

Iran-Contra Talks With Gates Cited

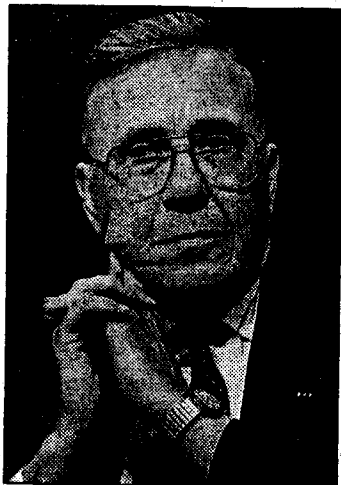
CIA Officials Contradict Nominee on Knowledge of White House Role

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Washington Post Staff Writers

Two top CIA officials yesterday gave detailed accounts of their early warnings to Robert M. Gates about the Iran-contra scandal, raising fresh doubts among some senators about past testimony by President Bush's nominee to be CIA director.

The officials, senior analyst Charles E. Allen and acting CIA Director Richard J. Kerr, said they explicitly told Gates in the summer and fall of 1986 of White House aide Oliver L. North's role in what they suspected was a secret diversion to the Nicaraguan contra rebels of proceeds from arms sales to Iran.

The testimony by the two officials, who will have to work under Gates if he is confirmed, contradicted the nominee's repeated statements that no one ever told him the White House was involved in the Iran-contra diversion. Several Democratic senators seized on the testimony at Gates's con-



CHARLES E. ALLEN
... Gates "acted appropriately"

firmation hearings to suggest Gates's assertions that he had only faint knowledge of the Iran-contra scandal are not credible.

What made the testimony by Allen and Kerr particularly difficult for Gates is that both of them re-

member not only what they told him about North, but also how Gates reacted to the information.

Sen. Warren B. Rudman (R-N.H.), one of Gates's strongest supporters, acknowledged that the issue before the committee has become Gate's integrity.

"The underlying question here, when all is said and done, with all that's been written—much of it inaccurate—is whether or not Bob Gates has told the committee the truth, whether his testimony about his state of recollection is accurate, or whether he lied then and he lied now. And that's really what this is all about," Rudman said.

Allen said he gave Gates a point-by-point recital at an Oct. 1, 1986, meeting of evidence that had led Allen to conclude by then that funds from the arms sales may have been diverted to support the contras.

He said he laid out North's involvement in several ways. "I told him I felt he was the person orchestrating this activity," Allen said.

But even while disputing Gates's own recollection of their meeting,

See GATES, A8, Col. 3

GATES, From A1

Allen said he felt Gates "acted appropriately" after their talk and encouraged him to pursue his suspicions.

"Mr. Gates never indicated he wanted anything but full disclosure of the facts," Allen said. "Never a wink. Never a nod."

Kerr, the second witness, also provided ammunition both for Gates's critics and his supporters. Once Gates's former deputy in the CIA's intelligence directorate, Kerr said under questioning that he supports Gates's confirmation, saying, "I don't think anyone else is as qualified to take the job."

Earlier, however, Kerr recalled being told by Allen in late August 1986 of his concerns about a diversion and of North's involve-

ment. Kerr said he promptly went to Gates and, "in a very brief form, summarized Charlie Allen's comments in a minute or two."

"Charlie had mentioned, obviously, that Ollie might have been involved in this," Kerr testified. "I clearly mentioned that to Bob Gates as well."

Gates has repeatedly testified that he has no recollection of his discussion with Kerr. He said he does remember Allen telling him of a possible diversion, but not that any U.S. government officials were involved.

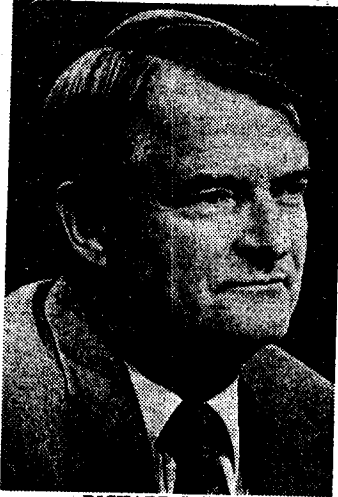
"To the best of my recollection," Gates told the Senate intelligence committee in written answers to interrogatories submitted before the hearings began last week. "Mr. Allen never mentioned to me or speculated that anyone in the U.S. government, including the CIA,

NSC [National Security Council] or the White House, was involved in the possible diversion of funds to support the contras."

Sen. Bill Bradley (D-N.J.) said he was highly skeptical about Gates's ability to recall one part of the conversation but not the other.

"It stretches credulity a bit that he would remember [being told] that there was a diversion, but not that the NSC was involved," Bradley said.

Gates has testified that he did not move more quickly on the possibility of a diversion because there was no sign of official U.S. government involvement. He gave the same reason in explaining his failure to ask

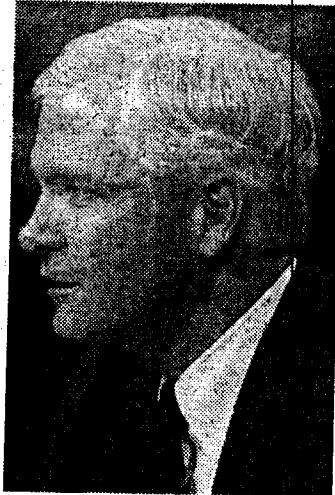


RICHARD J. KERR
... North role "clearly mentioned"

North himself about the diversion at a lunch just a few days after the meeting with Allen.

Allen, who kept watch for the CIA over the secret U.S. arms sales to Iran, said he decided to talk to Gates directly after a September conversation in which North told him about having a multimillion-dollar "reserve" that might be used to pay off a complaining Iranian middleman who was threatening to disclose the Iranian initiative.

Allen said he had already become concerned over the inflated prices the Iranians were being charged and the possibility that the excess funds were being generated by North and his compatriots to support the Nicaraguan rebels during a period when Congress



ROBERT M. GATES
... doesn't recall talk with Kerr

had banned military aid to the contras.

After hearing Allen's report on Oct. 1, 1986, Gates, according to Allen, responded: "I admire Colonel North . . . but this goes too far. . . I cannot believe the White House would commingle these activities."

Gates, when questioned in the past about Allen's Oct. 1 warning, has described it as "extraordinarily flimsy" speculation. But Allen said yesterday that Gates took it seriously at the time and told him to report his concerns immediately to then-CIA Director William J. Casey. When Allen saw Casey on Oct. 7, Gates joined them and, according to Allen, urged Casey to act promptly on the matter.

Kerr, in turn, recalled Gates's reaction in August to his earlier warning about North. Kerr said Gates told him in so many words that "Ollie's involvement [in the Iranian initiative] probably would generate any number of rumors and . . . some connection, real or otherwise, would be made to contra support."

The diversion was publicly announced on Nov. 25, 1986, by Attorney General Edwin Meese III at a White House news conference. After the announcement, Allen said, Kerr told him: "Mr. Gates has a problem. I talked to Bob and, unfortunately, he just can't remember that [August] conversation."

Allen said that was the first time he knew Kerr had taken his concerns to Gates.

Sen. Sam Nunn (D-Ga.), in his first concentrated burst of critical questioning since the hearings began, pressed Allen to explain why a memo Allen had written in October 1986 recording his suspicions about the Iran-contra operation had omitted mention of North's role. Allen said he had been afraid to put those judgments in writing.

"I had suspicions that it [the diversion] could have gone into the Oval Office," he told Nunn, adding that those suspicions were based on having been told earlier by Deputy CIA Director John McMahon that President Ronald Reagan was strongly committed to pursuing the Iran initiative.