

Swiss Withhold Money From Arms Sales to Iran

U.S. Seeks \$10 Million as Stolen Property

By Pete Yost
Associated Press

Swiss authorities are refusing to surrender \$10 million to the U.S. government from the Reagan White House's secret arms sales to Iran—and there's a fierce court battle in Switzerland over who owns the money.

The funds have been frozen for the past 5½ years in Swiss bank accounts. The Justice Department argues that the funds are stolen property and should be given to the United States.

But the Swiss Federal Office for Police Matters turned down the U.S. request, pointing out that no one in the Iran-contra affair has been tried for allegedly defrauding the U.S. government.

That Feb. 3 decision, which the United States appealed on June 23 to Swiss federal court in Bern, has never been made public. A copy of the ruling and other documents in the case were provided to the Associated Press by a lawyer for retired Air Force Maj. Gen. Richard V. Secord.

Secord, who handled the Iran arms deliveries for the Reagan

White House in 1985 and 1986, has filed a claim in federal court in Bern for the \$10 million.

Secord's former business partner, Albert Hakim, claims he's entitled to some of it, as does Swiss-based money manager Willard Zucker, who moved funds for Secord and Hakim during the period in which profits from arms sales to Iran were used to finance the contra guerrillas fighting the Sandinista regime in Nicaragua.

"The charges associated to the diverting of public funds have indeed been dropped against Messrs. [White House aide Oliver] North, Hakim and Secord. We feel compelled to deny your request for the handing over of the funds," Pascal Gossin of the Swiss division of international mutual judicial assistance-Central Office USA wrote in his Feb. 3 decision. It went to Richard Owens, associate director of the U.S. Justice Department's office of international affairs.

The office of federal police where Gossin works is Switzerland's equivalent of the U.S. Justice Department.

The Reagan White House enlisted Secord to ship TOW and Hawk missiles and spare parts to Iran, and the U.S. government got the amount it demanded for the weapons before they were delivered. Secord, Hakim and North marked up the price paid the United States, stored the extra proceeds in Swiss accounts and funneled \$4.5 million to North's secret contra supply network in Central America.

Theft, fraud and conspiracy charges in connection with the Iran arms sale proceeds were brought in 1988 against Secord, Hakim and North, as well as former national security adviser John M. Poindexter.

But those charges never came to trial because the Reagan administration and U.S. intelligence agencies intervened in North's case, blocking the use of classified material that North needed for his defense.

That step forced Iran-contra prosecutors to abandon those allegations in the North case, and later against Secord, Hakim and Poindexter.

In April, Owens of the Justice Department urged the Swiss to reconsider. "Stolen property in the hands of a thief retains its character as stolen property irrespective of

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whether the theft is being investigated or prosecuted," Owens wrote.

In May, after consultations with Iran-contra prosecutors and Justice Department lawyers, Gossin issued a highly unusual order permitting the United States to become a civil, private party in Swiss federal court in Bern.

Without that order the United States would have been limited to making claims for the money under the terms of the Treaty for Mutual Assistance in Criminal Matters between Switzerland and the United States. Gossin's order allowed the United States to appeal under the treaty and to become a private party alleging that Secord had, in effect, embezzled the money.

Spokesmen for the Justice Department and Iran-contra prosecutor Lawrence E. Walsh declined Friday to comment on the matter.

Secord and Hakim were government "subcontractors" who "illegal-

ly siphoned off" millions in Iran arms sales money to Swiss accounts, according to the civil complaint filed June 23 by Georg Friedli, a Swiss lawyer hired by the U.S. government.

Secord's lawyer, Thomas Spencer, called the U.S. government's allegations about his client "outrageous, untrue and unsupported by the facts." Secord "took considerable risk in the Iran arms sales," Spencer said. "He was an independent businessman acting in the direction of the highest people in the U.S. government, and he's entitled to the money. No one's found my client guilty of stealing anything from anyone."

Secord said that "every penny the U.S. government demanded for the weapons to Iran, the U.S. government got—more than \$12 million in 1986 alone."

"The rest belongs to the companies that were under my control during Iran-contra," Secord said.

"This is a desperate attempt on the part of the U.S. government to

save face," said Karen Hawkins, Hakim's lawyer. "They are trying to seize assets which they have no legal basis to claim."

Under the U.S.-Swiss treaty, the United States must base a request for funds held in Switzerland on "a reasonable suspicion" that the money was criminally acquired.

Bringing theft, fraud and conspiracy charges against Secord, Hakim, North and Poindexter required "probable cause," a higher standard of proof than the treaty calls for, Iran-contra prosecutor Greg Mark wrote to Owens in April.

Secord pleaded guilty in Iran-contra to making a false statement to congressional investigators. Hakim pleaded guilty to a misdemeanor—aiding and abetting the supplementing of North's income. And all charges have been dismissed against North, who was convicted by a jury of three felonies. An appeals court set aside North's convictions. Poindexter's five felony convictions were reversed on appeal.