

## **EIR Feature**

# **Billion-dollar arms bust blows Israel's Khomeini connection**

by Jeffrey Steinberg

The April 22 indictments of 17 men, including five Israelis, on charges that they attempted to sell over \$2.5 billion in illegal arms to Iran may have delivered an even more devastating blow to Moscow's international terrorist apparatus than last month's American air raid against Libya. If the full implications of this biggest single arms bust in history are played out through a successful extradition and trial process, the opportunity exists to break open one of the most treasonous secret alliances of the postwar period. This alliance implicates the U.S. State Department and high Pentagon officials, top figures within the Israeli defense and intelligence establishment, and the Soviet government—in the arming of Ayatollah Khomeini's war machine and international terrorist legions.

The entire affair centers around the secret clauses included in the Camp David accords signed by President Jimmy Carter, President Anwar Sadat, and Prime Minister Menachem Begin in 1979. Among those secret clauses was a U.S. green light for Israel to make millions selling American weapons to such clients as Central American narco-terrorists and the Ayatollah Khomeini.

In this respect, the breaking up of this latest Israeli arms-smuggling ring represents a significant and escalated continuation of the exposure begun with the arrest last December of Israeli spy Jonathan Jay Pollard, a man whom this magazine linked to Soviet KGB scientific espionage networks operating in secret alliance with the faction of Israeli intelligence linked to Gen. Ariel Sharon. Pollard was working under the Lekem unit of the Mossad, directed by Sharon's sidekick, Rafael "Dirty Rafi" Eytan, whose function is the passing of U.S. secrets to Moscow as part of Sharon's deal-making with the Kremlin.

### **Arrests announced**

In announcing the 17 indictments and the arrests of 9 of the charged conspirators in New York and Bermuda on April 16, the U.S. Attorney for the Southern District of New York, Rudolph Giuliani, characterized the attempted arms sale, which included thousands of TOW missiles, F-4 fighter planes, F-5 fighter planes, helicopters, Python air-to-air missiles, C-130 transport planes, and Skyhawk aircraft, as "mindboggling."



U.S. Department of Defense/Paul Hayashi

*Would you like to see this U.S. M-60 tank deployed against America's allies? One hundred engines, gearboxes, and fuel tanks for these tanks were among the equipment allegedly for sale to Khomeini's Iran by General Bar-Am's smuggling ring, indicted on April 22, 1986.*

U.S. Customs Service Commissioner William von Raab, who joined Giuliani in an April 22 New York City press conference, accused the defendants of being "brokers of death who operated a terrorist flea market. . . . The Iranians would have used these weapons to make war against their neighbors or to spread international terrorism against the free West. Without a doubt, the bloody hand of international terrorism would have been on the trigger of the TOW missiles, really an ideal weapon for this dirty business."

According to the "Outline of Charges and Arrests, United States v. Samuel Evans, et Al.," the bulk of the \$2 billion-plus in weapons being offered to the Khomeini regime were located in Israel. U.S. and Israeli intelligence sources have confirmed to *EIR* that the weapons involved were part of official Israeli government stockpiles, and, therefore, the case represented official Israeli government policy to sell arms to the Ayatollah.

This allegation is underscored by the presence of a retired Israeli general, Avram Bar-Am, on the list of indicted conspirators. Bar-Am was one of three Israelis arrested along with two Americans at Bermuda international airport. He is charged, along with a Tel Aviv-based American citizen, William Northrop, with arranging phony "end-user certificates" for over \$800 million in arms they planned to ship from Israel to Iran through Northrop's Lichtenstein-registered Dergo Establishment firm.

"End-user certificates" are filed with the State Department by the recipient verifying the destination of the arms. This procedure is established to provide a paper trail, to prevent arms from getting into the hands of countries that have been legally banned from receiving U.S. arms for se-

curity or foreign-policy reasons.

When Bar-Am found himself sitting in a Bermuda jail, the subject of a brutal behind-the-scenes extradition battle between the U.S. and Israeli governments (which remains unresolved as we go to press), he threatened to "tell all" unless Israel bailed him out of the indictment. According to a Reuters wire released within days of Bar-Am's arrest, the former deputy chief of the Northern Army Command told interviewers, "What we tried to sell was the state's equipment. Let's say there are many people involved in this deal and in all of this we are only a small part."

Adding to the mounting evidence that the multi-billion-dollar arms deal was a "Mission Impossible" operation sanctioned by the Israeli government, were reports that the first telephone call that Bar-Am placed following his arrest was to the defense attaché at the Israeli embassy in Washington. The second call, according to an Israeli source, was to an official of the defense ministry back in Tel Aviv. According to the source, both calls were placed on special Mossad phone lines.

Previous instances of Israeli weapons trafficking into the Iranian Republic have been linked in the U.S. and Israeli press to an official of the Israeli Defense Ministry's Export Authorization Office, Zwi Reuter, and to the former Israeli defense attaché in Teheran during the regime of the Shah, Jacob Nimrodi.

Two other Israeli nationals, linked to another arms exporting syndicate, were also arrested in Bermuda. The father and son Guri and Israel Eisenberg are the proprietors of Bazelit International Trading Company (BIT). In a separate conspiracy indictment, the Eisenbergs and two other BIT

associates, Rabbi Yitzhak Hebroni and Mr. Humposa, are accused of arranging the sale and delivery of over \$415 million in arms to Iran. A Beverly Hills-based Greek shipper, Nikos Minardos, was indicted and arrested in New York as the shipping agent in the "Eisenberg conspiracy."

According to Israeli sources, BIT has recently been involved in opening up the People's Republic of China to Israeli weapons sales. This deal, which has been associated with Israeli billionaire Shaul Eisenberg and with his business associate, Armand Hammer of Occidental Petroleum, is widely believed to be part of a broader pact between Israel and the Soviet regime in which Israel—through the "good offices" of Soviet agent Hammer—has been given a Moscow green light to develop a major new market for its arms in Peking. What Hammer represents with respect to trade concessions from the Soviet Union, Eisenberg represents with Japan, the P.R.C., and both Koreas. Thus, the Eisenberg-Hammer partnership must be read as a commercial feature of Soviet expansion into the Pacific Rim, one in which Israel is slated to play a significant role.

If the Shaul Eisenberg ties to BIT are confirmed (and the U.S. Defense Intelligence Agency is reportedly sitting on confirmation that BIT's Eisenbergs are part of the Shaul Eisenberg organization), this places BIT at the very center of the Israeli arms industry, and in the middle of the Soviet foreign-operations branch known as The Trust—financial interests, like Hammer, built into wealth and power on the basis of Soviet state largesse. This role was underscored by a February 1983 business deal in which Eisenberg's New York City flagship company, Atasco, arranged to import to Israel a French-made nuclear power station in partnership with Al Schwimmer, then the director of Israeli Aviation Industry, the government-owned aeronautics and defense cartel, and Jacob Nimrodi, one of Israel's leading arms merchants to Iran.

A number of other men were also indicted on April 22 for attempting to fill the Iranian shopping list of sophisticated weapons and spare parts. These men included: French national Bernard Veillot; West Germans Hans Bihn, Ralph G. Kopka, Hans Schneider, and Mermann Moll; an American living in France named John De La Roque; Briton A. R. Flearmoy; and Greek nationals Dimitrios-Alexandros Kourantis and Stabouloupoulos Thanos.

The apparent lynchpin of all of the deals was an American attorney and business broker residing in London, Samuel Evans. Evans operated out of the fashionable London address of a consulting firm called Evans and Van Merkenstein, and was also the principal owner of a Bermuda-registered international trading firm called Galaxy Trading Company. Galaxy was representing the Iranian government in the purchasing effort.

While virtually no information exists in the public record regarding Evans, informed U.S. and Israeli intelligence

sources have placed him in the immediate orbit of former Israeli Defense Minister Ariel Sharon, presently the minister of industry and technology in the coalition government. According to one Israeli source, Sharon employed Evans as an attorney for some of his personal business affairs in London. Sharon, according to the source, spent several days in London with Evans just prior to the attorney's arrest in Bermuda.

Evans has also been identified by U.S. intelligence sources as the attorney for several defendants in a Libyan arms smuggling and assassination plot involving weapons conduited from the United States into the Libyan Peoples Bureau in London. That transaction occurred during the peak of the Billy Carter business ties to Qaddafi.

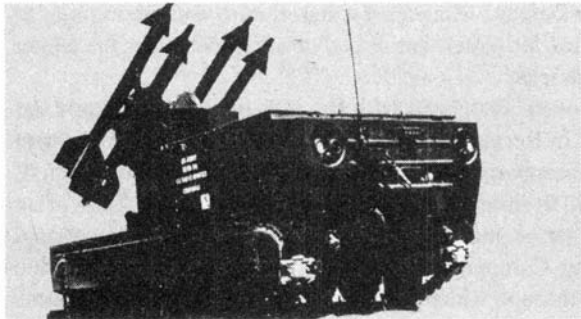
### **The enigmatic Cyrus Hashemi**

Perhaps the cloudiest aspect of the entire billion-dollar arms bust is the role of one of Iran's most notorious arms traders, Cyrus Hashemi. According to sworn statements by U.S. Customs agent Dennis C. Doyle, whose infiltration of the arms-smuggling ring was essential to the indictments, Hashemi was the Iranian arms purchasing agent who contracted Evans to broker the arms deals. Beginning in December 1985 (see accompanying article), Hashemi—a fugitive from a 1984 arms trafficking indictment in the Southern District of New York—began entering the United States to participate in a series of meetings leading up to the scheduled arms deliveries. While Hashemi was not among the 17 indicted in the multi-billion-dollar arms deal, he was apparently either arrested, or turned himself in, on March 26, during one of his trips to the United States in conjunction with the Evans deal.

The complicating aspect of the Hashemi connection is the fact that Hashemi was initially set up smuggling arms to Khomeini by the Carter administration. According to sources close to the 1984 Hashemi case, he was put in business by the Carter National Security Council and by Carter CIA director Adm. Stansfield Turner. Reportedly, a former assistant U.S. attorney-general, Stanley Pottinger, was Hashemi's controller throughout this period. In a 1980 book, *Hostage to Khomeini*, the editors of *EIR* had exposed Hashemi as the "Carter connection" to Iranian terrorism and money laundering.

### **Camp David secret clauses?**

In a recent Iran gun-running case tried before Federal Court Justice Sharp in Orlando, Florida, another Israeli-linked group of contrabandists was charged with trying to illegally fill the same shopping list that the Evans/Bar-Am group received from Hashemi. That group was led by Paul Sjeklocha (a.k.a. Paul Cutter), who had been personally recruited to the Israeli arms-smuggling networks by Ariel Sharon during a 1982 meeting in Israel. While Cutter was found guilty and sentenced to five years in federal prison, the majority of



U.S. Army/Redstone Arsenal

*Left above: the TOW, the most powerful anti-tank weapon used by Army, which can penetrate armor and main battle tanks. U.S. Attorney Giuliani said, "Without a doubt, the bloody hand of international terrorism would have been on the trigger of the TOW missiles," of which more than 18,000 were to be sold to the Iranians in the conspiracies. Other weapons included, left, below: Chapparral short-range ground to air missile system. Right: Hawk all-weather ground to air missile system, used against aircraft.*

defendants, including Lt. Col. Wayne Gillespie, an official of the Pentagon's Army Materiel Command, were let off. Their defense centered around the claim that they had been told that they were working on a U.S. government-sanctioned covert operation to secretly ship weapons to the Ayatollah to battle "Soviet-dominated" Iraq. The jury bought the story and the majority of the defendants walked.

EIR has been accumulating evidence for several years indicating that one of the key features of the 1979 Camp David accords between Israel, Egypt, and the United States was a series of secret clauses giving Israel carte blanche to sell U.S. military hardware on the black market to such clients as Khomeini and the Sandinistas—customers the United States obviously did not wish to be directly linked to, despite the complicity of the Carter administration in putting those renegade regimes in power in the first place. Apparently, cognizant of the prospect of a post-Carter administration cutting off the arms flows, the Trilateral Commission dominated Carter group provided Israel with secret authorization to pick up the arms traffic, thus establishing a "treaty" mechanism for protecting the ongoing activities under a national security umbrella.

The series of Israeli-linked weapons busts that began with the April 1985 Cutter arrests represent, according to some U.S. intelligence sources, a factional move from within the

intelligence establishment to revoke those secret clauses—and end the United States' "selective sanctioning" of international terrorist operations.

These sources say that the recent arms-buying effort by Khomeini was aimed at nothing short of a total victory in the protracted Iran-Iraq war. Such a victory, the sources say, would have meant an Iranian march on Kuwait and an eventual Iranian military move to take over Saudi Arabia. Whether such a move would succeed or fail, the results would be a thorough destabilization of the Persian Gulf region. Coincident with a massive increase in Soviet military operations inside Afghanistan, this string of developments—while pitting Israel's Islamic enemies at each others' throats—would have meant the virtual expulsion of the United States from the Persian Gulf, an objective that Moscow shares with the Sharon faction inside Israel and with Trust-contaminated circles within the U.S. government. These Trust networks dominate the State Department and have achieved heavy penetration into the Pentagon's arms-exports unit under Mossad "friends" Richard Perle and Steven Bryen.

The battle around the effort to cover up these more profound aspects of the Bar-Am case has just begun. The outcome will be critical in determining whether the Reagan administration has the capacity to fulfill its commitment to stamp out international terrorism.