

To : Mr. J. C. Johnson

~~SECRET~~

Date 10/18/89

From : N. J. Gallagher

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b7C

Legal Coun.
Off. Cong. &
Public Affs.
Rec. Mgnt.
Tech. Servs.
Training
Telephone Rm.
Director's Sec'y

Subject : FCI-X

OO: WASHINGTON METROPOLITAN FIELD OFFICE

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DATE 02-25-2014 BY ADG F85M26K45

This communication is classified "~~Secret~~" in its entirety.

Reference Mr. J. C. Johnson's memorandums to Mr. N. J. Gallagher, dated September 1, 1989, and September 12, 1989.

PURPOSE: To respond to Mr. J. C. Johnson's memo dated September 1, 1989.

RECOMMENDATIONS: That the below listed first time disclosures of classified information be reviewed and considered for referral to the Department of Justice.

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CLASSIFIED BY: SP4 bja/keg
REASON: 1.5 (C)
DECLASSIFY ON: X 1
394402~~

~~DATE: 06-18-2007
CLASSIFIED BY: 60324 awc/baw/rs/ljr
REASON: 1.4 (P)
DECLASSIFY ON: 06-18-2032~~

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DETAILS: In referenced memorandums, it was recommended that the Counterterrorism Section (CTS) review The Washington Post articles by Jack Anderson and Dale Van Atta entitled "FBI Learned of Arms Shipment to Iran," August 28, 1989, and "Senate Panel knew of Iran Arms Sale," September 6, 1989. An examination of these two articles, and a third The Washington Post article by Anderson and Van Atta entitled "Arms for Iran: How Much Did CIA Know?" September 12, 1989, was conducted by CTS. Items that appear to be first time unauthorized disclosures of classified information are as follows:

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Classified by G-3
Declassify on OADR

- 1 - Mr. Gallagher
- 1 - Mr. Johnson

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TP: mmw (9)

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EXCEPT WHERE SHOWN
OTHERWISE

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Memorandum from N. J. Gallagher to Mr. J.C. Johnson

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RE: [Redacted]

FCI-X

OO: Washington Metropolitan Field Office

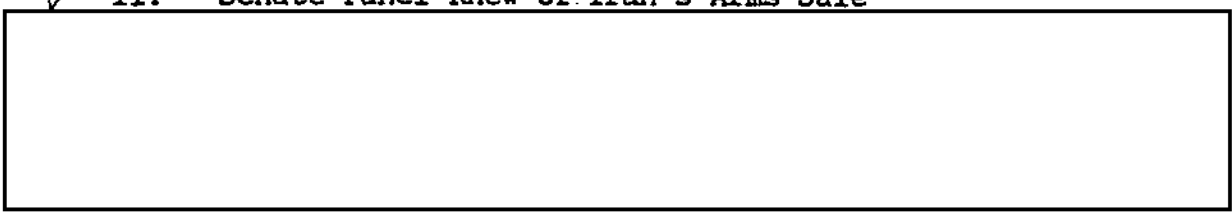
I. "FBI Learned of Arms Shipment to Iran"

Paragraph one refers to "an intelligence coup" scored by the FBI in 1985, and reports that the FBI received information that American missiles had been shipped to Iran in violation of U.S. law and policy. Further detail is developed in paragraph seven where it is reported that TOW missiles had been delivered to Tabriz, Iran on board a U.S. aircraft in September, 1985.



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✓ II. "Senate Panel Knew of Iran's Arms Sale"



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Memorandum from N. J. Gallagher to Mr. J.C. Johnson

RE: [redacted]

FCI-X

OO: Washington Metropolitan Field Office

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✓ III. Arms for Iran: "How Much Did CIA Know?"

This article contains additional references to the FBI's knowledge of the shipment to Tabriz, Iran, and to the memo written in 1987, [redacted] but appears to disclose no additional first time leaks of classified information.

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The three Anderson/Van Atta articles all contain references to the content of testimony on Capitol Hill by various individuals. Inasmuch as the Counterterrorism Section is unaware of whether or not this testimony before various committees was classified, no comment is offered here concerning the possible leak of classified information from Congressional testimony.

On September 8, 1989, WMFO learned from [redacted] Senior Staffer for Senator Cohen of the SSCI, that [redacted] had recently been interviewed by a Vermont newspaper reporter. According to the reporter during the five-hour interview, [redacted] admitted that he had provided information to Jack Anderson's staff for the three articles regarding the shipment of weapons to Iran. [redacted] received this information regarding [redacted] admissions directly from the reporter.

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Additional details regarding this interview of [redacted] by the Vermont newspaper reporter will be forthcoming from WMFO.

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STON POST

JACK ANDERSON and DALE VAN ATTA

Senate Panel Knew of Iran Arms Sale

The investigation of the Iran-contra affair was bounced through enough congressional committees to set a record. It is on the rebound again on Capitol Hill with startling evidence that a Senate committee knew crucial information and failed to do anything with it.

The fumble happened in April 1987 when the Senate Select Committee on Intelligence was quizzing William H. Webster about his qualifications to become director of the Central Intelligence Agency. Behind closed doors, the committee asked Webster, then director of the Federal Bureau of Investigation, what his agency had known about a delivery of American missiles to Iran.

Webster said the FBI had monitored a shipment of American arms to Iran in 1985. Elsewhere on Capitol Hill that day, the Iran-contra committees were furiously assembling evidence to begin hearings on the scandal. But apparently the intelligence committee never bothered to tell the Iran-contra committees about Webster's bombshell. "We blew it," a staff aide for the intelligence panel confided.

The FBI was told by the CIA to mind its own business because the shipment was a "White House operation."

The information has heated up the congressional Iran-contra investigation again. It is important because it indicates that the FBI may have known more about the arms sales to Iran than was acknowledged, and failed to do anything even though the shipment violated arms export laws.

It also raises the possibility that the CIA was trying to cover up for Oliver L. North and the National Security Council as early as 1985. The

arms-for-hostages deal was not exposed and stopped until 1986.

Our associate Stewart Harris asked the two ranking senators on the Senate intelligence committee why they did not tell the Iran-contra committees about Webster. Both David L. Boren (D-Okla.) and William S. Cohen (R-Maine) also sat on the Senate Iran-contra committee.

Boren declined to talk to us about it. Cohen's office said the information was passed on to the Iran-contra committees. But none of the former Iran-contra committee staff aides we talked to knew about it.

Cohen's office also contends that the issue came up in open sessions of Webster's confirmation hearing and was public knowledge. But it is nowhere to be found in the transcript.

Congressional sources who have reviewed the record of the open and closed hearings on Webster confirm that it came up only behind closed doors.

The Senate Governmental Affairs Committee learned in July that the FBI had been warned away from investigating the arms shipment in 1985. But the intelligence committee found out and took charge of the investigation.

Senators should find out why the CIA never gave the Iran-contra committees its only record of the FBI information: a memo written by a CIA desk officer in 1987, at the time of Webster's confirmation hearings. The classified memo tells of a call to the CIA from FBI agent Randall Boone, who wanted to know what to do about the arms shipment. The memo says Boone was told to leave it alone.

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9/12/89 The Washington Post

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JACK ANDERSON and DALE VAN ATTA

Arms for Iran: How Much Did CIA Know?

A secret Senate investigation has uncovered the possibility that the Central Intelligence Agency knew far more than it admits about the 1985 shipment of American missiles to Iran.

A former CIA desk officer told two Senate committees this summer that the CIA knew about a September 1985 shipment shortly after the missiles arrived in Tabriz, Iran. Testimony before the Iran-contra investigating committees in 1987 implied that the CIA was a latecomer to the operation, not learning about it until November 1985.

The information raises the possibility that the Iran-contra committees in Congress were duped when they tried to piece together the details of the operation to swap arms for American hostages. It also raises the specter of perjury by anyone who knowingly misled the committees to believe that the CIA was not involved until November, after two missile shipments had already been made.

Our sources say those questions are now being probed by the Senate intelligence committee.

As we reported earlier, the Iran-contra wound was secretly reopened this summer when two Senate committees, working with the General Accounting Office, began probing the question of what federal agencies knew about the illegal arms shipments. Sources told our associate Stewart Harris that the Federal Bureau of Investigation had developed information about the September shipment and took it to the CIA, only to be told to back off because it was a "White House operation."

All of that occurred shortly after the September shipment—early October at the latest—the former CIA desk officer has told the Senate committees.

In contrast, the Iran-contra report from the congressional investigating committees says then-CIA Director William J. Casey didn't find out about the arms-for-hostages deal until Nov. 14, 1985, in a meeting with former national security adviser Robert C. McFarlane.

National Security Council consultant Michael Ledeen told the Iran-contra committees that before Nov. 14, the NSC had left the CIA in the dark because the White House was afraid the CIA might leak the information. It has been generally assumed that the CIA joined the arms deal in November 1985 with a shipment of Hawk anti-aircraft missiles to Iran on a CIA airline.

The only record of the earlier contact between the CIA and the FBI was never turned over to the Iran-contra committees. That record is a memo written in 1987 by the same CIA desk officer. At the time, the CIA was scrambling to prepare for confirmation hearings for then-FBI Director William H. Webster, who had been nominated to head the CIA. Webster was quizzed on what he knew about Iran-contra.

The Senate committees were told the memo was written in April 1987, the same month that Webster's nomination was before the Senate intelligence committee. That committee discussed the information behind closed doors, but never gave it to the Iran-contra committees. Congress asked for all CIA documents about the affair, but aides for both Iran-contra panels told us they never saw the memo.

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JACK ANDERSON and DALE VAN ATTA

Ex-Agent Joins Call for CIA Watchdog

Congressional efforts to install an independent watchdog inside the Central Intelligence Agency won't help Bruce Hemmings.

The 17-year agency veteran claims he was driven out of government service last year after refusing to help cover up CIA knowledge of arms sales to Iran. Hemmings has since cooperated with a Senate probe, which this summer confirmed that the CIA and Federal Bureau of Investigation knew more than they admit about the secret White House operation to supply missiles to Iran.

Hemmings has shed his spy cloak and is now a self-styled whistle-blower, vowing to bring rogue spooks to justice.

"In the area of intelligence, there is no mechanism available to an employee or ex-employee to address . . . allegations of impropriety," Hemmings told our associate Stewart Harris.

Hemmings has added his voice to those advocating a bill proposed by Sen. Arlen Specter (R-Pa.) that would establish a presidentially appointed inspector general with statutory independence to expose fraud, waste and abuse at the CIA.

The CIA has had a relatively toothless inspector general—appointed by the CIA director and operating under his direction—since 1952. Hemmings presented his concerns about the covert operation to CIA Inspector General William Donnelly before going to Capitol Hill.

Hemmings has heard little since being interviewed by one of Donnelly's agents. The CIA insists the probe is still open. But Donnelly implied the case was closed in a June 9 letter to Hemmings.

The Senate Governmental Affairs Committee took Hemmings's information so seriously that it commissioned a probe by the Office of Special Investigations at the General Accounting Office, which confirmed that FBI and CIA officials traded information about a U.S. arms shipment to Iran in late September 1985, at least one month before the CIA officially claims to have become involved.

The probe also produced evidence of a cover-up. Hemmings was assigned to the Iran desk in late 1985. He was working with the FBI, which had developed an intelligence network deep within Iran. The FBI handed the item about the arms shipment to Hemmings at the CIA for analysis.

Hemmings was instructed to inform the FBI not to disseminate the information further because it involved a sensitive "White House operation." The FBI complied, even though the shipment violated arms export law and stated public policy.

In 1987, Hemmings says he was again asked to cover up the incident.

FBI then-Director William H. Webster was seeking Senate confirmation to be director of the CIA. Senators grilled Webster on the FBI's knowledge of the arms sale.

Hemmings was ordered by the CIA to prepare a memo about the incident. When his memo noted that he was advised to tell the FBI not to spread the word, his superiors exploded. A censored version was sent to Congress, Hemmings says.

Hemmings, caught in a cross-fire, had seen too much and was hounded by the CIA until eventually he was warehoused in a job without responsibilities. He resigned in 1987.