

ARTICLE APPEARED
ON PAGE 70

PENTHOUSE
November 1984

THE OCTOBER SURPRISE

BY CARL E. CARLSON

The teletype machines in newsrooms across the country endlessly clack out bulletins and news releases, only occasionally interrupted by nearly inaudible alarm bells warning of some important news forthcoming.

The bells rang late in the evening of October 15, 1980, and the machine delivered this news: EDITORS, PLEASE NOTE: WLS-TV CHANNEL SEVEN IS BREAKING A MAJOR NEWS STORY OF NATIONAL AND INTERNATIONAL IMPORTANCE: EXCLUSIVE ANNOUNCEMENT ON 10 PM NEWS TONIGHT.

What transpired certainly lived up to the billing: WLS-TV reporter Larry Moore announced: "Through exclusive sources, I have learned tonight a deal is in the works for the release of the hostages."

This stunning exclusive, purporting to scoop all the world's other news-gathering organizations, amounted to fulfillment of a dire warning that had been made over the past several months by officials of the Committee to Elect Reagan: Be on guard for an attempt by President Jimmy Carter to formulate a secret ransom deal to free the American hostages in Iran. Such a move, Reagan's men felt, coming so soon before the November 4 election, might guarantee Carter's reelection.

The men around Ronald Reagan called it the "October surprise," and Moore's exclusive report seemed to confirm their worst fears—that the euphoria resulting from the release of the 52 American hostages might sway millions of American voters into forgetting why they were thinking of voting against Jimmy Carter.

Or so it would appear. But, in fact, the words delivered by a reporter on a local television station owned by ABC in Chicago represented the climax of a sour chapter in the history of American politics. And it is a chapter that has remained unknown up until now. In basic form, it amounts to:

- A political-espionage operation, directed and controlled by some members of the Reagan committee, that dwarfed in scale anything conceived in the days of the Nixon political-spying operation—or any other similar operation, for that matter.

- An operation that ultimately resulted in the destruction of what was apparently an imminent deal between Iran and Carter to release the American hostages months before they were set free coincident with Reagan's inauguration. That deal was aborted by a news leak that took place immediately after the Reagan committee learned of it.

- A complicated series of events that saw TV reporter Larry Moore used as an innocent dupe to destroy the very deal he was reporting.

What follows is not a nice story. There are no heroes and no winners. It is a story of political chicanery. Until the present time only a tiny part of it has surfaced: charges that Reagan's people stole confidential briefing papers prepared for Carter prior to his nationally televised debate with Reagan, an incident known as "debategate." But there is more—much more.

Whether any criminal prosecutions will result remains an open question. Last spring a congressional investigation concluded that there had been a "cover-up" of the Reagan spying operation. Meanwhile, an attempt to appoint a special prosecutor to probe the 1980 campaign is still ensnared in legal arguments.

Still, few seem to grasp the full extent and depth of the spying operation—its tracks have been well covered, and even revelations connected with the theft of the briefing papers have not unlocked the rest of the spying operation's secrets.

Like all modern presidential-election campaigns, the Reagan campaign had a political-espionage apparatus. As a challenger, Reagan could come to rely on the customary resources of such operations: disgruntled career diplomats, government employees, and not-so-loyal members of the opposition party.

But there were two factors that elevated this time-honored custom of political espionage into something much different in 1980. One was the growing conviction within the Reagan campaign that Carter almost certainly would pull an October surprise, i.e., arrange the release of the hostages at the most critical point of the campaign. Therefore, there was an urgent requirement for detailed intelligence from inside the Carter White House.

The second factor, and in some ways more important than the first, was the nature of some of the people running the Reagan campaign. Besides George Bush, the vice-presidential candidate and former CIA director with extensive contacts

all across the U.S. intelligence community, there was William J. Casey, director for the entire campaign.

Casey, the present CIA director, was a millionaire Wall Street lawyer who had served in the Office of Strategic Services (OSS) during World War II and later served in a variety of official and nonofficial government appointments, including membership on the President's Foreign Intelligence Advisory Board. A man with wide contacts throughout the governmental and intelligence structure, Casey was known as an obsessive collector of information, a man with an unquenchable, devouring passion for all data.

And the data Casey was most interested in during the 1980 campaign was information on the Carter White House and the Carter reelection campaign. For example, the minutes of a September 12, 1980 meeting of Casey's lieutenants record that the campaign director "wants more information from the Carter camp. . . ." Perhaps not so coincidentally, the exhortation came just three days after a secret communiqué from the German government to Carter that Khomeini was ready to make a deal on the hostages—and on the very same day that Khomeini signaled the Carter White House that the Germans were bona fide messengers.

This interesting coincidence of events suggests a fairly sophisticated information-gathering operation that extended into the Oval Office, an operation that was able to alert the Reagan committee to even the most sensitive top-secret developments. While it is difficult to estimate its size, there is no question that the spying operation was quite extensive, covering the entire government apparatus.

Casey himself had revealed the existence of the operation in July 1980, during the Republican National Convention in Detroit. With typical audacity, Casey told reporters that he was establishing an "intelligence operation" in the campaign, and he said flatly that it was aimed at discovering whether Carter planned any October surprise.

Reportedly, however, other Reagan campaign officials were upset at Casey's direct admission of an intelligence operation, and it was not, as such, ever referred to again in public. But it flourished in secret. Oddly enough, the operation's most valuable assets were not campaign workers but a fairly large number of ostensibly loyal government employees. To the Reagan committee's surprise, there were many military and intelligence-agency employees who had become convinced that Carter was a dangerously muddleheaded feather merchant. While not enamored of Reagan, they felt strongly that under no circumstances should Jimmy Carter be reelected president.

Continued