

A Bush-Kissinger 'defector' tells of plot vs. LaRouche

by Edward Spannaus

An international arms dealer, once deeply involved with both U.S. and British intelligence services, has begun to disclose important evidence on operations directed against Lyndon LaRouche. This includes an eyewitness account of a 1984 discussion between Henry A. Kissinger and former Justice Department official J. Stanley Pottinger, concerning planned measures to instigate a government attack on LaRouche.

Now, trapped in London and fearing that his life is in danger (see *EIR*, June 27, p. 66), Jamshid Hashemi has revealed information which could have an important bearing on legal efforts to further unravel the illegal operations which resulted in the frame-up and imprisonment of LaRouche and several associates.

It is documented that, commencing in the summer of 1982, Kissinger, a private citizen with no government position, launched an effort to compel the FBI and Justice Department to launch a spurious investigation of LaRouche. A "Dear Bill" letter from Kissinger to FBI Director William Webster in August 1982 preceded an intervention by Kissinger's cronies at the President's Foreign Intelligence Advisory Board in January 1983, which resulted in Webster directing FBI official Oliver "Buck" Revell to determine if there were a basis for investigating LaRouche "under the guidelines or otherwise." This intervention resulted in the launching of an FBI probe, which continued under one guise or another up until the initiation of a federal grand jury against LaRouche in Boston by then-U.S. Attorney William Weld, on the eve of the 1984 Presidential elections.

A dinner in London

In spring 1984, Kissinger and Pottinger travelled together to London, for a planned meeting with a retired Iranian admiral.

London was a place where both felt quite at home: Kissinger having confessed, two years earlier, his loyalty to the British Foreign Office above the U.S. Presidents he ostensibly was serving, and Pottinger having had extensive business dealings in London with Jamshid Hashemi's brother, Cyrus Hashemi.

The Iranian admiral, having been warned by U.S. intelligence services about Kissinger, refused to meet, so Kissinger and Pottinger, accompanied by Jamshid Hashemi, went for a leisurely dinner at the Dorchester Hotel in London. The primary topic of discussion was what to do about LaRouche and how "to shut him up." Declaring that "we've got to do something about this son-of-a-bitch," Kissinger said that he was going to intervene again with FBI Director Webster, and the U.S. Attorney General, and that he intended to prevail upon the Central Intelligence Agency to find out where LaRouche was getting his money.

Pottinger, a self-declared close friend of George Bush, had been working with the FBI and others since the fall of 1980 to silence LaRouche, and that evening in London, he again said he would get the FBI to take action against LaRouche. The Assistant Attorney General swore that "we've got to shut the bastard up for once and for all."

Pottinger told Kissinger that he was friends with Rudolph Giuliani, then the U.S. Attorney in Manhattan, and said that he was going to get Giuliani to go after LaRouche. Kissinger, agreeing, told Pottinger to call him (Kissinger) when they got back to the States, so that Kissinger could also contact Giuliani.

(As it turned out, Giuliani declined the invitation: he had plenty else on his plate, and didn't need the headache of taking on LaRouche. So the dirty work was farmed out to William

Weld, the U.S. Attorney in Boston, who eagerly accepted. Weld opened a grand jury that fall, and convened a nationwide “Get LaRouche” conference of federal and state law enforcement officials in February 1986 in Boston—which included federal and state prosecutors and investigators from Virginia.)

Who is Stanley Pottinger?

J. Stanley Pottinger served in the Department of Health, Education and Welfare in the Nixon administration under Elliot Richardson, and then, from 1973 to 1977, was Assistant Attorney General for Civil Rights. Along the way, he also became good friends with George Bush, who was CIA director in 1975-76.

Pottinger’s virulent antagonism toward LaRouche emerged in the following manner. Beginning in May 1980, *EIR* began receiving reports from a number of sources, that money to finance pro-Khomeini protests, and even terrorism, in the United States, was being funnelled through the First Gulf Bank and Trust Co., operated by an Iranian banker named Cyrus Hashemi. Shortly after the assassination of Ali Akbar Tabatabai, a prominent anti-Khomeini spokesman, in a Washington, D.C. suburb in July 1980, *EIR* and its sister publication *New Solidarity* put out the story on Hashemi. Soon thereafter, the *Washington Post*, CNN, and other media also ran stories naming Cyrus Hashemi as the conduit for Iranian funds into the United States.

As soon as the *Washington Post* story hit the news wires, Pottinger called the *Post* from London to demand a retraction. In subsequent versions of the story as transmitted on the *Post*’s wire service, Hashemi’s name was deleted. Thereafter, Pottinger issued a formal demand for retractions to *EIR*, the *Washington Post*, CNN, and others.

But at the same time, a number of federal agencies were opening investigations of Hashemi. On Aug. 11, the FBI notified U.S. Customs that it was organizing a task force on Iran-related investigations, including the Tabatabai assassination and Iranian financing of protests in the United States. On Aug. 20, FBI Assistant Director Revell sent a so-called “national security” letter to the New York Telephone Co., asking for toll records for Hashemi’s phones. A week later, Revell requested that the Justice Department make application to the super-secret Foreign Intelligence Surveillance Act (FISA) Court for electronic surveillance of Hashemi; promptly, the FISA court approved telephone, video, and microphone surveillance of Hashemi’s New York offices, and authorized FBI agents to break into Hashemi’s office to plant microphones and a video camera. How soon Pottinger learned of the electronic surveillance is not known, although before too long, Hashemi could be overheard on his telephone conversations saying that his phones were tapped.

Pottinger quickly launched a campaign to blame the whole thing on LaRouche, threatening, and then filing, a libel suit in federal court against those publications that had named Hashemi as a conduit for terrorist funds. The libel

suit was a sham, but Pottinger thought it necessary to provide a cover for other activities in which he and Hashemi were engaged.

According to many sources, Pottinger told the *Washington Post* that he was acting officially on behalf of U.S. government agencies, in particular the “CIA.” He also told the *Post* that they had been taken in by stories planted by LaRouche, charges he also circulated in print. After working out a settlement with the *Post*, and making arrangements to execute the settlement agreement on Monday, Sept. 8, Pottinger double-crossed the *Post* and filed Hashemi’s libel suit in federal court in Atlanta.

The complaint in the suit, captioned *Cyrus Hashemi v. Campaigner Publications, et al.* (Campaigner being the publisher of *New Solidarity*), said that all the articles published by the *Washington Post*, *Boston Globe*, *Atlanta Constitution*, etc. were all traceable to the LaRouche group, which Pottinger lumped together as the “EIR Defendants.” Pottinger wrote in the court case that the “EIR Defendants” publish articles which attempt to implicate Muslim, Jewish, and black individuals in unlawful or immoral activity. The complaint charged that articles written by *EIR* went to U.S. law enforcement agencies, and that the information then made its way to the other publications.

This was elaborated in an article which Pottinger planted in *New York* magazine, entitled “Did Cult Hatch Iranian Exposé?” The article opened: “The *Washington Post* was a conduit for a ‘vicious’ tale of Iranian intrigue apparently fabricated by an extremist political group, a libel suit filed in Atlanta has charged.” It went on to say that the Hashemi lawsuit contended that the *Washington Post* story “that was attributed to ‘law enforcement investigators’ originated with publications linked to a bizarre cult—commonly called the U.S. Labor Party—formed around Presidential candidate Lyndon LaRouche.” The article also claimed: “A Justice Department investigation is said to have found that the FBI has material from the LaRouche group in its files that could have formed the basis of the leak to the *Post*.”

The walls have ears

Thanks to the FBI wiretaps on Hashemi’s office, we know a little of the background of the *New York* magazine article. A writer for the magazine had called Hashemi’s office in mid-September and spoken to Pottinger regarding the lawsuit. The reporter asked about a letter from John Shaheen (an OSS “old boy” who was a friend of both Cyrus Hashemi and William Casey), in which Shaheen had told Pottinger that the material in the FBI files about Cyrus Hashemi was from *EIR*. Pottinger acknowledged Shaheen’s letter, and then said that the FBI had told him that the *EIR* material had come from the FBI’s Dallas office.

According to an FBI teletype, obtained under the Freedom of Information Act (FOIA), reporting on that conversation: “[Pottinger] says he asked for an investigation and since he

was in the Justice Department he knew where to go. He called . . . the Deputy Attorney General and had a meeting with the FBI and the Inspector General about the case.”

According to Jamshid Hashemi, Pottinger also told the Hashemi brothers in late 1980 that he was attempting to get the FBI to go after LaRouche and to bring a lot of cases against LaRouche. At one point, while at a restaurant in Manhattan, Pottinger told Cyrus and Jamshid Hashemi that he wanted to shut LaRouche down “in total.” (In fact, over the next year, Hashemi and Pottinger were involved with circles in Europe around the Club of Rome and the British *New Scientist* magazine who brought one lawsuit in Paris, and boasted that they were trying to get 20-30 lawsuits going against LaRouche.)

At the same time, the FBI wiretaps on Cyrus Hashemi’s office were creating a lot more problems for Hashemi and Pottinger. While the FBI reported that it had found no evidence demonstrating Hashemi’s involvement in the Tabatabai murder, two other avenues of investigation soon opened up.

First, the FBI agents listening to Hashemi’s and Pottinger’s conversations realized that they were in constant contact both with Iranian officials, and with the U.S. State Department, around the hostage crisis. (In November 1979, over 50 Americans had been seized and were being held in the U.S. Embassy compound in Teheran; the issue of whether they would be released before or after the November 1980 Presidential elections became a matter of intense maneuvering by both the Carter administration, which desperately wanted the hostages to be released before the elections, and by Republican circles, who were desperate to delay it until after the elections.)

When the Hashemi-Pottinger involvement in the hostage crisis was reported to FBI Headquarters, and passed on to the State Department and CIA, it was determined that the wiretaps could serve as a useful check on what Hashemi and Pottinger were doing, and that information pertaining to the hostage negotiations should be passed on to those agencies. In November, after the expiration of the first 90-day electronic surveillance authorization, the authorization was renewed on that basis for another 90 days. At the same time, in a rather extraordinary personal intervention, FBI Director Webster personally ordered that *no* information on the *Hashemi v. Campaigner* lawsuit should be monitored or maintained by the FBI agents conducting the surveillance.

Second, during December, FBI surveillance agents monitoring the tap began to pick up evidence that Hashemi and Pottinger were illegally shipping military equipment to Iran. As this evidence accumulated, a huge fight broke out in the law enforcement and intelligence communities over the Hashemi case. FBI and Customs agents on the scene in New York, along with the local federal prosecutors, wanted to raid Hashemi’s office and prosecute him as quickly as possible. Justice Department headquarters, backed by the State Department and CIA, continually delayed, stalled, and ob-

structed the investigation. Government documents show that the Justice Department’s liaison office to the intelligence community blocked, on “national security” grounds, the presentation of evidence to a federal grand jury on Hashemi and Pottinger.

Even though local officials wanted to convene a grand jury and indict Hashemi and Pottinger in 1981, it wasn’t until 1984 that they were finally permitted to do so—and then, Cyrus and Jamshid Hashemi were both tipped off and evaded arrest by fleeing to London, and Pottinger escaped indictment altogether, because of the convenient loss of certain FBI surveillance tapes.

The ‘October Surprise’

Much nonsense has been written about the so-called “October Surprise” affair in the 1980 elections. Much of this is deliberate disinformation and confusion, surrounding oft-dubious stories about George Bush secretly flying to Paris prior to the 1980 elections. But despite all the confetti, and the coverup perpetuated by the U.S. House of Representatives investigation in 1992 (the Senate investigation was much more serious), the core of truth in the “October Surprise” story is easily ascertainable, and it does not depend on George Bush’s whereabouts on Oct. 19, 1980.

Just as with the original Hashemi investigation, *EIR* was also one of the first, if not *the* first, source for the story that GOP circles had attempted to delay the release of the hostages. In its Nov. 4, 1991 issue, *Newsweek* reported that the first rumors of “backstage contact” between the Republicans and the Iranian government appeared in print in late 1980. “The outlet was hardly prestigious: the *Executive Intelligence Review*, a periodical published by followers of right-wing political extremist Lyndon LaRouche.” *Newsweek* then cited a Dec. 2, 1980 *EIR* story which reported that Kissinger had held secret meetings with representatives of Ayatollah Beheshti, and that President Carter’s failure to secure the release of the hostages “resulted from an intervention in Teheran by pro-Reagan British intelligence circles and the Kissinger faction.”

Newsweek further cited a September 1983 article in *New Solidarity* newspaper, which was entitled “How Kissinger Delayed the Release of U.S. Hostages in Iran.” That article was written by this author, Edward Spannaus, and was based on conversations that Spannaus held with Jamshid Hashemi in 1982-83. (Jamshid has more recently revealed that he had been asked by Pottinger to approach LaRouche and *EIR* at that time to attempt to get rid of the libel suit, which *EIR* refused to settle.)

In 1986, with the aid of State Department documents obtained under the FOIA, *EIR* was provided with more details on Cyrus Hashemi’s and Pottinger’s dealings with the Carter administration during the hostage crisis. But this was a double game—as many have concluded—because, as Jamshid had already told this reporter in 1983, his brother was much closer

to GOP circles, particularly the Bush-Baker Texas crowd, than to the Carter administration.

Thousands of pages of FBI documents derived from the electronic surveillance of Hashemi's offices were obtained by *EIR* beginning in 1991. They demonstrate that Hashemi and Pottinger had undertaken to trace the Shah's assets and other frozen Iranian assets in the United States during 1980. The FBI wiretaps show how they manipulated this issue, playing a very duplicitous game of giving contradictory advice to the Carter administration and the Iranians, as to each other's intentions and capabilities.

The Hashemi brothers were just two of many players and operatives in this complex game. Their links were directly into the Bush crowd—people in and *around* the CIA. With the purge of the CIA's Operations Directorate during the Carter administration, which resulted in the dismissal of two-thirds of the Agency's clandestine-service officers and contractors in the fall of 1977, a vast pool of free-floating covert-operations specialists was created. Many of these operatives, who became known as the "asteroids," clustered around the Reagan-Bush campaign in 1980, with hopes that a new Republican administration would rebuild the nation's covert-operations capabilities.

The Hashemis' direct connections to the CIA were through Donald Gregg and Charles Cogan—additionally, Cyrus had a separate channel to Casey through OSS veteran John Shaheen. Cogan was the head of the Near East section of the CIA Operations Directorate, and he has acknowledged that he dealt directly with the Hashemi brothers in the 1980s. More important was Gregg, who was posted from the CIA to the Carter National Security Council in 1978 to head the position of director of intelligence. Gary Sick, the NSC Iran specialist during the hostage crisis, wrote in his book *October Surprise* how shocked he was when Jamshid Hashemi told him that Gregg, who had no NSC responsibility for Iran, had been in Cyrus Hashemi's office in spring 1980. Sick wrote of Gregg that "there was a dimension to his background which was completely unknown to his colleagues at the White House, and that was his acquaintance with one of the Republican front-runners, George Bush."

Jamshid Hashemi has taken this one step further. In conversations with this writer, Hashemi has stated that Gregg was Pottinger's CIA controller. ("CIA" in this context should actually be understood to mean "Bush.")

The CIA and the mullahs

The Carter administration's purge of the CIA, ironically, ended up giving more leverage in 1980 to Republican circles around Bush and Casey. (Bush and Casey were forced to work together by circumstances in the 1980s, but they were by no means good friends.) Along with the decimation of the CIA's clandestine services in 1977, had gone a cut-off of funds for covert operations, including support for sources among the clerics in Iran. Traditionally, the British had controlled the

mullahs and the extreme Muslim Brotherhood factions in Iran; the Shah's sister, Princess Ashraf Pahlavi, wrote in her book that there was a standing joke in Persia, "that if you picked up a clergyman's beard, you would see the words 'Made in England' stamped on the other side."

Contrary to myth, the 1953 overthrow of nationalist Prime Minister Mohammed Mossedeq was *not* a CIA operation. The American CIA played a decidedly junior-partner role to the British; indeed, until President Eisenhower was swayed by the British, the United States had supported Mossedeq's efforts to drive the British out of Iran. But after the coup, the CIA found it expedient to take credit; at the same time, knowledgeable sources have recently advised *EIR*, the CIA picked up many of the assets who had previously been on the British payroll. This relationship was cut off by the Carter administration, and one of the bargaining chips of Republicans during the 1980 election period was, therefore, to promise the Iranians that this relationship could be reestablished if the Republicans took office.

Jamshid Hashemi's account of Casey's meeting in Madrid in July 1980 tends to confirm this. Casey told Hassan Karrubi, a prominent Iranian cleric, that relations between Iran and the United States had been good when Republicans were in office, but bad when Democrats were in office, and that if Reagan were elected, the Republicans would work with Iran and would, among other things, return the frozen assets and confiscated military equipment. About ten days before the November elections, Kissinger said that there was no reason that a Republican administration could not work with Iran, once the hostages were freed. Kissinger said that Iran was a strategic country, and the hostility between the United States and Iran need not be permanent.

Retaliation against LaRouche

All of these backroom deals and back-channel negotiations were seriously threatened by *EIR*'s initial exposure of Cyrus Hashemi's operations in summer 1980. The truth is, that we at *EIR* had little idea at that time of all the operations in which Hashemi was involved, nor were we aware of his ties to the Bush-Kissinger networks. But those networks clearly saw that we were threatening to blow their whole operation. Even worse, with the information picked up by the FBI wiretaps—for which they blamed LaRouche—much of the Hashemi-Pottinger operation began to unravel. Apart from the fact that Hashemi and Pottinger lost a lot of money in arms deals because of the *EIR*-generated publicity and the subsequent investigations, there was also a much bigger strategic intelligence game behind the scenes, which was being disrupted.

This was not the only source of Kissinger's hatred of LaRouche. In reality, it is probably one of the less significant reasons. But it was, nevertheless, one more reason for Kissinger to join forces with Bush-leaguer Pottinger to "shut down LaRouche" once and for all.