

CIA files expose and conceal ties to gunrunner Cyrus Hashemi

by Edward Spannaus

Central Intelligence Agency files recently released to reporters for this news service reveal that the CIA apparently helped Iranian banker and gunrunner Cyrus Hashemi avoid extradition to the United States after he was indicted in 1984 for illegal arms shipments to Iran. However, those files which were *not* released—but which were identified, as part of a court case—show that the CIA is still hiding its close relationship to Hashemi during the “October Surprise” period.

In recently filed court papers, the CIA admits it “surfaced” 277 documents concerning Hashemi in a search for documents (which took them over four years!). Most of these documents are still classified and are being withheld on national security grounds. Almost 80 CIA documents on Hashemi were identified for the period from December 1979 through December 1980—the period when Hashemi was financing pro-Khomeini protests and terrorism inside the United States, and also acting as a “double agent” for both the Carter administration and the Reagan-Bush campaign with regard to the negotiations for return of U.S. hostages held in Iran. All of these 1980 documents—with the exception of one newspaper clipping—remain classified and are being completely withheld from disclosure by the CIA.

Hashemi was first identified by this news service and other publications in the summer of 1980 as serving as a financial conduit for illegal funds for Iranian terrorism in the United States. In 1983, this news service was the first to identify Hashemi as a key player in the “October Surprise” plot to delay the release of the hostages in Iran until after the 1980 presidential elections.

In his new book, *October Surprise*, former Carter National Security Council aide Gary Sick describes Hashemi as the central intermediary through whom Reagan campaign manager (and later CIA director) William Casey worked in his successful efforts to negotiate a secret deal with Iranian leaders in the summer and fall of 1980.

The new documents shed additional light on Casey’s close relationship with Hashemi during the Iran-Contra period, but totally hide the Agency’s dealings with Hashemi during the crucial months of 1980. The descriptions of contents of the documents for the 1980 period which are being withheld include “planning of a proposed paramilitary event,” “discussions about a particular CIA activity,” “information requested concerning Cyrus Hashemi,” “basic infor-

mation the CIA has on Cyrus and Jamshid Hashemi,” “extremely detailed information about specific activities of foreign nationals,” and so on.

It is known that Cyrus Hashemi came under massive national security surveillance in October 1980; according to Gary Sick, the Reagan administration abruptly lifted the surveillance in February 1981, shortly after it came into office. A CIA document from shortly after this, March 13, 1981, is described as discussing “the details of a CIA activity involving Cyrus and Jamshid Hashemi.” A late 1982 document, which is partially released, says that Hashemi “was about to be indicted for violating various arms embargo laws” in February 1982. This didn’t happen.

However, the investigation of Hashemi was continuing, and another document shows that a federal prosecutor visited the CIA on June 28, 1983, asking detailed questions about Hashemi’s dealings with the Agency. Four pages of notes drawn up after this meeting, which contain “a summary of CIA’s dealings with Cyrus Hashemi and Jamshid Hashemi,” are still classified “Secret” and are being withheld.

Although the CIA reportedly blocked the indictment of Hashemi for as long as it could, arrest warrants were issued for him and his brothers in May 1984, and formal indictments were issued in July 1984.

The Shaheen connection

Meanwhile, as the indictment of Hashemi drew nearer, the CIA appeared to be cutting loose Cyrus and his brother Jamshid. An Oct. 11, 1983 document seems to suggest that the CIA tried setting up Jamshid to meet with an FBI undercover agent. The document says: “notwithstanding C/NE’s telephone call last week to Jamshid Hashemi, Mr. Hashemi evidently is having second thoughts about meeting with the FBI undercover agent.” (“C/NE” refers to the Chief of the Near East division of the CIA’s Operations Directorate.)

The document goes on to say that the prosecutors requested “the name of the DCI’s [Director of Central Intelligence’s] friend who recently suggested to C/NE that the Agency utilize the services of Cyrus Hashemi.” The author says, “I identified the individual as John Shaheen, whom I described as an acquaintance of Mr. Casey’s from his OSS days who is now a private businessman in New York.” (Shaheen was in fact one of the founders of the CIA, along with Casey; he

was also a business associate of Hashemi.)

A few weeks after the arrest warrant was issued for Cyrus (who is known to have been tipped off by the CIA so he could flee the country), a hilarious "CYA" memo was entered into the CIA's files. According to the "memorandum for the record," Shaheen had called Casey, reporting that "Hashemi had telephoned him from London saying he had important information concerning Iran which he wanted to pass along to the Agency." But since the Hashemis "remain outside the U.S. in an attempt to evade U.S. process," it was decided that "it would not be prudent" to be in contact with them. "The DCI strongly endorsed this position," states the memo, which then describes Casey calling Shaheen in the presence of the others, "emphasizing the Agency did not want anything to do with the Hashemi brothers." (This was shortly after news reports had been published saying that the CIA had tried to block the Hashemi arrests by throwing "a cloak of national security" over the case.)

Despite Casey's self-serving admonition that the Agency would have nothing to do with Hashemi, a new round of dealings with Hashemi is reflected in documents beginning in June 1985. Some of these particular documents were subpoenaed by Congress and were released as part of the Congressional Report on Iran-Contra, but *EIR* has obtained additional documents and some new information in the previously released files.

A June 16, 1985 memo written by Casey describes a recent call to Shaheen from Cyrus Hashemi, who was in Hamburg, West Germany. Hashemi offered a change in Iranian government policy if he could in turn get his case dropped—a *nolle prosequi* ("to pursue no further"). Hashemi claimed to be talking to the Iranian Foreign Ministry and offered to set up a meeting in Bonn for the following week. Hashemi also claimed to be aware of a recent attempt by George Bush's brother and "Shekeleh" (later identified as Ted Shackley) to contact the Iranians. Casey proposed taking the matter up with the State Department to see if they would be willing to listen to whatever proposition the Iranians might bring to Bonn.

There is a second, more formal memo by Casey, dated June 17, which repeats the same information. Casey adds that he "ran into Rick Burt last night" and discussed it with him.

Next follows a series of memos on the Shaheen/Hashemi operation, authored by Thomas A. Twetten, whose name was previously redacted from the documents released in the congressional Iran-Contra report. Twetten was Deputy Chief, Near East division of the Operations Directorate from 1983 to 1986, when he became Chief of the Near East operations (C/NE).

The inclusion of Twetten's name is significant, because Twetten is known to have been one of a handful of hand-picked CIA officials with whom Casey worked closely in the Iran-Contra operation. Twetten was the CIA "case officer" for the Ollie North arms-for-hostages deals, but later testified that he did not know about the diversion of funds to the

Contras. (Some intelligence officer!) In 1988, he became Associate Deputy Director of Operations, and he became DDO—head of the CIA's clandestine services division—on Jan. 1, 1991.

These 1985 memos include the back-and-forth among Twetten, Shaheen, and Hashemi's lawyer Elliot Richardson (a Republican former Attorney General). Twetten complained at one point that Richardson had called him directly, and states: "I also noted that Mr. Hashemi has an established channel through a third party when he wishes to reach us." That "third party" was Shaheen.

CIA obstruction of justice?

Of course, during this entire period, Hashemi was a fugitive from U.S. justice, which is noted in the CIA documents from time to time. A one-page "Synopsis" of the status of the Hashemi case in September 1985 reports: "Along with their attorney Stanley Pottinger, the group . . . allegedly, illegally exported arms to Iran from 1980 through 1984. . . . Pottinger is still currently under investigation." This is particularly significant, since Pottinger, who has been alleged to have been one of Hashemi's CIA controllers, was never indicted; however, this document shows he was still under investigation over a year after the Hashemi indictments.

Pottinger was protected by never being indicted; and, it appears, the CIA may have been blocking the extradition of Hashemi. A poorly typed sheet from Nov. 11, 1985 contains the following: "WE WERE ADVISED IN AUGUST 1985 THAT THE U.S. GOVERNMENT MUST NOT TOUCH THE IRANIAN IN THE UK WHOM THE US IS SEEKING TO EXTRADITE FOR HIS PART IN AN FAIL\$D IRANIAN ATT\$MPT TO PURCHASE U.S. ARMS.

"HASHIMI'S LAWYER ELLIOT RICHARDSON INVOLVED IN ATTEMPTS TO PUT U.S. GOV\$ERNMENT IN CONTACT WITH LEADING FIGURES IN TH\$ IRANIAN GOVT. RE RELEASE OF AMERICAN HOSTAGES INCLUDING OBTAINING HASHEMI'S NOLLE PROSEQUI."

The next documents following this are all withheld, but they are described as including deliberations about policy concerning contacts with Hashemi, a meeting at the CIA to discuss the investigation of Hashemi's arms transactions, and negotiations between the CIA and Hashemi's lawyer.

The next document released is April 23, 1986, right after the arrests of 17 arms dealers, including Israeli general Abraham Bar-Am, U.S. lawyer Samuel Evans, and 15 others. Hashemi was the "sting man" who set up the arrests as part of a deal involving his own case. A CIA memo reports that the Customs Service had asked the CIA in December 1985 "whether any CIA equities or plans would be affected involving their use of Cyrus HASHEMI in an arms sting operation." The memo says, "There are no Agency equities involved in this operation."

Within a few months, Hashemi died suddenly and mysteriously in London. He had many enemies, and he seems as well to have outlived his usefulness as a CIA "equity."