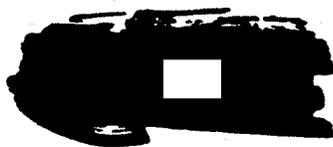


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JOINT HEARINGS ON THE
IRAN-CONTRA INVESTIGATION

CONTINUED TESTIMONY OF CLAIR GEORGE

THURSDAY, AUGUST 6, 1987

APPROVED FOR
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House Select Committee to Investigate
Covert Arms Transactions with Iran

and

Senate Select Committee on Secret
Military Assistance to Iran and
the Nicaraguan Opposition,

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

3705



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JOINT HEARINGS ON THE
IRAN-CONTRA INVESTIGATION

CONTINUED TESTIMONY OF CLAIR GEORGE

THURSDAY, AUGUST 6, 1987

House Select Committee to Investigate
Covert Arms Transactions with Iran

and

Senate Select Committee on Secret
Military Assistance to Iran and
the Nicaraguan Opposition,
Washington, D.C.

The select committees met, pursuant to call, at 9:00 a.m.
in Room 2172, Rayburn House Office Building, Hon. Daniel K.
Inouye (Chairman of the Senate Select Committee) and
Hon. Lee H. Hamilton (Chairman of the House Select
Committee) presiding.

PINKEL

1

Chairman Hamilton. The Select Committees will come to

9:00

2

order.

CAS-1

3

Good morning, Mr. George.

4

TESTIMONY OF CLAIR GEORGE (Resumed)

5

Mr. George. Good morning, Mr. Chairman.

6

Chairman Hamilton. We will begin with a continuation

7

of questioning by Mr. Kerr.

8

Mr. Kerr.

9

Mr. Kerr. Thank you, Mr. Chairman.

10

Good morning, Mr. George.

11

Mr. George. Good morning, counsel.

12

Mr. Kerr. Mr. George, I would like to conclude a few

13

questions on the November 1985 Hawk shipment.

14

Mr. George. Please.

15

Mr. Kerr. With regard to events that you were involved

16

in that Monday when you came back.

17

Mr. George. Yes.

18

Mr. Kerr. If you would look at Exhibit 43 at page

19

Q-1353, there is an excerpt from the North diary which

20

apparently makes reference to a telephone conversation

21

between North and Mr. Clarridge in the early morning hours

22

of --

23

Mr. George. May I, again? Q?

24

Mr. Kerr. Q-1353. It is Exhibit 43.

25

Mr. George. Yes, I have it.

1 Mr. Kerr. That makes reference to a telephone call
2 that Colonel North received from Mr. Clarridge. It talks
3 about being summoned in by Clair and McFarlane and then there
4 is the phrase "this is criminal".

5 From our previous conversation, it is my understanding
6 that you do not recall participating in a meeting on the
7 25th of November in which a statement to that effect was
8 made?

9 Mr. George. This never happened. For John McMahon
10 and me to call in a staff employee of the Central
11 Intelligence Agency, the operations directorate, and say --
12 imply your behavior is criminal, two things would happen. I
13 would never forget it; and secondly, we would certainly take
14 it to the Department of Justice.

15 Mr. Kerr. So this comment was not made by you and was
16 not made in your presence; is that correct?

17 Mr. George. No.

18 Mr. Kerr. The committee has heard testimony on the
19 description of the cargo that was carried by the CIA's
20 proprietary. You will recall the description that was
21 utilized at the time was oil drilling equipment.

22 The committee has heard testimony from Don Regan,
23 for example, that he knew that that was a cover story,
24 that there was military cargo being carried by the proprietary.
25 People like Charley Allen, for example, have testified in

1 - deposition that he was suspicious of the oil equipment cover
2 story that weekend and by the evening, early morning hours
3 of the 26th, [REDACTED] which suggested that
4 military equipment had been carried.

5 The agency's lawyer, Mr. Sporken, said that on the 25th
6 of November, he learned that the proprietary had carried
7 military equipment. You would have known, isn't it correct,
8 on Monday or Tuesday the 25th and 26th of November that
9 the proprietary had, in fact, carried military equipment to
10 Tehran?

11 Mr. George. That is not my recollection. My
12 recollection was that at that moment that week there was
13 confusion as to what that plane had carried, but the story
14 being given to me as I returned was it was carrying non-
15 lethal equipment, oil drilling equipment.

16 Mr. Kerr. That story would have been given to you
17 first and foremost by Mr. Clarridge?

18 Mr. George. I cannot -- I think the story would
19 have probably been given to me first by my own personal
20 staff in my office. When I am running around, as we
21 discussed yesterday, collecting the cables from that weekend
22 for Mr. McMahon, as I am doing this, I am sure I am saying
23 "What is it? Why did it happen? Where? Why and what?"

24 It was told to me by them. I do not remember Mr.
25 Clarridge saying it was or wasn't oil drilling equipment.

1 Mr. Kerr. With regard to what you did understand at the
2 time, based on your experience, the state of Israel was not
3 in the business of -- or at least not known for exporting
4 oil drilling equipment, was it?

5 Mr. George. Well, I wouldn't agree with that statement.
6 The complexity of the Israeli-Iranian relationship over the
7 years -- as I am sure everyone is familiar with -- the
8 importance of that relationship to the state of Israel, they
9 had attempted since the fall of the Shah to open doors in
10 Iran, as they properly should geopolitically.

11 I don't see any reason why they wouldn't ship oil
12 drilling equipment although certainly the coin of the realm
13 in the Middle East is called "arms".

14 Mr. Kerr. Yes, sir. Just one more thought on that score.

15 Do you have any explanation for how the CIA's attorney,
16 Mr. Sporken, knew that military equipment was being carried
17 by that airplane when the agency's chief covert operations
18 operative did not?

19 Mr. George. I do not.

20 Mr. Kerr. Okay. With regard to what was known during
21 that period of time, the -- you were aware, from your
22 testimony yesterday, that Mr. McMahon was concerned that
23 a finding was required?

24 Mr. George. Absolutely. He so told me.

25 Mr. Kerr. You have previously testified, however, that

1 you were not aware of the fact that a finding was drafted
2 and submitted to Admiral Poindexter for the President on
3 November 26th?

4 Mr. George. One of the more bewildering experiences
5 I have had throughout this affair took place in late
6 November, early December, of 1986 when I testified under oath
7 to the Senate Select Committee and Senator Cohen of Maine
8 held a sheaf of papers in front of me and said here are all
9 the findings. And I said all the what?

10 And I said I had one finding. The finding I had was the
11 finding that was shown to me in the White House. I was
12 not involved nor was I -- I knew John McMahon said, "You
13 will not support this activity--" --and I now know
14 John knew more about that activity than I did -- " -- without
15 a finding."

16 But the preparations of the finding which -- again,
17 gentlemen, much of this comes from your hearings and from
18 the press -- the preparation or the many variations of that
19 finding I was not made privy to that.

20 Mr. Kerr. In terms of your knowledge of that period of
21 time, let me just place a couple of people. Mr. Juchniewicz
22 was your Deputy?

23 Mr. George. He is my Deputy.

24 Mr. Kerr. You and Mr. Juchniewicz would have been in
25 touch with each other during this period of time, I assume.

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Mr. George. Very much so.

Mr. Kerr. Are you aware that Mr. Juchniewicz apparently attended a meeting with Mr. McMahon on December 5th, 1985 in which Mr. McMahon indicated that there was a finding proposed and that the finding had, in fact, been signed.

Mr. George. I have seen a piece of paper, thanks very much to this committee, which is the recollection of events of John McMahon's personal assistant made a year after the fact. And in that piece of paper, that individual, John McMahon's personal assistant, says that it is her recollection of that 6 December -- whenever -- counsel meeting, that there was a statement to the point that the President signed a finding. I have asked Mr. Dunn, who was [REDACTED] [REDACTED] who is purported to have attended that meeting about that and he can recall no such thing.

Mr. Kerr. I see. The memorandum in question is Exhibit 76, I believe.

Mr. George. I appreciate it. I might say in discussing Exhibit 76, which is the 28 November recap by [REDACTED] I had never seen that paper before, and the people who attended for me -- I have not seen Ed who has since retired, but Bert Dunn, who is now my Deputy and [REDACTED] Chief of my Information Management Staff, cannot remember the statement that the Presiding signed the finding.

1 Mr. Kerr. There is one other document apparently
2 generated at that time by Mr. McMahon which mentioned the
3 finding and that is a memorandum for the record prepared on
4 December 7, 1985, which is Exhibit 44. That memorandum ,
5 I take it from what you are telling us, is not an item that
6 you would have seen at the time it was written either; is that
7 correct?

8 Mr. George. I do not recall this memorandum.

9 Mr. Kerr. So the bottom line is that from your point of
10 view, your recollection, Mr. McMahon did not apprise you,
11 the head of covert operations for the CIA, that a finding
12 had been drafted and indeed signed?

13 Mr. George. I think Mr. McMahon -- it is my judgment
14 after the fact with those facts I have, obviously John
15 McMahon was aware as he should have been of more of the
16 activity that was going on than I was. I was not aware
17 of the activity. John made known to me a director order.
18 "You will not participate again in the operations directorate
19 in any similar activities similar to the flight of the
20 weekend of the end of November without a finding."

21 I assume there is a finding being prepared. In the
22 helter-skelter of the time and of that moment, I was never
23 consulted about a finding and the many variations which I
24 now know exist.

25 Mr. Kerr. One of the matters I want to bring out in

1 this portion of the testimony is the -- for whatever reason --
2 the slippage in information between people and the failure
3 to communicate. On that score, let me bring to your attention
4 a matter we discussed the other day.

5 That is the meeting that took place on December 4th,
6 1985, between Mr. Allen, Mr. Clarridge, and Mr. Ledeen,
7 which is memorialized in Exhibit 45.

8 In that meeting, as the memo indicates, on December 4th,
9 Mr. Ledeen went through for Mr. Clarridge and Mr. Allen the
10 preceding events on the TOW and Hawk shipments in some detail.

11 Mr. George. Correct.

12 Mr. Kerr. And made quite clear what had been shipped
13 by the proprietary on the weekend of the 23rd and 24th of
14 November.

15 Now, my understanding of when we talked before is that
16 this memo is also a matter you were not familiar with at
17 that time; is that correct?

18 Mr. George. It is my recollection that I have never
19 seen this memo before. I asked Mr. Clarridge when he
20 returned from his testimony two days ago if he had -- it
21 is my understanding he did not. And a careful reading of
22 the memo indicates to me that Mr. Allen -- although it
23 starts out implying Mr. Allen -- excuse me, Mr. Ledeen
24 approached Mr. Allen and Mr. Clarridge, Mr. Clarridge says,
25 "you take care of this, Mr. Allen, I am leaving."

1 This memo, and I think you will recall the look on my
2 face, is new to me. I have never seen it. And I have
3 carefully questioned Bert Dunn, who is now my Deputy who was
4 then [REDACTED] I have questioned

5 [REDACTED] - then Deputy of [REDACTED] now [REDACTED]
6 [REDACTED]

7 I questioned the Chief of the Iranian Branch and nobody
8 can recall this memo.

9 Mr. Kerr. So I am clear, though, you had no
10 recollection of ever having seen this memo at all?

11 Mr. George. I cannot believe I have ever seen such a
12 memo. I worry often, and I think this has happened, and I
13 made this point, I know you understand, in the amount of
14 paper that comes through my office, things that are not even
15 sent to me, people initial for me and all of those problems
16 But this is dynamite and this just couldn't have been passed
17 through without reaction.

18 Mr. Kerr. One final question on that point. When you
19 talked to Mr. Clarridge about what he knew about this
20 memorandum, did he have a recollection of ever having
21 seen it himself?

22 Mr. George. It is unfair for me to talk for Dewey.
23 He was leaving town the night after he testified here. I
24 said "holy cats", he came up to tell me how it went. I
25 reminded him of this activity and it was my impression and

1 maybe I should allow him to speak for himself, that yes,
2 he remembers Ledeen came in and Mr. Allen talked to
3 Mr. Ledeen, but all of these descriptions he implied he did
4 not see this memo.

5 Mr. Kerr. All right. Thank you.

6 Mr. George. May I, counsel, briefly?

7 As I left last night, I would like to make a point to
8 the committee and to you, sir.

9 I want to lead you back to the famous flight on the
10 last weekend in November. I hope I did not leave you with the
11 impression that I believe there is a missing cable. I don't
12 know.

13 I talked about how a cable could be missing and some of
14 my colleagues felt I might have left the impression I agreed
15 that is a missing cable. I don't know. I know both sides of
16 the story.

17 Mr. Kerr. So we are clear, the only point I was trying
18 to get across is you are familiar with the fact there are
19 two cables by number, at least, that have not been provided
20 to us from that time?

21 Mr. George. So I am told.

22 Mr. Kerr. Yes, sir.

23 Moving ahead just a bit further, three days after
24 Mr. Ledeen met with Mr. Clarridge, perhaps briefly, and longer
25 with Mr. Allen, on December 7th, 1985, Mr. McMahon attended

1- a meeting with the President of the United States and others
2 at which time the Iranian initiative was discussed?

3 Mr. George. Yes.

4 Mr. Kerr. Again, from what you have told me before,
5 it is my understanding you were not familiar with that fact
6 at the time it was going on?

7 Mr. George. I cannot recall that fact.

8 Mr. Kerr. Immediately after that meeting, Mr. McFarlane
9 leaves and goes and meets Mr. Ghorbanifar.

10 Mr. George. In London.

11 Mr. Kerr. In London. You were not familiar with that
12 event?

13 Mr. George. I have trouble -- my frank answer is no.
14 Although now -- you know, I know so many things as we all do
15 afterwards. Did I know McFarlane went to London and met with
16 Ghorbanifar? No. I cannot remember that.

17 Mr. Kerr. Your best recollection, though, is that you
18 had no contemporaneous knowledge of these events?

19 Mr. George. Of these events. Of this stirring around o
20 the Ghorbanifar issue, people meeting him, organizing
21 things with him. The significance of the event as we now
22 see it after the fact could not have been forgotten by me if
23 I had been included.

24 Mr. Kerr. Similarly, after Mr. McFarlane returned, there
25 was another meeting at which Director Casey was present which

1 must have occurred about the 10th of December as reflected in
2 Exhibit 47. Again, based on our previous conversation, it
3 is my understanding that that event, the return of Bud
4 McFarlane and his reaction to Mr. Ghorbanifar was not something
5 that was known to you contemporaneously?

6 Mr. George. No.

7 Mr. Kerr. You did come into the picture, however, on
8 or about the 20th of December when Director Casey talked to
9 you about Mr. Ghorbanifar in --

10 Mr. George. Well, this is a very key point. It is a point
11 I tried to refer to yesterday. At what point in that time
12 span from that flight to the finding did I get into the
13 act about Ghorbanifar, because I got into the act -- excuse
14 me -- preaching against him.

15 I arrived on the scene in Mr. Casey's office, Mr.
16 McMahon's office, my office, wherever I could be heard,
17 saying we don't want anything to do with this guy. There is
18 a burn notice.

19 Yes, by the 20th, and now we are involved with the 
20 affair. I will let you go on, counsel. At some point in
21 there I am plugged into Ghorbanifar.

22 Mr. Kerr. In terms of triggering events, however, I
23 mentioned to you the other day Director Casey had met with
24 Mr. Ledeen on the 19th.

25 Mr. George. I have no recollection of that.

1 Mr. Kerr. You were not familiar with that. When
2 Director Casey gave you the request to re-evaluate Ghorbanifar
3 you and your people decided that [REDACTED] would be the
4 person to do that; correct?

5 Mr. George. That is quite correct.

6 Mr. Kerr. [REDACTED] did make arrangements to go out
7 and meet with Mr. Ledeen at his house and Mr. Ghorbanifar
8 and ultimately Colonel North came by; is that correct?

9 Mr. George. Yes.

10 Mr. Kerr. The results of that work-up are contained in
11 Exhibit 49 and that is a document which is directed to
12 Director Casey and I assume went to him. The conclusion of
13 the episodes of the 22nd and 23rd of December is that you
14 all decided that a polygraph test of Mr. Ghorbanifar
15 should be taken; correct?

16 Mr. George. [REDACTED] came back from the meeting
17 with Mr. Ghorbanifar only further convinced of the
18 untruthfulness or the lack of trust that we could put
19 in Mr. Ghorbanifar and we were urged again to test him
20 possibly by the Director, possibly by Mr. McMahon,
21 possibly by me. All right. Let's -- excuse the phrase we
22 use, "throw him back on the polygraph."

23 Mr. Kerr. One of the purposes of that was to try to
24 establish by objective data, i.e., the test, some proof
25 that this man could or could not be trusted?

1 Mr. George. Yes. We were totally prejudiced. I mean,
2 we suffer every -- all the faults of human nature. We
3 convinced ourselves that Ghorbanifar was absolutely
4 untrustworthy, but if you want us to put him back on
5 the polygraph, we will do that. And the results -- well,
6 go ahead.

7 Mr. Kerr. And the results were obtained when the
8 polygraph was taken on the 11th of January.

9 Mr. George. He showed deception on 13 out of 15
10 questions. The only questions he passed were his name and his
11 nationality.

12 Mr. Kerr. We have at Exhibit 52 another entry from
13 Colonel North's diary. This one is at Q-1440. It shows
14 that at 12:20 p.m. on the 13th of January, you called
15 Colonel North and said something to the effect Ghorbanifar
16 is lying on 13 of 15 items?

17 Mr. George. I am sure I did. Because I was under
18 pressure from Colonel North -- it is not fair to say "pressure"
19 Colonel North, as I said yesterday, and I were on the
20 phone with some regularity. Colonel North, if I can
21 phrase it this way, wanted Mr. Ghorbanifar to pass his
22 polygraph exam.

23 Mr. Kerr. You wanted to make sure Colonel North got the
24 message?

25 Mr. George. I wanted him to get it from the horse's mouth

1 that one more time Mr. Ghorbanifar in the exact phraseology
2 shows deception on 13 out of 15 issues.

3 Mr. Kerr. At the time you talked to Colonel North;
4 were you aware Colonel North was in the process of drafting
5 a revision to a finding that had already been signed on about
6 the 6th of January?

7 Mr. George. As I said to you yesterday, counsel, I
8 am sort of the fool here. I am playing the fool. It wasn't
9 whether Colonel North was drafting a finding, using
10 Ghorbanifar. The governments of Israel and the United
11 States had been using Mr. Ghorbanifar since the summer of
12 1985 to involve themselves in a highly complicated ..
13 international arms deal. So here is some guy running
14 around talking about the polygraph when two major nations have
15 already taken major foreign policy decisions based on his use.

16 Mr. Kerr. So at lpast with the benefit of 20-20
17 hindsight, you perceive yourself having been participating
18 in something of a charade at the time?

19 Mr. George. Well, you know, maybe I could have stopped
20 it. I could have really raised hell and convinced everything
21 in Jerusalem and Washington.

22 Mr. Cohen. Could you clarify, you were not aware at
23 that time that Israel and the United States had been
24 involved in a major, complicated arms deal?

25 Mr. George. At the time, no. But I am now -- but in

1 - July of 1987, I realize how silly I may have looked at the
2 time.

3 Mr. Kerr. It is that concept, that feeling of silliness,
4 did anyone, Casey or otherwise, explain to you why you were put
5 through that drill?

6 Mr. George. William Casey -- who was always kind
7 and courteous and a dear friend of mine and never -- who never
8 treated me otherwise, listened carefully to my pleas about
9 Mr. Ghorbanifar. And if my memory serves me, I did
10 something I rarely did with the Director. He is the
11 Director, and I had great faith in him. I said, "Bill,
12 I am not going to run this guy anymore", which means
13 in our language "I will not handle him; he is a bum."

14 And Casey said, "Well, look, he does --" -- see, there
15 are levels of Ghorbanifar. Ghorbanifar knows endless
16 things: hit teams in Europe, these Iranian terrorist
17 centers [REDACTED] plans to overthrow [REDACTED]
18 [REDACTED] all these different things. Bill Casey said
19 to me, "he has what appears to be valuable terrorist
20 information."

21 This is another problem. Terrorist information you
22 cannot dismiss no matter how foolish it looks. You
23 have got to take terrorist information seriously even though
24 you think who told you is crazy.

25 He said to me, "would you mind if I had my National

1 Intelligence Officer for Counterterrorism meet with
2 Mr. Ghorbanifar to discuss terrorism?"

3 And I guess I said, "no, I don't mind."

4 Mr. Kerr. Let me just jump out of sequence on that for
5 a moment. We discussed it again the other day. As to the
6 terrorism information that Mr. Ghorbanifar provided, not only
7 as of January 13, but as of his meeting January 26 in
8 England with Mr. Allen, your people evaluated that
9 information, did you not?

10 Mr. George. Mr. Allen prepared and I think it is an
11 exhibit, a nine-page, single-spaced typewritten report
12 based on a meeting that he had in London in the Churchill
13 Hotel with Mr. Ghorbanifar, 90 percent of which was
14 Mr. Ghorbanifar's information on terrorism, I think, counsel.
15 Correct me -- I do not believe it is a document here in my
16 book, but the -- the NE Division of the Operations
17 Directorate wrote a four-page rebuttal of that particular
18 meeting pointing out the discrepancies, untruthfulness,
19 lack of factuality in Mr. Ghorbanifar's tale.

20 Mr. Kerr. I think we have now put that in the book.
21 I think Exhibit 57 is the memorandum you have in mind.

22 The bottom line, though, is that when your people
23 who were expert in this area evaluated the terrorism
24 information of Mr. Ghorbanifar, they essentially concluded
25 it was junk; isn't that right?

1 Mr. George. Yes.

2 Mr. Kerr. All right. Now, let's come back to January 13,
3 that period of time.

4 Mr. George. We are in --

5 Mr. Kerr. 1986.

6 Mr. George. 1986.

7 Mr. Kerr. You have reached the conclusion

8 Mr. Ghorbanifar continues to be someone you don't want to
9 do business with?

10 Mr. George. That is correct.

11 Mr. Kerr. And on January 16 or 17, you all put out a
12 notice, the Operations Directorate, put out a notice that
13 says the CIA is going to do no further business with
14 Mr. Ghorbanifar?

15 Mr. George. That is correct.

16 Mr. Kerr. All right. We also know that that very
17 day --

18 Mr. George. That is correct.

19 Mr. Kerr. -- the President of the United States signed
20 a finding that required you to do business with Ghorbanifar/

21 Mr. George. On the 18th after having sent a cable, we
22 will do no more business with Mr. Ghorbanifar, I was taken
23 to the White House and given a finding which in its practical
24 sense said you will be doing business with Mr. Ghorbanifar.

25 Mr. Kerr. Now, as of the information you learned after

1 the finding was signed, January 18, that period of time, do
2 you today have any knowledge as to whether the President of
3 the United States had been given the benefit of the analysis
4 that your people did have Mr. Ghorbanifar as of that
5 time?

6 Mr. George. I do not know.

7 Mr. Kerr. Thank you.

8 One other event that occurred at that period of time is
9 that you all told -- you yourself told Mr. Casey that you
10 didn't want to run Mr. Ghorbanifar?

11 Mr. George. That is correct, counsel.

12 Mr. Kerr. He chose an alternative way of dealing with
13 that; isn't that correct? He chose Mr. Allen sort of as
14 a case officer.

15 Mr. George. That is correct.

16 Mr. Kerr. Mr. Allen, you previously testified, is a
17 NIO, a National Intelligence Officer?

18 Mr. George. National Intelligence Officer.

19 Mr. Kerr. He has not been trained in or brought up in
20 the Operations Directorate, is that correct?

21 Mr. George. That is correct.

22

23

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#2
STEIN
(9:30)
emm-1

1 Mr. Kerr. One of the other points that you made yester-
2 day is that Mr. Ghorbanifar was difficult for the CIA
3 because he was very difficult to handle, to control, correct?

4 Mr. George. He is as complex an individual as -- I
5 guess since he has got us into the last eight months -- I
6 have ever run into.

7 Mr. Kerr. So in terms of a person for a trained
8 operation --

9 Mr. George. There couldn't have been a better mismatch.

10 Mr. Kerr. Your perception today, based on what you
11 told us previously, is that your decision to pull away from
12 Mr. Ghorbanifar and allow Mr. Allen to become his case
13 officer may very well have been a mistake?

14 Mr. George. I would have said to you four months ago
15 it was a terrible mistake; I should have fought with Casey,
16 and said if we are going to handle this guy, I'll handle
17 him and I'll get three of the meanest men I know alive and
18 we'll handle him.

19 You see, all that was unimportant. It didn't matter
20 what I said. It didn't matter whether I said, let my
21 18-year-old daughter handle him. They were already using
22 him in a major international foreign affairs activity, so
23 as I said yesterday, I'm not playing with the whole deck.

24 Mr. Kerr. In terms of the potential risks of having
25 someone like Charlie Allen take on the responsibility for

1 Ghorbanifar, do you today know whether those risks were
2 brought to the attention of either the National Security
3 Adviser or the President?

4 Mr. George. I do not.

5 Mr. Kerr. In terms of what that leaves us, I would
6 like to kind of summarize where we have been in the period
7 between June of '85 and January of '86 when you all got
8 your assignments.

9 One of the things that you all are responsible for
10 doing is collecting information off American shores of
11 things that relate to American foreign policy and risks to
12 the national security; isn't that right?

13 Mr. George. We are the primary collector of human
14 intelligence outside the Continental United States.

15 Mr. Kerr. So knowing what's going on beyond our
16 borders is a big part of your portfolio?

17 Mr. George. Sometimes we make it, sometimes we don't.

18 Mr. Kerr. In this situation we have a situation
19 where, for a variety of reasons, you didn't know what was
20 going on.

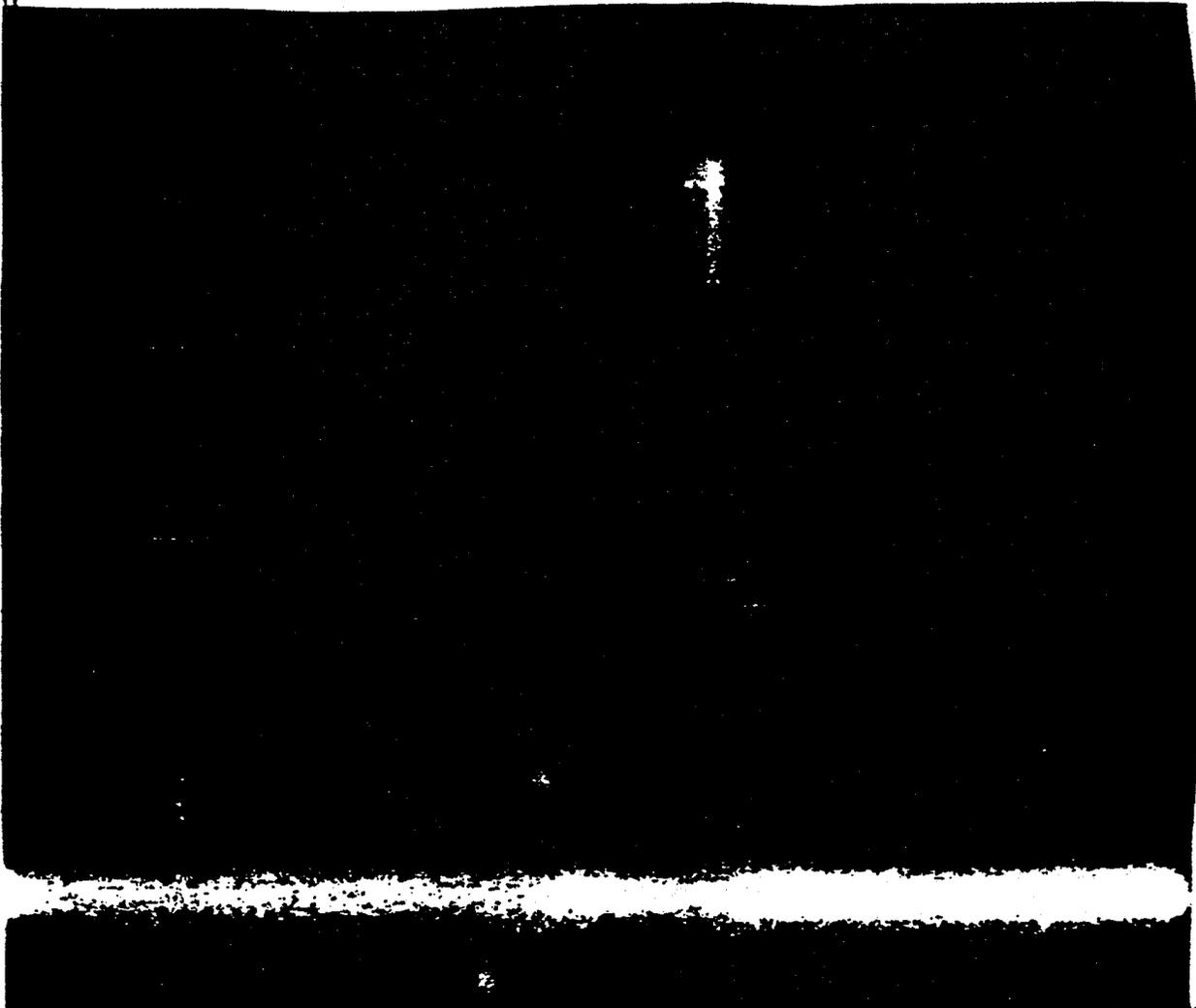
21 Mr. George. We knew less about what was going on in
22 Washington than we did overseas.

23 Mr. Kerr. You were being cut off inside your own
24 capital from information that would allow you to know what
25 was going on outside; isn't that right?

3

1 Mr. George. In September of '85, Bill Casey had me,
2 John McMahon, Bob Gates in his office, and Bill Casey said,
3 "I've just had a strange meeting in the White House. Bud
4 McFarlane informs me that the Israelis have approached them,
5 the Israelis have established a contact with Iranian
6 interests, and these contacts could lead to an opening of
7 a dialogue with certain Iranians and to release of the
8 hostages. But the Israelis have one demand: CIA not be
9 informed." And there was a twinkle in Casey's eye and
10 he said, "I wonder what in hell this is all about."

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Mr. Kerr. Let me just try to crystallize the points.

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1 Your job was made tougher. You were blinded by the lack of
2 information.

3 Mr. George. I don't want to appear -- I'm not going
4 to sit here and say, my God, I didn't know a thing, I'm an
5 innocent child in the woods. An important policy decision
6 was made between the government of Israel and the government
7 of the United States to ship arms to Iran for the purpose
8 of getting hostages and getting a dialogue. It was decided
9 to do that within the White House with only, in January,
10 the technical support of the CIA.

11 Mr. Kerr. But what that means is that the professional
12 skill and expertise that was within your operational
13 directorate --

14 Mr. George. Was not used properly.

15 Mr. Kerr. And it was not brought to the attention of
16 the President?

17 Mr. George. I do not know what the President knew.

18 Mr. Kerr. Let's go to your relationship with Colonel
19 North for a moment. From going through his diaries, it is
20 apparent that you had numerous contacts with the Colonel.

21 Mr. George. When he was in town, I must have talked
22 to Colonel North, almost always phone contacts and/or
23 meetings in the White House of many people, I have rarely
24 had a meeting alone with Colonel North, maybe two or three
25 times, but, yes, week in, week out, if the Colonel were here,

1 if I were here, we talked to each other.

2 Mr. Kerr. There is a curiosity with the diaries.
3 There is a great deal of reference to you in '85 and very
4 little in '86. Did you have less contact with him from
5 your recollection in '86?

6 Mr. George. Let me try to put in a framework what my
7 dealings were with North, and I'm sure under the questioning
8 in members and others, we can get into this deeper.

9 North was very good with me in discussing Central
10 America, and I know I'll be asked whatever he was doing.
11 He didn't talk to me about Central America. My Central
12 American discussions with him, if I may say so -- we picked --
13 let me digress a little bit.

14 The North relationship is important. I picked with
15 John McMahon's -- John McMahon picked, I picked, we picked
16 and forced into Bill Casey's office the appointment of
17 [REDACTED] in September of '84 to run the Central American
18 Task Force because we smelled it was going to be the most
19 difficult job in our directorate, and boy, were we right.
20 I had a terrible problem of personalities with North and
21 [REDACTED] They tripped over each other in that they are both
22 terribly dynamic operators, and [REDACTED] would come to me and
23 complain that Ollie was moving into his turf and Ollie would
24 call me and say, "Goddam [REDACTED]" It was never weapons; this
25 was just politics in Central America which we were legally

6

1 allowed to be participating in. That never ended, and I was
2 sort of a referee between these two very strong personalities
3 in a sort of general commander way. You will make it, don't
4 worry, he's a good guy.

5 Secondly, the real business that North and I did, and
6 we did intensely through late '84 and early on through '83,
7 was hostages. He became the hostage focal point in the
8 White House and I took, as you know from reading my depo-
9 sitions, great personal interest in the hostage affair,
10 because of Buckley, [REDACTED]
11 and because American lives are important to us. Yes, that
12 did taper off in '86, because I think -- and this is just
13 a guess, Counsel -- North became more and more involved in
14 Iranian affairs.

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Pages 27 - 28

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Mr. Kerr. We now know today, however, that Colonel North engaged in certain operational activities of his own. Do you have any knowledge of taking this, what you describe as a romantic notion, and taking it towards implementation?

Mr. George. No.



Mr. Kerr. One other aspect of North's relationships. Did you become familiar with or acquainted with North's relationship with Director Casey?

Mr. George. I knew they knew each other well. I remember sitting in the office and hearing Ollie North call Casey and talk to him and Casey would talk to him. They were, I think, among us, that Oliver North, and he's a friend of mine, had guts in approaching anybody anywhere any time in any conditions without any concern about their title, rank -- you know, we all grew up that you don't just storm into the CEO's office the third day with the company, and Ollie did it. Bill Casey liked Ollie North. We all did.

Mr. Kerr. An impression I have from talking to people in your directorate is they came away with the impression

1 that -- was it your impression that in talking to Colonel
2 North, Director Casey would learn very quickly of the
3 conversation, that that was a way of talking to the Director?

4 Mr. George. If Ollie talked to --

5 Mr. Kerr. If you talked to Colonel North, would your
6 conversation be related to Director Casey by Colonel North?

7 Mr. George. It was evident in my relations with
8 Ollie, it became evident -- I haven't read all the PROF
9 notes. I have read some of those in the back of the Tower
10 Commission Report. Ollie wasted no time. If I gave him
11 the wrong answer, he called Bill Casey to see if he could
12 get it changed.

13 On many occasions, I said, "Ollie, you're out of your
14 GD mind, I'm not taking the responsibility for that." He
15 would then get back to me by going to Poindexter or McFarlane
16 and they would go to Casey and sometimes Casey would make
17 another decision.

18 Mr. Kerr. So I get perceptions clear, did you come
19 away over time with the impression that Colonel North, when
20 he asked for something, was in all likelihood going to be
21 backed up by the Director?

22 Mr. George. No. We had plenty of fight outs, Ollie
23 and I, over things, especially the hostages things. When
24 I knew about it and I took him on, I could get my way with
25 Bill Casey.

~~TOP SECRET~~

1 Mr. Kerr. Let me turn to another area completely, and
2 that is the testimony that you gave to the House Permanent
3 Select Committee on Intelligence on October 14, 1986. You
4 will recall that that testimony was given shortly after the
5 Hasenfus plane was shot down.

6 Mr. George. I do, sir.

7 Mr. Kerr. And you will recall that you made an opening
8 statement in which you, at page 4, stated categorically that
9 the Central Intelligence Agency was not involved directly or
10 indirectly in arranging, directing or facilitating resupply
11 missions conducted by private individuals in support of the
12 Nicaraguan democratic resistance.

13 Do you recall making that statement?

14 Mr. George. I know I did.

15 Mr. Kerr. Whatever you knew then, as of today you
16 know that that statement is incorrect?

17 Mr. George. The statement -- let me try to -- I don't
18 want to say that I know that statement is incorrect. Let
19 me tell you what I think and then jump me.

20 As an institution, the Central Intelligence Agency did
21 not basically organize and conduct the Hasenfus flight or
22 the other highly complicated private-benefactor activities.
23 Yes, you are right. Reading it legally and tightly, and
24 I will apologize, I would like to apologize to Senator Cohen,
25 and if he were here, I would apologize to Senator Nunn. You

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1 could say I was wrong.

2 One, I did not know about the [REDACTED] incident. And
3 two, technically speaking, we had received permission a year
4 before to pass vectoring information through the FDN, which
5 would then get in the hands of the private benefactors. I
6 am told it is an incidental detail that the Hasenfus flight
7 did not receive that information. But technically, I
8 apologize. I'm wrong.

9 In a larger sense, I would like to tell you, because
10 I spent every breathing minute from 1 October '84 to this
11 date, it was not the overall attention or activity of the
12 CIA to direct or participate in the Hasenfus flight.

13 Mr. Kerr. Let me add one other thought, though. Apart
14 from [REDACTED], we have now developed, and you all have
15 developed through your IG, information relating to [REDACTED]
16 [REDACTED], who's known as [REDACTED] and to [REDACTED]
17 [REDACTED] relating to the transportation of lethal
18 equipment using CIA helicopters in the period after the
19 Sandinista incursion in approximately April of '86 and for
20 a considerable period after that.

21 You have only recently learned of that activity,
22 isn't that correct?

23 Mr. George. The [REDACTED] activity came out in
24 November, December, January of '86-'87. The [REDACTED] activity
25 came out in March or April, I guess, Counsel. Yes, recently,

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1 and I am the most bewildered man in the world about [REDACTED]

2 [REDACTED] I don't quite know what happened there.

3 Mr. Kerr. Insofar as ammunition and weapons were being
4 transferred in helicopters out of [REDACTED], that would have
5 been a violation of policy?

6 Mr. George. It is certainly a violation of our policy.

7 Mr. Kerr. Apart from what the Agency itself was
8 doing, you also were present when Mr. Abrams was asked some
9 questions, which appear at page 17 of the transcript.

10 Chairman Hamilton asked whether or not the same
11 denial applies to the United States Government across the
12 board. You said that you couldn't speak for the entire
13 United States Government, simply for the Central Intelligence
14 Agency.

15 Mr. Abrams did not have that qualm. He, in essence,
16 said that he could speak for the government, and that that
17 activity had not taken place.

18 As of the time that you were listening to Mr. Abrams
19 make that statement, you knew that statement was not correct,
20 didn't you?

21 Mr. George. I was surprised he made the statement.
22 I don't deal with Mr. Abrams often. He deals with the
23 chief of our Latin American Division. My contacts at the
24 State Department are Ambassador Abramowitz and Ambassador
25 Armacost.

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1 You know, I perceived that the National Security Council
2 was and had been in some manner participating in some way
3 in supplying the contras, and that had grown on me. I saw
4 it sort of coming when I was director of congressional
5 affairs in the spring of '84 when talk began, can't we get
6 private support if we lose the Boland fight.

7 Everybody -- Bill Casey, Ollie North, certainly the
8 rest of the White House -- never talked to me about it.
9 They were very good about it. People could have started
10 telling me things and I could have been put in a very
11 embarrassing position. They didn't.

12 I was surprised that Abrams made that statement. It
13 was so categorical.

14 The question is, should I leap up and say "hold it,
15 Elliott, what about -- excuse me, all you members of
16 HPSCI, but Elliott and I are now going to discuss what we
17 know about" -- I didn't have the guts to do it or I didn't
18 do it.

19 Mr. Kerr. The members may want to pursue that with
20 you.

21 My question is less on jumping up and down and more
22 on what you knew at the time. You knew as of October, '86,
23 that Colonel North had a direct and indeed controlling
24 interest in the aircraft and the like that were being used
25 by the private benefactors.

1 Mr. George. I wouldn't use those words. I would
2 never say he had a direct and controlling interest. I never
3 said that.

4 Mr. Kerr. Is it not a fact per your testimony in
5 deposition that Colonel North had offered to sell to the
6 CIA through you the aircraft of his project in Central
7 America?

8 Mr. George. As we reached the end of fiscal year
9 '86 --

10 Mr. Kerr. So that would have been --

11 Mr. George. -- and the vote was perceived by the
12 White House that [REDACTED] I don't have
13 a date, but as you and I have discussed, I received a phone
14 call from Colonel North. He didn't say to me, "I own,
15 control, run, manage and fully have these airplanes." He
16 said, "Would you like to buy some airplanes?" And he
17 discussed the private-benefactor airplanes.

18 Mr. Kerr. In terms of placing that in time, that
19 would have occurred before October 14, 1986, correct?
20 The new fiscal year had begun at that point?

21 Mr. George. You have studied it. I can't argue with
22 you. You know what my thinking was, was I wouldn't buy
23 those planes if they were the last three planes in Central
24 America.

25 Mr. Kerr. Yes, sir. The other point that I wanted to

1 make sure gets fleshed out, Colonel North was offering to
2 sell the aircraft, not give them to you.

3 Mr. George. God bless poor Colonel North. Everything
4 was his, the world is mine, I'm going to see the President,
5 I'm going to see the king, I'm going to fly down to Central
6 America and have a private conference. How would you like
7 some tickets to the Redskins game? Christ -- Colonel North
8 calls me up and says, "How would you like to buy my air-
9 planes?" I guess what I'm saying, Counsel, is, were I to
10 have been so foolish as to say yes, I'll buy your airplanes,
11 I'm not sure he could even produce any airplanes.

12 Mr. Kerr. You did not go and kick the tires on the
13 car, I understand. But your perception was that he was
14 asking the CIA --

15 Mr. George. Would the CIA please buy back all the
16 equipment that the private benefactors had put together in
17 Central America now that the administration had achieved its
18 goal of renewing  financial support to the contras in
19 Central America.

20 Mr. Kerr. Similarly you were familiar that earlier
21 in time, Colonel North had been the one that offered to
22 rent to the CIA the vessel the Erria, isn't that correct?

23 Mr. George. Colonel North met with a very -- that is
24 not fair -- mid-level officer. Well, there was a series
25 of meetings. I thought they were in '85, and thanks to you

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1 I had a chance to check; it was in '86, a series of meetings

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17 Oliver North arrives on the scene -- you have dates --
18 and just hussles out of me and a couple of guys in the
19 Situation Room that he can get me a ship. I'm not speaking
20 against Colonel North. I do not want any equipment that
21 Colonel North has.

22 Mr. Kerr. One of the reasons that you didn't want
23 this particular piece of equipment --

24 Mr. George. Although it only cost \$200,000, I got to
25 rent it for a million and a half a month, so it was not the

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1 best deal I ever worked for the taxpayers.

2 Mr. Kerr. On October 14, 1986, when Mr. Abrams is
3 making these statements, you may not know who actually has
4 title to these pieces of equipment --

5 Mr. George. Colonel North, I knew long before that,
6 even without the evidence, Counsel, that you're bringing
7 correctly, yes. I don't know about [REDACTED] testimony,
8 but it became evident to [REDACTED] and to me, and back to what
9 I said, when John McMahon and I picked [REDACTED] it became
10 evident in the fall of '84 that we were going to get into
11 deep, deep water and that someone somewhere in the National
12 Security Council was going to certainly support the contras
13 and they were going to seek private funding.

14 We assumed Ollie knew about it. Ollie would say in a
15 telephone conversation, "Oh, my God, I got to get out of
16 the Central American thing." And I am neither a coward
17 saying "don't you ever say that to me again," or a fool and
18 say, "oh, tell me what you're doing," and he never did.

19 I assume, thanks to this committee and all that has
20 gone on, we now know a lot about it.

21 Mr. Kerr. Thank you, Mr. George.

22 Mr. Chairman, I'm finished.

23 Chairman Hamilton. Mr. Genzman, do you have any
24 questions at this time?

25 Mr. Genzman. I do not at this time, sir.

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1 Chairman Hamilton. We will begin, then, with the
2 principal questioners, Senator Inouye.

3 Chairman Inouye. Senator Cohen.

4 Can I make an announcement at this time, Mr. Chairman?

5 Chairman Hamilton. Senator Inouye.

6 Chairman Inouye. I would like to announce to the
7 members of the Senate panel that we will have a special
8 meeting in the anteroom during the 10:30 break.

9 Chairman Hamilton. I will make an announcement at
10 this time, too. The House members will meet immediately
11 after the end of the morning session to consider some
12 immunity questions. And I would announce this as well:
13 There is a closed session with Admiral Poindexter, for any
14 interested members, in room 219 of the Hart Building at
15 1:30 this afternoon. The subject matter, I am told by
16 Mr. Liman, is very limited in nature and the meeting will
17 be quite brief, I presume.

18 Mr. Liman. About half an hour.

19 Chairman Hamilton. Mr. Liman estimates about a half
20 hour.

21 Senator Cohen, you may proceed.

22 Mr. Cohen. Perhaps the record should show that
23 Mr. George engaged in a deep huddle before responding to
24 the Chairman calling upon me, and secondly, the record should
25 note that he is sporting a Boothbay Harbor tan, which I am

1 told --

2 Mr. George. I would urge everybody to hurry there,
3 but that would be a terrible thing to say right now.

4 Mr. Cohen. You indicated you were quite surprised
5 that Elliott Abrams made a statement before the House
6 Intelligence Committee that no one in the United States
7 Government had any knowledge about U.S. participation
8 direct or indirect with respect to the Hasenfus matter, and
9 that you remained silent.

10 [REDACTED] testified yesterday that he sat there at
11 the same table and decided he wasn't going to be the first
12 one to break rank, that he was aware the statement was
13 incorrect as well, but that he felt as the junior member
14 of that team he should not be the first one to step forward.

15 You may recall that I asked Elliott Abrams during the
16 open sessions whether or not he felt betrayed by a number
17 of different people, particularly apparently since there
18 were some sitting at the same table who knew what he was
19 saying was incorrect. I believe he indicated at the time,
20 yes, he had even called the White House to say, "Is this the
21 White House line, am I doing the right thing," before he
22 made the statement.

23 The question I have is in response to what you said
24 today. You said, I guess I didn't have the guts to challenge
25 Elliott Abrams at that hearing. The question I raise is,

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why not?

I must tell you, and we know this, you and I have been at many individual meetings, had a panel of witnesses, sometimes one of us will pose a question and there will be a conference between the members and saying, wait a minute, don't say this, don't say that. It is done all the time. It is done all the time at a conference. Whenever you have a tripartite panel as such, there is always kind of a little conference in response to a question that one of us might pose.

Why at that moment, when something as critical as the issue of U.S. involvement in Nicaragua was posed by the House Intelligence Committee, didn't you at that point just pull Elliott aside and say, "Hold on a second; you're making a statement which is not correct"?

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Mr. George. Two things. Excuse me.

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I was overly -- I don't want to use the word "obsessed".

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I don't like it. Overly taken with trying to protect

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the Central Intelligence Agency.

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Whatever my strengths and weaknesses, I bopped around

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a lot of time, you have, too, we know the troubles we were

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in in the seventies. I was almost megalomaniacal in trying

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to prove one thing. That we were not involved in that

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activity because it would have been illegal.

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That was the thrust of my testimony to the HPSCI and

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you may or may not recall I made the same sort of

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statements, if you don't I will tell you -- to the Senate

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Foreign Relations Committee in front of whom I also appeared.

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I perceived my charter too small. I really took off out of

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the building to come down here on the Hill and make that

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point, that we were not doing it.

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Secondly, I found the statements so categorical on the

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part of Mr. Abrams, it wasn't sort of well, we are not

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in the State Department and maybe they are not here in

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that. It was so categorical, it was the sort of thought

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that went through my mind -- excuse me, Elliott, but maybe

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you are the only guy in town that hasn't heard this news.

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You know, there's a three inch nexis press run-about Ollie

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North and the contras. There was a staff meeting, if I

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understand correctly, between the HPSCI and Ollie North

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somewhere in the summer of 1986 discussing Ollie North and the contras. I've just -- I'm just sort of amazed, and yes, I can only apologize that I didn't sort of say -- and we have, Senator, and I know we have, because you and I have been at this a long time. Off the record, please, couldn't you discuss something with Elliott. I didn't. I should have.

Mr. Cohen. Well, Elliott went back to the State Department and apparently some of his aids said Elliott, you may have misled the committee in terms of another appearance on the Hill.

Mr. George. It's a terribly categorical statement that no one in the Government of the United States of America is involved in any way what soever with the contras.

Mr. Cohen. On another occasion he testified before the Senate Select Committee on Intelligence and was asked a question by Senator Bradley concerning solicitations. He omitted the Brunei solicitation. He went back to the State Department and apparently he was concerned enough about it, he wanted to correct the record in December of 1985. I'm just wondering in terms of what happened with Elliott Abrams when he made a misstatement or didn't reveal something to the committee that he should have, he was corrected by his superiors as such and suggested that he come back to the Hill.

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I'm curious in terms of that particular session that you all had with the HPSCI, didn't someone either [REDACTED] discuss this with you, say, "Wait a minute, we have got the [REDACTED] vector information activity, that that statment that Elliott made is not quite right; perhaps we should take this up with the HPSCI on a following day.

Should we tell Chairman Stokes and say look, this wasn't quite accurate." We were sitting there. We remained silent. We were not asked the question. Had we been asked, we might have said this, "but we think you should know about the follow."

Why wasn't that done?

Mr. George. Why there was no follow-up, Senator Cohen, I am unable to answer.

Excuse me. [REDACTED] reminds me -- well, he knows more about Central America than I do. I'm sure you don't mind me having this three-way conversation for a moment.

My statement that the CIA had no involvement whatsoever with the Hasenfus flight, as you know, was later corrected, both with the HPSCI and with the SSCI after we found out the information about [REDACTED] I think the question was why didn't we correct Elliott Abrams' statement.

Mr. Cohen. The problem I have is that at the time he

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m4 1 made a statement, you know -- if you didn't know, certainly
2 [REDACTED] knew that we, through [REDACTED] were, in
3 fact, providing flight vector information directly to the
4 contras. Isn't that true?

5 Mr. George. We learned afterwards that [REDACTED] -- I guess
6 we knew before that [REDACTED] had provided it directly. We
7 learned afterwards he had provided more of it and we knew
8 that we had provided it indirectly through [REDACTED]
9 and the FDN radio cutouts. That's correct, Senator Cohen.

10 Mr. Cohen. It was known that he had provided flight
11 vector information at the time Elliott was making a
12 statement. It wasn't you had to wait --

13 Mr. George. It was not you had to wait, check the
14 books, or call your grandmother. You are quite right.
15 I agree with you.

16 Mr. Cohen. The problem is that we were acting --
17 the problem I have is in your statement that you had this
18 megalomaniacal desire to protect the Agency is that in
19 that desire to protect the Agency, you may have, in fact,
20 undermined its credibility in terms of people coming up
21 to the Hill and dealing with the oversight committees and
22 saying now we have to go through a litany of questions.

23 Say, Mr. George, I am going to ask you these questions.

24 [REDACTED] I want you to say the same thing

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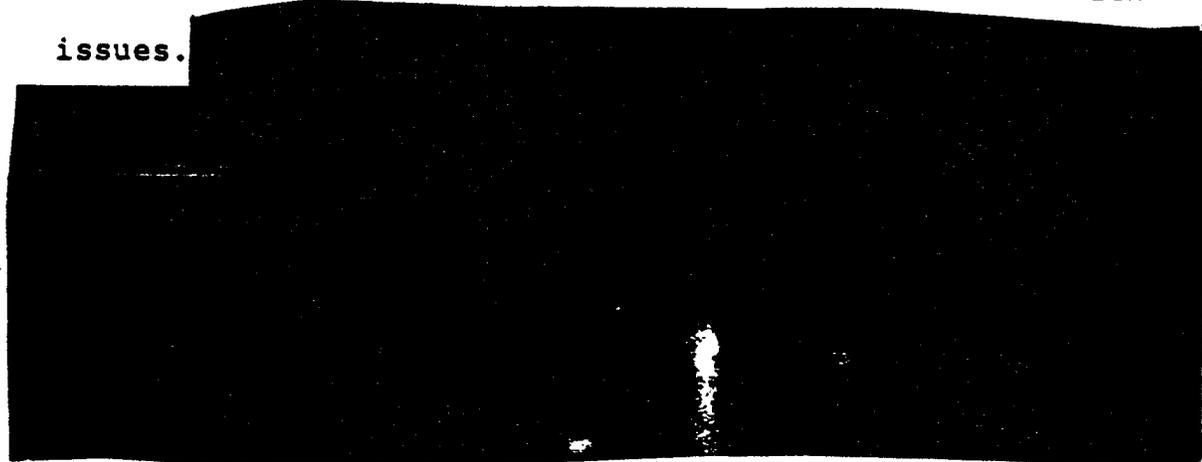
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precise question, maybe under oath, maybe not.

I mean that is a way in which we start to unravel the integrity of the Agency through the oversight process.

Mr. George. I deeply appreciate what you are saying.

Mr. Cohen. Okay. Would you go back and discuss some of Colonel North's proposals? I think you have described him as a fairly energetic, creative, full of ingenuity as well as zeal in terms of trying to deal with issues.



Mr. Cohen. What about the proposal of having the contras grab a piece of land in Nicaragua, hold it, go down fighting with guns blazing a la the Alama and then thereby rally congressional support to come to their aid or watch them be totally destroyed.

Mr. George. I am familiar with that thanks to these hearings, sir. I never--

Mr. Cohen. Never heard of that one?

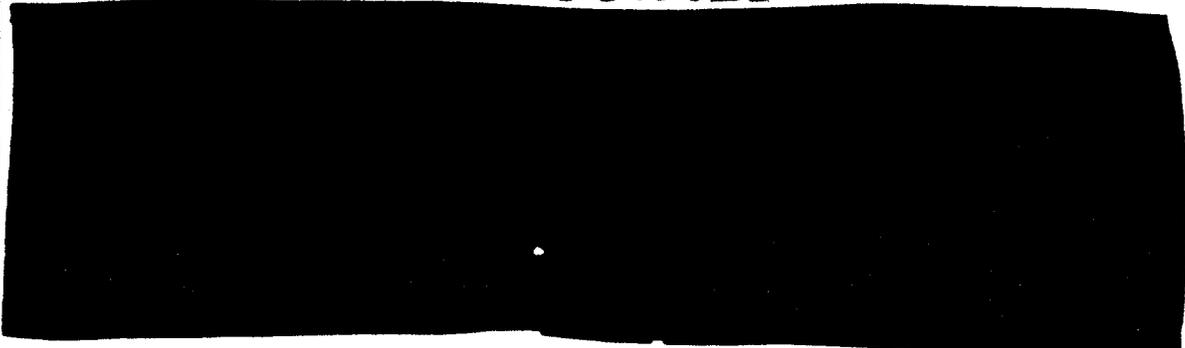
Mr. George. They never allowed me to participate in that one.



Pages 47-49 deleted in their
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Mr. Cohen. In view of the kind of creativity taking place



what about the diversion itself? What is wrong with a plan that was conceived by either Colonel North, the Israelis, Ghorbanifar, maybe Secord of selling the weapons once the decision was made by the President in January 17, 1986, selling weapons, increasing the price, have enough left over after Ghorbanifar got his substantial cut, to put money to the other major program that the NSC was charged with running?

Mr. George. You do not sell United States government equipment to make a profit, to engage in international activities that are neither authorized nor appropriated by the United States Congress. I don't want to sound like a Miskey Mouse, but --

Mr. Cohen. You said that so quickly that I am wondering. Is that pretty standard faith of the CIA you would never allow this to take place to sell U.S. property at a profit-making price so you could use it for another purpose?

Mr. George. I'm not sure that we in the CIA without proper authorization would not sell U.S. government property

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weapons and just go out and sell them for a profit and use the profits as you see fit.

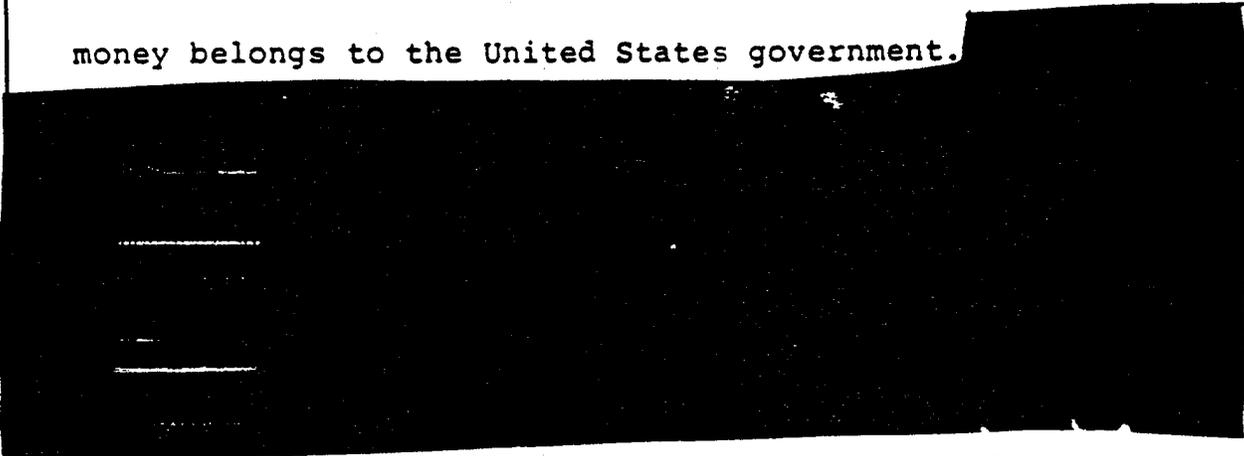
Mr. Cohen. What I am saying is that is pretty well accepted at the Agency.

Mr. George. That's the gospel. That's the way you and I worked together for six years. I can't work any other way. I know I screw it up now and then, but I do my best to make it work that way.

Mr. Cohen. The point is it's a matter of doctrine at the Agency: you simple to not do this?

Mr. George. With U.S. funds. I don't spend U.S. funds or use U.S. property without proper authorization.

Mr. Cohen. If you sell U.S. property at a profit, that money belongs to the United States government.



You know that. You have allowed me to do that.

I do that.

Mr. Cohen. The second tenet I assume at the Agency is you never allow the mixing of two covert activities so that one ends up funding the other?

Mr. George. That is illegal. It is not illegal.

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It's against the rules of the plans.

[redacted] in the comptroller's office runs [redacted] program. He runs [redacted] program. We don't yank it out of [redacted] and ship it to [redacted]

Mr. Cohen. Because one of the dangers inherent in such a combination of the two covert actions, in using one covert action to fund another, is that inevitably you have a conflict of interest arise, do you not?

Mr. George. Well, that was not where -- I was looking at it more that that would be improper. You have authorized me one million dollars to [redacted]

[redacted] I take \$50,000 and take it off to [redacted] and [redacted] I have not done what I have been authorized to do either by my own leadership or the authorizing, appropriating process of the United States Congress.

end mas
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Dinkel
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SLK-1

1 Mr. Cohen. Okay. My time is running short. I will try
2 and close this part of it rather quickly.

3 In any event, it is pretty well established at the agency
4 that your level, and I would assume all the way through the
5 director, you simply do not conduct covert actions in this
6 fashion. You do not allow the inflation of the price of the
7 sale of weapons to then be used for a purpose not otherwise
8 authorized?

9 Mr. George. Correct.

10 Mr. Cohen. Can you conceive of why the director would
11 have agreed to such a proposal? If he did?

12 Mr. George. Did he?

13 Mr. Cohen. I am asking you whether or not in your exper-
14 ience in dealing with Director Casey he would have approved of
15 such a diversion of the proceeds for an off-the-shelf, indepen-
16 dent, stand-alone fund to be used for other covert activities
17 in the Middle East or to use a portion of the funds for the
18 Nicaraguan resistance?

19 Mr. George. The off-the-shelf, stand-alone, run-yourself
20 spy service, which I had never heard of until, thanks to you,
21 I heard of it as I understood it was sort of a self-generating
22 private business. Hopefully, not making its money on arms.
23 All of those things, to answer your question, sir, my experi-
24 ence with Bill Casey was absolute. He would never have approv-
25 ed it.

SLK-2

1 Mr. Cohen. I've not many more questions, Mr. Chairman.
2 I will forego them at this point..

3 Chairman Hamilton. Senator, I will be glad to yield some
4 time to you at a later point if you like.

5 Mr. Boland is recognized for twenty minutes.

6 Mr. Boland. Thank you, Mr. Chairman. Good morning,
7 Clair.

8 Mr. George. Good morning, Mr. Chairman.

9 Mr. Boland. A number of these questions you probably have
10 answered, but I find it rather troubling with the CIA officials
11 who have been up here, with Duane Clarridge [REDACTED] and
12 now you, the inability to not recollect, not to remember, or to
13 indicate when you were giving some answers here that you trail
14 off into a blah, blah, blah, about what you knew or what you
15 didn't know.

16 In my experience, as you know well, in my experience as the
17 Chairman of the House Permanent Select Committee on Intelligence,
18 I found the officials of the CIA to be very cooperative during
19 that period of time, some seven years. And because of that
20 cooperation, I think that the Intelligence community, particu-
21 larly the CIA would agree, that the communication between the
22 Intelligence community and the Congress was at probably its
23 highest point in years as a result of our cooperation and also
24 the Senate's cooperation with what the Intelligence community
25 demanded and what it required during that period of time to

SLK-3

1 build back its ability to give the kind of service that the
2 Intelligence community should give and essential service to
3 the government on intelligence.

4 Because without the CIA and the DIA, and the NSA, the
5 ability to meet some of the problems around the world and
6 inform this nation or its leaders about what is going on,
7 of course, is impossible.

8 So I am going to ask a few questions that you responded
9 to, but I would like to get perhaps a little clearer answer
10 on some of the responses that you gave.

11 First of all, let me ask the question: how many CIA per-
12 sonnel were assigned to the National Security Council? If I
13 read it correctly, you had [REDACTED] who is the Deputy Chief
14 of the Near East Division in some of the problems. And then
15 he was replaced by Mr. Cave who, as I understand it, was a con-
16 sultant to the CIA but was brought back on the payroll of the
17 CIA after he became a -- after he joined the NSC and was tasked
18 by North on particular areas. Then Mr. Allen.

19 Is that correct? Are there any more?

20 Mr. George. [REDACTED] was our Deputy Chief of our
21 Near East Division and after the finding you are quite correct,
22 on three occasions he went to Europe for meetings including Mr.
23 Ghorbanifar and then, yes, you are correct, Mr. Cave, who is
24 a retiree with full Farsi and Iranian experience went to meet-
25 ings after that. That's correct.

SLK-4

1 Mr. Boland. Now you will note that -- I am sure you do
2 know because some of the CIA people I'm sure have informed you
3 on the questions that were asked of Duane Clarridge and also
4 [REDACTED] One of the most troubling questions, was the re-
5 sponse given by them and also by you with reference to the -- in
6 the so-called Prohibition Boland Amendment which was enacted
7 into law in October 1984. As you know that law forbade the CIA
8 from supplying any direct or indirect assistance to military or
9 para-military operations in Nicaragua.

10 Although the strictures of the law were loosened over the
11 next two years, first to allow for the provision of humanitarian
12 aid and then to allow for the exchange of certain types of
13 intelligence information, communications equipment, and infra-
14 structure support, the CIA could not provide any military assist-
15 ance to the contras for October 1st, 1984 through October 18th
16 of 1986.

17 Mr. George. That's correct.

18 Mr. Boland. In your deposition, you testified that there
19 were intense discussions in the CIA after the enactment of each
20 Boland Amendment. At what level were those discussions held?
21 Did you participate? Did Casey? Did the General Counsel or
22 a representative of that office participate? And what kinds --
23 what kind of guidance was provided to CIA personnel in Central
24 America as to what they could do and could not do with respect
25 to the contras between October 1984 and October of 1986?

SLK-5

1 And would you provide for the record copies of any written in-
2 structions sent to [REDACTED] in Central America on com-
3 pliance with the Boland Amendments in affect during this
4 period?

5 Mr. George. Mr. Chairman, of course I will.

6 (The information follows:)

7 COMMITTEE INSERT

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SLK-6 1

Mr. George. I do believe many of those written instructions are now a matter of record of this committee, but I will assure that they are. If you like --

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4 Mr. Boland. In substance what were they? In a relatively
5 short time. We don't have much time up here.

6 Mr. George. Beginning the first of October, 1984, we
7 accepted the absolute total and complete cut off of any support
8 whatsoever to the contras, and I believe there are a series of
9 cables from my office, from the Latin American office, from the
10 Central American Task Force. [REDACTED] says -- this is dated
11 12 October 1984. "We are in the process of obtaining the legal
12 reading as to what we can and cannot do in our dealings with the
13 FDN in light of this Congressional action. Until such a reading
14 is obtained, all field stations are to cease and desist with
15 actions which can be construed to be providing any type of
16 support, either direct or indirect, to the various entities
17 with whom we dealt under the [REDACTED] -- which was our
18 previous para-military program. "All future contact with those
19 entities are until further notice to be solely -- repeat solely
20 -- for the purpose of collecting positive and or counter-intel-
21 ligence information of interest to the United States Government.

22 Mr. Boland. Thank you. That is a rather positive direc-
23 tion. Let me ask you: this committee has received evidence
24 indicating that [REDACTED]

25 [REDACTED] was a integral part of the operation to supply contra

SLK-7 1 units in the field with weapons and ammunition, in the so-called
2 Second Supply Operation. When did you first become aware of
3 [REDACTED] activities and from what source?

4 Mr. George. There was great concern as the amendment was
5 modified over the years as to what we were allowed to do and
6 I think we were very cautious and very careful to read --

7 Mr. Boland. Was there really any great concern in that
8 period, from October 1984 to October of 1986 with respect to the
9 kind of activities [REDACTED] was engaged in in [REDACTED]?

10 Mr. George. Chairman and Boland, yes sir. Yes. There
11 was no other issue that we worried more about.

12 Mr. Boland. Would you quarrel with my description of
13 what [REDACTED] -- that [REDACTED] was engaged in what one could
14 say was a military operation down there?

15 Mr. George. I would say that [REDACTED] activities
16 were against the procedures and the regulations of this direct-
17 orate.

18 Mr. Boland. All right.

19 Mr. George. I would also -- and I would -- you haven't
20 asked me, but there's a lot to be said for [REDACTED] and
21 the problems that he faced.

22 Mr. Boland. Well, when did you first become aware of
23 [REDACTED] activities and from what source?

24 Mr. George. I first became aware of the fact that [REDACTED]
25 [REDACTED] had a radio and was transmitting independent informa-

SLK-8

1 tion to Oliver North in late October 1986. I became aware in
2 the summer that [REDACTED] had possible -- had one or two
3 direct contacts by telephone with the private benefactors in

End SLK 4

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Stein/drg
Take #4
10:30 am

1 Mr. Boland. How did you learn this information?
2 Mr. George. I learned the information about his con-
3 tacts with the people in [redacted] from [redacted] who had
4 just returned from a trip to Central America where he had
5 found out either directly from [redacted] or from [redacted]
6 [redacted] associates.
7 Mr. Boland. I take it [redacted] informed you?
8 Mr. George. He informed me of everything.
9 Mr. Boland. Did you inform Mr. Casey or [redacted]
10 activities?
11 Mr. George. I certainly did.
12 Mr. Boland. Colonel North testified that he thought
13 you were aware of his contra activities while they were on-
14 going.
15 Mr. Boland. I read that remark that Colonel North made
16 about me. I would repeat what I have said previously --
17 first of all, Colonel North was the National Security
18 Council's point man in Central America. You dealt overtly
19 and openly with Colonel North in Central America no matter
20 what the issue was.
21 Mr. Boland. And you dealt with him frequently on the
22 telephone?
23 Mr. George. Yes, sir. It was my impression that
24 Colonel North was aware of, if not involved in, some of the
25 private benefactor activity.

1 Mr. Boland. The testimony that the committees have is
 2 [redacted] did not believe that his activities were secret,
 3 and he left the impression that anyone reading the cables
 4 would have been aware of precisely what he was doing, how
 5 he was doing it and at whose direction. If that is so, how
 6 do you account for [redacted] failure to provide you with
 7 information about them early on?

8 Mr. George. I think there is some question as to --
 9 there is a debatable point as to whether [redacted] --
 10 excuse me, [redacted] traffic, his telegrams and cables
 11 from [redacted], were explicit in the activities he was
 12 engaged in, and I have not made a study of those cables, and
 13 we have them, and they are in your possession. And I would
 14 sit down with you, sir, or anybody on the staff. I am not
 15 sure it is as clear as you describe it.

16 I would like to make a point about [redacted] He
 17 is an outstanding Central Intelligence Agency case officer.

18 Mr. Boland. And believable?

19 Mr. George. He is a friend of mine. [redacted]
 20 became emotionally involved in a situation which I am not
 21 sure any of us can handle, and that is the pressure of lives
 22 and people in a war.

23 Secondly, [redacted] faced something of interest to
 24 me that no one in the history of the American Spy Service
 25 has ever faced, and that is that you get someone to arrive

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1 at your [REDACTED] and say "I have been sent there by the White
2 House, and I have a whole different set of rules for you in
3 addition to the ones from the CIA." I think [REDACTED] was put in
4 an absolutely impossible situation.

5 Yes, he did violate the procedures of our organization,
6 but there is ameliorating factors in that.

7 Mr. Boland. Did you or did [REDACTED] ever give [REDACTED]
8 [REDACTED] reason to believe that you intended to look the
9 other way concerning his involvement with the North-Secord
10 operation?

11 Mr. George. Absolutely not.

12 Mr. Boland. You testified in your deposition that you
13 had been instrumental in placing [REDACTED] in the job as Chief
14 of the Central American Task Force.

15 Mr. George. Correct, Mr. Chairman.

16 Mr. Boland. [REDACTED] was a CIA representative on the
17 RIG on Central America, and North represented the NSC.

18 Mr. George. That is correct, sir.

19 Mr. Boland. You knew North from your days in congress-
20 ional affairs. What did you tell [REDACTED] about North? When
21 you put [REDACTED] on as the Chief of the Central American Task
22 Force, you had some personal knowledge of the personality
23 of North. Did you --

24 Mr. George. I told -- John McMahon and I went to
25 Casey and told him the time had come to bring new leadership

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1 into the Latin American Division in the Central American
2 Task Force. We told him that the strongest, most capable,
3 most accomplished officer who could run what was going to be
4 our most difficult job, which it has been, was [REDACTED],
5 although he had had no experience in Latin America. When
6 he took that job, I am sure I told him that Oliver North was
7 a very powerful, very strong, hyperactive, busy, active man
8 in Central America and that he had to watch it because in
9 the fall of '84, both of these players were walking through
10 the same territory doing different things, as we now know.

11 Mr. Boland. Did [REDACTED] keep you informed about the
12 activities of the RIG? Did he ever mention information to
13 you North might have disclosed about his activities on
14 behalf of the contras?

15 Mr. George. The information, as described to this
16 committee or associated with this committee's hearings,
17 that somehow Colonel North advised the RIG of his activities
18 in some detail, I do not believe, in the context of the
19 RIG that [REDACTED] attended.

20 [REDACTED] kept me advised of the briefings at RIGs and
21 never under any occasion in those two-and-a-half years did
22 he say Ollie North sat down and briefed us about all his
23 activities in Central America.

24 Mr. Boland. You testified, I think, today that you
25 had some understanding of the kinds of things that North was

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1 doing for the contras. What was the basis for your under-
2 standing of the kind of things he was doing?

3 Mr. George. Mr. Chairman, I don't mean to be in any
4 way less than fair. I find it amazing that anyone in this
5 town who claims that they were involved, watched, followed
6 or were concerned with Central America would then be shocked
7 to find out that Oliver North was deeply engaged down there.
8 It was a matter of public newspaper record.

9 Mr. Boland. Yes, but what I am asking, the question is
10 about the kind of things that North was doing for the
11 contras; and the reason, of course, the question is obvious,
12 whether or not --

13 Mr. George. My final assumption was that Colonel North
14 somehow, somewhere, some place, some way was engaged in
15 seeking support or knew about the seeking of private support
16 for lethal aid to the contras, which would have been directly
17 in opposition to your amendment of '84.

18 Mr. Boland. But the CIA was helping him?

19 Mr. George. The CIA was not helping him.

20 Mr. Boland. Obviously the CIA was helping him in [REDACTED]

21 [REDACTED]

22 Mr. George. I did not know that.

23 Mr. Boland. That was his operation.

24 Mr. George: I did not know that.

25 Mr. Boland. This was pursued with Duane Clarridge, and

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1 let me pursue it with you, and I am sure you will have an
2 answer that will be satisfactory.

3 Did Mr. Casey, or to your knowledge any other CIA
4 official, ever discuss approaching [REDACTED]
5 [REDACTED] with a proposal in which they would support the contras
6 during the pendency of the Boland Amendments in exchange for
7 [REDACTED]

8 Mr. George. There is a very famous trip of Mr.
9 Clarridge to [REDACTED] in the spring of '84. I am told,
10 I have not read the cable traffic, this committee has it,
11 that there was an indication that Mr. Clarridge was to dis-
12 cuss with [REDACTED] the general situation in Latin
13 America, and [REDACTED]

14 I am also told there was a countermanding cable sent
15 by Mr. McMahon which said you will not do that. I would
16 only say that at the time that I was not involved with this
17 Directorate, I had a job outside -- I was Director of
18 Congressional Relations. I did not know that event. After
19 I returned to this Directorate, the first of July, '84,
20 Mr. Chairman, I have no knowledge of any occasion when we
21 ever discussed with [REDACTED]
22 [REDACTED] help the contras.

23 Mr. Boland. With respect to the Hasenfus shoot-down
24 and also your appearance before the House Select Committee
25 on Intelligence -- on October 14, 1986, after the downing

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drg-7

1 of the aircraft, you and [redacted] and Secretary Abrams
2 briefed the House Permanent Select Committees on Intelligence

3 Mr. George. We did.

4 Mr. Boland. You made a categorical statement, you have
5 done it today, and in your deposition, denying any direct or
6 indirect CIA involvement with arranging, facilitating or
7 directing the resupply missions and indicating that the CIA
8 had no knowledge of the resupply operation.

9 Had you discussed the statement you were about to
10 make to the committee with [redacted] prior to your appearance
11 before the committee?

12 Mr. George. I do not recall talking in detail about
13 that specific categorical statement with [redacted]

14 Mr. Boland. And he didn't mention [redacted] activities
15 to you before?

16 Mr. George. I don't think we had any idea of the size
17 of [redacted] activities until after that hearing -- is
18 that correct?

19 Mr. Boland. Had the Central American [redacted]
20 been contacted for information on the Hasenfus flight
21 prior to your appearance before the committee?

22 Mr. George. If you will excuse me, I will ask.

23 (Counsel conferring with witness.)

24 Mr. George. We asked all our [redacted]
25 [redacted]

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1 [REDACTED] what, if anything, they knew about the
2 Hasenfus flight after it went down, and they all replied
3 they knew absolutely nothing.

4 Mr. Boland. Was that [REDACTED] report to you too?

5 Mr. George. Yes, sir.

6 Mr. Boland. The resupply operation had been going
7 on -- there were a number of flights prior to the October 6th
8 shoot-down of the Hasenfus plane.

9 Mr. George. Yes, sir.

10 Mr. Boland. Because the resupply operation, by that
11 method, started sometime I think in April of '86 -- are you
12 telling me that [REDACTED] had no information with
13 respect to that operation vis-a-vis a military operation,
14 finding out where to drop the supplies, where they were going,
15 and then getting in touch with the contras or with Colonel
16 North on the communication equipment that was supplied to
17 him by Colonel North?

18 Mr. George. You know, after the fact, he did have
19 contact with the private benefactors and with Colonel North.

20 Mr. Boland. Is it your testimony that when you
21 appeared before the committee, the CIA had no knowledge of
22 who was involved in the resupply operation?

23 Mr. George. I could not state it that way, Mr. Chair-
24 man.

25 Mr. Boland. Put it any way you want.

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1 Mr. George. The CIA had general knowledge of the
2 resupply operation. 

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5 We knew they were down
6 there.

7 The private benefactors had arrived in force in late
8 '85 and early '86. We knew they were there and what they
9 were doing, and over and over we sent telegrams and cables
10 and telegrams to our people to stay away from them because
11 we could have nothing to do with that operation. That
12 other -- here is where I get myself in trouble -- other
13 than what we were allowed to do under the Boland Amendment,
14 which allowed us to provide intelligence to them and other
15 such support.

16 Mr. Boland. Let me turn to another question.
17 Secretary Shultz testified that information available to
18 him caused him to conclude that the Government of Iran had
19 absolute control over the hostage-takers. What degree of
20 control did the CIA believe the Government of Iran exercised
21 over the hostage-takers?

22 Mr. George. A great deal, but not all, and it was our
23 judgment, which we passed regularly when asked, that under
24 no conditions would the Government of Iran ever ver allow
25 all the hostages to be released, nor will they ever all be
released because the only leverage that those who hold the

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1 hostages have is the hostages, and so why would they give
2 them up?

3 Mr. Boland. Claire, you have had a long experience
4 with the CIA -- what, 32, 33 years?

5 Mr. George. Thirty-two years.

6 Mr. Boland. Almost as long as I have been sitting in
7 this Congress. In the time that you appeared before the
8 committee, when I chaired the House Committee, I found you
9 to be believable when the right questions were asked, and
10 that is one of the problems I think that we experience all
11 the time on both committees.

12 But in any event, I must say that the experience that
13 you have given to the intelligence community over those
14 years I think has been invaluable to the government in many
15 respects, and I thank you for being with us today and wish
16 you well.

17 Mr. George. May I say, sir, that it was under your
18 years as chairman of the HPSCI that, starting in '78 and
19 going up until the time we left, that we re-built the
20 intelligence community, and we are deeply grateful to you
21 personally for what you have done for us.

22 Mr. Boland. Thank you very much. Thank you, Mr.
23 Chairman.

24 Chairman Hamilton. Let me remind members and all
25 present again that this is an Executive Session. We have

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1- been hearing from Mr. George some very sensitive matters,
2 and the rules of both committees require that none of this
3 information go beyond this room.

4 The Senate is meeting in the ante room now, and,
5 Mr. George, I think it might be helpful for the record if
6 you identify the CIA personnel here in the room.

7 Mr. George. At the far end with the beard is John
8 Rizzo, the Deputy Director of our Office of Congressional
9 Affairs. To his right would be [REDACTED] He is the
10 lawyer that I put in the Central American Task Force from
11 '84 to '85 to try as best we can to follow the Boland
12 Amendments, add the amendments. [REDACTED] has been my lawyer
13 there. Kathleen McGinn, a representative of the Office of
14 the General Counsel; [REDACTED] Office of General Counsel;
15 my personal staff aid, [REDACTED] and from the White
16 House, Dean McGrath.

17 Mr. Boland. Who is minding the store?

18 Chairman Hamilton. Thank you very much. We will
19 have a 10-minute recess.

20 (Recess.)

drg-end

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Stein/drg
Take 4A
11:00 a.m.

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Chairman Hamilton. The Joint Committees will come to order.

I am told that the Senate meeting, which is now taking place in the ante room, will break up shortly, and we will go ahead and proceed.

Mr. Courter is recognized for 20 minutes.

Mr. Courter. Thank you very much, Mr. Chairman.

Good morning, Mr. George. You indicated in your testimony earlier this morning that [REDACTED] as far as you are concerned, violated CIA procedures and regulations, and I just want a clarification of that. I wanted to know, and I am sure you are familiar with a general counsel's opinion in CIA indicating that [REDACTED] activity was not a violation of the Boland Amendment --

Mr. George. That is correct.

Mr. Courter. I wanted to make sure that when you indicated violation of CIA regulations you were not referring to the Boland Amendment?

Mr. George. Yes. I am informed that from a legal point of view, [REDACTED] activities are debatable if they were illegal. My only point was that our policy, as issued from my Directorate, was to not have contact with the private benefactors in the manner in which he did. As I said before, I have great sympathy and great understanding for [REDACTED]

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Mr. Courter. Are you familiar with that opinion by George Jamison, Associate General Counsel? Have you read it?

Mr. George. About  I believe I did read that, sir.

Mr. Courter. Do you generally subscribe to its conclusions?

Mr. George. I am not a lawyer, but he is my legal advisor. I would have to subscribe to those conclusions.

Mr. Courter. Mr. Chairman, I just want to make sure, is this legal opinion part of the record?

Chairman Hamilton. Is that part of the exhibits?

Mr. Courter. I don't know.

Chairman Hamilton. We will make it part of the record, without objection.

(The information follows:)

COMMITTEE INSERT

1 Mr. Courter. Thank you very much, Mr. Chairman. I
2 appreciate that.

3 There has been testimony and also other evidence to
4 the fact that Bill Buckley [REDACTED]
5 [REDACTED] was captured and also tortured and died. Were you
6 familiar with that?

7 Mr. George. Terribly familiar, probably as familiar
8 as anybody in the Central Intelligence Agency.

9 Mr. Courter. Was Bill Casey, the Director of Intelli-
10 gence, familiar with that event?

11 Mr. George. Very concerned, very familiar, an issue on
12 Mr. Casey's, Mr. McMahon's and my plate every day of the week
13 of every month of that horror from February '84 until
14 final confirmation that he was dead.

15 Mr. Courter. Do you believe that his capture and
16 torture was something that influenced Bill Casey's activities
17 with respect to his desire to continue the Iranian Initiative
18 for the release of hostages?

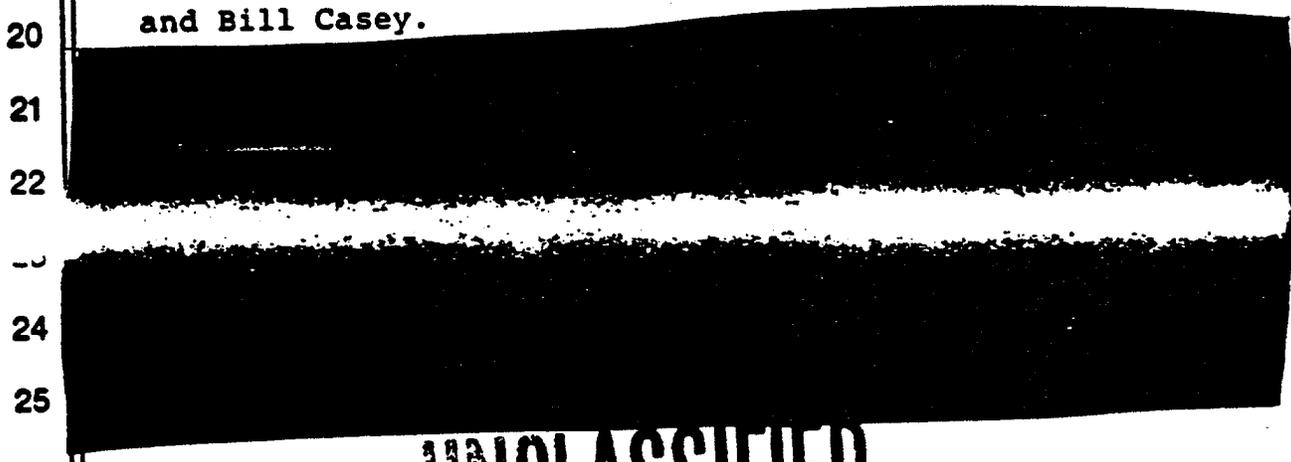
19 Mr. George. It could have been. Bill felt -- the
20 Director felt very strongly about this, as we know, and I
21 happen to know personally, [REDACTED]

22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 I cannot exaggerate to you --

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1 the hostage affair on Casey, and from my reading -- I do not
2 personally deal with the President, but I think we must all
3 assume and accept the President's deep, very human, concern --
4 you know, I am -- I don't know what you do in a situation
5 like this. Again, here is poor Oliver North -- the families
6 of the hostages are, as I would hope my family and yours, are
7 beating at the door of the White House demanding someone
8 do something about their sons or their brothers or their
9 husbands.

10 I think, frankly, the mistake was made -- the mistake
11 was really made to have allowed those families into the Oval
12 Office to see the President. That is just too much for the
13 President. I know on several occasions that happened, and
14 I have been informed by those who were there it was extremely
15 difficult, so politics aside, one must absolutely recognize
16 that throughout that period, from early '84 until November
17 of '86, and it is still a concern of ours, and we work it
18 as hard as we can, but at this moment hostages played a
19 big, big role in the thinking on the part of the President
20 and Bill Casey.



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Mr. Courter. Let me pass on from that to your testimony that you gave on Tuesday, October 14, 1986, before the House Select Committee on Intelligence. My good friend, Congressman Ed Boland, indicated that he had had and enjoyed a long and constructive working relationship with you, Mr. George, and he is convinced that if the right questions had been asked, the right answers would have been given, and that just kind of underscores his fairness, I think. I was not there at the time.

My view, very frankly, is the fact that the right questions were asked and the wrong answers were given. Maybe I am the wrong one to judge that, not having been

1 there and seen the questions asked, but reading the trans-
 2 cript, I get the feeling that when you and the other two
 3 individuals testified on that day, Elliott Abrams was one
 4 of the others, and [REDACTED] was the other --

5 Mr. George. That is correct, there were three of us.

6 Mr. Courter. That there was a clear effort on your
 7 behalf that resulted in the committee being misled, and the
 8 answers to the questions would, in my mind, be similar to
 9 the types of answers that I would give if I were someplace
 10 being interrogated by hostile people rather than friendly
 11 people.

12 The question I have -- this is my opinion, of course --
 13 the question I have is whether there was a feeling in your
 14 own mind that you were uncomfortable in leaving the committee
 15 with the impressions that you knew -- that I believe you knew
 16 at that time to be false.

17 Mr. George. I mentioned previously very slightly to
 18 Senator Cohen -- I apologize certainly to him and all of you
 19 for any indication that I was misleading that committee.
 20 My intent, which may or may not excuse me, was above all,
 21 as I said earlier, almost to the point of megalomania,
 22 to make the point that the Central Intelligence Agency as an
 23 entity was not involved. I was so concerned about us, the
 24 CIA, as I testified, have been so concerned about our
 25 Operations Directorate since '84.

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1 I later found out about [REDACTED] which is another
2 subject, and we corrected the record, but that doesn't answer
3 your problem. The problem is that when the Assistant
4 Secretary of State for Central American Regional Activities
5 testified categorically that no one in the U.S. Government
6 knows anything whatsoever, at all, about the support to the
7 contras, where I had suspected on from the fall of 1984
8 that there was some indirect connection on the part of the
9 National Security Council, I was never totally aware of
10 how it worked, I don't picture myself as a witness, and I
11 have been a witness off and on, sir, for eight years,
12 interrupting someone and saying that is not right.

13 I think Senator Cohen or someone said to me, what I
14 would agree with -- I ordered -- what I ordered was a tele-
15 phone call to Elliott Abrams saying, "Elliott, if you don't
16 know the way it is, that is not the way it is. I don't
17 know what it is, but you shouldn't run around Washington
18 categorically stating that nobody nowhere at all anywhere in
19 any way is supporting the contras."

20 I did not do that, and I can only say I would never --
21 there were later comments in the press I had lied -- I don't
22 lie, and I did not mean to lie.

23 Mr. Courter. Mr. George, at that time, October, '86,
24 you knew that at least according to your testimony today,
25 that [REDACTED] had dealt directly on occasion --

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1 Mr. George. I didn't until after the testimony, Mr.
2 Courter. I knew that [REDACTED] had had some direct contacts
3 with the private benefactors in [REDACTED] and [REDACTED],
4 which was against the interpretation of Boland 4, in which
5 those contacts to pass intelligence would have to go through
6 [REDACTED] I did not know [REDACTED] -- excuse me --
7 [REDACTED] reminded me that went against the law, it was
8 against the policy. I did not know, sir, until after the
9 testimony of 14 October 1986 before the HPSCI that [REDACTED]
10 had the radio and had been in direct contact with Colonel
11 North.

12 Mr. Courter. Is your -- and this is I think an
13 important question, although you may not think it is such --
14 is your understanding of your responsibility to your depart-
15 ment to the government and in testifying fully and completely
16 before committees in Congress -- do you think it goes to
17 the extent that if unwittingly you misled a committee, but
18 subsequent thereto found out information that gave clarity
19 to your own mind that your prior testimony had been false,
20 although not false as far as you were concerned, do you think
21 that your obligation goes so far as to compel you to contact
22 the committee and inform them of the additional information?

23 Mr. George. Absolutely. As far as the [REDACTED]
24 testimony -- these are two things now, there is the Elliott
25 Abrams problem and the [REDACTED] problem, there are my

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1 statements about the CIA and Elliott's statements about the
2 U.S. Government -- the institution at my behest corrected
3 the record of my statement about the agency, and I feel
4 comfortable with that. I would not pretend to feel com-
5 fortable about the fact that I did not react quickly either
6 with the committee or with Mr. Abrams to question his
7 testimony.

8 Mr. Courter. There are two areas where I believe that
9 very important people in the administration, including the
10 President and the various Secretaries, seem to have differ-
11 ences of opinion, those opinions obviously being based on
12 intelligence. Some of that intelligence may have come from
13 CIA, some from DIA, some from other sources, but one was
14 an apparent feeling in the President's mind that during the
15 time of the weapons sale, particularly in '86, that Iran
16 was either stalmated or losing their war effort against
17 Iraq, whereas the Secretary of Defense said that clearly was
18 not the case.

19 The other, there seems to be a split on the intelligence
20 with respect to whether there were such things as pragmatists
21 or moderates or people you could approach in Iran, the
22 President feeling that there was, and once again
23 Secretary of Defense Weinberger believing that there was not.

24 In your opinion, and based on the information you
25 have, was the intelligence gathered by the CIA and provided

1 to appropriate sources by the CIA consistent to which one
 2 of those areas -- number one, on whether there were moderates
 3 or pragmatists or just all radicals over there; and,
 4 second, on who was winning the war effort?

5 Mr. George. Let me take the war effort first. My
 6 Director is not the purveyor of finished intelligence to the
 7 community, as we call it, read the President and his men.
 8 My Director, however, is a collector of intelligence on
 9 the situation in that war

10 [REDACTED] There .

11 is no doubt in my mind, nor was there any doubt in the policy
 12 makers' minds in '84, '85 and '86 that the country that was
 13 in danger was Iraq. The belief was that Iran held the
 14 superior manpower and the ability to last longer,

15 [REDACTED]

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 And at no time was I told by the White House,
 23 the State Department, the Defense Department, the Director
 24 of CIA or anyone else [REDACTED]
 25 that their opinion was anything other than Iraq was the

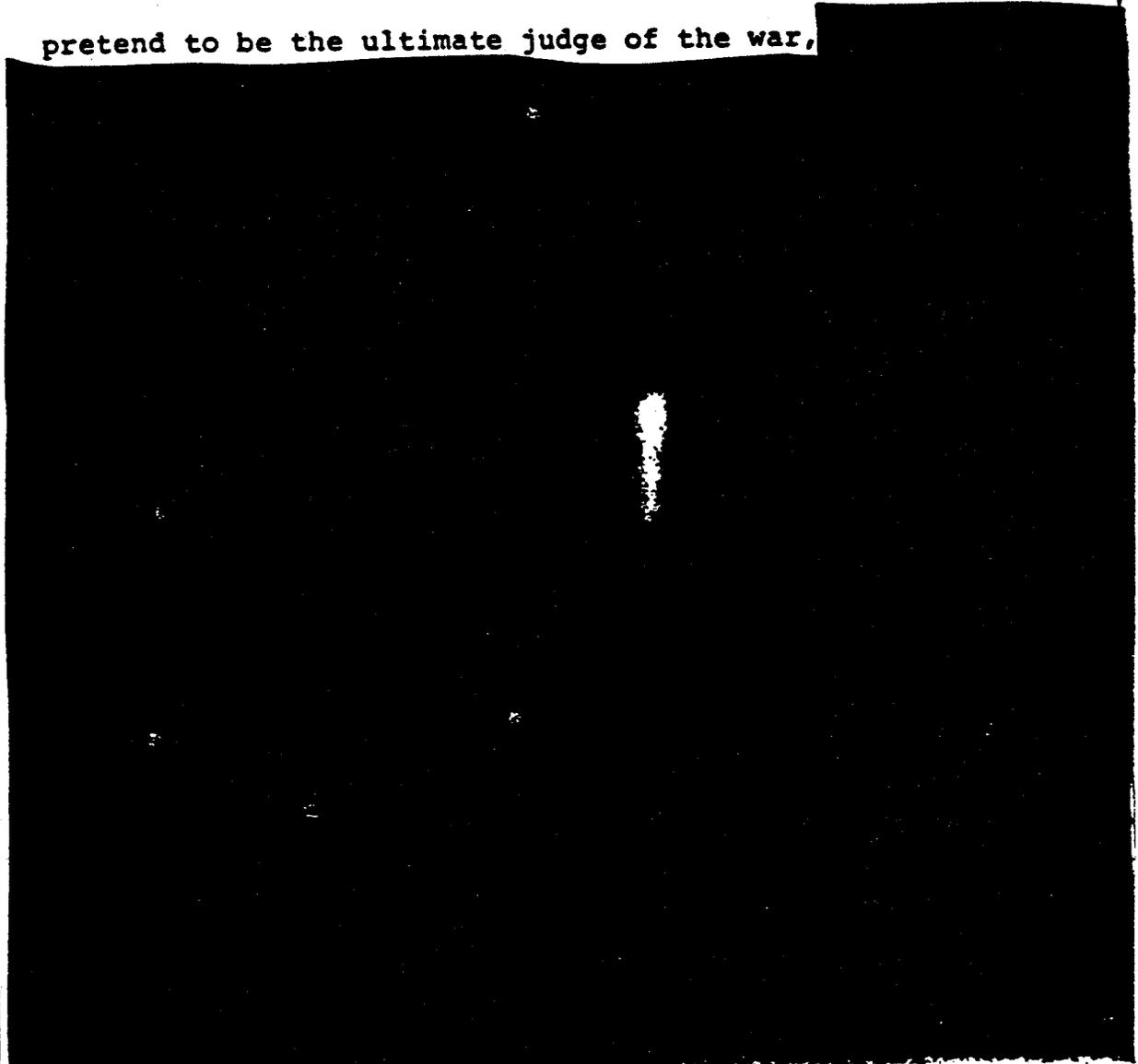
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1 weaker party in the war.

2 Mr. Courter. Do you have any idea where the President
3 might have received this type of information?

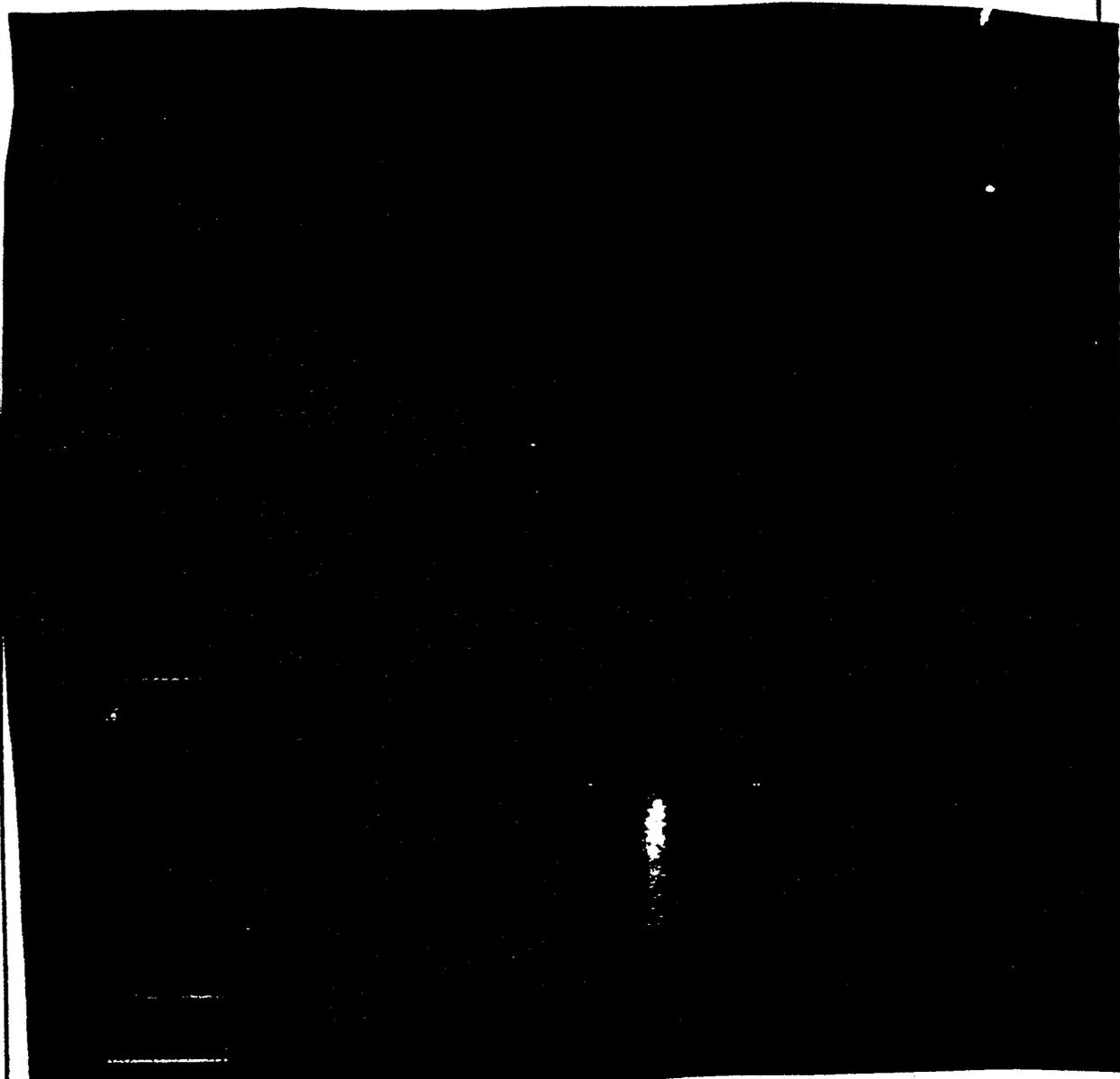
4 Mr. George. From the press and from your hearings,
5 I know of what you speak -- I do not know. If he was being
6 told that the Iranians were in trouble, maybe -- I do not
7 pretend to be the ultimate judge of the war,

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Mr. Courter. Based on CIA's intelligence, do you take the Shultz view, that there are pragmatists in Iran, or the Weinberger view that they are all killed?

Mr. George. Well, they were certainly not all killed. The generalization, are there any pragmatists in Iran -- does anybody play the piano in the Fiji Islands -- yes, somewhere. I am not sure that is what you are looking for. What you are looking for is someone who -- with whom you can open a dialogue and talk to them about the possibility of

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1 meeting common accommodation on overall international affairs
2 and political problems.

3 With all the hell that we have been through since last
4 November, and I am some guy in the CIA, I think there are
5 people you could talk to, if you could get to them. There
6 are people whose interests are not to continue the way it is
7 going, and I think the second channel, which is the way it
8 has been described to this committee and to the public,
9 this was after Ghorbanifar got thrown out, and we got in
10 touch with [REDACTED] if this hadn't happened
11 and we broke off, [REDACTED]

12 [REDACTED]
13 We shouldn't all sit around and say he is a moderate or
14 democrat or good guy or socialist, or whatever, what can he
15 do for us?

16 Mr. Courter. Lastly, could you tell us what you know
17 about the DEA proposed operation for the release of the
18 hostages in '85, whether Ross Perot was involved -- what
19 do you know about that operation?

20 Mr. George. Let me give a brief introduction. My
21 approach to hostage handling, and I have been in and out of
22 the game since '75 [REDACTED] and I am not an expert, but I
23 guess I know a little bit, is what you have read. You
24 open a dialogue with the hostage holders no matter how rotten
25 they are. You find the bad guys, and you start talking to

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1 them. It was evident in the early '70s and became accepted
2 and called by us, who were in the government, the Kissinger
3 position, that you would never trade for hostages, but you
4 would always talk and talk and talk.

5 Beginning in 1984, when the great burst of early
6 hostages were taken, Mr. Levin, Mr. Andersen, Mr. Jacobsen,
7 Mr. Sutherland, Bill Buckley, the original hostage crowd,
8 we began to receive feelers. It is a brutal, ugly story,
9 but people were selling information, selling hostages, sell-
10 ing their rings, selling their clothes, selling letters from
11 them trying to make money out of the hostage business.

12 Our position was, is, and I think should be to follow up
13 on everything. This does not mean ransoming hostages, this
14 means trying to find out who you are dealing with, does this
15 person know something? This was sort of a hit and miss
16 activity inside the United States Government and everybody
17 was running around doing their thing until late '84 when
18 it was decided to establish the hostage locating, location
19 task force.

20 The only purpose -- other than the CIA, the State
21 Department, the Defense Department, let's bring in a lot of
22 guys who might know something, Customs, INS, Commerce, DEA,
23 let's get a band of guys representing all the government
24 agencies and make sure anybody who has any possibility of
25 knowledge about the hostages sit down together.

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Mr. George. In the springs of '84, '85 -- counsel, correct me. Is it '85, the DEA affair?

Mr. Kerr. Yes.

Mr. George. In '85, the Drug Enforcement Agency notified the Hostage Location Task Force that they had sources [REDACTED]

[REDACTED] who also might have information and/or [REDACTED] the American hostages. The right answer to that is okay, what have you got?

So the discussion which again is very typical of all these operations is well, I can get you the ring, the photo, the letter, the picture of the man with today's paper, but it will cost money. And I make the difference in my own mind that this is different than ransoming, \$2 million and I will deliver the body. [REDACTED]

[REDACTED] And the DEA assured me or they assured us that they had been successful in [REDACTED] that they would go [REDACTED] and bring back evidence that they could get in touch with the hostages

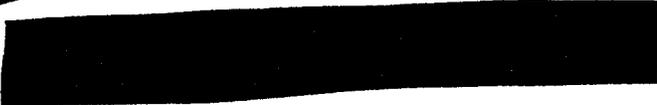
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Well, this was hocus pocus. I asked my experts



and we came to the

decision that they were -- it was a scam. No big surprise. There was nothing to get excited about. We were scammed regularly on the hostage business and others. This was a scam. This is life.



I now know, that that decision was not agreed to by other people. I think -- at the time I remember talking to a man called He Hickey who was head of the President's security inside the White House, very hot on this operation. I know Mr. Hickey continued to believe it was a good idea. I know, of course, now that Oliver North thought it was a good idea. I know Oliver North got the two DEA men to him, I believe he claims he had \$2 million from where? I'm sorry. Ross Perot, I don't know. I was gone. I had left it. I had declared it a fake.

Mr. Courter. Thank you.

Chairman Hamilton. Senator Boren is recognized for

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20 minutes.

Mr. Boren. Thank you very much, Mr. Chairman.

I apologize. I have been tied up with meetings on the Central American meeting or initiative and I had to miss some of this testimony, but I will read it all very carefully and try not to repeat what others have asked.

Mr. George. Thank you, sir.

Mr. Boren. Mr. George, when did you learn of the impending announcement by Attorney General Meese that he had uncovered evidence of the diversion? When did you learn about the impending press conference?

Mr. George. The announcement? I am told by [redacted] I had mentioned it to him that morning. If I mentioned it to him that morning, Senator, I would have known that morning. I mean it would have been hours before. Quite how I might have known, I don't know. I was certainly not sitting around for weeks saying --

Mr. Boren. So far as you know it was probably the same day?

Mr. George. The same moment. [redacted] told me. [redacted] said to me, Clair, you told me that afternoon or just before the press conference. I don't know how, but it was then, sir, at that moment.

Mr. Boren. Did you have any discussions after that time once you had known about the diversion and -- that

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the other items announced in the Attorney General's press conference, did you have any discussion with anyone about your testimony before the Senate Intelligence Committee, between the time you learned about it, the Attorney General's announcement, and the time you appeared before the Intelligence Committee in December to testify did you have any discussions about the scope of your testimony, what you were likely to be asked or what you should say or how much you should answer?

Mr. George. No, sir. I didn't. I think we were all very, very shaken, as you remember, Senator Boren. We had -- we were suddenly told that we were all going to appear privately before the Senate Select Committee. We were going to be giving sworn testimony. We were told we could not bring lawyers with us. We were told that the subjects were not to be discussed afterwards and we were not to be briefed. I think we were -- I guess big boys shouldn't say it. We were frightened.

But that was about the size of it.

Mr. Boren. Would the same be true for your -- between the time that you learned of these activities as announced by the Attorney General and your testimony before the Tower Board and your testimony before this committee?

Mr. George. I had a period between the testimony before I guess Senator Durenberger was chairman and of the

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committee and the Tower Board. I was out of work for five weeks. I was in the hospital and had a serious operation. So I sort of had a blank period. I came roaring back to work in January and I think I got in to see Tower early February. I forget the exact dates.

But I was really out of commission. I don't remember talking much about this at all in that period.

Mr. Boren. Do you recall anyone giving you any suggestions about restraining the scope of your testimony?

Mr. George. Oh, never.

Mr. Boren. In regard to [redacted] didn't the CIA headquarters really leave [redacted] in a very difficult position in regard to orders to drop the communications plan and stay away from the private benefactors? What I am thinking of here, is if he complied with the orders of the headquarters, all he could do then was sort of sit by and watch the contra resupply flights get shot down or crash without the help of information.

Wasn't that just sort of a cop out by those at headquarters, sort of washing their hands of it?

Mr. George. We put [redacted] -- I did mention this earlier -- [redacted] in the world's most difficult situation, all of us. I would again like to say for the record, for [redacted] and [redacted] behalf, that [redacted] is a brilliant intelligence officer. He was my finest [redacted]

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[REDACTED] He has a magnificent ability to do our business. We sent him to [REDACTED] You know the story as well as I. He's sitting there watching supply flights, people being shot, the wounded coming out, radio calls for help.

Yes, in a bureaucratic sense we really are -- I mean, we put out a notice, don't help anybody. We asked the impossible. If I would have been [REDACTED] I probably would have done the same thing. I think the interesting thing about [REDACTED] and I said this before and I say it again, because I think it's very important. Never before in the history of our service has a senior official been approached by somebody outside the service representing the United States government at the highest levels, re Oliver North, I am here on behalf of the National Security Council, and asked to set up independent communications.

But yes, [REDACTED] was put in an absolutely difficult situation.

Mr. Boren. I appreciate the candor of your answer. When the Inspector General of the CIA began the investigation of the [REDACTED] activities, what was your role in setting up that investigation?

Mr. George. I was again -- if I recall -- and I can get the record, I don't want to cop out -- that was the hospital period. I left -- the first of December, give

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or take, and returned in late January. I am told that the whole thing broke in the December-January period.

Not to avoid a critical point here, I think all of this went along without anybody charging [redacted] the law. What do you violate legally the Boland Amendment? it was policy. Nobody is going to get beaten around the ears for policy. I think at this point the question with [redacted] is -- and I have been taken out of it, it's a general counsel, IG, Inspector General activity. I know about [redacted] activity at certain periods of time.

Mr. Boren. Let me say it's my recollection -- so you do not believe that at least you were involved at the inception of the IG investigation? That's during the time you were in the hospital?

Mr. George. It would be very normal for me to -- excuse me.

In the middle of January 1987 [redacted]

[redacted] indicating that [redacted] had been engaged in illegal activities. [redacted] informs me I didn't know. Excuse me for having to seek help. That Bob Gates asked for an IG inspection.

Mr. Boren. You weren't particularly involved?

Mr. George. I don't think I was back to work at that point. I think I would have done the same thing. That's where I was headed.

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Mr. Boren. It's my recollection that [REDACTED] indicated that he had some conversation with you or with someone working under you in the Agency that indicated to him what they thought the scope of the questioning by the IG would be.

Mr. George. Yes. I know that story.

Mr. Boren. When he then was asked by the IG questions going beyond the scope he thought it was going to be, that partly that's what led him to not give complete answers?

Mr. George. There are two stories. The story I am more familiar with is that he said that he was instructed by his division chief who he believed to have been instructed by me to limit his testimony to the Tower Commission to certain specific fields.

Mr. Boren. Yes. That's correct. Is that accurate?

Mr. George. The issue was -- and it's not correct. The only thing ever brought to my attention before [REDACTED] appearance in the Tower Board -- and this is one of the first times we were going to go outside the confines of the intelligence committees. We were going to talk to -- not that Mr. Scowcroft, and Tower are strangers. We said if you have trouble with sources and methods -- which is true in all our hearings -- blow a whistle, ask for a time out. We will get it straightened out.

As far as being told what to tell the IG, I would never

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in a million years say to an officer -- I would say if you have great trouble with the IG, come back to my office and I will try to sort it out. But I would never say don't discuss this, that, and that.

Mr. Boren. With the IG.

What is your assessment of why he was not fully forthcoming with the IG on these matters?

Mr. George. I am not sure I know he wasn't forthcoming with the IG. I think -- and [redacted] help me -- it's my understanding -- I don't want to draw any conclusions, because I don't know that he was not forthcoming with the Tower Board.

Mr. Boren. Let me make it easier for you. Not the Tower Board. The IG. He himself told us he was not forthcoming with the IG in the first interviews. He said the reason he wasn't was he was asked questions that really surprised him beyond the scope of what he had been told he would likely be asked.

Mr. George. [redacted] who is the legal counsel of the Central American Task Force, if you don't mind. [redacted]

[redacted] May I tell you? The day he went up to see the IG, I showed him the 29th of December response that was sent to the HPSCI and later sent to the SSCI. I said they are likely to talk to you about this [redacted] and I need to tell you also that when you spoke with me in December in

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[REDACTED] you told me about the KL-43. That's likely to come up and the relationship with the -- with Colonel North. It was clear to him the scope of it was beyond this response, but I wanted him to know what had already been shown but that that was not just the only thing that might come up in this discussion.

Mr. George. I did not, Senator Boren, talk to him about his IG testimony.

Mr. Boren. Let me ask a summary question on this. While you understood he was in a very difficult spot, you expressed your sympathy for the difficult spot, it would be your testimony that you did not, you feel, by any actions, words, actions you took, conversations you had, indicate to him that he should not be forthcoming in his testimony?

Mr. George. Never, under any conditions.

Mr. Boren. In February of 1987 [REDACTED] and you took a trip to [REDACTED]?

Mr. George. That's quite right.

Mr. Boren. Why did you take that trip?

Mr. George. I planned to take it. I had not been in Central America for two years. It's a critical problem to us. I had hoped to go down in the fall. Bill Casey announced he wanted to go back that fall. That was the famous trip he was on when all of this blew up. I said to [REDACTED] maybe we'll go in early December. I went to

m11 1 the hospital. Got out of the hospital. The earliest I
2 could get there having decided to make the trip in November,
3 December, was the First of February. By that time, my goal
4 was no longer exclusively to -- I am sort of the boss.
5 [REDACTED] in the most important area
6 of the world. At that point I -- it was absolute for me,
7 because [REDACTED] had had his problem. [REDACTED] was out of Central
8 America. The gossip was spreading like wildfire. Our
9 organization is an outfit where the gossip goes night and day,
10 who is doing what to whom, we all know that. Was to tell
11 the [REDACTED] story as factually as I could tell it and urge
12 every [REDACTED] to be frank and
13 honest and fair and truthful with the investigations being
14 conducted by the Inspector General.

15 And I must say, if I don't have less than 200 witnesses,
16 I'm kidding myself. I gave that speech like a stump man
17 from [REDACTED] to [REDACTED].

18 Mr. Boren. While you were on this trip, did you learn
19 anything about the [REDACTED] helicopter usage, what's been
20 referred to as the [REDACTED] and [REDACTED] matter?

21 Mr. George. There are two [REDACTED] activities. Let me
22 address the [REDACTED] and [REDACTED] matter which is a puzzlement
23 as they said. On one of the days I was in [REDACTED]
24 [REDACTED], who is [REDACTED] and
25 as such in charge of the war effort arranged a helicopter

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flight for [REDACTED]

[REDACTED] me to visit certain

sites [REDACTED]

There was [REDACTED], the pilot, [REDACTED]

myself, and I'm sure somebody else. We flew down to

[REDACTED] were there two hours, [REDACTED]

I have now been on the road, on the ground, in the air
for eight hours and it's hot and it's dusty. I am then
taken into a shed where [REDACTED]

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[REDACTED]

I am then introduced to [REDACTED] who I shook their hands. I now know, sir, that their names were [REDACTED] and [REDACTED]. I told them that we were proud of them, that their government was proud of them, their agency was proud of them, to carry on the good work, and on, by the way, if the IG ever shows up [REDACTED], for God's sakes tell him the truth.

I got back to Washington and was told that one of these guys said I had a two hour discussion with him about the Mrazek amendment, the Boland three, and arms movements to the border. I am sorry. I am exaggerating but this story is totally beyond my understanding.

Mr. Boren. You don't recall any conversation while you were in [REDACTED] about the helicopters carrying arms?

Mr. George. Never. My other story, which is even sadder, which is a sad story and not sort of an amusing story, is that [REDACTED] under [REDACTED], because here comes the boss invited me in for breakfast and they were all there. There was 20 of these paramilitary guys in their boots and all the rest. We have a nice breakfast. We all talk. I give them a speech about the essentialness to this agency of everybody confessing up to anything they know and they all saluted me and they all told me they would' and, of course, we now know that that

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was dear [redacted] and his crowd and it was never mentioned to me.

Mr. Boren. It was not mentioned to you?

Mr. George. No.

Mr. Boren. When was the IG investigation into the [redacted] matter?

Mr. George. It was almost immediately thereafter.

I get back from that trip, I guess in, say, mid-February, late February, and we had an endless series of phone calls I know particularly from Senator Bradley's office. Senator Bradley and his staffer, Mr. John Dupris, kept calling and saying what did Clair George learn down there. We kept calling back and saying Clair is -- has either gone crazy or is not telling the truth. Clair doesn't know what he learned down there. It was soon after that that [redacted] I believe -- and correct me, [redacted] -- [redacted] having been brought up or coming up started to open the crack on a door which led to the situation.

Mr. Boren. It was [redacted] that came up?

You didn't come back then from [redacted] and say we need to start an IG investigation?

Mr. George. It was a very puzzling affair. Senator Bradley and his staffer called me over and over and over again saying what did I learn.

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SLK-1

1 Mr. Boren. There were press reports going on [REDACTED]
2 [REDACTED]

3 Mr. George. Excuse me one second.
4 [REDACTED] reminds me there was an IG inspection planned
5 already to go down there but that had nothing to do with that.

6 Mr. Boren. You didn't come back -- I want to be clear.
7 When you came back, you didn't come back with any knowledge that
8 something was wrong in [REDACTED] with the helicopters carrying
9 arms? And you didn't then ask or initiate, say to the IG you
10 better go down and look at that?

11 Mr. George. Absolutely not. The IG was going anyway.
12 We were doing one more review of Central America. In fact, if you
13 had asked me -- which goes to show you how little we know some-
14 times in life -- if all was well in [REDACTED] I would have told
15 you it is.

16 Mr. Boren. Let me ask: In the questions before the
17 Senate Intelligence Committee in December when you testified
18 under oath, let me read you two questions here and your answers.
19 I'll try to get you the package number. I think they are short.
20 Package 19. Mr. Hall asked you, "Were you aware of any role
21 that Colonel North played?"

22 "Mr. George: I have no information on Colonel North and
23 funds."

24 "Mr. Hall: Can you tell us what role Secord did play?"
25 He is talking about this in the supply operation.

SLK-2

1 "Mr. George: I cannot."

2 Let me see. You went on to say in regard to General
3 Secord, "I am told -- and I do not want to have my hand held
4 in the fire -- that at one point, at some point along the way
5 it moved through the hands of General Secord."

6 Mr. George. Excuse me. I missed that.

7 Mr. Boren. You said, "I am told -- and I do not want to
8 have my hand held in the fire -- that at one point, at some
9 going along the way, it moved through the hands of General
10 Secord but I don't have that evidence."

11 Mr. George. What moved?

12 Mr. Boren. Funds. Funds and supplies.

13 Mr. George. We are talking about -- the contras or the
14 Iranian thing?

15 Mr. Boren. On the Iran program.

16 Mr. George. I knew Secord was in the Iran program. I met
17 Secord months before in the White House.

18 Mr. Boren. As I understand, you later give testimony that
19 the fact you talked with General Secord after that finding was
20 signed when there was a discussion about him and what his role
21 would be.

22 Mr. George. Oh, no. General Secord was in the White House
23 Situation Room on Saturday morning, the 18th of January and was
24 introduced to me by John Poindexter as a consultant to the
25 National Security Council. I believe my testimony to your

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SLK-3 1 committee at that time and since then has been it was my
2 judgment that the reason this action was taken this way was
3 to provide his bonafides, that here he stands, like him or not,
4 this is Secord and he's now part of this game, whether you like
5 it or don't like it.

6 Secord and I never, ever sat down anywhere ever and dis-
7 cussed this operation.

8 Mr. Boren. You didn't say to the -- you didn't tell the
9 committee anything about -- did you, about being at the White
10 House?

11 Mr. George. Oh, yes. I did. I have never denied meeting
12 Secord on Saturday morning the 18th. I mean, if I didn't tell
13 them, I should have told them.

14 Mr. Boren. Well, and this comment about were you aware
15 of any role Colonel North played. You said I have no informa-
16 tion about Colonel North and funds.

17 Mr. George. I didn't have information on -- see, my feel-
18 ing about this exercise was that the money went from Iran to
19 Israel and Israel would put it in the bank, our bank, our account
20 in Switzerland. I now know what you thankfully have told us
21 that it went through Ghorbanifar, it went through Secord, it
22 went all over the place. But I didn't know that.

23 Mr. Boren. Let me ask you one last question. I see my
24 time is up.

25 Mr. George. Please.

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104

SLK-4

1 Mr. Boren. Can you recall your preparation for Mr. Casey's
2 testimony before the SSCI and what discussions you had with
3 Mr. Gates or others about that testimony?

4 Mr. George. Certainly.

5 Mr. Boren. Whether or not you suggested any changes in it?

6 Mr. George. Let me recall my involvement in that testi-
7 mony. I don't have the dates correct, but we are talking
8 vaguely of the 17th through the 26th, that whole period.

9 When the story broke that McFarlane had had meetings in
10 Tehran and the entire thing became public and before the
11 Attorney General's statement of the diversion, it became
12 accepted in the agency that we would have to moderately brief
13 on our activities. It was intolerable for us in the situation
14 above all with you, the Congress.

15 I conducted what I believed to be -- and I don't know if
16 any of the staffers are here, maybe Mr. O'Neil -- the first
17 briefing by the Executive Branch of the Legislative Branch
18 which was a briefing on say, say, the 17th or 18th of November,
19 about our activities after the finding and what we did.

20 It was then decided -- and quite how, I don't know, except
21 that the White House called the CIA and said, you're going to
22 do the briefings of the Congress on, you know, Bud McFarlane's
23 trip. Read that: this whole affair.

24 Bob Gates called, in my presence, Bill Casey in Central
25 America and said I'm a big boy Bill, but would you please come

~~TOP SECRET~~

SLK-5

1 back here? I mean, this is bigger than I am. I now know, again
2 through this committee, that John Poindexter called Bill Casey
3 and said please come back here.

4 My job at that point -- and the record I believe shows it
5 -- was to put together the facts of this directorate's activi-
6 ties inside -- in this affair; and we put together -- because
7 we have the record and it's a written record and it is an
8 exact record -- the exact record of this operation, directorate's
9 participation in the activities we engaged in from the finding
10 of the 17th until that date.

11 That information was then sent forward to one of the staff
12 assistants in the front office -- Bob was Acting Chief -- Acting
13 Director at the time -- who then got information from all the
14 other groups. Casey has by now asked that preliminary testi-
15 mony be sent to him on his trip back from Central America.

16 Correct me, [REDACTED] if I get these facts wrong.

17 We flew someone to Central America and Casey began to
18 study it. He came back. We had a big meeting in Casey's con-
19 ference room with 20 or 30 people. It was evident that differ-
20 ent people in the CIA had different pieces of information, and
21 it was being collated by staff aids.

22 I neither corrected nor changed nor overviewed. My posi-
23 tion was throughout this entire -- at one point we ended up in
24 the White House, in Poindexter's office, where Mr. North arrived.
25 I was there very briefly on my way somewhere else. Either North

SLK-6 1 said or Poindexter said politely, your records don't match ours.
2 I said, I don't care. Our records are exact. We know when we
3 flew this operation or met this person.

4 Finally, those differences, I guess, were solved. But
5 no, as to did I -- Bill Casey was still writing that testimony
6 in the car I'm told on his way down the morning of whatever date
7 that was.

8 Chairman Hamilton. Mr. Cheney is recognized.

9 Mr. Cheney. Thank you, Mr. Chairman.

10 I don't plan to use my time. I simply want to thank Mr.
11 George for his testimony. My association with him over the
12 years in the Intelligence Committee has always been an excellent
13 one. He has been very helpful, forthcoming and direct in all of
14 his dealings with me. We appreciate very much his help and
15 assistance to this committee.

16 Mr. Chairman, I yield back the balance of my time.

17 Chairman Hamilton. Thank you.

18 To conclude the session this morning, I will recognize
19 Senator Sarbanes for ten minutes.

20 Mr. Boren. Mr. Chairman, I have just one point. There
21 was a document I mentioned I believe by legal counsel during my
22 questioning of Mr. George. I wondered if we could have that
23 particular document entered into the record.

24 Mr. George. The [REDACTED] document.

25 Chairman Hamilton. Yes, indeed. The document will be

SLK-7 1 made part of the record, without objection.

2 (The information follows:)

3 COMMITTEE INSERT

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Chairman Hamilton. Senator Sarbanes is recognized for

End SLK 2

ten minutes.

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Mr. Sarbanes. Thank you, Mr. Chairman.

Mr. George, did I understand your response to Senator Boren that you didn't know General Secord before you met him in the Situation Room at the White House on the 19th of January?

Mr. George. That is absolutely correct. I knew of him, but I didn't know him.

Mr. Sarbanes. What did you know of him?

Mr. George. Well, I knew a great deal about him. The good General Secord's reputation inside the CIA was not of the highest. As I have testified previously, I had no evidence then, I have no evidence now -- I have no knowledge of General Secord engaged in illegal activities, but General Secord worked the edges of the international arms market. General Secord worked the edges of those guys out there in the world who were buying and selling in the arms business.

He had been associated in a I.G. report of the CIA with Edwin Wilson, the famed renegade CIA agent who is now in Marion, Illinois and I know for a fact that he was in our minds, in my mind as a manager of the American Clandestine Service, an individual with whom I would not do business.

I will even go further and I maybe shouldn't, I went to Bill Casey soon after the famed Saturday, 18, January

CAS-2

1 meeting and urged Bill Casey not -- if they are going to do
2 this, if they are going to ship arms to Iran for hostages,
3 and that is a complicated moral question, don't use Secord.
4 I told him very strongly.

5 Mr. Sarbanes. What reasons did you give Casey --

6 Mr. George. My knowledge of his involvement in what
7 we considered to be not particularly wholesome -- wholesome
8 is a dumb word for a spy to use -- particularly savory
9 activities in the past, and he is mentioned in our Inspector
10 General's report as being an associate. I had also read
11 the book "Manhunt", which is the second book. He was just
12 not a guy I wanted to do business with.

13 Mr. Sarbanes. How did you understand that Secord got
14 involved in all of this? Did you have an understanding --

15 Mr. George. You want to know what I thought now or
16 what I thought then --

17 Mr. Sarbanes. Both.

18 Mr. George. I didn't have a damn clue how he got
19 involved when I saw him in January of that year. I was
20 surprised, shocked. Stan Sporken, who was with me at this
21 famous meeting and I understand it was testified to you,
22 Stan and I agreed that this was a mistake and Stan and I
23 went separately to Bill Casey to try to talk him out of it.
24 That is what I knew then, it was a dumb idea. Now, how
25 did it happen -- because starting in 1984 I assume -- I have

CAS-3

1 no personal evidence -- when Oliver North was given the thank-
2 less task of supporting the contras or at least making sure
3 they were supported, he turned to Secord. So by the time
4 Secord was in the White House Situation Room in January
5 1986, Secord was probably -- and I have no evidence of it --
6 you may -- I can't follow as closely as you do -- already
7 deeply engaged with Oliver North in the contra affair,
8 and he would be a natural to move right on to the
9 Iranian affair.

10 Mr. Sarbanes. North testified that Secord in effect
11 was sent to him by Casey?

12 Mr. George. I know that. I saw or heard that testimony.

13 Mr. Sarbanes. What is your view of that?

14 Mr. George. I would doubt it.

15 Mr. Sarbanes. Why?

16 Mr. George. Gut instinct, I know Bill Casey. If Casey
17 sent Secord to North, someone else talked Casey into it.
18 I don't know -- why am I conjecturing -- I can't believe
19 that Bill Casey sent Secord to North because if he did he had
20 to send him in the summer of 1984, I think as I put it back
21 together historically. Bill Casey knew the problems with
22 Secord. The problem -- the problem is that when whomever
23 it was told Ollie North that he had one little task, all
24 Ollie had to do was get money or make sure money was obtained,
25 obtain arms, make sure arms are sent to Central America, get

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somebody to give private support to the benefactors. Those who charged North with that activity were grossly unfair and who would walk into Ollie North's life first in the United States of America, you are not going to deal with foreigners, but Dick Secord who is in the international arms business and has experience in the United States Government in some version of clandestine activities.

Mr. Sarbanes. Are you familiar with the testimony that Secord met with Casey around Christmas of 1985, about a month before you saw Secord in the Situation Room, to thank him for the work he was doing and to say he did a good job?

Mr. George. I saw that on the television or read it, if he said that is what he did, I wouldn't be surprised Secord saw Casey. William Casey's door was an open door, he would receive anyone to talk to.

Whether Bill Casey saw Dick Secord to thank him for all the wonderful things he had done, I don't know.

Mr. Sarbanes. Did you have a report on Hakim -- did you know of Hakim's involvement in the Secord-Hakim enterprise?

Mr. George. We knew Hakim was involved by the spring of 1986 after the finding because as we were enjoined by the President to support this activity in [REDACTED] in the first or second meeting, I can get the record for you, who do we find as the Farsi-English interpreter -- we don't

CAS-5

1 find an American who works for our side that we can sort
2 of count on, we find some guy -- some -- I shouldn't call
3 him some businessman from Switzerland -- he holds a green
4 card [REDACTED]

5 [REDACTED] but he is interpreting. I say hold
6 it, at least I have to get an interpreter whom I know is my
7 fellow American and that is when dear George Cave got
8 involved.

9 Mr. Sarbanes. What is the agency's reports or knowledge
10 about Hakim?

11 Mr. George. That he was a very successful, very
12 prominent American, I think it is a naturalized American,
13 Iranian businessman who had been in Tehran and had had dealings
14 with the American embassy, was well-known, had fled the
15 country at the time of the fall of the Shah, had very
16 important contacts, the kind of guy we deal with all over the
17 world, may know somebody of importance, could pass us
18 information, the kind of person we like to deal with, but
19 not the person I would choose to be in the middle of a
20 clandestine U.S. operation running it.

21 Mr. Sarbanes. When you had that meeting in January
22 in the White House when the CIA was brought into it,
23 Secord was presented to you. What was your knowledge --
24 you had knowledge of the previous shipment of
25 arms to Iran; is that correct, through the Israelis?

CAS-6

1 Mr. George. We knew about the shipment of November
2 and there is a debate that counsel and I have gone through
3 as to when we did or didn't believe it was oil drilling
4 equipment and the fact that it became more and more
5 evident as the crew returned and information was gathered
6 that it must have been weapons.

7 Mr. Sarbanes. Did you have knowledge of the meeting of
8 December 7th in the White House where they sort of said
9 this is a bad idea and the McFarlane visit to London where
10 McFarlane came back and said Ghorbanifar is a sleazy
11 characteriz, we ought not to have anything to do with him,
12 and the whole thing looked like it would be terminated?

13 Mr. George. I did not.

14 Mr. Sarbanes. You had no knowledge of that?

15 Mr. George. I have been given documents since about
16 that.

17 Mr. Sarbanes. As you were drawn into it and saw the
18 Secord involvement, were you aware of Secord's role with
19 North in the Central American operation?

20 Mr. George. I did not know.

21 Mr. Sarbanes. You did not --

22 Mr. George. On the 18th of January 1986 that Secord
23 was involved with Colonel North in the contra affair.

24 Mr. Sarbanes. When did you find that out?

25 Mr. George. I am afraid since this committee was formed.

CAS-7

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Mr. Sarbanes. That is the first time --

Mr. George. I may have had some hint of it somewhere along the line, Senator -- I knew Secord was deep into the Iranian affair, I was very familiar with Secord's involvement, Secord attended meetings, I had made my position known to Bill Casey about having him involved, I had preferred he wouldn't be. He was. Now, after the fact is a bit like me running around saying don't use Ghorbanifar when they have already got him engaged in major foreign affairs activity; after the fact I am saying don't use Secord when as you are implying to me he has already, probably, I don't know, become a major factor in the contra activity.

Mr. Sarbanes. When you went to Casey after the November 18th meeting and warned him so strenuously about not having Secord involved, what did Casey say to you?

Mr. George. He said, "I hear you."

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1 Mr. Sarbanes. Did you understand at the time that the
2 Iranian thing was going forward, that Secord was earning
3 these overages or residuals out of the arms sales?

4 Mr. George. Absolutely not.

5 Mr. Sarbanes. You had no sense --

6 Mr. George. No. In fact, it was my impression, and
7 now I know it's not true, that -- you see, the Ghorbanifar
8 Iranian arms deal is an Israeli deal sold to the United
9 States. Fair enough. I mean it may have been a great
10 deal, but that's it. The Israelis talked us into it, and
11 we got into it and it was a joint Israeli-United States
12 activity. It was a failure, but they had two hostages,

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18 Israel and the United States

19 are in this thing together.

20 I always thought, because -- this must come from too
21 many years working for the government, that the money was
22 sort of not a big deal here. The Iranians would transfer
23 the money to Israel; Israel would put the money in a bank
24 account that we established in Switzerland, arms would be
25 shipped, and that was that.

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It became evident to me as '86 unwound that there was money confusion. All the money wouldn't get there. We had TOWs at [REDACTED], and they were worth so much but the money wouldn't get there. There was something wrong with the money movement.

But a long answer to a simple question -- I didn't know that Dick Secord was in the money business.

Mr. Sarbanes. So you had no sense that one of the driving forces behind pushing arms to Iran may have been that it constituted a way of solving or was perceived as a way of solving the funding problem for the contras?

Mr. George. Absolutely not. I absolutely was speechless at whatever point Senator Boren asked me what point it was, like if it wasn't the day Ed Meese said, it was the night before. It was just totally remote to me.

The Iranian affair was established to do two things in order to -- one, get the hostages out, a decision of great importance, but it was made and it was -- it struck me and I'm giving you one little guy's opinion, but I was there, was you're going to ship some arms. You're going to get all the hostages. I also didn't believe we would get all the hostages, but some.

Later I became more concerned maybe we could talk to Iran after McFarlane got to Teheran, but to make money, I never thought of such a thing.

1 Mr. Sarbanes. Were you aware in any way that General
 2 Secord coveted your job and that he wanted to come back
 3 into the government and be the director of covert operations
 4 for the CIA?

5 Mr. George. This is a very strange job and I have had it
 6 for a long time and I have now found a variety of people
 7 throughout Washington who would like it, and I'm amazed that
 8 people would want to do this for a living.

9 Mr. Sarbanes. Thank you.

10 Chairman Hamilton. Mr. Hyde.

11 Mr. Hyde. Just a question on chronology perhaps,
 12 Mr. George. We have been wrestling with the Boland Amend-
 13 ment in its five versions and what it did to the CIA in
 14 excluding it from certain operations and all of that, and
 15 I just wonder, when did the CIA give Mr. Boland a medal?
 16 Was that before or after the Boland Amendments were promul-
 17 gated? Could you tell me that?

18 Mr. George. It was between three and four.

19 Mr. Hyde. Between three and four. I just thought
 20 that that might be a guideline for Mr. Hamilton and
 21 Mr. Stokes, who can look forward to their medals if they
 22 can come up with similar legislation.

23 Thank you.

24 Chairman Hamilton. Mr. Stokes.

25 Mr. Stokes. On another unrelated matter, Mr. Chairman,

1 Mr. Chairman, during my questioning of Dewey Clarridge
2 regarding the mining of Nicaraguan harbors, Mr. Clarridge
3 indicated that Senator Goldwater sent his famous letter
4 to Mr. Casey in early May. I would like the record to
5 reflect that Senator Goldwater sent his letter on Monday,
6 April 9, 1984, according to the New York Times.

7 The record should also reflect that the mining became
8 a highly public issue several days previous after a CBS
9 Evening News story on April 6th, which was a Friday, and
10 CIA records also showed Mr. Clarridge was in [REDACTED]
11 between April 9th to the 13th, according to Exhibit DRC-19
12 to 20.

13 Mr. Chairman, I ask unanimous consent that this
14 statement and the New York Times article and the CBS Evening
15 News report appear in the official record immediately
16 following my questions to Mr. Clarridge.

17 Chairman Hamilton. Without objection, so ordered.

18 The committees will stand in recess until 2:00 p.m.

19 (Whereupon, at 12:10 p.m., the select committees
20 recessed, to reconvene at 2:00 p.m., this same day.)

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1 The select committees met, pursuant to recess, at 2:10
2 p.m., in Room 2172, Rayburn House Office Building, Hon.
3 Daniel K. Inouye (chairman of the Senate Select Committee)
4 and Hon. Lee H. Hamilton (chairman of the House Select
5 Committee) presiding.

6
7 Mr. Fascell. (Presiding.) The committee will come to
8 order.

9 While the paucity is evident, I will ask a few
10 irrelevant matters.

11 I don't want to characterize your testimony and I am not
12 being facetious, okay? But the impression I get is the left
13 hand doesn't know what the right hand is doing and neither
14 one of them really give a damn. That is probably a little
15 strong.

16 But that is an impression I have gotten throughout this
17 whole thing, not just your testimony, okay?

18 So I didn't really mean to characterize your testimony.
19 It is just a feeling I have. Maybe that is due necessarily
20 to the need for compartmentalization, especially in your
21 area. But what I am having trouble with is the fact that
22 here you are, Director of Operations, and yesterday, I
23 listened to a guy who was, I suppose -- he is not lateral to
24 you. I guess he is in the vertical; isn't he?

25 Mr. George. That is correct.

1 Mr. Fascell. He said he wasn't in charge of anything.

2 You say you weren't in charge of anything. Then he
3 made a statement that really -- he made a statement that
4 really fascinated me. I wanted to ask about that.

5 I feel like I have more latitude when I am to the
6 right of you.

7 It has troubled me, as Chairman of the Foreign Affairs
8 Committee, many times. The issue is basically the estimate,
9 analysis, and the raw data. I thought he made a very
10 unusual statement. He said he wouldn't rely on any of
11 that himself, that he was a better analyst than the analysts
12 he had. In order for him to carry out his operations, he
13 had to rely on himself.

14 Well, I just kind of would like to know how you feel.
15 I am not trying to get him in trouble, but I think I
16 understand his feeling.

17 Mr. George. He is a dear friend. My comments do not
18 reflect on [redacted] in any way. I think it is absolutely
19 critical to have -- I think we proved it at the Bay of Pigs.
20 It was exaggerated, but it is an accepted fact, it cannot
21 be denied.

22 You cannot have the operators doing the analysis. We
23 become emotionally involved. A man becomes involved when
24 he is in a project. [redacted]

25 [redacted] I do not expect them to be "even-handed" about

1 it all. They are in it to win it or achieve certain goals in
2 it [REDACTED] Without
3 contradicting dear [REDACTED] -- whom I love -- I think it is
4 essential that you have independent analysis of the activities
5 in which you are engaged. You do not want my directorate
6 to be the final analytical body on American intelligence.

7 Mr. Fascell. Oh, no. No. That is not exactly what I
8 was driving at.

9 In other words, you are charged with an operating
10 responsibility, and you have to act on the basis of information
11 which, as I understand it, starts with raw data, goes
12 through some kind of a process of analysis, and --

13 Mr. George. Excuse me, sir.

14 Mr. Fascell. Finally, a decision is made with respect
15 to what is the situation.

16 Now, that has to come to the operator who is
17 charged with the responsibility of carrying out the
18 operation upon which he is going to make a judgment about the
19 strategic moves that he is going to make.

20 The question I am asking then is how do you satisfy
21 yourself outside of blind trust in guys that you may never
22 see who gather the raw data, both in the field and in the
23 central office, analyze it, and submit to you what is final
24 product that you cannot rely on entirely?

25 Mr. George. Well, we are doing three different things.

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1 We are running espionage operations which is the collection
2 of raw intelligence, [REDACTED]

3 [REDACTED] We are charged overseas with
4 counterintelligence functions of the United States
5 Government; and we are in the one we all know about and
6 the one that has brought us here today, which is covert
7 action.

8 I, as the manager, do different things in those three
9 fields. There is a long, hard process of analyzing
10 espionage intelligence based on the judgment of the access,
11 reliability, previous experience and substance of your
12 agent's report.

13 Mr. Fascell. Let me stop you right there. Do you do
14 that yourself, personally?

15 Mr. George. Our director plays a major role in that
16 because we are the people who know who the agent is.

17 Mr. Fascell. In other words, so you got your input at
18 an early enough time that when you get the end product, you
19 are reasonably satisfied.

20 Mr. George. We have recruited this individual here.
21 He or she has reported 28 reports on the internal workings
22 of the Government [REDACTED] and we have a belief that not
23 only is he or she reliable and works where he or she does,
24 but the intelligence appears to be valid as we can judge it
25 against intelligence that we already have.

1 Mr. Fascell. Okay. It presents a problem for
2 committees, believe me.

3 Mr. George. Our real problem, though, if I could
4 carry on --

5 Mr. Fascell. Sure.

6 Mr. George. -- is counterintelligence aside -- your
7 real problem is covert action in which we report -- to take
8 an example, which I hope is not true. [REDACTED]

9 [REDACTED] we begin to
10 report the facts more optimistically and more positively
11 and in signs of more success than the truth because we want
12 it to be so or we would like a little more money or we
13 would like --

14 Mr. Fascell. Like the contras telling you the war is
15 over.

16 Mr. George. That is tough to get that straight. You
17 have to start bringing in -- which I think is the blessing
18 of the CIA. Whether we ended up thi- way by luck or
19 wise forethought, we have another directorate. We have the
20 Deputy Director for Foreign Intelligence, the intelligence
21 directorate, that says, Clair, your material is rotten. We
22 don't believe this stuff you are producing. There has to be
23 a continuous give and take inside the agency, in addition
24 to which we go over to the State Department, which you know
25 full well. I say to Mike Armacost, Mike, I have these

1 five reports [REDACTED] Mike says,
2 wait a moment, the embassy doesn't say so. In an ideal
3 world, this continuously works that way. I would never
4 trust one guy to say, hey, boy, we are winning the war down
5 there in Nicaragua, and there is nothing to it.

6 Mr. Mr. Fascell. So CIA puts it together from their
7 vantage point which has a variety of elements in it?

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1 Mr. George. Collection and analysis.

2 Mr. Fascell. Then as far as the intelligence community
3 is concerned, that is another different operation which is
4 the basis for the ultimate intelligence estimate which goes
5 to the President, on which he is supposed to make a
6 decision, and that means that you have DIA involved in the
7 process, [REDACTED] and some other input.

8 Mr. George. You could have the people in the atomic
9 world, if you are talking about Soviet --

10 Mr. Fascell. And you have an interagency intelligence
11 committee that hammers out the intelligence estimate every
12 day that goes to the President?

13 Mr. George. Well, there is not an estimate every day,
14 Mr. Fascell. Every morning, for instance, the CIA produces
15 in four copies a thing called "The President's Daily Brief",
16 which is much more of a sort of factual, high-powered
17 newspaper. Today, for instance, it would read [REDACTED]

18 [REDACTED] It is a collation of all sources. [REDACTED]

19

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21 Mr. Fascell. The reason I am taking you through all
22 that is I am getting to the place where I am the President
23 and want to make a decision about a covert operation in-
24 volving Iran, and I have a report on my desk, a report,
25 estimate, whatever it is. It says I really don't have to

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1 worry about terrorism when the facts are otherwise. Now
2 what do I do?

3 Mr. George. Well, I tell you what I told the Tower
4 Commission and what I have told the -- I hope, I think --
5 the Senate Committee, and then what you have all told me
6 through the press. A man is only as good as the people he
7 has around him. If you have people giving you bum advice,
8 whether you are running a garage in Beaver Falls, Pennsylvania
9 or running the government, you are out of luck.

10 Mr. Fascell. But it gets hairier than that. You read
11 the notes that were made and are part of Secretary Shultz's
12 logs, and one of those notes says that the Director had
13 suppressed a report on terrorism. It was on his desk.

14 Mr. George. I don't recall that. I am sorry, sir.

15 Mr. Fascell. Then we also got the testimony that that
16 report was re-written and a new report was issued which
17 became the basis for either the daily report to the President
18 or the National estimate, or whatever it was.

19 Mr. George. Two statements. I must say in defense
20 of Bill Casey -- who we all know in this room had very
21 strong and very partisan political positions as an
22 individual -- I never saw Bill Casey try to cook the books
23 on intelligence.

24 My second point is there was a debate, which I think is
25 what you are referring to, toward the end of this tragic

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1 affair last year, in which the State Department and the CIA
2 were arguing on the subject of Iranian terrorism. Is that
3 the issue you recall?

4 Mr. Fascell. Yes. Absolutely.

5 Mr. George. I found it a foolish debate. I felt Iran
6 was engaged in terrorism. I agree with you. There was an
7 example of a desperate attempt to try to sort of prove some-
8 thing was happening to make the policy look good, and it
9 wasn't.

10 Mr. Fascell. That gets back to where I started, you
11 see, about left-hand, right-hand. The fact is that the CIA
12 was intimately involved in that dispute, one way or the
13 other, and I don't mean that you were personally. I don't
14 know whether you were or not. Were you?

15 Mr. George. I was not.

16 Mr. Fascell. Wouldn't be any reason for you to be in-
17 volved?

18 Mr. George. I disagreed with the position that was
19 taken.

20 Mr. Fascell. So the person that wore the hat of the
21 National Intelligence Officer on Counter-Terrorism would
22 have that principal burden?

23 Mr. George. The National Intelligence Officer on
24 Couter-Terrorism would have that burden. Here is the worst
25 example you could find. You are quite right. He is engaged

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1 also as an action officer in the activity. So you brought
2 the ideal example of what it should not be like.

3 Mr. Fascell. Let me ask you another question that has
4 been kind of bugging me for quite a while. Are you responsi-
5 ble for the control of bank accounts around the world? CIA
6 bank accounts?

7 Mr. George. Well, no. I mean, they are controlled --
8 set up and controlled by [REDACTED]

9 [REDACTED] but they are set up at our
10 request. They are set up when we ask for them. We tell
11 people how much money to put in them, so, yes, in a way I
12 am, although there is a whole finance office.

13 Mr. Fascell. Don't you have to have a lot of
14 paperwork to instruct that finance officer who keeps the
15 accounts what the hell the accounts are all about?

16 Mr. George. I'm not sure you have to tell the finance
17 officer what the account is all about. [REDACTED]

18 [REDACTED]
19 [REDACTED]
20 [REDACTED] the poor finance
21 man doesn't have to know why it is going in there.

22 Mr. Fascell. Agreed. He does not have to know that,
23 but he has to know how much is going to be in there. He
24 has to be instructed when to let it out, though?

25 Mr. George. Well, he doesn't -- he may be instructed

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1 whatever is withdrawn by the man who has the account 

2  it can be withdrawn.

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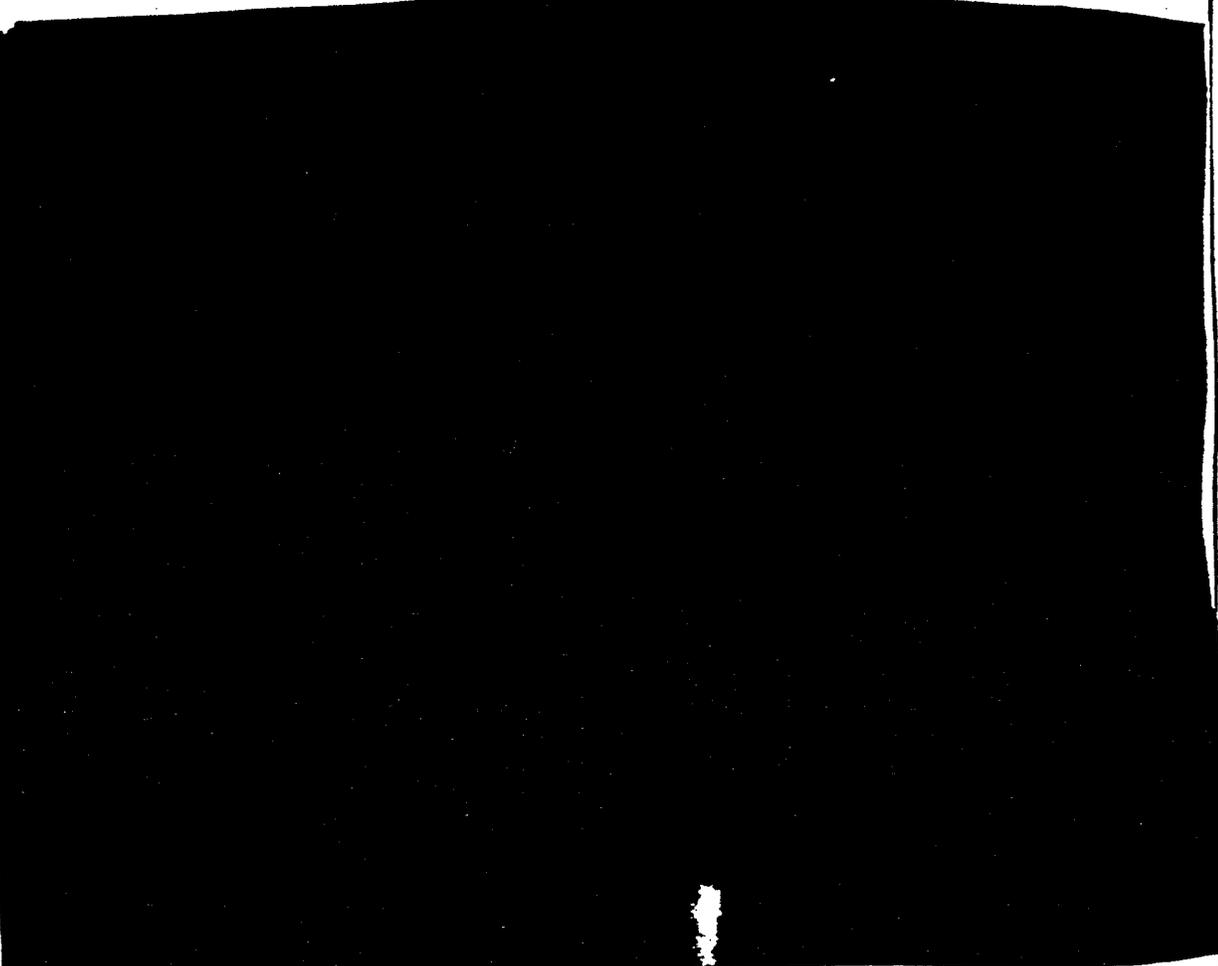
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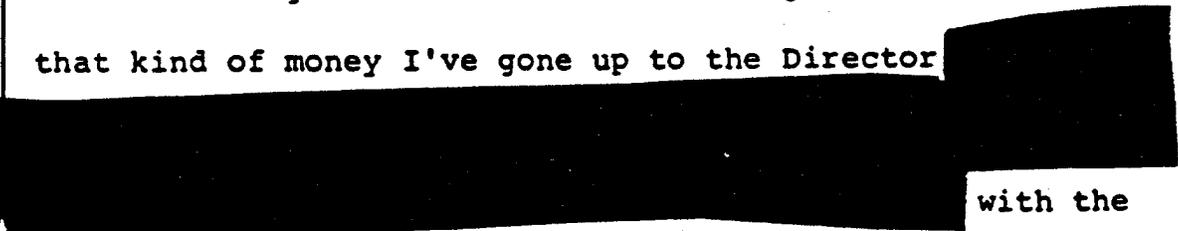
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Mr. Fascell. But the operator, in this case you, you make the decision then?

Mr. George. I've convinced Washington, and if it is that kind of money I've gone up to the Director



with the concurrence of the Director because of the amount of money I then say, "set up an account, put it there, put it in this name, put this money in it and allow it to be withdrawn under these conditions."

Mr. Fascell. So you are, as the operator, director of operations, responsible in that sense. We don't have to

1 look beyond you to find out what is going on in those
2 accounts, right?

3 Mr. George. I won't know every account in the record.
4 If I don't know, I can get an answer faster than anybody
5 around.

6 Mr. Fascell. And that is true whether direct or
7 indirect?

8 Mr. George. I don't understand the question.

9 Mr. Fascell. If it is appropriated funds going into
10 an account, you deal with funds other than appropriated
11 funds.

12 Mr. George. Well, all the funds I deal with are
13 appropriated by the -- they are appropriated by the
14 Appropriations Committee but authorized by the oversight
15 committees, and the oversight committees, if they have found
16 out there is \$500,000 a year that CIA is spending something,
17 up until now we have said this is [REDACTED]

18 [REDACTED] and I suppose if the committees demanded
19 to know what they were, they could find out.

20 Mr. Fascell. What I'm getting at is whether or not
21 you had any control over the Secord-Hakim accounts?

22 Mr. George. I didn't, none whatsoever, absolutely.

23 Mr. Fascell. Well, who did, if you didn't?

24 Mr. George. Reading the paper and listening to this
25 committee, I assume that Mr. Hakim and Mr. Secord had

1 control over their accounts. They were not CIA accounts.

2 CIA had nothing to do with those accounts.

3 Mr. Fascell. Excuse me. That is your conclusion.

4 Mr. George. That is Clair George's opinion.

5 Mr. Fascell. It didn't go through your shop, is what
6 you're telling me?

7 Mr. George. It didn't go through my shop. What was
8 set up in Switzerland as we now know and there was a
9 folderol, screw-up in the beginning when the finance officer
10 commingled some money for the missiles with [REDACTED]

11 [REDACTED] was an independent Swiss account which we set up

12 for -- [REDACTED]

13 [REDACTED] where Mr. Secord

14 and Mr. Hakim and the Lake Resources Company, and I'm
15 thanking you because I never heard of this before -- sure
16 were not me or us or the CIA in any way that I know of.

17 Mr. Fascell. The boss went a long way to protect
18 you, Mr. George.

19 Mr. George. The Director -- he went a long way to
20 protect us. You're right.

21 Chairman Hamilton. Mr. Rodino.

22 Mr. Rodino. Thank you very much, Mr. Chairman.

23 Mr. George, I just have two questions.

24 I referred to your deposition on page 60, Mr. George,
25 where you were asked about the DEA operations, and you

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1 indicated that your Near East people would come to you and
2 say, and I quote, on page 60: "The DEA case is running
3 extreme. It is a bunch of hocus-pocus. It is phony. [REDACTED]

4 [REDACTED] let's stop." And I would say let's
5 stop.

6 Then you say again on page 62 of your deposition on
7 lines 7 and 8: "Colonel North's activities, as it related
8 to the hostages and their plans that he came up with," you
9 said it was "one of endless, harebrained schemes that took
10 place at that time."

11 And you also went on to say in the same deposition on
12 page 67, lines 18 through 20, you said: "I don't remember
13 a single operation that involve bribery or purported
14 bribery that I thought was worth anything, that anything
15 would ever come out of it."

16 My question to you, Mr. George, in your position of
17 responsibility there, having felt as you did and as strongly
18 as you did, and we also note that the CIA people who were
19 interviewed and deposed by the committee staff, have also
20 said the same thing -- my question is, how did you allow
21 this to go on, feeling as strongly as you did? It went on
22 for a period of time.

23 Mr. George. Well, I -- the words are emotional here
24 and I would have to sit down and look at this again. But
25 the point I made was that -- or I should have made, or the

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1 point I now make is that in the hostage business, which is
2 what I'm speaking about, Mr. Chairman, unlike many other
3 intelligence activities, you have to follow up on your
4 leads, as silly or as impractical or as unprofessional as
5 they sound.

6 So our communication system

7
8 in the world because you can never not report it.

9 The point I tried to make here is that we were on
10 several occasions and certainly in the DEA operation by-
11 passed after we had voted in our directorate that the
12 operation was, to use the words I used about DEA, a scam.
13 How could that happen?

14 Mr. Rodino, sir, I'm the director of your foreign
15 spy service, and have been involved for years in it. If
16 someone decides in the White House that they do not like
17 my opinion on an operation and we have seen the White House
18 run operations outside of CIA over the last many administra-
19 tions, they can do it. I just do not have the power other
20 than to give you my honest, best advice based on my colleagues
21 who I sit with, this is what your spies think about it. I
22 certainly have no veto power on it.

23 I think in this case, and we are talking about
24 hostages, and the ~~emotionalism~~ emotionalism of the hostage issue through-
25 out the entire affair, with Bill Casey, with the Prsident,

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1 with me, people didn't want to stop. They wanted to get the
2 hostages and it led them to do and run operations that are
3 now after the fact foolish.

4 Mr. Rodino. But you did say and you were quite
5 adamant about it, that if it is a question of paying a
6 million dollars cash in hand for hostages, you certainly
7 wouldn't go for that, would you?

8 Mr. George. That has been against the policy of this
9 government -- let's back up a little bit.

10 A lot of governments do it. Some [REDACTED]
11 [REDACTED] do it, but the policy as I know
12 it certainly since the days -- and by chance, I associate
13 it with his name -- since the days of Dr. Kissinger and
14 hostage-taking, kidnapping became more of an international
15 terrorist rage -- excuse the word -- than previously, you
16 cannot give in to terrorists. You cannot pay ransom for
17 hostages.

18 [REDACTED] do not
19 necessarily agree with that policy, but that was our policy,
20 has been our policy, continued to be our policy until this
21 event took place.

22 Even more so, we were doing two things at once. I
23 was running and running a foreign policy activity in which
24 I was telling everybody we're not paying any ransom for
25 hostages while we were shipping arms to Iran.

7

1 Mr. Rodino. You're saying that notwithstanding the
2 fact that you considered it harebrained and real foolishness,
3 nonetheless the emotionalism or something you feel sort of
4 influenced you to permit them to go along with any hare-
5 brained idea -- couldn't you just say stop now?

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Mr. George. I can't say stop to the National Security Council if they are going to go out and run an operation without my knowledge and that is what happened with the DEA operation. They decided that my judgment was incorrect and that my decision that it was a scam was wrong and that they were going to run it anyway and they ran it anyway, and now we know, thanks to you, that we ran it with I guess private monies or monies that they siphoned off the Iran arms deal, but that is unknown to me. I don't think this Administration is singularly guilty of this. This happens to be an incredibly significant event that we are participating in. But over and over again White House after White House has said I think our supply service is no good or they don't know what they are doing or I'm going to start one of my own or I'm going to run my own operation, and it is not the first time and tragically will not be the last time, and on top of which maybe we are wrong.

Mr. Rodino. How do you think we control a situation like that?

Mr. George. I think we -- I think --

Mr. Rodino. If they don't listen to someone like you who has experience, expertise and who feels deeply and yet at the same time it goes on notwithstanding as you say.

Mr. George. We continue to appoint and elect the best

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men we can. The republic will survive. We will look foolish from time to time, we will listen to our experts and then do the best we can.

Mr. Rodino. Thank you very much.

Mr. George. Thank you, Mr. Chairman. I appreciate it. Chairman Hamilton. Senator McClure.

Mr. McClure. Thank you, Mr. Chairman.

I guess there is another answer to that question, we can always elect the Director of the CIA president of the United States.

I have two or three questions. I believe from the testimony that we have seen that the President sincerely believed that he was not running an arms for hostages program, but I think everybody has since come to the belief that no matter what he thought, it had the appearance of an arms for hostage exchange.

Mr. George. It certainly appeared at a lower level and certainly we had people like Secord running around the world telling people that that is what the exercise was.

Mr. McClure. It became evident enough that that was the appearance that even the President said I don't think so, but I guess that is what it looks like and therefore must be. Isn't the same thing true of the DEA program? They weren't ransoming hostages, they were just bribing people that held them or could expedite their release. But

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isn't it also true that even if that was their motivation they were not dealing with the people who took the hostages, they were dealing with other people who could get them released and it was only going to come to be an outright ransom program?

Mr. George. My opinion, the DEA exercise was an exercise of paying ransom for hostages. There was a double step. The first step was to give them money [REDACTED] and then give them some more money to go in, and the final step if I remember was that for \$2 million apiece and 250,000 to [REDACTED]

[REDACTED] It is a matter of definition, but in my definition you are then paying ransom for hostages.

Mr. McClure. No matter how you rationalize, that is what it would become?

Mr. George. The big argument about the Iran arms deal was that we were not paying arms for hostages. [REDACTED]

[REDACTED] There are a lot of subtleties, but I must say I must give you my honest opinion is the DEA activity at the end was a ransom for hostages.

Mr. McClure. You don't have it in your book, but we had an exhibit in the Poindexter interrogation, Exhibit

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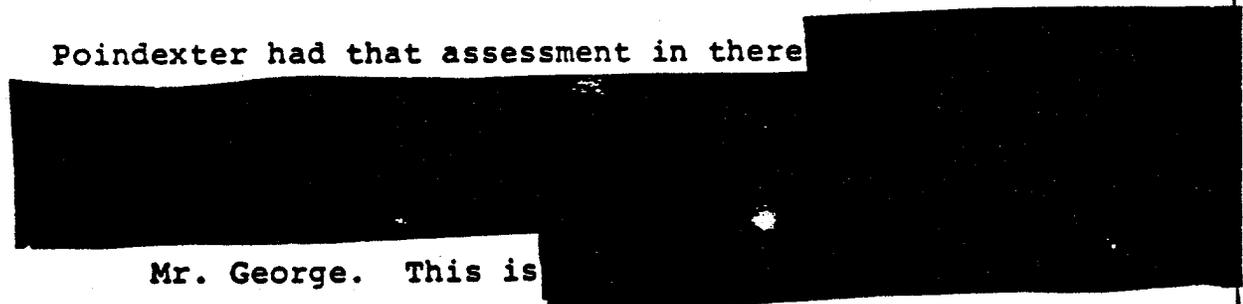
No. 24. You will note at the beginning of that memorandum there is a reference to the military situation in Iran.

Mr. George. The yellow line, the highlighted section?

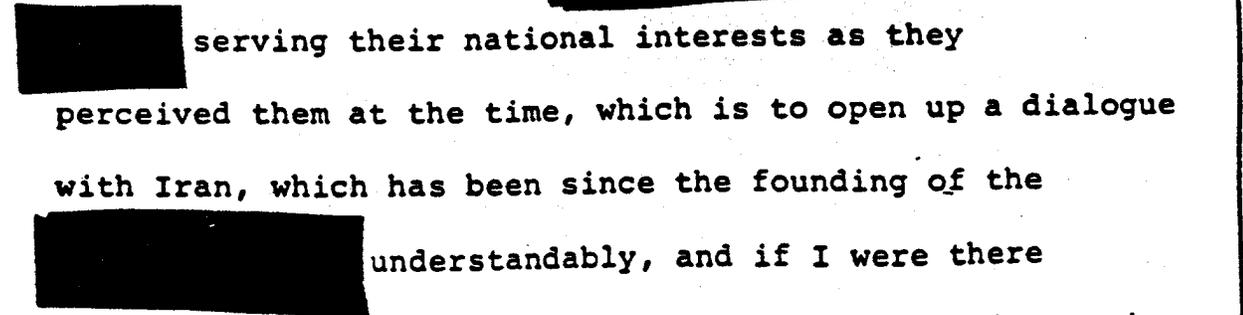
Mr. McClure. Yes. I think Mr. Courter this morning went into the intelligence assessment with you but I don't think he made reference to that particular document.

That document shows on its face the assessment that the military situation, Iran's military situation was deteriorating. I think that was later the same statement that the President used in a meeting in the White House when some of the principals were present. I know Secretary Weinberger and Secretary Shultz were at that meeting. Both were asked why didn't you correct the President when he made that statement. Both said well, they didn't pay any attention to it or words to that effect.

That of course doesn't tell us exactly why Admiral Poindexter had that assessment in there



Mr. George. This is



...serving their national interests as they perceived them at the time, which is to open up a dialogue with Iran, which has been since the founding of the ... understandably, and if I were there correctly, to maintain relations with your enemy's enemies

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and they will forever try to open up a relation with Iran. That said they judge, and I disagree with this analysis, but who am I to disagree with them, that [redacted] [redacted] analyzed the situation as such that Iran's deteriorating position in the war with Iraq, potential for radicalization in Iran, et cetera, et cetera, provides that we have to do something.

Mr. McClure. Do you have independent evidence that that was the [redacted]

Mr. George. That the [redacted] really believe this or were they trying to influence us, is that the question?

Mr. McClure. Either one or both.

Mr. George. I think the [redacted] are overly concerned and exaggerate with well meaning the deterioration of the Iranian position. But I also suggest, and I note that the author of this document is one Lt. Colonel Oliver L. North, that there is a big heavy spin in here which is why don't you join us up and we all go into an activity together. I had never seen this thing.

Mr. McClure. That was not your assessment, however,

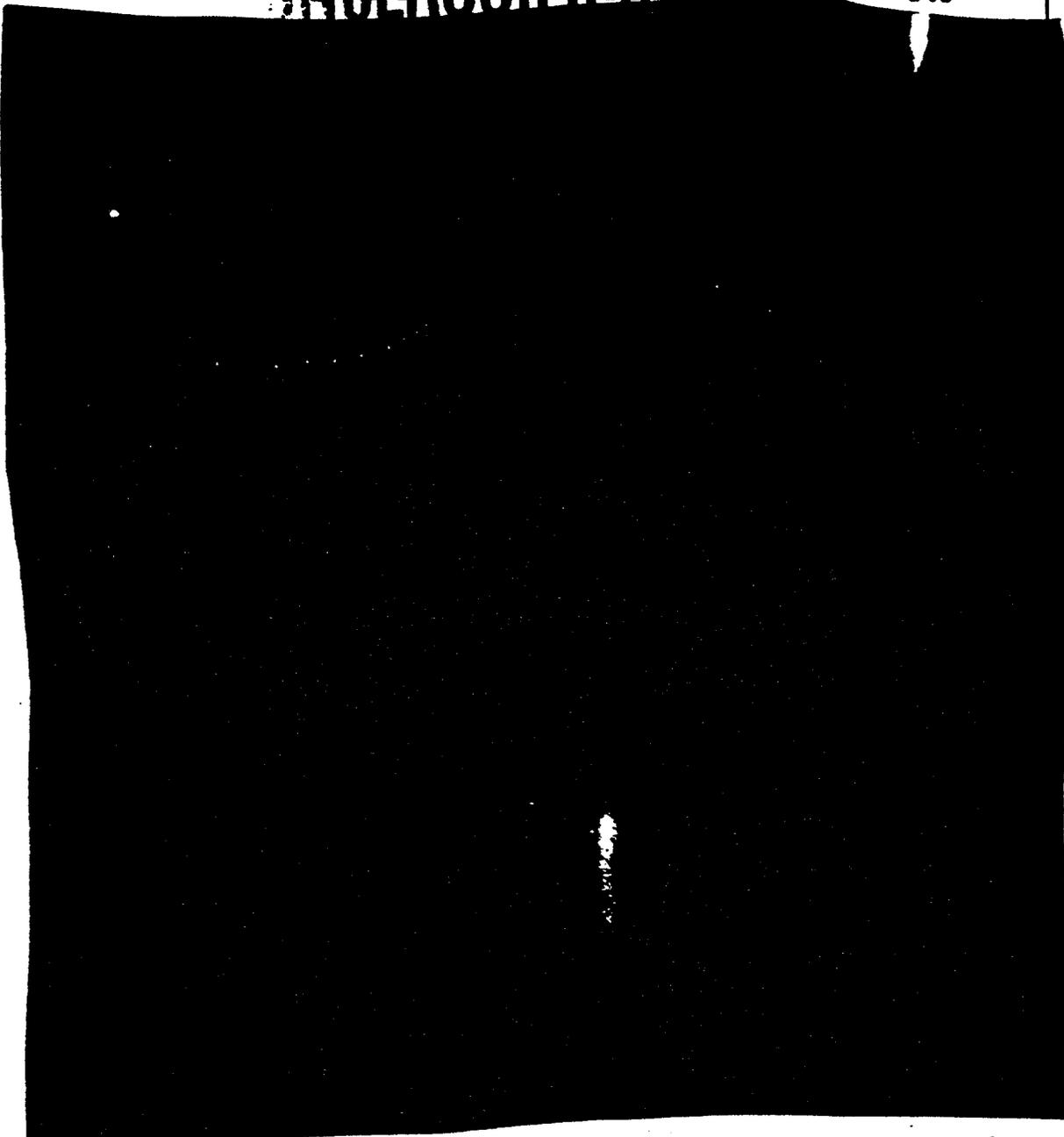
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Mr. George.

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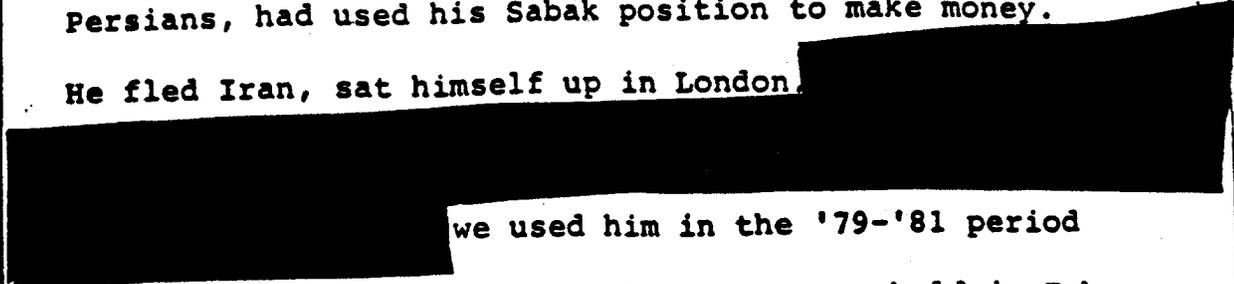
Mr. McClure. You have testified that the CIA thought Ghorbanifar was not reliable and you had a burn notice against him. Prior to your knowledge that Ghorbanifar was in this initiative, had the CIA been involved with Mr. Ghorbanifar before?

Mr. George. Yes, our relations with Mr. Ghorbanifar go back to the '79-'80 period when the Shah fell. Mr. Ghorbanifar as best we can copy it out was a Sabak

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agent who had used, which was not untypical for the
Persians, had used his Sabak position to make money.
He fled Iran, sat himself up in London.



we used him in the '79-'81 period

when the American diplomatic hostages were held in Tehran.

Over and over up until '83 I believe, I think when we issued
the burn notice, it became evident to us that

Mr. Ghorbanifar's information, intelligence, regardless of
the subject, was inaccurate, incomplete and dishonest.

Mr. McClure. In spite of the fact that you had that
conclusion and that you tried to dissuade others from
depending upon Ghorbanifar, you described it as pretty much
a done deal in which there wasn't much you would do about
it?

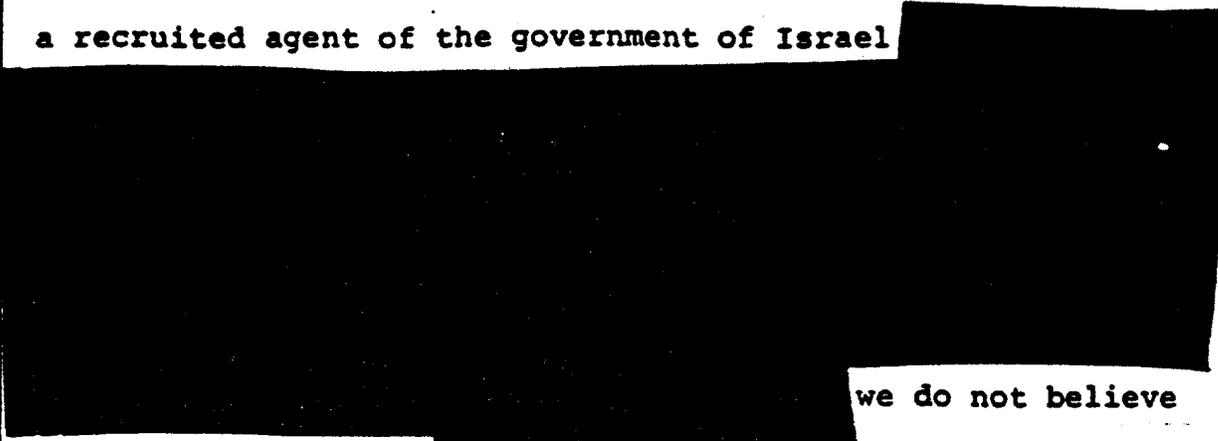
Mr. George. You have shown me things I did not know.
I was working at a very low level in -- just pick the month,
December '85.

Mr. McClure. Do you have a feel for who was
pushing his use?

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Mr. George. The Israelis. I think Mr. Ghorbanifar is
a recruited agent of the government of Israel



we do not believe

Ghorbanifar's information.

Mr. McClure. Was Bill Casey pushing him?

Mr. George. Bill Casey never pushed Ghorbanifar with me.

Now I know Casey certainly knew more about it than I knew he
knew. When I went in and made my strong plea for breaking off
with Mr. Ghorbanifar, Bill Casey moved the operation from
myself to someone else.

Mr. McClure. Thank you very much.

Mr. Chairman, my time has expired. Thank you very much,

Mr. George.

Chairman Hamilton. Mr. Genzman, do you have questions?

Mr. Genzman. Yes. Thank you Mr. Chairman.

I would like to ask you about the polygraph examination
of Mr. Ghorbanifar. Would you turn to Exhibit 50?

Mr. George. Again Mr. Genzman, what number?

Mr. Genzman. Exhibit 50. That is the memorandum for
the record of the Ghorbanifar polygraph examination on January
11th, 1986. Have you seen that before, sir?

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SLK-2

1 Mr. George. Yes I have.

2 Mr. Genzman. Following up on Senator McClure's questions
3 I take it that you were concerned about Mr. Ghorbanifar because
4 he had lied to you in the past, had shown himself to be unre-
5 liable and therefore the burn notice was sent out, is that a
6 fair statement?

7 Mr. George. That is correct.

8 Mr. Genzman. And I take it the concern was that he would
9 continue to lie in respect to this Iran initiative?

10 Mr. George. We were asked in December 1985 by Michael
11 Ledeen, Bill Casey, and the administration to make contacts
12 with Manucher Ghorbanifar because he was an outstanding source
13 of intelligence on Iran. It now becomes evident after the
14 fact that we were being asked to meet with Ghorbanifar and
15 learn to love him because they were about ready to put us in
16 touch with him in the Iran initiative. So we did not know in
17 December, as [REDACTED] met him as we polygraphed him in
18 January -- the irony of this is I put out a field notice,
19 which is here somewhere, Mr. Kerr pointed out earlier, I sent
20 a cable around the world saying Ghorbanifar is a crook, you
21 will have nothing to do with him and two days later I am in
22 the White House being given the finding to which surprise,
23 surprise, the guy I am going to be dealing with or supporting
24 the National Security Council to deal with is Ghorbanifar.

25 Mr. Genzman. Certainly by the time of the polygraph

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SLK-3

1 examination you knew that Mr. Ghorbanifar was going to be
2 used in the Iran initiative or was in fact being used?

3 Mr. George. I don't recall that I knew that at all.

4 Mr. Genzman. Did you receive a copy of Exhibit 50?

5 Mr. George. I am sure I did. What is the date -- all
6 right, is there some statement in here that leads you to
7 believe that I know --

8 Mr. Genzman. If I could direct your attention to the
9 second sentence, he showed deception on virtually all the
10 relevant questions. If I could direct your attention to the
11 last sentence of that first paragraph, the tests indicated
12 that he knew ahead of time that the hostages would not be
13 released and deliberately tried to deceive us both indepen-
14 dently and with blank.

15 Mr. George. He had told [REDACTED] if my memory -- I
16 am a little hazy but I am doing my best -- he told [REDACTED]
17 in the meetings that were set up by Mr. Ledeen that he could
18 effect the release of the hostages, and whether he told [REDACTED]
19 [REDACTED] specifically through arms or how I don't know. Remem-
20 ber, [REDACTED] is operating totally independently of what we
21 now know is the connection with Ghorbanifar on the arms deal.
22 [REDACTED] as a case officer has no relationship to that. At this
23 point in this famous meeting with Mr. Ghorbanifar, Mr. Ledeen
24 and Mr. North, who showed up later, Ghorbanifar begins to
25 exude about how he can organize the release of the hostages.

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And it is a tough question, I don't know how you ask this on a polygraph, it is a silly question, can you get the hostages released yes or no, it implies -- he said he knew the Islamic Jihad, which is the crowd in Beirut and they could release the hostages. We said that that showed signs of deception on the polygraph. I am sorry, I had not read that before.

Mr. Genzman. In the last paragraph on the page, it indicates that in discussing the hostage deal Ghorbanifar stated he was very uncomfortable with the questions asked. Does that not imply to you, sir, that the polygraph examiner was in fact asking him questions about the on-going Iran initiative and the arms for hostages exchange?

Mr. George. I would have to review that. I appreciate your question and I am unable to give you an exact answer because it goes on in that light. During the break in the testimony, he commented that the Israelis already have \$24 million that they are holding of his funds. I will check this out for you. I must say Mr. Ghorbanifar, in all his tales and all his stories, left us bewildered as to who he was dealing with, what, where, how, and when. We were generally lost.

Mr. Genzman. In any event the polygraph took place on January 11th, 1986, about a week before President Reagan signed the finding of January 17th. Was this memo sent to Mr. Casey or Lieutenant Colonel North?

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SLK-5

1 Mr. George. I wouldn't have -- I advised Colonel North,
2 we now know from Colonel North's notebook that Mr. Ghorbanifar
3 had shown deception in 11 out of 13 or 13 out of 15 points.
4 I cannot tell you for a fact, looking at this document, to
5 whom it was delivered inside CIA, meaning specifically did
6 Bill Casey ever see this. I don't know.

7 Mr. Genzman. When you advised Lieutenant Colonel North,
8 did you specify the areas in which Mr. Ghorbanifar had been
9 deceptive?

10 Mr. George. If my memory serves me, Mr. Ghorbanifar
11 could only repeat his name and his nationality and pass the
12 machine.

13 Mr. Genzman. Correct, but did you in fact --

14 Mr. George. I am sure I told Ollie not only is he having
15 trouble on his polygraph, but he can't get anything straight.

16 Mr. Genzman. Just so the record is clear, did you
17 specify these areas that we have spoken about?

18 Mr. George. Did we tell Colonel North the areas we
19 walked him through --

20 Mr. Genzman. Yes, that he knew ahead of time the hos-
21 tages would not be released.

22 Mr. George. I can try to get that answer for you. I
23 can't answer that question. I am sure it is answerable inside
24 my directorate.

25 Mr. Genzman. The document Exhibit 50 mentions that

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SLK-6

1 neither Ghorbanifar nor Ledeen had been advised about the
2 results of the test. Did you at some point or did one of
3 your colleagues advise Mr. Ledeen or Mr. Ghorbanifar as to
4 the results?

5 Mr. George. I am almost certain that Mr. Ledeen was
6 advised and, if he was advised, you can count on it like night
7 follows day he told Mr. Ghorbanifar.

8 Mr. Genzman. Do you recall advising --

9 Mr. George. I did not advise Ledeen. I was not in
10 touch with Ledeen, this was being handled primarily through
11 my officer, 

12 Mr. Genzman. On the third page at Clause 2-D, it states
13 that he showed deception on the question of whether he was
14 under the control of the Iranian government. Do you recall that
15 result?

16 Mr. George. I do not. It would certainly be available
17 to you and the committee, the full results from the polygraph-
18 er of that examination.

19 Mr. Genzman. Do you recall whether Lieutenant Colonel
20 North or Mr. Casey was advised of that result?

21 Mr. George. I cannot. I can get you that answer.

End SLK-6
22 I cannot answer it.

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1 Mr. Genzman. Did you and the CIA receive any
2 information regarding whether Mr. Ghorbanifar was, in
3 fact, under the control of the Iranian government?

4 Mr. George. No. That was never a charge that--
5 specifically, Mr. Ghorbanifar proved beyond a shadow of a
6 doubt that he had powerful relationships inside the Iranian
7 government. Mr. McFarlane did not arrive in Tehran
8 accidentally. The release of Mr. -- of Reverend Weir
9 after the Israeli flight; which, after the fact, I know
10 appears to be connected. Ghorbanifar, as I was challenged
11 before I believe the Tower Commission, I guess I
12 spent total time speaking down Mr. Ghorbanifar.

13 Mr. Ghorbanifar had powerful friends. As we recall, his
14 most powerful friend in Iran was [REDACTED]

15 If you will do the research on [REDACTED] you will find:

16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED] So he
20 had influence. But what kind of influence? Was he under
21 the control of the Iranians? Yes, he was, to some degree,
22 because he was working business deals.

23 I could see where he would have trouble answering a
24 question: Are you under the influence of the Government of
25 Iran? Well, to some degree, he was. I made that up.

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I can get the facts for you, counsel.

Mr. Genzman. Thank you, Mr. George.

Mr. Chairman, I have no further questions.

Mr. George." Thank you, sir.

Chairman Hamilton. The Chair recognizes and yields time to Senator Cohen.

Mr. Cohen. Thank you, Mr. Chairman. I would like to go back to a point we talked about this morning. That is with reference to the United States selling U.S. equipment for profit, those profits being the legitimate property of the United States Treasury or taxpayers. That would be true even in the event that the CIA were to use a commercial cutout, would it not?

Mr. George. Absolutely.

Mr. Cohen. That has been the pattern in the past?

Mr. George. We deal with U.S. equipment through private proprietaries, Senator Cohen, as you know. Just because it's some storefront [REDACTED] still it's United States property.

Mr. Cohen. Is it fair to say in the January 17 finding, when there was a reference to third parties and General Secord is thereafter treated as an "agent" of the U.S. government, that nonetheless it was contemplated that he was merely serving as an agent of the U.S. government for purpose of carrying out this particular transaction of

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1 selling weapons to the Iranians and not for the purpose
2 of making a profit, the profits of which would either be
3 used for the contras or any other project?

4 Mr. George. It was mysterious, to give you a
5 personal and then -- I am not a lawyer, of course, but
6 a legal answer. It was mysterious as to what Mr. Secord's
7 role was. I think it was to show me he had the benefit of
8 White House -- total White House exposure.

9 Mr. Cohen. I am talking about the face of the
10 finding itself.

11 Mr. George. Looking at the face of the finding
12 itself, it would be my judgment, as a man who reads findings
13 and a man who gets involved in them, in covert action
14 findings that it was not for Mr. Secord to make money, but
15 Mr. Secord to represent the Government of the United States
16 and in a way, we have had people represent us, using U.S.
17 government property, but we don't go out and say if you make
18 any money, keep it.

19 Mr. Cohen. You mentioned earlier this morning when
20 you spoke with Oliver North on the phone with reference
21 to the polygraph that Mr. Ghorbanifar had taken, you said
22 that it was clear that Oliver North wanted him to pass
23 the polygraph?

24 Mr. George. They wanted us to deal with Mr. Ghorbanifar.
25 They wanted us to put it in even more practical sense,

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they wanted us to like Mr. Ghorbanifar.

Mr. Cohen. No matter what the polygraph said? Is that correct?

Mr. George. Well, the polygraph results came so briefly before I received a Presidential order to deal with him that I really didn't have a lot of time to sit around and argue. So somewhere between whatever the dates are, the 11th to the 17th, before I could say go through one more fight about Mr. Ghorbanifar, I received a Presidential order which -- would not say so, but ended up meaning we were dealing with Mr. Ghorbanifar.

Mr. Cohen. Even after you became aware of the polygraph results, you didn't go rushing to Bill Casey or the President saying you are forcing us to deal with a liar? You knew from that point on --

Mr. George. I told Bill Casey after the polygraph, I believe -- and I said to counsel -- I told Bill Casey the results on [REDACTED] or one of us said Bill, he's failed 13 out of his 15 questions. It was at that point -- and I don't have the chronology exact, that I said I don't want to deal with him anymore, speaking for this directorate. Bill Casey said look, he knows a lot about terrorism, and blah, blah. Off he went to Charlie Allen.

Mr. Cohen. So he was shuffled off to Charlie Allen?

Mr. George. But in a week I'm back, because there was

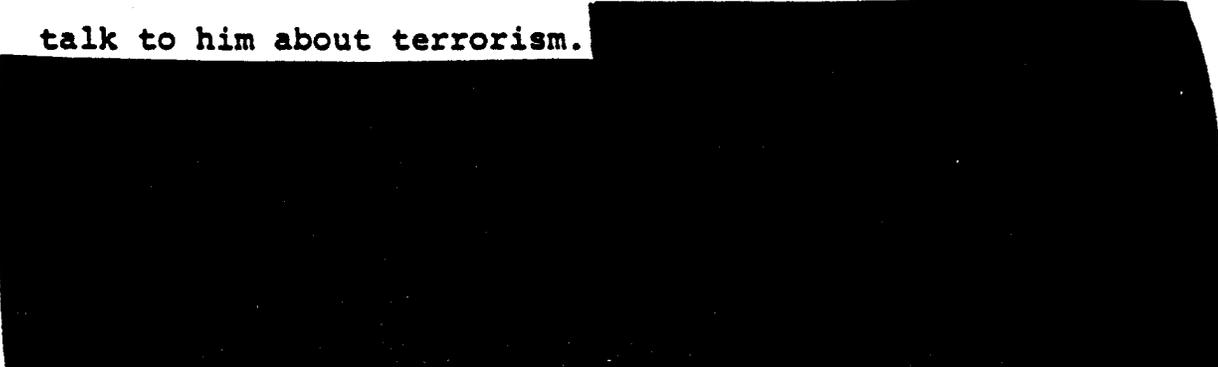
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a finding.

Mr. Cohen. The point is Charlie Allen nonetheless was charged with kind of overseeing his activities?

Mr. George. Charlie Allen was specifically told to talk to him about terrorism.



Mr. Cohen. Let me go back. A week after the finding, you are back on as far as the oversight of Mr. Ghorbanifar is concerned?

Mr. George. Well, no, not really.

Mr. Cohen. That's what I thought you just said a moment ago.

Mr. George. What I meant to say is that immediately after the finding, we are told that we are to support an ongoing national security initiative in which we are meeting in Europe with Iranians who have contacts. We fly to Europe and who do we meet? Mr. Ghorbanifar.

Mr. Cohen. At that point what was your role in dealing with Mr. Ghorbanifar from the Directorate of Operations?

Mr. George. Our role was in the narrow sense at that point to supply logistics and financial support -- support -- financial support mechanisms for the National

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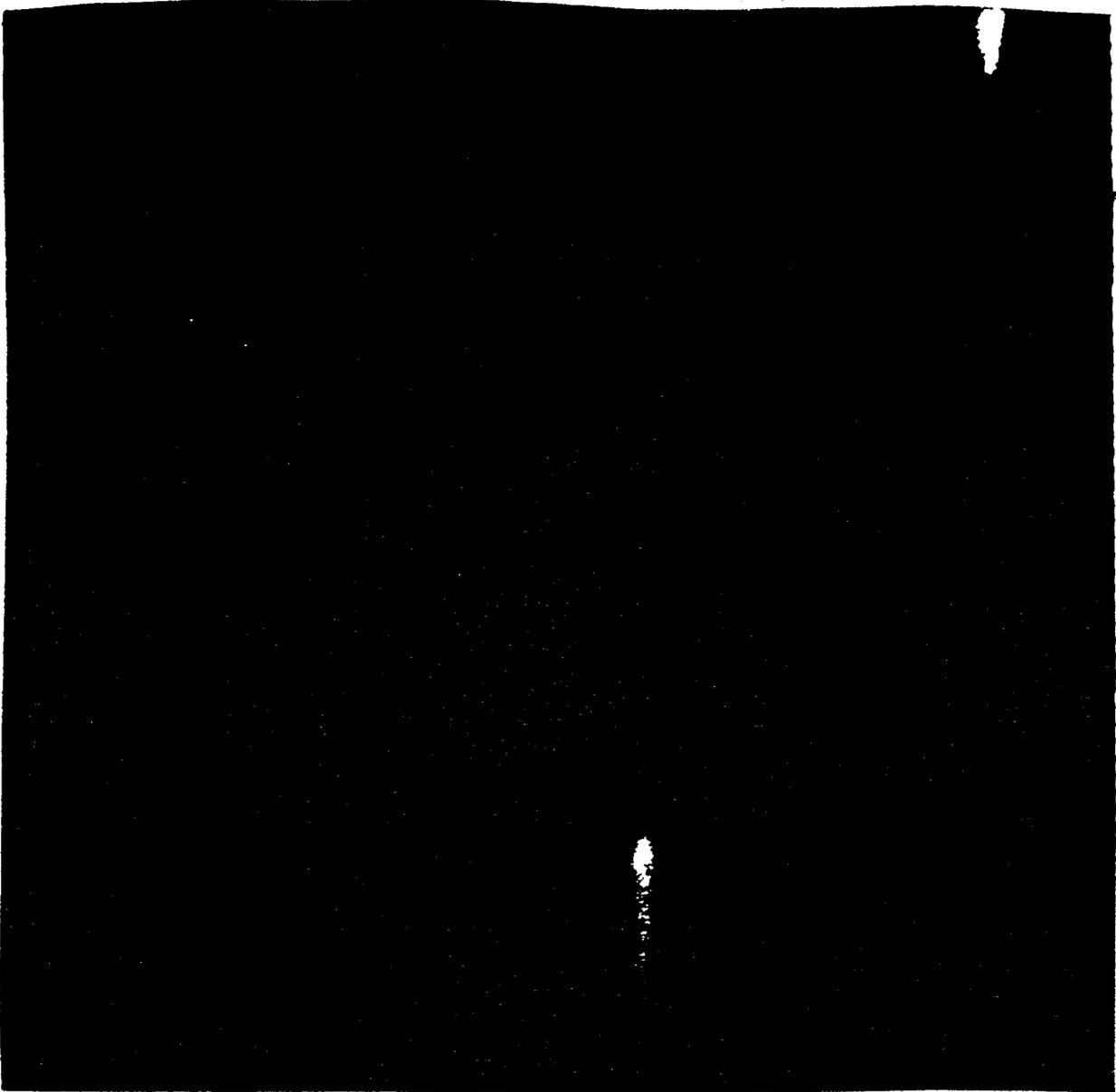
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Mr. Cohen. You also made a reference this morning to Mr. McMahon's anger over the CIA role in November. I think you also talked about that on pages 77 and 78 of your deposition. You don't need to turn to it. My question is Mr. McMahon was fairly upset, was he not, about the CIA's role in the shipment during November? Is that a fair characterization?

Mr. George. He was terribly upset.

Mr. Cohen. He communicated that visible anger, I

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assume not only to you but to Mr. Clarridge?

Mr. George. I was a bystander that Monday morning because I had just come back from a trip. I found him ranting and raving -- I am sorry to -- that's a slight exaggeration -- at Ed Juchniewicz, my deputy. Whether John McMahon personally telephoned Dewey Clarridge or saw him, I can't recall. But Dewey damned well knew that John McMahon was angry.

Mr. Cohen. With respect to the Inspector General's investigation pertaining to the activities down in Central America, [REDACTED] according to the Tower Board misled the Inspector General. [REDACTED] explained his misleading the IG on the basis that he had received certain parameters -- he was told to anticipate certain parameters as far as the investigation and the question was concerned.

I think he pointed to you as the one who he understood had set those parameters and so when he was finally questioned by the IG and was given a line of questioning he did not anticipate, he misled the IG.

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1 Mr. George. His exact phrasing, if I understand it
2 correctly -- and [REDACTED] correct me if I am wrong -- was
3 that the division chief had instructed him at my instructions.
4 This is absolutely, totally not true.

5 Mr. Cohen. You gave no instructions to the IG?

6 Mr. George. First of all, the IG inspection of [REDACTED]
7 [REDACTED] started or took place at a time when I was in
8 the hospital.

9 The instructions I gave -- this is the second or third
10 time this has come up. To set the record correct, the chief
11 of the Latin American Division came to me at some point
12 before I left for the hospital and said that [REDACTED] was back
13 and [REDACTED] was going to appear before the Tower Commission or
14 had been scheduled to, in December. [REDACTED] was terribly
15 concerned about the issue of sources and methods, what did
16 I suggest? And I gave the suggestion, Senator, that you
17 and I have worked under for years, which is if it's terribly
18 sensitive, call time out and let's all huddle and see what
19 we are going to do. I would never, and have never -- I can't
20 imagine under what conditions except the most sensitive
21 information advise a fellow employee on how to testify
22 before my own IG.

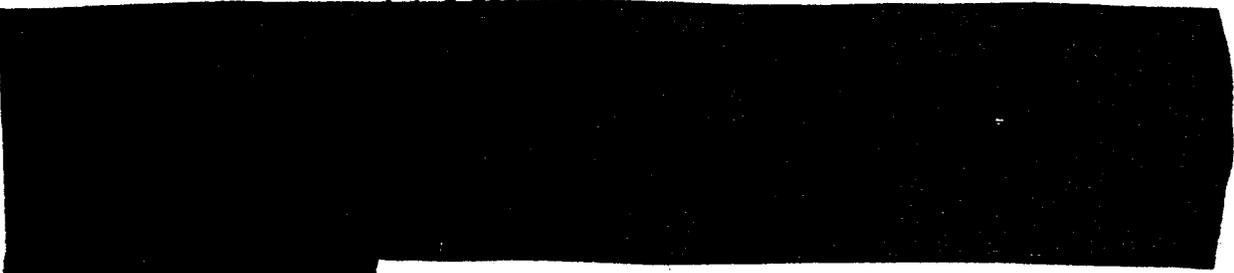
23 Mr. Cohen. Just two more questions, Mr. Chairman.

24 Exhibit -- I believe it's 17, relates to a memo from
25 Colonel North to Robert McFarlane. [REDACTED]

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the CIA dispatched the cable at tab C through operational channels and all copies have been destroyed."

The question I have is, who decides whether or not the cable traffic should be retained or destroyed?

Mr. George. I never heard of us saying to anybody except the Director or the President of the United States, we will destroy all traffic. We don't.

Mr. Cohen. The President is the only one who could order destruction, or the Director?

Mr. George. I have never run into -- I have never in my career run into a telegram from abroad or anywhere else in which I was ordered to make sure everything was destroyed.

Mr. Cohen. Just the opposite is the practice? It is preserved?

Mr. George. The only strength we have is the ability to maintain our files.

Mr. Cohen. Okay.

Before the Senate Select Committee, I believe you indicated that you were not aware of the finding prior to that time. I think you indicated January 18?

Mr. George. The morning of the 18th, the day after

1 the President signed it.

2 Mr. Cohen. The question I have is, there is an
3 indication in the documents that you had a meeting on
4 January 13 with Colonel North and Judge Sporkin and then
5 you had a meeting on January 16 with Colonel North.

6 The question I have is, what would you be discussing
7 with Colonel North and Sporkin on the 13th and on the 16th
8 with Colonel North if it didn't involve some discussion of
9 the finding process?

10 Mr. George. There was no meeting with North and
11 Sporkin. I would have remembered that. I did not attend
12 a meeting with North and Sporkin. A meeting with North on
13 the -- what is the latter date? Seventeenth?

14 Mr. Cohen. Thirteenth with North and Sporkin, 16th
15 with North?

16 Mr. George. Sixteenth, I don't know. My calendar
17 would show if I met with him. I did not meet privately
18 with North and Sporkin.

19 Mr. Cohen. On January 18th, you brought the head of
20 the Near East Division with you to the White House. The
21 question I have is, how was it possible that you only learned
22 on the 18th of the finding if you --

23 Mr. George. I was told by McMahon and Casey I was to
24 go to the White House where I was to be briefed on a
25 National Security Council activity which involved Israel

1 and Iran, and that we would be providing support. So I
2 took [REDACTED]

3 Mr. Cohen. One final point. On Secord, and this has
4 been talked about, I guess, with a number of members, at
5 the time he was in the White House Situation Room with you
6 on January 18, and I guess I wanted to ask you the question:
7 What did the name Secord mean to you and generally to the
8 Agency at that time?

9 Mr. George. It meant what I told you when I took
10 my oath and appeared before the Select Select Committee in
11 late November of 1986. Secord had been messed up and
12 involved -- in someway engaged in activities in the fringes
13 of Tom Clines, Ed Wilson, international arms traffic. I had
14 no evidence then and I have no evidence now that Mr. Secord
15 is violating law; but there's a world of ours in which
16 there are people we do not deal with and Mr. Secord is one
17 of them.

18 Mr. Cohen. The world of yours -- one final point --
19 is it fair to say that people at your level, and I'm
20 talking certainly with Mr. McMahon, Mr. Casey, yourself,
21 Mr. Clarridge, would have knowledge of the -- generally
22 General Secord's activities?

23 Mr. George. Absolutely.

24 Mr. Cohen. His is a name that certainly would pop up
25 on the mental screen?

1 Mr. George. I don't see how you could be in this
2 business and not know the name of Richard Secord.

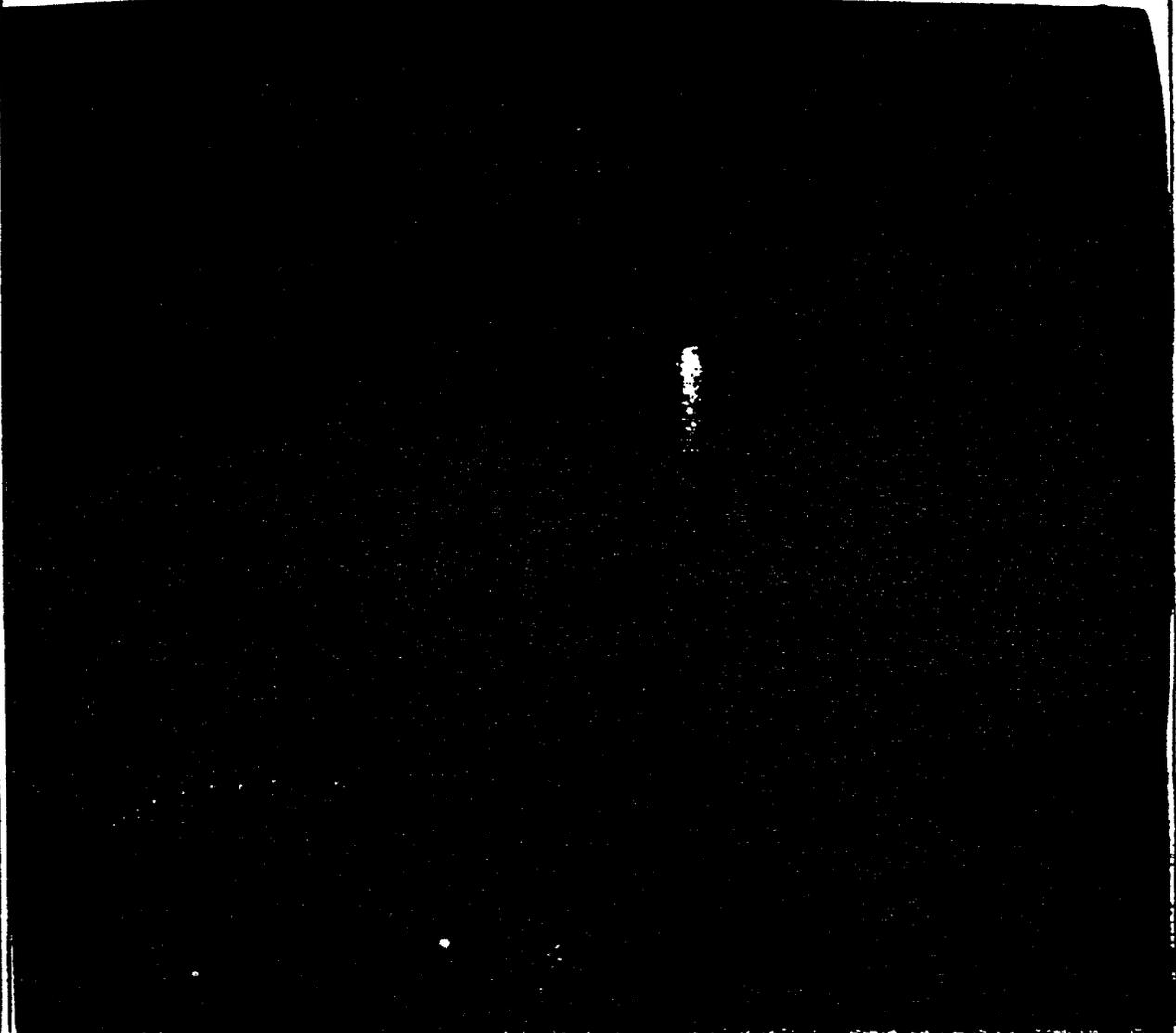
3 Mr. Cohen. Thank you very much.

4 That's all I have, Mr. Chairman.

5 Chairman Hamilton. Mr. DeWine is recognized for 10
6 minutes.

7 Mr. DeWine. Thank you, Mr. Chairman.

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Mr. DeWine. Thank you very much. Thank you, Mr. Chairman.

Chairman Hamilton. Senator Nunn? Ten minutes.

Mr. Nunn. Thank you, Mr. Chairman.

Mr. George, you may have answered this, and I have had to be in and out today regrettably. When did you first know about the diversion of funds from the arms sale to the contras?

Mr. George. On or about the day that the Attorney General made the statement. I am told by [REDACTED] that I told him earlier in the day prior to the Attorney General's statement, but certainly I did not know about the diversion

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1 of the funds any more than a day before, and if I did, I
2 wouldn't know how I learned that.

3 Mr. Nunn. Did you talk to Director Casey about that
4 subject either before or after that press conference by the
5 Attorney General?

6 Mr. George. On the 17th -- correct me on the record --
7 the 20th -- the day Bill Casey came back from his trip to
8 Central America. The 19th of November, 1986. As you know --
9 may know, Senator Nunn, from previous testimony, or from
10 Mr. Gates' testimony, there was great chaos at CIA in putting
11 together Bill Casey's testimony. We had sent down a propose
12 testimony on a plane for him to read on his way back.

13 That night, some 25 of us at least gathered in Director
14 Casey's conference room to discuss his testimony. My
15 role -- I had seen up until then -- was to gather the
16 specific activities of the Operations Directorate and give
17 those, in turn, to Bob Gates' special assistant who was
18 collating all the materials from the whole agency on what we
19 had done.

20 In that meeting, and it was extremely complicated, and
21 people wouldn't know, and Bill Casey, we now know, was very
22 sick and gave an appearance of exhaustion. An individual
23 at the meeting, I thought it was Bob Gates, Bob said it
24 wasn't he. Others have remembered it. Someone said, "Bill,
25 not only is this chaos and how are we going to explain it,

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1 and you know we had a finding we didn't tell Congress",
2 the rest of it, but, "Bill, there is discussion of a diversion
3 of Iran funds."

4 And Bill Casey replied, "I know absolutely nothing
5 about that." And that was the only time, Senator Nunn, that
6 I ever heard Bill Casey comment on it whatsoever.

7 Mr. Nunn. And that date was?

8 Mr. George. The 20th of November, 1986.

9 Mr. Nunn. That was before the Attorney General had
10 discovered that memo?

11 Mr. George. I don't know, sir. I know of what I
12 speak.

13 Mr. Nunn. Where did that information come from? Do
14 you recall who said that? How they know about the diversion?

15 Mr. George. Dougherty, our General Counsel, remembers
16 the question that someone -- I didn't ask it. Someone said,
17 "Oh, Bill, there are rumors there's been diversions of
18 funds."

19 Mr. Nunn. I wonder how they would have known at that
20 stage?

21 Mr. George. I have no idea, Senator.

22 Mr. Nunn. Can you find out who that was?

23 Mr. George. I think we can get you information, because
24 I have brought that to the attention of our lawyers and
25 asked them to walk through the entire group at that meeting.

1 Mr. Nunn. Will you do that for us?

2 Mr. George. I certainly will.

3 [REDACTED] reminds me that the memo I didn't see, the
4 Charlie Allen memo suggesting there may be diversion of
5 funds, had been made available to some people inside the
6 agency. But I can get that for you.

7 Mr. Nunn. Did you have any conversations with anyone
8 else out at CIA about whether Director Casey knew about the
9 diversion subsequent to that event?

10 Mr. George. No.

11 Mr. Nunn. Have you since?

12 Mr. George. Well, since Oliver North and Ed Meese
13 and John Poindexter have testified, Senator, I've probably
14 discussed this with everybody in the family, and at the
15 CIA.

16 Mr. Nunn. Have you had anyone tell you that they had
17 information on this, direct or indirect?

18 Mr. George. I have not. Never once have I heard any-
19 body say either over a beer or in a dead serious conversati
20 let me tell you what I know. I am the only person that I
21 know, except I think [REDACTED] and there's somebody
22 else at this meeting I attended that heard those words out
23 of Casey's mouth, which were I heard nothing about diversic

24 Mr. Cohen. Senator, would you yield for a question?

25 Mr. Nunn. Sure.

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Mr. Cohen. Weren't there



that Charlie Allen was at least reviewing that had to do with the pricing and over-pricing of the weapons?

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1 Mr. George. So I am told. I was not aware of that.

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2 If I had access [REDACTED] they went in one box and
3 out the other.

4 Charley and [REDACTED] according to the testimony, was the
5 man who discovered or suspected or thought having read
6 closely through [REDACTED] that there is some money
7 monkeyshine going on. That led to his briefing of, I think,
8 Bob and the Director at some point. But I was not in on
9 that one.

10 Mr. Cohen. Thank you, Senator Nunn.

11 Mr. Nunn. Did you know Oliver North personally or
12 professionally?

13 Mr. George. Professionally quite well.

14 Mr. Nunn. You have heard him testify that Director
15 Casey knew?

16 Mr. George. That is right.

17 Mr. Nunn. You were there when Director Casey said he
18 did not know about the diversion?

19 Mr. George. In this one remark in a room with 25 people.

20 Mr. Nunn. Do you have any suggestions for the committee
21 in trying to determine who is telling the truth on that
22 subject, Director Casey or Colonel North?

23 Mr. George. I do not.

24 Mr. Nunn. One other subject here, Mr. George. There
25 was a memorandum from -- for the record, from Charles

CAS-2

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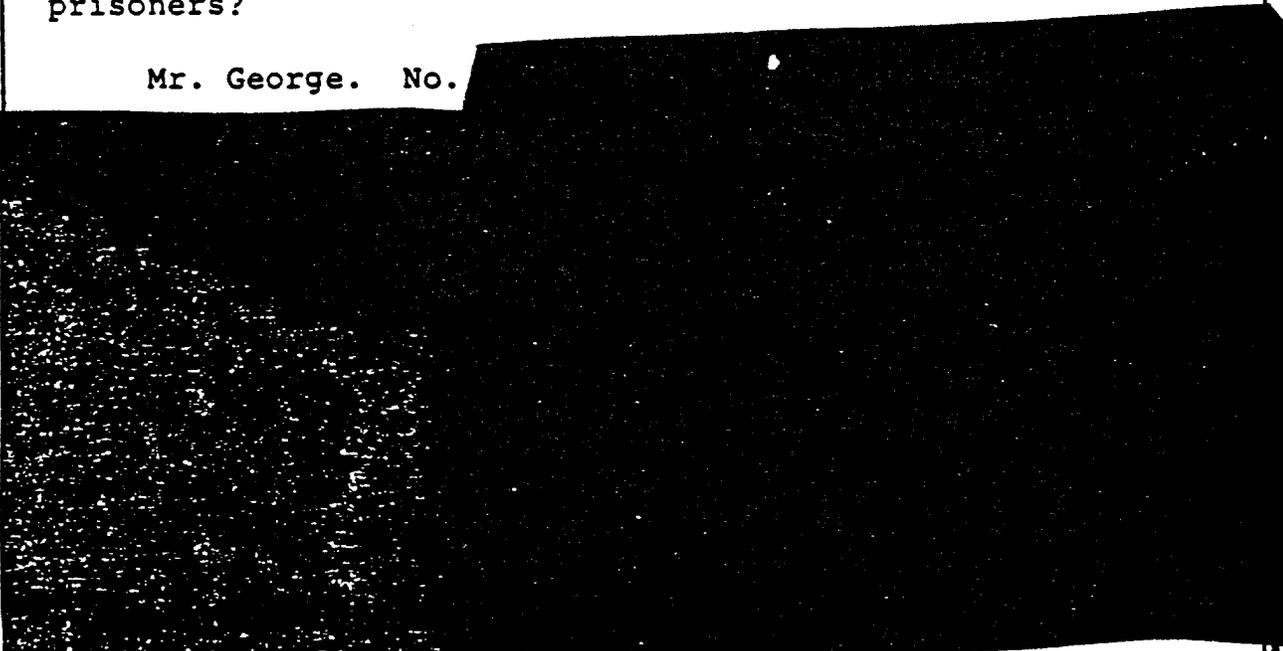
Dunbar, State Department, December 14, 1986. I am going to read you a quote from that. I don't know which exhibit that is. Let me read it to you and see if you know anything about this.

"Poindexter told Cave -- " -- and that reference is to George Cave -- " -- that he personally asked the Kuwaitis to do something about the Dawa prisoners. Cave believes Poindexter met with the Kuwaiti Foreign Minister here in the fall and may have seen him in the region at some point, as well.

"North also met with the Kuwaiti Ambassador and perhaps with other foreign officials as well."

My question to you is, do you know anything about Poindexter, North, or anyone else in the U.S. Government asking the Kuwaitis to release the prisoners or putting any degree or pressure on them to release the Dawa prisoners?

Mr. George. No.



CAS-3

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in no uncertain terms that it was the intention of the Government of Kuwait to keep those prisoners until they had completed their sentences or whatever.

Mr. Nunn. So all the information you had was precisely the opposite from the import of this memo?

Mr. George. I haven't read this, but from the import of what you read me, yes.

Mr. Nunn. You don't know anyone in government who was actually asked or that actually contacted the Kuwaitis about releasing the prisoners?

Mr. George. I know no government official who contacted the Kuwaitis to ask them to release the Dawa prisoners. In fact, to the opposite. I am familiar with a message from the President of the United States to the Sheik of Kuwait urging him not to bend under any pressures.

Mr. Nunn. Do you know anyone outside Government acting on our behalf, on the Government behalf, that was putting pressure or asking Kuwait to release the prisoners?

Mr. George. No, sir.

Mr. Nunn. One other question, Mr. George. When Colonel North testified, he started his testimony by saying that covert operation is a lie itself. The implication of

AS-4 1 that was that other lies that flow therefrom are natural and
2 recurring events in covert operations.

3 Would you give us your own view since you have been
4 involved in this business for a long time about how you deal
5 with your fellow officers and agents in carrying out a covert
6 operation?

7 Whether lies are necessary within the operation itself?

8 Mr. George. I disagree with Colonel North, as strongly
9 as I can disagree with anyone. This is a business which
10 you know, Senator Nunn, from your experience on the Senate
11 Committee and many of you who have dealt with me and more
12 importantly with my agency, this is a business of trust. This
13 is a business that works outside the law, outside the
14 United States.

15 It is a business that is very difficult to define by
16 legal terms because we are not working inside the
17 American legal system. It is, and I have been asking you, and
18 you heard me say many times, it is a business of being able
19 to trust and have complete confidence in the people that work
20 with you.

21 And to think that because we deal in lies, and overseas
22 we may lie and we may do other such things, that therefore
23 that gives you some permission, some right or some particular
24 reason to operate that way with your fellow employees, I
25 would not only disagree with, I would say it would be the

CAS-5

1 destruction of a secret service in a democracy.
 2 - And I also believe, and I would like particularly to
 3 say this to you, and I said it to Senator Cohen this
 4 morning. I want you to know, and I know we have recently
 5 had an agreement -- disagreement over -- that you may
 6 have thoughts otherwise, I deeply believe with the
 7 complexities of the oversight process and the relationship
 8 between a free legislative body and a secret spy service,
 9 that frankness is still the best and only way to make it
 10 work.

11 Mr. Nunn. Thank you very much. I won't go back into
 12 that subject because I know you have gone into it already.

13 Thank you, Mr. Chairman.

14 Chairman Hamilton. Mr. Stokes, ten minutes.

15 Mr. Stokes. Thank you, Mr. Chairman.

16 Mr. George, let me start out with an area that was
 17 just touched upon by Senator Nunn. In reply to his question, you
 18 indicated that after Colonel North and Admiral Poindexter
 19 testified here, that you discussed that testimony with almost
 20 everybody.

21 Mr. George. It is a national topic, Mr. Chairman.

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1 Mr. Stokes. That is right. Nothing wrong with that,
2 because it is on the lips of everybody in the country, I
3 think.

4 But based upon those conversations as it relates to
5 the so-called fall-guy plan devised by Director Casey
6 where in the event that the diversion ever hit the light of
7 day, that Colonel North was to take the spears in his chest,
8 what was the consensus of those with whom you have talked?
9 Do you believe that he devised such a plan?

10 Mr. George. Those at the Agency do not.

11 Mr. Stokes. From everything you know about Director
12 Casey and how your business operates, do you guys devise
13 those type of plans or does the fall guy?

14 Mr. George. I have never -- I suppose overseas
15 somewhere, we'll do something to make somebody look like
16 they are guilty of something in some intelligence operation,
17 but the fall-guy plan as it came out of your hearings in
18 the United States Government context is, I've never heard
19 of such a thing.

20 Mr. Stokes. Let me ask you this. Senator Cohen just
21 asked you about [REDACTED] that came across your
22 desk and I think you indicated it may have gone into
23 your in-box and you didn't pay much attention to it, but
24 I think that you testified in your deposition that you
25 received [REDACTED] concerning the

1 Iranian initiative, and I think you also said that you didn't
2 read most of it, and I understand that. But in terms of
3 those who have a responsibility to read it, would you have
4 looked to someone in the directorate to bring this to your
5 attention regarding this overcharging matter?

6 Mr. George. I would have looked upon my Near East
7 Division -- most of what I remember, and I'm told there is
8 [REDACTED] from the late 1986 period -- excuse
9 me, late '85 period of contacts between [REDACTED]
10 [REDACTED] and possibly hints of American involvement, and
11 that is very unclear.

12 Once the finding was signed, that great mass of
13 material which I know this committee has or should have
14 [REDACTED]

15 [REDACTED]

16 I would have looked towards my Near East Division
17 to monitor that. At no time, and I would trust them to
18 monitor that, but no one read that in the detail that ever
19 led them to come to me and say, as it did lead Mr. Allen
20 to come to I believe the Director and Deputy Director and
21 say, there appears to be indications of overcharging.

22 I might make a point which has been made to me by
23 several of my Near East and Iranian types, we are not left
24 speechless when we read about overcharging. To us, what
25 that means is you are paying off in the country you are

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1 doing business in in order to do business. I charged this
2 but it was really that is, as everybody in this room knows,
3 a common way of doing business in the Middle East, and be
4 it a fair or unfair excuse, I think there have been occasions
5 when people have seen the idea of more money than there
6 appears to be or vice versa, rather than saying, holy cats,
7 the United States side, Mr. Secord, Mr. North, Mr. Hakim
8 is doing it. It was, we are paying off people inside Iran
9 in order to achieve goals. That is a generalization that
10 has been brought to my attention.

11 Mr. Stokes. As you reflect back now in terms of hind-
12 sight, do you think the CIA did a good job of monitoring
13 the intelligence on the Iranian initiative or not?

14 Mr. George. Was our performance a good performance --

15 Mr. Stokes. Basically I think that is what I'm getting
16 at, your evaluation.

17 Mr. George. I'm to blame for most of it because I --
18 I mean of what I know about it. I don't know what the hell
19 an intelligence service does when it is not allowed to
20 participate fully inside what is basically a clandestine
21 operation.

22 I think that a terrible mistake was made in the summer
23 of '85 when, if I am to believe what I'm told, the Israelis
24 came to Bud McFarlane and said, "We've got a deal, but don't
25 tell CIA." I think you make a great mistake not telling

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1 your spy service.

2 First of all, your spy service is everywhere and starts
3 hearing about things. I think what should have happened
4 at that particular moment is that we, not necessarily me,
5 but whomever, John McMahon, Bill Casey, representatives from
6 my service, should have sat down with McFarlane and been
7 allowed to help decide the validity of the Israeli request.
8 When that didn't happen, when we played with less than a
9 full deck, as I said, I think we protected ourselves -- if
10 I exaggerated anywhere along the line, I became very
11 protective of the institution. I think we did not do badly
12 in protecting ourselves. I cannot be proud of our overall
13 performance because if we would have succeeded, this would
14 never have happened.

15 Mr. Stokes. That leads me into my next question,
16 because that has been one of my concerns. When you look
17 back at the January 17, 1986, finding on Iran, it appears
18 to be directed to the CIA. Yet you and others at the
19 Agency have insisted that the CIA played only a support
20 role in the Iranian operation.

21 There are some of us who, having some knowledge of
22 intelligence operations, have commented upon the fact
23 that the professionals in this business were not used
24 particularly when it came to the DEA ransom operation, and
25 in the case of the Iranian operation also. NSC was chosen

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1 to conduct it.

2 I guess the logical question is, why didn't Director
3 Casey fight this? If you know.

4 Mr. George. I'll let you in on a secret. The way
5 to handle Bill Casey was outflank him to the right, charge
6 him with being less than adventurous, suggest that maybe he
7 really wasn't ready to take the high risk. What Bill Casey
8 needed around him were cautious people to some degree, not
9 frightened people, but cautious people.

10 I would suggest, and I guess I can suggest as well as
11 anybody because God knows I dealt with him night and day,
12 Bill Casey fell afoul to a charge in the White House that
13 "come on, Bill, we have had enough of those" -- as Dick
14 Secord titles us -- "shoe salesmen; let's get a real opera-
15 tion together and really do something."

16 Mr. Stokes. That is what I to a large extent sort
17 of suspected, that there may have been a question --

18 Mr. George. Please, I'm not sure Bill Casey knew
19 everything and I question a great deal, and it is not mine
20 to question, of the charges made against Bill Casey before
21 these committees and taking the fall after your dead is
22 the last great fall, but there is no doubt about it, Bill
23 Casey was very vulnerable to the "oh, come on, Bill, those
24 bureaucrats, let's get out and sock it to them." He may
25 have allowed himself to be convinced.

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1 Don't forget the significance of the fact of Mr.
2 Ghorbanifar, contacts with Iran, plans for the release of
3 hostages, plans for the development of contacts with
4 moderates was brought to us by one of our very closest
5 allies, in whom we have very great trust, in whom we place
6 a Middle East role of unbelievable significance, the
7 government of Israel -- the Israelis will admit that this
8 was a mistake, so there was a variety of things that
9 happened. Casey's weakness was probably to say, "oh, we'll
10 take a chance."

11 Mr. Hyde. Would you yield to me?

12 Mr. Stokes. Yes.

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CAS- 1

1 Mr. Hyde. Isn't it a fact that the CIA bureaucracy, as
2 the State Department bureaucracy and possibly the Defense
3 Department bureaucracy, were not hot for this thing at all
4 and there was a fear of Director Casey's that had the CIA
5 been into operations on this that there might have been
6 leaks or there certainly would have been a lack of
7 enthusiasm for it, and better to go with the gung-ho guys
8 who felt this was a great, neat idea, is that too wild a
9 speculation?

10 Mr. George. Mr. Hyde, I don't agree. I think we have --
11 working within a government structure, we have as bold and as
12 adventurous a government structure as there is, and we
13 understand who the Director is and the President is.

14 I cannot buy the theory that you won't tell your CIA
15 experts because you believe they are going to say no. Tell
16 them and if they say no, and you think they are crazy, go
17 ahead and do it, but see, they didn't tell us.

18 Mr. Hyde. Was Mr. McMahon thrilled with this idea?

19 Mr. George. Absolutely not.

20 Mr. Hyde. Do you think that played any role in Mr.
21 Casey's moving in another direction rather than the agency?

22 Mr. George. Well, again, John McMahon is as close a
23 friend as I have, and I respect him totally, but John
24 McMahon's life has never been a broad running operations.
25 I would ask, not Clair George, ask Bert Dunn, ask

CAS-2

1 [REDACTED] ask six other guys, call in your experts and
2 say to them, what the hell do you experts think of this
3 idea. That is what you have experts for. If we had said
4 this really stinks, Bill, Bill is still free to say, okay,
5 fine, goodbye.

6 Mr. Hyde. I thought that was done but I wanted to probe
7 as to why it wasn't done.

8 Mr. Stokes. Mr. Chairman, I request one additional
9 minute.

10 Mr. Hyde. If I promise never to talk again in this
11 committee, would you give the gentleman --

12 Chairman Hamilton. That is too good a deal to turn down.
13 I recognize Mr. Stokes for one additional minute.

14 Mr. Stokes. Thank you, Mr. Chairman.

15 My last question is, in your deposition you say on a
16 number of occasions that you felt it was your job to listen
17 to Ollie North, but that many of his schemes were hairbrained
18 that is a quote from your statement in the deposition.

19 Mr. George. I was going to disagree with that
20 statement, but the more I reflect, I think I was right,
21 they were hairbrained.

22 Mr. Stokes. Your attitude appeared to be to let he
23 and others like him plan to their heart's content, but not
24 to approve their operations, but you have testified that he
25 and Director Casey were very close. I guess my question

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is do you think that Director Casey shared your attitude about Oliver North?

Mr. George. I think Casey looked upon North, he loved North very much, he liked action people. I like action people. Bill Casey was the last great buccaneer from OSS. He was dropping agents into Germany and France and saving lives when most of us were doing nothing. This was a great guy, Bill Casey, and he saw in Ollie North a part of that and he liked Ollie. But you could get to Casey and say Ollie is crazy and Casey would change his mind.

I am a great believer, and this is the point -- and we have to watch in hearings like this, we don't want to stop government intelligence officers, all I know, from thinking about, planning about

 You would also hope that your government employee would say, Jesus, that sounds pretty dumb. We want to keep people planning things, to plans were going on all the time.

Casey liked that. Ollie was a planner and, yes, Ollie had a lot of hairbrained schemes and Ollie had good schemes.

Mr. Stokes. Thank you.

Chairman Hamilton. Mr. McCollum.

Mr. McCollum. Thank you, Mr. Chairman.

Mr. George, I don't want to beat a dead horse, but I would like to follow up on those questions about Mr. Casey.

CAS-4

1 Admiral Poindexter told us when he testified that the way
2 it came about that the CIA didn't do the operation on the
3 Iran initiative was after the finding was made that Mr. Casey
4 chose Oliver North to do it.

5 Mr. Clarridge testified that he was personally aware
6 that Mr. Casey wanted the CIA, would have preferred the
7 CIA to run the entire Iranian initiative, but he didn't want
8 to name you or McMahon or anyone else, but he said others
9 in the agency weren't real keen on it. He wasn't sure of
10 the details of how it came about, but obviously Mr. Casey
11 didn't go with the agency on it.

12 Then you told us earlier in your testimony, not just in
13 response to the last two questions, that at some point you
14 went in and told Mr. Casey that you didn't think so much of
15 Mr. Ghorbanifar and after that you didn't run the operation,
16 you didn't have any more really to do with it except
17 logistics. Is that a fair summary of this situation? Was
18 there a time when you actually sat down when Casey said
19 I want to go with this thing and you said I don't like
20 Ghorbanifar?

21 Mr. George. I was never invited at all, nor my fellow
22 professionals in the Operations Directorate, to comment upon
23 the validity, success quotient of the Iranian arms deal.
24 It was presented to us. Would -- that is Mr. Hyde's
25 question again -- if he asked us, would we have said no.

3-5 1 Mr. McCollum. Why did Mr. Clarridge say from his
2 personal knowledge he knew because Director Casey had said
3 it in his presence that he would have preferred to have the
4 agency do it?

5 Mr. George. I don't know. Bill Casey never said that
6 to me. I expressed great concern about Mr. Ghorbanifar.
7 I never ever heard, nor to this day have I ever seen, and
8 I understand your committee or the independent counsel or
9 someone is beginning to receive information from the
10 Government of Israel -- what did they know? Maybe
11 they knew a lot more about what was happening than I do.

12 Mr. McCollum. When did you express this about
13 Ghorbanifar to Mr. Casey?

14 Mr. George. December 1985.

15 Mr. McCollum. The diversion comment, November 20, 1986 --

16 Mr. George. I had a meeting I attended in the
17 Director's office at CIA as I told Senator Nunn, with Bill
18 Casey.

19 Mr. McCollum. The word "diversion" -- was that word
20 itself actually used --

21 Mr. George. I think the sentence -- it wasn't the
22 shorthand that it has now become in the United States. I
23 think the statement was, Bill, there is talk that some of the
24 money that was received from the Iranian arms deal has
25 been used for other purposes, which is now in shorthand the

CAS-6

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word diversion.

Mr. McCollum. There is a lot of confusion here. When

[redacted] was testifying, I think [redacted] was down

visiting in Central America with Casey and there was a

discussion between [redacted] and [redacted] at some point

where he said he first got the idea and had initially used

the term diversion and explained, well, the discussion

never used that term, it was about the fact there was a

cost difference between the pricing.

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1 Mr. George. Yes.

2 Mr. McCollum. That had been discovered, and it was
3 Furmark's comments to the Director and that was all going
4 around the agency at the time. I cannot take from what
5 you are saying, unless you can make it more explicit and
6 strengthen it for me, that the comments made in your
7 presence on the 20th to Director Casey and his response to
8 that really showed whether he did or didn't know about the
9 diversion of moneys from the Iranian Initiative to the
10 contras, but rather simply it seems to me, unless it is
11 more tied down than that as to the meaning, it simply goes
12 further to show that there was some discussion and knowledge
13 going on about there being a problem here, there was excess
14 money, a profit, and maybe that was used somewhere else?

15 Mr. George. I agree. I only threw that out, that that
16 was my only knowledge and my only experience of William J.
17 Casey to me, in my presence, expressing a comment.

18 Mr. McCollum. I am just trying to clarify it. I don't
19 want somebody reading over dry, redacted testimony here
20 coming up with great stories that might not be true.

21 Mr. George. That's true, sir.

22 Mr. McCollum. It is my understanding that initially
23 you were opposed to the creation of the [REDACTED]
24 [REDACTED] in the CIA.

25 Mr. George. That is false.

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1 Mr. McCollum. There have been no problems within the
2 CIA in terms of turf battles over that [REDACTED]

3 Mr. George. Big problems. Every time you organize a
4 new outfit inside a government bureaucracy, everybody's
5 turf is stepped on, everybody starts yelling and screaming,
6 everybody says there's a turf battle going on between the NE
7 Division and the [REDACTED] and the European
8 Division and the [REDACTED] which rages
9 today.

10 The establishment of the [REDACTED] I
11 believe, was an excellent idea, and if I might take some
12 credit for it, I think I was one of the people, if not the
13 person, who thought it up, which leads me to ask the only
14 question of the day -- who said I opposed it?

15 Mr. McCollum. That is what I heard. I am putting
16 rumors to rest.

17 Mr. George. I have so few good ideas, but when I am
18 told I am against the only one I had, it breaks my heart.

19 Mr. McCollum. We have a lot of leaks around here. That
20 is from my sources. They must not have been too reliable in
21 this case.

22 With respect to the Near East Division, is there
23 cooperation now going on?

24 Mr. George. It will work. I like a little fighting
25 inside the outfit to keep the guys on their toes, let them

TOP SECRET

drg-3

1 struggle a little bit, who is going to get promoted, the guy
2 that is going to get the intelligence. You have to be a
3 smart manager, know what you are doing. The last thing
4 you want in your spy service is a lot of happy, content
5 bureaucrats.

6 The problem, if I may, is that for three weeks in a
7 row, and to me it is a shock -- I spent a lifetime "in the
8 shadows". I am finding great trouble having my name in
9 the paper -- three weeks in a row News Week Magazine
10 called me an absolutely uncontrollable cowboy, and this had
11 me upset. I was nervous.

12 But then it got worse, because I heard Mr. Secord call
13 me the chief of the shoe salesman. I think somewhere in
14 the middle there is the ground I am looking for.

15 Mr. McCollum. Let's take whichever it is back down to
16 Central America for a minute. Senator Nunn, in questioning
17 [REDACTED] who I will refer to as [REDACTED] or the
18 [REDACTED] so we don't get too many
19 redactions, when Senator Nunn was questioning him in his
20 testimony, Senator Nunn said "Would you agree with this
21 statement or disagree with it, made October 14, 1986," and
22 what he is doing is quoting from your testimony before the
23 Intelligence Committee -- "The CIA is not involved directly
24 or indirectly in arranging, directing or facilitating
25 resupply missions conducted by private individuals in

1 -support of the Nicaraguan Democratic Resistance."

2 [redacted] said, "I would have to disagree with that.
3 My participation did facilitate because it provided informa-
4 tion." I couldn't interpret that to mean otherwise.

5 The reason I read that is because the question of
6 knowledge of those superior to [redacted] has been of
7 great import. In his testimony elsewhere, when I was
8 questioning him and when counsel questioned him, he made it
9 very clear that when [redacted] was down to visit, who was
10 then the head of the Latin American Division, when the head
11 of the Latin American Division came down in April and again
12 another meeting was in May for another purpose, but in the
13 April meeting, [redacted] said explicitly in his testimony
14 that he informed the Latin American Division head of the
15 KL-43 and of the communications that were going on, and it
16 has also been brought out that when this meeting [redacted]
17 [redacted] was taking place in May, he presented some of these
18 matters, and the Latin American Division Chief was very
19 concerned about the political problem, as he put it, and
20 supposedly, though we have never taken his deposition, the
21 notes we have from the interviews with the head of the Latin
22 American Division, came back to report that there were
23 some problems there [redacted]

24 Do you recall [redacted] coming to you ever to discuss
25 those problems in May of 1986, ever mentioning the KL-43

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1 or anything --

2 Mr. George. He never mentioned the KL-43, and I think

3 [REDACTED] whom I had yanked out of [REDACTED]

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5 [REDACTED] was in a state of shock to be in [REDACTED] and I

6 truly believe that he, as he testified when shown this piece
7 of equipment, which we know was a KL-43, didn't know what was
8 going on.

9 I was familiar with the fact that there were great
10 problems in identifying the manner in which it would have
11 been legal for us to provide intelligence to the contras
12 and, in turn, to pass it to anyone supporting them, and there
13 was a question whether [REDACTED] was making those contacts directly
14 and we advised [REDACTED] not to do that.

15 To the best of my knowledge, he had not done that. When
16 I testified in October 14, 1986, and I apologized to Senator
17 Nunn and Senator Cohen -- it was not my attempt to lie --
18 I was fixed on CIA responsibilities, I was hesitant to
19 correct a government official whom I did not know well --
20 I had my testimony corrected for the record with both the
21 House and the Senate Intelligence Committees after I learned
22 what had happened to [REDACTED] -- let me one more time say for [REDACTED]
23 and I know many of you have worried about his activities --
24 I will say, as I said this morning, he is an outstanding
25 officer who was put in a terribly difficult position, and I

rg-6

1 - think I would even be more explicit, I would defend [REDACTED]
2 for having had to do what he did -- God knows what any of
3 us would have done.

4 I think the only thing outstanding, and it is not for
5 me to say, is the manner in which [REDACTED] explained these things
6 to the IG or other people.

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SLK-1

2 Mr. McCollum. The question is whether he mentioned the
3 CL-43 or not in your Latin American division -- did he talk
4 to you about the political problems, about the problems he
5 saw down there?

6 Mr. George. [REDACTED] did not talk to me about the CL-43.
7 He talked to me about his concern of [REDACTED] delivering intelligenc
8 information to [REDACTED] for use by the pri-
9 vate benefactors -- the manner -- we were allowed to provide
10 intelligence to the contras. The contras could then give it
11 to anybody they wanted to. Our rules, not the law -- the law
12 has never been specific on this -- said we, CIA, will not pro-
13 vide that intelligence directly to the private benefactors, and
14 we were worried that [REDACTED] might do that.

15 Mr. McCollum. And you were worried about what was happen
16 ing -- okay, fair enough. But to the degree that your testi-
17 mony said that you weren't facilitating or there was no facili-
18 tation, that was an error --

19 Mr. George. I did not know of [REDACTED] activities at the
20 time through Oliver North.

21 Mr. McCollum. I understand that, but you knew from [REDACTED]
22 [REDACTED] that at least intelligence information was being gathered

23 --
24 Mr. George. I had been informed that had been corrected

25 Mr. McCollum. One last question. There had been a lot
of talk about leaks, leaks here, leaks there, leaks everywhere.

10-c
SLK-2

1 I know you have your famous people who have gone and we have
2 read about them unformally occasionally from the agency, and
3 these have been espionage problems, but in general to the
4 outside world, do you have problems at the agency like some of
5 the people downtown have with leaks?

6 Mr. George. I think there have been some leaks out of
7 the agency. I follow that very closely. One of our biggest
8 problems in the leaks business are retired intelligence officer
9 Maybe this life in the shadows causes these guys, when they
10 get outside this outfit, to want to tell every newspaperman
11 in Washington. I have read stories in which I am convinced
12 that the information had to only come from inside the agency.

13 Mr. McCollum. Do you have rules and regulations about
14 contact with the press, not just what you say, but --

15 Mr. George. You are not allowed to contact the press --
16 if you live next door to Bob Woodward, we would tell you to
17 move, but if you live next door to the guy from the Beaver Fall
18 News Tribune --

19 Mr. McCollum. For example, you mentioned Bob Woodward.
20 You know him?

21 Mr. George. I have met him.

22 Mr. McCollum. You don't have the contact with him?

23 Mr. George. I decided there was only one way to beat
24 this rap. I don't talk to journalists anywhere ever. Actually
25 if I go to a cocktail party, unless it is embarrassing to the

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1 person, I will not talk to them because I really am trying to

End SLK 2 be Caesar's wife.

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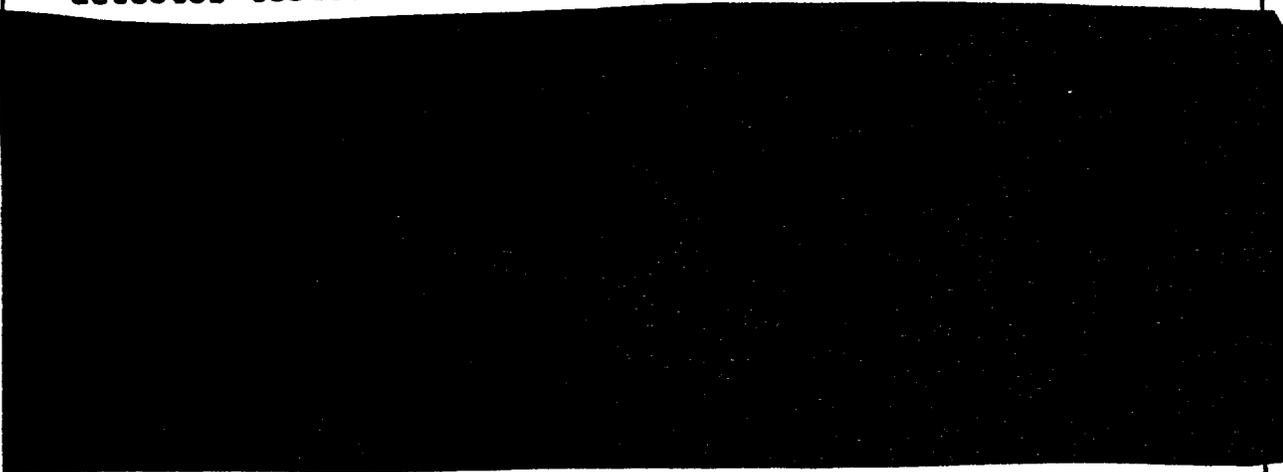
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Mr. McCollum. And lie detectors, do you give lie
detector tests?



Mr. McCollum. When is the last time you had one?

Mr. George. I had one in 1983.

Mr. McCollum. I think you answered a lot of our
questions. I appreciate your time.

Mr. Chairman, it's the last witness I get to question.
I greatly have enjoyed working with you. Thank you. I
yield back.

Chairman Hamilton. Mr. George, in his testimony before
the committee, Lt. Colonel North indicated that in
preparation for his trip to Tehran, the Director had
given him some suicide pills to use in the event he was
taken hostage or tortured. Do you know anything about that?

Mr. George. That's absolutely impossible.

Chairman Hamilton. It's impossible? Why do you say
it's impossible?

Mr. George.



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The rules,

regulations, controls, signing procedures for such an activity are absolutely iron clad. It's like the controls on nuclear weapons. And William Casey would not have -- I mean, he may have given him a bottle of sleeping pills, but when you talk about a lethal pill to me, we are talking about something that is cyanide that will kill you on the spot. And I tell you, William Casey would not suggest or give Oliver North suicide pills.

Chairman Hamilton. Would he have had the authority to do so?

Mr. George. Casey?

Chairman Hamilton. Yes.

Mr. George. To give North suicide pills?

Chairman Hamilton. Could he have done that under the rules and regulations of the Agency?

Mr. George. I would think not.

Chairman Hamilton. Are there further questions?

If not, Mr. George, we thank you, sir, for your testimony. You have certainly been helpful to us. We have been pleased with your appearance, and the joint hearings will stand in recess until the call of the Chair.

Mr. George. I am told that I could be, sir, a trivia question some day. Who was the last person to ever

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appear before the Iran-contra committee.

Chairman Hamilton. You might be right.

Mr. George. Thank you, Mr. Chairman.

Chairman Hamilton. Thank you, sir.

(Whereupon, at 4:01 p.m., the select committees were adjourned, subject to the call of the Chair.)