

Interview: Edward Spannaus



Missing wiretaps: smoking gun in Reagan-Bush October Surprise?

The "October Surprise" scandal surrounding the successful plot by the 1980 Reagan-Bush campaign to delay the release of American hostages in Iran is again snapping at George Bush's heels, as we reported last week. In the summer of 1980, EIR, among other press outlets, was sued for libel by New York-based Iranian banker and arms dealer Cyrus Hashemi for revealing that he was involved in funding pro-Khomeini protests and terrorist activities in the U.S. Rather than backing down or settling, as other media did, EIR dug deeper, finding that the U.S. government was not only aware of the goings-on, but even meeting with Hashemi, in what had all the appearances of an arms-for-hostages deal. Interestingly, the first public suggestion that the Carter administration may have been negotiating a politically advantageous release of the hostages came from vice presidential candidate George Bush, in Fall 1980, who used the term "October Surprise." Since then, and given the hindsight of Iran-Contra, it has become one of the worst-kept secrets in politics that the Reagan-Bush team was desperate to prevent the release of the American hostages before the November 1980 elections, so that the Carter administration could not use a release to bolster their reelection campaign.

As EIR editorial board member Edward Spannaus explains, Cyrus Hashemi's suit was ultimately dropped.

Hashemi himself came under indictment in May 1984, and he died suddenly in July 1986 in London.

Spannaus, who was framed up and convicted along with Lyndon LaRouche and five others in December 1988, remains a political prisoner at the federal prison in Petersburg, Virginia. He was interviewed by Herbert Quinde on April 21.

EIR: How did you find out about the October Surprise and the involvement of Iranian arms dealer Cyrus Hashemi?

Spannaus: I first learned about the Hashemi involvement in the October Surprise in 1983, from a source in a good position to know about it, who was Jamshid Hashemi, his brother. The issue came up indirectly in my first meeting with him in mid-July 1983. I was pressing the angle of his brother Cyrus's involvement with the Carter administration because we knew about Cyrus's financing of pro-Khomeini protests and terrorism in the U.S. and that this had been done with the protection of the Carter administration. Jamshid told me then that Cyrus

was in fact much closer to the Reagan-Bush administration than to the Carter people, which was somewhat of a surprise to me. When I asked him if he meant the Texas crowd of Baker and Bush, he indicated these were the people he was talking about.

EIR: What else did he say?

Spannaus: Nothing more in that discussion. I and Michele Steinberg of *EIR* met with him again in mid-July of 1983. This was right after *Time* magazine had run their big story called "Arms for the Ayatollah." Jamshid had called me and said, "It's time to talk." So I again went out to his home in Stamford, Connecticut to meet with him. This time he was a little more forthcoming on many matters including the October Surprise. He told me explicitly that people in the Reagan-Bush camp were trying to prevent the release of the hostages during the 1980 election campaign and during the transition period. I asked him about Kissinger's role in this. He said to me, "You are treading on dangerous ground," and that "there are things I can't talk about, but you know what that means." When I asked if William Casey was involved, he said, "I wouldn't tell you if I knew," but said that if his phone had been tapped, "you would be shocked at the people who called."

EIR: What else did he say about his role and that of his brother Cyrus Hashemi and the release of the hostages?

Spannaus: Jamshid was very secretive in what he said but he always implied that he had numerous connections to the CIA. He always maintained that Cyrus had played a key role in the release of the hostages—in fact, that the hostages would not have been released without Cyrus's involvement. He told me this the first time I saw him. He told me that he himself had been flying back and forth between London and Paris and Madrid to arrange negotiations over the hostages. The way he explained it to me was that Cyrus had a channel to a close relative of Khomeini. It was only by getting through to the mullahs that the negotiations could actually be successful. He said that the story about the Algerian negotiations was just a cover story for the real negotiations that had been going on.

EIR: What did you do with this information?

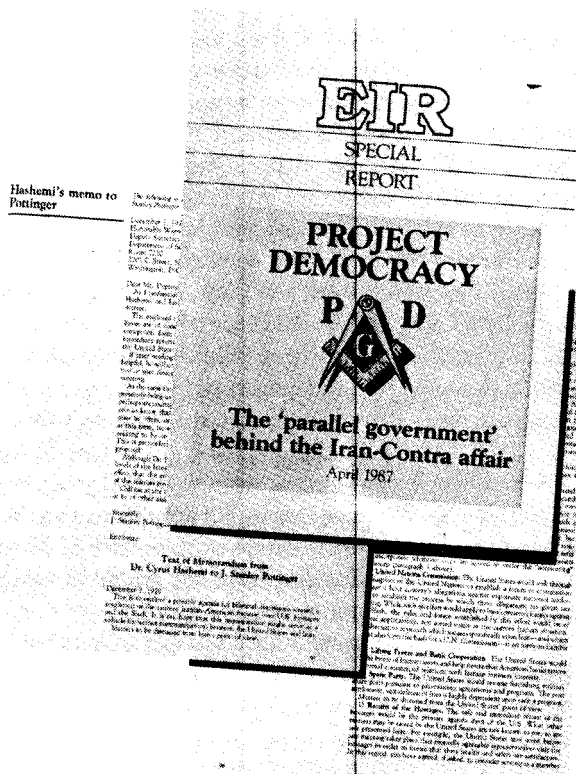
Spannaus: After the July discussions with Jamshid, I went back and dug into the *EIR* files on the subject and kicked it around with our intelligence staff. Then I tried to read everything there was about the hostage negotiations and the October Surprise. I was convinced that Jamshid's story was plausible and it explained something about the Hashemi case which heretofore had not been clear to me. I then wrote an article that was published in *New Solidarity* newspaper in August 1983 which was entitled "How Kissinger Delayed the Release of the U.S. Hostages in Iran." It was obvious that Kissinger was up to his ears in the hostage crisis from the beginning. He had pressed Carter to let the Shah of Iran into the United States from Mexico, when, in fact, this was completely unnecessary. According to various accounts, Carter blew up over Kissinger's role, but eventually he gave in to Kissinger pressure.

In October 1980, *EIR* had been told that Kissinger had established contact with the mullahs and particularly the circles around Ayatollah Beheshti, who was the most pro-Soviet of the mullahs. The day after the November 1980 election, Kissinger announced that the hostages would not be released until after the inauguration. Now, how did he know that?

EIR: Could you review the details of the libel suit that *EIR* and Cyrus Hashemi were parties to? What role did the FBI play in the case?

Spannaus: Let me give you some background on the suit first. In the period prior to the election, in the summer of 1980, *EIR*, along with other parties, including the CIA, as I have discovered from FOIA [Freedom Of Information Act] documents, was receiving information that Cyrus Hashemi, who was a banker and an arms dealer, was financing pro-Khomeini terrorism and protests inside the U.S. *EIR*, along with other press outlets, published that story. In August 1980, Cyrus sued publications associated with Lyndon H. LaRouche, Jr., such as *EIR* and *New Solidarity*, as well as the *Washington Post*, *Los Angeles Times*, *Atlanta Constitution*, CNN, and a number of other outlets that had run this same story. Interestingly, the lawyer who filed the suit for Cyrus Hashemi was Stanley Pottinger, a former Justice Department official.

What happened is that everyone backed down in the suit except for *EIR* and CNN. Everyone else issued a retraction of the story. The word circulating in intelligence circles at the time was that they backed down due to CIA pressure. Given the fact that Stanley Pottinger was the lawyer who negotiated the backdown, it is entirely plausible. In context, it makes sense. Hashemi had been involved in January 1980 in secret contacts with the State Department. This is almost a year before the elections. *EIR* was the first to obtain FOIA documents confirming this. *EIR* published those documents showing [Carter Assistant Secretary of State] Harold Saunders and other State Department officials discussing an arms deal for the release of the hostages. There was a hiatus and



EIR's April 1987 special report on the Iran-Contra scandal published the Carter State Department correspondence with Iranian banker/arms dealer Cyrus Hashemi and his attorney Stanley Pottinger in late 1979.

then in the fall of 1980 these things picked up again. Clearly, Pottinger and others would have been anxious to spike the story about Hashemi's involvement in financing terrorism and gun-dealing. The story was successfully killed except for *EIR* and CNN. Eventually, CNN settled, so the only ones left in the suit were the publications associated with LaRouche.

In 1983, our attorneys issued subpoenas to various government agencies for records concerning Hashemi, to the CIA, the FBI, State Department, the National Security Agency, and the National Security Council. The only agency that came forward was the CIA, which came up with four paltry documents. [Then FBI deputy director] "Buck" Revell filed an affidavit stating that for reasons of state secrets and national security, the FBI could not disclose any of this information concerning Hashemi, even though it was under court subpoena. Following that, just to round out the story of the lawsuit, our attorneys attempted a number of times to take Cyrus Hashemi's deposition, he failed to show for depositions, and the case was thrown out of court on that basis.

EIR: What about the missing tapes?

Spannaus: This is quite fascinating. This is another aspect of the October Surprise which is still a live story today: That

is to say, the FBI is still at this time involved in a coverup of the Hashemi matter and particularly Stanley Pottinger's involvement in it. A number of persons associated with *EIR*, including myself, filed a series of FOIA requests in 1985 concerning the Hashemi matter. One of these requests was to the FBI. In the court case involving this FOIA request, a few months ago, the FBI filed a declaration saying that they had no record whatsoever of wiretaps involving Hashemi, Hashemi's First Gulf Bank and Trust, and Stanley Pottinger. You should know that the existence of these wiretaps is very well known: It's not only been published in virtually all the major news outlets, but in a court proceeding in New York, there is a court order which discusses the fact that there was a court-ordered wiretap on Hashemi's offices during late 1980 and that these wiretaps were ordered by the Foreign Intelligence Surveillance Board, but despite the fact that it is on court record that these wiretaps existed, the FBI is denying in a sworn affidavit that they have any record of electronic surveillance of Hashemi.

The story going around for a number of years was that Stanley Pottinger was overheard on these wiretaps advising Hashemi how to circumvent the arms embargo and ship arms to Iran. Stanley Pottinger, you may recall, was an Assistant Attorney General for the Civil Rights Division in the Justice Department in the Nixon administration. He also was reported to be a CIA operative and, in fact, was reported to be Hashemi's CIA controller for many of these purposes. The story that was going around—and this was broadcast and published in a number of places—is that Stanley Pottinger narrowly escaped indictment because the FBI had lost the wiretaps, and the overhears of Pottinger which apparently the Justice Department claims were necessary to indict him were lost, therefore he couldn't be indicted.

What is even more interesting about this is that these wiretaps may well be one of the smoking guns on the October Surprise. The time period of the wiretaps was November 1980 through January 1981, which is precisely the transition period between the elections and the inauguration of Reagan and Bush in January 1981. These wiretaps were of Pottinger and Hashemi: It is quite possible that if these tapes were to be located, they would shed a great deal of light on what was going on in this period and the October Surprise which is now coming back into public controversy.

EIR: Does this whole story and your direct and personal involvement over the last decade in the issue of the October Surprise, have anything to do with why you're presently sitting in a federal prison?

Spannaus: I have no proof, but I have suspected it might have something to do with it. The first time I was indicted was in December 1986, just as the Iran-Contra story was breaking, and I happened to know, at the time, more about Cyrus Hashemi than just a handful of people did, but I have no direct proof that that was involved.

Why is publisher Catholic magazine

by Umberto Pascali and Michael Maddi

In the month of May, the 30,000 American readers of the international Catholic journal *30 Days* may probably not be able to read their magazine. The U.S. publisher, Father Joseph Fessio, S.J., has declared war on the magazine's Rome-based editorial staff. At issue are two of the hottest topics you can find today: the magazine's opposition to the Gulf war, and its attack on Freemasonry.

Father Fessio announced in the April issue that "either the editorial staff in Rome will be effectively internationalized . . . or [his publishing company] Ignatius Press will join with the publishers of other disaffected national editions to produce an international Catholic magazine that will correspond to the intentions and aspirations of the original *30 Days*."

30 Days is published in Italian, English, French, Spanish, Portuguese, and German. The magazine's style is extremely polemical and outspoken on social, political, and strategic issues, and it is rumored to be very close to Cardinal Joseph Ratzinger, the Vatican's Prefect of the Congregation for the Doctrine of the Faith.

The peregrinations of Father Fessio—an anti-liberal Catholic leader who worked hard to circulate *30 Days* in the United States and then ended up censoring four major articles in the last issue—reflect well the problems of certain "conservative" intellectuals. These problems exploded when George Bush's pro-war campaign counterposed the words "conservative" and "patriotic" to the teachings and the tradition of Christianity. No matter that this counterposition was purely nominalist; the social pressures on "conservatives" worked anyway.

'The war-mongering chorus of consensus'

Fessio admits as much, when describing how a group of his fellow conservatives stopped supporting the magazine. "Perhaps the best evidence is the letter which I received from Dale Vree, the editor of the *New Oxford Review*. Dale is a zealous, orthodox convert to Catholicism, who, like Joe Sobran and Pat Buchanan, opposed the war before it began, while it was in progress, and after it was concluded. And yet Dale asked me both by phone and by letter to have his name removed from our advertisement."

Already in the March issue, Fessio declared: "We are not against criticizing the U.S., President Bush or the Gulf war.