

Malmö export-import trader, Schmitz, presented himself to Swedish business circles in 1982 claiming he had an agreement from the Iranian state oil company, NIOC, to sell Iranian oil. Businessmen reportedly regarded it as strange that such an unknown small businessman should be authorized to sell Iran's oil. This was not the only strange aspect of Schmitz's meteoric career over the past five years.

Largely because, to date, all major European "Irangate" investigations have been an outgrowth of the Swedish Customs Service raids on Bofors and Schmitz's offices, revelations have portrayed Schmitz as the most important world "merchant of death" since perhaps Basil Zakharrow in the 1920s. While there is reason to suspect that Schmitz is presently being used as the "fall-guy" for far more important interests, the threads which have begun to unravel around his case are extremely revealing.

Following the September 1985 raid on his office, Schmitz was forbidden to travel outside of Sweden, managed to have

the travel ban overturned two days later. According to reliable Swiss reports, as of October 1987, Schmitz was more active than ever, operating out of the haven of Switzerland, with its bank secrecy and laws under which exports to Iran are not forbidden, as they are in Sweden and several other European countries.

Schmitz ran the Iran side of his operations in concert with an Iranian national, Makhmoud Kaikhosrovi. They shared a front company, with an office in Fribourg, Switzerland, a well-known haven for "shell" companies. Richard Secord and Albert Hakim, of U.S. "Irangate" notoriety, maintained a number of such "briefcase" firms in Fribourg at the same time. Schmitz's Fribourg firm, Scancom, listed Kaikhosrovi as a representative. Kaikhosrovi's own Fribourg firm, IN-COTRA, lists its head office in Isfahan, Iran. Schmitz frequently used this as his office when in Iran on business.

By his own admission, Karl-Erik Schmitz is also tied to Israeli Mossad interests, a significant controlling part of the

Victims of the Iranian arms procurement plan

"Olof Palme was murdered because he knew about, and wanted to investigate, Sweden's weapons and gunpowder deals with Iran. That I've got from two reliable sources," Iran's former President Abolhassan Banisadr told the Swedish Social Democratic daily *Aftonbladet*, in an interview published Nov. 3. According to Banisadr, one of the sources is Iranian, and "very reliable." The other source is European, and has the same exact story as the Iranian source. "Both say Palme was killed as a direct result of his knowledge about the arms deals between Sweden and Iran," Banisadr said.

The same track was picked up by the Italian daily *La Stampa* on Nov. 6, connecting the murder of Palme to those of French General Audran and Italian General Giorgieri, because they had been informed of illegal arms sales to Iran. "If this track is confirmed," *La Stampa* wrote, "a new chapter will be opened in the French Irangate, linked, as Banisadr said, to the assassination of Swedish Premier Olof Palme, since Sweden too is involved in the clandestine military supplies to Iran. And maybe to the assassination of General Licio Giorgieri [March 21, 1987 in Rome], who had close working relations with Audran. . . ."

The Iranian determination to secure adequate supplies

of arms and ammunition for the war against Iraq, undoubtedly has left a bloody trail of murders and suspicious deaths by "heart attack," or the like. The efforts to cover up these murders are matched only by those to cover up the arms trade itself. The 10 cases listed below, while not necessarily complete, indicate the kind of "business" methods favored by Teheran.

■ *Engineer General René Audran*, shot dead by terrorist killers on January 26, 1985. The attempt was claimed by the Direct Action terrorist group, known to execute murder contracts for Islamic fundamentalist causes. Audran was engineer of armaments and head of the international department at the French defense ministry. The just released "Barba Report" on the Luchaire-Iran arms deals asserts that Audran was knowledgeable about this arms traffic; some sources say he opposed it.

■ *Ambassador Herbert Amry*, died of a "heart attack" in July 1985. Amry was Austria's ambassador to Greece, and realized that cannons allegedly sold to Greece by Austria's state arms industry, Voest-Alpina, never arrived in Greece. The cannons in fact were sold to Iran. After Amry exposed the fact in the spring of 1985, a commission of inquiry was set up in Vienna, but the ambassador never made it back to testify. He had no previous record of heart troubles, yet his body was quickly cremated, without an autopsy.

■ *Prime Minister Olof Palme*, shot by a killer on Feb. 28, 1986. While the murder was covered up by a disinformation campaign, newspapers and other sources in several countries have pointed to Palme's involvement in arms deals with Iran, including those of the Bofors company, as the only credible explanation. The official U.N. mediator in the Iran-Iraq war, Palme, although known

vast Iran weapons concession. Schmitz's "Israeli connection" is run through the Brussels, Belgium firm, Distraco SA, listed as a "chemicals export-import" firm in the Belgian commercial directory. The two directors of Distraco are Alexandre Gourary and an Israeli national named Moshe Navon.

Ollie North connection

Schmitz was also linked, apparently quite closely, with the entire illegal U.S. "Irangate" parallel government apparatus of Col. Oliver North. According to new revelations in the Swedish press of Nov. 8, Schmitz used airplanes hired from St. Lucia Airways, based in the West Indies, to smuggle illegal arms shipments to Iran. At least two instances of such shipments in 1985 via St. Lucia Airways on charter to Schmitz's front company, Cekado AB, have come to light in Sweden. On July 24, 1985, Schmitz loaded one Boeing 707, at Lesquin Airport outside Lille in northern France, with

gunpowder for Iran from Bofors/Nobel of Sweden. On Aug. 14, 1985, Schmitz again used a St. Lucia Airways charter, this time for gunpowder from PRB of Belgium. At least 33.1 tons of illegal war matériel were shipped by Schmitz from Lille via St. Lucia Airways in the two planes. Most came from PRB and the Dutch explosives company, Muiden Chemie.

St. Lucia Airways is formally owned by one Allison Lindo, a lawyer on the island of St. Lucia in the Caribbean. The managing director is a 40-year-old West German named Dietrich Reinhardt. According to the Tower Commission Report on "Irangate," St. Lucia Airways is a CIA front company, and played an important role in facilitating the arms shipments of North, Secord, et al.

Other still unconfirmed reports are that Schmitz maintained a bank account someplace in the United States during this period. Kaikhosrovi reportedly fled to the U.S.A. following the Swedish revelations in 1985-86.

to be sympathetic toward Khomeini, reportedly moved to block arms shipments from Sweden to Iran during the last weeks of his life.

■ *Cyrus Hashemi*, assassinated through induced leukemia while on business in London in July 1986. An Iranian arms dealer working first for the Shah and then for Khomeini, Hashemi, beginning in December 1979, was employed as a mediator between Carter and Khomeini, and became the key arms middleman between the U.S. and Iran, working with the arms-running ring of Israeli General Bar-Am.

■ *Rear Admiral Carl Algernon*, "fell" before a Stockholm subway train on Jan. 15, 1987. The War Matériel Inspector of the Trade Department of the Swedish Foreign Ministry, Algernon was in charge of clearing all arms exports, which are in principle banned under Swedish law, unless a specific permission, or export license, is granted by his office. A few days after his death, Algernon was to have been interrogated regarding illegal Bofors arms shipments to Iran.

■ *Heribert Apfalter*, died of a "heart attack" on Aug. 26, 1987. In August, the Vienna commission of inquiry regarding the Voest-Alpine cannon exports to Iran had called for testimony from Apfalter, who was the general director of the state company during the period under investigation. Hours after reportedly meeting with an informant, who might have provided him with exculpatory evidence, and a few days before his scheduled testimony, Apfalter suddenly died.

■ *Uwe Barschel*, found dead in the bathtub of his hotel room on Oct. 11, 1987. After surviving a suspicious May plane crash, the state governor of Schleswig-Holstein was targeted for dirty tricks by the weeklies *Stern*

and *Spiegel*, and dumped by his own Christian Democratic party. After a mysterious visit in the Canary Islands villa of Saudi Arabian arms merchant Adnan Khashoggi, Barschel traveled to Geneva's Beau Rivage Hotel, a known meeting point for arms deals involving Iran. Reportedly, Barschel met an informer in Geneva, taking detailed notes on the encounter, which were not found by police in his hotel room. The autopsy showed that Barschel's body had five different kinds of tranquilizers or sleeping pills in it.

■ *Rashid al Jarrah*, died of a "heart attack" in Lugano, Switzerland, on Oct. 12, 1987. Wanted for interrogation in Italy, the 25-year-old Saudi national was part of an arms-running ring operating between Italy, Yugoslavia, and Lebanon, smuggling large quantities of Kalashnikov rifles under cover of a toy factory owned by his father, Mohammed Najah al Jarrah, who was himself assassinated in August, 1985. Rashid al Jarrah collaborated in Switzerland with Swiss-Hungarian national Peter Jeney, who is wanted for his role in the Borletti arms-to-Iran scandal that erupted in September.

■ *Stefan Rüdell*, reported dead by suicide on Oct. 29, 1987, due to depression caused by financial difficulties. Ruedell reportedly had been hired by the Christian Democrats in Schleswig-Holstein as a detective to tail state Social Democratic leader Björn Engholm, as part of the dirty tricks operation that forced Barschel's resignation.

■ *Hans-Joachim Knack*, died of a heart attack on Nov. 9, 1987. The undersecretary of the Schleswig-Holstein state interior ministry, Knack, only hours after his death, was scheduled to appear before the state parliament committee investigating the Barschel affair.

Who's next?