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With Iranscam at full boil,
our reporter ventured off to Washington
in search of the truth.

But all he found
were sources.

In the Land of the Leak

By Pete Carey

**"Well, Peter,
we finally talk** after so many years."

The voice on the telephone that day in June last year was cultured, with the faint accent of someone who had learned English from a British tutor. The greeting was one any editor would have excised, as a tired cliché, from the manuscript of a novel about foreign intrigue.

The voice belonged to Albert Hakim, a Los Gatos businessman about whom I had written occasionally for more than five years. I had never spoken to him. Our one previous exchange had been conducted through a secretary, who took my questions to him and scribbled down his cryptic answers, calling me with them later. Hakim was not exactly a mystery man; he was merely cautious. In his business—security and intelligence systems—he seemed to believe that the press could only do him harm. How right he was.

This call came several months before the Iran-Contra scandal broke like a thunderbolt last November, disclosing among other things that Hakim was a central figure in the Reagan administration's secret foreign policy initiatives.

Although Hakim expressed amazement at allegations he was helping the Contras, when he called me he had been secretly helping the Reagan administration ship arms to Iran. Former National Security Council director Robert McFarlane had made his ill-fated trip to Tehran. The Reagan administration and the CIA had begun dealing with the Iranian government through Hakim's own set of intermediaries. And for two years Hakim had handled the Swiss bank accounts for the Contra war against Nicaragua. The U.S. Senate Select Committee on Intelligence later reported that Hakim and his partner, retired Air Force Maj. Gen. Richard V. Secord, believed they were doing "the Lord's work" with their pro-Contra activities.

Hakim didn't bring up the Lord, or the Iranians, in our brief conversation. I'd called him to ask about a lawsuit filed in Miami by a group called the Christic Institute. The suit claimed Hakim and a number of former U.S. intelligence agents were part of an arms-dealing ring that dated back to the 1960s. Occasionally, according to the suit,

members of the ring—though not Hakim—had indulged in political assassinations. Recently they had sent explosives and weapons to "freedom fighters" in Nicaragua.

Among other things, the suit reflected a belief, deeply held in some circles, that a "Shadow CIA" exists and that people like Hakim belong to it. The Shadow CIA supposedly performs secret operations overseas, exercising an unhealthy, secret influence over U.S. foreign policy.

"When this guy [Hakim] surfaces, there's going to be a big bright light on him," Daniel Sheehan, director of the Christic Institute, had told me on the telephone. The institute is an off-beat Washington public-interest law firm. Sheehan has worked on several sensational cases, including the Karen Silkwood case and a lawsuit against Nazis in Greensboro, N.C.

Before the Iranscam revelations, the prevailing opinion among reporters I knew was that the Christic Institute lawsuit had been cooked up by someone who had read too many conspiracy books. Who could believe the Reagan administration would have anything to do with these people, risking all on behalf of the Contras and imaginary Iranian "moderates"?

Hakim categorically denied the allegations made by the lawsuit. "When I heard about this thing, I thought they were kidding me, joking with me," he said. "They said no, this is true."

Hakim said he had decided that "this is really a political lawsuit, basically focusing on the president's support of the freedom fighters, trying to discredit his activities. This is my opinion. As far

as my involvement is concerned, I can only guess how I got into something I know nothing about or have anything to do with."

Hakim concluded: "I have no idea how my name got into it. There's no merit to the suit." He paused. "I haven't had any deep interest to follow up on this," he said, somewhat vaguely. "I will when the time comes. In my opinion it may even die away if they can see they cannot stop this help to the Nicaraguans."

A FEW MONTHS AFTER THAT call, Hakim phoned again and said he wanted to tell the other side of the story. There had been more news stories about the lawsuit and increased pressure on the Contra pipeline. The *Miami Herald*, for example, was breaking one story after another about the private network resupplying the Contras. Other publications had made some interesting discoveries about the Swiss financial firm Hakim used, and about his business partner Secord's involvement in buying an airplane for the Contras. Here and there a few small stories had appeared mentioning an obscure lieutenant colonel named Oliver North who seemed to be playing a secret role in the National Security Council.

Hakim said, "There are some things you should know about these people"—meaning the ones who had filed the suit. He didn't say what he knew, but the tone of his voice suggested that it wasn't good. He was going to be at his hilltop home in Los Gatos in a week or two, and we agreed to meet. That was our last con-

versation. A few days later, three American mercenaries were shot down over Nicaragua in a C-133 cargo plane that was carrying weapons and ammunition to the Contras. The survivor, Eugene Hasenfus, said he thought he was working for the CIA.

A reporter got hold of telephone records and found some U.S. phone numbers that had been called repeatedly from the fliers' "safe house" in Ilopango, El Salvador. One was for Lt. Col. Oliver North in the White House. Another was for Hakim's company, Stanford Technology Trading Group International Inc., which has offices in San Jose and a suburb of Washington.

In November, the Iran arms scandal broke, and with it came revelations about a private foreign policy network under the nominal direction of the National Security Council. Albert Hakim's name began appearing regularly in the world's newspapers, linked with a cast of characters that might be called "Ollie's Secret Army." The cast included many of the people cited in the Christic Institute lawsuit, though Oliver North hadn't been named in the suit.

The Big Eastern Newspapers were dominating the story, so Knight-Ridder, the parent company of the *Mercury News*, decided to form a pool of reporters to do in-depth coverage of the affair. Partly because Hakim was from the San Jose area, and maybe because I'd had some success before in covering a scandal involving a president (Ferdinand Marcos of the Philippines), I was assigned to the Washington bureau in December. I thought maybe I could reach Hakim at his company's Virginia office or land an interview with one of his assistants. Also, it seemed like a good opportunity to visit the Christic Institute and find out how its suit was related to the new scandal.

WHEN I ARRIVED, WASHINGTON WAS wrapped in a bitter chill and I was wrapped like a Californian, in a thin sweater. I proceeded directly to the home of Daniel Sheehan of the Christic Institute. Because his lawsuit named so many Iran-Contra figures as defendants, I figured he might be able to tell me more about them. His warm house danced with activity: His two boys and their neighborhood playmates spilled through the living room. The phone jangled incessantly and his wife, Sara, somehow fielded the calls, many of them from insistent reporters, and fixed lunch for the children at the same time.

Sheehan mixed a huge quantity of tuna and mayonnaise in a bowl and made himself two thick sandwiches. Then he glanced meaningfully at the walls and ceiling to where, presumably, the NSC and CIA had hidden their microphones, and invited me out of this warmth onto his snow-encrusted back porch. For the next few hours I shivered in my thin sweater while he recounted the tale of intrigue and deceit in U.S. foreign policy that his lawsuit is based on.

The suit was prompted by the May 30, 1984, bombing of a press conference held at La Penca, Nicaragua, by Eden Pastora, known popularly as "Commander Zero." Pastora—commander of the "Southern Front" against the Nicaraguan government—was locked in a struggle with another Contra faction that had the support of the CIA. At the press conference, someone smuggled in a bomb in a photographer's suitcase and left it near the front of the room. It blew up, killing or injuring many people.

"They made the mistake of bombing the journalists," Sheehan declared. "The journalists take great umbrage at that. They are going to find out who did it."

Sheehan's client, a free-lance reporter named Tony Avirgan, was injured. An investigation by Avirgan and his wife, Martha Honey, led them to suspect U.S. involvement in the bombing. Their suspicions flowered—with Sheehan's help—into the lawsuit. The suit, explained Sheehan, was frankly political in nature.

"It's basically about the total criminal violations that are involved in the Contras and their American supporters mounting an undeclared war against the government of Nicaragua, and what the legal implications of that really are," he said.

But Sheehan claimed that the Contra war was just the latest in a series of covert operations that began in the early 1960s with the U.S. secret war against Fidel Castro. The agents who cut their teeth on that war were now helping run the Contra war, he asserted. The "whole thing" began when Nixon was on the National Security Council in 1960, Sheehan said. "Nixon was responsible for Cuba. He chaired a task force to work up a plan of what to do to get Fidel Castro out of Cuba. He began what was a Contra war against Cuba."

The operation, Sheehan continued, eventually joined together the CIA, Mafia drug smugglers, former Cuban gambling czars and pro-Batista Cubans in an effort to rid Cuba of Castro. The agents in this failed mission relocated in Laos after the assassination of John F. Kennedy. There, they worked with opium smugglers to form an anti-Viet Cong army. Later, the group re-emerged in Iran, where it

conducted anti-terrorist activities, was active in the secret sale of U.S. defense equipment to the Shah, and so on. Now, in the 1980s, according to Sheehan, it is helping wage war against Nicaragua, disguised as a "private" operation using private money.

The group, he concluded, supplied explosives used to bomb the La Penca press conference. His suit was based on inside information, he said.

The story is fascinating, but like much that is reported in Washington, it is based on many confidential sources who have yet to step forward and be named. Until they do, there is no testing its veracity. And sources are as common in Washington as snails in a California garden.

REPORTERS DON'T REPORT IN WASHINGTON, the *Philadelphia Inquirer's* Jonathan Neumann told me. "They carry big buckets around and collect leaks." The leak from a confidential source and the story that reports it are the warp and woof of Washington journalism. Leakers push their points of view; they leak things damaging to their enemies, advantageous to their bosses and friends. The press's dependence on such leaks has helped make the Iran-Contra story so confusing.

Leaking is such a well-defined form of self-enhancement that some virtuoso leakers have begun to leak abstractly. For example, a counsel to one subcommittee had been used as a source for nearly a month by a reporter I knew when I stumbled onto him myself. The fellow volunteered various observations on the progress of the Senate investigation of the Iran-Contra affair, all with the understanding that he be quoted only as "a congressional source."

tion?" I suggested.

No, he replied.

"Or 'a source familiar with the investigation?'"

Definitely not, he said.

Close questioning revealed he didn't want to be called "close to the investigation" because he wasn't. This cautious leaker knew nothing more than the average Washingtonian about the Iran-Contra affair. He had perfected the leakless leak.

And there was the Saudi businessman, a counselor of sorts to kings and presidents, who had a deeply personal reason for leaking what he knew about U.S.-Saudi dealings touching on the Iran-Contra affair. His leaks were carried on the front pages of most of the major newspapers, each of which referred to him as a California businessman.

Then he told me, "Don't refer to me as a California businessman. I don't want to be called that anymore. That cover is wearing a bit thin." He had an office in Washington, so I suggested: "How about 'Washington businessman?'" "Fine," he replied.

There was plenty of double-dealing, too. One day I encouraged a congressional staffer to take some information he had to the independent counsel appointed to investigate the Iran-Contra mess. "Great idea," he said. Just call me back if they decide to make it part of their investigation, I asked. The information got to the counsel, but the story went to one of the Big Eastern Papers instead. I was angry, suspecting I'd been had. I called him every day for two weeks, but he never called back.

"Well, so what else is new?" an experienced Washington hand asked when I told him of how I'd been had. "In Washington, no one returns telephone calls from reporters. The town is teeming with them. You have to fight them off with a stick."

One day I met with Robert K. Brown, the editor of *Soldier of Fortune* magazine, in the home of a staff member in Bethesda. Brown, a commanding figure with calculating eyes that seemed to be keeping a running total of the conversation, sat at a

kitchen table with a mug of coffee and fielded questions. He was familiar with some of the finer points of the Christic lawsuit and was also interested in a Ghana coup plot I'd written about. He took my card and said one of his reporters would call. Frank Greve, the Knight-Ridder bureau reporter who'd invited me to the meeting, asked about Brown's involvement with some boats that were being used in Central America to run equipment to the Contras.

"Can't anybody keep their mouth shut?" barked Brown, vexed that the secret was out.

The answer is no, not in Washington, of all places. Maybe even Brown can't: As we were leaving, another reporter sat on the living room couch waiting for his turn with Brown. Apparently Brown was scheduling back-to-back interviews.

I woke up each morning, leaned out the door of my apartment and picked up the day's *Washington Post* from the hallway carpet. The *Post* never failed its readers: Each day, some source had told the *Post* of another White House shocker. In Wash-

ington, if you've got a story to leak, you tell it to the *Post*, or perhaps to *The New York Times*. Those are the leaks you can read the next morning at your breakfast table.

There is a hierarchy to this, however. The urgent, aggressive and speculative leaks seem to wind up in the *Post*, while the *Times* appears to be the vehicle for "leaks of record." For example, a virtual blizzard of leaks in the *Post* preceded the release of the report of the Senate Select Committee on Intelligence, and just when it seemed as if there was nothing left to leak, a whole section of the report was printed in its entirety by the *Times*.

I began each day wondering if I had wandered accidentally into a purgatory for reporters, where the competition always had the story you were just starting to think about doing.

It was only on my way to work, in the crowded Metro subway train, that I was reminded that Washington is a town of government workers and bureaucrats, for whom administration scandals are as inevitable as changing weather—but less relevant to their daily lives and work. The scandal barely existed for the tall, bearded man immersed in a Chinese language workbook, or for the young man and woman discussing the agenda of a morning meeting at the Agriculture Department, or for the older man thumbing through a draft budget for some minor government agency, or for the two office workers complaining about their imperious new boss.

One night, snow began swirling furiously from the sky, and the city slowly ground to a halt. The Metro trains stopped. The schools closed. Finally the government itself closed, immobilized by a few inches of snow. And thus covered with a white blanket, the capital looked as innocent as a children's playground. The sudden snows of January had done more to paralyze Washington, by shutting down the Metro, than the Iran-Contra scandal ever did even at its height.

Sometimes, wearied by all the convoluted politics, I stole away to my favorite refuge. A few blocks from the Knight-Ridder bureau is a time tunnel. It's called the National Gallery of Art. Somewhere near its center is a *Madonna and Child With Angels* by a 15th-century master painter from Bruges, Hans Memling. A painter who depicted order and balance, Memling has a great appeal to anyone tired of the busy buzz of sources. There, in the

weekday calm of the museum, Memling will transport anyone who asks back to the 15th century through his painting—and, through his subject matter, to the first century, when there was only one Source and angels announced the news.

NO MATTER HOW TOUGH THE COMPETITION GOT, ONE THING was left relatively untouched by the media: the Christic Institute lawsuit. Sheehan's complex brief and affidavit was quarried by any number of reporters interested in the background of the Iran-Contra figures, but the suit itself was avoided like the pox by the major media. One problem was the serious nature of the allegations in the suit. Iranscam, for all the huffing and puffing, seemed to be just a bureaucratic scandal in which a few functionaries would lose their jobs and write best-selling memoirs. The lawsuit, on the other hand, alleged that some of the same characters had been involved in bombings and wholesale lawbreaking.

The lawsuit relied on more than 80 sources, some of whom were acquainted and jokingly referred to one another by number when they met.

Source 00 (I'm not using his real number to protect his identity) was living in a duplex in Arlington, a \$14 taxi ride from

the National Press Building. He opened a beer. "I hear you know something about Bill Cottrell," he began. Nope, I said, I don't. He frowned. Source 00 was annoyed, but he handed me the beer anyway.

Apparently someone had oversold me for his own benefit, telling Source 00 I was an expert on Cottrell, an engineer from Los Gatos who had been killed by terrorists in 1976 in Tehran. Cottrell worked for several years at the "Blue Cube"—the Air Force Satellite Test Center in Sunnyvale, a monolithic blue building off Highway 101 that houses a command and control center for American spy satellites. In 1976 he was assigned to the top-secret IBEX project in Iran, and had been gunned down one August morning in Tehran on his way to work. Source 00 thinks Cottrell may have been gathering information about U.S. corruption there. Alleged corruption in Iran plays a part in the Christic suit's allegations about some of the defendants.

Source 00 wouldn't talk for the record or share his evidence, but he voiced his conviction that a handful of people, many of whom had worked in Iran for the U.S. government or in private business during the 1970s, were still exercising an unhealthy influence over U.S. foreign policy.

"In my opinion, after 10 years studying this bunch of clowns, they have used people in the Department of Defense, the Agency [i.e., the CIA] and the White House as their inner circle and to get these people to do things. It sounds like an awful lot of people, but there's really just 20 to 25.

They have kept people in key government agencies so nobody can penetrate their network. It's a combination of private gain and covert operations that there is no funding for in Congress, and they are running their own little foreign policy."

SO MANY COMPARISONS WERE BEING MADE BETWEEN WATERGATE and the Iran-Contra crisis, that I listened with interest as Daniel Ellsberg talked of Watergate and Iranscam over lunch with several folks at the Capitol Deli.

Years earlier, Ellsberg had given *The New York Times* the Pentagon Papers; the office of his psychiatrist in California had been broken into by President Nixon's White House "plumbers." That fateful burglary,

said Ellsberg, was when "Vietnam met Watergate" and a much larger conspiracy began to unfold. A similar thing happened, Ellsberg said, on the day Attorney General Edwin Meese revealed that money from the secret Iran arms trade had been given to the Contras. "That's when Iran met Contragate," he said, and the Contra war became linked to a White House scandal. He spent the next half hour telling Watergate stories.

It occurred to me how strange this country has become. Figures like Ellsberg have replaced the old soldiers of another era. We listen with fascination to the veterans of our internecine political battles, and our historical turning points are no longer great wars, but tawdry scandals.

HIGH ON MOST LISTS OF SUSPECTED members of the alleged "Shadow CIA," is Theodore G. Shackley, former associate director of operations for the CIA. Shackley left the agency in 1979; he was later linked to renegade CIA agent Edwin P. Wilson, who is now serving a lengthy federal prison term for selling explosives to Libyan terrorists. No wrongdoing on Shackley's part ever was demonstrated, however. In 1981, he published *The Third Option: An American View of Counter Insurgency Operations*.

Former CIA Director William Casey, a reputed lover of covert operations, is said to respect Shackley highly. In 1976, Shackley worked under George Bush, when Bush was director of the CIA. A member of Bush's vice-presidential staff once worked under Shackley in Vietnam. Shackley is a friend of Michael Ledeen, the "counter-terrorism consultant" who played such a vital role in the Reagan administration's sale of weapons to Iran. Shackley also once worked as a consultant for Hakim.

If such reticulated interrelationships surprise you, you don't understand Washington at all.

I had lunch with Shackley in the restaurant of a new hotel in Virginia, a subway ride under the Potomac River from the federal district. The former No. 2 espionage man in the CIA wore a gray suit, looked slightly thin, and seemed subdued. He said he was recovering from a prostate operation.

Over a Bloody Mary in a milkshake glass with leafy stalks of celery poking up, Shackley explained his role in the Iran-Contra mess. He frowned when I suggested he started the whole Iran-Contra ball rolling. He said he met with arms dealer Manucher Ghorbanifar in Germany in the fall of 1984. The subject of hostages came up and Shackley submitted a report to the state department saying the Iranians might be ready to trade hostages for money. He said he "dusted off" a copy of his report six months later for "a government agency" and that was the last he heard about it. (The Tower Commission report says Shackley gave it to Ledeen, who gave it to North with the comment that "Shackley had had a contact . . . who said he thought he could ransom [William] Buckley," the CIA Beirut station chief kidnapped and killed by terrorists last year.)

Shackley said he had no more to do with the deal. He also insisted he had had nothing to do with arming the Contras.

What about the stories linking him and others—Cuban expatriate Rafael Chi Chi Quintero, former CIA officer Thomas Clines, Secord, Hakim and so on—to extragovernmental covert activities? What about the Christic lawsuit? What about the "Shadow CIA?"

"It reminds me of that scene in *Casablanca*," Shackley said. The one where the police chief turns to his lieutenant and says, 'Round up the usual suspects.'

Edwin P. Wilson, I told Shackley, is saying you had something to do with a secret team that hunted down and killed terrorists. Shackley looked puzzled. I explained that Wilson was telling people that there had been a team in the 1970s, operated by Wilson, Terpil and several anti-Castro Cubans in the Mideast. Shackley was supposedly aware of the team's activities.

"Impossible," said Shackley. "That kind of thing couldn't happen in the government. It's just not possible."

MEANWHILE, THE DISCLOSURES about Hakim multiplied. With the release of a report by the U.S. Senate Select Committee on Intelligence, Hakim appeared to have worked his way into the core of U.S. foreign policy toward Iran, Nicaragua and several other unnamed countries where the U.S. was secretly supporting "wars of liberation" against Marxist governments.

Even the few people who had followed Hakim for years had underestimated his ability to insinuate himself into the workings of U.S. intelligence. Hakim apparently was the financial man for the Reagan administration's support of anti-communist guerrillas.

He was a key figure in its transfer of arms to Iran. He played an important role in the Contra pipeline, buying a Dutch ship, the *Erria*, which was used to ferry Soviet AK-47 rifles to Central America, other weapons to Iran and several million dollars in ransom money to Cyprus, where it was to be used to buy the lives of American hostages in Beirut. While he was opening a "second channel" to Iran (the first channel was Manucher Ghorbanifar), Hakim was busily lining up future business deals for himself.

Hakim's business activities played an important role in the secret wars the Reagan administration has fought against Third World communism. He was their man in Switzerland, transferring weapons here, money there, deftly and discreetly, like the good middle man he had been his entire business life.

But aside from reports from business associates that he was traveling in Europe and had visited South Korea (his second wife is Korean), there was nothing to be heard from him. Hakim, an elusive shadow, was becoming emblematic of the whole inexplicable scandal.

Then one day a businessman I know heard from him, and all seemed to be well. Hakim was excited and trying to drum up money. It seems that despite the negative press he had been receiving, he was onto great opportunities for selling food and medical supplies to Iran. All he needed was a backer.

BYOND THE RANGE OF business opportunities it seems to have engendered, it's hard to know what the final word on Iran-scam will be. For all its sources, even the Washington press corps is like those people in Plato's cave, watching shadows on the wall. Only a few know what or who is casting the shadows of the Iran-Contra affair. And all I am certain of is that the ones who know the truth are anything but Plato's philosopher-kings.

Amid all this furor, one figure was strangely absent: President Reagan. After his early appearances on television, the scandal unfolded without him. There grew in me a sense that Washington was a deserted battlefield, that the foreign-policy

war between the liberals and the conservatives was over.

Increasingly, the administration's ideologues had had to conduct their operations in secret. The Contra pipeline was secret because the Contra war was unpopular with a large segment of the American public and completely repulsive to a smaller segment, which bridled at backing former Somoza cutthroats in the name of freedom. The ill-fated Iran hostage-missiles swap was secret because Reagan had taught us to hate Iran.

The element of hypocrisy in all this reminded me of the Marcos story. It was not the mere disclosure of the Philippine president's stash of hidden wealth that enraged Filipinos. It was that it stood in stark contrast to Marcos' own policy: The Philippines was mired in growing poverty, and Marcos had made a big issue of capital flight, speaking out against it and having people arrested for it.

Now, Reagan and the conservatives, their secret dealings exposed, had lost control of U.S. foreign policy. The liberals, aware of their complete victory, were trying to decide how generous to be to the losers and testing the situation for its maximum political advantage.


There was another lesson for the president: Reagan had dropped his guard in Washington, a town swarming with weird self-seekers, political parasites, ideologues and hangers-on, and had paid the price. He set various covert operatives in motion on behalf of something called the Reagan Doctrine and walked away; he was amazed at the shambles when he looked again. As far as I can tell, Reagan just didn't understand what town he was living in.

WITH LITTLE ELSE TO do, I placed another call to Hakim's office in Washington.

His secretary answered.

"Mr. Hakim is traveling," she said. "I'll tell him you called."

"Tell him I've called 20 or 30 times," I replied.

"I think he knows," she said. 

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