

FBI coverup of Iranian terrorism and gun-running continues

by Edward Spannaus

In the summer of 1984, four Iranians and two Americans were indicted for shipping military equipment to Iran in violation of the U.S. arms embargo during 1980-81. Named in the indictments, but not indicted, was the lawyer who advised the others how to disguise their shipments—J. Stanley Pottinger, a former assistant attorney-general under the Nixon and Ford administrations.

Why it took four years to indict the arms traffickers, and why Pottinger has yet to be indicted, is a story of utmost pertinence to the current outbreak of Islamic terrorism and the Beirut hostage crisis.

The key figure in the financing of Iranian-backed terrorism in the United States and obtaining arms for the Ayatollah was Cyrus Hashemi, a shadowy Iranian national who spent most of the 1970s in France and the United States, and, reportedly, operated as an on-again, off-again CIA stringer. During the British and U.S. State Department-backed coup against the Shah, Hashemi was also set up with a couple of offshore banks in the Netherlands Antilles, sponsored by Roger Tamraz's First Arabian Corporation; one of these was First Arabian Bank & Trust, whose name was changed to First Gulf Bank & Trust (and which was indicted along with Hashemi in July 1984). According to some intelligence sources, Stanley Pottinger used Hashemi as a vehicle for funnelling nearly \$4.5 billion in weapons and spare parts for Khomeini's overthrow of the Shah.

With the onset of the Iran-Iraq war in the autumn of 1980, Iran quickly set up an international arms procurement network, headed by Sadeq Tabatabai, a relative of Khomeini's who was arrested for opium smuggling in West Germany in 1983. Tabatabai based his network on Israeli businessmen who had been expelled from Iran after the revolution. The Hashemi brothers constituted the U.S. end of the operation.

Hashemi was also Khomeini's banker in the United States: on the one hand, funnelling money into the United States through First Gulf for arms and for pro-Khomeini agitation and terrorism in the United States, and on the other, financing arms shipments back into Iran. He was designated one of three members of the "Islamic Revolutionary Committee" in New York in the spring of 1979, which took over the opera-

tions of Bank Sepah and Bank Melli in New York, and, according to court documents, threatened the lives of the former managers of the banks.

Cyrus Hashemi first came to light after the July 22, 1980 assassination of a former press spokesman for the Iranian embassy in Washington. The assassin was one David Belfield, a/k/a Daoud Sallahudin, an employee of the Iranian Interests Section of the Algerian embassy. Press accounts in *EIR*, the *Washington Post*, and elsewhere identified Bahram Nahidian as the controller of the assassination operation, and Hashemi and his First Gulf Bank & Trust as the bankrollers.

At this point, Stanley Pottinger jumped into action, to demand retractions from everyone who had "libeled" his client Hashemi. All, except *EIR* and *New Solidarity*, backed off; according to informed sources, it was pressure from the Carter Justice Department which got the *Washington Post* to withdraw its story. Then, Pottinger double-crossed the *Post* and sued them anyway, along with this newsmagazine and a number of other news outlets, in September 1980.

That's not the only thing Pottinger and Hashemi were doing that fall. Hashemi began peddling himself to U.S. intelligence agencies, particularly the State Department and the CIA, as a go-between in the hostage crisis. He met personally with officials in the State Department and Carter's National Security Council. According to certain published sources, Pottinger went to the CIA and offered Hashemi's services. At any rate, Hashemi soon became known as a "charlatan" in these circles, but this didn't prevent NBC-TV from running an interview with Hashemi on Jan. 21, 1981, portraying him as "a top advisor to the government in Iran."

While there is great dispute as to what role, if any, Hashemi played in the hostage negotiations, there is no dispute that, with the outbreak of the Iran-Iraq war in September 1980, Iran desperately needed arms and spare parts. The Carter administration saw arms trading as an additional means of gaining leverage in the hostage crisis—adding one more rotten plank in that administration's dirty deal with Khomeini.

Within the Carter administration, there was almost universal agreement—with secondary factional differences—over the value of promoting "Islamic fundamentalism" in the

Middle East. Cyrus Vance supported the Khomeini revolution because of his general hatred of Western values and the type of industrial progress implemented by the Shah; Zbigniew Brzezinski valued the rise of Islamic fanaticism as a "bulwark against Communism."

Because of administration support for the Khomeini revolution, and secondarily to gain leverage during the hostage negotiations, Khomeini's terrorists were given a free hand *inside the United States* during 1979 and 1980. How else to explain that after the murder of a prominent Iranian diplomat only miles from the White House, the assassin was allowed to escape, and then the only persons prosecuted for the crime were black Americans who had been recruited by Nahidian into his Shi'ite Muslim networks, while Nahidian himself and the other Iranian controllers continued to walk the streets as free men? In a deposition taken by attorneys for *EIR*, Nahidian revealed that he had even been invited to the White House during the hostage crisis!

The Hashemi coverup

Published accounts of the origin of the Hashemi gun-running investigation say that after Pottinger approached the CIA to offer Hashemi's services as a hostage mediator in September 1980, FBI foreign counterintelligence agents bugged the offices of the Hashemi brothers' First Gulf Bank & Trust in order "to learn more about them." In the course of this, the FBI supposedly overheard Pottinger advising Hashemi how to send arms to Iran using phony invoices, and opened its investigation of the illegal arms shipments. The FBI microphones were in place from October 1980 through January 1981, when they were removed, although the Hashemis continued their illegal arms dealings long after that.

The FBI's story just doesn't hold water. The more probable reason for the FBI bugs, is that the FBI wanted to retain primary jurisdiction over the Hashemi case because they were *already* engaged in running a coverup of Khomeini terrorism in the United States:

- This newsservice had started receiving reports in May 1980 that Hashemi was the bankroller of Khomeiniac terrorism in the United States. The FBI presumably had the same information; even if they didn't, we made it available to them in July, 1980, and issued a public call for a Congressional investigation of Iranian terrorism at the end of July.

- This newsservice was told by a knowledgeable source in August, 1980, that there had been at least three previous federal investigations of Hashemi prior to an FBI investigation which started after *EIR*'s revelations in July.

- In addition to *EIR*'s coverage, Hashemi and his bank were publicly linked to the assassination of Ali Tabatabai by the Washington Post, CNN, and other news outlets in early August.

- Immediately after the Tabatabai assassination, the word circulating through law-enforcement circles was that a "na-

tional security cover" had been thrown over the investigation by the Justice Department and the FBI.

- In early September, this newsservice was told that there were at least seven federal agencies investigating Hashemi.

The result of the FBI's asserting jurisdiction over the Hashemi case was apparently that other agencies had to defer to them. Recently released documents from the Treasury Department's Alcohol, Tobacco and Firearms bureau (ATF) show that when they received information about illegal Iranian arms purchasing in the United States during December 1980, they deferred to another agency—probably the FBI. One document states in part:

[Deleted] Supervisor [deleted] was advised of the aforementioned allegations. [Deleted] he was aware of this matter and that in view of the fact that [deleted] was conducting an investigation, he requested that no ATF investigation be initiated.

Clearly, the FBI had in its possession all the evidence it needed to indict Hashemi by early 1981. (Indeed, when the 1984 indictments were finally issued, the acts cited all took place between October 1980 and October 1981.) In the spring of 1982, a federal grand jury in Manhattan was issuing subpoenas covering all of Hashemi's companies and other companies—including Israeli-linked arms dealings, with whom Hashemi was trading. Still, no indictments were forthcoming.

In July 1983, probably at the instigation of leaks from the Treasury Department's Bureau of Customs, *Time* magazine exposed the massive arms trade with Iran and exposed the role of the Hashemis in particular. At about the same time, a French TV network and a French magazine ran exposures of the covert arms flow from the United States to Iran, citing Hashemi or people close to him. Still no indictments.

Apparently, it was the Treasury Department which finally pushed the Hashemi indictments through over the opposition of the FBI. Assistant Treasury Secretary John M. Walker was quoted at the time of the indictments as describing the Hashemis as "major figures in international arms trafficking."

Conveniently, the FBI then "lost" some of the crucial tapes, preventing the indictment of Pottinger. The *Washington Post* reported that Pottinger was going to be indicted until the FBI tapes disappeared; although U.S. Attorney Rudolph Giuliani, speaking explicitly with reference to Pottinger, promised more indictments, none have been forthcoming, and no extradition request has been made for Cyrus Hashemi, although his current residence in London is a matter of public record.

How much more terrorism do we have to suffer before the FBI coverup stops?