

EIR's Hashemi case at center stage: Carter's links to Iran arms exposed

by Michele Steinberg

The key to whether or not the ongoing probes into the Iran arms-running scandal actually clean out the rogue National Security Council operations, is the question of Cyrus Hashemi. Hashemi, the Iranian gun-runner who died suddenly and mysteriously in London in July 1986, after being identified as an undercover agent for the U.S. Customs Service, functioned for the Jimmy Carter administration in 1980, as the "back channel" to Ayatollah Khomeini, and emerged once again in 1985 as a middleman for the Israeli/NSC operations to supply Khomeini's forces with arms for their war against Iraq.

Congressional committees have been slow in taking up the issue of Hashemi and the Carter administration's violation of its own 1980 arms embargo to Iran. To do so would mean challenging the entire policy edifice of the "Islamic fundamentalism card," concocted by former Trilateral Commission directors Henry Kissinger and Zbigniew Brzezinski. It would also mean breaking the control that these networks continue to try to assert over U.S. foreign policy.

But on Jan. 18, an explosive story in the *Baltimore Sun* accurately described the Hashemi saga, and named some of the responsables in the Carter Trilateral Commission administration who dealt with the worst terrorist elements in the Khomeini regime in an attempt to get American hostages freed in Teheran in 1980—in time for the November 1980 presidential election.

Among the Carterites who dealt with Khomeini's emissary Hashemi, were White House counsel Lloyd Cutler, a member of the Trilateral Commission, who confirmed to James Traub, the author of the *Baltimore Sun* article, that he held meetings in 1980 with Hashemi. According to Traub, Hashemi "'seemed to be an interesting guy with a lot of contacts,' Mr. Cutler recalls, but says nothing came out of the meeting."

But other evidence on the public record and available to *EIR* shows that Cutler—who was present at some of the Hashemi meetings along with fellow Trilateral Harold Saunders, then assistant secretary of state for Near East affairs, and Roberts Owen, then counsel to the State Department—is covering up the truth.

Two separate memoranda have been made available to Lawrence Walsh, the White House-appointed independent counsel investigating criminal activities in the 1985-86 arms

shipments to Iran through Israel and to the Nicaraguan Contras, that show the scope of Hashemi's illicit career:

On Jan. 4, *EIR* legal editor Edward Spannaus delivered an investigative memorandum to Walsh providing "evidence that officials of the Federal Bureau of Investigation and Department of Justice obstructed justice with respect to arms shipments to Iran and other crimes against the United States, with special reference to the cases of Cyrus Hashemi and John Stanley Pottinger." That memorandum, detailed below, includes copies of U.S. government documents which prove that the government had knowledge, in early July 1980, that Hashemi, then an official representative of Khomeini, was channeling money through the First Gulf Bank & Trust, to Khomeini terrorists who had targeted Khomeini's opponents in the United States for assassination. Within weeks of the date of those government documents, Dr. Ali Akbar Tabatabai, an anti-Khomeini Iranian leader, was gunned down at his home.

In another memorandum, filed in U.S. Federal District Court in New York on Dec. 30, 1986, Paul R. Grand, defense attorney for Samuel Evans (who is charged with illegal arms sales to Iran), filed a 34-page memorandum which alleged that Hashemi, who was a witness against Evans, was in fact negotiating arms sales to Iran as part of an official U.S. "covert operation."

The memorandum shows that in June 1985, Hashemi brought together Saudi Arabian arms dealers Adnan Khashoggi and Manucher Ghorbanifar, the Iranian middleman between U.S. emissary Robert McFarlane, Israeli officials, and Iran, for the initial discussions of the arms supply to Iran. Hashemi was later present, according to Grand's affidavit, at a July 1985 meeting between Israeli Prime Minister Shimon Peres and Khashoggi, where further plans were made for shipping U.S. arms through Israel.

Grand, in representing defendant Evans, maintains that Hashemi, who was the U.S. Customs Service's main informant in a "sting," had carried out arms sales to Iran for the CIA, and with the full knowledge of the FBI since at least late 1980. Grand is further alleging that his client Evans had been informed that the United States had secretly adopted the policy of arming Iran, and assumed he was part of the sanctioned operation.

According to another affidavit filed by Grand on Sept.

16, 1986, Hashemi approached the Carter administration as a broker to free the American hostages. Hashemi's offer was taken seriously, according to Grand, for two reasons: because Hashemi was a cousin of Iranian Speaker of the Parliament Hashemi-Rafsanjani (the same alleged "moderate" who benefited from the American/Israeli arms deliveries in 1985 and 1986); and because the offer was made to the Carter administration by J. Stanley Pottinger, a former U.S. assistant attorney general.

Grand also asserts that from no later than November 1980, the FBI's foreign intelligence section had videotapes and audiotapes of Hashemi and other business associates negotiating illegal arms deliveries to Iran, at the same time that he was "brokering" release of American hostages to help Jimmy Carter's election campaign.

As the public record shows, there was never any prosecution of Hashemi for these illegal deals until 1984, despite an investigation which began in 1980, and was the subject of intense interagency factional warfare from the start. And when the Justice Department finally did indict Hashemi and his two brothers, along with other associates, the FBI conveniently "lost" audiotapes of conversations involving Hashemi's attorney J. Stanley Pottinger in the arms deals. Pottinger was never indicted.

Hashemi's connections

Former intelligence officials confirmed in 1980 to *EIR* that Hashemi was a "protected asset" working for then National Security Adviser Zbigniew Brzezinski and the Carter administration, to deliver arms to Iran and funds to Khomeini networks in the United States. That arrangement for Hashemi's arms deals continued, according to affidavits filed by attorney Grand, into the Reagan administration, when Alexander Haig was secretary of state.

According to intelligence sources, one of Hashemi's key connections to the international arms market and to the Trilateral networks was through the conspiratorial Order of the Knights of Malta. According to the *Baltimore Sun* article, "There is evidence from Hashemi's extensive and unusual court record that his connection with the U.S. government goes back even earlier [than the 1980 meetings with Cutler, Saunders, Owen, and Sick]. . . . In 1978, Hashemi was detained at Charles de Gaulle Airport in Paris when he tried to use a document issued by the Order of the Knights of Malta as a diplomatic passport. He was also found to be carrying stolen Air France tickets. Charges were never pressed because, according to an associate, Hashemi said, and was apparently able to prove, that he was carrying out work for an unspecified law-enforcement agency."

In 1978 and 1979, the *Sun* article continues, Hashemi was being sued by Banque du Liban and Barclays Bank for stock fraud. The case was settled out of court, after Hashemi's lawyer submitted certain documents, whose nature was never publicly disclosed. In 1981, Merrill Lynch loaned

Hashemi more than \$400,000, collateralized by Hashemi's worthless companies. While Merrill Lynch sued in an attempt to recover the funds, informed sources told *EIR* that the Merrill Lynch loans were part of a covert operation.

Trilateral infiltration

The *Baltimore Sun's* revelations about Hashemi's 1980 meetings with Roberts Owen, Harold Saunders, and Lloyd Cutler close the circle on the uninterrupted string of illegal arms deliveries to Iran, from the Carter administration to the present Iran/Contra scandal.

According to documents received late in 1986 by *EIR*, Harold Saunders, the former assistant secretary of state for Near East affairs in the Carter administration, received reports of meetings between Carter officials and Ibrahim Yazdi, an Iranian official who was attempting to broker back-channel deals between Khomeini and the U.S. government. Saunders claims that such meetings were totally justified, and he told a reporter that questioning the meetings reflects a lack of understanding of the "fabric and context" of the Carter administration's Iran crisis. Saunders also confirmed that he was present at meetings where Gary Sick, a member of Carter and Brzezinski's National Security Council, discussed deals with so-called Iranian moderates in the Khomeini regime.

According to public disclosures since the breaking of the present Iran scandal in November 1986, the same "scam" of Iranian "moderates," involving the same players, was again adopted by the U.S. government. One report published in December discloses that Yazdi became one of the channels for the arms negotiations being carried out by former National Security Adviser Robert McFarlane, after doubts arose over Ghorbanifar's ability to deliver freedom for the American hostages in Lebanon. It has also been established that Hashemi was present, on more than one occasion, at meetings with U.S. officials associated with NSC Lt. Col. Oliver North's special operation, and Manucher Ghorbanifar, the Iranian/Israeli asset who promised the release of U.S. hostages in Lebanon in return for arms to Iran.

In an interview conducted after the *Baltimore Sun* revelations appeared, Saunders continued to defend the meetings with Hashemi. Asked about the CIA documents that showed that Hashemi was funneling money to terrorists in the United States, Saunders angrily retorted, "There are all sorts of reports in CIA documents. That's not credible. . . . You cannot trust documents like that."

Saunders denies that he now holds a part-time position consulting for the NSC. But he continues to deal with the Iran question, and to push the "Islamic card" through his positions in the Trilateral Commission and the Dartmouth Conference. Over the last year, Saunders has sat on the Dartmouth Conference's Task Force on Conflict Resolution, where he discusses reaching a "superpower agreement" to resolve the Iran-Iraq war with Soviet think tankers and foreign ministry officials.

Editor seeks release of Hashemi files

A Freedom of Information Act suit brought by *EIR* Law Editor Edward Spannaus, now before the U.S. Fourth Circuit Court of Appeals in Richmond, Virginia, is attempting to obtain the release of long disputed files on Cyrus Hashemi. Since 1980, when *EIR* published a series of articles identifying Hashemi as a secret operative of the Khomeini regime responsible for money-laundering, blockade-running of arms, and financing of terrorists, the fight over these documents has raged.

In 1983, when Hashemi was suing *EIR* for libel, the U.S. government refused to release documents to *EIR*'s defense team, claiming the Hashemi records were protected as "state secrets." Hashemi's suit ended in *EIR*'s favor when Hashemi refused to appear for deposition, and refused to turn over business records in discovery.

In December 1986, Justice Department attorney John Schnitger again tried to suppress the release of the documents, which Spannaus's suit alleges will show long-term Justice Department knowledge of the illegal arms shipments to Iran. Schnitger claimed that the documents are "law enforcement records," whose release "would interfere with an ongoing investigation." Spannaus's attorney, Bernard Fensterwald III, argued that since Hashemi is deceased, the files cannot relate to impending prosecution.

Spannaus's experience with the Hashemi litigation and access to other files released under the FOIA make him one of the acknowledged world experts on aspects of covert operations involving arms traffic to Khomeini.

On Jan. 4, 1985, a memorandum by Spannaus was delivered to independent counsel Lawrence Walsh; copies have also been forwarded to the relevant congressional committees. Excerpts of that memorandum, titled "Evidence that officials of the FBI and Department of Justice obstructed justice with respect to arms shipment to Iran and other crimes against the United States, with special reference to the cases of Cyrus Hashemi and John Stanley Pottinger," appear below:

"Presented herewith is evidence and suggested leads for obtaining additional evidence which will show that officials of the U.S. Department of Justice and FBI had knowledge of violations of the arms embargo against Iran, violations of the Munitions Control Act, and other crimes against the United States. The evidence will show that these officials obstructed and impeded the due administration of justice by failing to prosecute crimes against the United States, and, in one instance, by "losing" or destroying tape-recorded evidence essential to such a prosecution. . . .

"8. Cyrus Hashemi . . . was a central figure in U.S.-Iran arms trafficking until his death in July 1986. . . . However, he was not indicted until 1984, and he was never prosecuted after being indicted. He died in London last July under circumstances called 'mysterious' by one of his attorneys. The crucial, unanswered question is: Why did it take the Department of Justice until 1984 to indict Cyrus Hashemi, when the evidence upon which the indictment was based was obtained in 1980-81?

"9. The May 1984 indictment of Hashemi was based upon overt acts committed by Hashemi and others during the period October 1980 to October 1981, and upon actual shipments and attempted shipments of prohibited war materiel and parts to Iran during this period. The indictment is further based upon conversations overheard among Cyrus Hashemi, his brother Reza Hashemi, and John Stanley Pottinger from October 1980 to January 1981. . . .

"11. On information and belief, the FBI raided the offices of Cyrus Hashemi's First Gulf Bank & Trust Co., at 9 West 57th Street, New York, New York, in November 1981, seizing evidence of unlawful arms shipments.

"12. During 1982, a federal grand jury in the Southern District of New York was investigating illegal arms shipments to Iran by Cyrus Hashemi, a number of his 'front' companies, and also by Israeli citizens. . . .

"13. During early 1983, the Department of Justice and the FBI claimed that information concerning Cyrus Hashemi was classified for national security reasons, and was subject to the 'state secrets' privilege. This assertion was made in response to subpoenas issued by attorneys for the defendants in *Hashemi v. Campaigner Publications, et al.* The subpoenas were issued to five U.S. government agencies, and sought documents concerning illegal activities of Cyrus Hashemi and Bahram Nahidian. In the Justice Dept. response, not only were the responsive documents classified, but even the affidavits of FBI Assistant Director Oliver B. Revell and the Attorney General were classified 'secret.' . . . It is respectfully suggested that, were Independent Counsel to seek access to the classified affidavits and subject documents, that this would shed a great deal of light on questions of 'who knew what' and 'when did they know it.' . . .

"26. According to recent press reports, Hashemi was a partner in a joint venture with Adnan Khashoggi, and with New York businessman Roy Furmark, to ship arms to Iran during 1985. . . .

"29. Although most of the recent public discussion has portrayed the secret 1985-86 arms deal as something unique, it should be clear from the foregoing that arms trafficking from the U.S. to Iran, often via Israel, has been carried out since 1979-80. It should furthermore be clear that many U.S. government officials, including some in the FBI, the Criminal Division of the Department of Justice, and the Central Intelligence Agency, have had knowledge of these transactions."