



THOMAS KERR FOR THE WASHINGTON POST

The Looking-Glass 'Surprise'

In the Culture of Conspiracy, Real Questions Linger

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By Robert Parry

FOR NEARLY three decades America has been divided into two camps—those who see conspiracy theories as a way to explain history and those who ridicule them as paranoid fantasies; those who buy the Official Story and those who don't.

This "conspiracy/not" split dates at least back to the Kennedy assassination. It widened during the Vietnam and Watergate eras and became a chasm in the 1980s and early '90s. At the end of 12 years in power, the Reagan-Bush presidencies are leaving behind a mass of sometimes intersecting scandals: Iran-contra, Iraq-gate, the Bank of Credit and Commerce International and Banco Nazionale Lavorno. In conspiracy circles there is dark talk of an "octopus"

Robert Parry, a reporter for PBS's "Frontline" news and documentary series, is writing a book about the October Surprise mystery entitled "Trick or Treason."

theory pulling all the scandals into one, while the custodians of Washington's "conventional wisdom" attack the rise of conspiratorial thinking as ludicrous and irresponsible. The verbal combat between these competing worldviews has been especially sharp over the so-called "October Surprise" theory.

The October Surprise holds that the Reagan-Bush campaign of 1980, primarily in the person of its chairman, William Casey, interfered with President Carter's negotiations to free American hostages held in Iran so as to prevent an 11th-hour release that would enable embattled incumbent Jimmy Carter to win the election.

Despite near-unanimous Republican opposition, congressional leaders authorized investigations by the full House and by a Senate Foreign Relations subcommittee. A preliminary report by the Senate investigator, Reid Weingarten, was released last month, tentatively concluding that no cred-

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CONSPIRACY, From C1

ible evidence existed that the Reagan-Bush campaign engineered a deal to delay the release of the hostages. But the report criticized Casey for "fishing in troubled waters and conducting informal, clandestine and potentially dangerous efforts" to gather intelligence on the hostage talks.

Though little noticed at the time, the October Surprise scenario was first aired in 1980 when Iran's acting foreign minister, Sadeq Ghotbzadeh, alleged Republican interference to reporters in France. Meanwhile, Chicago Tribune reporter John Maclean was told by a Republican source in Washington about a supposed mid-October trip by vice presidential candidate George Bush to Paris for the purpose of hostage negotiations. GOP campaign spokesmen promptly denied the charge and Maclean never wrote the story.

In 1983, a congressional investigation into the theft of Carter's debate briefing book during the 1980 presidential campaign revealed that the Reagan campaign had an elaborate 24-hour-a-day operation, overseen by Casey, to monitor Carter's efforts to free the hostages. Ex-CIA and military officers were on the alert for any sign that Carter had cut a deal. But it was unclear if this political intelligence operation had gone any further.

In the wake of the Iran-contra scandal in 1986, more allegations about Republican hanky-panky in 1980 surfaced. Iran's ex-president Abol Hassan Bani-Sadr offered the New York Times a sketchy account of a meeting between Republicans and Iranians in Paris in October 1980. Senior Reagan-Bush campaign advisers acknowledged to a Miami Herald reporter that they had held a private meeting at Washington's L'Enfant Plaza Hotel in September or October 1980 with a mysterious Iranian emissary. The Republicans—Richard Allen, Laurence Silberman and Robert McFarlane—said they rebuffed a proposal to deliver the hostages to Ronald Reagan.

The allegations entered the official government record in spring 1990 when federal prosecutors charged Richard Brenneke, an arms dealer, for claiming that he had first-hand knowledge of the supposed Paris meetings. Brenneke was acquitted when not a single juror was persuaded by the government's argument that Brenneke was lying.

The congressional General Accounting Office started a cursory review of the charges. Gary Sick, a former staff member of the National Security Council who had worked on Middle Eastern policy for the Carter administration, said he was inclined to give credence to the allegations and has since published a book making his case. The

producers of the Public Broadcasting System's "Frontline" documentary series asked me to help them investigate the allegations.

Some of the October Surprise claims proved flimsy and some outright false, such as Brenneke's assertion of a direct role. But the welter of allegations included charges of meetings from individuals with verifiable connections to U.S. and Western intelligence services.

One Iranian, Jamshid Hashemi, had worked with the CIA in 1980 and was the

brother of a man who was serving as an intermediary between the Carter administration and the Iranian government. Ari Ben-Menashe was an Iranian-born Israeli who had worked for a unit of Israeli military intelligence from 1977-87. He had approached American reporters in the spring of 1986 with accurate stories about American arms-for-hostage deals with Iran. Some of his other early claims about Western arms shipments to Iraq had also proven true. Ben-Menashe asserted that in October 1980, he saw Bush head into a meeting at a Paris hotel with Casey and Mehdi Karrubi, a radical Iranian cleric.

Reagan, of all people, helped keep alive suspicions about secret Republican diplomacy when he cryptically told reporters in June 1991 that he "did some things to try the other way" to win the hostages' freedom. Since then, Reagan has refused to explain what he meant.

The new Senate report tried, with mixed success, to dispense with a variety of the longstanding October Surprise allegations:

■ *Paris meetings:* Like Iranian ex-president Bani-Sadr, Ben-Menashe insists that Bush traveled to Paris in October 1980 for secret meetings with Iranians—only Ben-Menashe claims he personally saw Bush with Casey as the two men entered a meeting with radical Iranian cleric Mehdi Karrubi. Bush and Karrubi have emphatically denied the allegation. Secret Service records show no foreign travel by Bush, indicating that Bush was in the Washington area on the supposed meeting date of Oct. 19, 1980. Bush's whereabouts could also have been corroborated by a family friend visited by the Bushes that Sunday afternoon. But congressional investigators were allowed to see the friend's name under the agreement that the person not be interviewed and the name not be disclosed.

■ *The L'Enfant Plaza meeting:* The most baffling new information developed by the Senate investigators concerns the meeting of GOP campaign aides and an Iranian emissary at the L'Enfant Plaza Hotel. Prior to the congressional investigation, the three Republicans—Allen, Silberman and McFarlane—said they rejected a proposal by a Middle Easterner to release the hostages to

candidate Reagan. But they all blanked on the man's name and position, thus leaving the possibility of more conspiratorial explanations. An Iranian arms broker, Houshang Lavi, then stepped forward claiming to be the emissary. Later Ari Ben-Menashe claimed that the L'Enfant Plaza meeting was arranged by the Israelis in a bid to resolve the hostage crisis and that he brought Lavi and another emissary named Abolhasan Omshei to the meeting. Lavi is dead. I interviewed Omshei for "Frontline" in Tehran and he told me that he did not travel to Washington in 1980.

Just before Allen testified at a closed Senate hearing, he discovered a long-lost memo about the L'Enfant Plaza meeting. However, many of the details in the memo differed from the accounts of others: The emissary was Malaysian, not Middle Eastern; he proposed to resolve the hostage crisis through a bizarre plan for putting the shah's son on the Peacock Throne. Further, McFarlane and Silberman, who is now a federal judge, disputed the account in Allen's memo. The Senate report notes the contradictions but

discounts their importance on the grounds that neither Lavi nor Ben-Menashe was credible enough to justify challenging the Republicans' basic point that nothing came from the meeting. There is another possible explanation—that there were two meetings.

■ *The Casey-Shaheen-Hashemi connection:* The Senate report's most provocative new information is drawn from FBI wiretaps of Cyrus Hashemi in his home and office in the fall of 1980. Hashemi was a suspected Iranian government agent who was doubling as an important intermediary between the Carter administration and Iran's radical mullahs. The wiretaps and other evidence demonstrated that Hashemi was a close business associate of Casey's longtime friend, John Shaheen, a New York-based oilman who had known Casey since both served as spies in the World War II Office of Strategic Services, the CIA's forerunner.

Although the phone conversations are cryptic, Shaheen is overheard on Oct. 23, 1980 calling a European business associate from Hashemi's New York office and discussing Hashemi's work on the hostage issue. In another intercepted call shortly after the November election, Shaheen tells Hashemi that he should begin "a direct one-to-one relationship" with Casey. Before Shaheen's death in 1985, he told FBI investigators that he indeed had introduced Hashemi and Casey prior to Casey becoming CIA director. But neither that interview nor the tapes clarify whether Casey knew Cyrus Hashemi personally in July and August 1980 as Jamshid Hashemi, Cyrus's brother, insists.

■ *Meetings in Madrid:* Jamshid Hashemi claims that he and Cyrus helped arrange two rounds of hostage meetings in late July and early August 1980 between Casey and cleric Mehdi Karrubi. Jamshid Hashemi says the first round lasted two days. But with Cyrus Hashemi and Casey both dead, and Karrubi denying the story, the Senate investigators were left trying to piece together Casey's whereabouts on July 26 and 27, 1980 to prove or disprove the allegations. They succeeded at neither.

The investigators found that Casey's personal and office calendars placed him in Washington on Friday, July 25 and that his office calendars contain no mention of travel over the next four days. There is the possibility of tampering with Casey's records, however. His personal calendar is missing the pages for the key dates of July 26-27; Casey's passport has also disappeared.

While finding no clear evidence that Casey went to Madrid, the congressional investigators did discount the anti-conspiracy reports in Newsweek and the New Republic which claimed definitively last year that Casey was in London on Sunday, July 27, 1980, and therefore could not have spent the weekend in Madrid. Those reports had depended on records of Casey paying for a bed-and-breakfast for two nights while attending a historical conference. But British authorities told the investigators that the records meant only that a room was made available to Casey, not that he actually used it. The earliest that Senate investigators could confirm that Casey was in London was Monday afternoon, July 28. Before going to the historical conference at

4 p.m., a receipt shows that he stopped by a London bookstore and bought four books, including one entitled "Master of Deception."

■ *Bohemian Grove:* The Senate report examined another story that would debunk Jamshid's Madrid story: that Casey attended a retreat at the exclusive Bohemian Grove in northern California the last weekend in July, flying out of San Francisco on the evening of July 27 and arriving in London mid-day on July 28. The Senate investigators thought this was a 50-50 proposition. At "Frontline," however, we concluded, based on numerous interviews, that Casey was almost certainly at the Bohemian Grove retreat in the first weekend in August, not the last weekend in July. One participant, Matthew McGowan, read to us a notation from his diary for Aug. 3, 1980 stating that "we had Bill Casey, Governor Reagan's campaign manager, as our guest this last weekend."

Thus where William Casey spent the weekend of July 26-27, 1980 is still grist for debate between conspiratorialists and debunkers.

The House investigation into the October Surprise allegations, which was far better funded and staffed than the Senate probe, is expected to issue its findings as early as this Thursday. Like the Senate report, the House task force is likely to stress the lack of any convincing evidence to support allegations of a deal to delay release of the hostages. But in the world of conspiracy and counter-conspiracy, no answer is likely to be final.