

APPROVED FOR RELEASE
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MEMORANDUM FOR: Director of Central Intelligence
FROM: [redacted]
Chief, Near East and South Asia Division
SUBJECT: Meetings with Michael Ledeen/Manuchehr Ghorbanifa.

1. On the afternoon of 21 December, Chief, NE/Iran [redacted] contacted Mike Ledeen to lay-on arrangements to meet Manuchehr Ghorbanifar (Subject). Ledeen advised that Subject would be arriving a day later than anticipated. He suggested we get together at 1100 hours 22 December to discuss our coming meeting with Subject.

Meeting with Michael Ledeen

- During the 22 December meeting, Ledeen reviewed his relationship with Subject. He said about a year ago, he (Ledeen) had gone to the former National Security Advisor Robert McFarlane to discuss the need for an Iran policy. Ledeen suggested to McFarlane that he be authorized to contact the Israeli Government to see what could be done in conjunction with them. McFarlane authorized this contact and shortly thereafter Ledeen met Prime Minister Peres. Ledeen added that Peres was very enthusiastic about working with Ledeen and the U.S. Government on the Iranian problem and told him about their contact with Subject. Two Israeli officials, David Kimche and Jacob Nimradi, introduced Ledeen to Subject. Since then, he has seen Subject 20-30 times, often in conjunction with Kimche and Nimradi. It was from this contact that the operation developed to have the Israelis at our behest deliver to Iran 500 Tow missiles and, more recently, 18 Hawk missiles in exchange for the release of all the hostages held in Lebanon. Ledeen is convinced that the release of Reverend Weir was tied directly to the first shipment of missiles. Ledeen went on to say, however, that he never really expected the Iranians to deliver all the hostages given the "Iranian's merchant mentality."

- The delivery of the Hawk missiles has been an operational nightmare. There was a misunderstanding about the type of missiles the Iranians were seeking. They wanted a missile that could hit a

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target at seventy-thousand feet and already had Hawk missiles in their arsenal. What they thought they were going to get was a modified and advanced version of the Hawk. They are quite angry about the delivery of the missiles and have asked that they be removed from Iran as soon as possible. Their presence in Iran is politically troublesome to the Iranian hierarchy. They are now asking for Hercules or Phoenix missiles.

- Ledeen stated that at a recent high-level meeting which included the President, Secretary of State Schultz and Defense Secretary Weinberger a decision was made not to proceed with Ghorbanifar in an effort to release the hostages. Schultz and Weinberger reportedly were quite unhappy about this operation.

- As an aside, Ledeen noted they had purposely overcharged the Iranians and had used around \$200,000 of these funds to support Subject's political contacts inside Iran. Later that same evening, Subject stated he was holding \$40 million which the Iranians want returned.

- Ledeen is a fan of Subject and describes him as a "wonderful man almost too good to be true." He had asked Subject to come to the U.S. to meet with us in order to straighten out his credibility and to find a way to keep the relationship going with him. The number one item in this latter area is his proposed Libyan operation. Ledeen said that when he learned of our Burn Notice on Subject, he contacted him in an effort to have him explain the situation (see Attachment A). He commented that Subject admitted lying to us, saying he could not reveal his source nor explain his relationship with senior Iranian officials. He felt we would not understand his relationship with the Iranian government. We suggested that perhaps a new polygraph would be useful given these latest revelations. He agreed to a polygraph to be conducted in the Hqs area on 6 January.

- In closing out this session, Ledeen made the point that any serious covert action operations directed against Iran using Ghorbanifar should be run out of the White House not CIA because "it will leak from Congress."

Meeting with Ledeen and Ghorbanifar



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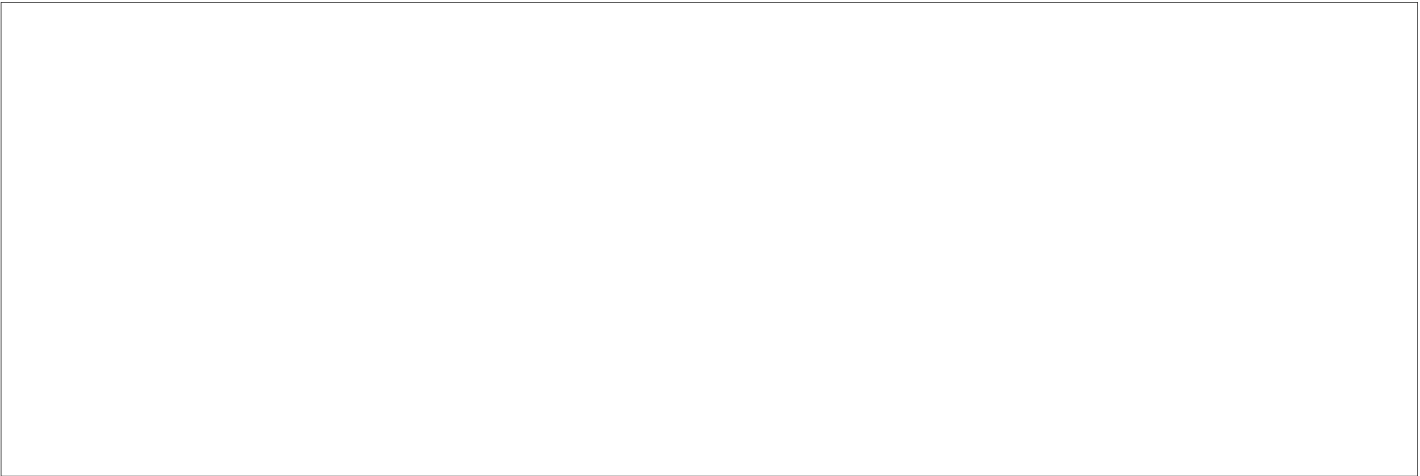


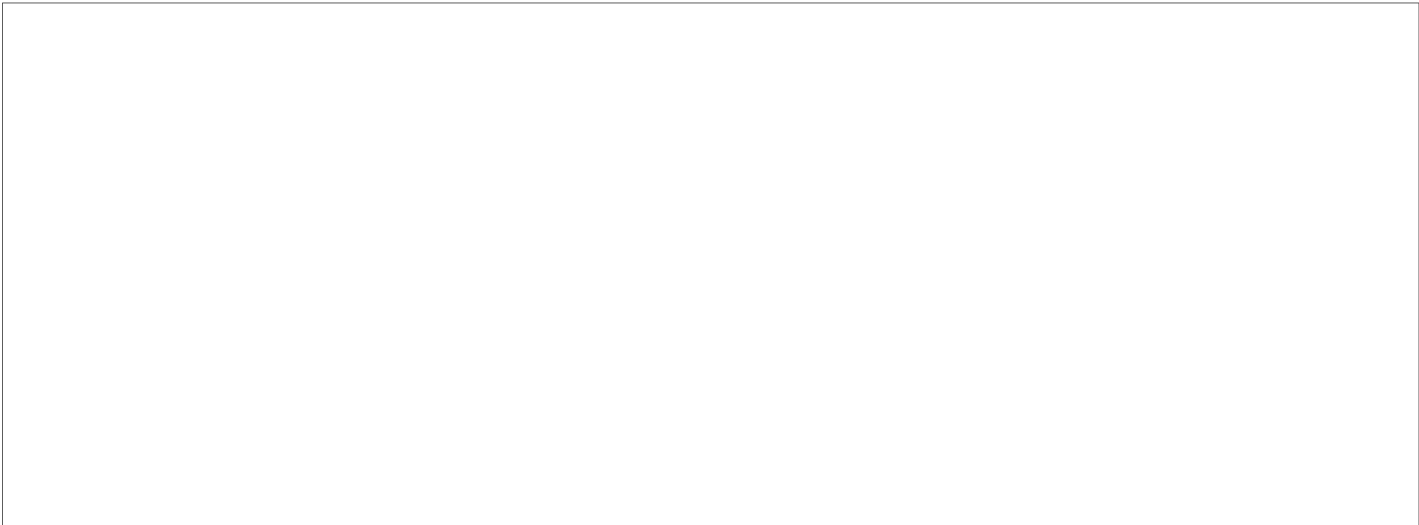
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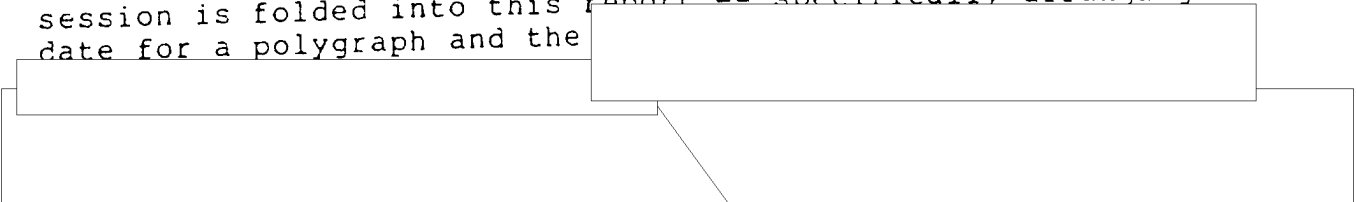
- Subject said that because of the negotiations concerning the exchange of the hostages for missiles, there has not been a terrorist act directed against the USG since July. He implied that this might change now that the negotiations have broken off.





- Subject plans to travel to London on 24 December to be with his family for 2-3 days. He has agreed to return on 5 January to undergo a polygraph scheduled for 6 January.

- Around 2330 hours NSC staffer, Ollie North, dropped by to say hello to Subject and to talk with him about the problem of retrieving the missiles from Iran. We departed at 2400 hours and it was arranged to get together on the afternoon of 23 December to discuss further some of his ideas. (Comments: This latter meeting took place as scheduled and the new information obtained during this session is folded into this report -- specifically arranging the date for a polygraph and the



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