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MANUCHER GHORBANIFAR

BACKGROUND

Mr. Ghorbanifar is an Iranian living in France. In the years prior to the overthrow of the Shah, he ran a successful shipping company in Iran and amassed a considerable fortune. The company, Star Line International Shipping employed a number of Israelis including Al Schwimmer. Another Israeli who features prominently in the Iranian Initiative, Jacob Nimrodi, was the Israeli Defense Attache in Tehran during this period. After the Revolution, Mr. Ghorbanifar's company was confiscated and he left for Europe. The following year, 1980, he was involved in the abortive July coup attempt against the Khomeini regime. It was after this that he began a series of approaches to CIA and several West European intelligence services.

EARLY CONTACTS

Mr. Ghorbanifar's first direct approach to CIA was with a CIA officer [redacted]

There is no basic dispute between Mr. Ghorbanifar's and CIA's account of these events. Ghorbanifar, sufficiently wealthy in his own right and wanting to deal with the CIA as co-equals, refused to become a controlled agent. CIA refused to have a relationship with Ghorbanifar if they couldn't control him.

Over the next several years, CIA continued to hear of Ghorbanifar from allied intelligence services, Iranian emigres and in intelligence reports on the black arms market and counterfeiting.

Mr. Ghorbanifar's next direct approach to CIA was [redacted] in early 1984. CIA puts the date as 16 March, the same day William Buckley was kidnapped in Beirut. Mr. Ghorbanifar was instructed to [redacted] where he was then polygraphed for the first time. He failed the test and returned to [redacted] CIA says Ghorbanifar's information source was provided by [redacted] who they identify as a former [redacted] who sells and uses drugs and [redacted] [redacted] who also later emerges as a key figure in the Iranian initiative. As a result of these polygraphs on Buckley and an alleged plot to assassinate key U.S. officials, CIA issued a Fabricator Notice on Ghorbanifar.

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In the fall of 1984, Mr. Ghorbanifar was introduced to Ted Shackley who, in Ghorbanifar's account, told the Iranian he was likely to become DCI in the second Reagan term and if Ghorbanifar could help in securing Buckley's release the two could cooperate well in the future. Shackley forwarded several memoranda on these contacts to Washington but the Department of State was not interested in following up on this contact.

ISRAELI CONTACTS AND U.S. INVOLVEMENT

In January 1985, Ghorbanifar meets Adnan Khashoggi through Roy Furmark with whom Ghorbanifar is working a billion dollar countertrade deal in Hamburg. As a result of their discussions on the Mideast and the need for rapprochement between the U.S. and Iran, Mr. Khashoggi arranges for Ghorbanifar to go to Israel to meet with David Kimche and others. Ghorbanifar makes two trips to Israel in the summer of 1985. In the first meeting Kimche, Nimrodi and Schwimmer are present. In the second meeting, Kimche introduces Ghorbanifar to Michael Ledeen. Ghorbanifar makes it clear he does not want any CIA involvement in any initiative. Ledeen says he'll have to take the matter up with Mr. McFarlane. Ghorbanifar, in his testimony, gives no indication of having ever known Schwimmer or Nimrodi prior to his Israeli trip.

In Ghorbanifar's account, it is Ledeen and the Israelis who first suggest the sale of 100 TOWs and Iranian help in securing the release of U.S. hostages in Lebanon as an exchange of goodwill gestures. After the successful receipt of the first 100 TOWs for \$1 million (bridged by Khashoggi because of mutual distrust by both Iran and Israeli), Ghorbanifar suggests provision of another 400 TOWs for \$4 million (again bridge financed by Khashoggi). The arrival of these missiles in Tehran coincides exactly with the release of Rev. Benjamin Weir. In Ghorbanifar's view, the Israelis were acting only as middlemen, even this first transaction was a U.S. operation sanctioned by McFarlane through Ledeen.

In the next phase of the operation, the delivery of HAWK missiles to Iran, Ghorbanifar squarely puts the blame on the U.S. for the disastrous consequences of delivering too few of the wrong model in violation of what he claims was agreed to by all parties. Ledeen tells Ghorbanifar that it was the Israelis who fouled up the operation. Amiram Nir enters the picture at this juncture and instructs Ghorbanifar to have no further contact with Kimche, Nimrodi, Schwimmer or Ledeen.

EVOLUTION OF NSC OPERATIONAL CONTROL

Mr. Ghorbanifar's information on the number of meetings with U.S. officials, where and when they occurred square well with U.S. accounts. It differs sharply, however, on the substance of those meetings and on what the two sides agreed to do as next steps. Ghorbanifar is adamant in stating that the U.S. agreement to sell Iran 1000 TOWs in February was intended to show U.S. good faith after the HAWK missile misadventure and that there was no discussion of U.S. hostages being released as a consequence of such a sale. Tom Twetten swears that the release of hostages was most definitely tied to this delivery. There is also sharp disagreement over how

well the two sides got along at the London meeting; Ghorbanifar claiming it was all happy and joking while Twetten says it went badly. There were two separate sessions in different hotels with different participants. Secord reports that the intelligence exchange sessions went well. It may be that one session went much better than the other.

THE MCFARLANE MISSION

Mr. Ghorbanifar blames the failure of this mission on several factors; the lack of an advance team which he had suggested to Col. North, the fact that McFarlane arrived three hours ahead of schedule and was therefore not met, that the U.S. side did not bring all of the HAWK spares as allegedly promised and that McFarlane was insistent that all U.S. hostages be released before any further deliveries or discussions could take place.

THE SECOND CHANNEL AND THE OCTOBER DELIVERY

After the May visit and the ensuing problems of the gross overcharge for the HAWK spare parts, the U.S. sought out a new channel into the Iranian leadership while continuing to string Ghorbanifar along. By Ghorbanifar's account, the 500 TOWs sold to Iran in October to the second channel for \$4 million dollars had been promised to him earlier for \$5 million. Ghorbanifar contends that it was the U.S. decision to deal with only one of the Iranian lines or factions (that of Rafsanjani) instead of balancing all three factions, as Ghorbanifar claims he had been doing all along, combined with the additional insult of discounting the price to that one faction which led to the exposure and failure of the Iranian initiative.

ASSESSMENT OF GHORBANIFAR'S ACCOUNT

It is quite apparent that Ghorbanifar has lied about a number of points. Intelligence from a variety of sources, some of which are indisputable, show that he has in fact been dealing in arms beyond those involved in the Iranian Initiative. Much of the intelligence information he provided, including his own involvement in anti-regime activities, is highly embellished. This in itself is not surprising since Mr. Ghorbanifar was in essence attempting to sell himself as an important man vital to the success of any U.S. opening to Iran. Moreover, he is less than truthful in insisting that this was not an arms for hostages deal although he also makes clear on a number of occasions in discussions with [redacted] that after the arms are delivered and the hostages are released, he expected both sides to move on to a political agenda. 25X1, E.O.13526

On the other hand, Mr. Ghorbanifar's story line tracks very well with events as they did in fact appear to occur. His explanation of why he could not get along with CIA, the question of controlled

agent versus partnership, is verified by CIA's record. He demonstrated the ability to bring both the U.S. and Iran together on several occasions. He managed to facilitate the sale of weapons to Iran from Israel and the U.S. and was at least partially responsible for the release of two U.S. hostages. It is also true that as long as he was involved in the operation, no word of the effort leaked out to the public, surprising in an operation of such magnitude and so controversial. Significantly, in respect to the 11 January 1986 polygraph which Clair George states was the result of an NSC directive to "clear" Ghorbanifar, Tom Twetten says that had CIA been told that Mr. Ghorbanifar was to be used as a conduit to Iran and not as an intelligence source both the questions asked and the results of the polygraph might have been different and Ghorbanifar vetted for such a role.

Prepared by Dennis St. John