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Q&A Khashoggi says he warned against arms for hostages

Adnan Khashoggi was interviewed by Washington Times Editor-in-Chief Arnaud de Borchgrave. Following are excerpts from their discussion.

Q: The New York Times has quoted you as saying you duped U.S. officials during the Iran arms sales and FBI investigators afterward.

A: That is total nonsense. I offered to cooperate voluntarily with all the relevant and competent investigating bodies and agencies — from the Tower Commission to the FBI. Kenneth Bialkin, who is my lawyer, is the former president of all the major Jewish organizations in the U.S., and while he was making the necessary arrangements with the FBI, the FBI was also negotiating a hostile operation against me with Roland (Tiny) Rowland, a man I have been doing business with for many years. Don't ask me why, because it is still a mystery to me, but for some reason, Rowland, who apparently has a special relationship with U.S. intelligence agencies, used a \$2.5 million promissory note I have with him, to mount a major operation to try to neutralize me. Tiny and I had a series of deals together in Africa and elsewhere that would have earned me about \$50 million in commissions if the contracts had been signed. During this process, I asked Tiny if he would lend me \$8 million. He gave me \$4 million against my DC-9 as collateral, \$1 million against my ranch in Kenya and \$2.5 million as a personal loan, with the understanding that all this would be repaid from revenues.

Q: You mean from the Iran deal?

A: No, from the African ventures, and if these did not materialize I would reimburse him. Which is fair enough. Suddenly, overnight, Tiny turned against me after the Iran story broke. So someone, either in the CIA or FBI, must have a special relationship with him. For a \$2.5 million loan, that he had not even called in, he suddenly attaches my DC-8, my Boeing 727, my DC-9, my (\$30 million) New York (Fifth Avenue) duplex, etcetera. To spend over \$1 million in lawyer fees to collect a loan from a long-time business partner simply did not add up.

Q: The FBI was involved in this too?

A: Yes, they sent 20 FBI agents to Paris for the operation. I managed to get the DC-8 released quickly as there was no claim against it. Ditto with the 727 but, the DC-9 was kept as it carried a mortgage of \$4 million. But Bialkin, my lawyer, informed me that the FBI was going to raid the plane while it was momentarily in Tiny Rowland's hands. A French judge had issued a Court order making it possible for the 20 FBI agents, who had been sitting in hotels in Paris waiting, to move in on the DC-8, accompanied by 30 French police with automatic weapons. They searched everything from top to bottom looking for nonexistent documents. Needless to say they found nothing — except for toilet paper — and left empty-handed.

Then I got a call from the FBI fellow who was in charge of the investigation, who called from Ashraf Marwan's office (the late President Nasser's son-in-law who works for Tiny Rowland). First Ashraf explained who was about to talk to me and would I

please help him locate my papers. I told him that Bialkin was already in touch with his FBI bosses and to deal through him. Ashraf begged me to at least say a few words to him. So I said put him on the line and I said, "How can you justify spending taxpayers money to do such stupid things when you had already been offered total openness by my lawyers? And who told you that I keep files on my plane? Do you think I'm crazy? My files are all buried in the seven hills area of Saudi Arabia." I was joking about the seven hills, of course, but he apparently took it seriously.

"Well, Mr. Khashoggi," the FBI team leader replied, "we just wanted to know the truth." And I interrupted him and said, "You just want to take America down the drain by the way you behave." "No," he replied, "you're taking America down the drain." So, I interrupted again, "We're both taking America down the drain, and good for America. Goodbye."

I then called Bialkin and said, "There's a conspiracy going on. You told me you talked to the FBI and you didn't know this was going on. Nobody knew about this process. It was all cooked under the table. Again, another North-type covert operation. The special counsel, Mr. Walsh, didn't even know about the FBI operation in Paris. They took a court order from the District of Columbia, acting under orders from the Justice Department. What on earth did they expect to find? What did Tiny Rowland lead them to believe? In any event, this ludicrous fishing expedition cost the U.S. taxpayer a minimum of \$200,000 — without exaggeration." Travel, hotel, etcetera.

Q: There are a number of things I do not understand. When you say you introduced Ghorbanifar to the Israelis, wasn't he already working for both Mossad and Savak in the days of the shah — at least that's what former Ambassador Ardeshtir Zahedi told me. He worked for an Iranian shipping company that actually belonged to the Israelis.

A: Nimrodi, who was the Israeli military attache in Tehran throughout the '70s, didn't know him. I introduced them. I checked Ghorbanifar out very thoroughly. After all, I have a lot to lose. More than he has. He also is a man who has made money. He's connected businessman.

Q: Who once worked with the CIA?

A: You have to accept that there are people, like me, who are well-connected with all sorts of people all over the world, including the intelligence services of many countries. I am neither a CIA agent nor a Saudi agent, but I'm well-connected with both sides.

Q: In other words you trade information, a sort of broker of intelligence?

A: When I first met Ghorbanifar, and he told me about the possibilities of an opening for the U.S. in Iran, I went straight to King Fahd to tell him about it.

Q: You mean what Ghorbanifar told you about the three Iranian factions vying for power in the post-Khomeini period?

A: Yes, and King Fahd was afraid that it could be a dangerous trap to undermine Saudi Arabia and get it involved in the internal affairs of Iran.

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Q: A lot of people say that Khashoggi is just trying to protect the Saudi royal family but was acting on behalf of the king all along.

A: That is nonsense, and I can prove it. But the king was clever. He didn't want any problems with an unpredictable neighbor who could blast Saudi oil fields.

Q: Besides the Iranians have other means of communication with the Saudis?

A: They have and have used them — including the Iranian minister of information. But King Fahd advised me to share whatever I had heard with President Mubarak of Egypt and King Hussein of Jordan, who are more closely involved with Iraq, and get their reaction. When I saw Mubarak, he called in his Mubarak (secret service) chief and I sat with him. Which I did. Ghorbanifar was very persuasive and the Egyptians asked for a week to think it over. When I didn't hear back, I checked again and the Mubarak chief said, "Look, Adnan, this guy's unreliable." I asked how he'd checked this out and was told "with the CIA." I couldn't believe these stupid Egyptians would rely solely on the CIA's say-so. Why not check

with the Iraqis or other sources?

Q: What was your next move?

A: As I went to the Israelis and asked to meet with my friend Shimon Peres when he was in New York. I figured the only ones who could give me an accurate fix would be the Mossad. I explained everything to Peres and he was very excited. All I asked is that Mossad check out Ghorbanifar. If he's good, I said to Peres, then I want the Americans to be informed through Israeli channels. Peres said, "Leave it to me."

Believe it or not, 48 hours later, Schwimmer was at my door with Nimrodi and they said they wanted to meet with Ghorbanifar. We set up the meeting in London. They listened to his story, the relationships he claimed to have in Tehran, what was going on between the various Iranian factions, in short the whole story. Two days later they got back to me and said, "Your guy and his story check out."

But to prove his bona fides, they asked me to ask him to bring several of the mullahs he claimed to know well out of Iran to meet with them in Europe. The guys who were the linchpins to Ghorbanifar's plan. So Ghorbanifar brought three important mullahs to the meeting. Kimche also came from Israel, along with Schwimmer, Nimrodi and another guy from Mossad. This was in Hamburg. The Iranian mullahs thought they were all Americans. I have all the minutes of that meeting. Everything went so beautifully, it was all so crystal clear, the mullahs were so eager to cooperate with the U.S. in particular and the Western world in general, that I thought I

should indicate that at least one of them was an Israeli — and I told the mullahs. "By the way, Mr. Kimche here, is the director general of the Israeli Foreign Ministry." They did not seem shocked.

One of the mullahs said, "The Western world is one pot and whoever can open that window is OK with us." Simple mullah language. And when we came out of that meeting, you should have seen the eyes of the Israelis. They were so excited, mixing Hebrew and English you could tell they thought they were already back in the days of the shah. I started getting nervous, so I wrote a long report to Bud McFarlane, the one he claimed he never read, and sent a copy to Peres, who was then still prime minister, to Mubarak, to all those I had already talked to, just to cover myself.

A few days later I called McFarlane and spoke to one of his assistants to make sure he understood that the Israelis were completely reassured by Ghorbanifar and his high-level Iranian contacts. This was

all during the first week of July '85. As I expected, Schwimmer and Kimche flew over to see McFarlane and McFarlane informed the president. Everything went very fast.

Q: With good reason since the Israelis were anxious to resume arms sales to Iran which had been interrupted under U.S. pressure.

A: But those were Israeli-made weapons, not American hardware.

Q: About \$1 billion in Israeli arms to Iran since Khomeini overthrew the shah, correct?

A: That's right. But I was never involved in these transactions myself. Anyway, McFarlane concluded the Israelis would be a good cover for the operation and told the Israelis to supply the equipment to Iran on the understanding the U.S. would replace whatever was shipped.

Q: Was Michael Ledeen involved at this point?

A: I had never met him at this point. We met later in the operation.

Q: But Ledeen says he was the pointman for the exploratory opening to Iran, that he went to see Peres to determine whether Israel could recommend a valid Iranian interlocutor and that the Israelis then produced Ghorbanifar.

A: Ledeen came in later. The initiative came from me and Ghorbanifar, who had originally contacted me, as I have already explained. I had the key guy — Ghorbanifar. The Israelis subsequently delivered Ghorbanifar to Ledeen. There was no reason why Ledeen should have known about the real origins of the whole affair. . . . But the most important thing that happened is that the Israelis asked Ghorbanifar to come to Israel, which he did.

Q: With the permission of the Iranian government?

A: There's no doubt in my mind about that. He's not that gutsy. He wouldn't take such a risk without permission. Otherwise, he might not have come out. He might have been kept as a hostage against the others. He spent five days in Israel, and they impressed the hell out of him. He was overwhelmed by Israeli capabilities. From Israel, he went straight back to Tehran to report.

Q: Directly, non-stop?

A: On a charter via Crete.

Q: Did you know what was really going on at that point?

A: On a need-to-know basis, not the whole story. I

was out of the picture as a whole for about two months after that. Suddenly, Ghorbanifar came to see me and said everything was going well, that the Americans were going to supply Iran with TOW missiles, and they asked us to help them with Buckley, the CIA hostage. There was no mention of hostages until then and the matter didn't even cross my mind until then. So I asked, "How much are the Americans going to give you?" And Ghorbanifar replied \$5 million worth of TOWs, through the Israelis. Even though he had mentioned Buckley, I still did not see it as arms for hostages.

My mind was concentrated on something else. Ghorbanifar told me — part of the \$5 million was to be used to strengthen one of the pro-Western factions in the Iranian regime. This made sense to me. "But Adnan," he said to me, "they don't trust us, and we don't trust them. The Israelis will not ship unless they get money up front. And the Iranians will not pay the money in advance."

So I said if it's a test they want, let's start with \$1 million, and I'll put up the money. Ghorbanifar went back to his people, and they accepted. But the Israelis wanted the balance of \$4 million.

So I asked Schwimmer to come and see me. I told him I was willing to take a risk on \$1 million — but

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ing?" I asked Schwimmer. And this was the first time I heard about mutual tests of good faith involving the release of hostages, on the one hand, and to see who's who on the Iranian side with these partial ship-

ments of arms. So they planned token shipments, and I was to be the "bridge" banker.

I told Schwimmer, "I guarantee the Iranians because I know Ghorbanifar and his Iranian friends will not cheat me, but you guys might never ship." Schwimmer then gave me his word, and I said, "OK. I trust you, too." I gave them the \$4 million check. But Buckley, as we later discovered, was already dead. So they released a priest instead.

Now three months pass and I hear nothing from Schwimmer. I called Bialkin, my lawyer, Schwimmer, Nimrodi, etcetera.

Q: Because you always kept Bialkin in the picture.

A: Of course. I wanted to make sure the American Jewish side knew what was going on. But my friend Ghorbanifar had disappeared. Messages were not returned. So I went off on my boat and forgot about it. Suddenly, at Christmas time, in 1985, Ghorbanifar appeared and said, "My God, my God. Problems, many problems." He explained the Israelis had shipped the TOWs, taken the \$5 million and gotten replacements from the Americans for free. So the Israelis had pocketed \$5 million. Nothing for our friends in Iran who had been led to believe they would be getting a chunk of it as seed money for the pro-Western faction.

Q: Who in Israel took the money?

A: No way of knowing. Ghorbanifar said that the Israelis informed the Americans that "I, Ghorbanifar, took the money for myself." He was so upset he went to see Peres and showed him all the bank statements which proved that the money had gone to Nimrodi. Peres got very angry and stopped the operation. He got Schwimmer and Nimrodi out of it and appointed Nir, his adviser on terrorism. Israel then reimbursed the U.S. for the real value of those first TOWs, which was about \$3 million. Now the U.S. moved into the operation directly and North was put in charge.

So at the end of '85, North and Nir became the key players with Ghorbanifar. At the very same time, however, the CIA has a little business going on with Tehran which bypasses Ghorbanifar, and so far nobody really knows about it. Ghorbanifar tells me about all his problems because he needs bridge finance for Nir and North and the continuation of the operation. I said, "Look, I know Schwimmer and Nimrodi, but I don't know these new guys. So first somebody besides you must confirm all this to me. Secondly, what happens if you, Ghorbanifar, die, if somebody kills you?" So that's when we discussed the idea of taking out a \$22 million insurance on Ghorbanifar's life. He also arranged for me to meet with Nir, who brought me up to date on the whole concept. That made it official.

But I asked him what happens if something goes wrong, who's going to pay me? If the Iranians don't pay, etcetera, if you don't ship or the Americans don't ship, what happens? He gave me his word I was covered. So I gave him \$10 million. I then asked whose account this was and he said American government. So I assumed it was a CIA account. When you think of America in this kind of situation, you automatically think of CIA.

Q: Not Secord or North?

A: I didn't know who. I'd never even met these guys. All I knew was USG (United States Govern-

ment), period. This time, I asked Nir to mark up the price by 20 percent so we would be covered for expenses and interest on the loan. So the Iranian government paid \$12 million through Ghorbanifar. Here are copies of the checks. A month after this operation they wanted me to bridge another \$15 million. Now I got nervous. Not because I thought I might not get the money back but because I sensed we were entering a danger zone. So I called Nir and Ghorbanifar and asked them to meet me at the Churchill Hotel in London.

I said, "Gentlemen, you're playing with fire. The moment these mullahs understand how easy this has become, they will understand what they have to do to get from the Americans whatever they want. Tomorrow, they can kidnap an American from the Athens Hilton bar, from here, there and everywhere, and then they'll ask for wheat, sugar, weapons, whatever they want." They vehemently denied that there was any thought of trading anything for hostages. I said, "Nir, a child can figure this one out. You are simply whetting their appetite for more. Give them \$100 million worth of weapons but for God's sake don't ask for hostages. They'll release them later in their own time, but don't couple the two things in their mind. Decouple as much as possible." Nir then said, "I understand and I agree with you but the Americans are in such a hurry to get these guys out before the congressional elections."

So I said, in total disbelief, "You are telling me that this whole thing hinges on American elections? This is madness. And you and the Americans and our new Iranian friends will pay a big price. Don't play this game." I then said, "I'm sorry I can't help you if arms for hostages is the name of the game. But I know a man who might help you — Tiny Rowland. He can bankroll you." Nir then checked with North about Tiny. North called the CIA and he checked out and everyone was relieved. Tiny then had us to lunch at Crockford's in London — Nir, me, Ghorbanifar — and we explained the whole history of the operation. We showed him all the checks and documents, then asked again what would happen if the Israelis didn't ship or the Iranians didn't pay — the same questions — and Nir said Israel was giving its word.

Then Ghorbanifar gave similar assurances and said that Khashoggi, me, guaranteed him too. I said yes, I could vouch for him.

Then Tiny said, "Adnan, I don't want to have any problems with you." I replied that he had nothing to worry about as I had my ranch in Kenya worth \$25 million which was collateral for \$1 million he had loaned me. So we asked Tiny for \$15 million. He then called his friends at the State Department, at the CIA, the ambassador in London. Shultz was notified while he was attending the Tokyo summit meeting, and nobody heard word one about the operation. Tiny panicked and called me a bastard and accused me of misleading him as he had checked with the highest levels of the U.S. government and it was all nonsense — and he told me to forget it.

I was at the end of my rope. So I asked Ghorbanifar and Nir whether this was the last deal, the very last one, before the expected breakthrough in Tehran, and they pledged their word it was the very last one. I borrowed from the bank the \$15 million with shares in some of my companies as collateral. Of the \$15 million, North arranged for shipments worth \$5 million. The balance of \$10 million was left in Lake Resources by North. During that period, which was when McFarlane and North went on that famous secret mission in Tehran, they had a man called Cave, the CIA man who speaks Farsi, ostensibly with the mission as an interpreter, who had a contact with Rafsanjani's son. Cave cooked his

own deal to release some hostages quickly by giving the Iranians \$500,000 worth of TOWs, quite separate from the other deals we know about.

McFarlane, to the best of my knowledge, didn't know about this parallel channel. Cave was doing that behind McFarlane's back. The invoice Cave gave them was three times cheaper than what had been arranged through Ghorbanifar. Rafsanjani then takes the invoice to Prime Minister Plussavi and says, "Your man is a crook. This is the price I got from the Americans directly, so Ghorbanifar is cheating us." So Ghorbanifar, overnight, was burned by the CIA. But Ghorbanifar was not simply a businessman helping out his government. He obviously had a power base because that very same night some 200,000 people marched through the streets of Tehran shouting, "Rafsanjani sold Iran to America." So the pro-Western "moderate" faction thought it had been sold down the river by the Americans to Rafsanjani, who represented the middle-road faction. So the pro-Western faction turned against the Americans. Whether this was sheer ineptitude on the part of the CIA, or deliberate sabotage, we may never know.

Q: But Casey was in China at the time.

A: I know, but somebody authorized Cave to do what he did behind McFarlane's back.

Q: McMahan was acting CIA director during Casey's absence and was told by North they needed a CIA plane to ship some oil drilling equipment to Tehran.

A: Poindexter knew. North knew. McMahan approved. Whoever is responsible has a lot to answer for. It sabotaged the entire initiative. The most important thing to remember about the whole transaction is that we were not dealing with one person but with an important part of the regime that was maneuvering for position for when Khomeini dies.

Q: Your first contact with the Reagan administration was when?

A: In 1983 when I wrote a letter to the president at the time of the Reagan plan for the Middle East. Here's a copy of what I sent him. Sen. Laxalt delivered it. Bill Clark sent me a letter thanking me and telling me the president was very happy with it. It was a very nice letter.

Q: Have you met Mr. Reagan?

A: Only when President Mubarak was on a visit to Washington when I had a chance to have a few words with him.

Q: You never met Secord or North?

A: No.

Q: When did you first realize there was a North-run network that included such people as Secord and Albet Hakim?

A: When the big explosion occurred.

Q: Who sent Furmark to warn Casey something was wrong?

A: I asked Furmark to ask Casey about Lake Resources as I was getting suspicious when payments were delayed and I was minus \$10 million. Casey told Furmark that he had checked Lake Resources and there was only \$30,000 in the account — and that was before the whole thing became public knowledge. How would Casey be able to check on this unless he had access to this account? That's not possible under Swiss law. Furmark told me Casey called North in front of him — it was the first time I had personally heard North's name mentioned — and asked him what happened to the \$10 million owed Khashoggi.

And North replied it was up to the Iranians to pay him. But you didn't ship them, Casey told North in front of Furmark. Yes, we did, North replied. So North lied to Casey. Or Casey was lying to Furmark? Who knows? Furmark has known Casey for many years as a trusted business associate, so I don't think he was lying. North has a lot to answer for. Maybe he diverted the money I raised.

Q: But who gave North the idea of using the money from Iran arms sales to help the Nicaraguan resistance fighters?

A: I think it was Nimrodi — the fact that he took the goods and marked them up. Nimrodi I believe gave the idea to North. He's obviously a brilliant operator.

Q: How can you describe him as brilliant when you haven't even met him?

A: He can't be stupid, sitting in this office in the White House, running all these secret operations, in a Machiavellian way. He must have brains.

Q: From everything you know, who, in your judgment, is North protecting today? Why won't he go public? Who is Poindexter protecting?

A: North reports to Poindexter. Poindexter has cleared everything. That's clear from the Tower report. Poindexter is protecting the president.

Q: So it's inconceivable to you that the president didn't know?

A: The president was informed in a general way, while he was adjusting his tie for a photo opportunity, or getting ready to leave for Camp David, that everything was on track, that the Contras were being taken care of, and he wasn't really concentrating. They wrote him memos that he never read, because if he had he would have asked some pointed questions. Let's say I'm the president of the United States and a memo comes from Poindexter — among many others. So I ask my secretary what's this one about and she says it's on the Iranian affair. He then says, I heard it went well, file it. Jimmy Carter would have read every line.

Q: Obviously anti-Communist resistance movements in Afghanistan, Angola and Nicaragua are as important to the Saudi government as they are to the U.S. — witness all the aid the Saudis have given the mujahideen in Afghanistan and the \$2 million a month to the Contras. Was that done outside of you?

A: Outside of me. I knew nothing about it. I only heard about the Contras twice before the Irangate crisis broke. But I didn't hear it referred to an Contras but as Nicaragua. Vice President Bush was trying to raise money right and left for the Nicaraguan resistance in 1985, and my No. 2, Bob Shaheen, called me and said the vice president had invited me to lunch. I asked Bob what was the occasion, and he said Mr. Bush was raising funds for Nicaragua. So I told Bob, "Send him \$1,000." And I received a very nice letter from the vice president thanking me for my contribution. Here's a copy and it doesn't even mention how much my check was for. It could have been \$100 million if you read the letter without knowing how much I sent — which was \$1,000. This is sheer stupidity. With this kind of letter, I could bring down the government by just asking what happened to the \$100 million I gave you

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(laughter). They have been very careless. You don't know whether to laugh or cry when you see these things. It's amateur night at the opera. This Bush thank-you letter is a classic example of how not to do things.

That was the first time I heard about Nicaragua. There was also a meeting in London with North, McFarlane and Ledeen, before McFarlane went to Tehran. About two weeks before. Ghorbanifar came to see me after the meeting and told me they had had a great session and so on and so forth, "and North asked me to ask you whether you could raise \$100 million for Nicaragua because you will be able to get a lot of favors from the administration." I replied, "Look, Nixon was my best friend in his administration and he couldn't help me or my business one iota. All these guys can do is offer you an embassy abroad and since I'm not going to be a U.S. ambassador, forget about it." Ghorbanifar then said, "What about your king?" I said I would never raise such an idea with King Fahd as it would merely make him suspicious that I was trying to pocket some money.

Q: Even though you heard the subject of Nicaragua contributions mentioned twice, it did not enter your mind there was any connection between your dealings with Iran and Israel, on the one hand, and Nicaragua on the other?

A: Impossible for me to guess that.

Q: But you know how anxious the administration was to bridge the Contras during a period when Congress had cut them off?

A: Yes, but you have all of America to tap for that. If you get \$10,000 from each major company, and \$1 million or \$2 million from wealthy private contributors, you'll get all you need.

Q: What happened to the sultan of Brunei's \$10 million contribution to the Contras?

A: You should ask Mohamed Fayed. He's very close to the sultan. But I have no idea where the money went.

Q: Tell me about Michael Ledeen.

A: The only time I met Ledeen was at dinner at the Belvedere restaurant with Ghorbanifar.

Q: When was that?

A: Shortly before McFarlane went to Tehran.

Q: But Ledeen was out of the Iran picture shortly before McFarlane resigned at the end of '85.

A: Ledeen came back into the picture later. He was always in touch with Ghorbanifar. Ghorbanifar introduced him to me as an assistant to the national security adviser.

Q: Not as a consultant, but as something more important?

A: I'm talking about the way Ghorbanifar introduced him. But when we sat down, Ledeen was honest and told me he was a professor at Georgetown and a consultant to the NSC. And as an expert on terrorism, he was full of interesting stories. He's highly intelligent and a very good talker. So I asked him if he'd read the document I sent to McFarlane, and he said that he had and found it most interesting.

Q: When did you first hear about Ollie North's private network of Secords, Hakims, Channells etcetera?

A: After the story broke.

Q: And Bill Casey? How long have you known him?

A: I've met Casey twice since he took over the CIA in 1981 — once about Egypt and the

other time about the Jordan period. I was endeavoring to explain how the U.S. was unnecessarily antagonizing two good friends — President Mubarak and King Hussein.

Q: Casey told me over Thanksgiving weekend last November that the CIA was not aware weapons were in the plane that the agency supplied to fly McFarlane to Tehran and that his deputy had authorized the flight after being told it would be carrying oil drilling equipment. Is that believable?

A: Of course the CIA knew what had been cooking and they must have checked the cargo.

Q: To what extent did you get USG involved in deals with the Israelis as a way perhaps to recover your own declining business fortunes?

A: I helped the U.S.

Q: But you had your own future in mind?

A: Of course if things had worked out according to plan, look at all the things that have to be rebuilt in Iran — and in Iraq — after the war ends. You're talking about anything from \$100 billion to \$300 billion. How much do you think it would cost to rebuild the second largest oil refinery in the world of Abadan? And that's just one item out of scores.

Q: You said on French TV recently that the door you opened in Iran is still open. What's the evidence?

A: I know it for a fact. I've met with three important mullahs quite recently. One of them is a key guy. Just the day before yesterday. They want an honorable peace. They came to me because they know I'm now making my own deals with the Iraqis.

Q: You also said Reagan is still a hero in Tehran. That's not the way I read the coffee beans, when they call us devil incarnate.

A: I meant after the scandal broke. Didn't you notice how complimentary Rafsanjani and Montazeri were toward Reagan in the Iranian press? You just concentrated on the cake and the key and the autographed Bible. That was not the story.

Q: No more nice things today, right?

A: Events are turning against you now.

Q: Then how can the door still be open?

A: You can still walk through the door now but if you don't it will be closed forever. Rafsanjani in the past few hours has felt compelled to say complimentary things about the U.S.S.R. — just to cover his exposed rear.

Q: You also said that if the U.S. and the U.S.S.R. wished to put an end to the Iran-Iraq war, they could do so in one minute. You didn't explain how?

A: For the first time the Soviets are scared of chaos throughout the region that would spill across their own borders and infect some of their Asian minorities. Gorbachev wants to be a hero and realizes that the days of colonial empires are over. Now's the time to call what you think is their bluff on disarmament.

Q: Pretty meaningless, no, unless linked to regional settlements, namely Central America, Southern Africa, Afghanistan.

A: They will go along with you. They will withdraw happily from Afghanistan. They've told me so.

Q: Where do you see the U.S. in the wake of the Iran fiasco?

A: People don't trust you — especially your friends. You have developed the reputation of abandoning your friends when the going

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gets tough. Your European allies are going to make their own peace with Russia. Perhaps neutralism is too big a word but major change is coming and this, in turn, will bring peace in the Middle East. Gorbachev needs this to protect Russia's own oil reserves. They've asked me to arrange for 1 million barrels a day from Saudi Arabia. Why? Because they don't want to deplete their reserves. They have to supply all of Eastern Europe plus their own growing needs. They are more conscious of their coming problems than the U.S. seems to be. One of the two superpowers has to wake up

and the Soviets now seem to be answering reveille before the U.S.

Q: Furmark told the Tower Board that he introduced Ghorbanifar to Khashoggi. . . .

A: Correct.

Q: And that George Cave, who had been stationed in Tehran for the CIA before the overthrow of the shah and had been responsible for terminating the relationship with Ghorbanifar in 1983, told the Tower Board that Ghorbanifar had known Khashoggi for years.

A: A lie, totally and completely false. I've told you exactly how we met.

Q: Furmark told the board he met Ghorbanifar in January '85 and later introduced him to you.

A: Correct.

Q: Who is Albert Hakim?

A: Never met him. He's Iranian, no?

Q: Naturalized American. Ghorbanifar met only once with Secord and others. Hakim and Cave were part of the same team that sabotaged the operation to be able to deal directly with Rafsanjani. They are the ones who broke the consensus, presumably under instructions.