on our interview earlier you indicated that it was to
21 discuss refugees and a support event.

22 A Precisely.

23 Q I was a little confused by the discourse between
24 you and Tom McGough relative to refugees. What specifically
25 did you discuss about the refugees at the meeting with

UNCLASSIFIED

UNCLASSIFIED

98

tb98

1 Colonel North?

2 A Only our desire to support, which was in this fact
3 sheet, of the refugee camps and settlement, and the specific
4 Latino refugees.

5 Q Do you remember specifically what information he
6 imparted to you as to whether he was aware of their plight or
7 whether he was active in doing anything for them?

8 A Well, my recollection is that he said he is very
9 supportive of the refugee endeavor in terms of basically
10 refugee camps.

11 Q Refugee camps. Can you expand on that at all?

12 A The refugee camps and basically of the refugees
13 that left for Costa Rica and Honduras, all right, the
14 refugees which were basically 6,000 Latinos in Honduras are
15 not getting money through certain organizations and others.
16 All we were being educated, basically by the State Department,
17 on the seriousness of the refugees in terms of their plight,
18 basically the Costa Rican and Honduras refugees. We didn't
19 talk--it was a very short meeting, so of course we didn't
20 talk about specifics on the Costa Rica-Honduras refugees.

21 Q Okay, I want to be clear on that particular thing.
22 And, as I understand it now, you are indicating that you did
23 know Mr. Miller in brief contacts in a meeting with Mr.
24 Channell.

A He was in that meeting. I'm sorry, I didn't know

UNCLASSIFIED

rb99

1 who was who, because my contact or our contact was Mr.
 2 Channell. I gather Mr. Miller was sitting in that meeting
 3 with Mr. Channell.

4 Q And that is your only contact with Mr. Miller?

5 A Yes. And I'm sorry, I don't recollect David
 6 Fischer.

7 MR. OLIVER: If I may, I'd like to have one more
 8 question.

9 FURTHER EXAMINATION BY COUNSEL FOR
 10 THE HOUSE SELECT COMMITTEE

11 BY MR. OLIVER:

12 Q During the period of time you were working on this
 13 project, did you register as a lobbyist?

14 A We are very careful to do that, and I don't think
 15 so, all right, in terms of ---

16 MR. LEONARD: You may not have had to. The
 17 question is, did you. And you don't recall.

18 THE WITNESS: I don't believe so.

19 MR. LEONARD: Would your files reflect that?

20 THE WITNESS: Yes, our office would know that. I
 21 can almost certainly say that the answer was no, all right.
 22 My understanding, just to back that up, was this was an
 23 educational effort. The answer is no.

24 BY MR. OLIVER:

25 Q My notes reflect that what you were doing was to

UNCLASSIFIED

UNCLASSIFIED

1 gain support from the Congress for support for the contras.
2 I believe those were your words. And Sentinel is a lobbying
3 group.

4 A May I make one comment?

5 Q Yes.

6 A We had no contact with members of Congress.

7 MR. LEONARD: In any event, we are going to check
8 the file, and if they did we will provide the registration.

9 THE WITNESS: We would be delighted to.

10 MR. OLIVER: Thank you, counsel.

11 MR. LEONARD: If not, we'll let you know.

12 [Whereupon, at 4:18 p.m., the taking of the
13 deposition in the above-entitled matter was concluded]

UNCLASSIFIED

art101

UNCLASSIFIED

101

1 I have read the foregoing 100 pages, which contain
 2 a correct transcript of the answers made by me to the
 3 questions therein recorded.

4

5

6

 EDIE FRASER

7

8

9

10

11

Subscribed and sworn to before me this _____ day

12

of _____, 1987.

13

14

15

16

 Notary public in and for:

17

18

My commission expires:

19

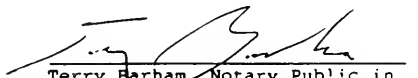
UNCLASSIFIED

UNCLASSIFIED

102

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.

UNCLASSIFIED

~~TOP SECRET~~
UNCLASSIFIED

HSITS-8/87

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25DEPOSITION OF
CRAIG L. FULLERSelect Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives,
Washington, D.C.

Monday, March 30, 1987

The deposition convened at 3:00 p.m. in Room B-352,
Rayburn House Office Building.Present: Neil Eggleston, Deputy Chief Counsel, House
Select Committee to Investigate Covert Arms Transactions
with Iran; Richard J. Leon, Deputy Chief Minority Counsel,
House Select Committee to Investigate Covert Arms
Transactions.Also Present: Alan Charles Raul, Associate Counsel to
the President; John P. Schmitz, Deputy Counsel to the Vice
President.Partially Declassified/Released on 12-18-87
under provisions of E.O. 12356
by N. Menan, National Security Council

4019

2Aof3

UNCLASSIFIED
TOP SECRET

UNCLASSIFIED

2

1 (3:00 p.m.)

2 MR. EGGLESTON: For the record, my name is
3 Neal Eggleston, Deputy Chief Counsel of the House Select
4 Committee to Investigate Covert Arms Transactions with
5 Iran, and also present from the House of Representatives
6 side is Mr. Richard Leon, Deputy Chief Minority Counsel.

7 The witness is Craig Fuller.

8 House Resolution 12 establishes the committee in
9 order to investigate various activities involving United
10 States relations with Iran, as well as investigations into
11 the contras, and this deposition is being taken pursuant
12 to that resolution.

13 Mr. Allen Raul is present and would like to make
14 a few remarks.

15 MR. RAUL: Thank you.

16 I would just like to say that Mr. Fuller is
17 appearing today voluntarily, pursuant to the House Select
18 Committee's letter of request, to say that the Vice-
19 President's office and the President appreciate your
20 cooperation and the courtesy you have extended to us and
21 for giving us this opportunity to disclose the facts and
22 comply with the President's pledge of complete cooperation
23 with the congressional investigation.

24 We would also like to add our request that we
25 receive and be permitted to retain a copy of Mr. Fuller's

UNCLASSIFIED

TOP SECRET
UNCLASSIFIED

3

1 transcript.

2 It is my understanding that you have agreed to
3 give us the opportunity to review the transcript and you have
4 taken under advisement the request for a copy of the
5 transcript.

6 MR. EGGLESTON: That is correct.

7 Mr. Fuller, let me just tell you generally the way
8 I want to proceed with the deposition so it is very clear.
9 I do not think that this will take very long.

10 I have some general questions about your own
11 background, your education, your jobs prior to assuming
12 your present job. I will ask you to go through various
13 events that took place in 1985 and 1986 and ask you if you
14 have any firsthand knowledge of them; and secondly, ~~and~~ ^{if}
15 you have any knowledge after discussing them with the
16 Vice-President, if you did indeed discuss them with the
17 Vice-President or have any other knowledge about the
18 various events.

19 I will focus on the area of November of 1986
20 and determine what knowledge you may have of various events
21 that took place during that period of time.

22 Whereupon,

23 CRAIG L. FULLER

24 was called as a witness and, having been duly sworn, was
25 examined and testified as follows:

UNCLASSIFIED

~~TOP SECRET~~
~~UNCLASSIFIED~~

4

1 BY MR. EGGLESTON:

2 Q Let me start with introductory material, which
3 is if you could tell me generally where you were born,
4 where you grew up, where you went to school, and your jobs
5 prior to the time that you began working with the Vice-
6 President, and I will interrupt you only if there is an
7 area I do not understand.

8 A Okay.

9 I was born in Pasadena, California, lived in
10 Arcadia, California, went to high school in Walnut Creek,
11 California, in Northern California, back down to UCLA for
12 college, undergraduate in political science, went to
13 Occidental for a graduate degree, participated in the CORO
14 Foundation -- C-O-R-O Foundation.

15 During the time I was at UCLA, I became involved
16 with then Governor Reagan's administration and met many of
17 the people who ultimately came to Washington in that
18 period of time, 1970, 1971, 1971.

19 I graduated from UCLA in 1973.

20 In 1974 -- no, 1973 I was public affairs manager
21 for Pacific Mutual Life Insurance Company.

22 In 1977, January of 1977, I joined Deaver and
23 Haⁿⁿaford, a public affairs consulting firm, and I was there
24 until January of 1981 when I became Deputy Assistant to
25 the President for Cabinet Affairs, later that year was made

~~TOP SECRET~~
~~UNCLASSIFIED~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

5

1 Assistant to the President, Cabinet Affairs.

2 I held that position until April 1st, 1985, at
3 which point I became Chief of Staff to the Vice-President.

4 Q Who was your predecessor as Chief of Staff to the
5 Vice-President?

6 A Admiral Dan Murphy, who resigned and went into
7 private business.

8 Q When did you indicate that you became Assistant
9 to the President for Cabinet Affairs as opposed to Deputy?

10 A I believe it was in September of 1981.

11 Q What were your duties then from September 1981 to
12 April of 1985?

13 A The Office of Cabinet Affairs, which I directed
14 as Assistant to the President, was responsible for
15 coordinating the work of the seven different Cabinet
16 counsels. We were the principal point of contact in the
17 White House for the members of the Cabinet, and when issues
18 were dealt with other than those dealt with in the National
19 Security Council, and those issues were handled by the
20 National Security Advisor and reported to the President
21 through Ed Meese, Counselor to the President, so I had a
22 number of responsibilities and activities that involved
23 assisting him in his role.

24 I also had, as a member of the scheduling
25 committee, responsibilities for assisting in the planning of

~~TOP SECRET~~
~~UNCLASSIFIED~~

**TOP SECRET
UNCLASSIFIED**

6

1 presidential events.

2 Q Could you then generally summarize what you do?
3 I guess it has been nearly two years now as Chief of Staff
4 to Vice-President Bush?

5 A The Chief of Staff's job really involves
6 supervising the activities of all the members of the staff.
7 There are six or seven major offices within the Vice-
8 President's office, Press Office, National Security Affairs
9 Office, Counsel's Office, a Policy Office, Advance Office,
10 Scheduling Office, and I suppose in the role, in the Chief of
11 Staff's role, I am the principal advisor to the Vice-
12 President and responsible for coordinating the work of the
13 other members of the staff.

14 Q Do you travel with him?

15 A Yes, I do.

16 Q Where is your office located?

17 A In the Executive Office Building.

18 Q Is it right next door, next to the Vice-President's
19 office?

20 A The Vice-President has an office in the Executive
21 Office Building, and my office is contained within a suite
22 that includes his office.

23 He also has an office in the west wing of the
24 White House. He uses both about half the time, and there
25 is a small anteroom over there that I can use sometimes.

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

7

1 Q Do you also have offices in the residence?

2 A I do not, no.

3 Q Did you know Donald Gregg -- G-R-E-G-G?

4 A Yes, I do.

5 Q What is his position?

6 A Assistant to the Vice-President for National
7 Security Affairs.

8 Q When did you first meet him?

9 A I don't really recall the first date I would have
10 met him. I came in contact with him while I was
11 Assistant to the President for Cabinet Affairs.

12 He was on the National Security Staff and then
13 joined the Vice-President's Office, so it probably would
14 have been in 1983 or 1984. But I do not have a specific
15 date.

16 Q He has been the --

17 A Put it this way -- I never worked closely with him
18 on anything until I joined the staff of the Vice-President.

19 Q But throughout the time that you have been on the
20 staff of the Vice-President, he has been the Vice-President's
21 National Security Advisor?

22 A That is correct.

23 Q Did, in 1985, 1986 -- I can't remember when it
24 was established -- the Vice-President was involved with the
25 terrorism task force?

**UNCLASSIFIED
TOP SECRET**

~~TOP SECRET~~
~~UNCLASSIFIED~~

8

1 A Yes.

2 Q Did you have any involvement with that?

3 A I had had some involvement with it. I had...¹¹The
4 principal responsibility for coordinating the work of the
5 task force on the staff, was placed on the National
6 Security Affairs Office that Don Gregg heads. Doug
7 Menarchik was the principal contact there. I reviewed the
8 progress of the work being performed and spoke with and
9 helped direct the work Admiral Hollyway did, the
10 Executive Director of the Task Force.

11 I reviewed the final product, or the product
12 before it was finalized, the report before it was finalized.

13 Q Let me ask you about your official relationship
14 with the Vice-President. I understand that these may be
15 some hard questions to answer, and I will try to narrow
16 them down.

17 Do you generally attend the meetings that he
18 attends?

19 Do you also attend a meeting if he is at it?

20 Is there a way you can generalize what your
21 attendance is?

22 A I don't always attend meetings that he attends.

23 Let me take you through some of the routine
24 meetings of a day, and that will help answer it.

25 The Vice-President and I generally meet at 7:45

~~TOP SECRET~~
~~UNCLASSIFIED~~

**TOP SECRET
UNCLASSIFIED**

9

1 each morning, just the two of us, talk about the schedule,
2 the issues of the day. We receive -- the Vice-President
3 receives an intelligence briefing at 8:15 in the
4 morning, and I do sit in on that, as does Don Gregg.

5 Q Who gives that?

6 A A briefer from the CIA.

7 Q Is it always the same person?

8 A No, four, five people. We review the President's
9 daily briefing -- ~~the PDB~~ ^{PDB} -- and have an opportunity
10 to ask questions, and there are three, four different people
11 from the agency that do those briefings.

12 That is over with about 8:30. At that time the
13 Assistant to the Vice-President for Policy, now Charley
14 Greenleaf, comes in and briefs us over in the west wing,
15 senior staff meeting, and I participate in that each day.

16 At 9:00 o'clock the Vice-President leaves for his
17 meeting with the President and the Chief of Staff,
18 Howard Baker. That occurs at 9:00 o'clock. I do not
19 participate in that meeting.

20 At 9:30 the National Security Advisor to the
21 President arrives for a national security briefing with the
22 President, and I do not attend that meeting.

23 The morning cycle of meetings ends about
24 10:00 o'clock.

25 Q Let me stop you before you get into the morning

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

10

1 cycle.

2 The PDB -- is that the same PDB that the
3 President reviews?

4 A Yes, it is. The routine stops at about 10:00
5 o'clock, and it varies from then, so in answer to your
6 question, I have, during the rest of the day -- some meetings
7 I attend with the President and some I do not.

8 The ones that I do not attend --

9 Q I assume you meant with the Vice-President.

10 A I am sorry. The meetings at 9:00 o'clock with
11 the President and Vice-President and at 9:30 I do not
12 attend.

13 Q Various meetings take place on a fairly regular
14 basis, or various different official meetings, NSPG -- do you
15 attend those?

16 A I do attend those.

17 Q Does the Vice-President attend the NSC meetings?

18 A He does attend the NSC meetings, and I also
19 attend those meetings.

20 There are Cabinet counsel meetings. If the
21 President attends, the Vice-President almost always
22 attends if we are in town. Those meetings I will, on
23 occasion, attend. Frequently, I have the Deputy Chief of
24 Staff attend those meetings.

25 Q Who is the Deputy Chief of Staff?

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

1 A It is now Charley Greenleaf.

2 Q All right.

3 A It is the nature of my role and generally the
4 practice has been to give the Vice-President's Chief of
5 Staff the option to attend the meetings with the President
6 if they are held in the White House. It is a kind of a
7 function of the scheduling of the issues.

8 MR. RAUL: Your question was whether
9 Mr. Fuller attends NSPG or NSC meetings, and I believe he
10 responded that he did.

11 I assume you were asking whether as a rule he is
12 permitted to attend, not whether he has attended every
13 single NSPG meeting.

14 MR. EGGLESTON: That is correct.

15 BY MR. EGGLESTON:

16 Q If the Vice-President attended those meetings,
17 did you generally attend?

18 A Yes, I did.

19 It was really the custom before I arrived on
20 April 1st, 1985, and I continued the practice of being the
21 one staff member that participated in the National
22 Security Planning Group meetings, and the NSC meetings,
23 although the NSC meetings would also periodically include
24 either Don Gregg or another member of the staff.

25 Q Did you take notes at the NSPG meetings that you

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

12

1 attended?

2 A No.

3 Q How about the NSC meetings?

4 A No.

5 Q Was there one person who generally took notes
6 at the meetings you attended?

7 A My understanding has always been there is a note
8 taker for both NSPG and NSC meetings, somebody on the
9 National Security Staff, and the person varies, and in the
10 event we have some reason to go back and review a record
11 of the meeting, as a participant in the meeting, the record
12 was available to us. And so, as a matter of practice, neither
13 I nor anyone on the staff took notes at the meetings.

14 Q If you recall, was it always the same person who
15 was the notetaker?

16 A No, it varies.

17 Q It depended --

18 A The subject matter.

19 Q Sort of the action officer?

20 A I believe that was the case, although I will have
21 to indicate I am not intimately familiar with the practice
22 or who got the responsibility.

23 Q Let me ask you about your knowledge now of some
24 various different events, and let me clarify that as I ask
25 these questions I am interested in your knowledge of these

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

13

1 events as of the time that they occurred.

2 Obviously, there has been a lot written in the
3 newspapers, and I am sure you have had conversations with
4 people about them afterwards.

5 Unless I specifically say to you, "Have you had
6 a conversation recently about a certain event," I am
7 interested in your knowledge at or about the time that they
8 took place.

9 A I understand.

10 Q I will probably frequently introduce a question
11 as saying, "as reported in the Tower Commission report,"
12 but I am asking for your own personal knowledge, and by way
13 of that, I will start exactly that way.

14 The Tower Commission reports that there were
15 various meetings between Michael Ledeen and Mr. Gorbhanifar
16 and others throughout the summer of 1985.

17 Were you aware that those meetings were taking
18 place?

19 A I was not.

20 Q It also has been reported that in early August
21 of 1985 there was a meeting which took place that involved
22 Mr. McFarlane, and I think the President reportedly was
23 present. Mr. Shultz was present, Mr. Weinberger,
24 Mr. Regan. And I don't know that there has been a report
25 about whether the Vice-President was present at that

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

14

1 meeting? Are you aware of the meeting I am talking about?
2 The meeting was reported as taking place on or about
3 August 6 of 1985.

4 A Okay.

5 I had no knowledge of the meeting around early
6 August. I am aware of the meeting that is reported to have
7 taken place on or about August 6.

8 Q Okay.

9 A And I have no indication -- I had no indication
10 at the time nor do I have any indication now that the Vice-
11 President participated in that meeting.

12 Q If the Vice-President participated in that
13 meeting, is there a general calendar where his activities
14 are recorded?

15 A Yes, there is.

16 Q Is that a calendar that is maintained after the
17 fact as well as before the fact? If he is called to a
18 meeting he did not intend to attend, would that meeting be
19 recorded?

20 A Yes, to the best of the ability of the immediate
21 office staff. They kept an accurate record, and his
22 participation in an early August meeting on August 6 or
23 August 8 is not indicated on that diary.

24 Q And on or about September 13 of 1985, a hostage
25 named Weir was released. By that time, there had been two

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

15

1 shipments of TOWs from Israel, 108 or 408 -- I forget which
2 is which -- that took place on August 30 and early September
3 of 1985.

4 Were you aware at or about the time that those
5 transactions had taken place?

6 A No, I was not.

7 Q To your knowledge, at least the Vice-President
8 was not aware?

9 A To my knowledge, the Vice-President was not aware.
10 That is correct.

11 Q There was a summit in November of 1985. Is that
12 correct? Did the Vice-President go to the summit?

13 A No, he stayed here.

14 Q Similarly, you stayed here, as well?

15 A Correct.

16 Q Then in the summer of -- excuse me -- November of
17 1985, there was an additional transaction which took place,
18 reported now at some length, involving Hawk missiles that
19 were sent November 23, 24, or some date.

20 Were you aware of that at or about the time that
21 it took place?

22 A No, I had no knowledge of it.

23 Q Similarly, as far as you know, the Vice-President
24 was not aware?

25 A That is correct. I am not aware that he knew of

UNCLASSIFIED
TOP SECRET

**TOP SECRET
UNCLASSIFIED**

1 that at the time.

2 Q Okay. There were a series -- there were various
3 meetings which then took place in December of 1985,
4 including one on or about December 10th which included
5 a number of individuals, including the President, Mr. Casey,
6 Mr. Shultz, Mr. Poindexter, Mr. McFarlane, and various
7 others.

8 It has been reported that the Vice-President was
9 not at that meeting.

10 A That is correct. He was not at the meeting.

11 Q It has been reported that he was at a football
12 game or something.

13 A He was. On December 10th, we left early for
14 Delaware to go to a meeting with the republican governors.
15 It was the 7th that he was at the Army-Navy game, nor did
16 he know about the meeting.

17 Q Is that right?

18 A Yes.

19 Q The first version -- I don't mean it that way --
20 the classified version of the Vice-President's report
21 on terrorism comes out in December of 1985; is that
22 correct?

23 A It sounds about right, but I am not sure of that.
24 I don't recall the actual date.

25 Q Did Mr. Nir -- do you know Mr. Nir -- N-I-R?

**UNCLASSIFIED
TOP SECRET**

~~TOP SECRET~~
~~UNCLASSIFIED~~

17

1 A Yes, I do.

2 Q How do you know Mr. Nir?

3 A I knew him as an individual we met with in July
4 of 1986.

5 Q I will get to that.

6 A I had never heard of him until July 28, 1986.

7 Q You actually did not? You had not even heard
8 of him prior to July of 1986?

9 A No.

10 Q If I asked you if you had any knowledge whether he
11 worked with the Vice-President on the task force, your
12 answer would be you don't know that?

13 A At the time I would have had no reason to believe
14 he worked on it. I had not heard of him. I have since
15 checked, having been asked a question by the media on it,
16 and even our own people were not sure he played a role.

17 We heard he may have gotten a thank you letter.
18 He may have participated in a meeting with a group that
19 traveled to various countries as part of the development of
20 the report, but to the best of my knowledge, while he had
21 some contact with people working on the task force report,
22 he didn't play a major role.

23 Q The next event is there was a meeting on
24 January 6th of 1986. It has been reported that the Vice-
25 President attended that meeting, and also the President,

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

18

1 Mr. Poindexter, Mr. Fortier.

2 Is the report that I have that he attended that
3 meeting -- is that correct?

4 A I thought it was a meeting on January 7 that he
5 attended with those people.

6 Q I was going to ask you about the 7th, as well. It
7 is my understanding there were two meetings, one on the
8 6th and one on the 7th.

9 A We have indicated a willingness to provide the
10 schedules.

11 I do not recall whether he is down as having
12 attended the meeting on the 6th. I did not attend it and
13 was not aware of the meeting on the 6th.

14 Q Were you aware that he was going to attend this
15 meeting on the 7th?

16 A No, I was not aware of it at the time.

17 Q But you have confirmed that he did attend this
18 meeting?

19 A He has indicated to me he recalls attending it,
20 yes. Our record indicates he attended it.

21 Q Okay.

22 Does your record indicate the purpose of the
23 meeting?

24 A No, it doesn't.

25 The recollection, I guess, is consistent with the

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

19

1 reporting that I have seen. It was a session that was a
2 follow-on, I believe, to another meeting.

3 Q Okay.

4 But have you discussed this issue with the Vice-
5 President about this particular meeting on January 7?

6 A Not in detail, except to indicate that -- where
7 we can, we have attempted to see if he recalls anything
8 specific about some of these meetings that have been in
9 the record, in the Tower record, as well as others.

10 Q Okay.

11 So, you don't have any additional knowledge about
12 the January 7 meeting, except that you now believe that
13 he did attend the meeting of January 7.

14 Let me ask you about the meeting on January 17,
15 which was the day on which the finding was actually signed.
16 It has been reported to me, at least that the Vice-President
17 did attend that meeting, as well.

18 Did you know about that meeting at the time that
19 it took place?

20 A As best I can determine, it was -- the meeting
21 was or occurred as part of the 9:30 national security
22 briefing, that the national security advisor gives, and
23 so I knew that the Vice-President was attending the 9:30
24 briefing.

25 I did not know the subject matter then, and until

~~UNCLASSIFIED~~
~~TOP SECRET~~

**TOP SECRET
UNCLASSIFIED**

1 much of this was reported, I did not know that this issue
2 had been discussed there.

3 Q Let me take you quickly through some other events
4 and ask you whether you recall whether you knew about them
5 at or about the time they took place.

6 .In February of 1986, there was a transaction,
7 a sale of TOW missiles to Iran, approximately 1,000.
8 Did you know about that at or about the time?

9 A No, I did not.

10 Q There was a NSPG meeting which took place on or
11 about May 16, 1987 where the issue of funding for Central
12 America, the contras, the Central American issues came up.
13 Do you recall whether you attended that meeting?

14 A I believe I did. I will be glad to check the
15 record and get back to you.

16 Q How often did these NSPG meetings take place?

17 A There usually is not more than two a month, at
18 most.

19 Q Are they generally each one devoted to a
20 particular issue?

21 A Yes. There is a particular topic, and they are
22 not -- or they are called as necessary. There is not a
23 standard time in which the NSPG meets. It is on an as-
24 needed basis.

25

UNCLASSIFIED

TOP SECRET
UNCLASSIFIED

21

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BY MR. LEON:

Q Colonel North attended?

A That meeting specifically?

Q In general.

A In general, no. I am not sure he attended that meeting at all.

Q Who would normally be there from the National Security Council?

A The National Security Planning Group is the most restricted national security council meeting that is called. It is usually confined to the principles, meaning the Secretaries of State, Defense, Vice-President who attends, the Director of Central Intelligence, Chairman of the Joint Chiefs, the President's Chief of Staff, and it -- usually the Attorney General and Secretary of Treasury, but it can be expanded depending on the topic.

But it does not usually expand to lower levels within the bureaucracy, which the NSC meetings do, but the NSPG are held in a smaller room, usually doesn't exceed a dozen people in attendance.

Q Would each of the principles have one of his staff members with him?

A No, standard rule ^{is} National Security Advisor had one, had his Deputy present, and the Vice-President has his Chief of Staff present, and the President has his Chief of

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

22

1 Staff present, and then other members of the staff are there
2 on an invited-for-a-presentation-purposes-only basis.

3 BY MR. EGGLESTON:

4 Q Let me ask you about one other event before I get
5 to the meeting in July with Mr. Nir.

6 Mr. McFarlane, as you now know, traveled to
7 Tehran in late May of 1986. Were you aware of that at the
8 time?

9 A I was not.

10 Q Were you aware whether the Vice-President was aware
11 of that?

12 A He has told me since he was.

13 Q I have a copy of your memorandum here in front of
14 me dated July 29, 1986; and I also have a version which is
15 in the Tower Commission, because my version has been
16 photo-copied now so many times, it is not as legible.

17 Where did this meeting take place?

18 A In the King David Hotel, the Vice-President's
19 suite.

20 Q In Jerusalem?

21 A Yes.

22 Q For what reason was the Vice-President in
23 Jerusalem?

24 A We were on a Middle East trip to Israel, Jordan,
25 and Egypt, really to go and meet with the Heads of State

UNCLASSIFIED

**TOP SECRET
UNCLASSIFIED**

23

1 and other people in those three countries.

2 Q When had the Vice-President left the United
3 States?

4 A I believe it would have been about July 25 or 26.
5 Israel was our first stop.

6 Q Israel was the first stop.

7 Do you recall how long you had been in Israel as
8 of the time that this meeting took place?

9 A One day, maybe two.

10 We were in Frankfurt, Germany when Jenco was
11 released, and we went from Frankfurt, Germany into Israel.

12 Q Could you describe how this meeting came about,
13 how it was set up?

14 A On July 28, Colonel North phoned me and indicated
15 on a secure telephone that he would like for the Vice-
16 President to meet with Mr. Nir. He indicated that Mr. Nir
17 had briefed the Prime Minister, Peres, on a highly
18 classified effort that involved our reaching out to Iran,
19 involved the U.S. hostages, and that he realized that I may
20 not know a lot about the program, but that the Vice-
21 President was fully aware of it and asked for a half hour or
22 so for Mr. Nir to come in, indicating that the Prime
23 Minister would like for the Vice-President to have the same
24 briefing that the Prime Minister had.

25 Recognizing and fully respecting the notion that

**UNCLASSIFIED
TOP SECRET**

TOP SECRET
UNCLASSIFIED

1 there might well be a classified program that I had not
2 had access to, I sort of took the requests under advisement.

3 I indicated that if the Vice-President was willing
4 to have the meeting, 7:30 was probably the logical time,
5 and Mr. Nir -- or Colonel North indicated that he would have
6 Mr. Nir phone me.

7 Q Colonel North, as far as you know, was in
8 Washington at the time?

9 A I don't know where he was.

10 Q Do you know where he was?

11 A I do not know where he was.

12 We ended the conversation on that basis.

13 Oh, before we ended the conversation, Colonel
14 North indicated that if the meeting was held, that no one
15 else should know about it except for the Vice-President
16 and me, and that no member of our party should be advised
17 about this classified program or about the nature of our
18 conversation.

19 At some point during the day, I went to the
20 Vice-President and indicated that there had been a request
21 for the meeting. The Vice-President indicated that he was
22 a little surprised that Colonel North had given me any
23 background on the nature of the classified program since the
24 information about it had been strictly limited, but he
25 indicated that he was willing to consider the meeting.

UNCLASSIFIED

~~TOP SECRET~~
~~UNCLASSIFIED~~

25

1 And I indicated that Mr. Nir would be phoning
2 me and we would look -- we anticipated having it at 7:30,
3 provided no further reservations.

4 At that time the Vice-President indicated that he
5 wanted to talk to John Poindexter about it, and he tried
6 to reach John Poindexter on a secure phone, was unable to
7 do so, because John Poindexter was traveling or otherwise
8 unable and ultimately spoke with Colonel North directly.
9 And I was not present for the conversation, but whatever
10 transpired, it was agreed that I would attend the meeting
11 and would take thorough notes of what was discussed and
12 brief Colonel North following the meeting.

13 Mr. Nir called, and I confirmed at 7:30. He was
14 aware 7:30 was the time we identified for the meeting.

15 He arrived in my suite the next morning about
16 7:15, and we went from my suite to the Vice-President's
17 suite at 7:30 and held a half-hour meeting.

18 Q Okay.

19 I would like to ask you then about the meeting
20 that took place. I have read your memorandum of the
21 meeting.

22 Did you take handwritten notes during the
23 meeting?

24 A I took -- yes, I took handwritten notes. We had
25 no recording devices at all in the room, and I then wrote

~~UNCLASSIFIED~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

1 them out in longhand during the course of the day, in
2 order to insure that we didn't lose the essence of what had
3 been said, and then typed them when we returned to
4 Washington and provided them to Colonel North.

5 Q As the meeting began between the Vice-President
6 and Mr. Nir, did they appear to know each other?

7 A They did not know, no -- they did not appear to
8 know each other, and I have no reason to believe the Vice-
9 President knew of him or knew him prior to this initial
10 meeting.

11 Q Was there any discussion at the beginning about --
12 let me ask you this to amplify various parts of the
13 memorandum that I am not sure are really there and see if
14 you can recollect.

15 Was there any discussion at the beginning of
16 the meeting about the reason that the Vice-President was
17 being briefed on this matter directly by Mr. Nir?

18 A There was an indication by Mr. Nir that he --
19 similar to what Ollie North has stated. Mr. Nir indicated
20 he had briefed the Prime Minister; and since we were in
21 Israel, the Prime Minister wanted the Vice-President to
22 receive the same briefing.

23 Mr. Nir also indicated that he had been encouraged
24 to brief us by his U.S. contacts, who he did not name, to
25 the best of my recollection.

~~UNCLASSIFIED~~
~~TOP SECRET~~

end
mag

~~TOP SECRET~~
~~UNCLASSIFIED~~

27

gcl fls mag 1 Q Did you know who, or did you have an understanding
2 about who he referred to?

3 A I assumed it was Ollie North.

4 Q Did you know Colonel North?

5 A Yes.

6 Q Were you or are you personal friends with Ollie
7 North?

8 A I would not characterize it as a personal friendship.
9 I have never socialized with him. In the course of the six
10 years at the White House I have seen him ten or twelve times,
11 participated in meetings with him on occasion. That is, meetings
12 at which he was present on occasion, so I knew him, and I
13 certainly respected him as a senior member of the National
14 Security staff.

15 Q Let me ask you some questions, since there is a
16 fairly complete memorandum of this meeting^t, which at least
17 according to the memorandum, took 25 minutes or so. I have a
18 few questions about it.

19 At the beginning he began by describing the early
20 phase. Do you recall what it was? Did he describe what the
21 early phase was, what had actually taken place during the
22 early phase? It is a little vague from your memorandum just
23 what it was that he was describing.

24 A I am not sure I can answer that question without
25 putting the notes in context or describing a little bit about

~~UNCLASSIFIED~~
~~TOP SECRET~~

**TOP SECRET
UNCLASSIFIED**

28

1 the notes themselves. Since I had no knowledge of the program
2 at all until the 28th, and I had no specific, or any detailed
3 information, literally, everything that was said during the
4 course of the meeting was a revelation to me, and so in taking
5 the notes, and in transcribing them later, I really tried to
6 set forth in almost verbatim material what had been said. As a
7 result, what you have there is in many ways better than my
8 recollection because it was really an endeavor not to miss
9 anything that had been stated at the meeting.

10 Having said that, I grant you that there are some
11 ambiguities and some points that at the time were not clear to
12 me, and in a way remain unclear even now, but what is in there
13 is about as complete a description as to what he said as I can
14 offer.

15 Q I think that statement, notwithstanding, I am going
16 to ask you about various statements.

17 A That is fine. The early phase is what he said and I
18 grant you it is not thoroughly enlightening.

19 MR. LEON: Did the Vice President question him as to
20 what he meant?

21 THE WITNESS: No, he did not. The nature of the
22 meeting was such that the Vice President really, he and I both,
23 for that matter, sat and listened to Mr. Nir's presentation,
24 and neither, except where indicated, asked very few questions.

25 MR. LEON: Did he appear, he being Nir, appear to
be, by the way he was speaking to the Vice President, appear

**TOP SECRET
UNCLASSIFIED**

**TOP SECRET
UNCLASSIFIED**

29

1 to be assuming certain knowledge on the part of the Vice
2 President, as if perhaps he had been informed the Vice President
3 had that knowledge?

4 THE WITNESS: No, he really approached the briefing
5 in a way that suggested he was trying to describe for the Vice
6 President as much detail that he could, not assuming that the
7 Vice President had the detail.

8 BY MR. EGGLESTON:

9 Q Did Mr. Nir come alone?

10 A Yes, he did.

11 Q What was your understanding of what Mr. Nir's
12 position or title was at the time?

13 A We were told he was counterterrorism advisor to
14 Prime Minister Peres.

15 Q Told by Colonel North?

16 A By Colonel North and by Mr. Nir.

17 Q In paragraph 4 it says there were more discussions
18 in November and January, "We thought we had a better approach
19 with the Iranian side."

20 Do you recall anything more about that issue, what
21 he said was better in January about his approach to the
22 Iranian side?

23 A I don't. I don't think I can amplify on it. He was
24 expressing certain degrees of frustration that the approach in
25 the early phase hadn't been as productive as he would have

UNCLASSIFIED

~~TOP SECRET~~
UNCLASSIFIED

30

1 hoped.

2 Q But did you have any indication about what he
3 thought had changed in January that led him to conclude that it
4 was "A better approach."

5 A No.

6 Q In another paragraph the memo states, "Nir described
7 Israel's role in the effort by saying, 'We activated the
8 channel. We gave a front to the operation, provided a physical
9 base, provided aircraft.'"

10 Do you recall whether he made any distinction between
11 pre- and post-January 1, 1986, in terms of the degree or the
12 method or the nature of the Israeli involvement in the operation?

13 A No, I don't recall him making any distinction.

14 Q Was it apparent from this conversation that he had --
15 is this the first that you learned there had been a delegation
16 that included McFarlane that had gone to Tehran?

17 A Before I answer the question -- one of the great
18 difficulties about this is remembering when you learn things.

19 I don't believe that I knew of McFarlane's involve-
20 ment from this. Yes, I did, okay.

21 Q I am looking at paragraph 9, which seems to set forth
22 this event.

23 A Okay, this is the first time I learned of McFarlane's
24 involvement, but I didn't learn any more than was in this
25 paragraph until subsequent reports came out about the nature

UNCLASSIFIED

UNCLASSIFIED

31

1 of the May visit.

2 Q Let me just ask you, I am not going to ask you any
3 more questions about that conversation itself. How did this
4 meeting end? What happened at the end of it?

5 A We had a scheduled departure, it seems to me about
6 8:15 or 8:30, but we had a limit on the amount of time we could
7 spend. And as we indicated, we were nearing the end of the
8 time we had available, and as Mr. Nir reached the end of his
9 own chronological briefing, the Vice President really just
10 thanked him for coming in and for the briefing, and was really
11 very non-committal, and in no way gave him any direction at all,
12 and with regard to this question that Nir posed, which was the
13 question of, as he described it, sequencing, and so the meeting
14 ended with a general thanks, and Nir left. And I think literally
15 15, 20 minutes later we left.

16 Q Two places in the memorandum, you mentioned that Nir
17 had indicated that they were dealing with the most radical
18 elements and that the moderates could not deliver. I take it
19 that is your recollection of what Nir said during the course of
20 that meeting?

21 A That is correct.

22 Q Subsequently, it became a hot document in some ways.

23 A That is correct, he indicated that.

24 Q After that meeting was over, did you have any
25 conversation with the Vice President about the meeting with Mr.

UNCLASSIFIED

UNCLASSIFIED

32

1 Nir?

2 A The Vice President asked me to provide a brief report
3 as soon as possible to Ollie North, and then to provide him with
4 a record of the meeting as soon as I could. Since we were in
5 the process of getting ready to leave, we really didn't sit and
6 discuss what had been described.

7 The Vice President indicated that we should, reminded
8 me we should adhere to the request not to inform others that the
9 meeting had taken place. The meeting really did take place with-
10 out anybody else being aware of it, and even the Secret Service
11 detail, ~~though present~~ was aware that I brought a guest in, and
12 they didn't question that.

13 MR. LEON: Did they know his name?

14 THE WITNESS: No.

15 Within a matter of a few hours, I phoned Colonel
16 North and indicated that we had had the meeting.

17 He asked if any requests had been made, and I said
18 no requests had been made. I indicated that I had a complete
19 set of notes from what had been discussed and he indicated that
20 it would be sufficient to provide those to the NSC when we
21 returned, and they were provided on August 6, 1986.

22 BY MR. EGGLESTON:

23 Q Is that the day that you actually returned?

24 A I think it was the day after. I am not certain when
25 we returned. I think this was a sufficient priority that the

UNCLASSIFIED

UNCLASSIFIED

33

1 first working day we were back, I made sure that Colonel North
2 had the material.

3 Q Did you maintain or have you retained the handwritten
4 notes that you used to prepare the typed version?

5 A Yes, I have.

6 Q Are there any differences between the handwritten
7 notes and the typed version, anything in the handwritten notes
8 that is not in the typewritten version?

9 A No, nothing was omitted. My own knowledge was
10 limited, I sought to provide everything I could to them, to
11 Colonel North.

12 Q Okay, let me turn the subject to another area and
13 ask you about November, and that is, there has been a lot of
14 reporting about Felix Rodriguez and his relationship with the
15 Vice President. Do you know Felix Rodriguez?

16 A No, I do not.

17 Q Have you ever met him, to your knowledge?

18 A I was present at a reception in which he was in
19 attendance, but I do not recall meeting him then or on any
20 occasion in which he has been in Washington.

21 Q I take it the Vice President knows him.

22 A He has met him, knows him. I am not sure how you
23 define, but he has met him twice in meetings in the Vice
24 President's office. He has seen him and spoken briefly to him
25 at a reception. So he is acquainted with him, but certainly

UNCLASSIFIED

~~TOP SECRET~~
~~UNCLASSIFIED~~

34

1 does not have any thorough knowledge of his background.

2 Q If you know the answer to this question, does the
3 Vice President know him through Mr. Gregg?

4 A Yes. I think that would be correct.

5 Q Okay, he didn't know him in some other fashion?

6 A That is correct.

7 Q Through his involvement with the CIA?

8 A No. Mr. Gregg brought him to the Vice President's
9 attention and has been present for both of the meetings that
10 occurred within the Vice President's office.

11 Q On those two occasions when the Vice President met
12 with Mr. Rodriguez, those were not solely meetings?

13 A Correct.

14 Q Did the Vice President ever meet, during the period
15 of time you have been chief of staff, with Colonel North, just
16 the two of them?

17 A Not to my knowledge, they did not have -- I am not
18 aware of any meeting with just the two of them, no.

19 Q During the times that there were these meetings, the
20 two meetings that involved the Vice President and Mr. Rodriguez,
21 and you just indicated Mr. Gregg was also present, were you
22 present at either of those meetings?

23 A No, I was not.

24 Q Who did you understand Mr. Rodriguez to be? What did
25 you understand that he was meeting with the Vice President for?

~~UNCLASSIFIED~~
~~TOP SECRET~~

TOP SECRET
UNCLASSIFIED

35

1 A The first meeting occurred in January of 1985, and I
2 was not the chief of staff then so I had no knowledge of that
3 meeting.

4 The second meeting occurred in May of 1986, and I can
5 recall Don Gregg, I have a general recollection that Don Gregg
6 indicated that Mr. Rodriguez was in town and wanted, if there
7 was time available, just to stop by and say hello to the Vice
8 President.

9 I was aware at the time that Mr. Rodriguez was
10 involved in El Salvador assisting the counter-insurgency
11 activities there, and was working with El Salvador officials
12 as well as U.S. officials who were present, and I was aware
13 that the drop ^{had} occurred, but I didn't get over there for it.

14 Q Did you know anything about Mr. Rodriguez' prior
15 employment history at that time? Did you know who he was?

16 A I didn't. I did not have any detailed knowledge of
17 his background or his activities. I knew him to be someone
18 that had been successful, based on Don Gregg's accounts, had
19 been successful in El Salvador, assisting in counter-insurgency
20 activities.

21 Q The Vice President's chronology reports that Ambassador
22 ~~Gregg~~ ^{Corr} was also present at that meeting.

23 A I wasn't present at any point in time. My understand-
24 ing is that Mr. ~~Gregg~~ ^{Corr} and ~~Mr.~~ ^{Col.} North came into the outer office
25 as the meeting was breaking up and joined in the discussion.

UNCLASSIFIED

TOP SECRET
UNCLASSIFIED

36

1 The meeting in May was a fairly brief one. I don't
2 know that we have identified the time. My guess is, it was
3 about ten or fifteen minutes.

4 Q You have no personal knowledge about what was discussed
5 then at that meeting?

6 A No, I have no personal knowledge.

7 Q Were there notes taken of the meeting?

8 A Not to my knowledge.

9 The accounting of it that I have had from both the
10 Vice President and Mr. Gregg suggested that it was, it involved
11 only a discussion of counter-insurgent activities in El Salvador,
12 possibly a discussion of some photographs on counter-insurgent
13 activities in El Salvador, no discussion of the contras.

14 Q The Vice President's chronology reports that there was
15 a meeting involving Mr. Rodriguez, Mr. Gregg, and Mr. Watson
16 that took place on October 8. Did you attend that meeting?

17 A I did not.

18 Q Do you know where it took place?

19 A I do not.

20 Q When is the first that you learned that this meeting
21 had actually taken place?

22 A Let me think, when there were media or press accounts
23 of our office having contact or possible contact with people
24 helping the contras, and it seems to me the dates would have
25 been in late October of 1986. I asked Don Gregg about the nature

UNCLASSIFIED
TOP SECRET

~~UNCLASSIFIED~~

37

1 of his contact with Felix Rodriguez and in addition to reminding
2 me of his contact related to El Salvador, he indicated that at
3 least on one occasion he had the discussion with Felix about
4 the contra supply activities that Felix was witnessing. [REDACTED]

5 [REDACTED]
6 Q Did Mr. Gregg indicate to you the purpose of that
7 discussion, why it was that Mr. Rodriguez was relaying these
8 events to him?

9 A No. The nature of the discussion had to do with the
10 question of whether or not there had been any substantial
11 contact by the office with people that were assisting the
12 contras and Don indicated that there had not been, and that
13 other than having one briefing, one short conversation with Mr.
14 Rodriguez about it, all of his discussions had been with regard
15 to El Salvador.

16 Q Do you know a retired General Richard Secord?

17 A No.

18 Q To your knowledge, has he met with the Vice President?

19 A He has not met with him in the two years I have been
20 there. I have no reason to believe that they know each other.

21 Q Do you know whether there have been phone calls
22 between the two of them?

23 A I have no knowledge.

24 Q The Vice President's chronology on October 5th and
25 October 6th of 1986, and Mr. Hasenfus was shot down in Nicaragua,

~~UNCLASSIFIED~~

TOP SECRET
UNCLASSIFIED

38

1 that Mr. Rodriguez called to speak to either Mr. Gregg or Mr.
2 Watson. Mr. Watson is Gregg's assistant?

3 A His deputy.

4 Q Did you know that those calls had taken place?

5 A Not specifically. I was told by our office that they
6 had heard that a plane had been shot down but I was not aware
7 of how we learned of it.

8 Q Okay, in November of 1986, Mr. Rodriguez comes to town
9 with [REDACTED] Did you know that the two of them had
10 come to Washington, and met with Gregg and Watson?

11 A I don't have any -- this is in November of '86?

12 Q Yes.

13 A I don't have any independent recollection. If that
14 is out of our chronology, I would have been aware if it was in
15 our chronology, but I have no independent recollection.

16 MR. LEON: Is that the kind of thing that Gregg would
17 normally report at his morning briefing to the Vice President?

18 THE WITNESS: No, not necessarily. There wasn't any,
19 you mean the fact that he had had contact with Felix Rodriguez,
20 given what we now know about the number of contacts which is
21 not enormous, he certainly didn't report it at the morning
22 meetings.

23 BY MR. EGGLESTON:

24 Q Do you know Colonel Steel? Is that a familiar name?

25 A No.

UNCLASSIFIED
~~TOP SECRET~~

~~TOP SECRET~~
UNCLASSIFIED

39

1 Q To your knowledge, then, he has not met with the
2 Vice President?

3 A Not that I can recall.

4 Q Okay, I just have a few more things.

5 I know on April 15 of 1985, shortly after you arrived
6 on duty as the chief of staff, I believe the Vice President
7 addressed a dinner, and did a briefing related to Central
8 America, Nicaragua refugees, do you recall that?

9 A I don't have a recollection of it.

10 Q It is also my understanding throughout '85 and the
11 first half of '86 that there were occasional briefings of organi-
12 zations that were involved in Nicaraguan refugees, raising
13 funds for those kinds of activities. Did the Vice President
14 address those meetings?

15 A Our records suggest that he addressed -- the records
16 in the White House suggest that there were several such meetings.
17 The Vice President addressed very few of them, and one perhaps,
18 perhaps two that we have identified.

19 Q Would these be extemporaneous addresses or would
20 speeches have been written for these kinds of meetings?

21 A The one in particular we have identified in March of
22 '86, I believe it was, it was a meeting set up by the Office of
23 Public Liaison in the White House and the Vice President dropped
24 by for ten minutes and it was completely extemporaneous.

25 MR. LEON: When was that?

UNCLASSIFIED
~~TOP SECRET~~

~~TOP SECRET~~
UNCLASSIFIED

40

1 THE WITNESS: March of 1986.

2 BY MR. EGGLESTON:

3 Q There would not have been a speech prepared for that?

4 A That is correct.

5 Q May have been talking points.

6 A I have not seen any specific remarks drafted for him.

7 The one event that we have looked at the record on, as I recall,
8 he simply entered the room to encourage the group's support of
9 legislation pending on the Hill.

10 Q What group was that?

11 A The Council on Inter-American Security, I think, some-
12 thing like that.

13 Q Do you know who is the principal operator of that
14 group?

15 A I do not recall. It was an event that was set up and
16 recommended, or requested by the White House Office of Public
17 Liaison.

18 Q Who would it have been in the Office of Public Liaison
19 that would have set up that meeting or who did?

20 A Linas Kojelins, K-o-j-e-l-i-n-s, I believe.

21 Q On or about November 2, there is a press report in a
22 Beirut magazine that I guess the report is about the McFarlane
23 trip to Tehran, and thereafter various events unfolded,
24 culminating on November 25th, when Colonel North is fired,
25 Poindexter resigned.

UNCLASSIFIED
~~TOP SECRET~~

TOP SECRET
UNCLASSIFIED

41

1 There is a major meeting which appears to have taken
2 place on November 10 of 1986 with various individuals including
3 the President. Do you know whether the Vice President attended
4 that meeting?

5 A I am sorry. I am not sure which meeting you are
6 referring to on November 10th.

7 Q In any event, you have no recollection of him attend-
8 ing a meeting on November 10 of 1986 with the President, Mr.
9 Shultz, Mr. Weinberger, Alton Keel was present, the Deputy
10 National Security Advisor, Mr. Poindexter was present?

11 A I have seen reported a meeting that occurred, or a
12 meeting after which it was concluded that not a great deal of
13 public comment should be made about the facts related to the
14 Iran initiative. I have not determined exactly which meeting
15 it was, or if the Vice President was there. I believe that it
16 is likely that he participated in discussions during the
17 regular 9 o'clock or 9:30 sessions and I will just leave it
18 there.

19 Q At meetings ^{at} which you were not present?

20 A That is correct.

21 Q The President gave a speech on or about November 13
22 of 1986. Did you have any role in the preparation of that
23 speech?

24 A I had no formal role. We did receive a draft of the
25 speech. In discussing the draft with the Vice President, there

UNCLASSIFIED
TOP SECRET

UNCLASSIFIED

42

1 were phrases in there that described the shipments to Iran as
2 shipments that would fit inside of a cargo plane, and I
3 cautioned Mr. Buchanan about making sure he understood that that
4 was an accurate description based upon what little knowledge I
5 had from my July meetings and discussion with the Vice
6 President. That was the only role I had.

7 Q During this period of time a chronology was begun
8 in the National Security Council. Were you aware that had
9 taken place?

10 A I wasn't aware of what they were specifically doing.
11 I did talk with Al Keel about the need to determine the facts,
12 what our records showed, and he indicated to me that he was in
13 the process of doing that. I made no contribution to it or had
14 no further discussions with him about that.

15 Q Is this sort of November time period basically a series
16 of events in which you have no particular role, or no particular
17 involvement?

18 A I think that is an accurate characterization. We
19 were neither asked to produce material at that time nor did we
20 have material available to us that was in any way unique to our
21 office, so we really didn't play a role in trying to prepare the
22 record.

23 Q There was also a news conference which took place on
24 the 19th of November?

25 A Yes.

UNCLASSIFIED
TOP SECRET

~~TOP SECRET~~
~~UNCLASSIFIED~~

43

1 Q Did you have anything to do with preparing that news
2 conference?

3 A No, I did not.

4 MR. LEON: Do you know General Singlaub?

5 THE WITNESS: I do not know him.

6 MR. LEON: Have you heard of him?

7 THE WITNESS: Yes, I have.

8 MR. LEON: Have you ever had occasion to discuss him
9 with Mr. Gregg?

10 THE WITNESS: No, I don't believe so.

11 MR. LEON: How about the Vice President?

12 THE WITNESS: No.

13 MR. LEON: Colonel Robert Dutton?

14 THE WITNESS: No, I don't know him, don't recall ever
15 having discussed him with either Don Gregg or the Vice President.

16 MR. LEON: Did Don Gregg ever account to you a meeting
17 with Mr. Rodriguez in which Mr. Rodriguez informed him, Mr.
18 Gregg, that he had been, let's say, criticized by Oliver North
19 for his, Mr. Rodriguez' conduct vis-a-vis the contra operations
20 in Central America?

21 THE WITNESS: In the process of assembling the
22 chronology of Don Gregg's contacts with Mr. Rodriguez, I spent
23 quite a bit of time trying to determine exactly what the nature
24 of our office's contact had been with Mr. Rodriguez, and I
25 spent quite a bit of time with Don Gregg talking about in some

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

43A

1 detail his knowledge of Felix Rodriguez and his knowledge of
2 what he was doing in El Salvador [REDACTED] and
3 what the nature of the meetings entailed, and in that period of
4 time, which was really the day of and day before the release
5 of the chronology, in that period of time, Don Gregg did
6 indicate to me that, as best I can recall now, he did indicate
7 to me that Felix Rodriguez had been criticized by Ollie North
8 for being too public or too outspoken about what Felix perceived
9 to be improprieties in the handling of the transporting of
10 supplies to the contras.

11 MR. LEON: Okay, that was the first time you had
12 heard about him?

13 THE WITNESS: That is correct. I mentioned before
14 in late October, I think it was, Don Gregg indicated that Felix
15 was aware of the fact that there was a contra supply effort
16 going on [REDACTED] but at that point I didn't
17 learn any particular details of what Felix Rodriguez knew about
18 it.

19 MR. LEON: When you came aboard as chief of staff for
20 the Vice President, was that at a point where Ambassador
21 Whittlesey had already left as an Assistant to the President?

22 THE WITNESS: I'm sorry, I just don't recall.

23 MR. LEON: She began her second tour as Ambassador to
24 Switzerland in May of '85. What I am trying to get some help
25 from you with is when she might have left the White House before

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

44

1 then to become Ambassador?

2 THE WITNESS: I'm sorry, I just don't recall.

3 MR. LEON: Do you recall being aware at that time that
4 the specific outreach program that Ambassador Whittlesey had in
5 place at the time she was the assistant to the President for the
6 Office of Public Liaison, the outreach group she had in place
7 under her to deal with different constituency groups, let's say,
8 regarding Central America had been disbanded after she left
9 that position.

10 THE WITNESS: I was not aware that was the case.

11 I had only the most cursory knowledge of what she
12 was doing with regard to the Central America support groups, so
13 I didn't particularly pay any attention to whether they were
14 functioning or not functioning.

15 MR. RAUL: Mr. Fuller didn't indicate in his previous
16 testimony that he had any familiarity with these outreach
17 groups or what Ambassador Whittlesey's Central American program
18 may have been.

19 MR. LEON: Did you know Robert Reilly?

20 THE WITNESS: I met him a couple of times, but I
21 had no personal relationship.

22 MR. LEON: The reason I ask, you told us that the
23 Vice President was asked to make a presentation in '86. I
24 believe you said it was March, early '86.

25 That was at the OEOB, to an outreach group that was

~~UNCLASSIFIED~~
~~TOP SECRET~~

TOP SECRET
UNCLASSIFIED

45

1 involved in contra type support for the upcoming vote, March,
2 I believe you said it was '86.

3 Do you recall at that time if Mr. Reilly, who by then
4 was an advisor to Ambassador Whittlesey in Switzerland had come
5 back from Switzerland at Mr. Buchanan's request for that set of
6 facts?

7 THE WITNESS: First time I even heard the issue raised.
8 I am not aware.

9 MR. LEON: Are you aware that Mr. Buchanan was holding
10 regular meetings at his office with Mr. Reilly during '85 and
11 others from different agencies with regard to publicity
12 regarding the contras?

13 MR. RAUL: There were two questions in there, Mr.
14 Leon. You want to break that down?

15 MR. LEON: Sure.

16 MR. RAUL: One question was on Mr. Fuller's familiarity
17 with meetings in Buchanan's office with Reilly. Second question:
18 meetings with representatives of agencies?

19 MR. LEON: No. They were all present, Buchanan,
20 Reilly, and members of other agencies, State Department
21 representatives, NSC representatives, a weekly meeting to
22 address the topic of generating favorable public publicity for
23 the contras. Were you aware that those were going on?

24 THE WITNESS: No, I ^{neither}~~neither~~ then nor now have any
25 specific knowledge of what Mr. Buchanan was doing. His position

UNCLASSIFIED
TOP SECRET

~~TOP SECRET~~
~~UNCLASSIFIED~~

46

1 at the White House, among other things, involved him in over-
2 seeing activities of the Office of Public Liaison, so --

3 MR. LEON: Do you know if the Vice President was
4 aware of those?

5 THE WITNESS: No, I have no reason to believe he
6 was aware of those.

7 MR. LEON: Or was being briefed about them for that
8 matter?

9 THE WITNESS: I am sure he was not being brief^{ed}~~ed~~
10 about them.

11 MR. LEON: You said earlier on you were in Frankfurt,
12 prior to going over to Israel on this trip, the Vice President?

13 THE WITNESS: Right.

14 MR. LEON: When you were in Frankfurt, were you
15 contacted at that time by Colonel North?

16 THE WITNESS: Yes.

17 MR. LEON: You were, and where was Colonel North at
18 that time, if you knew?

19 THE WITNESS: I didn't know.

20 MR. LEON: And was North calling you, I should say, he
21 called you specifically, did he not?

22 THE WITNESS: Yes.

23 MR. LEON: Were you using a secured line?

24 THE WITNESS: I believe I was, but I can't be certain.

25 MR. LEON: Where would it have been, if you were?

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

47

1 In the Vice President's plane?

2 THE WITNESS: No, it was in a secured communications
3 room at the Base in Frankfurt.

4 MR. LEON: At the base in Frankfurt? Do you know if
5 he was using a secured line?

6 THE WITNESS: No, I don't.

7 MR. LEON: How about when you contacted him in Israel?
8 I believe you gave him a phone call, after the meeting with Nir,
9 was it or just before the meeting?

10 MR. RAUL: Mr. Fuller testified that North called
11 him before the meeting with Nir.

12 MR. LEON: That was in Frankfurt?

13 THE WITNESS: No, well, earlier I indicated on the
14 28th, the process with Nir started on the 28th, while in Israel.

15 MR. LEON: While in Israel?

16 THE WITNESS: We didn't discuss Nir while I was in
17 Frankfurt. The first contact was on the 28th while I was in
18 Israel, and that call, to the best of my recollection, was
19 on a secured phone.

20 MR. LEON: Where was that?

21 THE WITNESS: We had a secured communications facility
22 at the hotel.

23 MR. LEON: Okay. So there was, prior to the 28th
24 which was Israel, there also was a phone call from North in
25 Frankfurt?

THE WITNESS: Correct.

~~UNCLASSIFIED~~

~~TOP SECRET~~
UNCLASSIFIED

48

1 MR. LEON: What was the subject of that?

2 THE WITNESS: The issue presented was whether or not
3 the Vice President should remain at the Air Base there to
4 receive the hostage that had been released, Father Jenco.

5 MR. LEON: All right, and do you recall what time of
6 day that was in Frankfurt? Was it evening, morning?

7 THE WITNESS: In Frankfurt time, it was, I believe it
8 was in the morning, because the issue was whether we were going
9 to delay our departure until mid-afternoon so there may have been
10 a discussion. I have not given you the date of the Frankfurt
11 call, but there were some conversations that evening, and again
12 in the morning before we left for Israel. It was solely over
13 the issue of whether the Vice President should stay there and
14 greet Father Jenco.

15 We ended up phoning him, as I recall, phoning Father
16 Jenco at the embassy or the Ambassador's residence in Damascus
17 where he was being held, I think.

18 MR. LEON: Were you the one who spoke with North?

19 THE WITNESS: Yes.

20 MR. LEON: Did the Vice President at any point
21 speak with North?

22 THE WITNESS: I don't believe so.

23 MR. LEON: Did anyone else on your staff speak with him?

24 THE WITNESS: I really don't know. It is possible
25 they did. We had a military aide with us and they were trying

UNCLASSIFIED
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

49

1 to determine what the logistics were, I hope I have the right
2 hostage. I think it was Jenco.

3 BY MR. EGGLESTON:

4 Q It was Jenco, July 24 that he was actually released.

5 A I think that is right.

6 MR. LEON: Just for my own recollection, you didn't
7 have a specific impression where North was on that day when you
8 were in Frankfurt?

9 THE WITNESS: No, I did not.

10 BY MR. EGGLESTON:

11 Q Let me finish up. Were you aware in the Fall of
12 '86 a second channel had been opened up, not a channel through
13 Mr. Nir, but a different channel; I take it not.

14 A At the time, no.

15 Q Let me get to the events of November 21 on through
16 the 25th and then I will be done with you.

17 There comes a time on the 21st when a decision is
18 made to bring in Mr. Meese to conduct an investigation. Did
19 you know that that decision had been made?

20 A Yes.

21 Q How had you learned that that decision had been made?

22 A I don't remember how I was informed.

23 Q Did you learn it on the 21st?

24 A I am thinking, I think that was a Friday.

25 Q It was.

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~UNCLASSIFIED~~

50

1 A Yes, I did learn it on the 21st.

2 Q What event occurred that led to a decision to conduct
3 a somewhat formal investigation?

4 A I was unaware of the reason for the investigation.
5 I later learned that it was conflicting testimony that caused
6 some concern. I was not aware of that.

7 I had an occasion to speak with Mr. Meese that day
8 and he and I have talked about the fact that he was going to be
9 working over the course of the weekend, and he asked, I guess,
10 whether the Vice President and I would be available if he had any
11 questions, and I indicated we were.

12 Q Was that the purpose of the conversation with Mr.
13 Meese?

14 A I don't recall. I don't recall.

15 I recall speaking to him by phone and I believe I
16 initiated, but I don't recall the purpose of it.

17 Q Is that the first that you had learned there was
18 going to be an investigation of some nature to be conducted
19 over the weekend by Mr. Meese?

20 A I think I had learned prior to that, and I just
21 don't remember who might have told me.

22 Q How was it that you think you learned that the
23 investigation might have begun over some conflicting testimony?

24 A Later press accounts of it.

25 Q Okay, did you ask Mr. Meese what the investigation
was about?

~~UNCLASSIFIED~~

UNCLASSIFIED

51

1 A No, I didn't.

2 Q Did you know it involved Colonel North?

3 A Yes, I knew it involved -- I knew it involved

4 Colonel North and the circumstances surrounding the initiative
5 in Iran. About the only specific detail I remember is that
6 I indicated that I was aware that a chronology existed that
7 had been prepared by the NSC, and I hoped that Ed Meese had a
8 copy of that and he assured me he did.

9 Q Did you work over the weekend of the 22nd and 23rd?

10 A Yes.

11 Q Did you see Mr. Meese?

12 A No, we did not.

13 Q Did you see any representatives of the Department
14 of Justice over that weekend?

15 A No, we did not.

16 Q Not even in the OEOB?

17 A I wasn't aware of any. I didn't see anybody.

18 Q Did you know that they were in the process of
19 conducting an investigation, speaking to people, reviewing files
20 during that weekend? Did you know that?

21 A I didn't witness them doing that. I was aware from
22 what Mr. Meese said that they would be working over the course
23 of the weekend.

24 Q Did there come a time when you learned that they had
25 spoken to Colonel North on the 23rd, Sunday the 23rd?

UNCLASSIFIED

~~UNCLASSIFIED~~
~~TOP SECRET~~

52

1 A I wasn't aware of it until -- I wasn't aware of it
2 until the 25th, when we all learned of the revelation.

3 Q Did you have any conversation about the investigation
4 with Attorney General Meese on the 24th, on Monday?

5 A I did not.

6 Q Did you have any conversation with Colonel North
7 about it?

8 A No.

9 Q Did you discuss it with anyone that you recall?

10 A No.

11 Q No discussion, I take it then, with the Vice
12 President about the investigation?

13 A At the time I didn't know that that was the subject,
14 or the purpose for Ed Meese wanting to see him, but Mr. Meese
15 asked to see the Vice President Monday, late^r afternoon, I
16 think it was about five o'clock, alone. They did meet alone
17 briefly.

18 Q Do you know how long the meeting was?

19 A Fifteen minutes and it was at that point that Mr.
20 Meese having seen the President earlier, he gave the Vice
21 President a brief background on what Mr. Meese had learned
22 preliminarily.

23 Q It was your understanding ---

24 A I learned it the following day.

25 Q Who did you learn it from the following day?

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

53

1 A The Vice President.

2 Q Did you talk about these events either on the 24th or
3 the 25th with Mr. Casey? Did you know Mr. Casey?

4 A I knew Mr. Casey, but I had no discussions with him
5 about this.

6 Q Or Mr. Poindexter?

7 A I did not discuss it with Mr. Poindexter.

8 Q Did you discuss it with Mr. Gregg?

9 A No.

10 Q Mr. McFarlane, did you know him?

11 A I knew Mr. McFarlane, but did not have any discussions
12 with him in that time period about this.

13 Q Okay, then comes the 25th, and there is the announce-
14 ment. Were you aware of what was going to happen prior to the
15 time that the press conference took place?

16 A Yes, I met with the Vice President just after he left
17 a meeting with the President which would have been about 9:30
18 in the morning, roughly. He indicated to me that there would
19 be a Congressional Leadership meeting and gave me some brief
20 details of what Ed Meese had learned just prior to his going
21 back into another meeting with the President.

22 Q Okay, and at any time after November 20 of 1986, up
23 until the present, really, have you discussed these events with
24 Admiral Poindexter?

25 A No, I have had some contact socially with him, but I

~~UNCLASSIFIED~~
~~TOP SECRET~~

UNCLASSIFIED

54

1 have not discussed the events with him.

2 Q Okay, how about Colonel North?

3 A Just, I believe it was about on the 20th or the 21st,
4 Colonel North gave me a copy of the chronology he had produced.
5 He indicated that he had produced a chronology and a record of
6 this, but there wasn't really much of a discussion. He indicated
7 that the Vice President and I might want to read it.

8 Q Any other discussion with Colonel North about these
9 events?

10 A There were no discussions about the events that had
11 taken place. He really indicated that he had laid out everything
12 in the chronology. He indicated he was still in contact with some
13 people in Iran and he was still hopeful and he wasn't sure what
14 was going to happen in the future.

15 Q Have you had any contact with Colonel North at all
16 since he was fired from the National Security Council?

17 A No.

18 Q Have you discussed these events with Mr. McFarlane?

19 A Yes, I have.

20 Q What are the nature of those discussions?

21 A As soon as the nature of this initiative became
22 public, I was obviously aware that the Vice President would be.
23 I was aware that it would be important to know what role the
24 Vice President had played in it, and so as I learned the
25 details, acquired information, which are fully reported here
in the Tower Report, but as I learned them, I just maintained

UNCLASSIFIED

~~TOP SECRET~~
~~UNCLASSIFIED~~

1 my own record, tried to determine what involvement the Vice
2 President had had, if any, and on three or four occasions
3 perhaps, talked with Mr. McFarlane to clarify really the lack
4 of the Vice President's role in this, which he confirmed.

5 Q Were these conversations that took place in sort of
6 the late November time period? Are these both before and after
7 November 25th?

8 A He and I, Mr. McFarlane and I did not discuss it
9 until it had become public in November, and I did not, I don't
10 recall any conversations with him around the period when they
11 ^were preparing the facts, but in December and January, as more
12 of the record became known, we had some contact. We have
13 talked three, four times this year. We see each other at
14 social occasions from time to time.

15 Q And when you say, do you recall, are these lengthy
16 conversations that you have had with him where he has reviewed th
17 events that took place? What has been the nature of the
18 conversations you have had?

19 A I don't think any of the discussions have lasted more
20 than 30 minutes. On one occasion I met with him in his office
21 and talked through my understanding of what the Vice President
22 had been involved in and he verified that my understanding of
23 it was correct.

24 Q Do you remember what you told him?

25 A In a summary fashion, the fact that our records

~~UNCLASSIFIED~~
~~TOP SECRET~~

UNCLASSIFIED

56

1 suggest the Vice President didn't participate in the August '85
2 discussions was consistent with his recollection, the fact that
3 the Vice President didn't participate in the December '85
4 pre-London meeting or post-London meeting in which McFarlane
5 met with Ghorbanifar was consistent with McFarlane's recollection.
6 The fact that there is no record of the Vice President having
7 any detailed briefing of the '85 activity at all other than
8 what he would have picked up in the course of discussions that
9 might have occurred at these 9:30 briefings was consistent with
10 Mr. McFarlane's recollection.

11 Beyond that, in '86, since Mr. McFarlane had left the
12 White House, he only had occasional contact with the Vice
13 President, and that was usually around social occasions of some
14 kind, no briefings.

15 At the time I was interested in trying to ascertain --
16 I didn't know about any of this until July of '86 -- I was try-
17 ing to determine whether Mr. McFarlane, during the 1985 period,
18 would have been aware of any role the Vice President might have
19 had that he couldn't recall, but that Mr. McFarlane could recall
20 and I found no such evidence of any role of any involvement.

21 Q As this event became public in November of '86, various
22 individuals announced that we were dealing with part of the
23 strategic initiative was to deal with moderates in Iran and
24 that was to increase their stature, in a post-Khomeini or even
25 during the time that Khomeini, some prominence could be given
to various moderates. As of this time, you had this briefing

UNCLASSIFIED

~~TOP SECRET~~
~~UNCLASSIFIED~~

57

1 from Mr. Nir where he indicated that we were not dealing with
2 moderates and the moderates had no control over the hostages,
3 and that is the reason we had to be dealing with the radicals,
4 because there wasn't much point in dealing with the moderates
5 because we would never get the hostages out. Did you have
6 occasion during this November time period to discuss with the
7 Vice President how your briefing from Mr. Nir diverged from the
8 public statements about meetings with moderates?

9 A We really didn't have a detailed discussion of that.
10 Neither one of us, I will say, clearly recalled or -- the state-
11 ment Nir made at the time.

12 As we subsequently began looking at the documents,
13 the material that was being provided, we read it and recognized
14 the conflict, but we also at the time, recognized the kind of
15 contact that North was involved in changed subsequent to this
16 meeting.

17 I have no knowledge whether there is any causal
18 relationship and it is not clear to me and Nir did not make it
19 clear to us just who was having the contact with the radicals.
20 I say that to suggest that the impact of that statement at the
21 time was to me no greater than anything else that was being
22 said and did not stick with the Vice President as something
23 that was a contradiction to what he had known.

24 Q Did you discuss this memorandum or the briefing with
25 anyone else around the time this became public, Colonel North

~~UNCLASSIFIED~~
~~TOP SECRET~~

TOP SECRET
UNCLASSIFIED

58

1 or Admiral Poindexter, or anyone?

2 A November, December of '86, no.

3 The Vice President was interviewed by the Justice
4 Department, by the FBI. He advised them of it. He turned over
5 the notes of the meeting, and he met in December with the Tower
6 Board and turned over the notes of the meeting. Subsequently,
7 we were briefed by Senator Durenberger and Mr. McMahon of his
8 staff and discussed the meeting and indicated we would turn
9 over the notes of the meeting since they didn't think they
10 had them, but they later discovered they did have them, but in
11 any event, each group that came to us, this was the one unique
12 act that we engaged in for eighteen months.

13 Q And everyone has found it?

14 A We thought it was unique, but then they found all
15 the computer notes.

16 Q Do you recall when this document became public,
17 appeared in the press?

18 A Yes.

19 Q When was that?

20 A Oh, I'm sorry, I don't recall the date of it.

21 Q It was not released by your office?

22 A That is correct. It was not released by our office.

23 Q It was leaked, not an official release?

24 MR. LEON: February 8.

25 THE WITNESS: Sounds to be approximate time frame.

There was some reporting on this, the existence of the meeting

UNCLASSIFIED

~~TOP SECRET~~
~~UNCLASSIFIED~~

59

1 and the notes prior to that. In fact, it was January 8, because
2 it took just about thirty days, as I recall, between the time
3 the first report occurred, that we had notes, and the article,
4 but in early January of '87, we confirmed the fact that the
5 meeting had taken place. We had briefed everybody. The notes
6 existed. We had no objection to them being made a part of the
7 Senate Committee report.

8 BY MR. EGGLESTON:

9 Q Prior to November 25 of 1986, had you heard of Lake
10 Resources?

11 A No.

12 Q Hyde Park Square Corporation?

13 A First time I have heard of it.

14 Q How about Udall?

15 A I am not familiar with that.

16 MR. RAUL. You are not referring to any of the
17 elected representatives around here?

18 MR. EGGLESTON: No.

19 BY MR. EGGLESTON:

20 Q Were you aware prior to November 21, 1986, that
21 there may have been a diversion of monies received during the
22 course of the Iran initiative, may have been a diversion of those
23 monies to Central America?

24 A No, I was not.

25 Q You indicated you did not know General Secord?

~~UNCLASSIFIED~~

~~TOP SECRET~~
UNCLASSIFIED

1 A No.

2 Q Did you know Albert Hakim?

3 A I did not know him.

4 Q You have never met him to this day?

5 A No, I have not.

6 MR. EGGLESTON: I have nothing further.

7 Mr. Leon, do you have anything?

8 MR. LEON: I have a few questions.

9 BY MR. LEON:

10 Q You said you retained handwritten notes of the meeting
11 with Mr. Nir.

12 A That is correct.

13 Q At whose direction?

14 A Did I take them?

15 Q No, did you retain them, the handwritten notes?
16 You had them typed up?

17 A I kept them in my *s*afe.

18 Q Did you do that at any one's direction or did you do
19 that because you thought it was appropriate?

20 A I don't dispose of documents, consistent with the
21 Presidential Papers Act.

22 MR. EGGLESTON: Is that what you regard as a
23 violation, if you were to tear up your notes afterwards?

24 MR. RAUL: I think that is not germane to this
25 deposition.

UNCLASSIFIED
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

61

1 MR. LEON: You wrote out in longhand what you had
2 typed?

3 THE WITNESS: I save it all.

4 BY MR. LEON:

5 Q Even the drafts?

6 A Right, rough notes, handwritten copy.

7 Q So that is standard procedure for you as opposed to,
8 it was specifically directed you do it?

9 A Correct.

10 Q That is all I was trying to determine. At one point
11 you were asked if you knew of any meetings between Colonel
12 North and the Vice President alone. And my recollection is
13 you said you didn't know of any?

14 A Yes.

15 Q If such meetings did take place during normal working
16 hours and you were not around for some reason, would these meet-
17 ings have been recorded by someone else into a log book so to
18 speak?

19 A Yes, as best the Vice President's immediate office
20 staff is able, they keep a record of people entering and
21 leaving the Vice President's office.

22 That is kept on his daily schedule, and I receive a
23 final copy of that on a daily basis. A copy is retained in
24 our files.

25 Q Okay. If such a meeting had taken place had it had

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

62

1 taken place at the Vice President's residence, would there be
2 a record of his going to see the Vice President there?

3 A The answer to that is there probably would be a
4 record of it. We generally, if we schedule something at the
5 residence or if we know something is occurring at the residence,
6 we generally record that in his schedule.

7 Q What if it was an unexpected, unrecorded meeting?

8 A If you are asking if it is possible for there to
9 be a meeting without it being recorded, the answer is yes.

10 If you are asking if it is customary, no. The nature
11 of the relationship is such that I just don't recall, or would
12 think it unlikely that a meeting would have occurred like that
13 at the residence.

14 Q Okay. You spoke a while ago of sitting down with
15 Mr. Gregg and going over with him all his contacts with Mr.
16 Rodriguez, and during the course of that discussion with him,
17 to put together a chronology for public direction, he recounted
18 to you a particular incident at which Mr. Rodriguez recounted
19 being reprimanded by Colonel North, so to speak.

20 Do you recall if that was included within the
21 chronology?

22 MR. RAUL: I don't recall Mr. Fuller testifying that
23 he had a conversation with Mr. Gregg where Gregg told him about
24 Rodriguez being reprimanded by North.

25 MR. LEON: I might have misunderstood.

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

63

1 THE WITNESS: I didn't mean to say that I knew that a
2 reprimand occurred.

3 How do you define that? It is true that Don Gregg
4 told me that Felix had been cautioned or there had been concern
5 expressed by him making public, or talking publicly about his
6 reservations concerning improprieties in the contra supply
7 activities going on at the base.

8 MR. LEON: The cautioning was done by North?

9 THE WITNESS: Yes.

10 MR. LEON: Okay.

11 THE WITNESS: Was that in the chronology?

12 BY MR. LEON:

13 Q That is my question.

14 A No, I don't think the details of that were spelled
15 out.

16 Actually, though it was Felix Rodriguez' concern, as
17 I understand it, that he brought to North's attention, I mean, he
18 brought to Gregg's attention in the ^{early} August meeting, and
19 it was those concerns that Gregg later discussed, a few days
20 later discussed with members of the National Security Council.

21 Q Is there any reason ---

22 A Just record -- the chronology reads on August 8, 1986
23 Mr. Rodriguez met with Mr. Gregg and Colonel Watson to express
24 his concerns that the informal contra supply organization which
25 then existed might not survive until a U.S. government

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

64

1 organization, directed by CIA to implement delivery of funds
2 and equipment recently authorized by Congress -- I was reading
3 parts from the transcript here.

4 There is not a specific de~~s~~cription here of Colonel
5 North's concern, no.

6 Q Was there a reason why that wasn't included? And
7 what was the reason?

8 A I really don't recall.

9 Q Do you recall if Mr. Gregg wanted to include it?

10 A No, I don't.

11 MR. RAUL: Were these concerns expressed by Colonel
12 North before or after the public release of the chronology?

13 THE WITNESS: Let's go back to how I heard of this.

14 They were concerns discussed, as I understood it, they
15 were concerns raised in the summer of '86 by Colonel North,
16 and the chronology was released in December of '86. I mean the
17 effort here was designed to describe what Mr. Rodriguez^r was
18 concerned about, and the nature of the contact with Mr.
19 Rodriguez, not with our office, not the nature of Mr. Rodriguez'
20 contact with other agencies of the government or even with the
21 NSC staff itself.

22 BY MR. LEON:

23 Q If you can recall, was it your impression from talking
24 to Mr. Gregg that that meeting recounted the chronology on
25 August 9 or 8?

~~UNCLASSIFIED~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

65

1 A Eight.

2 Q Was it your impression in talking with Mr. Gregg that
3 that was a pre-planned meeting, or a spur of the moment meeting
4 that just happened that day?

5 A I don't remember how it was set up. I don't remember
6 the way in which it was set up. I am not sure I ever knew,
7 though, how it was set up.

8 Q Before your meeting with Mr. Nir, actually before
9 your getting a phone call from Colonel North to set up a meet-
10 ing with the Vice President, what was your understanding of
11 Colonel North's role at the NSC vis-a-vis hostages, terrorists?

12 A I had no detailed knowledge about his role or his
13 activities. I knew that among his responsibilities was the
14 responsibility for the general terrorism policy, and hostages
15 to the extent that it was related to terrorist activity.

16 Q In that regard, you had been aware in '85 of his
17 involvement with the TWA hijacking incident?

18 A That is true.

19 Q And the Achilles Lauro incident?

20 A Yes, that is correct.

21 Q How about with regard to your understanding prior to
22 getting that phone call to set up the appointment with Nir,
23 your understanding of North's role, if any, with regard to
24 Israel in general and Prime Minister Perez?

25 A I had no knowledge about any of his responsibilities

~~UNCLASSIFIED~~
~~TOP SECRET~~

~~TOP SECRET~~
~~UNCLASSIFIED~~

66

1 as they would relate to the Middle East.

2 Q Were you surprised that he was calling about setting
3 up a meeting vis-a-vis a briefing given to Prime Minister Perez?

4 A I wasn't surprised because the context for the meeting
5 had to do with hostages and Nir was described as a counter-
6 terrorism representatives. It seemed understandable that this
7 would be somebody Colonel North had been in contact with.

8 Again, the general topic was one I was not at all
9 familiar with, but the fact that Ollie North called me about it,
10 no, that was not surprising.

11 Q At that time you had had no knowledge of the shipment
12 of missiles by Israel, back in September of '85, the preceding
13 year, or Colonel North's involvement in that?

14 A I had no knowledge of that.

15 Q Or any relationship between that and the release of the
16 hostage Weir?

17 A Had no knowledge of that.

18 Q Okay. So ~~is~~ this, this Nir meeting, the meeting with
19 Nir and the Vice President was the first time that you saw a
20 link between delivery of weapons and releasing of hostages?

21 A That is correct, it is the first time.

22 MR. LEON: I can't think of anything else.

23 MR. EGGLESTON: I have nothing further.

24 MR. RAUL: Thank you, Mr. Eggleston.

25 MR. EGGLESTON: Mr. Fuller, thank you very much. We

~~UNCLASSIFIED~~

UNCLASSIFIED

67

1 know you are extremely busy. We appreciate your coming down
2 here today.

3 THE WITNESS: I would be happy to cooperate further,
4 if you see any reason to.

5 (Whereupon, at 5:05 p.m., the taking of the
6 deposition was concluded.)

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNCLASSIFIED
~~TOP SECRET~~

BOSTON PUBLIC LIBRARY



3 9999 06313 389 4

