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FINAL REPORT OF THE
INDEPENDENT COUNSEL FOR
IRAN/CONTRA MATTERS

Volume I:
Investigations and Prosecutions

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Washington, D.C.

Executive Summary

In October and November 1986, two secret U.S. Government operations were publicly exposed, potentially implicating Reagan Administration officials in illegal activities. These operations were the provision of assistance to the military activities of the Nicaraguan contra rebels during an October 1984 to October 1986 prohibition on such aid, and the sale of U.S. arms to Iran in contravention of stated U.S. policy and in possible violation of arms-export controls. In late November 1986, Reagan Administration officials announced that some of the proceeds from the sale of U.S. arms to Iran had been diverted to the contras.

As a result of the exposure of these operations, Attorney General Edwin Meese III sought the appointment of an independent counsel to investigate and, if necessary, prosecute possible crimes arising from them.

The Special Division of the United States Court of Appeals for the District of Columbia Circuit appointed Lawrence E. Walsh as Independent Counsel on December 19, 1986, and charged him with investigating:

- (1) the direct or indirect sale, shipment, or transfer since in or about 1984 down to the present, of military arms, materiel, or funds to the government of Iran, officials of that government, persons, organizations or entities connected with or purporting to represent that government, or persons located in Iran;
- (2) the direct or indirect sale, shipment, or transfer of military arms, materiel or funds to any government, entity, or person acting, or purporting to act as an intermediary in any transaction referred to above;

(3) the financing or funding of any direct or indirect sale, shipment or transfer referred to above;

(4) the diversion of proceeds from any transaction described above to or for any person, organization, foreign government, or any faction or body of insurgents in any foreign country, including, but not limited to Nicaragua;

(5) the provision or coordination of support for persons or entities engaged as military insurgents in armed conflict with the government of Nicaragua since 1984.

This is the final report of that investigation.

Overall Conclusions

The investigations and prosecutions have shown that high-ranking Administration officials violated laws and executive orders in the Iran/contra matter.

Independent Counsel concluded that:

—the sales of arms to Iran contravened United States Government policy and may have violated the Arms Export Control Act¹

¹ Independent Counsel is aware that the Reagan Administration Department took the position, after the November 1986 revelations, that the 1985 shipments of United States weapons to Iran did not violate the law. This post hoc position does not correspond with the contemporaneous advice given the President. As detailed within this report, Secretary of Defense Casper W. Weinberger (a lawyer with an extensive record in private practice and the former general counsel of the Bechtel Corporation) advised President Reagan in 1985 the shipments were illegal. Moreover, Weinberger's opinion was shared by attorneys within the Department of Defense and the White House counsel's office once they became aware of the 1985 shipments. Finally, when Attorney General Meese conducted his initial inquiry into the Iran arms sales, he expressed concern that the shipments may have been illegal.

—the provision and coordination of support to the contras violated the Boland Amendment ban on aid to military activities in Nicaragua;

—the policies behind both the Iran and contra operations were fully reviewed and developed at the highest levels of the Reagan Administration;

—although there was little evidence of National Security Council level knowledge of most of the actual contra-support operations, there was no evidence that any NSC member dissented from the underlying policy—keeping the contras alive despite congressional limitations on contra support;

—the Iran operations were carried out with the knowledge of, among others, President Ronald Reagan, Vice President George Bush, Secretary of State George P. Shultz, Secretary of Defense Caspar W. Weinberger, Director of Central Intelligence William J. Casey, and national security advisers Robert C. McFarlane and John M. Poindexter; of these officials, only Weinberger and Shultz dissented from the policy decision, and Weinberger eventually acquiesced by ordering the Department of Defense to provide the necessary arms; and

—large volumes of highly relevant, contemporaneously created documents were systematically and willfully withheld from investigators by several Reagan Administration officials.

—following the revelation of these operations in October and November 1986, Reagan Administration officials deliberately deceived the Congress and the public about the level and extent of official knowledge of and support for these operations.

In addition, Independent Counsel concluded that the off-the-books nature of the Iran and contra operations gave line-level personnel the opportunity to commit money crimes.

Prosecutions

In the course of Independent Counsel's investigation, 14 persons were charged with criminal violations. There were two broad classes of crimes charged: Operational crimes, which largely concerned the illegal use of funds generated in the course of the operations, and "cover-up" crimes, which largely concerned false statements and obstructions after the revelation of the operations. Independent Counsel did not charge violations of the Arms Export Control Act or Boland Amendment. Although apparent violations of these statutes provided the impetus for the cover-up, they are not criminal statutes and do not contain any enforcement provisions.

All of the individuals charged were convicted, except for one CIA official whose case was dismissed on national security grounds and two officials who received unprecedented pre-trial pardons by President Bush following his electoral defeat in 1992. Two of the convictions were reversed on appeal on constitutional grounds that in no way cast doubt on the factual guilt of the men convicted. The individuals charged and the disposition of their cases are:

- (1) Robert C. McFarlane: pleaded guilty to four counts of withholding information from Congress;
- (2) Oliver L. North: convicted of altering and destroying documents, accepting an illegal gratuity, and aiding and abetting in the obstruction of Congress; conviction reversed on appeal;
- (3) John M. Poindexter: convicted of conspiracy, false statements, destruction and removal of records, and obstruction of Congress; conviction reversed on appeal;
- (4) Richard V. Secord: pleaded guilty to making false statements to Congress;
- (5) Albert Hakim: pleaded guilty to supplementing the salary of North;
- (6) Thomas G. Clines: convicted of four counts of tax-related offenses for failing to report income from the operations;

- (7) Carl R. Channell: pleaded guilty to conspiracy to defraud the United States;
- (8) Richard R. Miller: pleaded guilty to conspiracy to defraud the United States;
- (9) Clair E. George: convicted of false statements and perjury before Congress;
- (10) Duane R. Clarridge: indicted on seven counts of perjury and false statements; pardoned before trial by President Bush;
- (11) Alan D. Fiers, Jr.: pleaded guilty to withholding information from Congress;
- (12) Joseph F. Fernandez: indicted on four counts of obstruction and false statements; case dismissed when Attorney General Richard L. Thornburgh refused to declassify information needed for his defense;
- (13) Elliott Abrams: pleaded guilty to withholding information from Congress;
- (14) Caspar W. Weinberger: charged with four counts of false statements and perjury; pardoned before trial by President Bush.

At the time President Bush pardoned Weinberger and Clarridge, he also pardoned George, Fiers, Abrams, and McFarlane.

The Basic Facts of Iran/contra

The Iran/contra affair concerned two secret Reagan Administration policies whose operations were coordinated by National Security Council staff. The Iran operation involved efforts in 1985 and 1986 to obtain the release of Americans held hostage in the Middle East through the sale of U.S. weapons to Iran, despite an embargo on such sales. The contra operations from 1984 through most of 1986 involved the secret governmental support of contra military and paramilitary activities in Nicaragua, despite congressional prohibition of this support.

The Iran and contra operations were merged when funds generated from the sale of weapons to Iran were diverted to support the contra effort in Nicaragua. Although this "diversion" may be the most dramatic aspect of Iran/contra, it is important to emphasize that both the Iran and contra operations, separately, violated Unit-

ed States policy and law.² The ignorance of the "diversion" asserted by President Reagan and his Cabinet officers on the National Security Council in no way absolves them of responsibility for the underlying Iran and contra operations.

The secrecy concerning the Iran and contra activities was finally pierced by events that took place thousands of miles apart in the fall of 1986. The first occurred on October 5, 1986, when Nicaraguan government soldiers shot down an American cargo plane that was carrying military supplies to contra forces; the one surviving crew member, American Eugene Hasenfus, was taken into captivity and stated that he was employed by the CIA. A month after the Hasenfus shootdown, President Reagan's secret sale of U.S. arms to Iran was reported by a Lebanese publication on November 3. The joining of these two operations was made public on November 25, 1986, when Attorney General Meese announced that Justice Department officials had discovered that some of the proceeds from the Iran arms sales had been diverted to the contras.

When these operations ended, the exposure of the Iran/contra affair generated a new round of illegality. Beginning with the testimony of Elliott Abrams and others in October 1986 and continuing through the public testimony of Caspar W. Weinberger on the last day of the congressional hearings in the summer of 1987, senior Reagan Administration officials engaged in a concerted effort to deceive Congress and the public about their knowledge of and support for the operations.

Independent Counsel has concluded that the President's most senior advisers and the Cabinet members on the National Security Council participated in the strategy to make National Security Council staff members McFarlane, Poindexter and North the scapegoats whose sacrifice would protect the Reagan Administration in its final two years. In an important sense, this strategy succeeded. Independent Counsel discovered much of the best evidence of the cover-up in the final year of active investigation, too late for most prosecutions.

² See n. 1 above.

Scope of Report

This report provides an account of the Independent Counsel's investigation, the prosecutions, the basis for decisions not to prosecute, and overall observations and conclusions on the Iran/contra matters.

Part I of the report sets out the underlying facts of the Iran and contra operations. Part II describes the criminal investigation of those underlying facts. Part III provides an analysis of the central operational conspiracy. Parts IV through IX are agency-level reports of Independent Counsel's investigations and cases: the National Security staff, the private operatives who assisted the NSC staff, Central Intelligence Agency officials, Department of State officials, and White House officials and Attorney General Edwin Meese III.

Volume I of this report concludes with a chapter concerning political oversight and the rule of law, and a final chapter containing Independent Counsel's observations. Volume II of the report contains supporting documentation. Volume III is a classified appendix.

Because many will read only sections of the report, each has been written with completeness, even though this has resulted in repetition of factual statements about central activities.

The Operational Conspiracy

The operational conspiracy was the basis for Count One of the 23-count indictment returned by the Grand Jury March 16, 1988, against Poindexter, North, Secord, and Hakim. It charged the four with conspiracy to defraud the United States by deceitfully:

- (1) supporting military operations in Nicaragua in defiance of congressional controls;
- (2) using the Iran arms sales to raise funds to be spent at the direction of North, rather than the U.S. Government; and
- (3) endangering the Administration's hostage-release effort by overcharging Iran for the arms to generate unauthorized profits to fund the contras and for other purposes.

The charge was upheld as a matter of law by U.S. District Judge Gerhard A. Gesell even though the Justice Department, in a move that

Judge Gesell called "unprecedented," filed an amicus brief supporting North's contention that the charge should be dismissed. Although Count One was ultimately dismissed because the Reagan Administration refused to declassify information necessary to North's defense, Judge Gesell's decision established that high Government officials who engage in conspiracy to subvert civil laws and the Constitution have engaged in criminal acts. Trial on Count One would have disclosed the Government-wide activities that supported North's Iran and contra operations.

Within the NSC, McFarlane pleaded guilty in March 1988 to four counts of withholding information from Congress in connection with his denials that North was providing the contras with military advice and assistance. McFarlane, in his plea agreement, promised to cooperate with Independent Counsel by providing truthful testimony in subsequent trials.

Judge Gesell ordered severance of the trials of the four charged in the conspiracy indictment because of the immunized testimony given by Poindexter, North and Hakim to Congress. North was tried and convicted by a jury in May 1989 of altering and destroying documents, accepting an illegal gratuity and aiding and abetting in the obstruction of Congress. His conviction was reversed on appeal in July 1990 and charges against North were subsequently dismissed in September 1991 on the ground that trial witnesses were tainted by North's nationally televised, immunized testimony before Congress. Poindexter in April 1990 was convicted by a jury on five felony counts of conspiracy, false statements, destruction and removal of records and obstruction of Congress. The Court of Appeals reversed his conviction in November 1991 on the immunized testimony issue.

The Flow of Funds

The illegal activities of the private citizens involved with the North and Secord operations are discussed in detail in Part V. The off-the-books conduct of the two highly secret operations circumvented normal Administration accountability and congressional oversight associated with covert ventures and presented fertile ground for financial wrongdoing. There were

several funding sources for the contras' weapons purchases from the covert-action Enterprise formed by North, Secord and Hakim:

- (1) donations from foreign countries;
- (2) contributions from wealthy Americans sympathetic to President Reagan's contra support policies; and
- (3) the diversion of proceeds from the sale of arms to Iran.

Ultimately, all of these funds fell under the control of North, and through him, Secord and Hakim.

North used political fundraisers Carl R. Channell and Richard R. Miller to raise millions of dollars from wealthy Americans, illegally using a tax-exempt organization to do so. These funds, along with the private contributions, were run through a network of corporations and Swiss bank accounts put at North's disposal by Secord and Hakim, through which transactions were concealed and laundered. In late 1985 through 1986 the Enterprise became centrally involved in the arms sales to Iran. As a result of both the Iran and contra operations, more than \$47 million flowed through Enterprise accounts.

Professional fundraisers Channell and Miller pleaded guilty in the spring of 1987 to conspiracy to defraud the Government by illegal use of a tax-exempt foundation to raise contributions for the purchase of lethal supplies for the contras. They named North as an unindicted co-conspirator.

Secord pleaded guilty in November 1989 to a felony, admitting that he falsely denied to Congress that North had personally benefited from the Enterprise. Hakim pleaded guilty to the misdemeanor count of supplementing the salary of North. Lake Resources Inc., the company controlled by Hakim to launder the Enterprise's money flow, pleaded guilty to the corporate felony of theft of Government property in diverting the proceeds from the arms sales to the contras and for other unauthorized purposes. Thomas G. Clines was convicted in September 1990 of four tax-related felonies for failing to report all of his income from the Enterprise.

Agency Support of the Operations

Following the convictions of those who were most central to the Iran/contra operations, Independent Counsel's investigation focused on the supporting roles played by Government officials in other agencies and the supervisory roles of the NSC principals. The investigation showed that Administration officials who claimed initially that they had little knowledge about the Iran arms sales or the illegal contra-resupply operation North directed were much better informed than they professed to be. The Office of Independent Counsel obtained evidence that Secretaries Weinberger and Shultz and White House Chief of Staff Donald T. Regan, among others, held back information that would have helped Congress obtain a much clearer view of the scope of the Iran/contra matter. Contemporaneous notes of Regan and Weinberger, and those dictated by Shultz, were withheld until they were obtained by Independent Counsel in 1991 and 1992.

The White House and Office of the Vice President

As the White House section of this report describes in detail, the investigation found no credible evidence that President Reagan violated any criminal statute. The OIC could not prove that Reagan authorized or was aware of the diversion or that he had knowledge of the extent of North's control of the contra-resupply network. Nevertheless, he set the stage for the illegal activities of others by encouraging and, in general terms, ordering support of the contras during the October 1984 to October 1986 period when funds for the contras were cut off by the Boland Amendment, and in authorizing the sale of arms to Iran, in contravention of the U.S. embargo on such sales. The President's disregard for civil laws enacted to limit presidential actions abroad—specifically the Boland Amendment, the Arms Export Control Act and congressional-notification requirements in covert-action laws—created a climate in which some of the Government officers assigned to implement his policies felt emboldened to circumvent such laws.

President Reagan's directive to McFarlane to keep the contras alive "body and soul" during the Boland cut-off period was viewed by North, who was charged by McFarlane to carry out the directive, as an invitation to break the law. Similarly, President Reagan's decision in 1985 to authorize the sale of arms to Iran from Israeli stocks, despite warnings by Weinberger and Shultz that such transfers might violate the law, opened the way for Poindexter's subsequent decision to authorize the diversion. Poindexter told Congress that while he made the decision on his own and did not tell the President, he believed the President would have approved. North testified that he believed the President authorized it.

Independent Counsel's investigation did not develop evidence that proved that Vice President Bush violated any criminal statute. Contrary to his public pronouncements, however, he was fully aware of the Iran arms sales. Bush was regularly briefed, along with the President, on the Iran arms sales, and he participated in discussions to obtain third-country support for the contras. The OIC obtained no evidence that Bush was aware of the diversion. The OIC learned in December 1992 that Bush had failed to produce a diary containing contemporaneous notes relevant to Iran/contra, despite requests made in 1987 and again in early 1992 for the production of such material. Bush refused to be interviewed for a final time in light of evidence developed in the latter stages of OIC's investigation, leaving unresolved a clear picture of his Iran/contra involvement. Bush's pardon of Weinberger on December 24, 1992 preempted a trial in which defense counsel indicated that they intended to call Bush as a witness.

The chapters on White House Chief of Staff Regan and Attorney General Edwin Meese III focus on their actions during the November 1986 period, as the President and his advisers sought to control the damage caused by the disclosure of the Iran arms sales. Regan in 1992 provided Independent Counsel with copies of notes showing that Poindexter and Meese attempted to create a false account of the 1985 arms sales from Israeli stocks, which they believed were illegal, in order to protect the President. Regan and the other senior advisers did

not speak up to correct the false version of events. No final legal determination on the matter had been made. Regan said he did not want to be the one who broke the silence among the President's senior advisers, virtually all of whom knew the account was false.

The evidence indicates that Meese's November 1986 inquiry was more of a damage-control exercise than an effort to find the facts. He had private conversations with the President, the Vice President, Poindexter, Weinberger, Casey and Regan without taking notes. Even after learning of the diversion, Meese failed to secure records in NSC staff offices or take other prudent steps to protect potential evidence. And finally, in reporting to the President and his senior advisers, Meese gave a false account of what he had been told by stating that the President did not know about the 1985 HAWK shipments, which Meese said might have been illegal. The statute of limitations had run on November 1986 activities before OIC obtained its evidence. In 1992, Meese denied recollection of the statements attributed to him by the notes of Weinberger and Regan. He was unconvincing, but the passage of time would have been expected to raise a reasonable doubt of the intentional falsity of his denials if he had been prosecuted for his 1992 false statements.

The Role of CIA Officials

Director Casey's unswerving support of President Reagan's contra policies and of the Iran arms sales encouraged some CIA officials to go beyond legal restrictions in both operations. Casey was instrumental in pairing North with Secord as a contra-support team when the Boland Amendment in October 1984 forced the CIA to refrain from direct or indirect aid. He also supported the North-Secord combination in the Iran arms sales, despite deep reservations about Secord within the CIA hierarchy.

Casey's position on the contras prompted the chief of the CIA's Central American Task Force, Alan D. Fiers, Jr., to "dovetail" CIA activities with those of North's contra-resupply network, in violation of Boland restrictions. Casey's support for the NSC to direct the Iran arms sales and to use arms dealer Manucher Ghorbanifar and Secord in the operation, forced

the CIA's Directorate of Operations to work with people it distrusted.

Following the Hasenfus shutdown in early October 1986, George and Fiers lied to Congress about U.S. Government involvement in contra resupply, to, as Fiers put it, "keep the spotlight off the White House." When the Iran arms sales became public in November 1986, three of Casey's key officers—George, Clarridge and Fiers—followed Casey's lead in misleading Congress.

Four CIA officials were charged with criminal offenses—George, the deputy director for operations and the third highest-ranking CIA official; Clarridge, chief of the European Division; Fiers; and Fernandez. George was convicted of two felony counts of false statements and perjury before Congress. Fiers pleaded guilty to two misdemeanor counts of withholding information from Congress. The four counts of obstruction and false statements against Fernandez were dismissed when the Bush Administration refused to declassify information needed for his defense. Clarridge was awaiting trial on seven counts of perjury and false statements when he, George and Fiers were pardoned by President Bush.

State Department Officials

In 1990 and 1991, Independent Counsel received new documentary evidence in the form of handwritten notes suggesting that Secretary Shultz's congressional testimony painted a misleading and incorrect picture of his knowledge of the Iran arms sales. The subsequent investigation focused on whether Shultz or other Department officials deliberately misled or withheld information from congressional or OIC investigators.

The key notes, taken by M. Charles Hill, Shultz's executive assistant, were nearly verbatim, contemporaneous accounts of Shultz's meetings within the department and Shultz's reports to Hill on meetings the secretary attended elsewhere. The Hill notes and similarly detailed notes by Nicholas Platt, the State Department's executive secretary, provided the OIC with a detailed account of Shultz's knowledge of the Iran arms sales. The most revealing of these notes were not provided to any Iran/contra investigation until 1990 and 1991. The notes show

that—contrary to his early testimony that he was not aware of details of the 1985 arms transfers—Shultz knew that the shipments were planned and that they were delivered. Also in conflict with his congressional testimony was evidence that Shultz was aware of the 1986 shipments.

Independent Counsel concluded that Shultz's early testimony was incorrect, if not false, in significant respects, and misleading, if literally true, in others. When questioned about the discrepancies in 1992, Shultz did not dispute the accuracy of the Hill notes. He told OIC that he believed his testimony was accurate at the time and he insisted that if he had been provided with the notes earlier, he would have testified differently. Independent Counsel declined to prosecute because there was a reasonable doubt that Shultz's testimony was willfully false at the time it was delivered.

Independent Counsel concluded that Hill had willfully withheld relevant notes and prepared false testimony for Shultz in 1987. He declined to prosecute because Hill's claim of authorization to limit the production of his notes and the joint responsibility of Shultz for the resulting misleading testimony, would at trial have raised a reasonable doubt, after Independent Counsel had declined to prosecute Shultz.

Independent Counsel's initial focus on the State Department had centered on Assistant Secretary Elliott Abrams' insistence to Congress and to the OIC that he was not aware of North's direction of the extensive contra-resupply network in 1985 and 1986. As assistant secretary of state for inter-American affairs, Abrams chaired the Restricted Inter-Agency Group, or RIG, which coordinated U.S. policy in Central America. Although the OIC was skeptical about Abrams' testimony, there was insufficient evidence to proceed against him until additional documentary evidence inculpat-ing him was discovered in 1990 and 1991, and until Fiers, who represented the CIA on the RIG, pleaded guilty in July 1991 to withholding information from Congress. Fiers provided evidence to support North's earlier testimony that Abrams was knowledgeable about North's contra-supply network. Abrams pleaded guilty in October 1991 to two counts of withholding information from Congress about secret Govern-

ment efforts to support the contras, and about his solicitation of \$10 million to aid the contras from the Sultan of Brunei.

Secretary Weinberger and Defense Department Officials

Contrary to their testimony to the presidentially appointed Tower Commission and the Select Iran/contra Committees of Congress, Independent Counsel determined that Secretary Weinberger and his closest aides were consistently informed of proposed and actual arms shipments to Iran during 1985 and 1986. The key evidence was handwritten notes of Weinberger, which he deliberately withheld from Congress and the OIC until they were discovered by Independent Counsel in late 1991. The Weinberger daily diary notes and notes of significant White House and other meetings contained highly relevant, contemporaneous information that resolved many questions left unanswered in early investigations.

The notes demonstrated that Weinberger's early testimony—that he had only vague and generalized information about Iran arms sales in 1985—was false, and that he in fact had detailed information on the proposed arms sales and the actual deliveries. The notes also revealed that Gen. Colin Powell, Weinberger's senior military aide, and Richard L. Armitage, assistant secretary of defense for international security affairs, also had detailed knowledge of the 1985 shipments from Israeli stocks. Armitage and Powell had testified that they did not learn of the November 1985 HAWK missile shipment until 1986.

Weinberger's notes provided detailed accounts of high-level Administration meetings in November 1986 in which the President's senior advisers were provided with false accounts of the Iran arms sales to protect the President and themselves from the consequences of the possibly illegal 1985 shipments from Israeli stocks.

Weinberger's notes provided key evidence supporting the charges against him, including perjury and false statements in connection with his testimony regarding the arms sales, his denial of the existence of notes and his denial of knowledge of Saudi Arabia's multi-million dollar contribution to the contras. He was par-

doned less than two weeks before trial by President Bush on December 24, 1992.

There was little evidence that Powell's early testimony regarding the 1985 shipments and Weinberger's notes was willfully false. Powell cooperated with the various Iran/contra investigations and, when his recollection was refreshed by Weinberger's notes, he readily conceded their accuracy. Independent Counsel declined to prosecute Armitage because the OIC's limited resources were focused on the case against Weinberger and because the evidence against Armitage, while substantial, did not reach the threshold of proof beyond a reasonable doubt.

The Reagan, Bush and Casey Segments

The Independent Counsel Act requires a report as to persons not indicted as well as those indicted. Because of the large number of persons investigated, those discussed in individual sections of this report are limited to those as to whom there was a possibility of indictment. In addition there are separate sections on President Reagan and President Bush because, although criminal proceedings against them were always unlikely, they were important subjects of the investigation, and their activities were important to the action taken with respect to others.

CIA Director Casey is a special case. Because Casey was hospitalized with a fatal illness before Independent Counsel was appointed, no formal investigation of Casey was ever undertaken by the OIC. Casey was never able to give his account, and he was unable to respond to allegations of wrongdoing made about him by others, most prominently North, whose veracity is subject to serious question. Equally important, fundamental questions could not be answered regarding Casey's state of mind, the impact, if any, of his fatal illness on his conduct and his intent.

Under normal circumstances, a prosecutor would hesitate to comment on the conduct of an individual whose activities and actions were not subjected to rigorous investigation, which might exculpate that individual. Nevertheless, after serious deliberation, Independent Counsel concluded that it was in the public interest that this report expose as full and complete an ac-

count of the Iran/contra matter as possible. This simply could not be done without an account of the role of Director Casey.

Observations and Conclusions

This report concludes with Independent Counsel's observations and conclusions. He observes that the governmental problems presented by Iran/contra are not those of rogue operations, but rather those of Executive Branch efforts to evade congressional oversight. As this report documents, the competing roles of the attorney general—adviser to the President and top law-enforcement officer—come into irreconcilable conflict in the case of high-level Executive Branch wrongdoing. Independent Counsel concludes that congressional oversight alone cannot correct the deficiencies that result when an attorney general abandons the law-enforcement responsibilities of that office and undertakes, instead, to protect the President.

Independent Counsel asks the Congress to review the difficult and delicate problem posed to the investigations and prosecutions by congressional grants of immunity to principals. While recognizing the important responsibility of Congress for investigating such matters thoroughly, Congress must realize that grants of use immunity to principals in such highly exposed matters as the Iran/contra affair will virtually rule out successful prosecution.

Independent Counsel also addresses the problem of implementing the Classified Information

Procedures Act (CIPA) in cases steeped in highly classified information, such as many of the Iran/contra prosecutions. Under the Act, the attorney general has unrestricted discretion to decide whether to declassify information necessary for trial, even in cases in which Independent Counsel has been appointed because of the attorney general's conflict of interest. This discretion is inconsistent with the perceived need for independent counsel, particularly in cases in which officers of the intelligence agencies that classify information are under investigation. This discretion gives the attorney general the power to block almost any potentially embarrassing prosecution that requires the declassification of information. Independent Counsel suggests that the attorney general implement standards that would permit independent review of a decision to block a prosecution of an officer within the Executive Branch and legitimate congressional oversight.

Classified Information

In addition to the unclassified Volumes I and II of this report, a brief classified report, Volume III, has been filed with the Special Division. The classified report contains references to material gathered in the investigation of Iran/contra that could not be declassified and could not be concealed by some substitute form of discussion.