

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-