

PRESIDENT'S SPECIAL REVIEW BOARD

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RHETT DAWSON
Director

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General Counsel

January 16, 1987

MEMORANDUM FOR SPECIAL REVIEW BOARD

FROM: KARL BRAITHWAITE ^{KTB}

SUBJECT: SUMMARY OF DONALD REGAN'S TRANSCRIPT

Attached is a 3 and 1/2 page summary of the 69 page transcript of the Board's interview with Donald Regan. As time permits, we will try to do some additional summaries. Most of the topics in this summary are covered in the staff's chronology, but sometimes you may want to see the comments of one individual in their entirety.

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~~TOP SECRET~~

Regan Transcript, 1/7/87

Arranged in Chronological Order

Page

3

July, 85: First time Regan heard about Iran. McFarlane had urgent need to see Pres. as soon as able. Discussed importance of Iran. 25 minute discussion. President asked "quite a few" questions. Pres. said yes, go ahead, open up. No discussion of quid pro quo exchange of hostages. Brief discussion of hostages.

6

Late July, early Aug: Informal meeting, Schultz, Weinberger, Casey, Regan, Reagan, McFarlane. More thorough discussion. Regan never keeps notes in meetings. Usually Deputy NSC head. Carlucci may want to designate formal notetaker. Was not a formal NSPG meeting. No agendas, papers. Pres. says go slow but develop.

8

After Labor Day: 9:30 mtg. Mc.F. said Israelis has sold arms to Iran. and hoped some of our hostages would come out and some Jews. Pres. upset., but not "real angry" (9). Pres. decided to leave it alone. Knew that someday Israelis would want us to replenish (10).

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Early November, Pres. told in quite some detail about shipment [redacted] and Israel and "all of our hostages would come out." (HAWKS). Informed by briefing on margins for the meeting with Gorbachev. (14)

12

3rd week in Nov: McF said shipment didn't happen.

14

Early Dec mtg.: J. McMahon raised questions about arms shipments. Questioned authority, said contacts weren't good (16). St. and DOD opposed idea. CIA, NSC, Regan favored.

15

Shortly after above mtg: McF made contact, reported to Pres. It wasn't productive, need something different. Pres. said try something else or abandon; Pres. said "we were going to spend another Christmas with hostages there, and he is looking powerless and inept".

17

After Christmas: Poindexter told Pres. Israelis urging new line with Iran. JP wanted a finding. Brought a draft to sign. Finding needed a few changes, then had formal meeting of NSC first part of January. President decided we should pursue this. NSC paperwork does not always go through Regan. Under McFarlane, and more often under Poindexter,

material went into briefing books handed to the President and bypassed the entire White House paperwork trail. We never knew what the President was signing or what he was not signing. (We refers to David Chews and Regan). As a result, Regan did not learn of the signing of the January 17 Finding until October 1986. He did know of the first one, January 6, (page 19). Poindexter said original in his safe, no copies made. Was signed when Poindexter put the document in the President's PDP one day and he signed it. President signed the January 6 Finding "which became the basis for the paperwork at the discussion on January 7." All participants received that paperwork. Casey and Meese advised against notifying Congress. (Page 24) Poindexter said he had heard from the Israeli's

- 26 NSC had been running the operation from July until January. Presumed they would continuing running it working with the CIA. Casey did not ask to take over the effort. NSC should never be operational (page 27).
- 28 Discussions was for one hour and five minutes. Usual NSPG has NSC advisor take five to ten minutes, Secretary of State next for 5-15 minutes, Sec. Def. next, CIA, Joint Chiefs; Treasury, Attorney General, Chief of Staff. Discussion is not exhaustive, but "there is a preliminary group that's supposed to have had thoroughly discussed this at a lower level. The Deputy's were supposed to have pretty well come up with and covered the subject before its gets to the seniors".
- 29 Why did the President do it? Can't let Iran fall into Soviet camp. Khomeini is 86 and ill. Second, Iran has influence on religious factions in Lebanon and these have our hostages. With hindsight, not enough attention paid to the outrage that would be expressed by the American people. We did discuss the down side. (Page 29-30). They knew they were dealing with "people who didn't have too good a reputation." (Page 31).
- 32 President "was quite aware" that NSC had operational responsibility. President did not know Ollie North well.
- 33 Note taking was erratic.
- 37 President was specific about not altering the balance in Iran/Iraq war. Hawk spare parts were described as purely self defense. As well as the TOWS.
- 39 President did use NSC as the principle forum for making national security decisions. Formal NSC meeting might have 20 people. NSPG is about a dozen including notetakers.

- 40 There is no control over the NSC budget. And they draw on resources of DoD.
- 44 Sometime in February or March: At one of the 9:30 a.m. meetings, Pres. authorized the shipment of the 1000 TOWS. Poindexter, his deputy, the Vice President and Regan attended.
- 45 In between February and May: Subject was not dropped; President would ask for news about the hostages and what has happening with the "Iranian connection". Rafsanjani's nephew discussed after May meeting. Poindexter mentioned sending special envoy to Tehran. Discussed who should go, settled on McFarlane. Knew situation and wouldn't be visible. Known to the Iranians. Poindexter authorized to contact McFarlane. McFarlane met President, had 20 minute discussion. President asked the right questions, said not dealing one on one for hostages, and Iran has to cut back on terrorism. (Page 47) President generally aware there will be a transfer of Hawk parts, but didn't know McFarlane "would be sitting on those crates." (Page 48). Did not know the shipment divided in 2 parts and 1 would wait at Ben Gurion. In briefings with President, name of North came up but details of the channel did not. McFarlane didn't mentioned Secord going with him (page 51) or Albert Hakim.
- 52 Story of how missiles would fit in one cargo plane.
- 53 Late May: 9:30 briefing McFarlane reports on his trip, recommends no more weapons transfers. July 29, HAWK shipment was approved sometime at a 9:30 meeting.
- 54 Doesn't remember approval of the October 3 passing of intelligence to Iran. Does remember October 29 shipment of 500 TOWS. That was authorized. President and Schultz and Weinberger knew of it.
- 55 November 24: NSPG meeting for 2 hours with George Cave. No financial discussion came up regarding how the TOWS were being paid for. Contras never mentioned. Regan did know in a general sense of North's involvement in the Contra operation. President did not know of North's involvement with the Contras. He knew someone in the NSC was handling, but "I doubt if he specifically knew it was Oliver North." President learns at Friday near the end of November from Ed Meese of discrepancies in testimony, then learns Monday about the Iran/Contra money connection. President instinctive reaction was "we've got to make this public and we've got to do it quickly." (Page 57).

- 57 Firing of Poindexter: Regan confronted Poindexter at breakfast.
- 63 The 9:00 meeting: Often provides opportunity to ask the President if a path being followed for a policy is the right one. The major decisions go to the NSPG or the NSC. But more gets done informally than formally except for the very large decisions.
- 66 NSDD on Covert Actions: Generally people really don't read an NSDD after they have been put out. President did not make the specific decision to disregard the NSDD procedures. The National Security Advisor short circuited the system. (Page 67).
- 67 Regan wanted to bring White House counsel to meeting several times; Poindexter said they had their own counsel and the Attorney General would be present. Regan wants the White House counsel to be present in the future.
- 67-68 Potential criminal liability.
- 69 Transcript ends.

Prepared by Karl Braithwaite