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15 July 1985

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APPROVED FOR RELEASE DATE:
22-Dec-2008.

MEMORANDUM FOR THE RECORD

SUBJECT: [redacted] tries to Play Hard Ball

1. At 0930 on Saturday, 13 July, Mr. Shaheen phoned my home to say that Hashemi accepts our proposal that [redacted] must be present at the first meeting [redacted]. Hashemi, however, added the condition that nothing further would be done to set up this first meeting until someone in the USC talked to his lawyer, Elliot Richardson [redacted].

[redacted]

2. I repeated our previous position, that no consideration would be given to discussing Hashemi's legal problem until after the first meeting took place. [redacted] Therefore, we consider further progress in this channel at an [redacted] until Hashemi withdraws his requirement that someone must speak to Richardson.

3. Shaheen agreed that this tactic made sense to him in view of the derogatory information we had on the other Iranian, MANUCHEHR. Shaheen was also at pains to say that he was anxious to be helpful to the DCI and was not in any sense a close friend of Hashemi. We agreed that in both the intelligence and oil businesses, not all deals pan out, and I gave him some profuse thanks for his efforts in this case.

4. The above was relayed to Peter Burleigh of [redacted] on Saturday, 13 July, and State forwarded a status report [redacted].

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[redacted]

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On 17 May 1984 a Federal Arrest Warrant was issued for Cyrus HASHEMI and his two brothers Jamshid and Reza for arms export control violations. The warrant is based on several proven violations of arms embargo. Reza was arrested in New York May 1984 and is presently in jail. Cyrus and Jamshid are living in London. Cyrus, born circa 1940 in Iran, is U. S. citizen.

In an attempt to obtain a nolle prosequi, Cyrus HASHEMI, via John Shaheen, is reportedly intermediary in arranging a change of attitude vis-a-vis U. S.-Iran relations. HASHEMI claims Shaheen will not be involved in the release of the seven (July 1985) remaining hostages because Hizballah deals directly with Iran. Two Iranians are willing to meet with the [redacted] as an initial step; they are [redacted] and Manuchehr GORBANIFAR [redacted]



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