

WALL STREET JOURNAL
8 May 1987

Secord-Related Company Kept \$520,000 From Swiss Accounts Used for Iran Arms

By DAVID ROGERS and EDWARD T. POUND
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—More than \$520,000 was transferred in 1985 and 1986 from Swiss accounts used in the Iran-Contra affair to a Virginia-based company in which retired Air Force Maj. Gen. Richard Secord holds a major financial interest.

Gen. Secord told the House and Senate committees investigating the affair that the money was a loan. But under questioning, he acknowledged that he has made no repayments and that he hasn't been charged interest. More than two-thirds of the funds were transferred since February 1986, when direct U.S. arms sales to Iran began.

The payments represent the strongest evidence yet contradicting Gen. Secord's assertion that he didn't benefit personally from the U.S. weapons sales to Iran. A congressional staff investigator said that Swiss records indicate an estimated \$150,000 was paid in February 1985 to Mr. Secord's company, Stanford Technology Trading Group, and \$370,823 followed in a nine-month period beginning Feb. 1, 1986.

The disclosure came as the congressional hearings took a more combative tone, with the Senate committee's counsel, Arthur Liman, following a line of questioning that challenged Gen. Secord's repeated claims that he never profited from his involvement in the Iran-Contra affair. Apart from the direct transfers of funds to Gen. Secord's company, Mr. Liman cited evidence indicating that profit margins were built into payments to Stanford Technology for the use of one of its employees working in the Contra network.

The Senate counsel also made public previously undisclosed testimony by two of Gen. Secord's past associates that appears to contradict the general's claim that he never planned to sell assets, built up during the two-year Iran-Contra covert operation, to the Central Intelligence Agency for millions of dollars.

"I didn't come here to be badgered . . . Let's get off the subject," Gen. Secord snapped at one point.

"You're making the rulings?" Mr. Liman shot back.

"No, sir," answered the general, his voice dropping.

Beyond exploring the issue of profits, the committees yesterday probed the financial relationships between Gen. Secord and two other principal players in the Iran-Contra affair, former National Security Council aide Oliver North and businessman Albert Hakim.

Gen. Secord played a lead role in the sale of U.S. weapons to Iran and the covert airlift of arms to Nicaraguan insurgents. He often took directions from Marine Lt. Col. North in this enterprise and delivered instructions to Mr. Hakim.

Mr. Hakim, a partner of Gen. Secord in Stanford Technology Trading, oversaw the elaborate financing behind the operation through a series of Swiss accounts, and he still controls an estimated \$7.7 million from the proceeds of U.S. arms sales to Iran in 1986. He also appears to have held Gen. Secord's share of profits the two earned in 1984 and 1985 from the sale of arms to the Nicaraguan Democratic Force, the dominant Contra group.

These profits amounted to at least several hundred thousand dollars. Gen. Secord has testified that he foreswore these funds in 1985. But evidence disclosed by the committees yesterday indicates Mr. Hakim may still be holding them in a Swiss account in the name of Korel Assets Inc., which investigators believe was set up originally for Mr. Secord.

Gen. Secord described the payments to Stanford Technology as a loan from Cie. des Services Fiduciaires, a financial services firm in Geneva. But at the same time the payments were made, CSF was acting as Mr. Hakim's agent in administering the multitude of accounts and shell companies used to run the Iran-Contra operation.

Moreover, according to records cited by Mr. Liman, one of these shell companies helped finance an unsuccessful venture involving Gen. Secord and Mr. Hakim in manufacturing submachine guns.

Gen. Secord acknowledged that on four occasions in 1986 he examined the books kept for the Iran-Contra operation. But he portrayed himself as largely unaware of the details of how Mr. Hakim managed the money.

While Gen. Secord cast himself as operating separately from the government, Mr. Liman cited testimony by a Secord associate indicating the general and Col. North were virtual partners in operating the covert airlift begun in 1985 to assist the Contras. And, according to the general's own testimony, it was Col. North who later helped bring him into the Iran initiative.

Gen. Secord insisted that he hadn't intended to circumvent legal prohibitions against U.S. military aid to the Contras, but House Intelligence Committee Chairman Louis Stokes said the general's operation in effect substituted for the government. In a pointed exchange, the Ohio

Democrat asked Gen. Secord why, if he wasn't part of the government, he said he had felt "betrayed" when Attorney General Edwin Meese revealed the diversion of funds from the arms sales to the Contras last November.

"It was my belief that the president was well aware of what we were doing," said Gen. Secord. "That is why all of us felt betrayed."

Meanwhile, President Reagan, asked by reporters about Gen. Secord's testimony, insisted that he hadn't known about diversion of funds to the Contras. "I did not know about it . . . I'm still waiting to know where did that money go," the president said during a White House ceremony.

"I know Mr. Secord as a private citizen was engaged with other private citizens in trying to get aid to the Contras, and so forth, and there's nothing against the law in that," said Mr. Reagan. "I'm very pleased that the American people felt that way."

An estimated \$30 million was generated from the three U.S. weapons sales to Iran in 1986, but another \$17.7 million flowed through the accounts used by the operation going back to 1984 and 1985.

Of that \$17.7 million, an estimated \$11.3 million represented payments for arms sold to Nicaraguan insurgents, \$4.5 million came as private donations directed to benefit the Contras, and another \$1.2 million was received from the sale of arms to the CIA last fall, shortly before the operation closed down, according to information provided by the office of Senate Intelligence Committee Chairman David Boren (D., Okla.).

The new \$47 million figure for the total money used in the covert operation is described in a deposition Mr. Hakim made last month when he met with investigators in Paris.