

# Arms affair: puzzles wrapped in enigmas

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It has been five weeks since a pro-Syrian Lebanese weekly, Ash Shiraa, broke the news that the United States was secretly shipping arms to Iran.

Since then, the controversy has broadened to include reports that profits from the arms sales were funneled to a secret Swiss bank account to aid rebel groups fighting against Nicaragua's Sandinista government.

In the coming weeks the Justice Department, several congressional committees, and the nation's news media will be seeking answers to a growing list of unanswered questions. Among them:

**How much did President Reagan and his senior advisers know about the Iran-contra operation?**

Questions persist about when President Reagan knew about and authorized the arms sales. (Related story, Page 10.) Reagan has denied knowing about the diversion of profits from the arms sale to aid the Nicaraguan contras until being told by Attorney General Edwin Meese on Nov. 24. So far no one has directly contradicted the President. But some in Congress say it is unlikely that Mr. Reagan would have been unaware of the funds transfers.

Attorney General Meese says information about the operation was confined to three National Security Council officials: former NSC chiefs Robert C. McFarlane and Vice-Adm. John M. Poindexter and a former staff member, Lt. Col. Oliver L. North.

But questions have been raised about the possible knowledge of other top White House officials. Both White House chief of staff Donald Regan and Vice-President George Bush have denied knowledge of the contra connection. But skeptics question whether Mr. Regan, who holds tight control over the operation of the White House staff, could have been ignorant of the activities of subordinates like Admiral Poindexter, Colonel North, and Mr. McFarlane.

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Meanwhile, Mr Bush, a former director of the Central Intelligence Agency, has been linked in news reports to a secret contra resupply operation through contacts with a former CIA official who now serves as Bush's principal national-security adviser.

Secretary of State George Shultz, who opposed the Iran arms shipments, says he was only "sporadically" informed of the shipments and knew nothing of the Swiss bank accounts until the story became public two weeks ago.

**How much did US intelligence agencies know about the Iran-contra connection?**

The CIA arranged air transportation for at least one Israeli arms shipment to Iran in November 1985. After the President signed a "finding" in January 1986 authorizing direct US arms shipments to Iran, the agency acted as middleman, arranging the transfer of US arms from American stockpiles to Israel for transshipment to Iran.

The CIA has admitted handling certain financial aspects of the Iranian arms sales, including collecting funds to reimburse the Pentagon for the initial \$12 million cost of weapons sold to Iran. But questions remain about whether the CIA helped funnel some \$10 million to \$30 million in profits from the sales to a Swiss bank account maintained to fund the Nicaraguan contras.

A reference by Attorney General Meese in a Nov. 25 White House press briefing to "a number of intercepts" concerning the Iran arms deal has stirred speculation that other US intelligence agencies - particularly the National Security Agency, which intercepts and decodes electronic transmissions and signals worldwide - may have known of the Iran-contra arrangement before it became public.

CIA Director William Casey says he learned of the contra connection only after it became public, but he has admitted to hearing "gossip" about secret sources of funding for the contras. News reports say Mr. Casey may have learned of the contra connection from intelligence sources a month before it was publicly disclosed by Meese but apparently failed to inform any senior administration officials.

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Casey is said to have learned of the contra connection as a result of analysis conducted at the CIA based on intercepted messages of unknown origin. The messages are said to quote Iranians involved in the US arms deals as saying they had been significantly overcharged for the weapons. It is unclear whether these intercepts were the same ones referred to by Meese on Nov. 25.

#### **What quantity of arms actually reached Iran?**

In a televised address to the nation two weeks ago, Reagan said that "everything that we sold [Iran] could be put in one cargo plane and there would be plenty of room left over."

At least four direct shipments from the US and, according to Iran expert Gary Sick of the Ford Foundation, as many as 12 indirect shipments from Israel (sent on behalf of the US as part of the arms-for-hostages deal) have gone to Iran since last fall. US shipments reportedly included over 2,000 TOW antitank missiles and 235 Hawk surface-to-air missiles, plus radar equipment.

Attorney General Meese has estimated the value of the direct shipments at \$12 million. But Mr. Sick estimates that the total value of all arms sent to Iran could range from \$500 million to \$1 billion. Pentagon officials have not specified the quantity of US arms transferred directly to Iran or indirectly through Israel.

#### **Have US laws been violated in the Iran-contra affair?**

The Justice Department has applied to a federal court for the appointment of an independent counsel, or special prosecutor, to direct an investigation into whether federal laws have been broken.

Legal experts point to two laws that may have been violated by sending arms to Iran: the Export Administration Act, which prohibits the export or sale of goods to countries, including Iran, that participate in state-sponsored terrorism; and the Arms Export Control Act, which regulates the commercial export of arms. At issue here is whether the President's January 1986 "finding" took precedence over these laws.

Some members of Congress say the President violated the National Security Act of 1947 by not providing "timely" notification of the arms sale to congressional leaders.

Meanwhile, legal experts say using profits from the Iran arms sales to fund the Nicaraguan contras could violate the Boland amendment, which barred US intelligence agencies, including the NSC, from helping the contras wage their war against Nicaragua's Sandinista government. The Boland amendment was in effect from May 1984 to September 1986, when Congress lifted the ban.

#### **Who controlled the Swiss bank accounts?**

One CIA bank account, which may have received contributions from Saudi Arabia, was apparently set up to assist Afghan rebels fighting Soviet occupation forces. The CIA has said it was involved in the transfer of funds from the Iran arms shipments but denies involvement in funneling profits from the arms deals to the contras.

In addition, State Department officials have acknowledged that they persuaded the Sultan of the Southeast Asian nation of Brunei to contribute several million dollars to a Swiss bank account to help the contras. It is unclear whether other countries may have contributed to the fund and who managed the account.

Questions have also been raised about an account mentioned by Colonel North in instructions to financier H. Ross Perot. Mr. Perot agreed to provide \$2 million in secret payments in an attempt to help secure the release of American hostages in Lebanon. The plan, allegedly organized by North, never bore fruit.

Reports have also discussed a series of financial transactions and bank accounts controlled by businesses and associates of retired Air Force Maj. Gen. Richard V. Secord. General Secord has been identified as a close associate of NSC staff member North and has been linked to a secret effort to supply the contras through air drops of weapons and ammunition.

The Justice Department has reportedly asked Swiss authorities to assist in an investigation of two bank accounts and three individuals: North, Secord, and Secord's business partner, Albert Hakim.

#### **Who set up and ran the secret contra resupply operation?**

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The downing of a transport plane over Nicaragua on Oct. 5 has exposed an elaborate secret air resupply operation staffed by former US intelligence officials and operatives. Investigators are looking into the possibility that the profits from the Iranian arms deals may have been used to fund the supply network. They are also trying to discover whether US officials were directly involved in the supply operation during the time the Boland amendment was in effect.

Both North and Secord have been directly linked to the Iran arms deal and to continued efforts to assist the Nicaraguan contras. Secord has been tied to the supply effort by former crew members involved in secret resupply flights and by records of frequent telephone calls from a "safe house" in El Salvador to Secord's business and home.

North has been identified by Meese as the prime operative in the Iran-contra affair. He is said to have planned and run the shipping of arms to Iran and the funneling of profits from those sales to Central America.