

EIR Investigation

'Guns for Khomeini': the Mossad connection

by Our Special Correspondent

On July 31, federal authorities in Orlando, Florida closed in on a gun-running ring that planned to illegally obtain and ship more than \$75 million worth of sophisticated U.S. weapons to the terrorist regime of Iran's Ayatollah Khomeini. Among the six conspirators arrested in the third major case of illicit arms-smuggling to Iran to be broken this summer, were an active-duty U.S. Army officer attached to the Pentagon, a high-ranking Iranian government arms procurement official, and a suspected contract agent of the Israeli intelligence service, the Mossad.

The arrest of **Paul Sjeklocha (aka Paul S. Cutter)**, leader of the gun-running ring that also involved U.S. Army Missile Command officer **Lt.-Col. Wayne G. Gillespie** and Iranian official **Hossein M. Azar (aka Amir Hosseini)**, brings to light a vast network of Mossad stringers in the U.S. Department of Defense and opens the question of the extent of Israeli intelligence penetration of the U.S. military establishment.

Sjeklocha may have been acting as an agent of the Israeli Mossad since no later than 1982, when he visited Israel and met personally with then-Defense Minister **Ariel Sharon**, under the auspices of the Jewish Institute for National Security Affairs. JINSA, a 12,000-member non-profit group, was set up in 1976 during the Carter administration, supposedly to improve the American Jewish community's understanding of U.S. defense policy. But JINSA has long been suspect as a Mossad front specializing in luring Pentagon influentials into the Israel Lobby orbit. Sjeklocha returned from his two-month visit to Israel a full board member of JINSA, and a gun-runner to Iran.

Sjeklocha's involvement in illegal weapons sales to the Khomeini regime directly implicates sections of the U.S. Department of Defense, particularly DoD official **Dr. Stephen Bryen**, one-time director of JINSA and a board member, together with Assistant Secretary of Defense **Richard Perle**; **Joseph Churba**, former Mideast desk chief for Air Force intelligence and a personal friend of Jewish Defense League founder Meir Kahane; and Georgetown University's **Michael Ledeen**, another DoD and National Security Council consultant. Stephen Bryen handed directorship of JINSA to his wife, **Shoshona Bryen**, in 1981, when he became assistant secretary of defense in charge, among other things, of blocking the flow of U.S. defense technology to unfriendly nations.

Stephen Bryen was investigated in the late 1970s by the FBI and Justice Department as a suspected agent of the Mossad. Then a staff member of the Senate Foreign Relations Committee, Bryen was accused of offering top-secret Pentagon documents to Israeli intelligence officials, after he was overheard, in the coffee shop of the Madison Hotel in Washington, D.C., on March 9, 1978, offering to show a group of Israeli officials Defense Department documents regarding the defense systems of Mideastern countries. Although the investigation of Bryen was cut off short of being sent to a federal grand jury for indictment, and the file was quietly "buried," he was forced to resign from the Senate staff. The issue of his role in feeding classified information to Israel was raised again during the 1981 confirmation hearings for his appointment as assistant secretary of defense.

The crackdown on the Sjeklocha ring, which could reveal

a vast network of Mossad stringers in the Defense Department, is viewed as one indication that the current administration has decided to break the arrangement established under the Carter administration, that allowed massive illegal arms shipments to the fanatical Iranian regime of Ayatollah Khomeini, estimated at over \$1 billion a year. According to highly reliable sources, Carter's intelligence and national security advisers had arranged to allow illegal arms deals with Khomeini to go on undisturbed, in return for Khomeini's agreement to keep the American hostages in Teheran alive during the

1980 election campaign. The American end of this deal was to be kept even if Carter were not reelected, and even after the hostages were released in January 1981.

Eight Iran gun-running rings have been broken up by U.S. federal authorities so far this year, two of which involved active-duty U.S. military personnel. It is not known whether the Sjeklocha ring was connected to the vast ring busted in San Diego, Calif., which had tapped into U.S. Navy computers to steal and ship U.S. military equipment to Iran for at least three years. U.S. authorities have also moved

Merrill Lynch subsidiary funded guns for Khomeini

A subsidiary of Merrill Lynch & Co., the giant financial house formerly headed by current White House Chief of Staff Donald Regan, extended over \$500,000 to a company headed by Iranian gun-runner Cyrus Hashemi, according to court documents.

Merrill Lynch Futures opened a line of credit in 1982 with Hashemi's Yorkhouse Trading Company. In 1984, both Yorkhouse and Hashemi were indicted for illegal arms shipments to Iran. Fugitive Hashemi is currently included on the U.S. Customs Service's "Ten Most Wanted" list of arms smugglers to Iran.

Court papers show that Merrill Lynch Futures, formerly known as Merrill Lynch Commodities, was approached in Switzerland by Hashemi and asked to open a line of credit for Yorkhouse Trading. A \$200,000 line of credit was readily provided.

Hashemi then asked Merrill Lynch to provide additional credit for Grosvenor Credit, the Panama corporation which owns Yorkhouse. Hashemi provided a letter of reference from First Gulf Bank and Trust, a Caribbean shell he also ran, which was widely reported to have conduited over \$5 million into the United States during 1980 to finance pro-Khomeini protests and terrorism. First Gulf was also subsequently indicted for arms smuggling.

The Yorkhouse and Grosvenor accounts at Merrill Lynch were liquidated after a few months, and later, probably aware that Hashemi was going to be indicted, Merrill Lynch sued Hashemi and Yorkhouse. The case was thrown out by a federal judge in New York.

In the summer of 1984, a long-awaited indictment of Hashemi was issued by a federal grand jury in New York. Yorkhouse Trading Company and First Gulf Bank and

Trust Company were named as co-defendants. An undicted co-conspirator was J. Stanley Pottinger, former Assistant Attorney General in the Justice Department in the Nixon and Ford administrations, and also a former director of Yorkhouse Trading. According to press accounts, Pottinger escaped indictment only because the FBI "lost" tapes of conversations in which he advised Hashemi how to use dummy corporations to circumvent the U.S. arms embargo during the hostage crisis.

The indictment charges, *inter alia*:

"It was part and object of said conspiracy that defendant Cyrus Hashemi, acting on behalf of and at the request of the government of the Islamic Republic of Iran, would procure and cause others to procure defense and defense-related items for export from the United States to Iran.

"It was further part and object of said conspiracy that defendants Cyrus Hashemi, . . . First Gulf and Yorkhouse . . . would, during the period October 1980, through January 19, 1981, when United States citizens were being held hostage in the Islamic Republic of Iran and all exports from the United States to Iran were barred . . . purchase and export goods or cause such goods to be exported from the United States to Iran."

Typical of the listing of "overt acts" carried out as part of the conspiracy is the following:

"On or about December 10, 1980, defendant Cyrus Hashemi, and Reza Hashemi and John Stanley Pottinger met at the offices of defendant First Gulf and discussed, among other things, requests for goods that had been received from defendant Cyrus Davari, and how such transactions with Cyrus Davari could be entered into without the identity of the parties involved and the true destination of the goods becoming known. John Stanley Pottinger stated at this meeting that the name of defendant Yorkhouse should not appear on sales to defendant Cyrus Davari, and that such sales should appear to be made instead by Brixham Trading Corp., a Netherlands Antilles corporation, to a Swiss company."

to shut down the Iranian arms smuggling base of operations in Great Britain.

Great Britain is an invariant in most, if not all, of the major Iran gun-smuggling cases uncovered in the United States. Iranian arms procurement of illegal weapons from the United States, is run out of the London office of the Islamic Republic of Iran Air Force Logistical Center for Europe, housed on the sixth floor of the National Iran Oil Company offices at Victoria Street 4, London. This building also houses the chief resident agent for Iran's Savama intelligence bureau, identified as a Mr. Salaveti. A second arms procurement office is believed to exist at 15 Haig House in London.

In many cases, smuggled arms have been shipped through Britain on their way to Iran. In late June-early July, former Iranian Chief of Staff **Colonel Shirazi** visited London to provide "technical advice" on the quality of arms being smuggled to Iran. Shirazi was trained in the late 1960s at Ft. Bragg. Israeli gun-runner to Iran **Jacob Nimrodi** was in London at the same time.

The Justice Department in August finally moved to demand the extradition from London of **Cyrus Hashemi**, "god-father" of the Iran gun-running operations, while the U.S. government delivered an official protest to the British for allowing the Iran military procurement office to operate openly in London. Cyrus Hashemi, indicted in summer of 1984, was aided in his arms-smuggling by former Justice Department official **J. Stanley Pottinger**, named as an unindicted co-conspirator. Pottinger escaped indictment after the FBI "lost" tapes on which he was overheard advising Hashemi on how to circumvent U.S. export laws prohibiting arms sales to Iran (see box).

Missiles for Khomeini

According to the criminal complaint filed in U.S. District Court in Orlando, Fla. on July 31, Sjeklocha's ring attempted, between April and July, to acquire and ship TOW missiles, Exocet missiles, F-4 jet engines, Sidewinder missiles, and other military equipment to Iran. This was a period of intense Iranian-sponsored terrorist operations against the United States, including the hijacking of TWA flight 847 and murder of passenger Robert Stethem, an active-duty Navy SEAL.

Those indicted in the case, which grew out of an FBI undercover "sting" operation, were **Charles St. Clair**; **Paul Sjeklocha (aka Prof. Paul S. Cutter)**; **Fadel N. Fadel**; **Farhin Sanai**; **Lt.-Col. Wayne G. Gillespie**; **Hossein M. Azar, aka Amir Hossen**; and **George Neranchi**. They face a maximum prison term of five years and fine of \$10,000 if convicted.

The ring operated, according to statements by Sjeklocha, on behalf of the Iranian Minister of Procurements, **Hussein Zohrei**, through the Islamic Republic of Iran Air Force Logistics Support Office in London. **Hossein M. Azar**, described in the indictment as a "high-ranking Iranian govern-

ment official," maintained contact with the U.S.-based ring through an Iranian woman, **Farhin Sanai**, and her Lebanese husband **Fadel N. Fadel**, of Calabassas, Calif. Lebanese sources have identified him as a graduate of the Quaker Friends' School in Broumana, Lebanon, and as a suspected regional leader of the Lebanese Communist Party. Other intelligence sources have linked Fadel to the Syrian Socialist National Party (SSNP), the group responsible for many of the car-bombings in Lebanon attributed to Shi'ite terrorists.

Lieutenant-Colonel Gillespie's role was to inspect the merchandise prior to shipment to Iran. Gillespie, assigned to the Office of the Deputy Chief of Staff for International Programs at the Materiel Command since 1982, serves as an R&D coordinator. He had top security clearance, and represented the Materiel Command in discussions with NATO allies. According to Sjeklocha, Gillespie had inspected weapons for him previously in France and West Germany.

Sjeklocha told an FBI undercover agent that he had been involved in arms deals with Khomeini for two years, during which time he smuggled U.S., South Korean, and Red Chinese equipment to Teheran at a personal profit of \$6-8 million. He claimed to work directly for the Iranian minister for arms procurement. Sjeklocha is a Yugoslav-born and Moscow-trained former employee of the U.S. Information Agency in Moscow, who claims to have worked for the CIA since the 1960s. According to Sjeklocha, he was shot and arrested in the late '60s for spying on a Soviet missile installation, and was released only after negotiations involving President Richard Nixon and Henry Kissinger. Sjeklocha was jailed briefly in Yugoslavia in 1976 for smuggling hunting rifles into that country. He was jailed again in Yugoslavia from 1977 to 1981; U.S. court records say he was convicted for defrauding the Yugoslav airlines, but Sjeklocha maintains he was caught on an intelligence assignment. In 1983, Sjeklocha, with co-defendant George Neranchi, founded EDA publishers of Santa Clara, Calif., which published glossy military-electronics journals including *Military Science and Technology* and *C4I/Countermeasures*.

Early in 1982, by special request of the Israeli embassy in Washington, he was included in a delegation of "retired U.S. military personnel" who visited Israel at the invitation of JINSA. Sjeklocha stayed on in Israel for an additional two months, reportedly as the result of meetings with Sharon. He also met with **Lt.-Gen. Amos Gilboa**, deputy director of Israeli military intelligence. The meetings coincided with implementation of the Meridor Memorandum, which elaborated secret clauses of the Carter-Brzezinski Camp David accord, authorizing Israel to act as "proxy arms merchant" for the United States.

Sjeklocha returned to the United States and was put on the board of JINSA, at which point, according to his own testimony, his gun-running enterprise began. Sjeklocha told colleagues that he had been asked, in Israel, to be an agent to sell weapons captured in the invasion of Lebanon in 1982,

photographs of which equipment he was given. Sjeklocha indicated that he had agreed to the offer, but provided no further details. Israeli officials in the United States have refused comment, while admitting that "it is our policy not to disclose our arms deals . . . we don't confirm, we don't deny."

Sjeklocha's magazine *Military Electronics/Countermeasures* ran articles in early 1983, defending Israel's invasion of Lebanon, at the point that Ariel Sharon was coming under fire for both the invasion and his alleged role in the Phalangist massacre of civilians in Palestinian refugee camps in Beirut.

That the Mossad would actively recruit Americans to smuggle guns for Iran is not surprising. Israel is one of the largest arms suppliers to Khomeini's Iran. The ostensible motivation is Israel's desire to see Iran and Iraq destroy each other in a bloody war of attrition; Iran badly needs weapons to keep the war going, so Israel provides them. What Iran needs most are spare parts to maintain the billions of dollars worth of U.S. military hardware sold to Iran before the 1979 Islamic fundamentalist revolution. Israel, as a top market for U.S. military equipment, is in a perfect position to supply Iran the replacement parts needed to keep that U.S. hardware running.

The U.S. State Department confirmed in 1982 that Israel had sold at least \$27 million in military hardware to Iran,

including \$300,000 worth of tires for F-4 fighters and an unknown amount of other F-4 spare parts. Israel has also sold to Iran weapons seized during Israel's 1982 invasion and occupation of Lebanon. The enterprise of individual Israeli international weapons-dealers like Jacob Nimrodi, is doubtless sanctioned by Tel Aviv. Formerly Israel's military attaché in Teheran, Nimrodi went from selling arms to the Shah of Iran to selling arms to the fanatical, anti-Semitic Khomeini regime.

An estimated 60 active Mossad operatives function freely in the United States, under the auspices of the counter-terrorist coordinating body IACTEX (Inter-Agency Counter-Terror Executive). According to one report, Mossad agents are attached to the U.S. Army Special Forces training center at Fort Bragg, N.C., and answer to two senior Mossad officials based in New York and Los Angeles.

According to several informed sources, Iran gun-runner **Bernard Loewy (aka Brian Lewy)**, who operates out of Washington, D.C., is a top Mossad operative. Loewy formerly ran one of the major Israeli shipping concessions in West Germany, and now works out of a similar corporate front in Washington. He has reportedly carried out his illegal gun-smuggling business from the Rosslyn, Va. office of State Department intelligence, using high-security "clean" phones to guarantee security for his illegal transactions.

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