The Organized Crime Community
STUDIES IN ORGANIZED CRIME

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The Organized Crime Community

Essays in Honor of Alan A. Block

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Introduction

This volume is a commemoration of Alan Block’s contribution to the academic life of the communities that he has inhabited. Although these revolve principally around organized crime and its organisation – hence our title, *the Organised Crime Community* – they involve different disciplines: history, political ideology, Jewish studies, and, to a lesser extent, feminist scholarship (in relation to women’s role in organised crime). A significant editorial contribution resides in his long 17 year editorship of *Crime, Law and Social Change*, following Bill Chambliss and Stan Cohen in that role: we are delighted that its publisher, Springer, has chosen to publish this volume. Each year for three decades, he has been a tireless Europhile, bringing generations of students – totalling about 1,000 – over to Europe on summer trips to explore the complexities of European responses to crime for gain, and we hope that this has brought greater mutual understanding of comparative criminology. He started in Sicily – an obvious place for a criminologist interested in organised crime to start an excursion career – where he visited the Center of the famous reformer Danilo Dolci. After that Alan went to Denmark, then to The Netherlands, Germany and back to Italy. However the Netherlands was his primary venue for student courses in Europe, supplementing his long stays at the University of Delaware and Pennsylvania State University.

Alan’s primary work and his principal claim to academic posterity lies in his use of historical ethnography and investigative social research, combining documentary analysis with oral history. His interviewees included retired people, insider agency informants, and current practitioners from intelligence, law enforcement and revenue departments. The complex mosaics of lies, half truths and truths arising in such work are always provisional, seldom conclusive, but Alan tried to triangulate as best anyone could. This came through particularly well in his first book, *East Side West Side*, about gang homicides in New York, which he completed at Cardiff University while on an exchange scheme in 1977, when he and one of us (ML1) first...
met. He and Bill Chambliss (who founded *Crime, Law and Social Change* under its previous title *Contemporary Crises*) worked together on a valuable collection of essays entitled *Organizing Crime*, a verb/adverb that we have both found useful in our own work, emphasizing the active construction of crime with personnel and technical resources to hand, as contrasted with the almost parodied and usually static, hierarchical term ‘organised crime’ that has generated so much misunderstanding and disinformation in the academic and practitioner communities.

A second theme of Alan’s work is a focus on ‘history from below’, following the great EP Thompson’s work not just on the making of the English working class but on the criminalisation of common property. A third is Jewish studies, noting the neglected religious/ethnic affiliations of both male and female Jews to the organisation of crime, thereby complicating the stereotypical Italian American and Irish American (Catholic) image of organised crime. Finally, he will be remembered for what we consider to be his most original theoretical contribution: the loose merger of corporate interests, organised crime and political crime into what he termed ‘the serious crime community’. Rather than seeing businesspeople, gangsters, politicians and unions as diametrically opposed, he saw them as forming overlapping interest coalitions which almost guaranteed failure in the ‘War on Organised Crime’. Although he and others writing in this tradition may have overstated the degree of harmony between business, full-time criminals and politicians, it was and is important for people to look for unholy alliances if they are to understand the market economics and politics of crime and crime control.

These different strands are well represented by the contributions to this volume which, with the exception of Alan’s own classic study of Iran Contra, which represents the best of his own work and which still has a contemporary resonance, were specially written for this *Festschrift*. We have selected as contributors people who have all written for the journal under Alan’s editorship.

The contributions of two former Ph.D. students of Alan’s followed his own work to the closest degree. Jeff McIlwain and Clinto Leisz write about the American history of organized crime. Don Liddick’s chapter best represents his idea of the international serious crime community. Henry Pontell and Gilbert Geis follow Block’s example of looking into new venues for serious criminals to operate, in this case identity fraud. Block’s travelling mode of doing teaching and writing has brought him an especially large personal network in The Netherlands, and this is represented by four contributions. Dienke Hondius, who has thought Alan’s class in Holocaust studies in Amsterdam, has interviewed older Dutch contemporaries about what they remember about the deportation of the Jews. Petrus van Duyne and Maarten van Dijck critically deconstruct the use and misuse of the term ‘organized crime’. Whether or not s/he wishes to do so, a student of organized crime will eventually run into the problems arising from (the criminalization of) drugs. Block wrote extensively on this and in this volume, the theme is taken up by Francisco Thoumi on Afghanistan and Colombia, and by Frank Bovenkerk on the Netherlands. The political economy of the control over the money trail is a theme addressed by Tom Naylor, who has previously contributed so much work on the
underground economy to the journal, and by Mike Levi who describes and seeks to account for the history of the anti money-laundering movement. The final chapter, by Chrisje Brants, deals with the significance of international justice and whether international criminal tribunals make a significant contribution in combating war criminals.

Frank Bovenkerk

Michael Levi
1
The Origins of IRAN-CONTRA:
Lessons from the Durrani Affair

Alan A. Block

“Besides, the overhead expenses of a trafficker in what is considered a fair way of business are enormous. There are always false birth, marriage and death certificates to be obtained and travelling expenses and bribes to pay quite apart from the cost of maintaining several identities. You have no idea of the cost of forged documents Mr. Latimer... The point is that a trafficker needs plenty of capital. If he is known there are always plenty of people willing to provide it, but they expect fantastic dividends. It is better to have one’s own capital.”

Eric Ambler, A Coffin For Dimitrios, 1939.

Introduction

For many interested in the contemporary history of the Iran-Contra affair, its origins appear to be a settled issue. Debate has moved to other topics such as whether or not Iran-Contra represented a chronic or episodic dysfunction in the processes of U.S. foreign policy; whether or not it signaled a profound and permanent change in the style of U.S. National Intelligence covert operations; and whether or not it marked the introduction of “privatized” covert activities and what that might mean in light of certain Constitutional and other legal principles. Academically speaking, Iran-Contra is increasingly in the preserve of scholars such as Yale’s Harold Hongju Koh who points out, for example, the NSC “had taken on significant operational responsibilities” by 1974 that ultimately led to a swapping of roles with the CIA. This swap completed “an inversion of institutional responsibility that first began during the Vietnam era.” He adds amusingly that “[c]ongress no more designed the NSC to execute national security policy than it designed the Council of Economic Advisers to print the nation’s money.”

I am of the opinion, however, that the origins of U.S. weapons sales to Iran are far from settled. Despite the various public bodies that investigated the affair and published their accounts and much of the fine and authoritative work by careful writers such as Theodore Draper, there still seem to be certain consequential issues and individuals virtually unexplored. A close look at them and their activities pushes the weapons transactions with Iran sufficiently back in time to challenge the standard interpretations.
Standard Accounts

There is a standard view of when and why the U.S. decided to sell weapons to Iran. It was supposedly the path chosen to get Iran to lean on its Shiite surrogates in Lebanon who had kidnapped several Americans. The view is composed of two closely related scenarios which nonetheless merge into one generalized claim. The first was developed by President Reagan’s Special Review Board chaired by Senator John Tower of Texas. Edmund Muskie and Brent Scowcroft were its other members. Officially established by the President on December 1, 1986, it was directed to produce a report examining “the proper role of the National Security Council staff in national security operations, including the arms transfers to Iran.” The President gave the Board (called the Tower Commission), which had virtually no legal powers to investigate (it could not subpoena documents, compel testimony, grant immunity) only a couple of months to complete its work. After approximately three months (it requested and received a few weeks extension), the Tower Commission produced its findings. I have supplemented them with material from the National Security Archive’s chronology.

Both chronologies determined that the idea of clandestine sales of U.S. weapons to Iran originated in the summer of 1984 when international arms dealers including Adnan Khashoggi, and most importantly Manuchehr Ghorbanifar a former Savak officer, desired to move the U.S. and Iran into an “arms relationship.” The question of precisely when Khashoggi and Ghorbanifar came together is unsettled, however. One version has Ghorbanifar, who lived in France (and still does), presenting his “bona fides” in a November 1984 meeting with American Intelligence operative and former CIA officer, Theodore Shackley, in Hamburg, West Germany. There Ghorbanifar claimed to represent the interests and desires of Iran’s Prime Minister Hussein Musavi. Confirmation of Ghorbanifar’s influence for skeptics in American Intelligence was provided by the ex-head of Savak’s counterespionage branch, former General Manucher Hashemi.

The munitions men and their allies worked diligently on their plans and deals from the summer into the following year, although the Central Intelligence Agency did issue a warning to other government agencies, holding Ghorbanifar was a fabricator. Ghorbanifar had a bit of an uphill fight to convince the Americans of both his sincerity and ability. He thus suggested several tests, for instance, trading captured (in Iraq) Soviet equipment for American TOW missiles, or arranging a cash ransom paid to Iran for the release of four Americans kidnaped in Lebanon including CIA Beirut station chief, William Buckley.

At this point the evidence presented by the Tower Commission, and the National Security Archive, is somewhat vague on whether the weapons deal was approved by CIA director Bill Casey or still anxiously awaiting NSC authorization. One line suggests that through the winter and early spring of 1985, there was little movement in the Iran arms deal. But then, Lieutenant Colonel Oliver North, a U.S. Marine officer assigned to the National Security Council as Assistant Deputy Director for Political-Military Affairs, was given
documents and other material stating “that Shackley had contact with an Iranian [Ghorbanifar] who said he thought he could ransom Buckley.” Subsequently the deal was put into motion.

Another line holds that Casey and a former legal client of his, Roy Furmark, helped initiate important meetings between all the principals – Ghorbanifar, Khashoggi, Yaacov Nimrodi (arms dealer and former Israeli Defense Attache in Teheran), Amiran Nir (advisor to Israel’s Prime Minister Shimon Peres on counter terrorism), Adolph Schwimmer (weapons merchant and a Special Advisor to Peres) – as early as January 1985. The Israelis had a number of items on their agenda including, of course, making certain that Iran had enough munitions to continue, but not win, the war against Israel’s foe, Iraq. Quite obviously, Israeli interests, as seen by Prime Minister Peres, Nimrodi, Nir, and Schwimmer, were best served by a prolongation of the Iran-Iraq war.

This second line which advocated an early CIA presence behind the entire affair, gained a stronger measure of credibility through the actions of Casey’s man, Furmark who was also a business associate of Khashoggi’s. In this line, Furmark appeared to have been responsible for bringing together Khashoggi and Ghorbanifar. According to Furmark’s testimony before the Tower Commission, he met Ghorbanifar in January 1985 and then introduced him to Khashoggi a little later. This, if it is accurate, puts Casey at the center of the conspiracy.

Nevertheless, whether inspired and directed (at arms length) by Casey of the CIA, or waiting in the wings for NSC approval which was soon enough on the way, the arms dealers’ machinations came at a propitious moment for them. American National Security Council staffers had vainly, so far, looked for a way back into Iran, a method that would provide the U.S. with some leverage. Weapons were always the first and foremost consideration even though it was reported that an October 1984 study conducted at the highest national security levels on the issue of access to Iran through a resumption of weapons deals concluded that the U.S. had little to look forward to. In fact, one year earlier, a National Security Council study called for “operations to limit arms” from third countries to Iran. This was part of a decided “tilt” toward Iraq likely stemming from its recent battle-field performance. The study noted “U.S. interests would not be served if Iraq were to collapse.”

Shortly after the study had percolated around, on January 23, 1984, the State Department placed Iran on its list of countries supporting international terrorism. Iraq, on the other hand, had been taken off the dreaded list in December 1982 and was almost immediately granted over $200 million in “credit guarantees to finance sales of U.S. farm products.” Much later this would be understood as the start of a long-term massive illegal weapons deal paid for by U.S. taxpayers involving an Italian bank – Banca Nazionale del Lavoro – with a branch in Atlanta, Georgia. This was the so-called BNL scandal which lightly brushed over Henry Kissinger and George Bush. In addition, the Administration encouraged certain Persian Gulf Arab countries to “increase financial support for Iraq,” and in the early spring of 1984 sent Special Envoy Donald Rumsfeld to Baghdad to discuss improving bilateral relations with Iraq, paying special attention to a
proposed pipeline deal which involved several quite shady characters who were exceedingly close to CIA Director Casey.16

Lawrence E. Walsh was appointed Independent Counsel on December 19, 1986, to investigate the Iran-Contra scandal. In his Final Report released in January 1994, Walsh held the origins of “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.”17 Walsh added the Iran “initiative, was actually a series of events” that began in the summer of 1985 and lasted through the following year. Supplying Iran was a joint effort between Israel and the U.S. Israel sent U.S. manufactured weapons to Iran three times in 1985. The initial shipment took place August 20. Walsh noted the 1985 shipments led to the release in September of that year of a single American hostage in Lebanon.18

Walsh also commented on several other issues relating to arms sales to Iran including Israel’s desire for U.S. help in gathering intelligence on Iran, and an offer from Iran to purchase artillery shells from Israel. These issues were broached during a May 1985 meeting between Prime Minister Shimon Peres and Michael Ledeen who was a part-time consultant to the National Security Counsel. Ironically, one of the messages Ledeen gave to Peres dealt with America’s desire for Israeli help in securing intelligence about Iran. Peres told Ledeen that Israel would do nothing about the artillery shells without U.S. approval. Ledeen reported the discussion to National Security Adviser Robert McFarlane.

According to Walsh there was also a third concern that surfaced in a Special National Intelligence Estimate in May 1985. Requested by CIA Director Casey, the Estimate dealt with a potential Soviet influence in Iran which had to be countered with “new approaches” that could include eliminating “restrictions on weapons sales to Iran.”19 Casey tried to elevate the Estimate into a National Security Decision Directive. In June 1985 the NSC drafted the document for McFarlane’s consideration. On June 17 he sent it to Casey who endorsed it and to the Secretaries of State and Defense (George P. Schultz and Casper W. Weinberger) who opposed it.20

While there were other issues and considerations, it is clear that both the President’s Special Review Board (John Tower, Edmund Muskie, Brent Scowcroft) and Independent Counsel Walsh agree the weapons deals with Iran were done in the hope of securing the release of American hostages. Independent Counsel Walsh returned to this theme in his 1997 memoir Firewall: The Iran-Contra Conspiracy and Cover-up. “Beginning in March 1984,” he noted, “members of Hezbollah, a fundamentalist Shiite group sympathetic to the government of the Ayatollah Khomeini, kidnapped seven Americans – including William Buckley, the CIA chief of station – in Beirut, Lebanon.” What Walsh sought to establish when it came to President Reagan was that he had indeed authorized the sale of arms to Iran in order to free the hostages, thus making a mockery of his oft-repeated statement of “no concessions to terrorists,” and violating both the Arms Export Control Act and the National Security Act.21 In the second paragraph of Firewall Walsh succinctly states his case: “Reagan was within range of impeachment for his secret authorization of the sale of American weapons to Iran in exchange for American hostages. . . . Moreover, breaking the cardinal rule of
covert operatives, he had begun to believe his own cover: He had persuaded himself that he had not been trading arms for hostages; he had merely tried to establish a friendly relationship with Iranian moderates.”

By Happenstance

I came to this project quite by accident, the result of an interest in a former Assistant U.S. Attorney of some renown. This was E. Lawrence Barcella, Jr. who had been the lead prosecutor in the Orlando Letelier murder case in Washington, D. C., and subsequently served on the several prosecutions of Edwin Wilson, Jr., the former CIA agent convicted of selling C4 explosives to Libya and plotting to murder several people including Barcella. What piqued my interest was a news story that Barcella, while still an Assistant U.S. Attorney, had given a supposedly improper opinion on an arms deal that was part of Iran-Contra. Lyn Bixby of The Hartford Courant, had picked up this information from a deposition given during the appeals process of an arms case prosecuted in Connecticut. The case was USA v. Arif Durrani, a resident alien from Pakistan, in the arms trade for many years. Durrani was convicted of violating the Arms Export Control Act by arranging to transport Hawk missile parts to Iran in 1986.

On Friday, August 9, 1991, Durrani’s lawyer, William M. Bloss, deposed a former beauty queen, right-wing radio personality and arms dealer, Barbara F. Studley. Bloss asked her about a shipment of weapons from Poland to Honduras in 1985. Ms Studley was a difficult witness and when pressed by Bloss answered both crossly and somewhat off the point – “I had absolutely nothing to do with Iran. I don’t know anything about the Iran-Contra Iran segments. This was a legitimate shipment approved in writing by the Justice Department before we shipped it. Absolutely legitimate.” Bloss asked who had approved the operation and Studley responded, “Larry Barcella signed it.”

I called Barcella to ask about this. He said that a government official had contacted him for a legal opinion on a weapons transaction. The official told him that “an asset of the United States, a person who brokered weapons,” had been approached by someone and invited in on an arms deal. The official explained to Barcella the business involved foreign weapons shipped to foreign ports. The asset had asked the official to find out “if it was appropriate.” Barcella told me that he had checked with those who oversaw ITARS, which turned out to mean International Trafficking Arms Regulations, and concluded it was not our business. It was neither inappropriate nor illegal. Pressed to reveal the government official’s identity or at least position, he wouldn’t say. In a telephone interview with Bixby in 1992, however, Barcella did acknowledge Studley’s name was mentioned in his conversation with the unidentified official.

I was not particularly impressed by Barcella’s answers any more than I had been by his handling of the Letelier and Wilson cases. I wondered why a government official, presumably from the CIA or the National Security Council or some other Intelligence agency (officials in the Department of Agriculture do not run
assets), would ask a sitting AUSA for a legal opinion. The CIA has a General Counsel’s Office, and the others have something similar. Why go out of shop?

Lyn Bixby’s relentless probing turned up several likely suspects as Barcella’s visitor. One was Oliver North. Bixby wrote: “During congressional hearings in 1987, [retired Major General John] Singlaub, an associate of Ms Studley’s, testified that he had talked with North about his desire to support the Nicaraguan contras and had cleared the items in his weapons shipment with North. The delivery went from Poland to Honduras, and Swiss banks were used for money transfers. In advance of the arms shipment, Singlaub said he also discussed the legality of the venture with North, who gave him some rules to follow after checking with ‘someone in the Justice Department.’”

The work that made Barcella famous had some very rough corners. The Letelier case ended up with the main culprits lightly punished. According to the FBI case agent, Al Seddon, a deal was cut with Michael Townley, the mastermind of the assassination and dozens of other murders, who was extremely close to the Agency. The Wilson cases had an even larger share of odd corners and strange occurrences. Additionally, in the early 1980s, command of the Wilson investigations was taken from Barcella by high officials in the Department of Justice. Explaining the change, Deputy Assistant Attorney General Mark M. Richard stated Barcella was not “well-liked” and thought not competent to handle the complex multi-jurisdictional task force involved in the Wilson case. Richard also remarked that Barcella’s superiors in the U.S. Attorney’s office in Washington felt he was not keeping them informed of crucial developments, and that the relationship between Barcella and the FBI was strained.

The Durrani Affair

The only thing left to do was to speak to Durrani. We met in the summer of 1997 in Manhattan and then a week later in New Haven, Connecticut, at Bill Bloss’s law office. Durrani said he was wrongfully convicted and that Barbara Studley and General Singlaub could have established his innocence had they chosen to tell the truth in their depositions. Durrani’s innocence hinged on his assertion at trial that when he was arrested he had been working on a U.S.-Israeli sanctioned transaction. He was asked in the spring of 1986, he said, by representatives of the Israeli Ministry of Defense to locate 240 specific parts for the U.S. manufactured Hawk missile system that Iran had purchased back in the 1970s. He ended up working on this project with a Portuguese arms dealer, who held a Spanish passport, Manuel J. Pires. In years past, Pires had handled secret CIA arms transfers to Angola, and later to both Iran and Iraq.

Hawk Missiles and Spare Parts

For an effective counter-weight to Iraq’s air campaign, Iran needed both spares for their older Hawk batteries and new Hawk missiles as well. As far as the Iran-Contra investigators determined, in the summer of 1985, Pires was the middleman
in a shipment of Hawk parts that came from U.S. stockpiles. They were shipped to Iran through Brussels and West Germany. In October of that year, National Security Advisor, Bud McFarlane, approved another shipment of Hawk parts. The following month a CIA proprietary delivered 18 new Hawk missiles to Tehran.

Hawk transactions never ran smoothly, however. Oliver North wrote that this happened because the U.S. and Israeli private operatives “were unfamiliar with the operational parameters of the HAWK.” The weapons they agreed to ship were absolutely “inadequate” to meet Iranian requirements. In addition, Iran’s military situation was critical – “The Iranian descriptions of the state of their equipment, lack of competent management, inability to use much of the remaining U.S. materiel portends the real possibility of a military collapse (at least by the Army) in the near to mid-term.” Thus, North noted, “there is considerable pressure on the interlocutors in Europe to produce quickly.”

In late November 1985, North asked retired Air Force General Richard Secord to work with the Israelis on the Hawk program. Later the Israelis delivered 80 Hawks to Lisbon, Portugal. These Hawks were loaded on “three chartered aircraft, owned by a proprietary,” North wrote, which then took off for Iran. In March, the Iranians declared they desperately needed 240 types of spare parts for their stock of older Hawks. They were particularly anxious to get Klystron electron tubes, without which their older Hawks were so much scrap. However, finding parts for these weapons was not easy. Standard military supplies no longer carried them. In the middle of April 1986, North wrote that he was unable “to locate all the parts that Iran” wanted. The list was in the hands of both the CIA and the National Security Council.

Durrani’s Niche

Shortly after the Iranian revolution, Durrani became close to a number of the most important Iranian Revolutionary Guards who controlled Iran’s military forces. He was particularly cozy with Rahim Malekzadeh, an engineer educated in Germany, who was in charge of logistics and was reportedly the second most important figure in the Revolutionary Guards. At times Durrani acted as an advisor or weapons inspector for Malekzadeh. He also gave Malekzadeh the use of a corporate credit card and a Swiss bank account through which millions of dollars passed as the Iranians paid for some of their logistical needs. To say the least, he was trusted by the Iranians. “Interlocutor” Pires was especially chummy with the Israelis, particularly Abraham Shavit who was based in Belgium and was the manager of a Belgium company called ASCO.

The Iranian “interlocutor” handling the Hawk spare parts problem at this time was the notorious George Hassan. Under the Shah, Hassan had been the Chief of Police in Tehran, a Savak officer, and a CIA operative. During the Iranian revolution Hassan was detained by members of the Revolutionary Guards but soon released after a hefty bribe. He very quickly headed for Turkey and from there went to Germany and then briefly Austria. He finally moved to Portugal establishing
himself in Lisbon. Either despite his past or because of it, Hassan had become the key weapons broker for Iran.

It was Hassan who first approached Durrani about helping on the Hawk spare parts problem. They met briefly in Portugal where Durrani was inspecting an Israeli shipment of Hawk missiles as a favor for Malekzadeh. Durrani was non-committal; he had other business interests to tend. Hassan then told Pires to try and coax Durrani into cooperating. Pires sent various emissaries to him. Finally, after about eight months Durrani agreed to meet with Pires. Early in 1986 they finally met in Portugal. Durrani said he would help locate the parts. He was told he would get the list when he returned to the U.S. At Washington’s National Airport, Durrani was handed the list by a National Security Council staffer. He went to work.

Durrani found many of the parts at the Radio Research Instrument Company in Danbury, Connecticut. This firm bought surplus military parts as scrap, and then sold the parts as reconditioned equipment. In making the deal with Radio Research Durrani lied, telling the company the parts were to be exported to Jordan and that he would soon have all the necessary papers and permits. Radio Research became suspicious and notified the U.S. Customs Service which put Durrani under heavy surveillance, tapping his phone calls to Radio Research and videotaping his meetings. The first shipment was allowed to proceed in order for Customs to trace its various permutations on the way to Iran. On August 29, Durrani was joined by Pires at Kennedy Airport to see the shipment off and to take care of any last minute problems. The cargo headed for Brussels where it was met by a Pires-affiliated company called Comexas. New invoices were produced that showed the final destination was the National Iranian Oil Corporation. The parts were then loaded on a plane heading to Iran.

Between August 29 and October 3, 1986, when Customs nabbed him at Radio Research after he had arranged a second shipment, Durrani travelled to London where he says he met North who was using the alias Mr. White. At the meeting Mr. White urged him to move with dispatch in getting the parts.

Trial and Tribulation

The lead prosecutor in the Durrani trial was Assistant U.S. Attorney, Holly Fitzsimmons; the judge was Chief Judge T. Gilroy Daly who ran a very tight court. Daly refused to allow into evidence any of the emerging Iran-Contra material. The prosecution did present a witness from the CIA, Charles Moyer, who testified that “all the HAWK parts shipped by the CIA in 1986 were procured by the Agency in the month of May, and were transferred to Israel for transshipment to Iran in May and August.” That was it for the CIA. A National Security Council witness testified there were no records of Oliver North being in London when Durrani claimed to have met him. That was it for the NSC. The rest of the case was concerned with the desiderata of the Radio Research deals. Audio and video tapes were played for the jury. And then, it was all summed by the prosecution – with the Agency out of
the Hawk parts business before Durrani’s first shipment, the transaction had to represent a private, unsanctioned, illegal, greedy, criminal act. Other proof can be found in a once “secret” Israeli chronology of the Iranian transactions. Amiran Nir, “the Prime Minister’s advisor on Combatting Terrorism,” was the primary Israeli contact during what they called “the second stage” of Iranian deals. There were three transactions that took place in this stage. It is the second deal that is significant for Durrani’s assertion. According to the Israelis, the second was “the supply of spare parts for HAWK missiles by the U.S. to Iran through Israel.” They reported that this took place over the course of three months – May through August 1986, although they also point out that the stages and transactions always overlapped with one another and thus there was “no clear and unequivocal distinction” between them. See, The Iranian Transactions: A Historical Chronology – Part One,” 29 July 1987, p. 3. The jury agreed and on May 13, 1987, Durrani was sentenced by Judge Daly to ten years in prison and fined $2,000,000.

There are many codas to the Durrani case, however. The first has to do with Pires. Durrani’s team wanted him to appear as a witness for the defense. But before the trial Pires was visited in Lisbon by both Fitzsimmons and Special Agent Stephen Arruda from Customs. Pires gave them some telexes and faxes that passed between Durrani and himself and then added that he had nothing to do with the U.S. government, nothing to do with the U.S. clandestine arms trade to Iran. Pires agreed to appear as a witness for the prosecution, but only if he could testify from either Portugal or Spain. He then decided not to testify at all. The defense began to wonder why Pires was not indicted either as a co-conspirator or accessory. Fitzsimmons’ answer was that he was not a U.S. citizen and thus could not be charged with knowing that the sale of the Hawk parts was against U.S. law. This despite the seemingly elementary fact that the Comexas airfreight manager, T. Van de Meerssche averred to both Fitzsimmons and Arruda that Pires “gave instructions for all respective freight to the respective freight forwarders involved,” and that “Our [Comexas] instructions for forwarding were given only” by Pires and/or his representatives in Belgium. Pires was therefore in charge of changing the false freight-forwarding documents, etc. Clearly, these were the actions of a co-conspirator. Fitzsimmons’ explanation became even more retrospectively strange in light of subsequent events.

Precisely 56 days after Durrani was convicted, Pires turned up as a surprise visitor at the Federal prison in Phoenix, Arizona. At the request of Holly Fitzsimmons, Warden Carlson “approved a one-time visit for Mr. Manuel Pires to visit inmate DURRANI, Arif, Reg. No. 09027-014.” According to Durrani, Pires came to threaten him; according to Holly Fitzsimmons she ran into Pires at the Phoenix airport but had nothing to do with his visit. She did say to writer and reporter Lawrence Lifschultz that “it was not a coincidence that Pires, Arruda and herself were in Phoenix at the same time,” and then added in a moment of lucidity that to have arranged this visit would have denied Durrani his constitutional rights. Later Pires admitted visiting Durrani, but he said he did it “officially . . . through the legal channel,” but he denied having met with Fitzsimmons and/or Arruda. The warden said the visit had been arranged by Durrani’s attorney, the “lady attorney,” which clearly
would have been news to Bill Bloss and Ira Grudberg. In addition to confronting Durrani, Pires may have been in Arizona to meet with General Singlaub because they were both working on the little-noticed Renamo hostage crisis in Mozambique. In a recent interview, Louis Serapiano, Renamo’s representative in the U.S., stated that he spoke to Pires who called him from the U.S. Custom’s office in Newark, New Jersey in the summer of 1987. Any way one looks at it, the Arizona interlude was exceptionally peculiar.

Curious Episodes

There are still more odd occurrences. The Customs officer who was really in charge of law enforcement’s Durrani operation was John B. “Joe” King although his name was redacted from the Studley deposition mentioned above and only appears in one of the Durrani court documents and government papers. Although he was present at Durrani’s arrest, he was never called as a witness. There was a concerted effort to keep King on the extreme outside of the Durrani case for two reasons. King, a former New York City policeman, was part of a highly-secret team, a special multi-agency task force sometimes described as an “anti-terrorist unit,” established in the late 1970s to track weapons sales to South Africa and Iran. Among the companies set up by King (who had many code names) and his team was Fino Enterprises in New York, an arms brokering firm. The team was “allowed to kidnap suspects, make deals to drop charges against arms merchants and even sell arms to Iran,” all supposedly for the purpose of controlling the illicit traffic.\(^44\) Second, King and members of his team worked closely with Barbara Studley and her weapons operation. At least one “secret team” member was actually hired by her in September 1986. And he has stated that all of his activities were cleared by “U.S. Government officials.”\(^45\) To complete the circle, Larry Barcella is one of King’s strongest supporters. Barcella told me that King worked with him on the Letelier case, that he has known him for more than 20 years, that he believes King is the “most imaginative and effective federal investigator” he’s ever known, and that they worked the October Surprise investigation for Representative Lee Hamilton’s congressional committee. Barcella added that he would not have worked on the investigation without King and so told Hamilton.\(^46\)

Of course it is difficult to fathom why anyone would place much faith in Hamilton’s judgement on the staffing of his October Surprise investigation given his early performance in the Iran-Contra scandal. In the summer of 1986, Hamilton was easily beguiled by North into believing that he had nothing to do with illegal aid to the Contras. Following Hamilton’s meeting with North in the White House Situation Room in August 1986, NSC counsel Bob Pearson remarked that Hamilton “underlined his appreciation to Admiral [John M. Poindexter] and to Bud [McFarlane] for full cooperation offered by NSC.” Hamilton did not think there was any merit in media reports of North’s illicit activities and was prepared to recommend that Congress mind its own business.\(^47\)
Examining the Durrani case places one inside the always confusing and often inept world of weapons dealers made up of brokers, deal makers, hustlers and grifters who mixed and mingled with spies from every intelligence service in the world. Services that were insular and crime ridden. Services in which just about any action could be and was justified. Services, as Arthur Schlesinger, Jr. once described the CIA, in which men were “professionally trained in deception, a wide choice of weapons, reckless purposes, global charter, maximum funds and minimum accountability.”48 To put it most mildly, this has always been a volatile mix. Secret weapons projects are never neat and tidy, always unkempt, prone to breakdown, riddled through with profit takers. One thing is certain, however. Selling weapons to Iran by official representatives of the U.S., with the approval of the Administration, no matter the ways in which involvement was hidden, started before the Palestinians and/or their supporters took a single U.S. hostage in Lebanon. As I will show, this is the history lesson buried in the details of the Durrani case and its aftermath which continues on leveraging secret documents and finding secret people.

The Iran Side49

When it comes to the Iran side of Iran-Contra, neither the Tower Commission, nor the Independent Counsel, nor the congressional committees that investigated the ensuing scandals, got it right. The U.S. sale of weapons to Iran was assuredly begun prior to the hostage taking in Lebanon. There is some intimation of this in a Congressional Research Service paper written by Richard M. Preece in January 1984 and updated that August. Preece noted that by 1983 a considerable illicit traffic in U.S. arms to Iran had developed. American companies were using South Korea and Israel as cut outs for both new weapons and spare parts sent to Iran.”50 This was certainly common knowledge in the region, for Preece wrote that Iraqi officials were disturbed by this traffic and angered that Washington had done nothing about it. In March 1984, he noted, the State Department gave Richard Fairbanks, Ambassador-at-large, the job of pressuring Israel and the “friendly Asian states” to cut it out.51 But while there might have been some arms traffickers in Western Europe cutting their own deals, there is little doubt that many of the transactions in which American firms were using Israel and South Korea, and other nations, to mask their sales were known and approved by U.S. Intelligence and the Reagan Administration. In the main, this was not an illicit nor an illegal traffic.

Barbara Studley and GeoMiliTech

The first U.S. plan to provide Iran with U.S. weapons was prior to August 15, 1983, the date when an ostensibly private company was formed in Delaware, which actively sought either to sell or exchange weapons with Iran as well as to supply the Contras.”52 The firm, GeoMiliTech Consultants Corporation (GMT),
was established by Barbara F. Studley, the former beauty queen from Miami who became a conservative radio talk show host for WNWS in South Florida. In 1984, she claimed to have had fifteen years as a “political lobbyist” including eleven working the Pentagon. Studley was GMT’s President. According to its 1984 brochure, the company had corporate offices in Washington, D. C. and Tel Aviv, Israel. Before it moved to Washington, it was located in Miami Lakes, Florida. The 1984 brochure also claimed four Regional Offices and Affiliated Agencies established in Brussels, Frankfurt, Seoul, and Tel Aviv.

In addition to President Studley, GMT’s corporate structure by then included an Executive Vice President, two Vice Presidents, a Secretary-Treasurer, and four consultants. The Executive Vice President was Ron S. Harel, a veteran of the Israeli Air Force who specialized in “tactical cargo and light and early warning aircraft.” He was also the co-pilot of the C-130 that rescued Israeli hostages in the famous raid on Entebbe, Uganda. Since the late 1970s, Harel reportedly was a consultant to a number of “leading U.S. Defense Department contractors” particularly helpful in the field of international marketing. Harel was in charge of GMT’s Tel Aviv office and also headed his own development firm called Maced Marketing Consultancy & Development located in Ramat-Gan, Israel. Harel was officially brought into the GMT fold on May 11, 1984, when GMT established “branch offices of the Corp., including but not limited to an office in Israel.”53 On the same date, GMT’s corporate minutes reflect the decision to set up bank accounts in foreign countries including Israel. GMT’s bank in Tel Aviv was the Israel Discount Bank Ltd.

Navy Captain Bruce E. Herbert was one of the Vice Presidents. Herbert was described as “a recognized authority on intra-theater airlift to support deployed combat forces.” Herbert, a naval aviator, had retired from the Navy but was called back to active duty on several occasions including the Falkland Islands War where he worked on “Foreign Military Sales and Precision Guided Munitions.” Herbert also had coordinated modernization plans for the Air Force, Army, and Navy while assigned to the Pentagon. Finally, he had been a staff member for a standing House Committee not, however, identified.

The other Vice President was Joel Arnon who had been an Assistant Director General in the Israeli Ministry of Foreign Relations. According to GMT’s announcement, Arnon had around 30 years of experience in Israel’s Diplomatic Service including work with the Israeli Mission to the United Nations. From 1976 to 1983, he was described as Israel’s Consul General for the Southeastern U.S. At the time of his initial relationship with GMT, Arnon was also the Executive Vice President of GTL, Global Technologies, Ltd. Global was a mirror company of GMT, controlled by Studley who laid out the “inter-working conditions between GMT and GTL” in a memo to both Harel and Arnon. While Harel was in charge of GMT’s Tel Aviv office, located in a building called the Asia House at 4 Weizman Street, Arnon would be a GMT consultant. On July 1, 1984, Arnon was to “begin working for Global Technologies” from an office in Jerusalem. Harel would then become a consultant to GTL. Studley was insistent that “GTL and GMT remain separate corporations with separate identifications, addresses, phones, etc.”