

ARTICLE APPEARED  
ON PAGE 2

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# Senate Panel Report Adds to Data Tying Arms Sale to Iran With Freeing Hostages

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WASHINGTON—A Senate Intelligence Committee report offers new evidence that the Reagan administration sold arms to Iran more to win the release of American hostages in Lebanon than—as Mr. Reagan and other top officials have insisted—to cultivate moderates in Iran.

The report, obtained yesterday by NBC News, also says that more than two months before Attorney General Edwin Meese uncovered and revealed that profits from the Iranian arms sales were being diverted to Nicaraguan rebels, Central Intelligence Agency Director William Casey and other top CIA officials had evidence of the diversion.

Some Intelligence Committee members have called the report flawed and incomplete because some documents used to prepare it contain errors and three important witnesses refused to answer the panel's questions.

Comparatively little attention is given to the Contra connection and supply network, according to several sources familiar with the report, and disputes remain over how the testimony has been interpreted and whether it is all reflected in the staff analysis.

The committee this week narrowly voted not to release the report. But White House officials have urged that it be made public, apparently because the committee found no evidence that President Reagan knew money from the arms sales was being funneled to the Nicaraguan insurgents, known as Contras.

## Provoking More Questions

The report doesn't answer several crucial questions. It reveals, for example, that Lt. Col. Oliver North, a National Security Council staff member fired last November, suggested diverting \$12 million in arms-sales profits to the Contras in an April 4, 1986, memo, NBC said. But the report contains no evidence that any money actually was given to the insurgents and no new information on where the profits from the arms sales went.

Although Mr. Meese has said Lt. Col. North and former National Security Adviser John Poindexter were the only officials who knew of the diversion of funds, the network said, the report says it isn't clear whether Lt. Col. North acted alone.

"There's not a lot of new information in it," one intelligence source said of the report. "One thing it does is provoke more questions."

Many of those questions concern what the CIA's role was in selling arms to Iran and sending aid to the Contras. According to NBC, the report says that CIA Deputy Director Robert Gates told the committee it was agency policy not to ask where the Contras were getting their funds, and that Director Casey didn't answer the committee's questions satisfactorily.

## Swiss Account Mentioned

The report NBC obtained says Manoucher Gharbonifar, an Iranian middleman in the arms sales, suggested to a CIA official last March the siphoning off of profits to the Contras. On Oct. 1, Charles Allen, the CIA's National Intelligence Officer for counter-terrorism, told Deputy Director Gates that he suspected Iran arms-sales money was being diverted. And on Oct. 7, the report says, Messrs. Gates and Allen raised their suspicions with Mr. Casey.

Messrs. Casey and Gates asked Lt. Col. North about possible diversions Oct. 9, according to the report. Lt. Col. North denied siphoning off funds but, for reasons that aren't clear, mentioned a Swiss bank account, the report says.

The following day, Mr. Casey learned from an old friend, New York businessman Roy Furmark, that funds were being diverted from the Iran arms sales, and on Oct. 14, according to the report, Mr. Gates ordered an internal CIA investigation after another meeting with Messrs. Casey and Allen, NBC said.

Another leading question is why the administration decided to sell arms to Iran in the first place. In a nationally televised speech last Nov. 13, President Reagan said: "We did not—repeat, did not—trade weapons or anything else for hostages. Nor will we."

Intelligence sources said, however, the report strongly suggests that Mr. Reagan approved U.S. arms sales to Iran in two written directives last January—primarily to win the release of the hostages—and that the president originally intended to stop the sales if all the captives weren't freed.

According to the network, the report also says that Lt. Col. North, who was responsible for trying to free the hostages, warned in a memo that if the U.S. stopped sanctioning Israeli sales of U.S. arms to Iran, "the hostages will die."

## Release of Report

The unauthorized release of the report infuriated senior Senate Democrats last night after the days of argument over what procedure to follow. There has been strong pressure from the White House for prompt disclosure of the document, and former Sen. Paul Laxalt, a Nevada Republican

and close friend of the president, had personally lobbied the outgoing chairman of the Intelligence Committee, Minnesota's Republican Sen. David Durenberger, to complete action on the report last month.

Mr. Durenberger also has been self-conscious that the Iran-Contra operation was carried out during his tenure as chairman and reflects serious weaknesses in the oversight process. Details in the report are drawn partly from a confidential memo prepared by former CIA Deputy Director John McMahon in late 1985. Yet despite his evident concern over the operation, Mr. McMahon apparently never came forward to warn the oversight committees in Congress.

Now under Democratic control in the new Congress, the Senate intelligence panel is likely to speed up plans to release its own alternative version of the report in cooperation with the select committee investigating the Iran-Contra affair. This version is expected to include further testimony received in secret hearings in November and December.

But like the version released yesterday, the alternative also will lack testimony from Lt. Col. North, Vice Adm. Poindexter and Gen. Richard Secord, a retired Air Force officer who helped carry out Contra aid. The three men refused to testify, citing their constitutional right against self-incrimination.

Separately, the White House spokesman, Larry Speakes, confirmed yesterday that although the White House has made a point of urging the committee to release its report, the administration worked to suppress two parts of it.

Mr. Speakes said a small group of administration officials that reviewed the report had urged the deletion of details concerning two contacts with Israel. One involved a meeting between Vice President Bush and Israeli terrorism expert Amiram Nir last June 29 in Jerusalem. The other involved a letter from President Reagan to Israeli Prime Minister Shimon Peres.

Mr. Speakes suggested that the president's letter and the reference to the vice president's meeting were suppressed for "diplomatic" rather than political reasons.

Mr. Speakes described Mr. Bush's meeting as "entirely appropriate." He also said yesterday that "in retrospect, it's fine to put it in" the report.

Mr. Bush's spokesman, Marlin Fitzwater, said the meeting between the vice president and Mr. Nir was arranged by Lt. Col. North. According to Mr. Fitzwater, the two men discussed terrorism, the hostage situation and Iran arms sales, but didn't touch on the diversion of funds to the Contras.

At the time of the meeting, the Israelis were helping the U.S. in efforts to win release of American hostages held in Lebanon, and aiding secret U.S. arms shipments to Tehran.