

show up more dramatically in the county-city breakdown of the vote. While Spannaus won in only one precinct in Norfolk—with 53% of the vote—she polled as high as 39% in one county, and 25% or more in 11 others. In most major urban centers, over 20% voted for her.

The relatively higher results can be attributed both to the fact that Spannaus concentrated her three-week radio campaign in the area of the state from Richmond east to the Tidewater, and to the rage felt by black voters against Senator Warner's role in killing the Civil Rights Act of 1990.

Overall, the vote in Virginia was as small as predicted, with only 40% of the registered electorate voting. There was a significant drop-off from even that total in the senatorial election, because the major media continued to lie, up to and including on the day of the election, that Warner had no opponent whatsoever.

### **LaRouche campaign gains**

The most significant victory in the elections, both for the country and for the efforts of the LaRouche movement, was the two-to-one defeat of the Big Green environmentalist initiative in California. The major opposition to this piece of environmentalist stupidity, which would have destroyed what remains of California's economy, was catalyzed by political supporters of LaRouche who organized themselves into the Stop Eco-Fascism Committee. In Washington State, Proposition 547, the equivalent to California's Big Green, was roundly defeated, 77% to 23%.

Other results across the country show that LaRouche candidates received votes in the range of 30% in districts which have been hit hard by the depression, and even higher totals in smaller areas where people have been hit so hard that they are ready to wake up and do something about it. In the central Texas area around San Angelo, Lester Dahlberg, a working farmer running a home-grown campaign on the LaRouche platform for state House of Representatives, polled 29.9% in a two-way campaign, and won in one county, with 51%. In the Houston area, Bruce Director received 29% in a U.S. congressional campaign against Republican incumbent Tom DeLay, and polled 48-49% in areas where his shoestring campaign was able to do walking tours.

In other LaRouche campaigns, Lewis du Pont Smith, the du Pont heir who is being persecuted by his family for supporting LaRouche, received only 4.5% in Pennsylvania's Fifth District, in an independent campaign against Republican incumbent Dick Schulze, who only scraped by with 56% because many who did not have the courage to vote for Smith, voted instead for a Democratic stand-in. In St. Louis, Missouri, Jerome Schmidt won 27.5% against a Republican incumbent state senator; in North Dakota, Jim Mosienko received approximately 33% in a bid for county commissioner; and in Michigan, Joan Dennison, running as a Food for Peace Democrat, polled 33% against her Republican opponent.

## **FBI coverup of Iranian arms-for-hostages deals continues**

by Edward Spannaus

The FBI is still covering up Iranian arms-for-hostages deals from the beginning of the Reagan-Bush administration in 1980. Despite all the investigations into the Iran-Contra arms dealing, the FBI's coverup of illegal arms deals from the early 1980s has so far escaped the scrutiny of both Congress and the Special Prosecutor.

In documents filed recently in a Freedom of Information Act (FOIA) lawsuit in federal court in Washington, FBI officials have continued to suppress evidence concerning the role of a former Justice Department official in facilitating the illegal arms deals. Four years ago, it was revealed that former Assistant Attorney General J. Stanley Pottinger had narrowly escaped prosecution because the FBI had "lost" the transcripts of wiretaps on which Pottinger had been overheard.

Now, in the new court filings, the FBI is flatly denying that it has any record whatsoever of the wiretaps.

### **Bugs and guns**

Arms-for-hostages dealings actually date back to the fall of 1979, when Pottinger, acting as a lawyer for Iranian banker and arms dealer Cyrus Hashemi, approached officials of the Carter administration with proposals for using Hashemi to negotiate the release of the American hostages then being held in Teheran. In January 1980, Pottinger and Hashemi met with high officials of Carter's State Department, to discuss Hashemi's proposals. The fact of this meeting was first revealed in FOIA documents obtained by *EIR*.

Hashemi's first offers to act as a go-between between Washington and the revolutionary government in Iran came to naught. But with the outbreak of the Iran-Iraq War in late summer of 1980, Hashemi again offered his services, since Iran was now in need of military equipment and spare parts for the war with Iraq. In October 1980, Hashemi again met with Carter administration officials, this time including Lloyd Cutler, Carter's legal counsel.

According to reports published in various news media, the CIA supposedly became suspicious of Hashemi as a result of these meetings, and requested that his offices be wire-

tapped. However, CIA documents released to *EIR*, in a civil suit brought by Hashemi against this magazine, show that the CIA was receiving intelligence reports similar to those being received by *EIR* during the summer of 1980. These reports indicated that Hashemi's bank, the First Gulf Bank and Trust Co., was being used to finance pro-Khomeini terrorism in the U.S., and also that Hashemi was helping Iran to circumvent the economic sanctions imposed by the U.S.

In mid-September, the CIA communicated the substance of these reports to the FBI. Contrary to the official leaks in the news media, it is clear that the FBI and CIA were already aware of Hashemi's illegal activities by the time of his October 1980 meetings with the Carter administration.

In October 1980, the FBI obtained a wiretap order from the supersecret Foreign Intelligence Surveillance Court. Wiretaps and electronic listening devices were placed in First Gulf Bank and Trust offices in New York from November 1980 through January 1981.

What the wiretaps picked up was Stanley Pottinger advising Hashemi how to get around the U.S. arms embargo of Iran. A year later, the FBI obtained a search warrant and raided Hashemi's First Gulf offices, but then did nothing to follow it up. Finally, in May 1984, the U.S. Customs Service arrested Hashemi and succeeded in forcing an indictment of the Hashemi brothers and a number of others. Many sources have reported that these indictments were issued over the objections of both the FBI and CIA.

Pottinger was not indicted. He was identified as a co-conspirator in the indictment, and his advice to the Hashemi brothers was cited in a number of the "overt acts" of the conspiracy to violate the arms embargo. According to a *Washington Post* story on July 19, 1984, the only reason Pottinger was not indicted was that the tapes of the wiretaps had been "misplaced." Said the *Post*: "According to a high-level federal official who asked not to be identified, Pottinger was to be indicted last month, but several tape recordings of Pottinger's meetings with the Hashemis have been misplaced. The FBI reportedly has partial transcripts of the tapes, but Pottinger's attorneys say they are insufficient evidence."

Sources within the intelligence community have confirmed this story to *EIR*, explaining that Pottinger's role went way beyond what has been leaked to the press. Pottinger was in fact one of Hashemi's CIA "controllers." Through Pottinger, the CIA used Hashemi and First Gulf Bank to conduit millions of dollars for covert military aid to the Khomeini regime.

### Hashemi cuts a deal

Hashemi's relation to the CIA was partially acknowledged in documents released by the joint congressional committee investigating Iran-Contra. In declassified CIA documents disclosed in the committee's final report, Hashemi is described as "a former Agency and State Department con-

## Bush and the 'October Surprise'

Bush is one of those who is being protected by the ongoing coverup of the Pottinger-Hashemi case.

It is one of the worst-kept secrets in politics that the Reagan-Bush team was desperate to *prevent* the release of the American hostages before the November 1980 elections, so that the Carter administration could not use a release to bolster their reelection campaign.

It is therefore interesting that, although Hashemi was meeting with high-level officials of the Carter administration in October 1980, he was being guided in his endeavors by a Republican lawyer and former official of the Nixon-Ford administrations—Stanley Pottinger.

A source who is extremely close to the Hashemi family told this reporter that Cyrus Hashemi was in fact much closer to the Reagan administration than the Carter administration, and the source particularly emphasized "the Texas crowd"—Baker and Bush. He also said that the famed Algerian negotiations were a cover for the real hostage negotiations, in which Cyrus Hashemi played a key role.

Whatever role Hashemi played, it is nevertheless the case that there was no "October Surprise," Reagan and Bush won the election, and the hostages were not released until Inauguration Day.—*Edward Spannaus*

tact." A CIA memorandum conceded that, if Hashemi went to trial, "we will be compelled to acknowledge our relationship to Hashemi." What is not admitted is that the CIA's relationship with Hashemi went back much further, into the 1970s.

After his indictment, Hashemi continued to offer his services to the U.S. government to obtain the release of the American hostages in Lebanon. What he demanded in return was a *nolle prosequi* (dismissal) of the charges against him.

CIA documents disclosed in the congressional Iran-Contra report show that Hashemi and former Attorney General Elliot Richardson were in regular contact with CIA director William Casey during the summer of 1985. Richardson and Hashemi used Casey's longtime friend John Shaheen as their channel to Casey. Both the CIA (Casey) and the State Department favored taking up Hashemi's offer to open up a channel of communication with a high Iranian official, and both agencies favored dropping the charges against Hashemi in return. The Justice Department took a more cautious approach, pre-

ferring to wait and see if Hashemi could deliver, before making any promises.

Hashemi couldn't deliver. Soon after this, he agreed to become a "sting man" for the Customs Service and the FBI, in setting up a major arms bust. With the tape recorders rolling, Hashemi was used to set up the April 22, 1986 arrests of Israeli General Avram Bar-Am, U.S. lawyer Samuel Evans, and many others, for illegally shipping arms to Iran. (The charges were later dropped, after attorneys for Evans showed—in the context of the breaking Iran-Contra scandal—that their client believed his dealings were approved by the U.S. government.)

Hashemi did get his *nolle prosequi*. But his reward was not the way he wanted it. He died in London on July 21, 1986 under highly suspicious circumstances. A few weeks later, his case was dismissed.

### EIR follows the trail

Meanwhile, associates of *EIR* filed a series of Freedom of Information requests with the appropriate government agencies, requesting documents on Hashemi, his role in the hostage negotiations and arms deals, and the disappearance of the Pottinger-Hashemi tapes.

In response to these requests, the State Department and CIA are disgorging a small number of documents. The FBI has totally stonewalled, releasing only portions of eight documents out of its entire files on these subjects.

As to the wiretaps and the disappearance of the tapes, not only has the FBI refused to disclose any records, but it claims to have no trace of the wiretaps at all! An FBI affidavit filed with the court in August baldly states "FBIHQ's ELSUR [electronic surveillance] indices were searched. No records identifiable with the First Gulf Bank and Trust were located." The legal brief filed by the Justice Department says flatly: "No records were located pursuant to the search of its electronic surveillance ('ELSUR') indices."

The FBI's intransigence in this matter is partly egregious, given the degree of public exposure of the wiretaps which has already occurred. The existence of the wiretaps on Hashemi's First Gulf offices has been disclosed in most of the major news media, including, of course, *EIR*.

But that's not all. In February 1985, a federal court judge in New York officially acknowledged the existence of the wiretaps. When one of Hashemi's co-defendants, Arthur W. Luke, sought access to those portions of the transcripts which were still extant, Judge Robert Owen entered an order which stated:

Upon application of defendant Arthur W. Luke . . . for discovery and inspection of the recordings of conversations intercepted pursuant to the electronic surveillance conducted on the telephones and offices of First Gulf Bank & Trust Company, 9 West 57th Street, New York New York;

And it appearing to the satisfaction of the Court that:

1. The electronic surveillance at the offices and on the telephone lines of said premises was conducted pursuant to orders of the United States Foreign Intelligence Surveillance Court; . . .

Now, therefore, IT IS ORDERED. . .

1. The United States shall turn over to counsel for Arthur W. Luke . . . copies, as requested, of the tape recording made pursuant to the electronic surveillance. . . .

Despite this, the FBI somehow believes it can get away with denying having any records whatsoever of these wiretaps.

The Iran-Contra investigations focused in the 1985-86 arms-for-hostages deals involving Oliver North, et al. Hashemi became an object of attention only insofar as his 1985 offers to arrange a hostage release were pursued by Casey and the State Department.

But the evidence uncovered by *EIR* shows that it didn't start in 1985 with Oliver North. It began under the Carter administration in 1979, and *EIR*'s investigations have shown that the Hashemi case is tied to drugs, terrorism, and at least a couple of murders. And the FBI's aggressive coverup is continuing to the present day.

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## Who Killed Olof Palme?

A Classical KGB  
Disinformation Campaign:

NBC-TV and the Soviet military daily *Krasnaya Zvezda* both blame LaRouche. . . .

Swedish Police Chief Hans Holmér suppresses major lines of inquiry, becomes a laughingstock. . . .

Twelve Stockholm investigators resign from the case, in protest against Holmér's cover-up. . . .

The British press breaks the story of Emma Rothschild's love affair with Palme—and the possibility that her father is a Soviet spy. . . .

*What's the real story?*

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