

PPD 254-6-1

INSERT FOR AFTERMATH APPENDIX

[This would go after the first full paragraph on p. 10]

Testimony of Robert McFarlane

Only one witness provided extensive testimony on the actions taken in November 1986 after the Iranian arms sale initiative became public. Mr. McFarlane addressed this subject at length with the Board in his final discussion with us. Excerpts of that transcript follow.

P R O C E E D I N G S

1  
2 CHAIRMAN TOWER: Bud, I think probably the  
3 best way to start this morning would be to get back into  
4 the November '86 time frame and see whether we can sort  
5 out about that. We discussed that some last time and  
6 you looked at some documents, I think for the first  
7 time, and just see if you want to expand on that or  
8 comment further on it.

9 MR. MC FARLANE: Well, Mr. Chairman, I  
10 appreciate the opportunity to add further.

11 I will first deal with the November '86  
12 narrative, if you will. On the day that the story was  
13 leaked or published in the Beirut magazine Admiral  
14 Poindexter called and stated that because of the  
15 continuing hope of being able to release or secure the  
16 release of other hostages that the White House was going  
17 to take a position of essentially not commenting on the  
18 story, that he hoped that I would honor that, too, and I  
19 assured him that I would.

20 He stated as well that he was going to begin,  
21 at the President's direction, putting together a  
22 narrative of events of how the entire policy initiative  
23 had been conducted, conceived, approved and so forth.  
24 And he stated then in the call that he recalled the  
25 meeting in July or August of 1985 in which the President

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1 had discussed with his Cabinet officers the pros and  
2 cons, the President then reaching a decision later on.

3 But he said I cannot document that and can you  
4 help out. And I said that I would, and I added in the  
5 same call that, John, you have very little time on this  
6 and I recommend that the President not have a long  
7 period of forelorned hopes that I think are unlikely to  
8 be fulfilled about further hostages, just based upon  
9 past performance. , / A

10 But the far more important issue here is to  
11 get the truth out as quickly as possible, and you should  
12 do that. I think that you have, at the outside, a week.

13 Well, within a day I left town and was  
14 committed in two different cities, and hadn't referred  
15 to my own records and assumed that the White House would  
16 maintain a no-comment stance on the issue, although I  
17 frankly could understand that pressure was certainly  
18 going to build for a more full account.

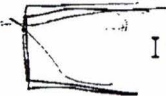
19 I returned to the city, I think, on a Friday,  
20 and that is the date of this memo to which I drew your  
21 attention, and I suppose on seeing it myself, while it  
22 renewed my own confidence that the order in which I had  
23 accounted the decision process to you and to the  
24 Congressional Committees, it was pointed out to me how  
25 one can sheerly find it ambiguous and instead of helping

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1 that I may have harmed or made more murky your own view  
2 of this matter.

3  It seemed to me, first of all, just thinking  
4 about why would I write a memo, well, I was inspired to  
5 write the memo because I was being told that a version  
6 was coming from the White House to the effect that I had  
7 taken this on basically and it wasn't until after the  
8 fact that the President had approved this.

9 GENERAL SCOWCROFT: How did you know that?  
10 You didn't have a draft at that point?

11 MR. MC FARLANE: No. I had nothing from the  
12 White House on this, but I was receiving word from  
13 people indirectly, journalists, that were saying this is  
14 what we are being briefed by the White House and I just  
15 want you to learn about it.

16 Well, I had to say that I could fully accept  
17 that as a policy advisor to the President and out of  
18 loyalty to him I wanted to take full responsibility for  
19 all of my own actions, to assure that the President was  
20 placed in the best position possible. But one must not  
21 avoid the truth. Consequently, I was upset to hear that  
22 possibly -- this was through hearsay -- that possibly  
23 the White House might be taking a position which was  
24 fundamentally untrue.

25 CHAIRMAN TOWER: When you say "the White

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1 House", Bud, can you be more specific?

2 GENERAL SCOWCROFT: Who is in charge of  
3 putting all this stuff together?

4 MR. MC FARLANE: Well, the briefings that were  
5 being given to magazines referred to here were  
6 originally by Mr. Regan, and five days or four days  
7 prior, when Admiral Poindexter had called me, he said  
8 that he had been tasked, through Mr. Regan, to prepare  
9 an account, but already an account was being put out, or  
10 so I was told.

11 CHAIRMAN TOWER: As you understood it, who did  
12 the ultimate responsibility lie on?

13 MR. MC FARLANE: On Poindexter.

14 GENERAL SCOWCROFT: For putting together the  
15 damage limitation?

16 CHAIRMAN TOWER: Even though Poindexter might  
17 have been physically doing it, was Regan in fact in  
18 charge, as you understood it, of this operation of  
19 trying to get things together?

20 MR. MC FARLANE: I could surely say he was  
21 involved, and John says I've got to get this out; I'm  
22 under a deadline to get this to Mr. Regan. And he was  
23 coordinating it with subordinates who would contribute  
24 to it.

25 At any rate, my point is in saying that there

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1 would have been no reason to write a memo on my part,  
2 the point of writing a memo at all is to alter what I  
3 was hearing was the White House version, and that was  
4 that the President had not approved the Iranian arms  
5 sale or provided authority for it by us or anyone else  
6 until after it took place. And that's false.

7 So I sat down and I wrote down the memo. But  
8 again having returned from out of town and still not  
9 looking at records or calendars, because I was relying  
10 upon recollections, I put together a series of events  
11 from primarily July spread out until a decision by the  
12 President in early September, which in truth occurred in  
13 a shorter span of time, a span of time from about early  
14 July until the first ten days of August.

15 Now as one reads the memo, if you refer to it,  
16 that series of decisions, first of all to say yes to a  
17 political dialogue, secondly, when confronted by an  
18 insistence on selling TOWs by us to say no, and then,  
19 thirdly, when the Israelis decide that they will take it  
20 on their own to sell arms if we agree, if we agree, and  
21 that they can buy replacements from us instead of  
22 spreading out in time from the early July until early  
23 September, those events take place in about a month's  
24 period of time.

25 On November 7 I could not have documented it

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1 for you, and it wasn't until about three weeks later --  
2 actually until I got my record of schedule out of  
3 storage. Another point I would make, however, about  
4 this cross-note that I'm talking about is that there's  
5 no question here in that cross-note about prior approval  
6 prior to Mr. Weir's release.

7 I said it then. I've said it since, and it is  
8 true today: The decision process had three milestones  
9 on it -- early July, political without any arms of any  
10 kind; mid-July, the Israelis saying political dialogue,  
11 but if the United States will sell arms and we responded  
12 no; and then early August, in which the Israelis said,  
13 well, if we do, and my meeting with Mr. Kimche resulted  
14 in our discussion on the pros and cons and so forth, and  
15 my going to the President and once more his discussion  
16 of it with his advisors, and the decision, yes, that we  
17 will replace the sale replacements for any Israeli arms  
18 that they may ship.

19 MR. GARMENT: Can I just interrupt? We don't  
20 have the actual typed memorandum. Looking at that, if  
21 you could read it through, that portion that has to do  
22 with commencing with "it might be useful to review" --  
23 just "it might be useful to review just what the truth  
24 is." Is there anything in the next several paragraphs  
25 that is at all inconsistent with what you just testified

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1 transfer.

2 MR. MC FARLANE: Yes.

3 MR. DAWSON: They are not separated in time or  
4 as issues?

5 MR. MC FARLANE: They are not in my mind. And  
6 I tell you why I say that. I have felt since last  
7 November -- and that is where we started -- that it has  
8 been, I think, misleading, at least, and wrong, at  
9 worst, for me to overly gild the President's motives for  
10 his decision in this, to portray them as mostly directed  
11 toward political outcomes.

12 The President acknowledged those and  
13 recognized that those were clearly important. However,  
14 by the tenor of his questioning, which was oriented  
15 toward the hostages and timing of the hostages, from his  
16 recurrent virtually daily questioning just about welfare  
17 and do we have anything new and so forth, it is very  
18 clear that his concerns here were for the return of the  
19 hostages.

20 Now maybe it's come to your attention that  
21 there was a meeting with the TWA 847 relatives and  
22 hostages on July 4 or 5, and the President stayed with  
23 Mrs. Reagan at Arlington Cemetary for an extra half hour  
24 or so going down and greeting each of the families  
25 there, and it was a very moving moment and it had an

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1 and try to go to November '86 when this is trying to be  
2 reconstructed and couple that with the paucity of a  
3 contemporaneous record of what has gone on previously.

4 I presume you did not rely upon your notes or  
5 any independent record to create the November '86 PROF  
6 notes which you have now seen

7 MR. MC FARLANE: (Nods in the affirmative.)

8 MR. DAWSON: And that the first one is written  
9 in some haste and in some anger, as I understand from  
10 the context of, I believe, the November 7.

11 MR. MC FARLANE: Yes.

12 MR. DAWSON: Now moving on to the November 18  
13 PROF note and adding on your statement very early in  
14 today's discussions that you were gilding the  
15 President's purposes -- and I'm not trying to put words  
16 in your mouth, but I think that you used the word  
17 "gilded", I believe -- and then added to that a later  
18 PROF note which mentions -- this is between you and  
19 Poindexter -- regarding advice to the President, which I  
20 think you said earlier might have been related to  
21 Executive privilege, and your overall reticence to talk  
22 about the President's purposes here, which today you  
23 have been forthcoming about in regard to the hostages,  
24 can you now add to your understanding of what you might  
25 have been saying in November '86 in that exchange of

1 PROF notes as a general matter and specifically about  
2 what you were saying on the November 18 and November 21  
3 PROF notes?

4 If you want to read those as an aid to your  
5 memory before you answer --

6 MR. GARMENT: Why don't you take a few minutes  
7 and read them?

8 MR. MORGAN: Do you have those?

9 MR. DAWSON: Yes, we have those. I don't have  
10 November 7 with me.

11 MR. GARMENT: That's November 18?

12 MR. DAWSON: November 18, November 21.

13 MR. GARMENT: The 21st is the Meese reference?

14 MR. DAWSON: Right.

15 (Pause.)

16  MR. MC FARLANE: I think it is accurate and  
17 useful to point out that the motives behind Admiral  
18 Poindexter's actions right after the release of the  
19 story on November 3 were inspired by concern for  
20 hoped-for still getting out more hostages and that was,  
21 I think, rather too ambitiously pursued even by the  
22 President, who went to the point of denying that  
23 anything at all had occurred. And I take it that  
24 attitude persisted even into the third week of November,  
25 although becoming ever more frail.

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1           It seems to me that by the time the President<sup>e</sup>  
2 had made his speech on this, which had not had the  
3 intended effect of explaining satisfactorily what had  
4 happened that his wish to say something more and at the  
5 same time minimize his own role grew to the point that  
6 on November 18, by the time that group convened, a  
7 principal objective, probably the primary objective, was  
8 to describe a sequence of events that would distance the  
9 President from the initial approval of the Iran arms  
10 sale, distance him from it to blur his association with  
11 it.

12           The November 18 chronology, which I indeed  
13 helped prepare, was not a full and completely accurate  
14 account of those events, but rather this effort to blur  
15 and leave ambiguous the President's role. The language  
16 was intended, I would say, to convey the impression that  
17 the United States had not expressly authorized the sale  
18 either arms directly from the United States or by the  
19 Israelis on behalf of the United States, but, second, to  
20 preserve the ability to say that if Israel were to make  
21 such sales that they could expect to purchase  
22 replacement items from the United States.

23           And I think that is an accurate reflection of  
24 how that is cast. Now it was done as a briefing memo to  
25 be used by people who would brief the President prior to

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1 the next day's press conference, and it my judgment  
2 expected to go through a number of iterations before it  
3 reached that point. But that is my opinion of the  
4 climate in which that session occurred and the intent of  
5 its outcome. 1

6 GENERAL SCOWCROFT: To put it baldly, could  
7 one say that the intent of this was in a sense to put  
8 the burden on the Israelis? We didn't approve it, they  
9 went off and did it -- to soften that by the comment  
10 about replenishment?

11 In other words, if you're going to say that  
12 the President didn't authorize it, only two things can  
13 happen -- that you told the Israelis to do it on their  
14 own, or that the Israelis did it on their own.

15 MR. MC FARLANE: Well, I think your portrayal  
16 of it as you originally cast it is an accurate  
17 description. It was an intent to give the impression  
18 that Israel had taken the action.

19 MR. DAWSON: Why did Poindexter, though, at  
20 that point focus in on trying to distance the President  
21 from the prior approval in advance of the Israeli  
22 shipments? Why was that, even at that juncture, so  
23 important an issue?

24 MR. MC FARLANE: Well, bear in mind I think  
25 this is an important part of it, that before this ever

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1 occurred he had already himself on the record  
2 acknowledged that the President did approve in advance,  
3 and that is in the White House transcripts. Don Regan  
4 did, too.

5 MR. DAWSON: You're referring there to the  
6 backgrounders that Poindexter and Regan have in advance  
7 of the November 18 --

8 MR. MC FARLANE: I believe that's right.

9 MR. DAWSON: And would you also add to that  
10 that the President had already denied prior approval? I  
11 mean, was that also something else which you would put  
12 into the context of that?

13 MR. MC FARLANE: Well, it is difficult to  
14 harmonize those positions. That is clear. But the  
15 President's position, which I think did misrepresent  
16 things -- I'm not sure timing-wise which statement you  
17 are talking about.

18 MR. DAWSON: Well, you had said earlier --

19 MR. MC FARLANE: Yes, and those remarks were  
20 cast at a time when they were still relying or mostly on  
21 the hope that there were still hostages that were going  
22 to come out.

23 MR. DAWSON: This is right after the public  
24 disclosure?

25 MR. MC FARLANE: Yes.

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1 GENERAL SCOWCROFT: This PROF note of the 18th  
2 where you are working on the chronology, is this in  
3 response, you recall, to a chronology sent out to you by  
4 the team working on it and then your wordsmithing? In  
5 other words, did the chronology come out to you saying  
6 the President didn't authorize this?

7 MR. GARMENT: It might be useful to go through  
8 that meeting, just sort of the physical circumstance,  
9 including preliminary to that. I'm not sure we have  
10 that all together on the record at this point, do we?

11 MR. DAWSON: On the 18th Bud I think said it's  
12 a Saturday night and he's up in 302, which is Ollie's  
13 office.

14 MR. MC FARLANE: I think it was ~~whatever~~ the  
15 18th was. It must have been a Tuesday night and it was  
16 the night prior to a press conference to be held the  
17 next night. And I was called late in the afternoon by  
18 the Admiral.

19 MR. GARMENT: Was it the Admiral or was it  
20 Ollie North?

21 MR. MC FARLANE: I believe it was actually  
22 North saying the Admiral had directed that he call me  
23 and ask my help in coming over that evening to scrub and  
24 finish a chronology that would be used in helping out in  
25 the prebrief of the President for the press conference.

1 And he said we were under the gun to get it done, but we  
2 have it. And that was about 5:00, as I recall, or late  
3 in the day.

4 And so I cancelled a dinner I was supposed to  
5 go to and went over, but I didn't get there actually  
6 until about 8:00 and it was in Colonel North's office.  
7 It was kind of a feverish climate in which four or five  
8 officers -- Colonel North, Mr. Teicher, Mr. Coy, Colonel  
9 Earle, a couple of secretaries --

10 MR. GARMENT: Al Keel?

11 MR. MC FARLANE: Periodically, but not  
12 originally. Cut and paste -- some original, some typed,  
13 some handwritten documents, ones that had been prepared,  
14 I believe, in Mr. Buchanan's office to be used the next  
15 day. And separately a draft chronology, the so-called  
16 master of which had been done by the CIA, or so I was  
17 told by Colonel North.

18 SENATOR MUSKIE: Incidentally, do we have that?

19 MR. DAWSON: Yes, sir.

20 MR. MC FARLANE: I started by looking at the  
21 opening statement and believed that it did not fully  
22 treat the political purpose at issue here of the  
23 longer-term relationship with Iran and other points that  
24 were less important. But I sat down and drafted a  
25 three-section note that went out in three separate

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1 messages by PROFs to Admiral Poindexter.

2 He reacted to the first two by telephone after  
3 he got them, probably by 10:00 by this time, at night.  
4 Other people had been working on the chronology for the  
5 same two hours, while I'd been working on the opening  
6 statement. And at that point I finished and 10:30 or so  
7 turned my attention to the chronology and was given the  
8 master, which was a CIA product, and I think fairly it  
9 was understandably wrong because the officer tasked to  
10 prepare it had not been involved in many of the events.

11 But you could see several errors in it, and I  
12 pointed out perhaps a half dozen and got through it to  
13 about the middle of it, to where it treated the  
14 President's involvement in the original decision. The  
15 treatment that was there was ambiguous in a number of  
16 respects, but it said, for example, that he had  
17 acquiesced in the sale, as I recall, and it left out  
18 issues of timing.

19 And I sat down and, after looking through a  
20 separate stack of several pieces of paper, was given one  
21 that had two paragraphs on it on this issue. The first  
22 part of it treated the basic matter of the approval  
23 itself, and the second paragraph dealt with his reaction  
24 once he had learned about it in an ex post context.

25 And in looking at the first part of it it was

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1 not technically wrong. As I recall, it had words to the  
2 effect that the President did not approve, did not  
3 formally approve the September 2 shipment and then it  
4 went on in the second paragraph to say upon learning  
5 about it after Mr. Weir's release was upset and directed  
6 someone to have me -- it didn't say -- directed that Mr.  
7 McFarlane so advise the government of Israel.

8 Well, in looking at those, those were  
9 expressive to me, first of all, of a climate in which  
10 there was an obvious effort to, as I said, distance and  
11 to blur the President's role in the initial  
12 authorization, in both timing and substance.

13 GENERAL SCOWCROFT: Did you raise that point  
14 with anybody here? I mean, this is the first time  
15 you've seen this maneuvering.

16 MR. MC FARLANE: Well, I did, and it was a  
17 little -- it was very curious because in truth none of  
18 those officers there were involved at that point in  
19 time, and so they weren't in a position to say. They  
20 could have written this. No one owned up to it.  
21 Mr. Teicher said and has said since that he did not.  
22 Colonel North asked me. I said, well where does this  
23 come from? They said well, I don't know, but it's  
24 something I can't personally throw any light on.

25 And innocent shrugs from Mr. Coy and Colonel

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1 Earle. There was no one in the room that had written  
2 it.

3 MR. DAWSON: But these two conversations that  
4 you had with Admiral Poindexter, did they concern the  
5 President's involvement and his authorization?

6 MR. MC FARLANE: His original call to me on  
7 November 3 had, and he recalled it the way that I have,  
8 and I have testified to that -- that the President met  
9 in his pajamas in the residence and then subsequently  
10 approved it.

11 I recall having talked to him that night,  
12 Admiral Poindexter, that evening when I sent him the  
13 first two sections on the opening statement, and then  
14 later on when he came back on the third one and said  
15 yes, it is good too. Now I do remember very clearly  
16 talking to him after I had finished all work that  
17 evening, and it is only unclear in my mind whether it  
18 was that night or the following day.

19 But I wrapped up what I had done for him and I  
20 said: John, there are at least a half dozen or more  
21 serious problems with this chronology. I have noted  
22 them. Colonel North believes that he can straighten out  
23 the ones that I have pointed out to him. And the  
24 portrayal of the President's role in this is directed  
25 toward, apparently, putting some distance and ambiguity

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1 around the timing and the substance of his approval --  
2 that is, was it before or after.

3 Now it isn't technically wrong the way  
4 somebody has written it down here, but we know that the  
5 President approved this before the Israelis did it. And  
6 I tend to think that that was exchanged with him in a  
7 stand-up conversation the next day -- that is, the day  
8 of the press conference, Wednesday. And he acknowledged  
9 what I had said, and he said, yes, we are working on it  
10 still. Or we will continue to work on it after you have  
11 finished and thanks for your help.

12 I say that because just the memory of saying  
13 that I had pointed out the several mistakes is pretty  
14 vivid in my mind as a stand-up exchange between myself  
15 and him and Mr. Keel present as a witness, and his  
16 acknowledging, okay, we will get this straightened out.

17 But I said, and I had participated the night  
18 before in preparing it, I said: You know, it is  
19 technically not inaccurate to say that the President  
20 didn't formally approve the September 2 shipment  
21 discretely. But, of course, he approved it as an  
22 authority for it to be done. And, secondly, the part  
23 that I accepted and sent you in my note about his being  
24 upset about it, I can imagine maybe he was and so I  
25 can't disprove it, but he didn't say that to me.

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1 Well --

2 MR. GARMENT: Just to be blunt myself about  
3 this, in terms of distancing and blurring, put in the  
4 simplest language, wasn't it the effort to attempt to be  
5 able to say the President didn't authorize this  
6 transaction before it took place? Whatever words were  
7 used in order to accomplish that objective was still  
8 maintaining a certain amount of technical capacity to  
9 say it was technically correct?

10 MR. MC FARLANE: Well, I think it was designed  
11 to enable him to say that the action was taken on  
12 Israel's initiative, but that we endorsed it.

13 SENATOR MUSKIE: Now do you have any reason to  
14 believe that if that was the purpose then it was a  
15 purpose in which the President concurred? Or do you  
16 have any reason or understanding as to who initiated  
17 that objective?

18 MR. MC FARLANE: I have no basis, Mr.  
19 Secretary, for speculation on that.

20 SENATOR MUSKIE: It sounds like a committee  
21 judgment.

22 MR. MC FARLANE: I simply don't know.

23 MR. DAWSON: Let me ask that a different way.  
24 Did you initiate that?

25 MR. MC FARLANE: No.

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1 MR. GARMENT: Does the Commission want to go  
2 to the matter --

3 SENATOR MUSKIE: Incidentally, could I ask  
4 this, and maybe I should ask the staff. This is an  
5 amendment to the chronology. There are other parts of  
6 the chronology, obviously. Do you know whether or not  
7 those other parts have any bearing upon the issue we  
8 have been discussing? I have not seen the chronology  
9 and so I don't know.

10 MR. MC FARLANE: I imagine, Mr. Secretary,  
11 that in the master chronology that there were -- well,  
12 that there were not any other references regarding the  
13 President's decision, no.

14 MR. GARMENT: By the way, you said that John  
15 Poindexter was not there that night. Was he there at  
16 any point? Was he there when you came to the meeting?  
17 Do you know why he went home? Do you know why he didn't  
18 attend the meeting? Can you shed any light on that?

19 MR. MC FARLANE: He wasn't there and I don't  
20 know why. He had gone home, but he had gone perhaps to  
21 an outside obligation beforehand.

22 MR. GARMENT: Well, he was at home?

23 MR. MC FARLANE: He reached home, I would  
24 guess, no later than 10:00 or so, but I don't know why.

25 MR. GARMENT: Did you speak to him before the

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1 meeting at any point after North asked you to come to  
2 that meeting -- that is, from the time North called you  
3 until you appeared at the OEOB, speaking to Admiral  
4 Poindexter?

5 MR. MC FARLANE: I remember speaking to him  
6 that night at least once, and perhaps twice, again after  
7 that session before the press conference, to make it  
8 emphatic that it was not an accurate chronology.

9 MR. GARMENT: Rhett, do you intend to get into  
10 the business of the meeting with the Attorney General  
11 and that sequence of events? If not, I think it would  
12 be helpful for him to continue with that in the same  
13 vein.

14 MR. DAWSON: I think that's a good idea.

15 MR. GARMENT: Discussing matters which he has  
16 now had an opportunity to refresh his recollection with  
17 documents on.

18 MR. MC FARLANE: Well, the meeting was called  
19 at the Attorney General's initiative, and he called me.  
20 I was at home.

21 GENERAL SCOWCROFT: When was this?

22 MR. MC FARLANE: This was the 21st, which  
23 would have been Friday. He called and I was at home  
24 working on a speech that I had to give and he asked me  
25 -- well, he said, first of all, Bud, I have been tasked

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1 by the President to put together an accurate record of  
2 events in this matter and I would like to talk to you.  
3 When can you come in? I volunteered as soon as possible  
4 -- driving time.

5 And within about an hour -- it would have been  
6 2:00 or 3:00 -- I was in his office, his inner office,  
7 and it was the Attorney General and an associate,  
8 Mr. -- I assume, Charles Cooper. We were seated about  
9 like this, between the Attorney General and myself, and  
10 Mr. Cooper was sitting next to us taking notes.

11 And in the course of about an hour I went  
12 through my recollection really, because I hadn't  
13 referred to records still, what I remembered about the  
14 decision process and my account was essentially as I had  
15 acceded to it in the Tuesday night session. And  
16 Mr. Meese then had a number of questions about the  
17 President's involvement, other people's involvement,  
18 positions of various Cabinet officers.

19 And this was a back and forth that went for  
20 perhaps another half hour and he said okay, that's  
21 fine. And we rose to break up. His secretary came in  
22 and gave me a message that had come in some time before  
23 and said your wife called with some urgency and you need  
24 to call her right away.

25 Mr. Cooper left the room and Ed began to leave

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1 the room. And I said: Ed, wait a minute. I want to  
2 talk to you about this. Now, I wanted to talk to him  
3 because it was very apparent. I'm talking to the chief  
4 law enforcement officer of the country. It is essential  
5 that there not be any ambiguity in what he is telling  
6 the President about the truth of the actions here. And  
7 so I told him, you know, as you may have seen in this  
8 morning's papers I gave a speech last night and I have  
9 taken on responsibility for every bit of this that I  
10 can, Ed, and I shall continue to do that.

11 And he interrupted and said yes, that's been  
12 noted. But I want you to know that from the very  
13 beginning of this, Ed, the President was four-square  
14 behind it, that he never had any reservations about  
15 approving anything that the Israelis wanted to do here.  
16 Ed said, Bud, I know that, and I can understand why.  
17 And, as a practical matter, I'm glad you told me this  
18 because his legal position is far better the earlier  
19 that he made the decision.

20 And I said well, I don't have any knowledge of  
21 that, but there was no question about it, Ed. He said,  
22 okay. I may have to get back to you. Thanks a lot.  
23 And that was that.

24 And then, on Sunday night -- no, Monday  
25 afternoon he called and asked me to come by again, and I

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1 went down to his office again, and by that time he had  
2 learned, I suppose from his associates turning up the  
3 evidence of the diversion of funds to the contra  
4 business, about it and he asked me to come down and  
5 began to ask questions about that. I told him when I  
6 learned about it and my lack of knowledge on the  
7 antecedents to it and so forth.

8 And he said fine. And I said, Ed, you know, I  
9 think this has gone well beyond timewise what it should  
10 have and the President ought to get out the facts right  
11 away, and I think also that there are a number of other  
12 policy initiatives that ought to be taken if he's going  
13 to be able to show leadership in foreign policy at all.  
14 And if you think that it's of value I'd be glad to jot  
15 some of these down and send them to you.

16 And he said, yes, I'd appreciate that very  
17 much. So I went home -- this is Monday afternoon -- and  
18 in the space of about an hour put down about three or  
19 four pages of ideas on a feasible compromise on the  
20 Reykjavik outcome in an arms control agreement,  
21 separately some ideas about how a Middle East initiative  
22 might be structured with an economic dimension to it or  
23 West Bank development, Egyptian development, thirdly a  
24 concept for trying to reduce the decline of defense  
25 budgets in the Congress by seeking a compromise built

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1 around a commitment to no decline in defense  
2 expenditures but no new domestic authorizations, paired  
3 along with a commission to identify revenues necessary  
4 and how to balance the deficit or eliminate the deficit.

5 And I drove by and I put it through a slot in  
6 the mail at Mr. Meese's house and went on to Dulles and  
7 got on an airplane and went to London and was in London  
8 the next day when the press conference was held  
9 announcing the disclosures about the Iran business or  
10 the contra business.

11 It was very clear and acknowledged by the  
12 Attorney General that the President had approved the  
13 policy providing for Israeli sale of weapons to Iran in  
14 the expectation of the U.S. sale of replacement part  
15 items.

16 GENERAL SCOWCROFT: Did you ever see Casey's  
17 testimony before he gave it to the Intelligence  
18 Committee?

19 MR. MC FARLANE: I never did, no.

20 CHAIRMAN TOWER: Bud, let me go back to August  
21 '85 with just one question. After the President called  
22 you indicating his approval of the Israeli proposal did  
23 you then call Kimche and directly communicate that to  
24 Kimche?

25 MR. MC FARLANE: That is my recollection, yes,

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*Regarding  
the President's approval in  
August, 1955:*  
1 sir.

2 SENATOR MUSKIE: On the same day?

3 MR. MC FARLANE: Surely within a day.

4 CHAIRMAN TOWER: It would have been probably  
5 within 24 hours?

6 MR. MC FARLANE: Yes, sir.

7 CHAIRMAN TOWER: Now, did you communicate the  
8 President's approval and inform anybody on your staff  
9 about it? Did you tell Poindexter? Who did you tell?  
10 Who did you contact to tell them the President had  
11 approved this on our side?

12 MR. MC FARLANE: Admiral Poindexter is the  
13 short answer. In my recurring memory of how it took  
14 place -- and I've asked my wife to try to recall this  
15 image -- is that it occurred at home, and he called me  
16 from Camp David and that I then called Mr. Kimche and  
17 not until the next day, however, did I tell Admiral  
18 Poindexter.

19 There ought to be a record, although not on my  
20 record, because I was at home, probably in the Camp  
21 David operators that a call took place.

22 GENERAL SCOWCROFT: Did you tell Mike Ledeen  
23 about the approval? Did you tell him to convey it?

24 MR. MC FARLANE: I don't have any mental image  
25 of a meeting, but I expect that I did convey it to him,

1 not for him to further carry it out but to inform him  
2 that that was the decision. I've called that. He came  
3 out to make a speech in Los Angeles at a moment when the  
4 Presidential party was there. <sup>1</sup> ~~The President was having~~  
5 ~~some kind of meeting and he did at that point hand over~~  
6 ~~to me some intelligence that had been given to him by~~  
7 ~~the Iranian intermediary.~~ And, if not before, surely  
8 then I would have told him about it.

9 CHAIRMAN TOWER: Understanding that this was  
10 on a pretty closely held basis, was there anybody beside  
11 Poindexter that you would have told that the President  
12 communicated to you his approval?

13 MR. MC FARLANE: Not on the NSC staff, no, sir.

14 CHAIRMAN TOWER: And you did not inform the  
15 other NSC principals?

16 MR. MC FARLANE: Within a day or so I did.

17 CHAIRMAN TOWER: Which ones?

18 MR. MC FARLANE: It would have been the  
19 Secretary of State, Defense, Mr. Regan and the Vice  
20 President.

21 CHAIRMAN TOWER: That the President had given  
22 you the go-ahead on this?

23 MR. MC FARLANE: That is correct.

24 MR. MC FADDEN: How about Mr. Casey?

25 MR. MC FARLANE: And Mr. Casey, yes.

1 CHAIRMAN TOWER: Bud, were you aware if there  
2 was ever a contingency plan to deal with this issue, a  
3 planned public diplomacy campaign of any kind to deal  
4 with it once it became public knowledge, whether by  
5 official release or by just simply being exposed?

6 MR. MC FARLANE: I know of no such plan.

7 CHAIRMAN TOWER: In a situation like this,  
8 whose responsibility would that be, when you are engaged  
9 in a covert action that goes directly contrary to overt  
10 policy, which is unusual in itself, because the covert  
11 action is further designed to advance public policy?

12 MR. MC FARLANE: Well, it would involve  
13 considerations of intelligence as well as policy and  
14 perhaps military risk, but it would have been a  
15 collegial effort, probably managed by the NSC.

16 CHAIRMAN TOWER: Rhett, what next?

17 MR. DAWSON: What I would like to do, if  
18 nobody has other plans, is to get some of Bud's advice  
19 about the NSC process, knowing that we have run well  
20 over our expected time.

21 MR. GARMENT: Could we take a short break?

22 CHAIRMAN TOWER: Sure.

23 (A brief recess was taken.)

24 CHAIRMAN TOWER: Bud, before we get into some  
25 questions on the NSC and national security advisory

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