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Summary Of Statements Concerning Diversion Of Funds To Nicaraguan Contras Via U.S. Arms Sales To Iran: 11/29-12/3

by Deborah Tyroler

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[The following is both a supplement and continuation of two similar accounts published in the 12/3/86 edition.] Nov. 29: According to a NEW YORK TIMES article (11/30/86), new evidence indicates a major Saudi Arabian role in both the secret Iran arms sales and in supplying military equipment to the contras. Documents and individuals familiar with the operation (from the US, Middle East and Israel) show that the two operations were initiated separately. Assistance to the contras began before the 1984 Saudi and US dealings with Iran. The TIMES sources stated that while the Saudi government did not appear to have provided funds, top Saudi officials encouraged both ventures. The transactions were carried out by Saudi businesspeople working with North, other NSC officials and "one former Pentagon official." Dec. 1: President Reagan said he had "no knowledge" that profits from the sale of arms to Iran were being diverted to the Nicaraguan contras. He had said previously he was not "fully informed" of the operation undertaken by someone on the NSC staff, which saw \$10 to \$30 million funnelled to the contras at a time when Congress had prohibited the Administration from funding the contras. At a press briefing, White House deputy spokesman Larry Speakes said the president "knew about the arms sale, but he was not aware" of the Swiss bank accounts set up to handle profits from the transaction. As the president moved to examine the operations of the NSC staff, demands mounted for more investigations into the Iran-Nicaragua connection. Senate Majority Leader Robert Dole called for a special session of Congress, while minority leader Robert Byrd, proposed a single select congressional committee. As of Dec. 1, there were four investigations by congressional committees either underway or proposed. Speakes said the idea of a single select committee was "basically" a matter for Congress to determine, adding that the President had ordered all members of the Executive branch to cooperate fully with the congressional investigations. He pointed out that three departed members of the NSC staff are still protected by "executive privilege." The latter permits the president to withhold from Congress certain types of information, such as advice provide by his staff. The three previous NSC staff persons are former national security advisers Robert McFarlane and John Poindexter, and Marine Corps officer Oliver North, who was an aide to both. Speakes said the president would strongly favor appointment of an independent counsel if the Attorney General decides to request one. He stated that although Reagan has referred to North as a "national hero," the president would want the law carried out if he is presented with evidence of a violation. The NEW YORK TIMES reported that contra leaders were meeting in Miami to determine strategy in light of the Iran arms scandal. They said the affair has strengthened contra aid opponents in Congress, weakened support in Central America, and undermined their two most important advocates, Reagan and North. Adolfo Calero said, "We have always had to fight two battles- one in Congress and one in Nicaragua. Just when we thought we had won the fight here, this hits us." Dec. 2: NEW YORK TIMES reports that Willard I. Zucker, chairman of the Compagnie de Services Fiduciaires S.A. of Geneva linked to purchase of planes for the contras said the company had not been engaged in anything "extraordinary." The client was not identified, nor the nature of the request. Planes for the contras were purchased in 1984 and 1985 from a Georgia-based company and paid for from accounts

under C.S.F. Investments, a Bermuda subsidiary of the Geneva finance company. Spokespersons for the Swiss company acknowledged that Albert Hakim is a client. Zucker is a US attorney and longtime resident of Switzerland. CBS Morning News (12/3/86) reports on a Dec. 2 interview with millionaire H. Ross Perot. Perot disclosed he was approached by North and requested to donate \$2 million as ransom for US hostages. According to a UPI report, Israeli leaders denied any participation in the transfer of funds to the contras. Prime Minister Yitzhak Shamir said that since the sale of arms to Iran was initiated by the US and its representatives, "who wanted us to pursue it," there was no reason for an internal investigation of those deals. Shamir told reporters there is no link between the contras and the state of Israel. "Israel never helped the contras in Central America." In that regard, he added, "We have nothing to investigate." As reported by the NEW YORK TIMES, administration officials said the contras have received less covert aid than Meese indicated (\$10 to \$30 million). The officials stated that some of money may have been diverted to other groups, such as rebels in Angola or Afghanistan. Assistant Secretary of State for Inter-American Affairs Elliott Abrams said the contras were "clearly broke" after the \$27 million ran out last spring. Two senior officials said the contra supply operation had not cost as much as \$10 million. According to pilot William K. Wehrell, who flew numerous supply flights to the contras, "There's no way tha the program could have used between \$10 and 30 million. The whole thing was incredibly poorly funded from the very beginning. We couldn't even buy navigational equipment so we could accurately make the drops to the right people." Officials in the supply operation estimate that roughly \$3-4 million was spent on the operation. Rebel leaders say they received \$2-3 million from private contributors. Dec. 3: The Washington Post reports that congressional investigators have traced profits from US arms sales to Iran to a Swiss bank account managed by the CIA. This finding contradicts earlier remarks by Attorney General Edwin Meese that the account was managed by "forces in Central America." The Post said the US and Saudi governments had deposited \$250 million each in the same account to help fund Afghan rebels fighting the Soviet-backed government in Kabul. The NEW YORK TIMES reported that not all the money in the Swiss bank account went to the Nicaraguan contras, and that part of it had perhaps been sent to anti-communist insurgents in other countries, among them the Afghanistan rebels. State Department spokesman Charles Redman and White House Deputy Press Secretary Larry Speakes refused to comment on all questions in any way linked to the shipment of US arms to Iran and the diversion of funds received for those arms. Reagan said the controversy over secret funding of the Nicaraguan contras should not be permitted to harm the "cause of those brave fighters for freedom around the world." A senior US official told reporters earlier in the day that the controversy will jeopardize future congressional appropriations of funds to support the contras. The official noted that before the issue of future funding arises, the controversy may have died down and the important question will be how the \$100 million was spent, and what it accomplished. THE JERUSALEM POST reported that North had informed Department of Justice investigators he had fully informed an aide of the Israeli Prime Minister concerning the secret funding of the Nicaraguan contras. Unidentified sources quoted by the newspaper said North had revealed the existence of a secret account in a Swiss bank in which Israel deposited money from the Iran arms deals and that it was controlled by Nicaraguan contras. During a morning interview with CBS, Sen. Ernest Hollings (D-SC), member of the Senate Select Intelligence Committee, said that in order to avoid six months of investigation which will "get nowhere," and to strengthen the institution of the presidency, Reagan should "level with the American people" and admit that the NSC staff and others acted on his authority, and accept the responsibility. When asked if he believed the president had told the truth "so far," Hollings said, "I don't think he's told the complete picture." The Senator declared he thought Reagan "definitely

knew from Poindexter and North what was going on," and he approved the Iranian arms sale policy in January. In regards to the diversion of funds to the contras, Hollings said the president likely considered it a "sort of poetic justice," in that the Iranians were effectively funding a US enemy. At a morning briefing, White House deputy spokesman Larry Speakes said he had nothing to comment on the POST story regarding the use of the Swiss bank account to provide covert funding for the Afghan rebels. State Department spokesman Charles Redman refused to comment on whether the State Department knew anything about the Swiss bank account in which funds from the US and Saudi Arabia were combined and made available to various anti-communist groups around the world. During an afternoon press conference by Sen. Ernest Hollings (D-SC) in Senate Gallery, he stated that the President should speak to the nation concerning the entire Iran arms deal and the diversion of funds, rather than the Congress "catching" the president, i.e., discovering in other ways that he was aware of what the NSC was doing. Hollings mentioned that "everybody's suggesting everybody be fire." If certain individuals were fired, "we'd still have the problem of authority...no one in this country believes that either Col. North or Adm. Poindexter acted without authority." The Senator said in this regard, that "Washington makes a mistake" since it "can't contemplate the President [being] informed. They generally have the impression that he's not well-informed on the facets of government." He added that Washington observers may be accurate in assuming the president is not informed about parts of government he would like to abolish, such as the Department of Education or the Department of Energy. "But when it comes to contras, he's informed. He likes contras. He understands the problem there. And he keeps well informed on that score." The Senator then mentioned that Washington cannot understand the "government selling anything and making a profit." He pointed out that the president pleased Israel with the Iranian arms deal, "screwed the Iranians," freed the hostages, and funded the contras. According to Hollings, the covert policy was erroneous in that Washington was paying ransom and telling other countries not to do so. "But there's nothing wrong with the President coming forward...and saying, 'I acted out of the national security interests, compassion for the hostages. Yes, I understood Iranian money. I thought of it as Iranian money. It was an overcharge. It wasn't government funds as the Boland Amendment contemplated. It was Iranian money, going directly to the contras. If I could get the Iranians to support the contras, that was a pretty good deal. I think now that's probably a little too clever. I made a mistake, I hate to admit it. But I'm going to have to exact executive privilege for all connected, because they all acted with my authority. I take the responsibility, and let's everybody have a Merry Christmas.' When asked what the President knew, Hollings said, "I think he knew it all, generally speaking." During a speech for the American Enterprise Institute in Washington, Vice President George Bush admitted he was aware of "our Iran initiative," but that he knew nothing of diversion of funds, or circumvention of law and congressional decisions. He said the "freedom of the people of Central America should not...be held hostage to actions unrelated to them. This nation's support of those who are fighting for democracy in Nicaragua should stand on its own merits, not hang upon events related to Iran. The Marxist-Leninist regime in Managua must not benefit from the errors of some people in Washington, D.C." According to members of the United Methodist Church, North informed them Feb. 10 that he briefed Reagan twice a week, and that the briefings were divided between Central America and terrorism. Asked about this report, a White House official said he didn't know what North briefed Reagan on or when. Another said a review of White House records showed North met with Reagan no more than once a month over last two years, and that briefings were always attended by six or more other officials. The official said the remark by the church people was an example of hyperbole. In contrast, a senior administration official involved in Central America policy said Reagan and North were very close: "Reagan thought

of him almost as a son." Of North, the official said, "He briefed him often. Several times he helped write Presidential speeches. Everyone who know anything thought of him as a plenipotentiary for Ronald Reagan." (NEW YORK TIMES, 12/3/86)

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