

No summer hiatus in Irangate scandal

by Herbert Quinde

The murder of Lt. Col. William Higgins and the crisis over the other American hostages held by pro-Iranian terrorists in Lebanon have political observers speculating that the festering wound of the Iran-Contra affair may open up again. They note that the decade-long policy failure of successive U.S. administrations in handling the hostage issue has its roots in the rotten deal struck between Khomeini and the Reagan-Bush campaign back in 1980, when Khomeini was paid off with weapons for *not* releasing hostages until after Jimmy Carter left the White House.

Syndicated columnist William Safire's July 27 and Aug. 3 articles in the *New York Times*, in which he seeks to fan the flames of the Bruce Rappaport story, point in this direction.

Rappaport is the Swiss businessman into whose bank account Oliver North's friends at the National Security Council (NSC) "mistakenly" deposited \$10 million which the Sultan of Brunei had given State Department operative Elliott Abrams to help out in the secret arming of the Contras. The money in fact did not go to the Contras, but when it hit Rappaport's Swiss bank account, he immediately moved the loot to another bank. After much haggling with the United States, Rappaport gave the money back, protesting that he thought it was his, since he was expecting such a deposit.

But alleged evidence before the Irangate special prosecutor seems to indicate that there was no mistake. Rappaport turns out to have been a business associate of former Attorney General Edwin Meese's good buddy E. Robert Wallach. On May 21, 1985, Wallach was hired by Rappaport to gain influence with the Reagan administration in support of a proposed billion-dollar Iraqi oil pipeline. Eventually Rappaport was received at the NSC by National Security Adviser Robert McFarlane and company, to review an economic proposal which might help bring peace to the politically troubled Middle East. Rappaport then wrote a memo to Meese saying that part of the profits from the pipeline deal would be funneled to Israel's Labor Party, headed by Shimon Peres, to ensure that the Israelis were motivated to back the deal. All of this occurred at the same time that the NSC had enlisted the help of then-Prime Minister Peres to act as the "cut-out" for shipping weapons to the Ayatollah.

"What a coincidence," Safire exclaims in his July 27

column. "Of all the numbered accounts at Cr dit Suisse, the one that turned up as the inadvertant recipient of \$10 million directed by the NSC was one belonging to 1) a man close to the Peres group in Israel working with McFarlane to arrange an arms-for-hostage trade, and 2) a man who happened to be visting the White House's NSC staff only the year before."

Sources have told *EIR* that Rappaport was one of the people at the top of the list targeted for new indictments by the Iran-Contra special prosecutor's ongoing investigation. Rappaport allegedly has said that should such an unfortunate indictment occur, he is prepared to spill his guts. Other sources say that those watching Bush's political back are unconcerned, since they are prepared to "give up" any Reaganite, including Meese, to protect the President.

Khashoggi knows it all

The recent extradition to the United States of Saudi jet-setter and CIA contract operative Adnan Khashoggi could be another opportunity for the truth to come out. Khashoggi, a former multimillionaire, is now close to broke and is indicted as a co-conspirator in an alleged scheme with former Philippines President Ferdinand Marcos to embezzle \$103 million from the Philippine treasury.

Khashoggi was there at the beginning of the U.S.-Israeli-Iranian dealings. Not only is he knowledgeable about the Rappaport pipeline deal, he was personally involved in providing some of the initial millions of dollars to then-CIA director William Casey for starting up the Iran-Contra gambit.

For his help, Khashoggi was rewarded by being obliged to spend the last several months sitting in a Swiss jail prior to his arraignment in New York City on July 25. He has been released on \$10 million bail, but must wear an unremovable electronic bracelet to ensure that he will not flee the jurisdiction before his trial.

When he was first arrested, Khashoggi reportedly threatened to spill the entire Iran-Contra story unless he was released. Some observers say that Khashoggi was put under pressure to keep his mouth shut. The *Jerusalem Post* reported recently that former CIA officer and 1988 Bush campaign activist Miles Copeland had told the paper that there was no concern in the Bush camp about Khashoggi's potential revelations, since they could only hurt former President Reagan, and not Bush. But European sources say that Khashoggi is not about to fall on his sword for President Bush.

Likewise, sources close to Adm. John Poindexter's defense team have said that the former national security adviser, like Khashoggi, has no plans to keep his mouth shut when he goes on trial in November.

To complicate matters even further for Bush, his "body-guard of lies," former staffer Donald Gregg, was not confirmed by the U.S. Senate as U.S. ambassador to South Korea before the August congressional recess. The Senate may continue to make trouble on that front when it returns in November.