

The 'October Surprise' scandal: anatomy of a coverup

by Edward Spannaus

In our last issue (*EIR*, Jan. 29), we reported that the final report recently issued by the October Surprise Task Force of the U.S. House of Representatives was a detailed and thorough effort to discredit the "October Surprise" thesis, in the form that that thesis has been presented in the popular media.

We also told you that the House report did not lay a glove on the thesis presented by *EIR* in the *EIR Special Report* entitled "Treason in Washington."

This week, we will show you exactly how the coverup was carried out in the task force's final report. That includes lying about and ignoring evidence contained in FBI files which the task force refuses to publish on the grounds they are "classified," even though many of those same documents have already published by *EIR*, after having been declassified and obtained under the Freedom of Information Act.

The overall method of the House Task Force was as follows:

- 1) create a standard of proof which results in most of the evidence being thrown out or discredited;
- 2) concentrate most of the investigation's resources on a few highly publicized "straw men" types of allegations, such as whether George Bush was in Paris in October 1980, while side-stepping other, more important issues; and
- 3) when caught in a bind, simply lie about the evidence, in the hopes that most people will never see the actual documents.

Standard of proof

The House report reached the overall conclusions that there is "no credible evidence" of any effort to delay the release of the American hostages held by Iran by persons associated with the 1980 Reagan-Bush campaign, and that there is "wholly insufficient credible evidence" even of communications between the campaign and Iranian officials during the presidential race.

The operative phrase here is "credible evidence." If federal prosecutors were put to this standard of proof, there would be few inmates in federal prisons today. The task force simply threw much of the evidence out, on the grounds that a source was not deemed credible, or that the evidence was not independently corroborated, or that it was contradicted by other evidence.

In federal courts throughout the land, defendants are indicted and convicted on far less than this every day. Circumstantial evidence, hearsay, and testimony from unreliable witnesses and even from convicted felons is used in court all the time[—especially in conspiracy cases]. It is usually left up to a jury to sort out the contradictions between witnesses, and to determine the credibility of witnesses and evidence. But here, by means of the bipartisan agreement which set up such a rigid standard of proof, it was virtually guaranteed that the October Surprise allegations would remain "unproven."

It is important to realize that every clandestine operation generates its own official "cover story." In fact, "cover and deception" is a built-in part of covert operations, sometimes going under the name of "operational security."

The adoption of such a rigid standard of proof as used by the House Task Force, in which statements by government officials are taken at face value while statements by outside witnesses are almost automatically discredited, *guarantees* that the "cover and deception" version will win out.

Let us look at some examples:

- Regarding Jamshid Hashemi's story that he was in Madrid the summer of 1980 for meetings with Reagan-Bush campaign official William Casey and Iranian officials: The report first concludes that his allegations are "fabrications," because "Jamshid has no documentary evidence to support his allegations, such as a passport, diaries, calendars, or receipts."

Then, once having said that there is no credible evidence that Jamshid was in Madrid, the report goes on to say that the task force has evidence "which tends to prove that Jamshid went to Madrid for an entirely different purpose."

- On the issue of the timing of the release of the hostages, i.e., virtually at the moment of Reagan's inauguration in January 1981, the report blithely accepts at face value the reasons which provide a benign explanation for this, and ignores any explanation which would provide evidence of a conspiracy to delay the actual release until the inauguration.

- There was the problem created by a statement made by Cyrus Hashemi's one-time lawyer Elliot Richardson to CIA officials eight years ago, in which Richardson described a 1979 real estate transaction involving the Iranian arms dealer and Casey (who later became CIA chief under Reagan). The significance is that that would show a prior relationship

House Task Force lies about the evidence

The House Task Force, in its final report, cites a teletype from the FBI New York office to the FBI director dated Jan. 22, 1981. The final report states: "On January 22, 1981, two days after the hostages were released, the New York FBI office again requested authority from the FBI director to discontinue the surveillance because it was believed that, in light of the release of the hostages, no further investigative purpose would be served by continuing the surveillance."

What the FBI said

But the teletype, obtained by *EIR* under the Freedom of Information Act, read as follows:

0 2205Z Jan 81 [receipt stamped 23 JAN 81]
F[ro]m New York
To Director
Secret
Cyrus Hashemi; [deleted]

Authority for the court approved electronic surveillance in captioned matter expires on February 26, 1981. As the bureau is aware, captioned matter involves electronic surveillance including Misur, Tesur [microphone and telephone surveillance] and [deleted] which is both a positive and a counter intelligence collection. With the return of the hostages, the NYO [FBI New York office] desires a ruling from FBIHQ as to whether this surveillance should continue. This determination should appropriately be made after contact with those agencies requesting the positive intelligence collection initially to determine if those agencies still have [an] interest to be secured by continued surveillance.

The NYO desires to continue the electronic surveillance from a counter standpoint until the expiration of the current authority. This would allow us to obtain information regarding subject's continued dealings in the US to obtain weapons and military supplies for Iran which may be in violation of US laws.

between Casey and Hashemi. The task force, anxious to disprove the existence of such a prior relationship, said it "found no evidence to corroborate" the statement by Richardson, a former U.S. Attorney General, and therefore simply decided to disregard it.

Most of the task force's efforts were spent trying to prove or disprove the allegations made by various sources and journalists, many of already dubious credibility, about meetings alleged to have taken place in Madrid or Paris during 1980. *EIR* has pointed out repeatedly, that these highly publicized allegations of meetings involving Bush, Casey, and others involve much deliberate disinformation designed to discredit the entire October Surprise story. Nevertheless, the task force reached one of its principal conclusions, namely, that there was no attempt to delay the release of the hostages, *solely* on the basis of disproving the existence of any meeting in Paris in October 1980.

Cheating on the evidence

EIR's Special Report presented ground-breaking work on what we regard as some of the most compelling evidence of an October Surprise plot; this pertained to the systematic and repeated obstruction efforts by the Reagan-Bush administration to block the prosecution of Cyrus Hashemi and his attorney and business partner J. Stanley Pottinger.

While the final report spends over 100 pages on the alleged Paris and Madrid meetings, it devotes a scant five pages to the charges that actions by the Reagan administration were either compensation to Hashemi for his role in delaying the release of the hostages, or that they constituted a "coverup" of Hashemi's role.

Significantly, while the final report devotes a few pages to the Hashemi case, it never once mentions the fact that Pottinger, a Republican and a former Justice Department official, was also under investigation and was almost indicted. The much more limited Senate Foreign Relations Committee October Surprise report issued in November did manage to discuss the fact that prosecution of Pottinger was being contemplated, and that the FBI had lost the "Pottinger tapes." (It was the timely loss of these surveillance tapes which enabled Pottinger to escape indictment in June 1984.) But these facts are omitted from the much more "thorough" House report.

EIR's Special Report documented the obstruction of justice around the Hashemi and Pottinger cases step-by-step, and also revealed for the first time that Pottinger and Hashemi were involved in shipping extremely lethal military equipment to Iran in the early months of the Reagan-Bush administration, including mortars, bombs, machine guns, and C-4 plastic explosives capable of terrorist utilization. All of this is totally suppressed in the House report.

The first two allegations which the report does take up concerning the Hashemi case are issues highlighted by *EIR*.

Shutting down the wiretaps

The first allegation is posed this way: "It has been suggested that electronic surveillance of Cyrus Hashemi by the FBI was prematurely terminated by the Reagan administration to prevent Hashemi's assistance to the Reagan campaign

in delaying the release of the hostages from becoming known by 'killing the case against him.' ” (The footnote to this statement cites the *EIR Special Report*, p. 60, and Gary Sick's *October Surprise* book.)

The House report reviews the background to the surveillance: “The surveillance of Cyrus Hashemi was authorized under the Foreign Intelligence Surveillance Act (FISA) for purposes of investigating Cyrus Hashemi's role in Iranian intelligence activities and the assassination of Ali Akbar Tabatabai, a former Iranian diplomat.” While the surveillance did not reveal any evidence related to the Tabatabai assassination, the report goes on, “it had revealed that Hashemi was involved in other foreign intelligence activities, particularly military parts procurement on behalf of Iran.”

The report then says that two days after the hostages were released, the New York FBI office asked that the surveillance be discontinued because “no further investigative purpose would be served by continuing the surveillance” (see box). Thus the surveillance was discontinued 11 days prior to its scheduled expiration on Feb. 23, 1981.

After running through some other plausible explanations, the report concludes that the termination of the wiretaps had nothing to do with efforts to “kill the case.”

The statement that the New York FBI wanted to end the surveillance is footnoted as follows: “Teletype from FBI New York to FBI Director (Jan. 22, 1981),” and refers to pages 1,000-1,001 of the report's appendix. But turning to the appendix, it states that this document is located in the “classified appendix.”

However, *EIR* is in possession of an FBI teletype from either Jan. 22 or 23, 1981. What it says is exactly the opposite of what the House report asserts! It shows that the New York FBI office wanted to *continue* the surveillance because it would allow them to continue to gather evidence about Hashemi's illegal arms dealings (see box).

The FBI was getting good stuff at this time. A later FBI prosecutive report (unmentioned in the House report) stated:

“During January and early February [deleted] and Cyrus Hashemi engaged in telephonic negotiations, as well as conferences in their office, with [deleted]. These conversations related to walkie-talkies, bazookas, machine guns, anti-tank rockets, and Howitzer cannons. Quantities of purchase, locations for inspection, price, effort and manner of shipment, federal stock numbers, all were discussed in late January and up to February 13, 1981, with the conversations later confirmed by telex.”

You can bet that somebody wanted the wiretaps shut down. But, it was *not* the New York FBI office, which by all appearances was diligently and aggressively pursuing the Hashemi investigation.

The tip-off

The second allegation along this line which the House report takes up is the alleged “tip-off” to Cyrus Hashemi

which enabled him to avoid returning to the United States and being arrested in May 1984. It was *EIR* which first published the evidence of the tip-off, which is contained in an FBI teletype dated May 16, 1984.

On May 16, the New York FBI sent a “priority” teletype to HQ, saying that Hashemi had canceled his May 16 Concorde flight to New York. According to the FBI teletype, this occurred after Deputy Attorney General Lowell Jensen ordered the U.S. Attorney in New York to call Hashemi's attorneys and to discuss the evidence and the indictment, “because he made such a commitment to Hashemi's attorney, former AG Elliot Richardson, who obviously has Cyrus Hashemi notified.”

The May 16, 1984 FBI teletype continues in a rather bitter vein:

“[Deleted—Pottinger?] will also receive the above DOJ [Department of Justice] sponsored courtesy then will be indicted with all subjects on May 29, 1984 with US, SDNY [United States Attorney, Southern District of New York] holding press conference same date to announce indictments. Obviously the arrests will not be announced if they do not occur which in final analysis is not likely. For information FBIHQ, this case began on July 18, 1980 and because of above, results of a positive nature do not appear forthcoming despite the mammoth investigative effort put forth thus far.”

This FBI message is unmentioned in the House report.

Hustled out of the country

There is more. *EIR*'s Special Report charged that both Cyrus and Jamshid Hashemi “were tipped off about the impending arrests.” The House report makes no reference at all to the tip-off to Jamshid. However, a State Department document just recently received by *EIR*—and obviously available as well to the House Task Force—shows how Jamshid was not only tipped off by the CIA, but hustled out of the country to avoid arrest!

The U.S. State Department memorandum summarizes a June 11, 1984 meeting with “lawyers for Cyrus and Reza Hashemi and Stanley Pottinger.” (Cyrus Hashemi's lawyer handling “greymail” negotiations at that time was Elliot Richardson.)

The memorandum includes the following statement:

“—Jamshid Hashemi—Cyrus's brother—has ‘dealings’ with CIA operatives. One of his CIA contacts told him, several weeks ago, that he had to leave the U.S. immediately. When he demurred, the CIA representative took him to Dulles airport, where Hashemi bought a plane ticket, and put him on a plane to Europe. Soon thereafter, Reza Hashemi—a third brother—was ‘tricked’ into returning to the States and was picked up in an elaborate sting operation organized by Customs. The lawyers implied that the CIA knew Customs and Justice were planning to arrest Reza, and therefore spirited Jamshid out of the country before he could be arrested as well.”