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Notes: Iran-contra Affair Investigation, June 4-6

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June 4: According to Albert Hakim in testimony before the congressional committee investigating the Iran-contra affair, former National Security Council aide Lt. Col. Oliver North appeared to be fully aware that a secret \$200,000 Swiss bank account had been set up for him and that Hakim had made him a beneficiary in his will for \$2 million. Hakim was retired Air Force major general Richard Secord's business partner in the Iran arms sales, and the contra resupply operation. Under questioning by Arthur L. Liman, chief counsel of the Senate investigating committee, Hakim reversed his testimony of June 3, in which he insisted that North had not known about financial transactions he had made in North's favor. Instead, Hakim said it was "inconceivable" that North had been unaware of his efforts. The reason, he said, was that Hakim's lawyer had met with North's wife to discuss the matter. In Venice, Secretary of State George Shultz insisted that Assistant Secretary Elliott Abrams remain on the job despite admissions by Abrams that he misled Congress about secret efforts to aid the Nicaraguan contras. Administration officials said Shultz telephoned senior White House officials accompanying Reagan to the economic summit that Abrams be given a vote of confidence. A spokesman for Shultz issued such a statement backing Abrams June 3, and presidential spokesman Marlin Fitzwater announced June 4 that "we share the secretary's view." Shultz was described as "adamant, totally adamant" that Abrams not be ordered to leave his job following his admissions that Congress had been misled about the secret resupply missions for the contras. When a C123 cargo plane carrying military equipment was shot down over Nicaragua last Oct. 5, Abrams repeatedly denied that the US government had any role in the resupply operation. Shultz also issued denials of US involvement in the air resupply missions at the time of the plane crash. On Oct. 8, Shultz said the downed aircraft was "hired by private people" who "had no connection with the US government at all." He said they were "not from our military, not from any US government agency, CIA included...These are private citizens." State Department sources said that if Abrams does go, most officials believe the best way to placate Congress would be to replace him with a respected and experienced career diplomat rather than someone with a strong ideological identification. June 5: The following summarizes testimony by Albert Hakim: Secord last year twice told Iranian officials during secret talks that the United States was ready to "fight the Russians in Iran" if the Soviets invaded. Secord also said the United States would aid Iran "to depose" Iraqi President Saddam Hussein. Hakim initially described Secord's assertions as a "bargaining method...used to get the attention of the Iranians." But under questioning, he said the commitments "represented the attitude of the total delegation" meeting the Iranians, which included then White House aide Lt. Col. Oliver L. North Jr. and retired CIA operative George Cave. Hakim referred to the "enterprise" that was set up to arrange the financial deals in the Iran-contra operation as a "multi-headed monster." He said he is not prepared to give the US government any of the \$8.1 million in leftover profits from the US-Iran arms sales. He said he still has debts and wants to keep some profit for himself. Secord planned to divide into two parts the \$10 million secretly solicited for the contras by the State Department, from Brunei. The first \$3 million was to go to the contras, probably in the form of weapons. Hakim was to await instructions from Secord about what to do with the balance, but the money was inadvertently sent by Brunei to the wrong bank account. Use of the Brunei donation for arms purchases would have made the State Department

solicitation unlawful. Hakim indicated that Secord spent more than \$200,000, most of it proceeds from the clandestine arms sales to Iran, for personal items and business investments. He said part of the \$10 million solicited by the State Department from the Sultan of Brunei was meant to purchase weapons for the contras, a use that would have made the solicitation unlawful. According to Hakim, Secord's lawyer, Thomas C. Green, received from the proceeds of the arms sales sizable payments and loans that were unrelated to his position as a legal counsel. Some of the money in Secord's Swiss bank account, more than \$200,000, was withdrawn and used to buy a Porsche sports car, a Piper Seneca aircraft and a trip to a health spa. Other money was used for business investments unrelated to efforts to supply the contras. Secord, who earlier had claimed that he had added markups of 20 percent to 30 percent on weapons sold to the contras between January 1985 and August 1986, apparently sold one shipment of mortars and ammunition for \$307,200, a markup of 61 percent. Committee members indicated they may recall Secord as a witness to clarify some discrepancies between his testimony and Hakim's. Hakim testified that Secord had been responsible for the pricing of weapons, which in some cases were sold to the contras after a markup of 50 percent or more had been tacked on. Sen. Warren B. Rudman (R-N.H.) disclosed that Assistant Attorney General William Bradford Reynolds told committee probers that attorney Thomas P. Green had told him Nov. 24 that diverting profits from the U.S.-Iran arms sales was Hakim's idea, and North had acted only as a "facilitator." Special prosecutor Lawrence Walsh issued subpoenas for three more Israeli citizens, prompting a new round of protests from the Israeli government. Israeli officials said they were angered by the subpoenas and indicated they might end cooperation with Walsh. Among those newly subpoenaed, they said, was Al Schwimmer, a businessman who was instrumental in the clandestine transfer of US arms to Iran. Schwimmer also holds American citizenship. The identity of the two other Israelis was not immediately available, although an Israeli official said he believed they were Yaacov Nimrodi, an Israeli arms dealer, and Amiram Nir, who served as a counter-terrorism specialist in the Israeli government. Both were involved in the Iran arms sale. June 6: Retired Air Force major general Richard V. Secord, responding to a barrage of congressional criticism, repeated in an interview with the NEW YORK TIMES that he made no money from the Iran arms sales. He said he was eager to reappear before the congressional committees to tell his side of the story. "I don't see how they can call me a profiteer," he said in an interview. "I'm not a profiteer and to keep on claiming that is simply false. We were trying to do a job for the President, and we did the best we could." Some senior members of the committee said Secord should be recalled for further sworn testimony in light of evidence that he used money from the Iran and contra arms sales for personal purposes, including the purchase of a Porsche and an airplane. In the interview Secord said he had bought the car and airplane, but that the money came from a loan from his business partner, Albert Hakim, and from a consulting fee from a separate business deal. He said he did not know Hakim had tapped accounts used for the Iran-contra arms dealings. Secord denied charges that he and his business associates had made profits of 60% or more on arms sales to the contras, as stated in a handwritten document describing one of several transactions. He said he and his attorney were preparing an accounting of all \$11 million in sales, which would show the overall markup was 20 to 30%, as he has testified. He said he never had any intention of using for weapons purchases the \$10 million that was donated by the Sultan of Brunei. The money was obtained by the State Department under a law allowing it to solicit humanitarian aid; Secord said he had been told his bank account would be a "parking place" for the money before it was transferred to the State Department's control. He said he signed a waiver this week that will allow congressional investigators to inspect any bank accounts he has in Switzerland. The committee has been demanding the waiver and Secord had delayed it for several weeks, although

he said he has no Swiss bank accounts. In the interview, Secord noted that the plane was bought in October 1985, months before the Iran arms sales began. He said Hakim told him the money used for the plane, \$52,500, was his share of a consulting fee in Abu Dhabi. As for the Porsche, Secord said money used to buy the car was one of several loans from Hakim. Secord said that under his arrangement with Hakim, the general contributed managerial skills and his contacts to their company while Hakim provided capital. He said it was understood that Hakim would give Secord whatever loans were needed until their company showed a profit. Hakim testified that he did not consider the money a loan. In his testimony Secord said the Iran arms dealings had not been structured to make a profit for either him or his partner. Any money left over from these operations, he said, was "surplus" for use in further arms deals. As for the contra arms sales, Secord said he intended to split profits with Hakim and other business associates. Sometime in 1985, Secord testified, he renounced this money because he hoped to return to government some day and believed that earning profits on the contra dealings would hurt his chances. Hakim said he nonetheless kept on depositing Secord's share in an account called Korel Assets, which held more than \$1 million. This was in case Secord changed his mind, Hakim said. Secord said he never said that his sole motive in assisting the contras was patriotism. "I got into it in the beginning to make money and to do a job that would help the contras," he said. As for Iran, he said, he had responded to a white House request for his help out of a longstanding belief that the US should do more to open the door to Iran. He said that he had expected to make money from future trade with Iran if he did not return to government. (Basic data from WASHINGTON POST, NEW YORK TIMES, AGENCE FRANCE PRESSE, 06/05/87-06/07/87)

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