



Chapter 10

United States v. Albert Hakim

Albert Hakim, an Iranian-born American citizen, did not claim to be a patriot, acting out of unselfish interests in the Enterprise. He described himself as a businessman with a clear profit motive. But like retired Air Force Maj. Gen. Richard V. Secord, he concealed the size of his personal profits for tax purposes. He also arranged illegal gratuities to North in order to use North's Government office to serve his own money-making interests.

On November 21, 1989, Hakim pleaded guilty to an information charging a misdemeanor count of supplementing the salary of a Government officer, North. Hakim's corporation, Lake Resources Inc., pleaded guilty to a corporate felony of illegally diverting to the contras and to other unauthorized purposes U.S. funds generated by the sale of arms to Iran.¹

¹ The guilty pleas of Hakim and Lake Resources were obtained by Associate Counsel Stuart E. Abrams, Geoffrey S. Berman and William M. Treanor, who would have prosecuted the case had it gone to trial.

Following his guilty plea, Hakim entered into a separate civil agreement with Independent Counsel. Under the agreement, Hakim agreed to accept \$1.7 million of the funds on deposit in Swiss accounts and waive his claim to the remainder of the \$9 million ² in funds frozen in the Swiss Enterprise accounts in December 1986. From the amount he received, Hakim agreed to settle two other claims on the funds -- \$800,000 claimed by Zucker for legal expenses and \$120,000 claimed by Phillippe Neyroud, Hakim's Swiss lawyer, for legal fees.³ This was to leave the United States the only claimant of the funds. It was to have received \$7.3 million. The agreement, which had been approved by the Department of Justice, did not bar the United States from seeking civil damages from Hakim or taking tax action against him. Although Hakim agreed to take all steps necessary to facilitate the recovery of the funds by the United States, he subsequently refused to carry out his agreement.⁴

² As of December 31, 1986, the amount of Enterprise funds frozen in Swiss accounts at the request of the United States was \$7.8 million. As of December 1989 -- the time of Hakim's agreement -- approximately \$1.2 million in interest had accrued, bringing the total to \$9 million.

³ Since this agreement was under negotiation, Secord filed a claim in the Swiss courts for the money in the Enterprise accounts.

⁴ The recovery of the funds is now being pursued through litigation.

Criminal Charges Brought

In March 1988, Albert Hakim was charged with five felonies as a co-defendant with Vice Adm. John M. Poindexter, Lt. Col. Oliver L. North and Secord. He was charged with conspiracy to defraud the United States, illegal conversion of U.S. Government property, wire fraud, conspiracy to pay illegal gratuities to North, and offering to pay an illegal gratuity to North.

The first two of these charged offenses -- the conspiracy and theft charges -- would have been dismissed due to classified-information problems, had the case against Hakim gone to trial; the third had previously been dismissed as duplicative.⁵ The remaining counts involved Hakim and Secord's attempts to provide North with gratuities to encourage him to remain on the National Security Council staff and continue to use Secord and Hakim in pursuing his efforts with Iran.

5 See Secord chapter.

As described earlier, in 1985 and 1986, Albert Hakim had received \$2.06 million from the Enterprise. He also received \$550,249 in cash; \$478,508 of which went for unknown purposes. Hakim also used Enterprise funds to invest with Secord in over \$1,040,000 worth of business ventures.

Gratuities to North

In support of Hakim's guilty plea, Independent Counsel offered evidence to show that by early 1986, Secord and Hakim had become aware that North was having family problems because of reported threats on his life, the long hours he worked, and his financial difficulties. Because Secord and Hakim believed that North's wife was pressing him to leave the NSC, they attempted to reduce her anxiety by providing North with gratuities.

Secord took the lead. He arranged for a \$16,000 security system to be installed at North's home, paid for by Enterprise funds.⁶ Hakim then undertook to transfer a significant sum of money from Swiss Enterprise accounts to North. Early in 1986, Hakim instructed Zucker, the money manager of the Swiss Enterprise accounts, to meet with Mrs. North to discuss the provision of financial support for North's children. Mrs. North traveled to Philadelphia to meet Zucker on March 6, 1986. She gave him the ages and school prospects of her children. After Zucker reported this meeting to Secord and Hakim, they directed him to set up a \$200,000 investment account for North in Switzerland. As previously explained, this account, called the B. Button account, was calculated to produce funds for the education of North's children as they needed it.

⁶ Secord pleaded guilty to falsely denying before Congress that North had benefitted from the Enterprise. See Secord chapter.

In June 1986, Hakim asked Zucker to speak to Mrs. North a second time. Hakim told Zucker to tell Mrs. North that they had "advanced the ball," that something had been done. Zucker called Mrs. North on June 4, 1986, and asked her to meet with him in Philadelphia on June 5 or 6. She declined, saying she had other commitments. The \$200,000 is among those funds still frozen in Swiss bank accounts.

After the establishment of the Button account, Hakim had several more conversations with Zucker in which he urged Zucker to find other ways to get money to North. These included the possibility of someone making a gift to the Norths, the possibility of finding Mrs. North a no-show job, the possibility of providing her with unearned real estate commissions, or the possibility of providing some commission or fee for allegedly introducing business to someone.

As he attempted to pursue these options, Zucker had several conversations with Washington attorney David Lewis. In one he asked whether someone needed a broker's license to receive a real estate commission in Washington, D.C., or Maryland. In a subsequent conversation, Zucker told Lewis that he had a client who wanted to get money to someone in the form of a commission or a job and asked Lewis whether he knew of anyone who might be of assistance.

Possible Tax Crimes

Records obtained by Independent Counsel pursuant to the Swiss Treaty showed that Albert Hakim engaged in tax fraud with respect to his 1985 income tax returns, substantially underreporting his gross income and taxable income, and failing to file reports on his foreign financial accounts.

The treaty under which Independent Counsel obtained the Enterprise financial records from Switzerland explicitly provides that the records cannot be used in the prosecution of tax crimes. Unless the records could be obtained from some source other than pursuant to the treaty, they could

not be used in a tax prosecution. Thus, though the financial records showed Hakim had violated tax laws, they could not be used in a criminal prosecution against him.

The Lake Resources Plea

Hakim was the principal shareholder in Lake Resources, Inc., a Panamanian shell corporation established in May 1985. This corporation was the owner of the account at Credit Suisse Bank in Geneva that was the Enterprise account that received the proceeds from the Iran arms sales.

At the time Hakim entered his guilty plea on November 21, 1989, Lake Resources pleaded guilty to a corporate felony charge of illegally diverting from the U.S. Government \$16.2 million in proceeds from the sale of U.S. arms to Iran.