

IRAN-CONTRA INVESTIGATION

JOINT HEARINGS BEFORE THE SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

AND THE HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN ONE HUNDREDTH CONGRESS

FIRST SESSION

100-7

Part I

JULY 7, 8, 9, AND 10, 1987

TESTIMONY OF OLIVER L. NORTH (Questioning by Counsels)

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move the second channel here to the United States for a secret meeting. It is just a general lack of cooperation.

Mr. NIELDS. From whom?

Mr. NORTH. From within the bureaucracy.

Mr. NIELDS. Well these are suspicions having to do with General Secord, aren't they?

Mr. NORTH. No, I am talking about the saying suspicions as to why the lack of cooperation is there. OK, I see.

I am not certain at all that this refers to suspicions about General Secord. I am saying our suspicions as to why people aren't cooperating in getting various things done along the line.

I think the way that perhaps it looks is though I was suspicious of General Secord. That is not the intent, nor do I think it was Admiral Poindexter's.

I mean after all the line above, "Bill agrees—Secord is a patriot." That's what I was saying, this man is a patriot. He has given extraordinary time and energy to supporting our foreign policy, to carrying out this initiative, and we can't get people to cooperate on diddly.

Mr. NIELDS. Did there ever come a time when you entertained suspicions about the way in which money was being used by General Secord?

Mr. NORTH. I don't—I know certainly that these hearings have generated questions and suspicions and things like that. I don't recall a specific time before that, that that was a—that I perceived a problem with that necessarily.

Mr. NIELDS. Did you ever perceive a problem or hear about a problem having to do with the pricing of arms to the Contras?

Mr. NORTH. For the Contras—I know we had a big problem with pricing the May shipment, but that was to the Iranians.

Mr. NIELDS. Just to make it clear, I am asking you about—did you ever hear adverse reports or did you ever entertain suspicions that you weren't getting the straight facts from General Secord about the way he was handling the pricing of arms to the Contras?

Mr. NORTH. No. I did hear a report from someone in Central America that General Secord was overcharging on the arms that he delivered to the Resistance, and I sought at that point in time a price list from him and compared those prices to those that others had gotten. Some were higher, some were lower, and I believe at the time I talked to Adolfo Calero about it, who was at that point in time the principal recipient of the arms from General Secord.

I don't recall any other, other than—what—you have was a very competitive environment down there. Once the U.S. Government withdrew in 1984 from directly supporting the Resistance, you ended up with a lot of folks out there running a very cut-throat business.

There were two particular transactions or dealers that raised great concerns with Director Casey. One of them was a transaction of some \$5 to \$6 million dollars from a broker who he was concerned had also been involved in reverse technology transfer to the Eastern Bloc, and he told me to do everything possible to discourage further purchases.

The other one was a so-called warehouse operation that was being run in a Central American country that the Agency and Di-

rector Casey in particular was very concerned about the source of their moneys and the fact that this enormous warehouse of several millions of dollars worth of ordnance had been stocked up in that Central American country and the potential adverse consequences, and at one point he apprised me that he was concerned that that Central American country might have diverted ESF moneys, United States economic support funds, to the military to purchase the arms that went in that warehouse.

And so he told me that there shouldn't be any further transactions with that broker until such time as he resolved or they were able to resolve where those came from.

I then talked to Mr. Calero and I talked to General Secord, that they should avoid those transactions.

My sense is that as a consequence of the advice I got from the Director, to withdraw from dealing with those two dealers, that a lot of people start putting out very bad word about General Secord. And I think a lot of that was brought up here to Washington, I think it was made available to certain Members of Congress, and I think that is where a lot of the adverse publicity came from.

And the fact is I was told by Director Casey that there should be no further dealings with those two arms brokers, and to my knowledge, General Secord never dealt with them. If he had up till that point, he certainly didn't do it again.

But that a lot of the very negative communications that came out about General Secord came out as a consequence of those two guys being cut out of the picture, as it were, in terms of supporting the Resistance.

Mr. NIELDS. Colonel North, did you have any interest—personal interest I am talking about now, in any of the moneys that flowed from the arms sales to Iran or that were kept in Swiss accounts under General Secord's control?

Mr. NORTH. Not one penny.

Mr. NIELDS. There has been testimony, as I am sure you are aware, that a death benefit account was set up by Mr. Hakim with the name Button, for the benefit of your family in the event of your death.

Were you aware of any such account?

Mr. NORTH. No. Totally unaware of it. The first I heard of it was through these hearings. I had never heard of it before, and it was a shock, an absolute shock.

[Counsel conferring with witness.]

Mr. NIELDS. There is a testamentary document which has been introduced in evidence relating to a particular \$2 million sub-account set up, also by Mr. Hakim, which provides that on his death, General Secord can control the use of the funds, and in the event of his death, you can control the use of the funds, and it also contains a provision that if everybody dies, it will be distributed to their estates.

Were you aware of such a document?

Mr. NORTH. No. I never heard of it until these hearings started. I still don't believe it. I was shocked, and I have absolutely no idea where that all came from whatsoever, never heard of it before.

Mr. NIELDS. And you never heard of the idea, either, I take it?

Mr. NORTH. No, ever. I do want to make one point clear. I did at one point express concern after I would guess in February, March, April, somewhere after I had met Mr. Hakim, became aware what his role was in the financial network that had been established, I did at some point express concern to General Secord, "Suppose both of you guys go down on the same airplane, flitting back and forth to Europe or wherever you are going; what happens then?"

I was told, "Don't worry about it, arrangements will be made so that these operations can continue", but nobody ever told me that a single penny was set aside for my purposes, for my benefit whatsoever, ever, and I never heard of Buttons or Belly Buttons until these hearings began.

Mr. NIELDS. I would like to separate out then the two issues raised by this will, or this testamentary document. You are indicating that the portion of it that provides for the moneys being distributed to the estates of the individuals is a foreign notion to you?

Mr. SULLIVAN. Excuse me, Mr. Chairman, could we please have a copy of the document?

Mr. NIELDS. It is exhibit 169.

Mr. SULLIVAN. I object to the term "will." Mr. Chairman, I believe the term has been used 50 times in these hearings prior to today. This is not a will, and any lawyer in the room knows it is not a will.

Mr. NORTH. This is the first time I have ever seen this document, ever.

Mr. NIELDS. Understand, you have said that. I just want to separate out the issues. There is a part of the document that provides for distribution to individuals' estates in the event of death. It is on the second page. I take it your testimony is that that—not only have you not seen the document, but that concept is foreign to you. You never heard of anything like it.

Mr. NORTH. I never heard of it before. I don't know how much more clearly I can put it. Counsel, I never ever heard that proposal before, that suggestion.

Mr. NIELDS. There is a second part of the document that relates simply to control over the use of the funds, and that is on the first page of it, the second paragraph. And I take it that although you never saw the document, the concept that you would control disposition of the funds, I don't mean in your personal capacity, but in your governmental capacity in the event of the death of Hakim and Secord, that is not foreign to you, is it?

Mr. NORTH. Well I—I never professed to have control over a single penny of this. I elicited the cooperation of General Secord. To my knowledge, he cooperated in every case with the things that we asked him to do, but I never once saw those words, nor do I want to leave you with the impression that this was what I had in mind when I said to them, "What happens if both you guys drop dead?" I was more than willing to have anybody else they wanted so that we could continue the activities, but I didn't necessarily wish to become the person who had to fly back and forth to Switzerland. I have never even been in a Swiss bank.

Mr. NIELDS. There has been testimony that several thousand dollars was spent on a fence, a security system, that was put in at your residence and that the moneys to pay for it came from Gener-

al Secord, and my question to you is, were you aware—I take it there was a security system put in at your residence?

Mr. NORTH. There is a security system in at my residence. It has since this April been sufficiently supplemented that it is now extraordinary.

Mr. NIELDS. And I take it—

[Counsel conferring with witness.]

Mr. NIELDS. Were you aware that that security system was paid for by General Secord?

Mr. NORTH. I am going to waffle an answer. I am going to say yes and no, and if you would indulge me, I will give you another one of my very straightforward, but rather lengthy, answers.

The issue of the security system was first broached immediately after a threat on my life by Abu Nidal. Abu Nidal is, as I am sure you on the Intelligence Committees know, the principal, foremost assassin in the world today. He is a brutal murderer. When I was first alerted to that threat by the Federal Bureau of Investigations in late April, I was simply told that there was a threat that had been promulgated by Abu Bakar, who is the press spokesman for the Fatah Revolutionary Council, which is the name of the Abu Nidal group. He targeted me for assassination.

We then made an effort over the course of several days to have the story killed and not run in the United States—not me, but the story—killed and not run on the U.S. media. Nonetheless, it ran, and I believe the date was the 28th of April. The initial assessment was that this was a response to the attack on Libya, which we had run a preemptive counter-terrorist raid on Libya on the 14th of April, in which I had a small role to play. CBS chose to run the film anyway.

The FBI was then contacted again and told—asked what protection can be offered. The FBI correctly said "We don't offer protection. I then sought other types of protection. I went to my superiors and said, "What can be done?" Contrary to what was said some days ago, this lieutenant colonel was not offered at that time any protection by the Government of the United States, Senator Rudman. I asked for it, and I was told that the only thing that I could do is to immediately PCS, permanent change of station—you and I, as Marines, know well what that means—and jerked out of our home and sent to Camp Lejune. In that I was preparing at the time to go to Tehran and we didn't want to tell the whole world that, that was deemed not to be an appropriate thing to do.

The next thing that we looked to try tried to do was to find a secure telephone to put in my home to justify the installation of a U.S. Government security system. That too was impossible or not feasible or couldn't be done.

The next thing I did was to ask for a list of who installs these things for the U.S. Government, maybe I can get a better price by calling them. I believe it was someone in the Secret Service gave me a list of three or four of these companies that do that kind of installation.

I called two or three of them. It is now late April, early May, it is within days of this threat, and I called and I asked can you come out and do a survey and give me an estimate, and in each case, I think it was two or three of them, and I was at that point relative-

ly busy, I was told, "It would be several weeks before we can come out and do an estimate and a survey, and it will be several more weeks or months before we can complete the installation because, after all, summertime is our busy time."

At some point along in there, either General Secord raised with me or I raised with him this threat, and I told him I couldn't get U.S. Government protection; I couldn't find a contractor to come out and do it myself; and he said, "Don't worry about that, I have got a good friend, or an associate"—I don't remember the words—"who is an expert. This guy has a company that does these things."

And he shortly thereafter, I believe it was around the 5th of May, introduced me to Mr. Glenn Robinette. He was introduced to me as a man who, one, had been a former CIA, or perhaps I understood at the time FBI, I don't remember, technical expert; a man who owned a security company and a man who could immediately go out and do a survey and an estimate.

He did. Over the course of the next few days, he went out to my home, I called my wife or told my wife, whatever, that he would be out and went through the situation. And he came up with an estimate of \$8,500 max, as I recall it was \$8,000 to \$8,500, and he could furthermore immediately install the system.

Now, I want you to know that I would be more than willing—and if anybody else is watching overseas, and I am sure they are—I will be glad to meet Abu Nidal on equal terms anywhere in the world. OK? There is an even deal for him.

But I am not willing to have my wife and my four children meet Abu Nidal or his organization on his terms. And I want you to know what was going through my mind. I was about to leave for Tehran. I had already been told by Director Casey that I should be prepared to take my own life.

I had already been told that the Government of the United States on an earlier proposal for a trip, might even disavow the fact that I had gone on the trip, on an earlier proposal, and we can come back to that at some time, if you like.

And so having been—having asked for some type of U.S. Government protection for my wife and children, and having been denied that, and perhaps for fully legitimate reasons and if there is a law that prevents the protection of American Government employees and their families from people like Abu Nidal, then gentlemen, please fix it, because this kid won't be around much longer, as I am sure you know, but there will be others, if they take activist steps to address the problem of terrorism, who will be threatened.

And I would like to just, if I may, just read to you a little bit about Mr. Abu Nidal just so you know my mental state at the time.

"Abu Nidal, the radical Palestinian guerrilla leader, linked to last Friday's attacks in Rome and Vienna"—that was the so-called Christmas Massacre in which 19 people died and 200 were wounded—"is the world's most wanted terrorist." That is the *Christian Science Monitor*.

When you look at his whole career, Abu Nidal makes the infamous terrorist Carlos look like a Boy Scout.

Abu Nidal himself, quoted in *Der Spiegel*, "Between America and us, there exists a war to the death. In the coming months and years, Americans will be thinking about us." "For sheer vicious-

ness, Abu Nidal has few rivals in the underworld of terrorism." *Newsweek*.

Our own State Department, and we have copies of these that we can make available for insertion in the record, but the State Department summary on Abu Nidal, not exactly an overstatement, notes that his followers, who number an estimated 500, have killed as many as 181 persons, and wounded more than 200, in 2 years.

Abu Nidal does not deny these things. We also have an exhibit that we can provide for you that shows what Abu Nidal did in the Christmas Massacres. One of the people killed in the Christmas Massacre—and I do not wish to overdramatize this—but the Abu Nidal terrorists in Rome who blasted the 11-year-old American Natasha Simpson to her knees, deliberately zeroed in and fired an extra burst at her head just in case.

Gentlemen, I have an 11-year-old daughter, not perhaps a whole lot different than Natasha Simpson. And so, when Mr. Robinette told me on or about the 10th of May that he could immediately install a security system, I said please try to keep it to the 8,000 to 8,500. I am, after all, a Marine lieutenant colonel, and I live on my salary; and he installed that system.

Now, let me go to your next question, because I know it is coming, and it deserves an answer. I never got a bill, and it is after all—

Mr. NIELDS. Wait, before you go to the next—

Mr. NORTH. It is, after all, the answer to your question. It is the answer to your question. You asked me where it came from, and I am trying to tell you.

Mr. NIELDS. I am going to ask you that question, but—

Mr. NORTH. You have already asked me the question. You asked me whether or not the money came from General Secord. I am getting there.

Mr. NIELDS. All right, OK.

Mr. NORTH. OK.

When that system was installed, it was practically—it was totally complete. It allowed, for example, that when my wife would trigger an alarm, an alarm would ring in the central station and the Fairfax Police would immediately be notified, and that arrangement was worked out—this wasn't surreptitious.

The Fairfax Police came out—you pay your taxes in Fairfax County, but you get your money's worth. And by golly, they came out and they photographed the house and they did the normal precautionary things to respond to the kind of terrorist alert that they had been briefed on by the FBI.

And that is the best that they could do, and it was at that point with that security system installed, it was adequate that instantly, they would respond to one of those emergency alarms. And Mr. Robinette provided it.

Now, I then went on the trip to Tehran. I came back. I never got a bill. I didn't ask for a bill, and I never received one. I never asked, where is the bill, until well after it was too late, and I will cover that.

When I didn't get a bill, I basically understood what had happened, and I don't know exactly how it worked out, but I believe that an accommodation was worked between Mr. Robinette and

General Secord to make a gift out of that security system, that I did not pay for.

When I came to the end of my tenure at the NSC, it was, to say the least, a busy time. There were other things to be done besides shredding documents when I left. There was a lot of work to be done, and one of the things that I did was to sit and contemplate the previous 5½ years of my work, and I am proud of that work.

I believe that we accomplished a lot. But there was one thing that just didn't look right, and that was that for the first time in my life, I had accepted something that I had not paid for, and even though I honestly believe that the Government of the United States should have paid for it, should have put it in, I then picked up the phone and asked for a bill.

I got a bill. In fact, I got two of them. I didn't ask that they be back-dated, but after all, Mr. Robinette is an old hand in the CIA. Alright? The bills came with the old original dates, and I think there was another bill with a later date on it.

And then, as I told you yesterday, I was going to tell you the truth, the good, the bad and the ugly, this is the truth, I did probably the grossest misjudgment that I have made in my life. I then tried to paper over that whole thing by sending two phony documents back to Mr. Robinette. It was not an exercise in good judgment.

I don't believe I have any particular monopoly on bad judgment. I think it was a gross error in judgment for this committee to put my home address up on the screen for the whole world to see, when I have got 20 security agents guarding my wife, my children and me right now.

I would also like to point out that it is not quite as bad as originally seemed. This year—these things kind of come in Aprils, I guess—but this April the FBI called again. This April the FBI called and told me that there was another threat on my life. The big difference was this year I was back with a band of brothers that has a long reputation for taking care of its own. And the U.S. Marine Corps and the Naval Intelligence, Naval Investigative Service of Naval Intelligence, got together and immediately put security on me and my home, where my wife and children are protected.

I can't tell you how grateful I am for that. The security system that was installed by Mr. Robinette with General Secord's money, or the Enterprise's money, or Mr. Hakim's money, or I don't know whose money, was put in and supplemented enormously by the folks, some of which are sitting in this room right now, some of whom are at my home right now, some of whom drive me around in an armored motorcade that makes it look like a European potentate.

But the fact is I am grateful for that assistance beyond measure, because when you think about what could happen when somebody like that is out to kill you and doesn't care if he takes out your children with you, you run out of options in a big hurry. I ran out of options.

I think the Government of the United States should have stepped up to it and didn't. Whether it is because of laws or regulations, I don't know.

I admit to making a serious, serious judgment error in what I then did to paper it over, and I am willing to sit here and admit to that. But I am also suggesting to you, gentlemen, that if it was General Secord who paid the bill, whatever it was—I thought it was \$8,000, didn't learn until the hearings started it was more—I also suggest to you that if it was General Secord—first of all, thank you, General Secord—and second of all, you guys ought to write him a check, because the Government should have done it to begin with.

Thank you, sir.

Mr. NIELDS. Thank you, Colonel North.

I need to ask you one other question on this subject.

Mr. NORTH. I will make my second answer shorter.

Mr. NIELDS. The documents which I believe you had reference to that you wrote and back-dated are exhibit 172 and exhibit 173.

Mr. NORTH. Yes.

Mr. NIELDS. Before I get to the document, who was it that you made the request for security to and who turned you down?

Mr. NORTH. Well, I went to—first of all, I asked the FBI what they could do about it, and the FBI told me—and I have since checked and I was since told this again this April when they called about a threat this spring—that the FBI is not in the business of providing protection. And they indeed are not.

I am not necessarily, by the way, saying that I think they should have, because it is clearly not within their jurisdiction to do so. It is up to you whether you change that jurisdiction, I suppose.

But I then asked if there was anything that could be done at the White House.

Mr. NIELDS. Who was it that you asked at the White House?

Mr. NORTH. I asked Admiral Poindexter and I was referred to Mr. McDaniel. I was then—it was then suggested that there is only two things that can be done, you can either get a secure phone—we can find a secure telephone and put it in your home, and use that to justify a installation of the security system.

Well, for whatever reason, no secure telephone could be found. And I am not—it may well be the case, I don't know.

I was also told that the other alternative was immediate PCS to Camp Lejeune or another military installation, which did not seem entirely practical, given that I was getting ready to go to Tehran. Thus, there were no answers.

Mr. NIELDS. That was Admiral Poindexter or Mr. McDaniel who told you that you could be transferred to Camp Lejeune?

Mr. NORTH. I don't recall whether—which one it was. I know that that issue came up and was dismissed.

Mr. NIELDS. OK.

Turning now to exhibits 172 and 173, I take it what you are saying is that they were both typed on the same day?

Mr. NORTH. No. Actually I think they were typed on two different days or maybe even 3 different days, but they are both phony documents. I have admitted to that. I am here to tell you the truth, even when it hurts, OK? They are phony.

Mr. NIELDS. The second one, exhibit 173, there are three letters from the typewriter that don't type correctly. How was that arranged?

Mr. NORTH. It wasn't arranged. That is the way the wheel on the thing was when I typed it, and the wheel was defective. It was simply that way.

Mr. NIELDS. Were the two letters typed on the same typewriter?

Mr. NORTH. No.

Mr. NIELDS. Were they typed in the same place?

Mr. NORTH. No. Actually one letter, I think, was typed on one typewriter that was similar to the other one. I couldn't find a decent ball or the wheel thing that worked right, and that was the only one that was there. And I dummied up even the explanation on the bottom of it.

Mr. NIELDS. When you say you dummied up the explanation—

Mr. NORTH. That is the way it was.

Mr. NIELDS. So you didn't drop the ball?

Mr. NORTH. No. I mean, after all, how could you, you know, thinking that you were—this was not typed at the White House. It was typed after I left.

Incidentally, no one else knew about this besides me. This was my own little stupidity, all on my own.

Mr. NIELDS. What was the purpose of writing an explanation at the bottom of exhibit 173?

Mr. NORTH. Here the only letter that you have sent with a ball that doesn't work, it was a demonstrator model in a store that I typed it on, and you have got to provide some kind of an explanation as to why supposedly the White House typewriter doesn't write, so I explained it on the bottom by saying I dropped the ball, the ball being the explanation for the defective type.

Mr. NIELDS. Why did you dummy up the explanation?

Mr. NORTH. Well, theoretically, I mean—

Mr. SULLIVAN. I object.

Mr. Chairman, Colonel North has frankly admitted what he did here. I must believe that the U.S. Congress has better things to do than focus on two phony letters after the witness has admitted that they are phony.

Could we please move on to another subject?

Chairman INOUYE. We will proceed in the fashion we wish to.

Mr. Nields.

Mr. NORTH. The fact is this letter was typed on a machine but dated as though I were still at the White House. Right? 1 October '86 I was still at the White House. And the machine didn't work well, didn't write right. Somebody had screwed up the wheel on this demonstrator and thus I had to explain why a White House typewriter, where they usually work pretty well, didn't work well. And so I put that note at the bottom.

It was simply an explanation for why the typewriter didn't work as I hoped it to. It is not more sinister than it appears.

Mr. NIELDS. There has been testimony about use of traveler's checks. I would like to give you an opportunity to answer or explain that testimony.

I take it you have it in mind?

Mr. NORTH. I do have it in mind, counsel, and I appreciate the opportunity.

Again you will have to indulge me a bit.

When I began the covert operation in 1986—excuse me—1984 in support of the Resistance, we had enormous problems trying to solve near time, real time, what I call operational problems. The end result of that was that I talked to Director Casey about the difficulties.

He had suggested establishing an operational account and I did so. There were two sources of moneys for that operational account. One was traveler's checks from Adolfo Calero and the other one was cash eventually from General Secord.

My recollection is that the very first traveler's checks came either very late '84 or certainly early 1985 and that the sum total of traveler's checks was probably in excess of \$100,000 or thereabouts.

I also had cash which I estimate today to be somewhere in the neighborhood of 50 to 75 thousand dollars in cash, so we are talking about an operational account that went from somewhere around 150 to 175 thousand dollars. At various points in time there would be considerable sums in it and at various points in time there would be none in it.

My recollection is that I got the traveler's checks in packages of less than \$10,000. I understand that others have remembered otherwise, but that is how I remember it.

Those funds were used to support the operations that we were conducting. They were used to support the covert operation in Nicaragua, and then eventually were used to support other activities as well.

The fact that I had those funds available was known to Mr. McFarlane, to Admiral Poindexter, to Director Casey, and eventually to Admiral Art Moreau over at the Pentagon. It was also—came to be known to others, some of whom you have had testify here.

The funds were used initially only to support the Nicaragua program, but eventually it was broadened to include other activities as well. Let me give you some examples.

In the Nicaragua program, operational support was provided to a whole host of Nicaraguan Resistance leaders either directly by me from the fund or through couriers that I used to carry it out. Other Resistance activities inside Nicaragua were supported of a less military nature in some cases. Europeans who helped us with both the public affairs aspect and the acquisition of other arms through a separate channel outside that, you have already heard about from General Secord or General Singlaub, were paid for out of this account.

Money was mailed from this account to addresses in Caracas, San Jose, Tegucigalpa and San Salvador, among other places, to support activities inside Managua.

The Indian movement, the Atlantic Coast Indian movement was supported from this account and meetings with the Atlantic Coast Indians, both the Misurasata and the Miskito movement itself, were supported from this account.

And eventually the fund was used to support other activities, such as a DEA hostage recovery activity and the assistance of another European who we have agreed not to talk about.

What is important that you realize is that meticulous records were kept on all of this. I kept a detailed account of every single penny that came into that account and that left that account. All of the transactions were recorded on a ledger that Director Casey gave me for that purpose. Every time I got a group of traveler's checks in, I would record them, and I would record them when they went out, even going so far as to record the traveler's checks numbers themselves.

The ledger for this operational account was given to me by Director Casey, and when he told me to do so, I destroyed it because it had within it the details of every single person who had been supported by this fund, the addresses, their names, and placed them at extraordinary risk.

Every transaction that you showed on that chart that you had up on the wall or the screen, or wherever it was—hard to tell when you see it on video tape—but when you had it up there, you showed a group of traveler's checks with my name on it. Every single one of those traveler's checks which bore my name were used by me to defray an actual operational expense as it happened. I would cash a check, for example, at Miami Airport and hand the money to a Resistance person who I met with there, or I flew, myself, off to some place because we were trying to avoid the use of appropriated funds, we used this account to live within Boland and to hide the fact that NSC travel was being conducted.

Unlike the CIA, the NSC travel voucher system doesn't have a covert cover. We had one dickens of a time trying to protect my travel, and, as you undoubtedly know, gentlemen, I made an enormous amount of travel. The schedule was brutal, much of it was paid for out of that operational account.

There were times when that account was down to zero. No money in it, I didn't have any traveler's checks, and I had handed out all the cash—not to myself, but to others. Under those circumstances, I would use my own money, Lt. Col. Oliver North's paycheck money, his own money that he had earned, and I would use it for an operational expense. I would, therefore, make a notation in the ledger, "Spent \$250 on going to Atlanta to meet with somebody," and the next time I got cash or traveler's checks, I would use those checks to reimburse myself; every single penny. On the checks that you saw that came to me was used to pay an operational expense on the scene or to reimburse myself. I never took a penny that didn't belong to me.

Every single one of those checks—and I would also point out to you, counsel, that you don't have them all, because by my own recognition and memory there were checks used in 1986, and the ones that you depicted earlier were only 1985. And I used those traveler's checks right up until shortly before I was fired, but only for the purposes that you saw.

And I realize that this hearing is a difficult thing. Believe me, gentlemen, it is not as difficult for you as it is for a guy that has got to come up here and tell the truth, and that is what I am trying to do. I want to make it very clear that when you put up things like Parklane Hosiery—and you all snicker at it—and you know that I have got a beautiful secretary, and the good Lord gave her the gift of beauty, and that people snicker that Ollie North

might have been doing a little hanky-panky with his secretary, Ollie North has been loyal to his wife since the day he married her, and the fact is I went to my best friend, and I asked her, "Did I ever go to Parklane Hosiery?" And you know what she told me? "Of course, you did, you old buffoon, you went there to buy leotards for our two little girls." And the reason I wrote the check, Parklane Hosiery, just like the checks at Giant, is because I was owed my money for what I had spent in pursuing that covert operation.

You gentlemen may not agree that we should have been pursuing covert operations at the NSC, but we were. We had an operational account, and we used the money for legitimate purposes within that covert operation. Does that answer your question, sir?

Mr. NIELDS. Yes.

Mr. NORTH. Thank you.

Mr. NIELDS. I have a couple more on that subject. When was the ledger destroyed?

Mr. NORTH. My recollection is that the ledger—and I am anticipating your question. I have tried as best I can to reconstruct not only that but when a lot of the more intensified destruction began. My sense is that it was probably destroyed along about the 4th or 5th of November, and I say probably because the initial discussions I had with Director Casey about this operation coming unraveled began right after the Hasenfus shoot-down, which was early October, I think it was the 4th or 5th of October, and then the discussions that he had shortly thereafter with Mr. Furmark who told him that, "Oh, by the way, a lot of people happen to know that Ollie North has been using money from the Iranian arms transactions to support the Contras," or words to that effect.

I then went on a very intensive period of travel, and I must tell you that we intensified our efforts considerably knowing that this operation was coming apart. We made an extraordinary effort to get the second channel going, to open it up and to get as many Americans out as we possibly could before it all came down.

I believe that it was right after I returned from one of my early November trips I had a meeting with Director Casey, Director Casey said, "Look, this revelation that is either occurring or about to occur is the end." At that point in time, he also told me, "You ought to go out and get a lawyer."

Now, from one of the guys who is one of the best lawyers in the world by my book—he used to remind me a lot, not to say bad things about lawyers, I have been reminded about that since—Director Casey told me to get a lawyer because there was probably going to be a civil suit against me by associates of Mr. Furmark to recover their money.

And so in that whole process, somewhere between what I would judge to be the 13th of October and the 4th of November, he told me specifically "Get rid of things, get rid of that book because that book has in it the names of everybody, the addresses of everybody. Just get rid of it and clean things up." And I did so.

Mr. NIELDS. Where did the money come from?

Mr. NORTH. The two sources that I remember very vividly were Mr. Calero by traveler's checks, sometimes given by him to me directly or couriered to me, and then also cash from General Secord.

Mr. NIELDS. Did you ever—you have indicated that on occasion you advanced your own money and reimbursed yourself out of this fund. Were there occasions when it was the other way around?

Mr. NORTH. I don't understand.

Mr. NIELDS. You borrowed from the fund for personal purposes and then reimbursed?

Mr. NORTH. Never.

Mr. NIELDS. Did you ever permit Fawn Hall to do that?

Mr. NORTH. I did. I—as I recall, it was a very late, probably a Friday or Saturday night, and I had told her that she could take the weekend off and she didn't have any money, and she was driving to the beach or somewhere. And I, as I recall, gave her two or three checks, made the appropriate notation in the ledger, and told her that I had to have the money back as soon as she could cash a check, and she did, and I put the money back in the account. To my recollection, that is the only time I ever advanced anybody anything out of the account. I never advanced myself out of there.

Mr. NIELDS. There has been testimony about efforts to route money to you through your wife out of the Swiss bank accounts. I would like to give you an opportunity to respond to those—that testimony on that subject, if you wish.

Mr. NORTH. I would be glad to. Again, if you will allow me to go back in time a little bit, in February of 1986, we had the first direct meetings with the Iranians in 5-plus years, between U.S. Government officials and the Iranians, other than the discussions that were going on in Europe over settlement of accounts.

In those meetings in the latter days of February, it was decided that there would be two trips to Tehran, that I would go on an advance trip with General Secord, the purpose of which would be to establish an agenda for a higher-level trip to be taken by a senior U.S. official, and that trip was planned to take place in April. My advance trip was to have taken place in March.

Because the U.S. Government had been unable to provide a translator for that session, Mr. Hakim came to that session and acted as translator, and that was, to my recollection, the very first time I had heard of Mr. Hakim. I think it is the first time I had actually met with Mr. Hakim, and I have no recall to the contrary.

Mr. Hakim thought that this idea of an advance trip was lunacy. I mean he put it in the strongest possible terms, that this was not a good thing to do. The CIA officer who was with me at that meeting agreed with him.

When the discussion transpired, it was actually pointed out that you could never be heard from on this trip again. The risks were known to Mr. Hakim very clearly because he is, after all, an Iranian. He fled the revolution that we now seek to get along with.

The CIA officer thought that the trip was very high risk. When I later talked to Director Casey, and this was within days of this whole event, Director Casey raised another issue, and that was, first of all, the trip—because it is so black, this advance trip is so hidden, we are going to use non-U.S. Government assets throughout, European or Middle Eastern airlines, no U.S. air registration, air flights. You might never be heard from again. The Government might disavow the entire thing. And furthermore, I—Bill Casey—

am not going to let you go unless you are prepared to deal with the issue of torture.

We knew by then that Bill Buckley, a man who I knew, was probably dead, and that he had been tortured. We knew that he had given as much as a 400-page confession under torture, that we were making every effort to recover. And Director Casey told me that he would not concur in my going on the advance trip unless I took with me the means by which I could take my own life. I did not tell my wife and children that, and they may be hearing it for the first time right now.

In the course of that discussion, Mr. Hakim said to me, "If you don't come back, I will do something for your family." He did not say "we" that I recall; he said "I."

Now by that point in time, I had come to know that Mr. Hakim was a wealthy man in his own right. I was grateful for the assistance that he had been providing in translating over several very difficult days of discussions with the Iranians. And several days thereafter, when he suggested that my wife meet with his lawyer in Philadelphia, I agreed that my wife should do so. The purpose, as I understood it, of that meeting was that my wife would be in touch with the person who would, if I didn't return, do something for my family.

My wife went to the meeting in Philadelphia several days thereafter, and you have notations in the notebooks that I surrendered to you about what happened. She went. A very brief meeting. There was no money mentioned, no account mentioned, no amount mentioned, no will mentioned, no arrangement. The meeting focused on how many children I had, their ages and a general description of my family—a brief meeting in the offices, as I remember, of Touche Ross, a respectable firm in Philadelphia, with a lawyer.

I then went, and thank God, returned safely from Iran. After that trip, there was one more call to my wife from the lawyer on or about the 1st of June, almost immediately after my return from Tehran. The lawyer called again and asked for the name of an adult executor for our family in the event, I suppose, that neither my wife nor I were around.

I told my wife, "Do not call him back. It is unnecessary." She never did. She never heard from him again and she has never made contact with him again.

No money was ever transferred to my possession, control, account or that of my wife or that of my children. I never ever heard about Bellybuttons, until these hearings, began.

Does that answer your question, counsel?

Mr. NIELDS. Yes. And I take it that in answering the question, you have been telling us what happened at certain meetings that I take it were attended only by your wife, and I take it you are testifying to what you have been told by her?

[Counsel conferring with witness.]

Mr. NORTH. On advice of counsel, I have not revealed any of our—I have not revealed any of our confidential marital communications. I have given you a surmise based on what I know the facts to be.

Mr. SULLIVAN. In other words, counsel, don't call his wife up here.

Mr. NIELDS. No that wasn't the question at all. The question was simply what the source of the information was, and I take it it is your wife.

[Counsel conferring with witness.]

Mr. NORTH. Counsel, I gave you a long story and the sources are multiple for that story, but accurate.

Mr. NIELDS. Well, other than your wife, what other sources?

[Counsel conferring with witness.]

Mr. NORTH. Some of the information may be privileged, or a work product of my attorney.

Mr. SULLIVAN. In other words, we have done a little of our own investigation regarding—excuse me, Mr. Chairman—a little of our own investigation regarding these allegations, and have amassed some evidence and have concluded that they are absolutely baseless. From that the information, Colonel North has been able to draw certain conclusions.

If you have any proof to the contrary, why don't you present it?

Mr. NIELDS. So what he's testifying to is based on what he has been told by his wife and his attorneys?

Mr. SULLIVAN. Not necessarily so. There are other factors as well.

Mr. NIELDS. OK. What else?

Mr. NORTH. I am just telling you all that I know about the event. No money ever was received.

[Counsel conferring with witness.]

Mr. NORTH. I obviously had a conversation with Mr. Hakim that initiated this entire business back in February or early March.

Mr. NIELDS. Can you give the committee any information that would shed light on why Mr. Zucker was meeting with a lawyer in Switzerland in October of 1986 seeking to find a way of routing a substantial sum of money to you through your wife?

Mr. NORTH. No, I can give you absolutely no insight to that.

Mr. SULLIVAN. Objection to your question, "routing a substantial sum of money." There is no predicate to that.

Mr. NORTH. I cannot, counsel. And I think it is important for you to know that the very first time I heard these things was as a consequence of these hearings and I was shocked. I never ever got a penny from those accounts.

The only thing that it can be said that I ever received as a consequence of what I did in the course of these activities or as a result of perhaps one of those accounts is the security system which is at my home, and I still, to this day, don't know exactly who paid for it.

Mr. NIELDS. Mr. Chairman, I have no further questions for the morning.

Chairman INOUE. The joint panel will stand in recess until 2:00 p.m.

[Whereupon, at 12:10 p.m., the Select Committees recessed, to reconvene at 2:00 p.m., this same day.]

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye

(chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

AFTERNOON SESSION

Chairman INOUE. The hearing will please come to order.

Mr. Nields?

Mr. NIELDS. Thank you, Mr. Chairman.

Colonel North, you testified yesterday concerning approval that you received for the plan to use the proceeds of arms sales to Iran for the Contras and you testified about Admiral Poindexter and the President.

Who else, if anyone, and I don't mean to imply anything in the question, but leaving those two people aside, who else in the Government was aware of either the plan or the fact of using proceeds of arms sales to Iran for the Contras?

Mr. NORTH. Well, if I may clarify, what I testified to yesterday is my assumption that the President knew and then I subsequently testified that I was told he did not know.

I know that Admiral Poindexter knew, I know that Mr. McFarlane knew at a point in time when he was no longer in the Government, and Director Casey knew.

Aside from that, I can't speak with certainty as to who else inside the Government knew for sure, although there were certainly a number of people who by the time November of '86 came along certainly had great suspicions or belief that it was happening.

But the only ones that I know for sure who I confirmed it with were those three.

Mr. NIELDS. OK. If I may, I would like to take them and then ask you some questions about some others.

When did Mr. McFarlane, to your knowledge, first learn that the proceeds from the arms sales to Iran had been used for the Contras?

Mr. NORTH. My recollection is that I first confirmed it with him during the May trip to Tehran, and it was probably on the return leg from that, either on board the aircraft or as we were changing planes—whatever—we returned in an aircraft to Israel, and boarded another aircraft and flew back to the United States, so it was somewhere in that timeframe that I can recall specifically telling him.

Mr. NIELDS. Do you have any reason to believe he was aware of it earlier?

Mr. NORTH. He may have been. I have seen some of my own notes that would lead me to believe I had talked to him about it, but I don't recall the events.

I do specifically recall, however, talking to him about it at the time of our return.

Mr. NIELDS. When did Director Casey first learn of it?

Mr. NORTH. Actually my recollection is Director Casey learned about it before the fact. Since I am confessing to things, I may have raised it with him before I raised it with Admiral Poindexter, probably when I returned from the February—from the January discussions.

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