

PPD 255-9-4

SI-146

10 December 1985

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Director of Central Intelligence

1. At the 1030 meeting today, Bud reported on his discussions over the weekend with Gorbanifehr in London. He did not have a good impression of Gorbanifehr and recommended that we not pursue the proposed relationship with him. He recommended that we pursue the relationship with the Kharami brothers and others representing the moderate forces in the Iranian government, talking and listening to them on a purely intelligence basis but being alert to any action that might influence events in Iran.

2. Everybody supported this in our roundtable discussion. Other options which Bud had suggested were to let the Israelis go ahead doing what they would probably do anyway, and hope that we get some benefit, or to mount a rescue effort. The President argued mildly for letting the operation go ahead without any commitments from us except that we should ultimately fill up the Israeli pipeline in any event, or the Congress will do it for us. He was afraid that terminating the ongoing discussions, as Bud had speculated they might, could lead to early action against the hostages. The trend of the succession of this was that it was a little disingenuous and would still bear the onus of having traded with the captors and provide an incentive for them to do some more kidnapping, which was the main burden of the argument against going forward on the program. The President felt that any ongoing contact would be justified and any charges that might be made later could be met and justified as an effort to influence future events in Iran. I did point out that there was historical precedent for this and that was always the rationale the Israelis had given us for their providing arms to Iran.

3. The idea of sending Dick Walters to Damascus with the more precise information we now have about the location of the hostages and how they are handled (stuffed into pipes) was discussed. The thought is that giving Assad another push with some specific assistance in locating them is worth doing. The outcome was that we would assemble up-to-date information on the location of the hostages, give it to Walters and get him off to Damascus, and at the same time we would maintain contact with any of the Iranians who turned up in this affair who are willing to do business on the basis of exchanging information [redacted] 25X1, E.O.13526

4. As the meeting broke up, I had the idea that the President had not entirely given up on encouraging the Israelis to carry on with the Iranians. I suspect he would be willing to run the risk and take the heat in the future if this will lead to springing the hostages. It appears that Bud has the action.

William J. Casey

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U.S.C., section 403g)



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