

9 January 1987

CIA RESPONDS TO INACCURATE REPORTS ON FUND DIVERSION

Inaccurate reports in the media, based on selective leaks have misrepresented what Director Casey and Deputy Director Gates knew about a possible diversion of Iranian funds to the contras and when they knew it. It is time for the Agency to set the record straight publicly.

Director Casey testified under oath before four Congressional committees that he did not learn that monies may have been diverted to the contras until the White House so informed him just before Attorney General Meese held his press conference on 25 November. In their sworn testimony in December, Director Casey and Deputy Director Gates also made a full disclosure to Congress about speculation that had reached them in October concerning a possible diversion of funds and what they had done about that information.

When Director Casey and Deputy Director Gates were informed in the fall of 1986 of tenuous speculation -- repeat tenuous speculation -- that some Iranian monies may have been diverted to the contras, they took appropriate action. They reported their concerns to the NSC several times in October, and Director Casey recommended that the White House counsel review the program.

No credible evidence of a diversion of monies ever came to the attention of the Agency. Most importantly, there is no indication whatsoever that CIA was involved in any diversion of funds, that CIA misused its funds or violated any law.