

10 December 1985

SI - X60

SECRET

MEMORANDUM FOR: Deputy Director of Central Intelligence
FROM: Director of Central Intelligence

FOIA(b) (1)
FOIA(b) (3)

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.

[REDACTED]

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.

[REDACTED]

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

[REDACTED]

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REC F98-055/1-258

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By: CAS Date: 7/22/02

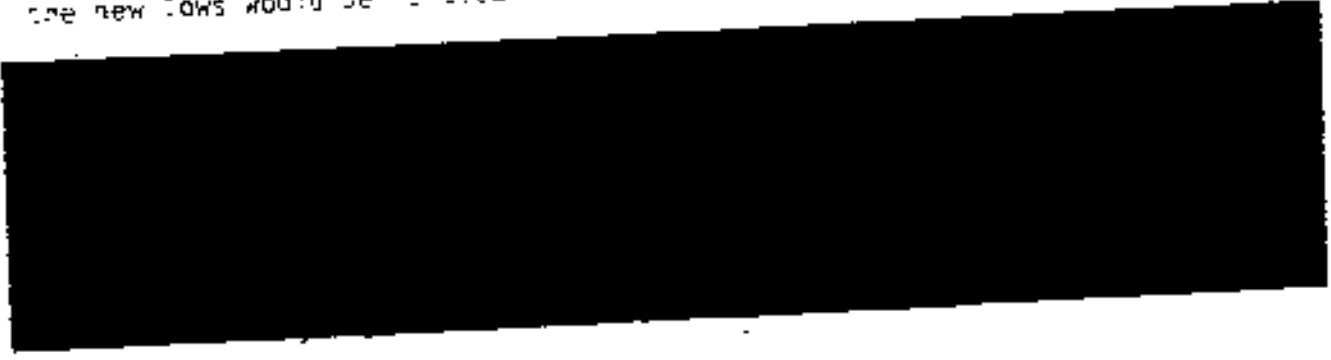
FOIA(b) (1)
FOIA(b) (3)

The Israelis are moving ahead on their Tow for Hostage deal with the Iranians. You will recall that in Sporkin's legal analysis there were two options: one for DoD to do it directly with the Israelis, the other to do it through CIA. Sporkin feels that the most defensible way to do it from a legal standpoint is through CIA. We prefer keeping CIA out of the execution even though a Presidential Finding would authorize the way Defense would have to handle the transactions.

Under this option, the idea was that the Israelis would buy the improved version of the Tow and ship to the Iranians the basic Tows they now have. The Israelis would then replace those basic Tows by buying the improved version. Unfortunately, there is not enough money available to do this. The Iranians have placed \$22 million in an account in Switzerland. This is enough for the basic Tows, but for the Israelis to buy the improved version it would cost about \$44 million.

Therefore, they want to use the second option under which CIA would buy basic Tows from

The money for the Iranian account would be transferred to the Israelis. The Israelis would transfer that money to a CIA account to pay for this purchase of the Tows from DoD, the shippers would move the Tows to the Israelis who would then move them on to the Iranians. The Israelis would keep their basic Tows and the problem of upgrading them to the new Tows would be handled in the normal DoD-Israeli relationship.



DECLASSIFIED IN PART
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C/S 7/22/02

WITHDRAWAL SHEET

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William Casey CFOA 1130

Date: 12/29/99
Glasser/F98-055-1

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Memo	Casey to Deputy Director of Central Intelligence, 1 p. PART. 7/22/02 F98-0551, #58	12/10/85	P1/F1 ,63
2. Memo	re: Israel/Iran, (1 page partial memo), 1 p. PART. " " " " #59	1/13/86	P1/F1 ,63

RESTRICTION CODES

Presidential Records Act - 54 U.S.C. 2204(a)

- P-1 National security classified information [(a)(1) of the PRA]
 - P-2 Relating to appointment to Federal office [(a)(2) of the PRA]
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 - P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(b)(5) of the PRA]
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- F-1 National security classified information [(b)(1) of the FOIA]
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