Coping With Iran-Contra

Personal Reflections on Bill Casey’s Last Month at CIA

James McCullough

During 34 years as an intelligence officer, I have had my share of exciting assignments and difficult passages. But, as I think back on my career, one brief period stands out as uniquely memorable—three weeks in November and December of 1986, when I found myself in the middle of the Agency’s effort to understand and come to grips with its roles in the Iran-Contra affair.

These were the three weeks when the roof, in both political and physical terms, fell in on DCI Bill Casey. It was also the period during which the impression formed within other parts of the executive branch, the Congress, the media, and the public that Casey and the CIA were involved in a conspiracy to “cover up” the facts of their involvement in Iran-Contra—an impression that still lingers.

Before the Storm

At the time, I was Director of the DCI Executive Staff. As such, I supervised and was responsible for staff support for both the DCI and the DDCI. My personal duties included preparation of DCI Congressional testimony and, in this case, final drafting of Casey’s initial testimony on 21 November 1986 about the Reagan administration’s covert sale of arms to Iran—testimony that became embroiled in controversy even before it was delivered. In the difficult weeks that followed, I worked closely with Director Casey as he tried to respond to mounting Congressional ire, political attack, and public questioning of his and the Agency’s role in the Iran and Contra operations.

The following recollections are an effort to put into perspective what was going on during a chaotic and stressful period in the DCI’s office. My impressions of Bill Casey’s performance and motivations are only impressions. They do not and cannot provide definitive answers to questions about his precise role in or knowledge of some aspects of the Iran-Contra affair.

I believe that what I relate is accurate in all significant respects and conforms with the voluminous record of facts and evidence generated by the various Iran-Contra investigations. What I say probably will disappoint conspiracy theorists but perhaps will have the ring of truth to those who have actually experienced the rough-and-tumble of Washington politics and the bureaucratic backbiting and floundering that typically accompanies it.

In retrospect, it seems remarkable how little the Iran arms operation intruded into the consciousness of the DCI suite. It was being managed out of the National Security Council (NSC) Staff, and only a few senior officials such as the DCI, the DDCI, the Deputy Director for Operations (DDO), and those actually involved in operational support of the NSC Staff’s effort had any real awareness of what was happening. My own awareness was limited to reading some tightly held messages that

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crossed my desk intended only for the DCI and DDCI. These messages reflected haggling between Iranians over the cost and quantity of arms and the release of unidentified captives or hostages. I never heard the DCI remark on these messages (if indeed he ever bothered to read them or try to make sense of them). And, as far as I knew, Casey never held any meeting in his office on the general subject of the Iran arms deal or gave the subject much attention at all until the early fall of 1986. (In general, I had the authority to attend all DCI meetings with other Agency officers below the deputy director level, and I tried to sit in on as many DCI meetings as my own schedule would permit.)

It was an eventful year for the Agency. The DCI suite and the Agency at large were preoccupied by issues and events such as the US air raid on Libya; a host of counterintelligence issues related to the “year of the spy,” including the problem of intelligence leaks and the Danilov affair in Moscow; Nicaragua and the Contras; and a number of Soviet-US arms control issues culminating with the Reykjavik summit. The Iran arms deal never seemed to intrude.

This began to change in October 1986, when the operational security of the NSC Staff’s Iranian enterprise began to break down. The first sign of trouble of which I was aware surfaced when an old friend of Casey’s, Roy Furmark, came to him with word that private investors who had been providing bridge financing for the arms deal were owed a lot of money and were prepared to go public with their story if their money was not forthcoming. Shortly thereafter, the basic facts of the operation were leaked to and published by a Lebanese magazine.

These events spurred a series of meetings and deliberations in the DCI suite that reached the obvious conclusion that this cat was irretrievably out of the bag and that the White House and the NSC Staff should prepare a public account and rationale for their dealings with the Iranians (a conclusion that was pressed on National Security Adviser John Poindexter by Bill Casey and DDCI Bob Gates). During this period, I became aware for the first time of the general outline of the NSC Staff’s management of and CIA’s support for the administration’s efforts to trade arms for hostages.

There was much concern about the impact of the public revelations that all knew would soon occur. Looking back, however, it is clear that no one at the Agency, including those who knew much more about the history of the operation than I did, anticipated the full extent of the firestorm that was about to engulf us.

I traveled with Casey on his many domestic trips in order to provide him some general staff support and also because my duties included drafting the speeches that were always a part of his travels around the country. On his foreign jaunts, however, he was surrounded by assorted division chiefs, chiefs of stations, and headquarters analysts, and he hardly needed me. The DCI’s foreign travel was just about my only opportunity to take some time off, and I seldom failed to do so. As soon as Casey was on his way to Andrews Air Force Base and his flight to Central America, I left to spend a long weekend in the Blue Ridge Mountains with my wife. It turned out to be the last weekend I managed to spend outside the office for a long time.

A Crisis Erupts

On the morning of 18 November I returned to my office just down the inner corridor from the DCI and DDCI offices and walked into a full-blown crisis. Shortly after the DCI’s departure for Central America, Congressional hearings before the Senate and House oversight committees finally were set for the following Friday, 21 November. Bob Gates had immediately informed Casey and urged him to return to Washington in time to prepare for and present the testimony. Gates then instructed DDO Clair George’s two staff assistants to begin preparing a preliminary draft testimony that
could be transmitted to Casey before he left Central America.

My first reaction upon discovering this was irritation that the DO had taken charge of what really was my responsibility. I knew from painful experience that at the 11th hour the whole thing would end up on my desk and that it was always preferable to be in control of the drafting and editorial process from the beginning. I soon realized, however, that in this case only the DO could take the lead in preparing a first draft.

Almost all the information relevant to CIA’s role in the Iran arms operation was highly compartmented and scattered around the DO. I was hardly in a good position to even know what questions to ask, let alone where to look. So it was quickly agreed that I would stay close to the two DO staff officers working on the initial draft in order to keep abreast of their progress and to begin to educate myself on the history and details of the subject. I would assume responsibility for preparation of the final product, once Casey had received the first draft and had reacted to it.

The DDO’s Briefing

The first order of business that Tuesday morning was a briefing for oversight committee staff conducted by Clair George. I decided that this would be a good place to begin my education, so I joined the dozen or so Congressional staffers who had assembled for the briefing. The general mood in the room was one of open irritation and chagrin that they and their members had been kept completely in the dark. Clair gave a chronological description of CIA’s role under the January 1986 Presidential Finding which provided for the sale of US weapons to Iran. It was basically a nuts-and-bolts account of the various shipments that had occurred, the quantity of weapons involved, and a description of the CIA support mechanisms used to support the transactions.

We were transfixed. No one in the room except Clair and his staff officers had ever heard of this before. It was as much news to myself and Dave Gries, the Agency’s Director of Congressional Affairs, as it was to the Congressional staffers. At the briefing’s conclusion, a number of staffers warned me that the Director could expect a lot of hard questions about the lack of notification to Congress as required by the Hughes-Ryan Amendment.

As I reflected on Clair’s briefing while walking back to my office, I rationalized that this was a storm that might be weathered without too much damage. The President would have to take the heat on non-notification because he had specifically directed that Congress not be informed. Bizarrely enough, the NSC Staff had been managing the operation. CIA’s supporting role had been clearly provided for in what appeared to be a perfectly legal Presidential Finding.

This exercise in wishful thinking came to an abrupt end when I encountered Clair George’s two staff assistants who were conferring in the hall, looking decidedly glum. They told me that Clair had not mentioned in his briefing that we had been involved in one additional arms shipment to Iran that had occurred in November 1985, before the Presidential Finding! They had been having difficulty in marshaling the facts about this shipment, which they fully intended to acknowledge in the DCI’s draft testimony. They were now worried that news of this pre-Finding shipment would come as an even greater bombshell at Friday’s hearing because Clair had withheld knowledge of it from the committee staff.

A Difficult Task

I do not know why Clair chose to avoid mention of the November 1985 flight in his staff briefing. Perhaps he wanted to defer to the Director, or perhaps he felt it prudent to avoid broaching this subject in light of contradictions that were then surfacing between the NSC Staff’s account of the November flight and our own understanding of what happened. But no one involved in preparing the Congressional testimony had the slightest doubt that the Agency’s role in supporting the November 1985 transfer of arms to Iran would be covered in the testimony.
Bob Gates, in his initial instructions to the DO drafting team, had been emphatic about the need to put the entire story of CIA’s role in the draft. Everyone got the message, and those of us involved in preparing the testimony spent most of the rest of the week struggling to understand and accurately explain how the Agency came to be involved in the November 1985 flight—exactly what we knew about it and when we came to know it. It was not easy.

The first draft of the testimony, hastily prepared by the DO, was flown to Central America so Casey could read and work on it before his return to Washington. Casey returned to his office on the afternoon of Wednesday, 19 November. He had made few, if any, changes to the body of the text, but he had revised the opening, primarily by adding a rather flowery description of his walking with Egyptian President Sadat along the banks of the Nile discussing the importance of rebuilding a constructive relationship with Iran. Casey pronounced himself satisfied with the general thrust of the draft and then, to my surprise, went home. He was tired as a result of his long flight from Central America, but he did not seem at all troubled about his appointment with Congress in little more than 36 hours. Those of us who were working on the testimony, however, were troubled.

The Cargo Controversy

The principal problem was the need to come up with a full and accurate account of the circumstances surrounding CIA’s role in supporting the November 1985 shipment of Hawk missiles from Israel to Iran. We knew that we were vulnerable on this score and that Congress would quickly zero in on what we were fully prepared to admit was an illegal covert action on our part because it occurred in the absence of a Presidential Finding.

We were confident about the origins of our role in supporting the November 1985 flight. We knew, for example, that Oliver North of the NSC Staff had asked the DO’s Europe Division chief for help in trying to obtain clearance for a charter flight from Europe to Iran that North said would be carrying “oil field drilling equipment.” We also knew that, after efforts to intercede with authorities had failed, North had requested our help in arranging another charter flight carrying the same cargo from Tel Aviv to Iran, and that he had been given the name of a CIA proprietary air freight company in Europe that had subsequently transported the cargo to Iran.

But there also was much about which we were not sure. One key question concerned what we knew about the nature of the cargo. Did our officers in contact with North at the time really buy the “oil-drilling equipment” story, or did they understand it was only a cover? Did our officers discover the true nature of the cargo? What about the crew of the proprietary airplane that actually hauled the cargo?

The preoccupation with the state of CIA knowledge of the nature of the cargo was ironic because our support of the flight would have been just as illegal if the cargo had turned out to be jelly beans rather than weapons. Our legal problem was that we had allowed a CIA covert mechanism to be employed without the sanction of a Presidential Finding. But we faced a much broader credibility problem. We all knew that Congress would tend to assume that CIA had played a central role in the Iran arms operation and would be suspicious of a claim that we had more or less been sucked into involvement without any real awareness of the nature of the operation.

If we were going to establish credibility for our account of the November flight—the basic outlines of which we knew to be true—it would be crucial to provide Congress with the most detailed and accurate account of who at CIA knew what and when. This proved more difficult than anyone first imagined. Many of those involved with aspects of the November 1985 flight were in the field and not easily accessible. Some senior officers had retired. Memories were hazy and sometimes in conflict.
But these problems quickly paled in significance during the course of trying to coordinate our account of the November flight with the NSC Staff. We discovered that Oliver North, in preparing his own "chronology" of the Iran arms operation, was trying to disassociate himself and the NSC Staff completely from the November 1985 flight and was insisting that CIA change its draft testimony accordingly. Thus, about the time Casey returned from Central America, we found ourselves at complete loggerheads with North regarding the November 1985 flight. We knew our account to be true and his completely false.

I believe this impasse pained Casey greatly. Casey was far too smart a lawyer to identify himself with such a clumsy lie as the one being peddled by North. Even if he had been so inclined, he would never, in my opinion, have turned his back on the many CIA officers close to him who already had made standing up to North regarding the November 1985 flight. We knew our account to be true and his completely false.

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By noon on 20 November, feelings against North were running pretty high on the seventh floor of CIA Headquarters. Casey and Bob Gates went to the White House that afternoon for a meeting with Poindexter and North to discuss the testimony Casey would present the following day before Congress and to try to resolve the conflict between CIA and North regarding the November 1985 flight. When they returned late in the afternoon, I was told to stick with our story regarding the flight. This did not surprise any of us involved in preparing the testimony; we all felt it unimaginable and virtually impossible for the Agency to back away from the factual record that we had been defending all week. But there was no opportunity to get any detailed readout of what actually happened at the White House meeting because, almost immediately upon the return of Casey and Gates, we assembled in the Director's conference room for a final review of the current draft (the last version had been prepared under my supervision at noon on the 20th).

Casey and Gates, most of the Agency's senior leadership, and all officers available who had played a role in the Iran arms operation or who had pertinent information regarding it were present. The idea was to conduct a line-by-line review of the draft and also hold a sort of "murder board" in order to prepare Casey for the various lines of inquiry he might face the next day.

A Disastrous Review

Holding such a final review had seemed like a good idea at the time it was first considered, but the meeting was an unmitigated disaster. Bill Casey never ran a good meeting in the best of circumstances and, on this occasion, he seemed tired and disinterested. The meeting floundered before it got started. Bob Gates tried to take charge and run through the draft page by page, but it was no use. There were too many in the room with too little firsthand or certain information, and many were talking out of turn.

The net effect of the disjointed, confused discussion was to convince me that we were even further away from a completely full and accurate account of CIA's role—especially in
regard to the November 1985 flight—than I had realized. As I recall, the meeting disintegrated to the point where it was useless to continue and was adjourned. I went back to my office to try to incorporate a few suggested wording changes I had been able to derive from the bedlam of our “review,” and I then went to consult with Casey and/or Gates as to precisely how to finalize the testimony.

To my surprise, the DCI suite was all but deserted. Only the DCI’s veteran number-two secretary, Deborah Geer, remained. She was waiting for me to give her additional changes so she could prepare a final testimony that could be sent out to the Director’s home for his late-night review. Both Casey and Gates had left for home, and it would be up to me to come up with a formulation that accurately described the state of CIA’s contemporaneous knowledge about the November 1985 flight.

**Unhappiness at State**

As I began to try different formulations, Dave Gries entered the DCI suite seeking a copy of the final draft to deliver immediately to the State Department. He explained that, earlier in the day, he had delivered the then-current version of the testimony to the State Department’s Legal Adviser, Abraham Sofaer. Sofaer and others at the Department were apparently not happy with this draft, especially the part relating to the November 1985 flight. They were now demanding to see the final draft at once.

**Drafting Difficulties**

Just after Gries departed, Dave Doherty, the Agency’s General Counsel, arrived to check on my progress. Doherty also had been on the receiving end of concern from State and other parts of the administration that Casey was preparing to give false testimony regarding CIA’s role in and knowledge of the 1985 flight! I was puzzled about this because I had been pretty sure that what little we had said about the 1985 flight was accurate enough—it just was not as detailed and categorical as I would have preferred. I knew that Dave was doing his job of trying to protect the Director and the Agency, but I remember getting a little irritated with him that evening. He did not like any of the various formulations I tried out on him, but he offered no suggestions himself as to what we could safely say.

At one point, I had settled on a formulation to the effect that “no one at CIA Headquarters” knew at the time that the November 1985 flight had carried weapons. This was carefully worded to exclude several overseas chiefs of station, the crew of our proprietary airplane and, above all, Bill Casey himself, who had been out of the country at the time of the flight. But, upon reflection, I agreed with Dave that we were getting the thing so cleverly worded that we would be open to charges of deliberately trying to mislead.

Between 6 p.m. and 8 p.m. I had several telephone conversations with Casey (as did Doherty) about the concerns we were hearing from across the Potomac and our difficulty in coming up with a statement about the events of November 1985 that we considered absolutely reliable. Casey was sympathetic, but he never offered any suggestions. During one conversation, I did ask Casey about any prior knowledge he might have had about the November 1985 flight and the nature of its cargo. He told me that, while he had known of the general intent to ship weapons to Iran, he did not remember being briefed by the NSC Staff before his overseas trip about a November shipment of Hawk missiles.

At the time, I accepted this as a honest statement, and I still do.
Casey™s Last Month

Secretary of State Shultz was informed by then National Security Adviser Bud MacFarlane of plans for the November 1985 flight just before its occurrence and some days after Casey had gone overseas. Knowing something of the secretive manner in which the Iran arms operation had been managed by the NSC Staff, I find it plausible that Casey missed the opportunity of a last-minute heads-up from MacFarlane simply because he happened to be out of the country. In any event, I know of no evidence on the record to dispute the disclaimer Casey made to me on the evening of 20 November 1986.

A Key Sentence

It was getting late, and we needed to get a final draft to Casey™s home as soon as possible. About 8 p.m., I decided to punt by putting into the final draft a minimal version of the formulation we had been using in earlier versions of the draft testimony. It was a single sentence that asserted that, at the time of the November flight, “Neither the airline nor CIA knew the cargo consisted of 18 Hawk missiles.” All week we had been trying to uncover evidence that this assertion was false but had not been able to do so. (To this day, I know of no evidence on the record that conflicts with this statement.) Casey had been alerted to the problems surrounding this portion of his testimony, and he would have to make the final decision as to what to say. I took a deep breath, sent the final draft off to Casey™s home, and said good night to Debbie, who stayed behind to clean up Casey™s desk and secure the office.

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I came in the next morning eager to discover what, if any, changes Casey had decided to make. When I walked into the DCI™s outer office, I was dumbfounded to discover a meeting under way between Casey and Assistant Attorney General Charles Cooper, who had come over to assure himself that Casey™s draft testimony regarding the 1985 flight was truthful! Betty Murphy, the Director™s senior secretary, told me that Casey, upon arrival early that morning, had asked for one change in the draft he had received from me. He had removed the single sentence bearing on CIA™s knowledge about the cargo on the November 1985 flight. About this time, the door to Casey™s office opened and Cooper departed seemingly satisfied that Casey™s testimony was mute on this issue. As soon as Cooper had left, Casey had to leave for an exhausting day of testimony before both the House and Senate select committees on intelligence.

A Disturbing Conversation

The hearings that Friday seemed to go about as well as we could have hoped. Casey basically read into the record the statement that had been prepared for him and then answered a number of unfocused questions. Once again, I was tempted to believe that this was a storm that Casey and the Agency might weather. But for me, the week ended on an ominous and prophetic note. I was sitting in my office late Friday evening talking with my old friend, Charlie Allen. He had been directly involved in providing operational support for the NSC Staff™s Iranian arms dealings, and he had been of great assistance in preparing Casey™s testimony. We were comparing notes as to how the hearings that day had gone and how the situation would likely play out in the future.

Out of the blue, Charlie said something like, “What I worry about is people™s reaction when they discover that Ollie has been diverting profits from the arms sales to the Contras.” Charlie then gave me a rendition of the concerns and suspicions that a few weeks before he had passed on to Casey, Gates, and Deputy Director for Intelligence Dick Kerr. It did not take a rocket scientist to realize that, given the pathology of the Contra issue on Capitol Hill, any com mingling of the administration™s Iranian arms initiative with Central America would make a difficult problem impossible.

After Charlie left, I went to find someone else on whom to try out Charlie™s diversion hypothesis. I found Dave Gries still in his office, and I repeated to him what I had just heard. His reaction was the same as mine—“Let’s hope that Charlie™s wrong about this.”

Rumors of Perjury

Almost as soon as Casey had delivered his testimony of 21 November, word began to circulate around town that Secretary Shultz and other
senior State Department officials had learned that Bill Casey had intended to deliver false testimony to Congress in order to cover up the NSC Staff's role in the November 1985 flight, and that it was only through last-minute efforts on their part that Casey had been prevented from perjuring himself.

This story, with origins in the State Department, was quickly accepted as gospel by many journalists, pundits, politicians, and scholars. It would be an understatement to say that those of us involved in the preparation of the 21 November testimony found this accusation irritating and, above all, puzzling. It was months before I could piece together, to my own satisfaction, the incredible sequence of misunderstandings and unwarranted assumptions that led to the myth of Casey's intended perjury.

False Assumption

The sequence began on the morning of 20 November, when Abraham Sofaer received from Dave Gries an early version of Casey's draft testimony. According to his own later deposition, Sofaer recalled that the draft testimony contained a statement regarding the November 1985 flight that read, "The CIA and the NSC did not know that these were weapons rather than oil-drilling bits." In fact, no version of Casey's draft testimony prepared that week ever contained such language. No draft testimony prepared at CIA ever supported in any way North's contention that he and the NSC Staff were unaware of the cargo carried by the November 1985 flight. These are facts that have been documented by the Independent Counsel's investigation. Sofaer's memory about such a line in CIA draft testimony is faulty.

I suspect the most likely explanation for Sofaer's misreading or misunderstanding of our draft testimony was the general mindset that existed at the State Department regarding CIA's role in the Iran arms operation. It is pretty clear that Secretary Shultz saw Bill Casey as a major force behind the Iran arms operation. If Shultz had known in advance about the shipment of Hawk missiles to Iran in November of 1985, then surely CIA must have had prior knowledge and, therefore, could not have been deceived by the story of "oil-drilling equipment." Shultz, Sofaer, and other State Department officials were assuming that CIA, in the fall of 1985, was far more integrated into the NSC Staff's operational planning and management of arms shipments to Iran than was the case.

Increasing Alarm

The story gets stranger. Sofaer, believing that the draft constituted evidence of a coverup in progress, relayed his concerns to Attorney General Arthur Burns. Sofaer then decided to call White House Counsel Peter Wallison. Wallison heard Sofaer out and then handed the phone to Assistant Attorney General Cooper, who had just come to Wallison's office after sitting in on the afternoon meeting among Poindexter, North, Casey, and Gates—the session that had been held to reconcile CIA's conflict with North regarding the November 1985 flight!

Cooper told Sofaer that he had just come from Poindexter's office, where he had witnessed Casey's agreement to change his testimony to read that "No one in the US Government knew the November 1985 flight had carried Hawk missiles." Suddenly, the CIA draft and overall situation was much worse than Sofaer had imagined. A senior Justice Department official had just provided smoking-gun evidence of Casey's intention to present false testimony to Congress.

This set off a further series of telephone calls and alarm bells within the administration and, eventually, led to calls to Casey late on the evening of 20 November from both Poindexter and Meese expressing concern over the furor now surrounding Casey's draft testimony. Casey received these calls long after he had heard from me and Doherty about our own concerns and after he had received his copy of the final draft. Obviously, the cumulative effect led Casey to delete the single sentence in his final draft bearing on CIA's knowledge regarding the cargo on the flight. Finally, Attorney General Meese made a late-night call to Cooper directing him to make an early-morning appointment with Casey to review his testimony.
I, like everyone else at CIA, was totally unaware of this outside sequence of events at the time it was unfolding. It was months before the story began to coalesce as various investigations proceeded and records surfaced. But what continued to confound us was Cooper’s conviction that Casey had indeed changed his testimony to support North’s false support account of the November 1985 flight. Bob Gates recalled no such event during the White House meeting on the afternoon of 20 November; indeed, when Casey and Gates had returned from the White House, I had been told to stick to our guns. During my several conversations with Casey on the evening of 20 November, he had given no indication that he intended to do anything whatsoever to support North’s story.

Solving the Mystery

It took a long time for this mystery to be solved. In the late spring of 1987, not long before Casey’s death, Debbie Geer came into my office carrying a pile of papers. “Jim,” she said, “I think we may be in trouble.” She then explained that she had been cleaning out safes in order to prepare for the arrival of our new DCI, Judge Webster. She had come across these papers in an otherwise empty safe drawer and had immediately remembered what they were. They were the contents of the briefcase Casey had carried with him to the White House meeting on the afternoon of 20 November! When Casey had returned from the meeting, he had not bothered to open the briefcase and had left it on his desk when he went home.

There, in Casey’s unmistakable scrawl and penciled in above the sentence that denied CIA knowledge of the cargo, were the words “No one in the US Government knew.”

After Debbie had prepared the final draft testimony, she had discovered the briefcase while securing Casey’s office. Given the late hour, Debbie had thrown the contents into an empty safe drawer, intending to go through them the following morning. Instead, she had forgotten about them, and they had stayed there until this very hour.

Her remark about being in trouble was not in jest. Long ago, all Agency documents bearing in any way on the Iran and Contra affairs were to have been secured; redacted, if necessary; and turned over to the Justice Department. These papers all seemed to have to do with the Iran arms affair and were from Casey’s own office! With growing interest, I began to leaf through them. I recognized them as material prepared for Casey to get ready for the 21 November testimony—questions and answers, various one-page background memos on aspects of the Iran arms operation and, yes, a copy of the draft testimony dated 1200 on 20 November. I realized that this would have been the copy of the draft testimony Casey brought with him to the meeting with Poindexter and North—the copy of the draft testimony that Cooper believed he had seen Casey change to support North’s lie! I turned to the page dealing with the November 1985 flight. There, in Casey’s unmistakable scrawl and penciled in above the sentence that denied CIA knowledge of the cargo, were the words “No one in the US Government knew.”

In a flash, I felt that the mystery had been solved. I could see North telling Casey that the line in question should read “No one in the US Government knew,” and I could see Cooper watching Casey write the words into the text he was holding. Cooper came to an understandable but nonetheless erroneous conclusion that he had just witnessed Casey agreeing to commit perjury. I had seen Casey in countless editorial sessions pencil into his copy of a draft wording suggestions advanced by others. It did not necessarily mean anything, and it certainly could not be taken to constitute agreement. Casey put this copy of the draft into his briefcase, never referred to it again, and never asked that the change be incorporated into the copy of record, which was in my possession.

In short, the language Cooper saw Casey scribble down on the afternoon of 20 November never entered the testimony preparation process, and Casey never made any effort to have it included in his testimony (if he even remembered writing it down). Nonetheless, this misunderstanding on the part of Cooper, passed along to people already predisposed to believe that Casey may have been involved in orchestrating a coverup, quickly became translated into one of the central “facts” of the Iran and Contra affairs.
The next work week began on Sunday afternoon, 23 November, when Casey and the entire leadership of the US Intelligence Community assembled at a CIA training installation in Virginia for a long-scheduled conference. In management an address to the conference that evening, Casey made an opening reference to his testimony of the past Friday, saying that he had successfully answered all questions about CIA’s role in the Iran affair and that the Intelligence Community could now consider this matter put to rest.

I can still remember the sidelong glances of skepticism exchanged around the table in reaction to Casey’s optimistic remarks. I thought to myself, “If the Director really thinks he has this behind us, then he is the only one in this room who believes it.”

My own clear recollection of him during this week was that of a tired, suddenly older man more than a little bewildered by the situation to which he had returned.

Misplaced Optimism

The next work week began on Sunday afternoon, 23 November, when Casey and the entire leadership of the US Intelligence Community assembled at a CIA training installation in Virginia for a long-scheduled management conference. In an address to the conference that evening, Casey made an opening reference to his testimony of the past Friday, saying that he had successfully answered all questions about CIA’s role in the Iran affair and that the Intelligence Community could now consider this matter put to rest. I can still remember the many sidelong glances of skepticism exchanged around the table in reaction to Casey’s optimistic remarks. I thought to myself, “If the Director really thinks he has put this behind us, then he is the only one in this room who believes it.”

We returned to Washington early Monday afternoon. At some point after my arrival in the office, Peggy Donnelly, the member of my staff responsible for managing the flow of letters in and out boxes, showed me a letter Casey had prepared “eyes only” for the President. It suggested that the President fire George Shultz, and it concluded with an exhortation that the President needed “a new pitcher” at the State Department! My first reaction to Peggy was, “Surely, he is not going to send this?” Peggy’s response was that I was holding a copy and that the original had already been sent. As far as I was concerned, this was a fairly dramatic sign that Casey was not exactly at the top of his game. Given the mounting public outrage over the Iran initiative, it seemed obvious that, if anyone in the administration was going to lose his job, it would not be George Shultz.

Later that afternoon, I was informed that White House Chief of Staff Don Regan was on his way to see Casey in his office. This was highly unusual. Casey from time to time would see Regan at the White House, but, to my knowledge, Regan had never come to see Casey at CIA Headquarters. Regan spent about 15 minutes or so with Casey. After Regan’s departure, Casey left for home almost immediately with hardly a word to anyone. As he brushed past me, he looked pale and seemed distracted. I assumed that Casey must have heard something unsettling from Regan. I speculated that it probably had something to do with the political disarray apparent within the administration over the Iran initiative and, more specifically, Secretary Shultz’s revolt over the issue. It was not until the following morning, however, that I realized that the unsettling news Regan brought Casey was that Attorney General Meese had
discovered that profits from the sale of arms to Iran had been diverted to the Contras.

A Tougher Problem

When discovery of the diversion scheme was announced publicly on Tuesday morning, our problem of explaining to Congress the CIA role in the November 1985 flight for all practical purposes vanished. In its place was a much more difficult problem—deep suspicion that Bill Casey and the CIA had been witting and approving of the diversion scheme all along and outrage over Casey’s failure to report it in his testimony of 21 November. We began working on a response immediately.

In a nutshell, our argument was that neither Casey nor anyone else at CIA had had certain knowledge of the diversion scheme.

Congressional hearings that we knew were coming.

A Bizarre Week

The following week of 1 December probably was the strangest week of Casey’s tenure as DCI. By now, the political firestorm that was Iran-Contra had assumed its full proportions. It was the top story in the electronic and print media and, increasingly, fingers were being pointed at Casey as a prime culprit. Typically, Casey’s schedule was filled with wall-to-wall meetings with various senior- and middle-level Agency officers eager to sell Casey on one of their operational ideas or brief him on their program. Many of these appointments now stopped being made, as most Agency officers assumed that the DCI had to be totally preoccupied with Iran-Contra. In fact, there was little that Casey could do about Iran-Contra at that point. George Shultz had won the struggle for control of US policy on Iran. Casey’s staff was hard at work preparing for three Congressional hearings that had been scheduled for the following week, and the Director did not have much to do except brood about the increasing attacks on himself and the Agency.

One difficult moment occurred when Bill Safire, an old friend of Casey’s and someone Casey admired, wrote a New York Times column criticizing Casey’s handling of the Iran initiative and calling on the Director to step down. I never heard Casey utter a word about the Safire piece, but one could sense that it took some wind from his sails. There were other public blows. Another old friend, Senator Paul Laxalt, issued a weak statement of support for Casey that almost seemed intended to damn the DCI with faint praise.

Near the end of this week, the wagons really had to be circled when Senator Richard Lugar, the much-respected senior Republican member of the Senate Foreign Relations Committee, issued a strong statement calling for Casey’s immediate resignation. It was one thing for journalists and partisan politicians to be going after Casey. But when a senior Republican with such impeccable credentials in the national security area and such a reputation for sober reflective judgment joined the hunt, the Director’s public career and reputation clearly were on the ropes.

Lugar’s attack did provoke a display of the old Casey combativeness that seemed to have been missing in recent weeks. As I recall, Lugar made his call for Casey’s resignation on Friday, 5 December. The following Saturday morning, I heard Casey’s raised voice booming out of his office, and I stepped in to see what was up. Casey had asked someone in the Public Affairs staff to draft a response to Lugar’s statement. The statement was too bland for Casey’s taste, and he was angry.

Peggy Donnelly, who was also in the room, volunteered to produce a stronger response. It was not nearly strong enough to please Casey, who
Casey's Last Month

by now had worked himself into a real fit of temper—furious with Lugar and furious with his own staff. He looked at me expectantly, and I said, “O.K., let me try.”

I went back to my office and quickly produced one paragraph that concluded with words to the effect that, “I am deeply disappointed that a US Senator of Dick Lugar’s stature and reputation has seen fit to rush to judgment.” I brought it back to Casey, who read it quietly, looked at me with disappointment, and then crumpled my page and flung it onto his desk. “This is even worse than the others,” he said. “At least they didn’t compliment the S.O.B. for his stature and reputation!”

Educational TV

While working that week to prepare Casey for the coming round of Congressional hearings, I finally began to sense how little he actually seemed to know about the operational aspects of the Iran arms initiative. After immersing myself for several weeks in the complicated details of the enterprise, I was beginning to realize that I now had a much better handle on how this bizarre operation had unfolded and been managed than Casey apparently ever did. One example of this stands out in my mind. The ABC television news show “20/20” had been advertising an exclusive interview one evening that week with Adnan Kashoggi, the Saudi Arabian businessman who had played a middleman financing role in the Iranian-NSC Staff transactions. ABC promised that the interview would reveal much about the actual mechanics of the administration’s dealings with Iran, so I made a note to watch it.

As things turned out, I managed to miss the show, so the next day I asked Casey if he had watched it. Casey, who was not much of a television viewer, had not even heard of it. It was one of those strange, uncharacteristically dead periods in the DCI suite with Casey alone in his office with nothing to do. I asked the Director if he would like to view a videotape of the interview. Casey agreed with alacrity.

CIA’s media center routinely had been taping all news coverage relating to Iran-Contra, and in minutes Casey and I were watching the show. It did not live up to ABC’s advance billing. Kashoggi was not particularly revealing—just blatantly self-serving. Casey, however, was transfixed. He kept interjecting remarks like, “Jim, did you know that? Or, “Gee, I didn’t know that’s the way it worked!” He was so taken with the Kashoggi interview that he began calling friends to urge them to watch it if they had not already done so. I remember thinking to myself, “Here is the man many believe to have been the guiding genius behind this miserable affair and he has to be informed about how it worked by Hugh Downs, Barbara Walters, and Adnan Kashoggi!”

Did Casey Know?

It was also during this week that I had my only real conversation with Casey about the scheme to divert profits from the arms sales to the Contras. We had been talking about what had been learned so far about the financial mechanisms used by North and General Secord to commingle Contra money and arms sales money. This was another subject about which Casey seemed to have been in the dark. I said, “You know, Mr. Casey, if the Agency had been managing the Iran operation, it never would have gotten tangled up with Central America. It’s a direct violation of basic tradecraft and the principle of compartmentation.” Casey looked at me and said “Yeah, sure. But the point is that there was no way we could have managed the arms deal.” I then asked, “Did you have any inkling that a diversion was taking place?” He matter-of-factly replied, “No, I didn’t know.” I then said something to the effect that I could not think of an action more likely to undermine the President’s efforts to enlist Congressional support of the Contras than North’s idea of diverting Iranian arms profits to them. Casey paused, and then said, “That’s certainly the way it looks today.”

I relate this because the question of “what Casey knew” continues to intrigue Iran-Contra buffs. It is a question unlikely to ever be answered definitively. I would make only two points. First, given the fact that Casey clearly was ignorant of so
many other important operational aspects of the Iranian venture, I find it plausible that he was unaware of the diversion scheme. Second, knowing Casey’s deep concern for the Contras, I am inclined to believe that, if he had known that large sums of money ostensibly earmarked for the Contras had been piling up in a Swiss account for the better part of a year, he would have taken steps to see that more of this money actually reached them. Apparently, little did.

Brief Return To Form

My Genna secretary, Giufridda, and I much of the weekend of 6 and 7 December in the office finalizing the testimony Casey would be presenting to three different Congressional committees the following Monday, Wednesday, and Thursday. Casey and his wife Sophia unexpectedly came into the office early on Sunday evening en route to a social engagement. He wanted to review the final draft and take a copy to study at home.

Casey’s spirits and general demeanor seemed to have revived over the weekend and, in fact, he seemed full of vim and vigor. This quickly translated into a characteristic display of Casey impatience when he realized that we had not yet completed the draft. He kept hovering over us demanding the reason for the delay, despite Sophia’s urging that he return to his own office and get out of our hair. Genna started printing out the draft, and patiently explained to Casey, with her customary charm, that neither he nor God Almighty could do anything to speed up the slow pace of the Stone Age printers still in use in the DCI suite. This seemed to get through to the Director, and he did retire to his office. When I handed him a copy of the final draft, he put it in his briefcase, turned to Sophia, said, “O.K., Toots, let’s go,” and then bounded into the elevator. Perhaps the public image of Casey would have been a little different if more people had known that this was a man who called his wife “Toots.”

Poor Performances

The first order of business the next day, 8 December, was testimony before the House Appropriations Committee. I rode down with Casey and, as the limousine pulled up in front of the House Office Building, I was appalled to realize that we were going to have to fight our way through a veritable mob of reporters and camera crews awaiting Casey’s arrival. I suppose this was old hat to Casey, but it was my first experience with a Washington media feeding frenzy. Once Casey got through his opening statement and began to field questions, Dave Gries and I, who were seated directly behind Casey, realized that things were not going well. The Director was having trouble with the questions and was giving the impression that he was not in command of many of the basic facts of the Iran arms operation, including those laid out in his prepared testimony.

Increasingly, Casey would turn around to our help in framing his responses. This led the Chair to stop the proceedings and insist that Dave and I be sworn in as witnesses alongside Casey because it appeared that we were actually doing most of the responding! Anyone who knew Casey and his style before Congress will understand that this was totally uncharacteristic behavior. I had never seen Casey turn for advice from anyone before Congress. In fact, Casey disliked having any staff around during his appearances before Congress.

After what seemed an eternity, the hearing finally concluded. As Casey and I made our way down a corridor to the waiting limousine, we ran into the same phalanx of and reporters and cameras that had welcomed us earlier. I assumed that, with DCI security running interference, we would fight our way through the mob just as we done a few hours earlier. In the middle of the pack, however, Casey halted, dug in his pocket and pulled out a crumpled piece of paper and announced that he had a statement to read. It was my paragraph expressing regret “that a Senator of Dick Lugar’s stature and reputation had seen fit to rush to judgment.” Casey’s statement was a headline story on the evening news. Fortunately, his poor performance at the hearing, which was closed to the public, was not.

Perhaps we should have been more forceful in talking to Casey about his performance before the Appropriations Committee, but it was not easy...
to do. Dave Gries and I raised the matter obliquely by asking the Director how he wanted to play things at the House Foreign Affairs Committee hearing that was coming up next. Did he want us to sit next to him at the witness table in order to consult more easily? Casey immediately seized on this suggestion almost with gratitude—another clear sign that we were dealing with a quite different Casey. As I recall, Dave and I agonized about this quite a bit. We knew that the appearance of a Director so dependent on staff for information and coaching would make a terrible impression. On the other hand, the Foreign Affairs hearing was going to be the most difficult test for Casey to date. Many members and staff of this committee were well informed, and we could expect a long, exhausting session with plenty of tough, hostile questioning. The Director clearly could not get through it without help.

We were right. On Wednesday, 10 December, Casey seemed to have even more difficulty keeping his facts and answers straight before the House Foreign Affairs Committee. The session had been dragging on for almost four hours without a break to visit the rest room, much less have lunch, when Congresswoman Olympia Snowe from Maine began to ask her first question. Suddenly, Casey bolted from his chair and began to stride toward the nearest door. On his way out, he turned to Snowe and said, "Excuse me Madam Congresswoman, but I have to pee." This subtle hint prompted the Chair to declare a brief recess.

The next day I had been expecting another difficult session before the House Intelligence Committee—one of the two committees to which Casey had delivered the original testimony of 21 November. As it turned out, Casey still was struggling but we got off easy. The hearing was poorly attended, in part because Casey—by pre-arrangement—had to leave shortly after his opening statement to attend a meeting on a sensitive Intelligence Community issue. Other Agency officers who had been involved in the Iran and Contra affairs continued to answer the Committee’s questions after the Director left.

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public address system, elicited smiles or laughter from virtually every member save Congressman Smith.

An Exhausted DCI

I rejoined Casey at Intelligence Community headquarters and returned with him to the office. As we rode down the George Washington Parkway, I could tell that Casey had just about reached the end of his rope. He was physically exhausted and seemed to be doing all he could just to hold up his head. I then remembered to horror that he would have to leave almost immediately for Philadelphia, where he was to attend a memorial dinner for Bob Ames, the fine CIA officer who had been killed in the terrorist bombing of the US Embassy in Beirut. In his current state, Casey had no business traveling, but I knew that he could never be talked out of the trip because Bob Ames had been one of his favorites. To make matters worse, the next morning would have to be an early start since Casey had to come into the office at 6:00 a.m. to give a one-hour interview to Time magazine. Casey flew off to Philadelphia where, I subsequently learned, he appeared drowsy and incoherent throughout the dinner. I returned to my office in order to pull together background material for the Time interview.

The interview had been arranged by Director of Public Affairs George Lauder to try to counter the wave of unfavorable press treatment of Casey and the Agency. The ground rules worked out in advance were that the first 30 minutes would be given over to questions about Iran-Contra. The final 30 minutes would be "our time." Casey would be asked to talk about the Agency’s many accomplishments under his leadership.
There was nothing more of any us could do to prepare Casey for Iran-Contra questions, so I concentrated on pulling together a package of CIA success stories for Casey's use. I knew that I was probably wasting my time. Casey would have little time to review the material before the interview began, and he knew most of the Agency's success stories by heart. There was nothing he loved to do more than talk about them, which he could do in a canned speech. Nevertheless, Casey liked big briefing books for all of his meetings and appointments—whether he needed them or not—so I stayed late Thursday night to prepare one.

A Botched Interview

Casey arrived in the office about 6 a.m. Friday morning looking about as well as one could expect for a man under great stress who could not have gotten more than a few hours' sleep over the last 24 hours. He actually spent about 30 minutes going over the material I had prepared. Time senior reporter Bruce van Voorst, along with an associate and a cameraman, arrived about 6:45. We had been told by Time that Casey probably would be on the cover of the Friday edition: "Mr. Director, could you talk a little about some of the Agency's accomplishments under your leadership?" We all breathed a sigh of relief and relaxed. But Casey stared at van Voorst as if he could not believe or did not understand the question. He said nothing. The silence seemed to last forever. In desperation, I jumped in and said, "Mr. Casey, I've prepared a package of handouts for these gentlemen," pointing to my copy of the background package I had prepared for Casey. I suggested that, in the interest of time, they would prefer to take them with them, read them at their leisure, and then incorporate them into their story. Casey remained mute but van Voorst, recognizing the awkwardness of the situation, accepted my offer and the interview concluded. Lauder escorted the Time people out of the office, and I followed Casey back to his desk, where he slumped into his chair wearily, looked up at me, and said, "Jim, I really blew it just now." I do not believe I have ever seen a man more spent and demoralized. I tried to cheer him up by telling him that I thought he had handled the Iran questions well and by predicting that we would get a good story out of the interview. (We did, and, much to Time's credit, the story made no allusion to Casey's strange performance.)

But I had seen enough to convince me that it was imperative to get the Director out of the office for as long as it took to regain his stamina and get a grip on things. I left Casey and walked down the inner corridor to the Deputy Director's office, where I related to Bob Gates what had just happened. He was equally concerned, but he knew that it would be difficult to talk Casey into taking time off. Instead, he called Sophia Casey and shared our concerns with her. She quickly took matters into her own hands; by mid-day, Casey announced that he would be leaving immediately for a long weekend at his Long Island residence.

Crucial Testimony Looms

Casey told me that he felt guilty leaving the office with a crucial hearing before the Senate Select Committee on Intelligence coming up next Tuesday. I told him that the real reason that it was necessary for him to leave the office was that his staff was about to drop from exhaustion. I told him that, unless I got some sleep, I was not going to be of much use to him. He reflected on this, and then said, "Yeah, you guys should get some rest." I believe it buoyed him a little to think that his staff was more weary than he was. Tired or not, we had to get ready for the hearing on Tuesday.
From the beginning, the Senate Select Committee had been angry that it had not been informed of the Iranian venture at its outset because it considered it a covert action in which the CIA had been involved and thus was covered by the Hughes-Ryan Amendment. The amendment required that Congress be notified of all covert actions directed by the President. Now the committee seemed even more angry that Casey had not mentioned the diversion of the Iranian profits to the Contras in his original testimony before the committee on 21 November.

The committee was in a bipartisan foul mood, and we knew that it was going to be difficult to get things back on an even keel. Monday. “My God,” I thought, “could it be that the old Casey is back?”

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I found the head of our Office of Medical Services, Arvil Tharp, already with Casey and preparing to administer a blood pressure test. Arvil had been in contact with Casey’s doctor over the weekend and wanted to monitor the effect of the new medication.

Casey had not made the cover of Time, after all. Oliver North had. I had turned the magazine open to page 1 of the Iran-Contra coverage, which featured a photograph of Casey leaving a Congressional hearing room with me at his side. In a totally unsuccessful attempt at humor, I pointed to the picture and said, “Boss, if I’m ever going to get that overseas assignment I want, I need to stop hanging around with you before my cover is completely blown!” Casey just grunted and grabbed the magazine out of my hand, quickly scanned the opening paragraphs of the story and then laid the magazine aside.

I then handed him the draft testimony, calling to his attention that I had included an opening statement of regret that he had not had enough information at the time to warrant mentioning the possibility of a diversion when he had first appeared before the committee on 21 November. The previous week both Dave Gries and I had suggested including a mild apology in the hope that it might serve to deflect some of the pent-up ire within the committee. Casey, however, believed that the slightest hint of regret would be seen as a sign of guilt and had rejected our idea. I told Casey that I had included it anyway so he could see how it came across as part of his testimony before he made a final decision.

Casey stared at me and said, “Jim, I’ll look at it, but I’ll tell you right now I’m not apologizing to Congress.” With these poetically
characteristic words—the last I heard Casey speak—I turned and left the room, closing the door as Arvil began the blood pressure test.

I had transited the DCI secretary’s area and was turning into the reception room when I heard a slight commotion inside Casey’s office. The door opened and Arvil, in an agitated tone of voice, requested that the clinic be called immediately. I took a few steps back toward the door, peered in, and saw Casey still seated at his desk—silent but with something like a slight smile on his face as if embarrassed by the whole situation.

I then headed to Bob Gates’s office to tell him that something seemed to be wrong with the Director. Bob entered Casey’s office through the private door that connected his office with that of the DCI’s. I stayed behind briefly to let Genna and the DDCI secretaries know what was going on.

When I returned to Casey’s office, medical staff personnel already had arrived and Casey was being wheeled on a stretcher toward the DCI elevator. He was gone before what was happening could really register with me.

malignant brain tumor and the decision to operate the next morning to try to remove it came quickly. Early Monday afternoon, I got a call from DCI Security at the hospital. The Director had asked that I be told to have at the hospital the next day a copy of the draft testimony along with a long laundry list of background memos and information relating to the testimony. He wanted to start working on his testimony as soon as he came out of the recovery room!

I could scarcely believe my ears. He was facing brain surgery, but he was treating it like he was at the dentist for a tooth extraction! I then thought to myself that, if any anecdote perfectly captured the fundamentally optimistic nature of Bill Casey, this was it. I walked into Bob Gates’s office to tell him about this request and asked if he really thought it was necessary to send such a package to the hospital. Bob reflected for a second, and he then said something like, “If I were you, I believe I would.” And I did. People who worked for Casey soon learned to underestimate him at their own peril.

But, of course, the package of materials came back to me unopened. For a few days following the surgery, what little information regarding Casey’s condition and prognosis that escaped from the doctors and family was guardedly optimistic. There was even some early talk of Casey being flown to his Palm Beach residence and me ferrying materials to him during his convalescence. Even at the time, this sounded like wishful thinking, and, within a week or so, we all knew that Casey would not resume his responsibilities as DCI.

It seems unfair that a man of such vitality, intelligence, and formidable personality ended his public career with more of a whimper than a bang. But the manner in which most accounts have misunderstood and misrepresented Casey’s role and motives during the last weeks of his public life seems even more unfair and much harder to accept. He was a controversial figure, and there are many aspects of his performance as DCI that can legitimately be questioned and criticized. Bill Casey, however, does not deserve to have his memory stained by false charges of involvement in a conspiracy to conceal the facts of the Iran affair. It just did not happen that way.