

New York Times

—NEW YORK, TUESDAY, OCTOBER 13, 1981—

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Ex-C.I.A Men Linked To Overseas Selling Of Sensitive Systems

This article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Taubman.

Special to The New York Times

WASHINGTON, Oct. 12—Two former agents of the Central Intelligence Agency joined forces with a small California electronics company in the 1970's in an effort to market sensitive American technology abroad, according to current and former company executives and company documents.

The former agents, Edwin P. Wilson and Frank E. Terpil, were indicted last year on charges of illegally shipping explosives to Libya and are now fugitives living abroad.

The California company, the Stanford Technology Corporation, apparently provided a legitimate base for some of Mr. Wilson's and Mr. Terpil's questionable transactions.

For example, they used the name of a Stanford Technology subsidiary, without the knowledge of company officials, to negotiate a deal to train terrorists in Libya and to sell military supplies to Idi Amin, then the leader of Uganda, according to Federal investigators and former associates of Mr. Wilson.

For its part, Stanford Technology, which had no association with Stanford University, hoped that the former agents would use their intelligence connections to generate business and gain Government approval for the compa-

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ny's exports, company officials said. Mr. Wilson and Mr. Terpil had left the C.I.A. by the time they joined Stanford Technology as salesmen, but they said they still worked for the agency, and company officials say they believed it.

The relationship between the company and the former agents did not, in the end, lead to much business for either, and Stanford Technology executives now say Mr. Wilson and Mr. Terpil created more trouble than business. But the relationship illustrates a twilight area of international commerce where some of the world's most sensitive and secret technology is traded purely for profit, with only limited control by the Federal Government.

The authorities say they are concerned about the apparent inability of the Government to monitor and prevent the unauthorized export of American military technology and to control the activities of its former agents. These issues are now being investigated by the House Select Committee on Intelligence.

Stanford Technology had offices in Sunnyvale, Calif., in the heart of the Silicon Valley, where some of the nation's most sophisticated electronic and computer hardware is designed and manufactured. Earlier this year, as part of a reorganization, the company became a subsidiary of Analog Devices, a large electronics manufacturer. There is no evidence that Analog Devices knew of Mr. Wilson's and Mr. Terpil's association with Stanford Technology.

Before the two agents became affiliated with Stanford Technology the company had already engaged in transactions that raised foreign policy and export questions.

In 1975, Stanford Technology sold Iran a sophisticated electronic surveillance system that Shah Mohammed Riza Pahlavi planned to use to spy on the communications of his top military commanders, according to former employees of the company. American intelligence officials later said the equip-

ment should not have been approved for export because of its advanced technology.

The principal owner of Stanford Technology, an Iranian businessman, operated a company in Teheran that provided Iranian Government officials with instructions about how they could disguise sophisticated electronic equipment like the surveillance system sold by Stanford Technology and avoid export licensing problems in the United States by assembling the systems outside America. The owner declined to be interviewed.

Radar Deal Sabotaged

Also in 1975, Stanford Technology put together a proposal to bid for a Turkish contract for an advanced radar warning system. At that time American arms sales to Turkey were banned because the Turks had invaded Cyprus, using United States-supplied military equipment in violation of a pact on how those arms were to be used. A company engineer who worked on the Turkish proposal said that, in light of the ban, he sabotaged the deal by watering down the proposal so it would be unacceptable to the Turks.

After Mr. Wilson and Mr. Terpil became affiliated with Stanford Technology in 1976, they arranged for Stanford Technology's parent corporation in Switzerland to construct a building to house computers in Libya. The construction project, worth \$500,000, was designed to house an I.B.M. computer obtained by the Libyan Ministry of Interior for maintaining files on Libyan citizens. Mr. Terpil advanced \$100,000 for the financing of the project from income he had received as part of a contract he and Mr. Wilson had obtained to train terrorists in Libya, according to a former Stanford Technology employee.

In 1976, Mr. Wilson obtained the help

of a senior C.I.A. official in an effort to gain Government approval for the export of sensitive electronic warfare equipment from Stanford Technology to Egypt, according to a former associate of Mr. Wilson. He also arranged for the Iranian owner of Stanford Technology to meet with the same C.I.A. official, according to a former company employee. The deal was never struck.

Some of Mr. Wilson's and Mr. Terpil's transactions involving Stanford Technology were done without the knowledge of company officials. For example, they used the marketing subsidiary of Stanford Technology, Intercontinental Technology Inc., to conclude their deal to train terrorists in Libya, according to Federal investigators, and they eventually drew up the contract on the affiliate's stationery.

Richard T. Ashcroft, president of International Imaging Systems and head of Stanford Technology before the name change, minimized the involvement of Mr. Wilson and Mr. Terpil in the company's affairs. "Stanford Technology never obtained a contract through Wilson," he said in an interview.

Mr. Ashcroft acknowledged that Mr. Terpil had generated business for Stanford Technology.

Subsidiary's Involvement Denied

John N. Adams, a vice president of International Imaging, said in an interview that the American-based subsidiary of his company was not involved in deals with Mr. Wilson and Mr. Terpil that were consummated and that other questionable transactions were handled by Stanford Technology's parent company in Switzerland, the Stanford Technology Corporation, S.A.

A Federal investigation of Mr. Wilson and Mr. Terpil, which includes inquiries into possible bribery of Government officials, the use of Army Special Forces veterans to train terrorists in Libya and the possible involvement of Mr. Wilson in the attempted assassination of a Libyan student in Colorado last year, has not focused on the Stanford Technology connection, according to Justice Department officials.

Senior officials in the Reagan Administration, including Secretary of Defense Caspar W. Weinberger, say they are increasingly concerned that the transfer of technology abroad may undermine American superiority in military technology, one area in which the United States is considered to hold a critical edge over the Soviet Union.

In 1977, Mr. Wilson, working with Stanford Technology employees, attempted to divert restricted American computer technology to the Soviet Union, according to former associates

familiar with the effort. The plan called for stealing computer programming codes for a highly sophisticated American image processing system in Iran and then selling the codes to the Soviet Union. One former associate involved in the plan said he had refused to steal the codes but did not know whether Mr. Wilson had eventually obtained them from some other source.

The attempts to sell equipment in the Soviet Union and the Middle East suggest that the international commercial ambitions of Mr. Wilson and Mr. Terpil reached far beyond the specific deal that Federal authorities say they concluded with Libya in 1976, to sell their expertise in intelligence, arms and explosives to the North African Arab nation for the training of terrorists.

The association of Mr. Wilson and Mr. Terpil with Stanford Technology represents the kind of uneasy marriage of intelligence connections and private enterprise that is common among former intelligence agents, according to Federal officials. Such attempts to capitalize on information and connections acquired while working for the Government arouse the concern of senior intelligence officials. Staff members say the House Intelligence Committee, which is investigating the activities of Mr. Wilson and Mr. Terpil, plans to take a careful look at the problem.

Company Involved Since 70's

Stanford Technology's involvement in this mixture of business and intelligence dates to the early 1970's. The company's founder and principal owner was Albert Hakim, an Iranian businessman. Mr. Hakim sold his interest in the company to Analog Devices but kept the name Stanford Technology to operate a new business in Campbell, Calif.

Before the establishment of Stanford Technology as a Geneva-based company with a United States subsidiary in 1974, Mr. Hakim did business primarily through an Iranian company he owned called Multi Corp International Ltd. Through it, he acted for a period in the early 1970's as the Iranian marketing representative for the Hewlett-Packard Corporation.

In an undated proposal to help the Iranian Army obtain advanced electronic surveillance systems, Multi Corp International summarized how such systems could be exported piecemeal and assembled abroad to disguise their capabilities.

The document, a copy of which was made available by a former Stanford Technology employee, stated that this method of obtaining equipment could "mask or render secure the real system that is being assembled."

License Difficulties Avoided

"The approach is useful to avoid some export licensing difficulties," the document continues. "An example of this last point, the export of transportable jamming equipment from the U.S., is difficult, but the purchase and export of transmitters, computers, synthesizers and shelters — all as separate items — is not difficult, but it does require the customer to assemble the system."

In 1974, according to public records in Switzerland and Delaware, Mr. Hakim founded Stanford Technology. Former employees said the company had been created specifically to take advantage of a deal negotiated by Mr. Hakim with Gen. Mohammed Khatemi, the commander in chief of the Iranian Air force and the husband of the Shah's half-sister.

The deal, worth about \$7.5 million, involved the purchase by the air force of a sophisticated electronic surveillance system to be designed and manufactured by Stanford Technology.

The system, called the RS-25, was ostensibly designed to help the air force maintain security in its operations, but former Stanford Technology officials said the actual purpose was to allow the Shah to monitor the radio and telephone conversations of Iranian military officials to check on their loyalty.

Order Is Modified

The system had three components: a base station, mobile vans to monitor radio signals and a telephone monitoring system capable of intercepting, recording and analyzing 4,500 calls simultaneously. Midway through production, General Khatemi was killed in a hang-glider accident, and a reshuffling of the air force command led to a modification in the order. Only the telephone monitoring system was installed in Teheran, company officials said, and it is not clear how it was used by the Iranians.

The company had no trouble in obtaining an export license for the RS-25, according to company executives. However, months later, when officials of the Central Intelligence Agency examined design specifications for the system, they told Stanford Technology officials that they were surprised at the advanced state of the technology and expressed doubts about whether it should have been approved for export.

A former Stanford Technology official who worked on the RS-25 system said in an interview that the company's applications for export approval, while accurately listing the components, had not conveyed the sophistication of the whole system.

Mr. Terpil and Mr. Wilson entered the picture not long after the company was founded and while the RS-25 system was being built, according to former company officials. Mr. Terpil joined Stanford Technology first, as an international salesman in early 1975, when the company hired Intercontinental Technology as its marketing representative.

Mr. Terpil was president of Intercontinental, according to company records. Later that year, Stanford Technology purchased Intercontinental Technology, making it a wholly owned subsidiary. Intercontinental Technology was based in Washington, with offices in Geneva, London and Sunnyvale.

Doubts About Association

It is not clear whether Mr. Wilson first became associated with Stanford Technology through Mr. Terpil or Mr. Hakim. One former associate of Mr. Hakim and Mr. Wilson recalled a meeting in a Teheran hotel at which Mr. Hakim told Mr. Wilson that he could make the former C.I.A. agent wealthy

in return for access and influence in Washington.

Mr. Hakim, who currently lives in California, declined to be interviewed. His attorney, N. Richard Janis, issued this statement: "Mr. Hakim was not and is not engaged in any of the illegal activities alleged of Mr. Wilson, nor do Federal investigators contend otherwise."

Mr. Wilson's formal affiliation with Stanford Technology began in early 1976, not long after he started working with Mr. Terpil under the auspices of Intercontinental Technology. Their activities were not limited to promoting Stanford Technology sales, according to several former business associates.

Training Deals Negotiated

For example, in 1976, Mr. Wilson and Mr. Terpil, apparently without the knowledge of Stanford Technology executives, negotiated their deal to train terrorists in Libya, using Intercontinental Technology for some of the paper work, Federal investigators said. Later, in 1977, Mr. Wilson used Intercontinental Technology's Geneva office for payment of former Army Special Forces troops, or Green Berets, he had recruited to train terrorists in Libya, according to several participants in the operation.

On Aug. 3, 1977, Mr. Terpil concluded a \$3.2 million contract to sell arms, explosives and communications equipment to President Idi Amin of Uganda. The contract was drawn up on Intercontinental Technology stationery, according to Federal investigators.

Stanford Technology officials were apparently unaware of the transactions.

One former executive of the company said he regretted the day Stanford Technology hired Mr. Terpil and, through him, became associated with Mr. Wilson. The executive said company officials had assumed that both men were still linked to the C.I.A.

No Signal from C.I.A.

"Frank talked all the time about his intelligence connections," recalled the former executive, who asked not to be identified. He said he asked a C.I.A. representative in California to signal Stanford Technology if Mr. Terpil was not an intelligence agent. When no such signal was returned, he assumed Mr. Terpil was associated with the agency, the executive recalled.

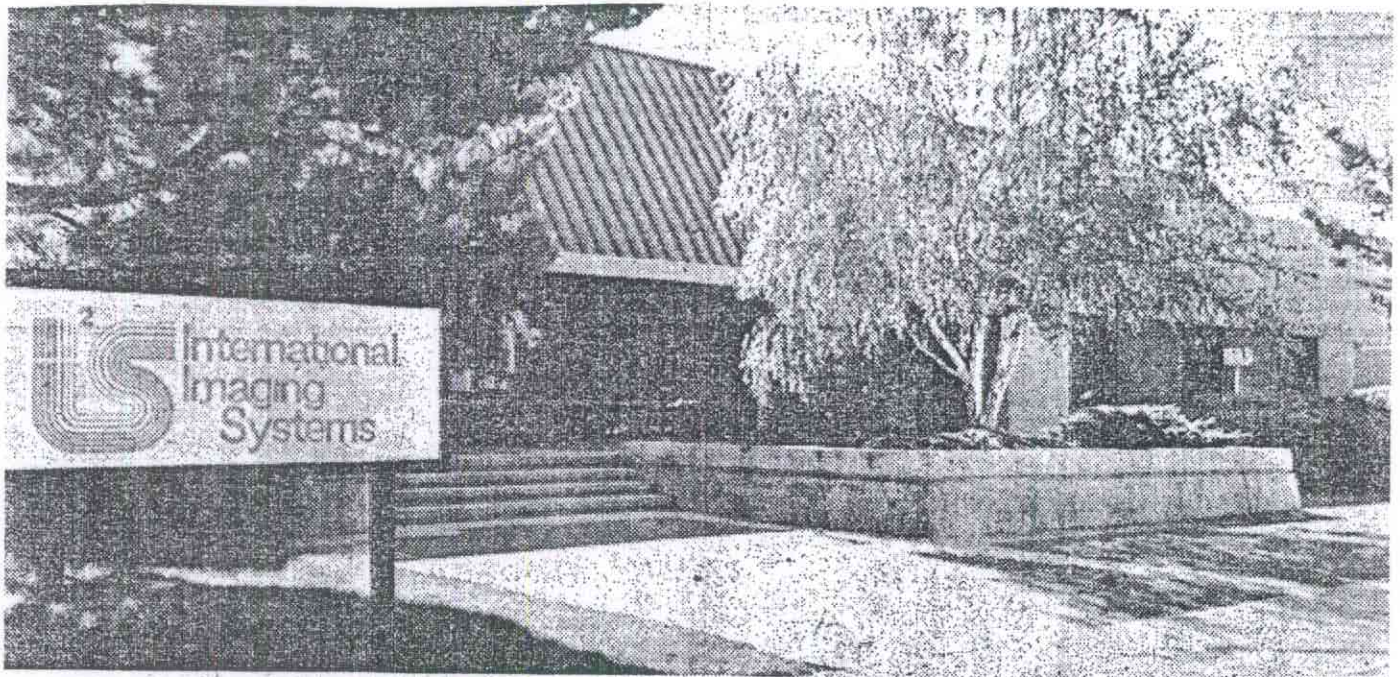
In May 1976, Mr. Wilson used his intelligence connections in an attempt to help Stanford Technology gain an export license for the sale of restricted radar jamming equipment to Egypt, according to one of his former business associates.

Specifically, Mr. Wilson arranged a meeting at the Bethesda, Md., home of Theodore G. Shackley, then a senior officer in the intelligence agency's clandestine

services. Kevin P. Mulcahy, a business associate of Mr. Wilson's at the time, says the meeting was arranged to solicit the aid of Mr. Shackley and the C.I.A. in persuading the State Department to issue an export license.

Mr. Shackley, according to Mr. Mulcahy, told him to route the request through the agency's downtown Washington office where public contacts with the C.I.A. are handled. State Department officials said the department never approved the export application.

Mr. Terpil was dismissed by Stanford Technology in 1976, a former company executive said. It is not clear when Mr. Wilson's relationship with the company ended, but company officials said he and Mr. Hakim parted ways in 1977.



The New York Times / Jane Alex-Pi

Offices of International Imaging Systems in Sunnyvale, Calif., the heart of Silicon Valley. Organization was formerly the Stanford Technology Corporation.

This article continues an investigation by The Times into the transfer abroad of advanced technology, military equipment and expertise by former United States intelligence agents and military officials.

Key issues involve Federal control over such transfers, how they were made and the role of the Central Intelligence Agency in the activities of Edwin P. Wilson, a former agent. Mr. Wilson and another former agent were indicted in 1980 on charges of exporting explosives to Libya to help train terrorists. Other former C.I.A. employees have business ties to Mr. Wilson.

Previous articles have reported on Mr. Wilson's use of Green Beret troops to train terrorists in Libya, evidence that, investigators say, links Mr. Wilson to the suspect in the attempted murder of a Libyan student in Colorado and allegations that a company controlled by Mr. Wilson bribed a former Federal official.

The Times reported Sunday on efforts by Mr. Wilson to sell restricted American computer technology to the Soviet Union and on the activities of a British businessman with ties to both Mr. Wilson and the Soviet Union.