



Chapter 1

United States v. Robert C. McFarlane

Robert C. ``Bud" McFarlane was President Reagan's national security adviser from October 1983 to December 1985. He briefed the President daily about world events and conferred regularly with Vice President Bush, Secretary of State George P. Shultz, Secretary of Defense Caspar W. Weinberger and CIA Director William J. Casey, who were the principal members of President Reagan's National Security Council.

Prior to becoming national security adviser, McFarlane had been deputy to his predecessor William Clark; counselor to Alexander M. Haig, Jr., when he was secretary of state; a member of the staff of the Senate Armed Services Committee; and military aide to Henry Kissinger when he was national security adviser to President Nixon. An Annapolis graduate, he commanded the first U.S. Marine battery to land in the Republic of South Vietnam. He completed two tours, each characterized by the heavy fighting in I-Corps just south of the demilitarized zone that separated North and South Vietnam. He received a Bronze Star for valor and other individual and unit decorations. He resigned from the U.S. Marine Corps as a lieutenant colonel.

As national security adviser, McFarlane headed the President's NSC staff, which was designed to assist the President in integrating the views of Government agencies responsible for national security matters. McFarlane regularly advised President Reagan on foreign and domestic issues of national security significance. He ordinarily based this advice on consultations with the NSC members, and on objective analyses by their agencies and the NSC staff.

Under President Reagan, the NSC staff assumed a role beyond that of an advisory or coordinating body: It at times became operational, taking on primary responsibility for the execution of the Iran and contra covert operations. McFarlane did not shrink from the operational tasks that were of high personal interest to the President. He delegated some of them to a hard-driving NSC staff member, Marine Lt. Col. Oliver L. North, McFarlane's deputy director of political-military affairs.

In 1984, President Reagan directed McFarlane to keep the financially strapped Nicaraguan contras alive as a viable fighting force, despite a ban on U.S. military assistance, McFarlane assigned the job to North. North kept McFarlane generally informed of his efforts on behalf of the contras, which McFarlane told North to undertake in utmost secrecy. When Congress in 1985 inquired about press reports of North's contra-aid efforts, McFarlane denied the allegations.

In 1985, McFarlane and Casey were the chief advocates of weapons sales to Iran in exchange for the release of American hostages held by pro-Iranian terrorists in Beirut; again, McFarlane turned to North to help implement, in utmost secrecy, the arms-for-hostages deals. Although McFarlane resigned as national security adviser in December 1985, he stayed in contact with his former deputy and successor, Navy Vice Adm. John M. Poindexter, and with North. He remained involved in the Iran weapons sales, acting as President Reagan's emissary on a mission to Tehran in May 1986. In November 1986, McFarlane helped Poindexter and North conceal details of the Iran initiative, just as they had done when the operation was underway.

Beginning in December 1986 after the public exposure of Iran/contra, McFarlane voluntarily provided information to Congress, to President Reagan's Tower Commission and to Independent Counsel. Because McFarlane was only partially truthful, it was difficult for investigators to determine on which matters he could be believed. Further complicating the matter was the fact that McFarlane's testimony was, in some crucial respects, at odds with that of other senior Reagan Administration officials. McFarlane, for example, stood alone in insisting that President Reagan had

approved the earliest 1985 sales of U.S. arms to Iran by Israel and had agreed to replenish Israeli weapons stocks. It was only after contemporary notes recording the events in question were discovered late in Independent Counsel's investigation that much of what McFarlane said could be verified. His desire to keep secret certain contra-assistance activities resulted in criminal charges being brought against him.

After lengthy negotiations with Independent Counsel, McFarlane on March 11, 1988, pleaded guilty to four misdemeanor charges that he unlawfully withheld information from Congress about North's contra-support activities and about the solicitation of foreign funding for the contras. As a condition of his plea, he agreed to cooperate with the ongoing criminal investigation. On December 24, 1992, McFarlane was one of six Iran/contra defendants pardoned by President Bush.

McFarlane's Involvement in Aiding the Contras

The contra effort was a matter of high priority to President Reagan and his Administration. The President compared the contras' struggle against Nicaragua's communist-supported Sandinista government to that of the American revolutionaries who fought and triumphed over British rule. But the contra war engendered battles on Capitol Hill, where military funding was alternately won and lost by narrow margins.

Early in 1984, President Reagan gave McFarlane responsibility for keeping the contras alive "body and soul." ¹ McFarlane took this charge seriously, seeking ways to deal with the problem of rapidly depleting funds and later an all-out ban on contra aid imposed by the Boland Amendment in October 1984. McFarlane testified that the President was angry about the funding cut-off and viewed Congress's actions as a ploy not only to injure the contras but to damage him politically.²

¹ McFarlane, North Trial Testimony, 3/10/89, p. 3946.

² Ibid., 3/14/89, pp. 4357-59.

On January 6, 1984, the President's National Security Planning Group (NSPG) approved "immediate efforts to obtain additional funding of \$10-15 million from foreign or domestic sources to make up for the fact that the current \$24 million appropriation [for the contras] will sustain operations only through June 1984." ³ McFarlane was responsible for the implementation of this plan with the assistance of North and another NSC staff member, Constantine Menges.

³ Memorandum from North and Menges to McFarlane, 1/13/84, AKW 038381.

In late March 1984, Casey sent a memo to McFarlane urging him to explore with Israel and other countries the possibility of obtaining weapons and financial aid for the contras.⁴ Subsequently, McFarlane in April 1984 dispatched NSC staff member Howard Teicher to ask the Israelis for assistance; the mission was unsuccessful.⁵ Although McFarlane later characterized the Teicher approach to Israel as "perfectly legal," he was intent on keeping it secret, because such a disclosure would be "annoying to and upsetting to the Congress" and "embarrassing" to Israel.⁶ When Secretary of State Shultz learned of Teicher's mission from the U.S. Embassy in Israel, McFarlane informed Shultz that Teicher had gone to Israel "on his own hook." ⁷

⁴ Memorandum from Casey to McFarlane, 3/27/84, ER 13712.

⁵ Teicher, Grand Jury, 6/24/87, pp. 10-12.

⁶ McFarlane, North Trial Testimony, 3/15/89, p. 4619.

⁷ Shultz, Select Committees Testimony, 7/23/87, pp. 31-33.

Despite the failed approach to Israel, McFarlane continued his secret search for third-country funding for the contras. In May 1984, he met with Prince Bandar, the Saudi Arabian ambassador to the United States, and explained President Reagan's strong concern that the gap in the financial support of the contras be filled. According to McFarlane, "it became pretty obvious to the Ambassador that his country, to gain a considerable amount of favor and, frankly, they thought it was the right thing to do, they would provide the support when the Congress cut it off." 8

8 McFarlane, North Trial Testimony, 3/10/89, p. 3933.

A few days later, Prince Bandar contacted McFarlane and volunteered \$1 million a month for the contras. Bandar said that the donation signified King Fahd's gratitude for past Reagan Administration support of the Saudi government.⁹ McFarlane subsequently obtained from North a contra bank account number where a donation could be made, and McFarlane gave the number to Prince Bandar.

9 McFarlane, FBI 302, 3/10/87, p. 6. See Classified Appendix on the nature of this support.

A day or two after the Saudis agreed to provide a million dollars a month to the contras, McFarlane informed President Reagan and Vice President Bush.¹⁰ He said he also informed Shultz and Weinberger that money had been provided to the contras through the end of the year, but neither pressed him for details.¹¹

10 McFarlane, Select Committees Testimony, 5/11/87, pp. 38-39. McFarlane, North Trial Testimony, 3/13/89, pp. 4203-04, said he notified the President of the first Saudi contribution in June 1984 by putting the information on a card that he slipped into the President's daily briefing book. He said he either told the President in writing on the card or orally that "no one else knows about this" and the President responded, either in writing or orally, "Good, let's just make sure it stays that way." When McFarlane learned from Bandar of a second donation in February 1985 and brought it to the President's attention, he said he got the same response.

11 Ibid.

The topic of third-country funding for the contras dominated a June 25, 1984, meeting of President Reagan's National Security Planning Group (NSPG). Casey advocated such a plan. Shultz quoted White House Chief of Staff James Baker (who was not in attendance) as stating that such solicitations would constitute an "impeachable offense." The group, however, agreed that a legal opinion should be sought from the Justice Department. Underscoring the extreme secrecy surrounding the matter, President Reagan warned against leaks, stating, "If such a story gets out, we'll all be hanging by our thumbs in front of the White House until we find out who did it." 12

12 NSPG Minutes, 6/25/84, ALU 007876.

None of the participants in the NSPG meeting -- which included the President, Vice President, Shultz, Weinberger, Casey, then-presidential counselor Edwin Meese III and McFarlane -- apparently raised the fact that the successful Saudi solicitation had already occurred. McFarlane, who was most knowledgeable about it, stated: "I propose that there be no authority for anyone to seek third party support for the anti-Sandinistas [contras] until we have the information we need, and I certainly hope none of this discussion will be made public in any way." 13

13 Ibid.

The day after the NSPG meeting, Casey met with Attorney General William French Smith. Smith determined that third-country funding of the contras was legally permissible as long as no U.S. funds were used for the purpose, and as long as there was not an expectation on the part of the third country that the United States would repay the aid.¹⁴

14 Memorandum for the Record from Sporkin, 6/26/84, ALV 035917.

Over the course of the following year, Saudi Arabia gave a total of \$32 million to the contras.¹⁵ Taiwan later contributed \$2 million.

15 North attempted to persuade McFarlane to seek even more Saudi funding in a March 16, 1985, memorandum, recommending an additional \$25 to \$30 million for the purchase of arms and munitions; McFarlane responded, "doubtful." Between late February and the end of March 1985, the Saudis contributed a total of \$32 million to the contras.

McFarlane Gives North the "Body and Soul" Directive

McFarlane continued to discuss the issue of contra funding with the President and his top advisers throughout the spring and summer of 1984. McFarlane said, "He [President Reagan] let us know very clearly in that spring and summer of 1984 that we were to do all that we could to make sure that the movement, the freedom fighters [contras], survived and I think the term at the time that's come up here and there was that we were to do all we could to keep them together body and soul."¹⁶

16 McFarlane, North Trial Testimony, 3/10/89, p. 3946.

McFarlane said he discussed the President's directive with his NSC deputy, Donald Fortier, and with North. McFarlane knew that Fortier and North "were very resourceful people and would go out and do a number of things that they believed would achieve what the President told me and then he wanted and that is, to keep this movement going as healthy as we could so that ultimately we could win the vote in the Congress, as we did the following year." ¹⁷ Fortier was assigned to handle the political and legislative aspects of seeking renewed contra support on Capitol Hill; ¹⁸ North was to act as a liaison with the contra forces, acting as a symbol of continued Reagan Administration support despite Congress's decision to withhold assistance.¹⁹

¹⁷ Ibid., p. 3949.

¹⁸ McFarlane, FBI 302, 2/16/88, p. 7.

¹⁹ McFarlane, Grand Jury, 5/4/87, pp. 10-13.

In October 1984, President Reagan signed into law the Boland Amendment, a provision added to a 1985 omnibus appropriations bill, which forbade the use of U.S. Government funds appropriated to any agency involved in intelligence activity for the support of military or paramilitary action in Nicaragua.

McFarlane testified that he believed that the NSC staff's actions were restricted by the Boland prohibition on aid to the contras, and he said he specifically gave his staff instructions not to raise money for the contras.²⁰ McFarlane stated he made clear to North that "no one could solicit, encourage, coerce, or broker the transmission of money . . . to the contras." ²¹

²⁰ McFarlane, North Trial Testimony, 3/10/89, p. 3975.

²¹ McFarlane, Grand Jury, 4/29/87, p. 21. There is documentary evidence that McFarlane was sensitive to questions of legality, even before the most extreme Boland restrictions were in place. In a September 2, 1984, memorandum to McFarlane, for example, North asked to approach a private donor to obtain a "civilian" helicopter for use on the contras' northern fighting front; McFarlane noted, "I don't think this is legal." (Memorandum from North to McFarlane, 9/2/84, ALW 019179.)

After the Boland Amendment was enacted, McFarlane said that CIA Director Casey expressed concerns that North was doing more than the law permitted. "I believe that he said that he had

learned that Col. North was conveying intelligence information, as I recall, to the leadership of the freedom fighters [contras] and that that seemed to him to be a questionable activity, whether it was allowed or not," McFarlane said.²²

22 McFarlane, North Trial Testimony, 3/10/89, p. 3977.

In response to Casey's concerns, North sent McFarlane a memo titled "Clarifying Who Said What to Whom" on November 7, 1984.²³ In it, North described contra leader Adolfo Calero's desire for intelligence reports to help the contras "take out" Soviet-made Hind helicopters obtained by Nicaragua. North reported that he got the intelligence Calero needed from Robert Vickers, a CIA national intelligence officer, and from Army Gen. Paul Gorman. North assured McFarlane that -- contrary to Casey's concerns -- he had not discussed contra financial arrangements and the provision of intelligence with CIA Central American Task Force Chief Alan D. Fiers, Jr.²⁴

23 Memorandum from North to McFarlane, 11/7/84, AKW 000329-30.

24 Also in the fall of 1984, Fiers attended an extraordinary meeting in which Casey asked North whether he was assisting the contras, and North assured him that he was not. Fiers said that Clair E. George, the CIA's deputy director for operations, told him after the meeting that this exchange had been a "charade", allowing meeting participants to deny knowledge of North's activities. See Fiers chapter.

McFarlane and other Administration officials repeatedly claimed that there was a "compartmentation" of knowledge regarding North's activities, and that only a limited number of people were made privy to the information. In many cases, Independent Counsel found that this claim was feigned, and many officials knew much more than they initially admitted. Even McFarlane found Casey's inquiry into North's activities in November 1984 as "very odd at the time" because "Bill Casey knew what Ollie was doing." ²⁵

25 McFarlane, North Trial Testimony, 3/15/89, p. 4645.

McFarlane, North and the President

North reported many of his contra-assistance efforts to McFarlane. McFarlane testified that he reported almost daily to President Reagan on changes in the military situation in Nicaragua.²⁶ Asked by the Select Committees whether he ever withheld information from the President to protect him, McFarlane answered no, "and I believe the President was conscious of everything I did that was close to the line." ²⁷ Because McFarlane generally denied knowledge of North's legally questionable activities, however, it was not possible to determine whether McFarlane ever reported North's unlawful acts to the President.

26 McFarlane, Select Committees Testimony, 5/13/87, pp. 10-12.

27 Ibid., p. 81.

In some notable instances, there is documentation that McFarlane elevated certain contra-assistance issues to the President and his Cabinet, setting into motion contacts between President Reagan and other heads of state. These contacts resulted in increased foreign aid and other favors to those countries that assisted the contras.

On February 11, 1985, McFarlane received from North and another NSC staff member, Raymond Burghardt, a draft memo for circulation to Shultz, Weinberger, Casey and Joint Chiefs Chairman Gen. John Vessey, the principal members of the Crisis Pre-Planning Group (CPPG). The memo, reflecting the substance of a CPPG discussion several days earlier, sought "agreement in a strategy for enticing the Hondurans to greater support for the Nicaraguan resistance [contras]," specifically,

release of \$75 million in embargoed economic aid. It also sought CPPG concurrence on a draft letter from President Reagan to President Roberto Suazo of Honduras, signaling continued U.S. assistance to Suazo and recognizing Honduras' continued support for the contras.²⁸

28 Memorandum from North and Burghardt to McFarlane, 2/11/85, ALU 0086481-82.

As a result of the North-Burghardt memo, on February 19, 1985, McFarlane sent a memo to President Reagan attaching a proposed letter to Suazo. McFarlane explained to the President, "The CPPG agreed that an emissary should again proceed to Honduras carrying the signed copy of your letter and, in a second meeting, very privately explain our criteria for the expedited economic support, security assistance deliveries, and enhanced CIA support." ²⁹ The President approved the plan.³⁰

29 Memorandum from McFarlane to President Reagan, 2/19/85, ALU 0101807.

30 McFarlane, North Trial Testimony, 3/15/89, pp. 4531-32.

On April 25, 1985, McFarlane enlisted President Reagan's help in unsnagging a contra weapons shipment that the Honduran military had seized.³¹ McFarlane recommended that the President call Suazo. "The Honduran military this morning stopped a shipment of ammunition . . ." McFarlane informed the President:

President Suazo will need some overt and concrete sign of this commitment in order to forestall his military in taking action against the FDN [contras] . . . [I]t is essential that you call President Suazo to reassure him that we intend to continue our support for the freedom fighters [contras] and that you are examining actions for which Congressional approval is not required.³²

31 McFarlane, Recommended Telephone Call, 4/25/85, ALU 0097413-14.

32 Ibid.

In a handwritten note on McFarlane's memo recommending the phone call, President Reagan recorded the substance of his conversation with Suazo:

Expressed his respect of me & his belief we must continue to oppose Communism. Will call his mil. commander & tell him to deliver the ammunition. Pledged we must continue to support the freedom [fighters] in Nicaragua. Then he spoke of a high level group coming here next week about [illegible] mil. in aid(?) . . . [illegible] both Shultz & Weinberger will meet with them.³³

33 Ibid. The question mark in parentheses was part of President Reagan's handwritten note.

On October 30, 1985, North sent a memo to McFarlane titled "Reconnaissance Overflights," reporting on contra military developments.³⁴ According to notations on the document, Poindexter briefed President Reagan on North's recommendations that two reconnaissance aircraft be deployed to collect intelligence for the contras. North stated explicitly in the memo, "You should also tell the President that we intend to air-drop this intelligence to two Resistance [contra] units deployed along the Rio Escondito, along with two Honduran provided 106 recoilless rifles which will be used to sink one or both of the arms carriers which show up in the photograph at Tab I." A handwritten note by Poindexter on the memo indicated that the "President approved." ³⁵

34 Memorandum from North to McFarlane, 10/30/85, ALU 0068483-86.

35 Ibid.

The 1985 Congressional Inquiries and "Problem Documents"

Although McFarlane and North tried to keep their contra-support activities secret, it was impossible to conceal completely such an ambitious project involving individuals throughout Central America and in Washington. In the summer of 1985, a series of press reports raised serious, detailed allegations of North's fund-raising and other contra-support activities, in apparent violation of the Boland prohibition on contra aid. These press reports prompted inquiries to McFarlane from Rep. Michael Barnes, chairman of the House Foreign Affairs Subcommittee on Western Hemisphere Affairs, and Rep. Lee Hamilton, chairman of the House Permanent Select Committee on Intelligence.

McFarlane and North recognized the serious problems posed by the press stories. Despite the danger, North continued his clandestine activities. In an August 10, 1985, memo to McFarlane, North described efforts to assist a southern military front for the contras from Costa Rica. North noted, referring to the press reports: "I am sincerely sorry that this very difficult time has occurred and wish to reiterate my offer to move on if this is becoming a liability for you or the President." 36 McFarlane responded by approving North's obtaining a false passport and personal papers using an alias for a trip to Central America.

36 PROFs Note from North to McFarlane, 8/10/85.

In testimony since the public exposure of Iran/contra in November 1986, McFarlane took general responsibility for North's activities as his superior, while professing little knowledge of his actual contra-support efforts. There is extensive documentary evidence, however, that North reported regularly to McFarlane about many of his activities.

Some of the most detailed and explicit memos that North wrote to McFarlane were identified by NSC general counsel Paul B. Thompson in August 1985, after Congress asked McFarlane to respond to press allegations about North. Thompson, whom McFarlane had asked to gather documents relevant to the congressional inquiries, pulled six aside as potentially troubling in their contents. McFarlane called these the "problem documents." 37

37 McFarlane, North Trial Testimony, 3/13/89, pp. 4084-85, and 3/16/89, p. 4796.

They were culled from the NSC's "System IV" document file, which is a permanent, official collection of highly classified material, carefully logged and strictly controlled. Thompson and another NSC staff member, Brenda Reger, decided not to search North's office for documents that might have been responsive to the congressional inquiries but were not logged into the official NSC system.³⁸ The six System IV "problem documents" were:

38 See Thompson chapter.

1. A North to McFarlane memo of December 4, 1984, titled "Assistance for the Nicaraguan Resistance." 39 This three-page memo first described a meeting North had with a Chinese official in Washington regarding a transfer of Chinese-made SA-7 missiles and missile launchers for the contras. The official expressed concern because the end-user certificates indicated that the missiles were bound for Guatemala, which was on unfriendly terms with China. North explained to the Chinese official that the Guatemalan end-user certificates were false and that the weapons were, in fact, destined for the Nicaraguan contras.⁴⁰

39 Memorandum from North to McFarlane, 12/4/84, AKW 037386-88.

40 This sale of weapons to the contras was the first executed by retired U.S. Air Force Maj. Gen. Richard Secord and Albert Hakim. Washington attorney Thomas Green and a Canadian weapons dealer, Emanuel Weigensberg, were the chief investors. See Flow of Funds section.

In the memo's second part, North described efforts by retired U.S. Army Maj. Gen. John Singlaub to seek military aid for the contras in South Korea and Taiwan.

The third part of the memo recounted a meeting North had with David Walker, a British military-security expert whom North wanted to introduce to Calero to conduct sabotage against Nicaragua. North added that efforts would be made to help Calero "defray the cost" of employing Walker.

2. A North to McFarlane memo dated February 6, 1985, titled "Nicaraguan Arms Shipments." 41 North reported that a Nicaraguan merchant ship, the Monimbo, would be carrying weapons from Taiwan to the Sandinistas. North proposed that the cargo be seized and delivered to the contras, and/or that the ship be sunk. North suggested seeking the assistance of the South Korean military to sink the ship. He also sought McFarlane's authorization that Calero be given intelligence on the Monimbo. Poindexter added in a handwritten note at the bottom of the memo, "We need to take action to make sure ship does not arrive in Nicaragua."

41 Memorandum from North to McFarlane, 2/6/85, AKW 011528 (2 pages).

3. A North to McFarlane memo dated March 5, 1985, titled "Guatemalan Aid to the Nicaraguan Resistance." 42 North attached a memo for McFarlane to send to Shultz, Weinberger, Casey and Vessey seeking their views on increased U.S. aid to Guatemala. North told McFarlane, "The real purpose of your memo is to find a way by which we can compensate the Guatemalans for the extraordinary assistance they are providing to the Nicaraguan freedom fighters [contras]." North attached fabricated end-user certificates provided by Guatemala, to allow the contras to receive \$8 million in weapons under the guise of receipt by Guatemala. Also attached was a "wish list" of military items needed by Guatemala. North added, "Once we have approval for at least some of what they have asked for, we can ensure that the right people in Guatemala understand that we are able to provide results from their cooperation on the resistance [contra] issue." McFarlane approved and signed North's proposed memo to Shultz, Weinberger, Casey and Vessey.

42 Ibid., 3/5/85, AKW 015554-65D.

4. A North to McFarlane memo of March 16, 1985, titled "Fallback Plan for the Nicaraguan Resistance." 43 North reported on possible options if Congress did not approve renewed funding for the contras, informing McFarlane that money from the "current donors" (Saudi Arabia) would keep the contras supplied until October 1985. North proposed that President Reagan publicly seek donations to a tax-exempt organization; McFarlane noted "not yet" on the memo in the margin next to North's recommendation that the President announce the formation of a tax-exempt contra fund. When North recommended that the "current donors" be urged to provide an "additional \$25-30M[illion] to the resistance [contras] for the purchase of arms and munitions," McFarlane noted: "doubtful." McFarlane briefed the President on this memo.44

43 Ibid., 3/16/85, AKW 000536-38.

44 McFarlane, North Trial Testimony, 3/10/89, p. 4017.

5. A North to McFarlane memo dated April 11, 1985, titled "FDN Military Operations." 45 North summarized contra funding from July 1984 to April 9, 1985, and reported on growth in troop strength from 9,500 to more than 16,000. He attached a detailed list of contra weapons purchases and deliveries between July 1984 and February 1985, and stated that the contras had spent approximately \$17 million of the \$24.5 million available to them since U.S. funding was cut off. Although the Secord Enterprise was not mentioned, North categorized the non-Secord purchases as "Independent Acquisition." North again recommended that "the current donors [Saudi Arabia] be approached to provide \$15-20M[illion] additional between now and June 1, 1985."

45 Memorandum from North to McFarlane, 4/11/85.

6. A North to McFarlane memo dated May 31, 1985, titled "The Nicaraguan Resistance's Near-Term Outlook." 46 North reported on contra operations to cut Nicaraguan supply lines and other actions on the northern front "in response to guidance . . ." He noted that plans were underway for the CIA to take back intelligence-gathering and political operations, once certain portions of the Boland prohibitions were lifted by Congress. He reported that, "The only portion of current activity which will be sustained as it has since last June, will be the delivery of lethal supplies."

46 Ibid., 5/31/85, ALU 008429-31.

The documents were clearly responsive to a letter from Chairman Barnes dated August 16, 1985, in which he asked McFarlane to "provide Congress with all information, including memoranda and any other documents, pertaining to any contact between Lt. Col. North and Nicaraguan rebel leaders as of enactment of the Boland Amendment in October, 1984." 47 Hamilton followed with a similar request in a letter dated August 20, 1985. A short while later, the Senate Select Committee on Intelligence (SSCI) also sought information about North's alleged activities.

47 Letter from Barnes to McFarlane, 8/16/85, AKW 001511.

The Barnes and Hamilton inquiries arrived at the White House while McFarlane was in California with President Reagan. When McFarlane returned to Washington, he met with North to discuss the problem documents that Thompson had identified.

"... [T]hese are the ones [the documents] that had passages in them that in my mind I thought a congressman might criticize or believe was -- was not allowed by the Boland Amendment," McFarlane later explained.⁴⁸ He said he met with North several times and discussed the documents because "they were documents that at least I did not fully understand and I figured a congressman wouldn't either and so I wanted to know what the truth was so I could answer it." ⁴⁹

48 McFarlane, North Trial Testimony, 3/13/89, p. 4077.

49 Ibid., p. 4085.

McFarlane gave North a list of the problem documents, which North taped to his desk.⁵⁰ McFarlane said North suggested that he re-write at least one of the memoranda -- the May 31, 1985, document -- "to make sure that it was clear." ⁵¹ McFarlane told OIC that North's stated intention was to make the documents more accurately reflect the facts of the situation.⁵² North's changes to the document, however, were obviously intended to obscure his contra-aid efforts.⁵³ McFarlane asked NSC counsel Paul Thompson about the legality of altering NSC documents and was told that both the original and the altered document should be filed with an explanation of the changes. McFarlane said he threw away the altered memo.⁵⁴

⁵⁰ In November 1986, North retrieved from the System IV files five of the six documents on the list and attempted to alter their substance. A sixth document, the December 4, 1984, document could not be located by the System IV officer at the time of North's request. North's secretary, Fawn Hall, altered the documents that North retrieved. North's purpose was defeated, however, because both the altered and unaltered versions of the documents were found in the NSC files by investigators.

⁵¹ McFarlane North Trial Testimony, 3/13/89, p. 4109.

⁵² McFarlane, FBI 302, 4/15/87, p. 5.

⁵³ Instead of referring to the "guidance" the contras had received from the NSC staff about cutting Nicaraguan supply lines, North inserted the word "awareness;" he deleted the entire passage of the document regarding the delivery of lethal supplies. North was tried and convicted of altering and shredding official documents; his conviction was overturned on appeal.

54 McFarlane North Trial Testimony, 3/13/89, pp. 4114-15.

In addition to reviewing the problem documents with North, McFarlane said they discussed the press allegations that North had been fund-raising for the contras. "I asked him how he responded to the charge that he had been raising money, and he explained how he had conducted himself whenever he had been speaking in public and explained to me why this was not a violation of law, in his judgment, and we went over it in some detail." 55 McFarlane said North assured him that although he made public speeches on behalf of the contras, he always explained that he, personally, could not raise funds because he was a Government official.⁵⁶

55 Ibid., p. 4074.

56 Ibid., pp. 4074-75.

McFarlane testified that it was not "clear" to him that North was involved in delivering weapons to the contras, despite memos indicating that he was.⁵⁷ McFarlane admitted that North reported to him in 1985 that a secret airstrip was being constructed in Costa Rica to resupply the contras, but he claimed he did not know what North's role was in establishing a southern military front for the contras. McFarlane said:

57 Ibid., 3/10/89, p. 4035.

. . . He was reporting to me that one [a southern front] was being set up but I'd been in the military for 20 years and I knew quite well that the activities of a single officer devoted to setting up an entire front for an army is inconsequential.⁵⁸

58 Ibid., p. 4038.

McFarlane and North drafted letters of response to Congress that were patently false.⁵⁹ On September 5, 1985, McFarlane wrote Hamilton:

59 North was charged with obstruction of and false statements to Congress in regard to the 1985 false responses. He was not convicted of those charges.

. . . I can state with deep personal conviction that at no time did I or any member of the National Security Council staff violate the letter or spirit of the law. . . . It is equally important to stress what we did not do. We did not solicit funds or other support for military or paramilitary activities either from Americans or third parties. We did not offer tactical advice for the conduct of their military activities or their organization.⁶⁰

60 Letter from McFarlane to Hamilton, 9/5/85, AKW 001528-29.

On September 12, 1985, McFarlane sent Barnes a letter containing virtually identical false denials of contra-aid activities by North and the NSC staff.⁶¹

61 Letter from McFarlane to Barnes, 9/12/85, AKW 001512-14.

In addition to written representations, McFarlane on September 5, 1985, met with leaders of the Senate Select Committee on Intelligence and assured them no laws had been broken and no NSC staff member had aided the contras or solicited funds on their behalf. On September 10, 1985, he made similar assurances in a meeting with Hamilton and other House Intelligence Committee members; the Hamilton meeting was followed up with written questions and answers, in which McFarlane again misrepresented the facts.⁶² In these responses, he stated that North had not helped facilitate the movement of supplies to the contras and that no one on the NSC staff had an official or unofficial relationship to fund-raising for the contras.

62 Letter from McFarlane to Hamilton, 10/7/85, AKW 001540-48.

Despite McFarlane's denials, Barnes on September 30, 1985, sought from McFarlane "oral and documentary" information, including memoranda, on NSC staff involvement in contra assistance.⁶³ McFarlane invited Barnes to meet with him at the White House on October 17, 1985. McFarlane showed Barnes a large stack of NSC documents described as relevant to his inquiry. McFarlane told Barnes, however, that the material could not leave the White House -- that members of Congress could review them there.

63 Letter from Barnes to McFarlane, 9/30/85, AKW 001515-16.

Barnes did not take up McFarlane's offer. On October 29, 1985, he again requested that McFarlane turn over the documents to the House Intelligence Committee, which had facilities for safeguarding classified materials.⁶⁴ McFarlane did not respond.

64 Letter from Barnes to McFarlane, 10/29/85, AKW 011734-36.

McFarlane later admitted that his responses to Congress were "too categorical" and they were at the least, overstated.⁶⁵ He claimed, however, that he did not lie. He explained that he understood that Congress was primarily concerned with fund-raising for the contras -- not the other types of violations exposed by North's memoranda.

65 McFarlane, FBI 302, 9/13/90, p. 13.

McFarlane said North did not tell him certain things, because, "he was probably trying to protect me." ⁶⁶ McFarlane was asked whether North raised objections when they were drafting the false responses to Congress:

66 McFarlane, North Trial Testimony, 3/13/89, p. 4184.

Q: Did Colonel North say anything to indicate that he believed that these statements were just flat-out lies?

A: No, but that's not his fault. It's mine.

Q: You say it's your fault. But you also say you didn't do anything wrong. Is that -- do I understand your testimony correctly?

A: I have said over and over again I did a lot of things wrong.

Q: Did you lie to Congress, Mr. McFarlane, in connection with these statements right here?

A: At the time I didn't believe it but at the time I was wrong and I admit that.⁶⁷

67 Ibid., pp. 4168-69.

McFarlane insisted that he did not lie to Congress. Instead, he claimed, he merely told them his version of the truth:

You do not lie to the Congress, that in my experience and working nine years on the White House staff it was often the case that congressmen would not always tell us everything on their agenda and similarly the Executive branch didn't always tell everything on its agenda to the Congress. You don't lie. You put your own interpretation on what the truth is.⁶⁸

68 Ibid., pp. 4129-30.

In 1986, after McFarlane resigned as national security adviser, North continued to seek his advice on a range of contra-related matters, making it clear that he was still actively involved in contra support.⁶⁹ In the spring and summer of 1986, after a new round of press allegations of North's activities spurred a new round of congressional inquiries, McFarlane raised concerns about North's vulnerability with Poindexter in a computer message dated June 11, 1986.⁷⁰ McFarlane said, "I was worried in Colonel North's behalf. It didn't have anything to do with truth or falsity, but as a human being."⁷¹ McFarlane continued:

69 On April 21, 1986, for example, North in a computer note to McFarlane expressed his frustration over a shortage of contra funds: "There is great despair that we may fail in this effort and the resistance support acct. is darned near broke. Any thoughts where we can put our hands on a quick \$3-5 M?" North added, "the pot is almost empty." (PROFs Note from North to McFarlane, 4/21/86, AKW 001150-51.)

70 PROFs Note from McFarlane to Poindexter, 6/11/86, AKW 021425.

71 ,McFarlane, North Trial Testimony, 3/13/89, pp. 4234.

Q: Was Colonel North worried in his own behalf when he talked to you?

A: Some.

Q: And did he tell you why he was concerned about having to talk to the people in Congress about his activities?

A: No.

Q: Did you ask him?

A: No. It was on the telephone and I don't think I would have.

Q: Do you know what his concerns would be, so that you didn't have to ask him, I mean?

A: No. I recognized, as I had the year before, that there certainly were understandable reasons for him to be concerned because many in the Congress would certainly not agree with what he did, whatever he did.⁷²

72 Ibid., pp. 4234-35.

McFarlane and the Iran Arms Sales

McFarlane, along with CIA Director Casey, was an early exponent of the view that the United States should reopen ties with Iran to influence events after the death of the Ayatollah Khomeini. Independent Counsel did not charge McFarlane with any crime stemming from the arms initiative. As one of its originators and prime movers he provided valuable testimony regarding its genesis.

By the end of June 1985, six Americans were being held hostage by pro-Iranian Shi'ite Muslim terrorists in Beirut.⁷³ Other acts of terrorism were launched against Americans, including the hijacking of a TWA jet in June 1985 and the murder of one of its passengers, U.S. Navy diver Robert Stetham.

73 The American hostages were William Buckley, the CIA's chief of station in the Lebanese capital; Presbyterian minister Benjamin Weir; Father Lawrence Martin Jenco, a Catholic priest; Associated Press reporter Terry Anderson; David Jacobsen, a hospital administrator; and Thomas P. Sutherland, a university dean.

Iran had, since the taking of the U.S. Embassy in 1979, been barred from receiving U.S. weaponry, and the United States, through a policy known as "Operation Staunch," discouraged weapons sales by other countries. In January 1984 Iran was officially declared by the State Department to be a sponsor of international terrorism, making it subject to additional arms-export restrictions.

Against this troubling backdrop, McFarlane dispatched Michael Ledeen, an NSC consultant, in the spring of 1985 to sound out Israeli officials about the possibility of establishing contacts inside Iran, in hopes of building ties with more moderate factions there. During the 1985 arms shipments, Ledeen acted as a conduit for information between Israeli officials, Israeli and Iranian arms brokers, and the NSC staff.⁷⁴ By using Ledeen as a private intermediary, McFarlane pretended not to have official NSC involvement in these overtures. Ledeen said he "had an understanding with Mr. McFarlane that neither of us would keep anything in writing regarding this initiative."⁷⁵

⁷⁴ Ledeen was an early subject of Independent Counsel's investigation because of allegations that he personally profited from the Iran arms sales. No evidence was found supporting these allegations, although Ledeen admitted that he asked Israeli arms brokers Adolf (Al) Schwimmer and Yaakov Nimrodi to open a bank account in October 1985 to cover Iran arms sales expenses. Ledeen said an account was opened in Switzerland, that Schwimmer and Nimrodi gave him the number, and that he subsequently gave it to North. After the Iran arms sales became public, he received a letter from Credit Suisse stating that the account was never used and no money was ever deposited in it. (Ledeen, Grand Jury, 9/18/87, pp. 125-27, and Letter from Credit Suisse to Ledeen, 4/23/87.)

⁷⁵ Ledeen, Grand Jury, 9/18/87, p. 34.

Ledeen said he learned in March 1985 from a Western European intelligence official that Iran's political situation was fluid and that the United States could gain valuable information from the Israelis.⁷⁶ At about this time, Ledeen said he discussed with former CIA official Theodore Shackley a meeting Shackley had in late 1984 with an Iranian (Manucher Ghorbanifar), who told him it might be possible to ransom the release of American hostage William Buckley, the CIA's station chief in Beirut. According to Ledeen, Shackley in April or May 1985 asked him to relay to the Administration a memo on the ransom plan that had already been rejected by the State Department in December 1984.⁷⁷ Ledeen said he gave the Shackley memo to North.⁷⁸

⁷⁶ Ibid., pp. 21-23.

⁷⁷ Memorandum from Shackley to Walters, 11/22/84.

⁷⁸ Ledeen, Grand Jury, 9/18/87, p. 48. Despite the lack of documentation by McFarlane and Ledeen, North's notebooks suggest the timing of Ledeen's early contacts regarding Iran. North's notebooks on January 15, 1985, reflect a call to CIA counterterrorism official Duane R. Clarridge, regarding Ledeen. (North Notebook, 1/15/85, AMX 000327.) On March 21, 1985, North noted: "Mtg w/Ledeen -- Wants to make trip to Israel -- RCM [McFarlane] . . ." On April 28, 1985, North noted, "Call Clarridge re Ledeen [] Iranian." (North Notebook, 4/28/85, AMX 000626.)

Ledeen traveled to Israel on McFarlane's behalf in early May 1985 and met with Israeli Prime Minister Shimon Peres. According to Ledeen, Peres asked him to carry a request back to McFarlane. Peres said Iran wanted to purchase from Israel U.S.-made artillery shells or pieces, and Israel could not make the sale without U.S. approval.⁷⁹ Shortly after his return to the United States in mid-May 1985, Ledeen relayed the results of his meetings in Israel and also the Peres request. Ledeen said McFarlane checked on the request and subsequently told Ledeen "that it was okay but just that one shipment and nothing else."⁸⁰ McFarlane claimed not to have remembered any discussion with Ledeen regarding artillery parts.⁸¹

⁷⁹ Ledeen, Grand Jury, 9/18/87, p. 30.

80 Ibid., p. 37.

81 McFarlane, Tower Commission Testimony, 2/19/87, p. 93.

In Israel, meanwhile, talks were progressing among Israeli officials, including Adolf (Al) Schwimmer, an adviser to Prime Minister Peres; Israeli arms dealer Yaakov Nimrodi; and Iranian entrepreneur Manucher Ghorbanifar. Ghorbanifar had proposed that Israel sell Iran 100 U.S.-made TOW missiles; as a sign of the power of his contacts in Iran, he would obtain the release of CIA Station Chief Buckley.⁸²

82 Israeli Historical Chronology, Part One, 7/29/87, p. 5, AOW 0000018, as released in Select Committees Report, pp. 164-65.

In early June 1985, McFarlane approved a second trip by Ledeen to Israel, but it was canceled because Secretary of State Shultz was angry when he learned after the fact of Ledeen's earlier secret mission.⁸³ When U.S. Ambassador to Israel Samuel Lewis learned of Ledeen's previous visit, he complained to Shultz; when Shultz confronted McFarlane on the matter, McFarlane informed Shultz that Ledeen was there on his own, not on an NSC assignment.⁸⁴

83 Ledeen, Grand Jury, 9/18/87, pp. 40-41. North's notebooks reflect that he discussed the impending trip with Ledeen on June 3, 1985: "Call from Ledeen -- Re Iran contact -- so many people making approaches -- confused as to intermediary -- could we sit down and talk -- Mullah's want to meet with a 'person we can deal with' -- Ledeen leaving Friday on trip for Bud [McFarlane] -- Gone for week -- Ted Shackley 320-2190 (H) 522-3253 (O)." (North Notebook, 6/3/85, AMX 000732.)

84 McFarlane, FBI 302, 3/10/87, p. 4.

On June 17, 1985, McFarlane circulated a draft National Security Decision Directive (NSDD) on Iran to Shultz, Casey and Defense Secretary Weinberger, recommending the option of selling military equipment to Iran in an effort to re-open ties. Shultz and Weinberger opposed the draft NSDD; Casey endorsed it.

On July 3, 1985, David Kimche, the director general of Israel's Foreign Ministry, met with McFarlane in Washington. McFarlane's recollection of the discussion was:

. . . In this conversation, there was no request for arms, in any respect, nor linkage made between arms and the release of the hostages although Mr. Kimche did advert to the possibility that arms might be raised in the future. He asked that I provide the U.S. Government position.

Within two or three days, I conveyed this information to the President as well as to the Secretaries of State and Defense. The President reflected on the matter and gave his approval to such a political dialogue. I conveyed this information to Mr. Kimche. . . .⁸⁵

85 McFarlane, SSCI Testimony, 12/7/86, p. 9.

McFarlane heard shortly after his Washington meeting with Kimche about a request from Ghorbanifar for 100 TOW missiles. On July 7, 1985, Kimche, Nimrodi, Schwimmer, Ghorbanifar and international financier Adnan Khashoggi met in Geneva, where Ghorbanifar proposed the TOW missile sale to strengthen his position in Iran. As in earlier meetings, Ghorbanifar claimed he could obtain the release of American hostages as a result.⁸⁶ On July 8, 1985, Kimche, Nimrodi, Schwimmer, Khashoggi and Ghorbanifar met with Ghorbanifar's Iranian contact in Hamburg, West Germany. The participants discussed TOW missiles and hostages, and the possibilities of U.S.-Israeli cooperation on the matter.⁸⁷

86 Israeli Historical Chronology, Part One, 7/29/87, pp. 12-13, AOW 0000025-26, as released in Select Committees Report, p. 166,

87 Ibid., pp. 13-14, AOW 0000026-27, as released in Select Committees Report, p. 166.

On July 11, 1985, Schwimmer at Kimche's direction met with Ledeen in Washington. Schwimmer told Ledeen that Ghorbanifar thought the American hostages could be freed and that selling TOW missiles to Iran would improve U.S.-Iran relations.⁸⁸ Continuing the rapid pace of events in July 1985, Ledeen relayed to McFarlane the information Schwimmer had given him. McFarlane told Ledeen he would have to study whether the United States should sell TOW missiles to Iran.⁸⁹ Shortly after meeting with McFarlane, Ledeen left for Israel, where he met with Israeli officials and Ghorbanifar.

88 Ledeen, Grand Jury, 9/18/87, pp. 44-45. Ledeen said this was the first time he had ever heard of Ghorbanifar; he said he did not realize at the time that the memo he had received earlier from Shackley about ransoming Buckley was based on a meeting with Ghorbanifar. (Ibid., pp. 47-49.)

89 Ibid., p. 53.

McFarlane informed Shultz by way of a back-channel cable on July 14, 1985, about Kimche's proposal that 100 TOWs be shipped to Iran.

McFarlane's testimony about the July-August 1985 period wavered in terms of precise dates, but it remained relatively consistent regarding the progression of events. McFarlane said he informed President Reagan of the Kimche proposal to sell arms to Iran when Reagan was recovering from cancer surgery at Bethesda Naval Hospital in July 1985.⁹⁰ According to McFarlane, the President said "that he could understand how people who were trying to overthrow a government would need weapons, but we weren't yet sure about whether they were legitimate. So he said that we, the United States, could not do it." ⁹¹

⁹⁰ McFarlane, North Trial Testimony, 3/16/89, p. 4761. According to "The Public Papers of the President, 1985," Appendix A, p. 1513, McFarlane on July 18, 1985, "briefed the President on the conclusion of round two of the U.S.-Soviet nuclear and space arms negotiations and also on terrorism and efforts to combat it." McFarlane's schedule also shows a meeting with the President and Secretary of State George Shultz at Bethesda Naval Hospital at 11 a.m. on Friday, July 19, 1985.

⁹¹ Ibid.

McFarlane reported the President's response to Kimche, and Kimche requested a second meeting. On August 2, 1985, Kimche met with McFarlane at the White House and told McFarlane that the Iranian contacts the Israelis had developed were legitimate. According to McFarlane, Kimche asked, "What if Israel were to deliver the TOWs, not the United States, would that be different? Would you agree with that?" ⁹² Kimche asked McFarlane for the official U.S. position and McFarlane agreed to report it to the President.

⁹² Ibid., p. 4762.

McFarlane said Kimche asked whether the United States would sell replacement weapons to the Israelis if the TOW missiles came from their stocks. McFarlane said he told Kimche: "David, that's not the point. You've been buying missiles from us for a long time and you always can. You know that. The issue, and I will get you an answer, is whether it should be done at all." ⁹³

⁹³ Ibid.

McFarlane said in the week following his August 2 meeting with Kimche, there were meetings at which the TOW missile sale was discussed; he repeatedly testified that Shultz, Weinberger, Vice

President Bush, Poindexter and White House Chief of Staff Donald Regan were either present in those meetings or kept apprised of the discussions.⁹⁴ McFarlane said, President Reagan ``decided that he would approve Israel's delivery of HAWK -- excuse me -- TOW missiles, and that if Israel came to us to purchase replacements they could do that." ⁹⁵ McFarlane said the replenishment issue, as part of his presentation of the Kimche proposal, was discussed with Shultz and Weinberger.⁹⁶ McFarlane said shortly thereafter he notified Kimche of the President's decision.⁹⁷

⁹⁴ In an interview with the Tower Commission, McFarlane was perplexed by a lack of White House meeting agendas for the late July-early August 1985 time frame where all or more than two or three of the NSC principals gathered. ``[I]t is those meetings where Iran was discussed," he said. `` . . . I called the Executive Secretary at the NSC and I asked are there agendas for each of the following meetings, and I gave them six meetings from July 22 to August 7, and he said no, there are no agendas for meetings at which the President met with all of them on at least two occasions. I don't know." (McFarlane, Tower Commission Testimony, 2/19/87, p. 19.)

⁹⁵ McFarlane, North Trial Testimony, 3/16/89, p. 4764.

⁹⁶ McFarlane, FBI 302, 3/20/92, p. 5.

⁹⁷ McFarlane, North Trial Testimony, 3/16/89, p. 4764.

On August 20, 1985, Israel -- working through Nimrodi, Schwimmer and Ghorbanifar -- transferred ⁹⁶ U.S.-made TOW missiles to Iran via chartered aircraft. No hostages were freed following the initial TOW missile shipment, although Ghorbanifar continued to promise their release.⁹⁸

⁹⁸ Israeli Historical Chronology, Part One, 7/29/87, p. 27, AOW 000040, as released in Select Committees Report, p. 168.

In September 1985, Ledeen provided North with information to allow surveillance of Ghorbanifar and his contacts.⁹⁹ By this point, North had become involved in logistical aspects of arranging for the hostages to leave Lebanon. A note taken by a Shultz aide, Nicholas Platt, on September 4, 1985, reflects information that North, Ledeen and McFarlane were involved in obtaining the release of hostages, via Israel providing ``equipment" to Iran.¹⁰⁰

⁹⁹ Ledeen, Grand Jury, 9/18/87, pp. 103-04.

¹⁰⁰ Platt Note, 9/4/85, ALW 0036259.

On September 14, 1985, a second shipment of 408 TOW missiles from Israel to Iran was made, finally resulting in the release of one American hostage, Reverend Benjamin Weir. Ledeen said the Weir release ``confirmed the legitimacy of Ghorbanifar as a channel to powerful people in Iran." ¹⁰¹ But U.S. officials clearly expected more. The fact that Buckley had not been released was of special concern, because Administration officials had sought his return first.¹⁰² Throughout September and October, Ledeen continued to act as McFarlane's private liaison with Israeli officials and Ghorbanifar in the arms-for-hostages deals.¹⁰³ Instead of further releases following Weir, however, there were increasing demands by Ghorbanifar for more weapons. In early October 1985, the terrorist group believed to be holding the hostages in Beirut reported that Buckley was dead.

¹⁰¹ Ledeen, Grand Jury, 9/18/87, p. 105.

¹⁰² McFarlane, FBI 302, 3/20/92, pp. 1, 12.

¹⁰³ Among these meetings, on October 7 and 8, 1985, Ledeen met in Washington with North, Schwimmer, Nimrodi and Ghorbanifar.

In October 1985, Ledeen told McFarlane the Iranians wanted several types of missiles, including Phoenix and Harpoon missiles. McFarlane said it was "out of the question, it's nuts, just forget about it." 104

104 McFarlane, Grand Jury, 5/4/87, p. 59.

North noted an October 30, 1985, discussion with Ledeen, in which Ledeen described a recent meeting he had with one of Ghorbanifar's Iranian contacts, Hassan Karoubi, in Geneva. The notes state: "what's Rqd. [required] to get hostages out." North then noted, 150 HAWKS, 200 Sidewinder missiles, and 30-50 Phoenix missiles.¹⁰⁵ The notes also reflect the Israelis' continuing concern over replenishment of the TOW missiles they shipped to Iran in August-September 1985, the fact that Buckley had not been released, and McFarlane's apparent belief that arms sales should be stopped unless more hostages are freed.

105 North Notebook, 10/30/85, AMX 001836.

By November, Ghorbanifar and his Iranian contacts were seeking U.S.-made Improved HAWK missiles from Israel. Israel proceeded to make plans for a shipment. On November 8, 1985, McFarlane met with Kimche in Washington.¹⁰⁶

106 McFarlane Calendar, 11/8/85, MF 856-57.

On November 9, 1985, McFarlane told Weinberger that hostage-release efforts were tied to arms sales to Iran. Noting a call from McFarlane, Weinberger wrote: "wants to start 'negot.' exploration with Iranians (+ Israelis) to give Iranians weapons for our hostages . . ." ¹⁰⁷ On November 10, 1985, Weinberger noted a discussion with McFarlane, stating, "we might give them -- thru Israelis -- Hawks but no Phoenix." ¹⁰⁸ On November 14, 1985, Shultz aide Charles Hill noted a conversation between Shultz and State Department official Michael Armacost, stating, "in last few days Bud [McFarlane] asked Cap [Weinberger] how to get 600 Hawks + 200 Phoenix to Iran. Its [sic] highly illegal. Cap won't do it I'm sure. Purpose not clear. Another sign of funny stuff on Iran issue. . ." ¹⁰⁹

107 Weinberger Note, 11/9/85, AKW 018126.

108 Ibid., 11/10/85, ALZ 0039775.

109 Hill Note, 11/14/85, ANS 0001187. McFarlane said he did not believe he ever raised with Weinberger a request for 600 HAWKS and 200 Phoenix missiles for Iran, because he had rejected such a request by Ledeen in October and was strongly opposed to it. (McFarlane, FBI 302, 3/20/92, pp. 14, 15.)

McFarlane met with Israeli Defense Minister Yitzhak Rabin on November 15, 1985, in Washington, shortly before McFarlane left for the Geneva summit of President Reagan and Soviet leader Mikhail Gorbachev. McFarlane said, "I believe that his [Rabin's] purpose in coming was simply to reconfirm that the President's authority for the original concept was still valid. We hadn't changed our minds. And I reconfirmed that that was the case." ¹¹⁰ McFarlane said Rabin told him that the Israelis were about to make another arms shipment to Iran, but he did not mention HAWKS.¹¹¹

110 McFarlane, Tower Commission Testimony, 2/19/87, p. 36.

111 McFarlane, FBI 302, 3/20/92, p. 14.

On November 14, 1985, McFarlane and Poindexter discussed hostage-release efforts with Casey and his deputy John McMahon. McMahon memorialized this meeting for the record, noting that: ". . . McFarlane then told us about the Israeli plan to move arms to certain elements of the Iranian military who are prepared to overthrow the government." ¹¹²

112 Memorandum for the Record by McMahon, 11/15/85, ER 32809-10.

During the Reagan-Gorbachev summit in Geneva, McFarlane informed President Reagan and White House Chief of Staff Donald T. Regan of the impending arms shipment and the anticipated hostage release. On November 19, 1985, McFarlane also informed Shultz in Geneva of the impending shipment by Israel to Iran. Hill's notes reflect a secure call between McFarlane and Shultz:

Bud [McFarlane] talked to Kimche. 4 host[a]g[es] to be released Thursd[a]y. Isr[ael]. will fly plane w[ith] 100 Hawk to [a European city]. Transfer to another plane. If host[a]g[es] released, plane will go to Iran. If not, Israel. Isr[ael]. will buy from us to replace & be p[ai]d by Iran. . . .113

113 Hill Note, 11/18/85, ANS 0001200.

Weinberger, who was in Washington, received a call from McFarlane in Geneva. He noted that McFarlane ``wants us to try to get 500 Hawks for sale to Israel to pass on to Iran for release of 5 hostages Thurs[day]." 114 Although Weinberger had opposed the principle of trading arms for hostages in White House meetings with the other NSC members, he asked his chief military aide U.S. Army General Colin Powell to research the viability of McFarlane's request. Powell reported back that the large quantity of HAWKs at issue could not be shipped without congressional notification. Weinberger on November 19, 1985, called McFarlane in Geneva with the information.115 On November 20, 1985, McFarlane informed Weinberger in a call from Geneva: ``. . . President has decided to do it thru Israelis." 116

114 Weinberger Note, 11/19/85, ALZ 0039795.

115 Ibid., ALZ 0039797.

116 Ibid., 11/20/85, ALZ 0039799.

Israeli Defense Minister Rabin called McFarlane in Geneva and told him there was a problem getting an arms shipment through a European country. McFarlane called Poindexter in Washington to help, and North undertook a series of steps in response. North told McFarlane there were two problems: the European country was not granting landing rights, and the missiles needed to be loaded onto another aircraft because they were coming from Tel Aviv in an El Al plane with Israeli markings. At North's request, McFarlane, who was in Rome, contacted officials in the European country to seek permission to land.117

117 McFarlane, Grand Jury, 5/4/87, pp. 60-64.

On November 22, 1985, McFarlane, who was in Rome, contacted the foreign minister of the European country where landing rights were being sought.118

118 PROFs Note from North to Poindexter, 11/22/85, AKW 002068.

Ultimately, the HAWK missiles went from Israel by way of a west Asian country on November 24, 1985. When the missiles arrived in Iran, they were rejected as the wrong type of HAWK. Consequently, only one planeload bearing 18 HAWK missiles was delivered. No hostages were released.119

119 The failed HAWKs shipment resulted in the illegal involvement of the CIA. North had enlisted the help of CIA official Duane ``Dewey" Clarridge to un snag the landing-rights problem in the European country and to obtain the name of a CIA proprietary airline that could transfer the missiles to Iran. Clarridge's action caused CIA officials to insist, following the weekend of the HAWK shipment, that the President sign a covert-action Finding retroactively authorizing a CIA role. See Clarridge chapter.

On or about November 25, 1985, Ledeen received a frantic phone call from Ghorbanifar, asking him to relay a message from the prime minister of Iran to President Reagan regarding the shipment of the wrong type of HAWKS. Ledeen said the message essentially was ``we've been holding up our part of the bargain, and here you people are now cheating us and tricking us and deceiving us and you had better correct this situation right away." 120

120 Ledeen, Grand Jury, 9/18/87, p. 133.

Ledeen relayed the message to Poindexter, and Poindexter informed Ledeen he was no longer needed for the project, that instead the Administration would use a person with more technical expertise.¹²¹ Ledeen said North informed him in December 1985 that the arms deals ``had been shut down." <sup>122</sup> Despite this information, Ledeen continued his contacts with Ghorbanifar into a new phase of the arms shipments, meeting with Duane Clarridge and Charles Allen of the CIA, in early December 1985 to ``brief them on Ghorbanifar, who he was, how I had known him, what we had done with him, to lay the groundwork for possible cooperation between them and him." ¹²³

¹²¹ Ibid., pp. 134-35.

¹²² Ibid., p. 150.

¹²³ Ibid., p. 158.

McFarlane's Resignation: The Iran Initiative Continues

McFarlane resigned as national security adviser on December 4, 1985. In announcing McFarlane's departure to the press, President Reagan said: ``I should warn you that I'll probably be calling on you from time to time for your wise counsel and advice." ¹²⁴ In an exchange of letters regarding McFarlane's resignation, President Reagan again hinted that he would continue to use his former national security adviser in a special capacity, stating: ``I trust you will still permit me to call on you from time to time." ¹²⁵ The President immediately called McFarlane into service, as further arms sales to Iran were under consideration.

¹²⁴ ``Remarks Announcing the Resignation of Robert C. McFarlane as Assistant to the President for National Security Affairs and the Appointment of John M. Poindexter," 12/4/85, Public Papers of the Presidents, 1985, p. 1440.

¹²⁵ ``Letter Accepting the Resignation of Robert C. McFarlane as Assistant to the President for National Security Affairs," Public Papers of the Presidents, 1985, p. 1443.

On December 5, Poindexter notified the NSC principals that there would be an off-the-schedule meeting on Saturday, December 7, in the White House residence to discuss whether the Iran initiative should continue.

On the morning of December 7, President Reagan met with McFarlane, Shultz, Weinberger, Regan, McMahon and Poindexter. Weinberger's notes reflect a discussion of HAWKS and TOWs that the President believed would go to ``moderate elements in Army" in Iran; Weinberger objected strongly on the grounds that the U.S. embargo on arms sales to Iran would make such a sale illegal, even if it were done through Israel. Regan and Shultz agreed with his position, but the President was adamant that he should not pass up a chance to free the hostages.¹²⁶

¹²⁶ Weinberger Note, 12/7/85, ALZ 0039831.

McFarlane said he was the principal speaker at the December 7 White House meeting, describing the progression of the Iran arms sales since August and asking the NSC principals whether the initiative should continue.¹²⁷ As a result of the meeting, McFarlane was dispatched to London to

meet for the first time with Ghorbanifar. North, meanwhile, was already in London, meeting with Secord, Kimche, two other Israeli officials, and later Ghorbanifar.¹²⁸

¹²⁷ McFarlane, FBI 302, 3/20/92, p. 20.

¹²⁸ Secord, Select Committees Testimony, 5/6/87, pp. 11-14.

According to Weinberger's notes, McFarlane's mission to London was to "advise President's decision that we will not ransom our hostages -- he will discuss with UK possibility of their selling some arms to negotiators." ¹²⁹ Shultz was told by Poindexter:

¹²⁹ Weinberger Note, 12/7/85, ALZ 0039832, ALZ 0039838.

. . . Bud [McFarlane] is to ask them [Iran] to release hostg. [hostage]. Then, we prep[ared] to work for better rel[at]ions. If rejected, he auth[orized] to go to [Great Britain which] sells arms to IR[an] anyway & see if [they] will pick up sale. I s[ai]d its [sic] still US arms. Just more complicated & we more vulnerable. P[resident] annoyed. McF[arlane] had him sold on it.¹³⁰

¹³⁰ Hill Note, 12/9/85, ANS 0001246.

On Sunday, December 8, 1985, McFarlane met at the London home of arms dealer Nimrodi, with North, Secord, Ghorbanifar, Schwimmer, Kimche and an Israeli defense official. McFarlane stated the position of the United States, that it welcomed discussions with Iran and an improvement of relations. The release of the hostages would be important evidence of a similar desire by the Iranians. Such a release would be followed by an appropriate effort to supply arms.¹³¹ Ghorbanifar responded that he would not transmit this position for fear that the hostages would be killed. McFarlane walked away from his meeting with Ghorbanifar with a mixed impression of his political knowledge and personal character:

¹³¹ Memorandum from North to McFarlane and Poindexter, 12/9/85, AKW 02088-91.

. . . while he seemed to have a rather agile and creative mind for intrigue and in retrospect, a rather accurate view of the politics within Iran, he was a person of intrigue and conspiracy and not a diplomat. Kind of a north end of a south bound horse. And I didn't think we should do business with the man.¹³²

¹³² McFarlane, SSCI Testimony, 12/7/86, p. 33.

On December 10, 1985, McFarlane met at the White House with the President, Weinberger, Casey, Regan, and Poindexter to brief them on his meeting in London with Ghorbanifar. McFarlane told them he found him untrustworthy. According to McFarlane, he told the group that he told Ghorbanifar to tell the Iranians that, "We will talk with them [the Iranians], but no more weapons." ¹³³ According to Weinberger's notes of the meeting, McFarlane called Ghorbanifar "corrupt, duplicitous -- not to be trusted." ¹³⁴ Weinberger's notes also reflect that five options for future hostage-release efforts were discussed, including "US deal with Iranians + give up Israeli cover." ¹³⁵

¹³³ McFarlane, FBI 302, 3/20/92, p. 21.

¹³⁴ Weinberger Meeting Note, 12/10/85, ALZ 0040644B.

¹³⁵ Ibid. These options tracked with an options paper dated December 9, 1985, that North prepared for McFarlane and Poindexter; the fifth option described in the paper was for the United States to sell arms directly to Iran, acting pursuant to a Presidential covert-action finding, using Secord as an operative. (Memorandum from North to McFarlane and Poindexter, 12/9/85, AKW 002088-91.)

The December 10, 1985, meeting, in which McFarlane recommended no further dealings with Ghorbanifar, marked McFarlane's last involvement for several months in the Iran arms sales. McFarlane's pessimistic report did nothing to stop the arms deals; instead, in January 1986 President Reagan approved direct U.S. arms sales to Iran. Also, Ghorbanifar remained involved as an intermediary, although, confirming McFarlane's assessment, he failed polygraph tests administered to him by the CIA.¹³⁶

¹³⁶ See Casey chapter.

The Tehran Mission

Poindexter and North continued to keep McFarlane apprised of developments on the Iran arms sales in 1986. McFarlane's special relationship with the NSC staff was demonstrated by the fact that he remained in regular contact with them via a White House PROFs computer terminal in his home.¹³⁷

¹³⁷ PROFs was the name of the NSC computer program; it stood for Professional Office system.

On February 27, 1986, North reported in a PROFs message to McFarlane about discussions he had just had in Frankfurt with an Iranian official, Mohsen Kangerlu, in which the Iranians sought a high-level meeting with U.S. officials. North noted that neither Poindexter nor Casey were "very enthusiastic" about such a plan, but he told McFarlane "you shd [should] be chartered" to attend such a meeting.¹³⁸ Later that same day, McFarlane in a PROFs note to North told him Poindexter had asked and he agreed to go to a meeting with Iranians the following week. McFarlane told North, "So hunker down and get some rest; let this word come to you in channels, but pack your bags to be ready to go in the next week or so." ¹³⁹

¹³⁸ PROFs Note from North to McFarlane, 2/27/86, AKW 072209.

¹³⁹ PROFs Note from McFarlane to North, 2/27/87, AKW 072211.

The mission would not, in fact, occur, until May 1986, following a series of meetings between North, Ghorbanifar, CIA officials, Secord, Hakim and Israeli counterterrorism official Amiram Nir, both in the United States and Europe. North regularly reported on breaking developments to McFarlane. The two men continued to enjoy close relations.¹⁴⁰

¹⁴⁰ In a March 10, 1986, message to North, McFarlane expressed concern over renewed scrutiny by Congress over North's contra-aid activities, suggesting that North join him in the private sector at the Center for Strategic and International Studies (CSIS), a Washington think tank. He painted a simple scenario for North's future: "1. North leaves the White House in May and takes 30 days leave. 2. July 1st North is assigned as a fellow at the CSIS and (lo and behold) is assigned to McFarlane's office. 3. McFarlane/North continue to work the Iran account as well as to begin to build other clandestine capabilities so much in demand here and there. Just a knee jerk musing." (PROFs Note from McFarlane to North, 3/10/86, AKW 001141.)

Negotiations for a high-level meeting with Iranian officials continued through April. On April 21, 1986, Poindexter told McFarlane that the Iranians were insisting on a delivery of HAWK missile parts before releasing the hostages. Poindexter said the U.S.-Iran meeting should take place first, followed by the release of the hostages, and concluding with the delivery of the HAWK parts. Poindexter told McFarlane, "The President is getting quite discouraged by this effort. This will be our last attempt to make a deal with the Iranians." ¹⁴¹ In response, McFarlane told Poindexter: "Your firmness against the recurrent attempts to up the ante is correct. Wait them out; they will come around. I will be flexible." ¹⁴²

¹⁴¹ PROFs Note from Poindexter to McFarlane, 4/21/86, AKW 021469.

142 PROFs Note from McFarlane to Poindexter, 4/22/86, AKW 021474.

In early May, North and CIA annuitant George Cave met in London with Ghorbanifar and Nir, where the groundwork finally was laid for a meeting between McFarlane and high-level Iranian officials, as well as financial arrangements for the arms deal. Among the officials Ghorbanifar said would meet with an American delegation were the president and prime minister of Iran and the speaker of the Iranian parliament.

Before McFarlane left for the meeting, scheduled to take place in Tehran, Poindexter briefed McFarlane on the plan: When the American party arrived in Tehran, two of the American hostages would be released to the U.S. ambassador in Beirut; then, a second aircraft carrying HAWK parts would depart from Tel Aviv, Israel, en route to Tehran, and two more American hostages would be released to the U.S. ambassador; upon confirmation that the releases had taken place, a third aircraft carrying HAWK parts would depart Tel Aviv for Tehran, and at that point the remains of Buckley would be turned over.¹⁴³

143 McFarlane, FBI 302, 3/13/87, pp. 10-11.

McFarlane, North, Cave, NSC staff member Howard Teicher, and two CIA communications specialists left Washington for Iran via Frankfurt and Israel on May 23, 1986. In Israel, Secord and Nir -- who had replaced Kimche as the Israeli official in the arms deals -- joined the group. Only a portion of the HAWK spare parts expected by the Iranians was loaded onto the aircraft that the party was taking to Iran.

On May 25, 1986, the McFarlane party arrived in Tehran at 8:30 a.m. local time, bringing with them HAWK spare parts. The rest of the parts expected by the Iranians remained in Israel, to be flown in once the hostages were released in Lebanon. The Americans were escorted to the former Hilton Hotel. According to North's notes of a secure message transmitted to the White House, "We have been treated politely, though heavily escorted by Rev[olutionary] Guard types who are also physically and technically surveilling our rooms." ¹⁴⁴ That evening, the McFarlane party began three days of largely fruitless talks with Iranians.

144 North Note, 5/25/86, AMX 001128.

McFarlane expected the hostage releases to begin when they arrived in Tehran, and asked the deputy-level officials with whom they met the first evening why that hadn't occurred. He was also disappointed that he was not meeting with higher-level officials. Already, it was clear that the Iranians and Ghorbanifar had not agreed on the hostage-release plan that Ghorbanifar had previously laid out to the Americans.¹⁴⁵

145 McFarlane, FBI 302, 3/13/87, pp. 12-13.

According to notes taken by Teicher, the Iranian officials with whom they met the first night:

... were in a bargaining mode. They claimed the [HAWK] spares were inadequate and used, and that we couldn't keep a man on the plane. After an hour of polite exchanges, Bud got steamed. Nonetheless, things didn't seem to be too off-track; until during dinner we learned that contrary to our refusal, they had taken our man off the plane. This stimulated a flurry of angry exchanges which in the end proved unsat. [unsatisfactory]. By 11:00, after shish, caviar, ice cream things were beginning to look grim. Bud [McFarlane] threatened + started to pack. At 11:30 we broke up + called it a night.¹⁴⁶

146 Teicher Note, 5/25/86, AKW 005419.

According to North's notes, McFarlane opened the meeting with a broad political discussion, telling the Iranians that President Reagan instructed him "to do what is necessary to find common ground for discussions in future." 147 McFarlane said the "very fact that I am here is proof that we have turned page of history." 148 North's notes also reflect that the Iranians were upset with the limited amount of HAWK spare parts the Americans had brought with them.

147 North Note, 5/25/86, AMX 001129.

148 Ibid., AMX 001132.

On May 26 McFarlane met again with Iranian officials. According to Teicher's notes, the "meeting w/Bud doesn't go well, deservedly. He finally walks out basically telling them to fix the problems + we can then resume a dialogue. They tell us that a special representative will soon be here to meet w/Bud." 149 In a memo of the discussion prepared by Teicher, the Iranian official told McFarlane that more preparations had to be made before discussions could begin with McFarlane at the "ministerial" level; McFarlane expressed disappointment and told him before a dialogue could begin with the United States, "[t]he preliminary problem in Lebanon must be overcome." 150

149 Teicher Note, 5/26/86, AKW 005420.

150 Memorandum of Conversation from Teicher, 5/26/86, AKW 005310-12.

That evening North, Teicher, Cave and Nir met -- without McFarlane -- with an Iranian foreign affairs adviser to the speaker of the Iranian Parliament. Teicher described this as "our most serious meeting," lasting several hours.¹⁵¹ The next day, May 27, the Iranian adviser informed the American delegation that the hostage-holders in Beirut had been contacted and put heavy conditions on the release of hostages, including the release of Dawa terrorists imprisoned in Kuwait.

151 Teicher Note, 5/26/86, AKW 005421.

On the late afternoon of May 27, McFarlane told the Iranian foreign affairs adviser that the President had already tried in three previous weapons shipments to Iran to establish a dialogue with that country:

But his instructions to me in sending me here were that if this 4th try didn't achieve results it was pointless to pursue an ineffective dialogue. I can understand that there may have been misunderstandings + I don't point to any bad faith. But my Pres.'s instructions are firm, w/o [without] results we are to discontinue the talks. These are very firm instructions. All the items that have been paid for are loaded + poised for release the minute the hostages are in our custody. Their prompt delivery w/i [within] 10 hours is our solemn commitment . . . to the problem raised by the captors, the Dawa prisoners, it is much on our mind as it has been raised before. Our position is derived from our policy which respects [sic] all nations judicial policies. We cannot ignore their process. I am sad to report this. I respect what you said. I will report to my Pres. But I cannot be optimistic.¹⁵²

152 Ibid., 5/27/86, AKW 005449-50.

In the late evening of May 27, the Americans said they would give the Iranians until 4 a.m. the following morning to free all the hostages. An aircraft carrying the remainder of the HAWK spare parts would arrive in Tehran at 10 a.m.; if the hostages were not freed by 4 a.m., the aircraft would be ordered back in mid-flight. The Iranian foreign affairs adviser asked about the hostage-takers' demand for the Dawa prisoners, and North proposed a statement that the United States would make every effort to achieve their release and fair treatment.¹⁵³ At 11:30 p.m., after "more wrangling" between McFarlane and the Iranian foreign affairs adviser, Teicher noted:

153 Memorandum from Teicher, 5/27/86, AKW 005327.

. . . we conclude that they're just stringing us along. RCM [McFarlane] gives order to pack/depart. We discovered 15 minutes earlier that all day the plane was not refueled . . . leaving us semi-stranded.¹⁵⁴

154 Teicher Note, 5/27/86, AKW 005452.

At 1:30 a.m. on May 28 Tehran time, Poindexter called McFarlane and told him that President Reagan said to launch the plane carrying HAWK parts from Tel Aviv, but if there were no word on hostage releases by 4 a.m., to leave Tehran; the Iranians asked that they be given until 6 a.m.¹⁵⁵

155 Ibid., 5/28/86, AKW 005452. In testimony to the Select Committees, McFarlane said that North called the second plane to leave Tel Aviv for Tehran and that he (McFarlane) learned of North's order after the fact. (McFarlane, Select Committees Testimony, 5/12/87, p. 79.) North said he gave the order for the second plane to leave Tel Aviv based on the previously established schedule. (North, Select Committees Testimony, 7/9/87, pp. 113-15.) Teicher's notes indicate that the order for the plane to leave Tel Aviv came from President Reagan early on the morning of May 28, 1986: ``12:45 Bud [McFarlane] talks to John [Poindexter]. Advises us to hold pending discussion w/RR [Reagan]. 1:30 [a.m.] JMP [Poindexter] calls. RR says launch second plane. If no word on hostage release by 4:00, leave Tehran. 2:00 [a.m.] RCM [McFarlane] meets [Iranian foreign affairs adviser]. They ask for us to delay until 6. They will get answer on hostages. RCM says if they give us a time we will launch A/C [aircraft] from T.A. [Tel Aviv] so that it will land here 2 hours after hostages in U.S. custody. 2:20 conveyed to Washington. Maybe they're serious now." (Teicher Note, 5/28/86, AKW 005452.)

After a series of false signals throughout the night resulting in no hostage release, the McFarlane party left Tehran at approximately 9 a.m., May 28.¹⁵⁶ The plane carrying the second portion of HAWK parts from Tel Aviv to Iran turned back in mid-flight.

156 Teicher Note, 5/28/86, AKW 005452-53.

McFarlane Learns of the Diversion

McFarlane said he left Iran feeling that the United States had been ``conned." <sup>157</sup> The Americans stopped in Tel Aviv where, on the airport tarmac, North attempted to cheer up McFarlane by revealing to him the fact of the Iran/contra diversion. McFarlane said North told him: ``It's not a total loss, at least some of the money from this deal is going to Central America." ¹⁵⁸ McFarlane, already troubled by the Reagan Administration's failed series of approaches to Iran, received North's statement in silence, finding that it only deepened his distress.¹⁵⁹

157 McFarlane, FBI 302, 2/17/88, p. 10.

158 Ibid., 4/15/87, p. 11.

159 Ibid.

After returning to Washington, McFarlane, accompanied by North, briefed President Reagan, Vice President Bush and Regan on the Tehran mission. McFarlane was concerned about North's revelation regarding the Iran/contra diversion, but said he shared the information with no one. He recommended to Poindexter that North be reassigned to the Marine Corps.¹⁶⁰

160 Ibid.

McFarlane's Response to the Public Exposure of Iran/contra

McFarlane was one of the first principals to speak publicly about the Iran arms sales after they were exposed in the press in early November 1986. These reports focused on the fact that McFarlane had made a secret mission to Tehran bringing spare weapons parts and a cake. Iranian Parliament Speaker Rafsanjani confirmed the reports, calling the mission a sign of U.S. "helplessness."¹⁶¹ McFarlane on November 6 publicly dismissed the reports as "fanciful."¹⁶² On November 7, 1986, McFarlane sent a computer message to Poindexter, complaining that Donald Regan was pinning the blame on him in briefings to the press. In the computer message, McFarlane recounted the early Iran arms sales, beginning with discussions with the Israelis in June 1985, mentioning the 1985 TOW shipment but not the November 1985 HAWKs, going straight to a description of his December 1985 meeting in London with Ghorbanifar.¹⁶³

¹⁶¹ Facts on File, 11/7/86.

¹⁶² Ibid.

¹⁶³ PROFs Note from McFarlane to Poindexter, 11/7/86, AKW 002047.

On November 8, 1986, McFarlane sent a PROFs message to North: "SUBJECT: Audit trail [--] I hope to daylights that someone has been purging the [intelligence] files on this episode." ¹⁶⁴

¹⁶⁴ PROFs Note from McFarlane to North, 11/8/86, ALU 049630.

On November 15, 1986, McFarlane sent a PROFs message to Poindexter, expressing concern about the way the White House was handling the rapidly unfolding public exposure of the Iran arms sales:

. . . I lived through [sic] Watergate John. Well-meaning people who were in on the early planning of the communications strategy, didn't intend to lie but ultimately came around to it. I don't know how Regan will tend. He might choose two courses; either to push it off on someone outside the White House, which is fine with me, or he might go ahead with a "sell it on its merits" strategy. If the latter is the course followed, it must not be confrontational, but open and candid.

The judgments made on this and other matters in the next four or five days will be crucial. . . .¹⁶⁵

¹⁶⁵ PROFs Note from McFarlane to Poindexter, 11/15/86, AKW 077240.

By the time McFarlane raised his concerns about a "communications strategy," however, Administration officials had already lied to the public and to Congress, most notably on November 12, 1986, when Poindexter falsely told congressional leaders there was no U.S. involvement in the 1985 Israeli arms sales to Iran.

On November 18, Poindexter asked McFarlane to come to the White House to review an Iran arms sales chronology that the President would use in a press conference the following evening. At about 8 p.m., McFarlane came to North's office. North showed him a CIA chronology in which North thought there were errors.¹⁶⁶ North told McFarlane that Administration lawyers, whom North did not name, had pinpointed legal problems with the November 1985 HAWK shipment:

¹⁶⁶ McFarlane, North Trial Testimony, 3/14/89, pp. 4262, 4267.

Q: . . . Now, what did Colonel North say about the lawyers identifying a problem with the 1985 HAWK shipment?

A: I believe that it was a matter of whether or not the involvement of the CIA was appropriate.

Q: And by appropriate do you mean whether or not it was legal?

A: Yes. Or properly executed by decision.¹⁶⁷

167 Ibid., pp. 4268.

North told McFarlane that U.S. officials believed at the time that the cargo of the shipment was oil-drilling equipment.

McFarlane said his own recollection about the November 1985 shipment was uncertain:

Q: Did it cross your mind that he [North] may be feeding you a cover story or asking you to join with him in a cover story?

A: At the time I don't think so. Within a couple of days what I did learn led me to believe that yes, this really was a HAWK shipment and I began to recall more about it. But that evening I didn't.¹⁶⁸

¹⁶⁸ Ibid., p. 4272.

McFarlane told the Tower Commission that the November 18 chronology prepared by North "was not a full and completely accurate account of those events, but rather this effort to blur and leave ambiguous the President's role." ¹⁶⁹

¹⁶⁹ McFarlane, Tower Commission Testimony, 2/21/87, p. 43.

McFarlane revised a version of the chronology that had made plain the fact that in November 1985 the Israelis provided HAWK missiles to Iran. He omitted reference to the HAWKs and referred instead to a shipment of equipment:

Q: Now, was that done to solve this problem that the lawyers had raised and Colonel North had told you about?

A: Well, it didn't solve that problem but it was done that way to solve a problem in my mind, that the statement in the draft that there was a HAWK shipment together with Colonel North's statement that we hadn't learned of that until later on, I wasn't really willing to accept and so by saying equipment which I had said publicly before it seemed to me not to contradict the truth but it didn't say anything that was false or that I did not know for sure.¹⁷⁰

¹⁷⁰ McFarlane, North Trial Testimony, 3/14/89, p. 4281.

Beside the HAWKs problem, McFarlane knew that another complication was looming: the possible disclosure of the Iran/contra diversion. In a November 18 or 19 meeting with North, Teicher, Deputy National Security Adviser Alton Keel and Poindexter, according to McFarlane,

. . . someone made the summary remark, well, we don't have a problem, and just popping off I said, well, I believe you have a problem about the use of the Iranian money and after a moment -- Colonel North and Mr. Teicher had left the room, Colonel North came back and said Howard [Teicher] isn't aware of that, and I think that was it.¹⁷¹

¹⁷¹ Ibid., p. 4277.

On November 21, 1986, Ledeen asked McFarlane to come to his house because Ledeen felt that Keel had "muzzled" him, and he wanted to start speaking out.¹⁷² According to Ledeen, McFarlane on the morning of November 21, 1986, advised him "when I described my own role in this affair that I should not get too far out in front and that I should not portray myself as having gone to Israel originally to carry out a specific mission for him at his request," which was what Ledeen, in fact, had done.¹⁷³ It was Ledeen's belief that McFarlane was trying to "protect" him, that "he would just simply try to be nice to me and leave me out of it . . ." ¹⁷⁴

¹⁷² McFarlane, Grand Jury, 5/4/87, pp. 170-73.

173 Ledeen, Grand Jury, 9/30/87, p. 77.

174 Ibid., p. 78.

While McFarlane was at Ledeen's house in a Maryland suburb of Washington, North arrived. According to McFarlane, North asked Ledeen, "What concerns me is not what happened but what are you going to say happened?" Ledeen said, "I've just gone through with Bud what I did as part of this and my role was nothing more than being a person who listened at meetings and reported what I heard." North then told Ledeen, "You and I can talk some more this afternoon." 175

175 McFarlane, Grand Jury, 5/4/87, pp. 174-175. At a meeting with Ledeen in the Old Executive Office Building later that day, North became more specific about his concerns. Ledeen said North asked him, "Look, the basic question here is what will you say when you are asked or what would you say if you are asked about a shipment of HAWK missiles [to Iran] in November of 1985?" Ledeen said, "I said I would tell the truth which was that I was aware of it, that I knew that it had happened, but that I was not aware or could not recall who had made the decision to do it or when that decision had been made." North said, "Fine." (Ledeen, Grand Jury, 9/30/87, pp. 81-82.)

Besides his familiarity with the details of the 1985 HAWKs shipment, Ledeen also had potentially explosive knowledge about financial irregularities in the Iran transactions. Ghorbanifar had told him of excessive mark-ups and that investors in the deals who claimed they were owed \$10 million were threatening to go public. Ledeen had approached both North and Casey about the problem in September or October 1986.¹⁷⁶

176 Ledeen, Grand Jury, 9/30/87, pp. 57-63. Arms financier Adnan Khashoggi concocted the story that there was a threatened exposure in order to pressure the U.S. Government into paying him \$10 million to repay his investors. See the Flow of Funds chapter.

As McFarlane and North left Ledeen's house, North said, according to McFarlane:

... he was worried that Michael may have made some personal gain in this whole thing. I said, "What do you mean?" and he said, "I think that Schwimmer" who refers to Mr. Al Schwimmer, an Israeli who was involved as one of their participants -- that Mr. Schwimmer and Michael had, he thought -- he, North, thought, had some kind of agreement to share some of the gain from the sales. I didn't pursue it any further and neither did he.¹⁷⁷

177 McFarlane, Grand Jury, 5/6/87, pp. 74-75. Ledeen believes North heard from Nir rumors that Ledeen was profiting from the arms sales. Ledeen denied that he profited. (Ledeen, Grand Jury, 9/30/87, pp. 16-20.) Independent Counsel found no evidence that he did. Israel never gave OIC access to financial accounts or records.

As McFarlane and North drove toward downtown Washington, North made "statements on his part that he intended to try to protect me and the President," according to McFarlane:

Q: Did he say how he was going to protect you and the President?

A: Well, at some point in the trip, the fact of documents being shredded was raised and that seemed to me to be an expression of perhaps trying to protect me from documents which while explainable were certainly likely to create criticism and argument. . . .

Q: And you say the documents that he was going to shred would protect you from embarrassment?

A: Well, he didn't say that exactly. He said simply that we are going to have to have a shredding party or something like that, an offhand remark, but I took it, it was my interpretation, that he said it to relieve any fears that I might have in my mind that I was going to be embarrassed by documents.

Q: And what you had in mind were the documents that you and he had reviewed back in 1985 before you sent those letters to Congress, right?

A: Those, plus probably hundreds of others that -- certainly, people who don't agree with you can find a basis to criticize hundreds of things, simply because they disagree. He didn't specify.¹⁷⁸

178 McFarlane, North Trial Testimony, 3/14/89, pp. 4285-86.

According to McFarlane, he told North: ``Don't worry about me. Tell it like it is and it will be okay."¹⁷⁹

¹⁷⁹ Ibid., p. 4286.

Meese Questions McFarlane

On the morning of November 21, 1986, President Reagan authorized Attorney General Edwin Meese III to conduct an inquiry into the Iran arms sales.

Specifically, Meese was confronted with the problem that Casey and Poindexter had told Congress that they had not known at the time of the November 1985 HAWKs shipment that the cargo was weapons. Shultz, meanwhile, had told other Administration officials that he was told by McFarlane at the Geneva summit in November 1985 that a HAWK transfer was going to occur. Hill, Shultz's executive assistant, had notes of the Shultz-McFarlane discussion.

McFarlane was Meese's first interview subject. Meese, with Assistant Attorney General Charles Cooper taking notes, questioned McFarlane for two hours on the late afternoon of November 21, 1986, about the genesis of the Iran arms sales. According to Cooper's notes of the meeting, McFarlane described the Iran initiative as beginning in July and August 1985 when Kimche and other Israeli officials approached the United States. McFarlane told Meese he briefed the President and Regan about it, and while the President was interested in a dialogue he was cautious about sending weapons. McFarlane said Ledeene reported to him about Israeli contacts in Iran. McFarlane said he talked with Shultz, and that Poindexter remembered a meeting with the ``Family Group" (Shultz, Weinberger and McFarlane) and the President, when the President was in pajamas, either in Bethesda Naval Hospital or during his recovery from surgery at the White House in July 1985.¹⁸⁰ Cooper's notes reflect that McFarlane said he learned of the 1985 shipment of TOWs from Ledeene, and McFarlane briefed the President, Weinberger, Shultz and probably Casey. McFarlane said he knew of no one in the U.S. Government who had contact with the Israelis regarding the transfer of TOWs.¹⁸¹

¹⁸⁰ Cooper Note, 11/21/86, ALV 071808.

¹⁸¹ Ibid., ALV 071808-09.

McFarlane told Meese he believed he first learned of the November 1985 HAWK shipment when he was preparing to go to Iran in May 1986, according to Cooper's notes. McFarlane told Meese that at the Geneva summit in November 1985 he learned that Israel had shipped oil equipment. McFarlane then described North's involvement in sorting out the logistical problems, at Rabin's request. ``. . . M. [McFarlane] remembers no mention in all this of arms," according to Cooper's notes. But when Meese told McFarlane that Shultz said they discussed the HAWKs shipment in Geneva, McFarlane ``doesn't g008remember chat w/G.S. [Shultz], but probably had one," Cooper noted.¹⁸²

¹⁸² Ibid, ALV 071810.

At the conclusion of his interview, McFarlane had a private conversation with Meese, out of Cooper's earshot. McFarlane testified that he told Meese at this point that the President was ``four-square behind" the arms sales from the beginning.¹⁸³ McFarlane said Meese expressed relief at this

because the President's approval in advance of the sales would constitute a Finding. McFarlane said after telling Meese of the President's prior approval:

183 McFarlane, Tower Commission Testimony, 2/21/87, p. 56.

Ed said, Bud, I know that, and I can understand why. And, as a practical matter, I'm glad you told me this because his legal position is far better the earlier that he made the decision. . . . It was very clear and acknowledged by the Attorney General that the President had approved the policy providing for Israeli sale of weapons to Iran in the expectation of the U.S. sale of replacement part items.¹⁸⁴

¹⁸⁴ Ibid., pp. 56-58.

According to Meese, McFarlane ``said something to the effect that I have been taking a lot of this on my shoulders in the speech I gave this last week and what I have said this last week but I want you to know -- it was something to the effect he wanted me to know that the President was generally in favor of pursuing the Israelis' ideas all along." ¹⁸⁵ Meese said he responded: ``It might even be helpful to the President, not hurtful, if he generally supported this from the start." ¹⁸⁶

¹⁸⁵ Meese, Select Committees Testimony, 7/28/87, p. 93.

¹⁸⁶ Ibid. According to Cooper, Meese told him that McFarlane told him privately: ``You know, I am trying and I am hopeful that I can keep the President's interests uppermost in this. I am trying to protect the President." (Cooper, Select Committees Testimony, 6/25/87, pp. 79-80.) Cooper later said, ``I think he made a reference to the fact that, you know, the President was for this from the beginning or something like that," which Cooper said was inconsistent with what McFarlane had said in the interview. (Cooper, Grand Jury, 1/11/88, pp. 101-103.)

Immediately following his interview with Meese, McFarlane called North from a pay phone outside the Justice Department and told him about the interview. North's notes indicate that McFarlane said: ``RR [Reagan] said -- of course in July -- Intent of Pres[ident] is important -- RR said he wd [would] support `mental finding.' " ¹⁸⁷ McFarlane said:

¹⁸⁷ North Notebook, 11/21/86, AMX 001707.

. . . I talked to him and said that I had finished an interview with the attorney general and that the attorney general had said that he was relieved to learn that the President had approved the Iranian initiative and that the -- he believed that because he had approved it, the President had approved it, that that justified the actions that were taken after the approval.¹⁸⁸

¹⁸⁸ McFarlane, North Trial Testimony, 3/14/89, pp. 4293-94.

McFarlane also called Abraham Sofaer, the State Department legal adviser, to try to obtain a copy of the Charles Hill note that reflected his conversation with Shultz in Geneva about the HAWK shipment.¹⁸⁹ He was not successful.

¹⁸⁹ Ibid., p. 4297.

In a late night PROFs note to Poindexter on November 21, McFarlane described his interview with Meese. Among other things he wrote:

. . . The only blind spot [o]n my part concerned a shipment in November '85 which still doesn't ring a bell with me.

But it appears that the matter of not notifying about the Israeli transfers can be covered if the President made a ``mental finding" before the transfers took place. Well on that score we ought to be

ok because he was all for letting the Israelis do anything they wanted at the very first briefing in the hospital. Ed seemed relieved at that. . . .190

190 PROFs Note from McFarlane to Poindexter, 11/21/86, AKW 021677.

On November 23, 1986, McFarlane met with North and North's attorney, Thomas C. Green, at McFarlane's downtown office. According to McFarlane, North:

. . . was going over in his own mind, aloud, what he thought the problems would be in the unfolding of the investigation. And he said that he had spent a lot of time on all the facts and he believed that the only potential problem might be the use of some of the funds from Iran in Central America.

And I said, well, that was approved, wasn't it? And he said, yes. You know I wouldn't do anything that wasn't approved.

And I said, well, tell it like it is and it will be okay, Ollie.191

191 McFarlane, North Trial Testimony, 3/14/89, p. 4299.

North told McFarlane the diversion was a matter of record.192

On November 24, 1986, Meese met with McFarlane again and told him about the weekend discovery of the Iran/contra diversion. North had, in an interview on November 23, told Meese that McFarlane was only one of three Government officials -- including North and Poindexter -- who knew about the diversion. Meese asked McFarlane whether this was true; McFarlane said yes.

192 Ibid., p. 4300. McFarlane told a closed congressional hearing late in 1986: "Thinking about what I've said today, I can recall one thing that is certainly a very, very volatile thing to say if in the public domain, and that is that I believe the President must have known about this diversion of resources. It seems to me that that ought to be a matter, and it will surely become a matter, of record with Admiral Poindexter's testimony. But that is speculation on my part. . . ." (McFarlane, SSCI Testimony, 12/7/86, NK 0001205.)

Meese was to report the results of his weekend investigation at a meeting of the President's senior advisers -- including the President, Vice President Bush, Poindexter, Casey, Weinberger and Shultz -- on the afternoon of November 24, 1986. That morning, Shultz remarked to his executive assistant Hill: "They may lay all this off on Bud [McFarlane]. That won't be enough." 193

193 Hill Note, 11/24/86, ANS 0001898.

At the meeting, Regan asked about the 1985 HAWK shipment -- who knew about it, who authorized it, and whether President Reagan was told. According to notes of the meeting, Poindexter responded that McFarlane conducted the 1985 sales all alone, without documentation.

Poindexter, of course, was involved personally in the 1985 arms sales and was present in meetings at which McFarlane briefed others on the matter.

Following Poindexter's statement, Meese described the November 1985 HAWK shipment to Iran. According to two sets of notes, Meese indicated that the shipment was not legal but the President had not been aware of it.194

194 Regan and Weinberger Notes, 11/24/86.

Shultz told Hill after the meeting:

. . . I s[ai]d g008I knew something of what he did. An Aug 85 mtg w[ith] P[resident] & me & Bud. Bud s[ai]d all deniable. I s[ai]d impossible. They rearranging the record. . . . P [President] now saying he didn't know what Bud was up to. . . .195

195 Hill Note, 11/24/86, ALW 0059439, ALW 0059441.

On November 25, 1986, Meese publicly disclosed the Iran/contra diversion. He named McFarlane, along with North and Poindexter, as the only three U.S. Government officials who knew about it.

McFarlane Conceals the Saudi Donations From Congress

On December 8, 1986, McFarlane testified under oath before the House Committee on Foreign Affairs. He was asked:

There have been also press reports that the Saudis have been indirectly involved in financing the contras. Are you aware of any such activities?

McFarlane replied:

I have seen the reports and I have heard that the Saudis have contributed. The concrete character of that is beyond my ken.¹⁹⁶

¹⁹⁶ McFarlane, House Foreign Affairs Committee Testimony, 12/8/86, pp. 57-58.

In another response at the same hearing, McFarlane stated:

I did not solicit any country at any time to make contributions to the contras . . . I have no idea of the extent of that or anything else . . . I know of no such solicitation of funds from any third country.¹⁹⁷

¹⁹⁷ Ibid., p. 66.

McFarlane later explained that these questions took him by surprise because he had been called to testify regarding the Iran initiative, not the contras. He said he tried to deter further questioning with his answers.¹⁹⁸ He felt an obligation to preserve the confidence of Prince Bandar and attempted to give an answer that was incomplete -- not false -- but was unable to quite carry it off. As to the questions regarding solicitation, he repeatedly claimed that he did not solicit Prince Bandar. He said he explained to him the difficulty confronting President Reagan in light of the contra-funding cut-off, but McFarlane said he did not ask for funds. He knew, however, that Prince Bandar would be bright enough to understand that a contribution would be welcome and would invite future goodwill.¹⁹⁹

¹⁹⁸ McFarlane, FBI 302, 2/16/88, pp. 2-3.

¹⁹⁹ Ibid., 2/17/88, p. 3.

The Guilty Plea

On March 11, 1988, to resolve all criminal charges against McFarlane growing out of the Iran/contra affair, Independent Counsel recommended that McFarlane be permitted to enter a plea of guilty to four misdemeanors, each charging him with unlawfully withholding material information from Congress. The charges to which he pleaded guilty were:

1. In his September 5, 1985, reply to Chairman Hamilton, he unlawfully withheld material information when he stated, ``From that review I can state with deep personal conviction that at no time did I or any member of the National Security Council staff violate the letter or spirit of the law.

. . . We did not solicit funds or other support for military or paramilitary activities either from Americans or third parties."

2. In his September 12, 1985, reply to Chairman Barnes he stated, ``. . . I want to assure you that my actions, and those of my staff, have been in compliance with both the spirit and the letter of the law. . . . Throughout, we have scrupulously abided by the spirit and the letter of the law. None of us has solicited funds, facilitated contacts for prospective potential donors, or otherwise organized or coordinated the military or paramilitary efforts of the resistance. . . . There has not been, nor will there be, any such activities by the NSC staff."

3. In his October 7, 1985, response to questions forwarded by Hamilton, he answered, ``Lieutenant Colonel North did not use his influence to facilitate the movement of supplies to the resistance." He also stated, ``There is no official or unofficial relationship with any member of the NSC staff regarding fund raising for the Nicaraguan democratic opposition. This includes the alleged relationship with General Singlaub." His letter also denied knowledge of the source of funds supporting the contras.

4. On December 8, 1986, he withheld material information from the House Committee on Foreign Affairs as follows:

Q: There have also been press reports that the [nationals of a third country] have been indirectly involved in financing the contras. Are you aware of any such activities?

A: I have seen the reports and I have heard that the [nationals of such third country] have contributed. The concrete character of that is beyond my ken.

As a condition of the recommendation and acceptance of the plea, McFarlane agreed to cooperate with the Office of Independent Counsel. At his request, the Court also agreed that he would be sentenced before he was required to give trial testimony against another person. On March 3, 1989, McFarlane was sentenced to two years probation, 200 hours of community service, and a \$20,000 fine.

In recommending the acceptance of this plea of guilty, Independent Counsel gave up the opportunity to prosecute McFarlane as a member of the conspiracy to defraud the United States by conducting an unauthorized covert activity, 200 for making false statements to Congress, and for obstruction of a congressional investigation. The strength of such felony prosecutions would lie in the admissions of McFarlane and the documentary proof of memoranda from North to McFarlane. In addition, members of the NSC staff could have testified to North's direct access to McFarlane, notwithstanding their difference in rank.

200 McFarlane, however, was an unindicted co-conspirator in Count One of the March 1988 indictment of Poindexter, North, Secord and Hakim.

The weaker side of a McFarlane prosecution would have been that neither Poindexter nor North was available as a witness against McFarlane. Both had refused to testify without immunity and Independent Counsel was not willing to grant it, particularly when each refused to even give a proffer of his prospective testimony. Casey, who might have been able to give some information as to McFarlane's participation, was dead. Prior admissions by McFarlane were carefully hedged: At no time did he admit deliberately misleading Congress or making a false statement. He contended that he was not adequately informed of North's activities and that even though there were memoranda from North to him, they were not carefully read for Boland violations in view of the heavy volume of material he was required to review each day, particularly when information as to a Boland violation was slipped into the context of a larger memorandum on a broader subject.

In addition, a McFarlane prosecution posed procedural problems. The first question was whether he should be included in the indictment of Poindexter, North, Secord and Hakim or whether he should be indicted separately. Ordinarily, it would have been preferable to try all defendants at once. McFarlane, however, posed a problem of severance. First, he was not a participant in the diversion which was the central feature of the original indictment. Second, whereas he had confessed to a point, North and Poindexter had given their testimony only after receiving immunity and the Government could not have exposed it at trial. Third, there could have been an inconsistency between the confessions of McFarlane and the probable testimony of North and Poindexter -- especially on the critical questions of the extent of McFarlane's knowledge of North's activities and the extent of North's authorization by McFarlane. Fourth, the indictment as then planned and as finally drawn, alleged a conspiracy beginning in late June 1985, when North and Secord took control of contra resupply, well after North's last surviving operational memorandum to McFarlane.

Tactically, there was a need on the part of the prosecution for a witness who could, to some extent, act as a narrator, linking together the complex activities that were the subject matter of the litigation contemplated in the original indictment and explaining the background against which these activities were conducted. Also, McFarlane was a witness against North as to the diversion, the center of the March 1988 indictment.

Other factors also played a role in Independent Counsel's decision to accept McFarlane's guilty plea to misdemeanor charges. In February 1987, McFarlane attempted to commit suicide. It was clear from his extensive meetings, interviews and testimony thereafter that he continued to suffer as a consequence of his role as national security adviser in Iran/contra policies. Independent Counsel also gave McFarlane credit for his willingness -- unlike Poindexter and North, who invoked their Fifth Amendment privilege and refused to testify without immunity -- to assist the investigation at an early date, prior to his plea.

In the end, although it was recognized that McFarlane would be a very imperfect witness because of his persistent, almost ritualistic denials of knowledge of much of North's conduct, it was decided to recommend the plea and get his agreement for cooperation. This was done even though Independent Counsel realized that the prosecution of Poindexter and North would be seriously hampered by the jury's realization that McFarlane -- their superior -- had been permitted to plead guilty to crimes less severe than those for which his subordinates were on trial.²⁰¹

²⁰¹ Much later it also became apparent that the difficulties with classified information that arose in the North case would have certainly arisen in a prosecution of McFarlane.

Conclusion

There is no question, from Independent Counsel's perspective, that President Reagan put McFarlane in a difficult position by charging him to keep the contras together, "body and soul," during the Boland cut-off of U.S. aid. It is also Independent Counsel's belief that McFarlane put his subordinates in an equally difficult position by delegating to them the operational tasks to carry out the President's directive, and by joining them in a criminal effort to keep their activities concealed from Congress.

There is no evidence that McFarlane or any NSC staff member raised concerns to the President that his policy directives were causing them to undertake actions that might be unlawful, although the NSC staff discussed such concerns among themselves and took steps to cover their tracks.

McFarlane's willingness to allow the NSC staff to take on operational duties -- while affording the President and the CIA, State and Defense departments a degree of deniability -- came at a cost to him. His efforts to keep North's activities and the Saudi donation concealed from Congress resulted in his guilty plea.

Furthermore, in testimony regarding the 1985 Iran arms sales, McFarlane contradicted other senior officials on critical points. McFarlane repeatedly testified that he kept the NSC principals briefed and was insistent that the President had approved the 1985 shipments. It was not until Independent Counsel in 1990, 1991 and 1992 obtained previously unproduced notes from Hill, Weinberger, Regan and others that the truthfulness of many of McFarlane's statements regarding the early shipments could be proven.