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Last Updated: 11/07/2023

20071

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 82 106 125

Name of Correspondent: F. C. Callings, Jr.

MI Mail Report User Codes: (A) _____ (B) _____ (C) _____

Subject: Expresses support for the President and his foreign policy also requests the President to meet with Albanian officials.

ROUTE TO:		ACTION	DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<u>Sec. Paul</u>		<u>ORIGINATOR</u>	<u>82 06 28</u>	<u>WS</u>	<u>A 82, 07, 20</u>
		Referral Note:	1 1		1 1
		Referral Note:	1 1		1 1
		Referral Note:	1 1		1 1
		Referral Note:	1 1		1 1

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: _____

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 Always return completed correspondence record to Central Files.
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

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No. of Additional Correspondents: _____ Media: 2 Individual Codes: 1161 _____

Prime Subject Code: AD 071 Secondary Subject Codes: PR 007 _____
ND 016 _____
AD 072 _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

SIGNATURE CODES:

- CPn - Presidential Correspondence**
 - n - 0 - Unknown
 - n - 1 - Ronald Wilson Reagan
 - n - 2 - Ronald Reagan
 - n - 3 - Ron
 - n - 4 - Dutch
 - n - 5 - Ron Reagan
 - n - 6 - Ronald
 - n - 7 - Ronnie
- CLn - First Lady's Correspondence**
 - n - 0 - Unknown
 - n - 1 - Nancy Reagan
 - n - 2 - Nancy
 - n - 3 - Mrs. Ronald Reagan
- CBn - Presidential & First Lady's Correspondence**
 - n - 1 - Ronald Reagan - Nancy Reagan
 - n - 2 - Ron - Nancy

MEDIA CODES:

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

July 20, 1982

Dear Admiral Collins:

I wish to acknowledge, for the President, your letter of June 21 expressing your concern about Iran and a conflict with Iraq.

Your suggestion that the President meet with Admiral Kamal Habibollahi, RADM N. Movaghari and Captain Sivosh Sotudeh is appreciated, but, in the light of the heavy demands on his schedule this cannot be arranged. It is recommended, however, that you be in touch with the Iran Desk at the Department of State about a meeting there with these pro-American Iranians.

With our best wishes,

Sincerely,

WILLIAM K. SADLEIR
Special Assistant
to the President

Rear Admiral F. C. Collins, Jr., USN
2590 Nicki Lane
Alexandria, VA 22311

WKS/MR/las --

cc: Michael O. Wheeler (NSC File #4727) - FYI

Dear Admiral Collins:

I wish to acknowledge, for the President, your letter of June 21 expressing your concern about Iran and a conflict with Iraq.

Your suggestion that the President meet with Admiral Kamal Habibollahi, RADM N. Movaghari and Captain Sivosh Soutudeh is appreciated, but, in the light of the heavy demands on his schedule this cannot be arranged. It is recommended, however, that you be in touch with the Iran Desk at the Department of State about a meeting there with these pro-American Iranians.

With our best wishes,

FJR:mhr

inf copy to Michael O. Wheeler (NSC File #4727)

MEMORANDUM

NATIONAL SECURITY COUNCIL

*ack to Collins +
Adm + adm*

July 12, 1982

MEMORANDUM FOR FREDERICK J. RYAN

FROM: MICHAEL O. WHEELER MW

SUBJECT: Request for President to Meet with
F.C. Collins, Jr., RADM, U.S. Navy
and Last Chief Adviser to the Commander
in Chief of the Imperial Iranian Navy

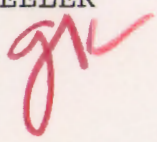
Due to the heavy demands on the President's schedule, we recommend that the President not meet with Admiral Kamal Habibollahi, RADM N. Movaghari, and Captain Sivosh Sotudeh as requested by Admiral Collins. Instead, we recommend that Admiral Collins be in touch with the Iran Desk at the Department of State.

Re 4727

NATIONAL SECURITY COUNCIL

July 12, 1982

TO: MICHAEL O. WHEELER

FROM: GEOFFREY KEMP 

The attached memorandum is for
your signature to Frederick Ryan.

RECEIVED 07 JUL 82 12

TO CLARK

FROM RYAN, F

DOCDATE 02 JUL 82

COLLINS, F C

21 JUN 82

KEYWORDS: IRAN

AP

SUBJECT: REQUEST FOR PRES TO MEET W/ FORMER IRANIAN OFFICIALS & FORMER CHIEF ADVISER TO IRANIAN NAVY

ACTION: ** PREPARE MEMO TO RYAN DUE: 10 JUL 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

KEMP

TYSON

COMMENTS ** IF NEGATIVE REPLY -- MEMO WHEELER TO RYAN

gk

** IF POSITIVE REPLY -- MEMO CLARK TO RYAN

REF# LOG NSCIFID (C /)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>C</i>	<i>7/12 Wheeler signed memo to Ryan</i>		<i>MW, BK, KB, LT</i>
	<i>C</i>	<i>17/20 Letter of ltr to Sullivan</i>		<i>Same</i>
		<i>Collins</i>		

DISPATCH *ed* *7/12 mw* W/ATTCH FILE *wth* (C) *w*

4727

RECEIVED

THE WHITE HOUSE
WASHINGTON

JULY 2, 1982

MEMORANDUM

82 JUL 7 9:14

TO: WILLIAM CLARK
FROM: FREDERICK J. RYAN, JR., DEPUTY DIRECTOR
PRESIDENTIAL APPOINTMENTS AND SCHEDULING
SUBJ: REQUEST FOR SCHEDULING RECOMMENDATION.

PLEASE PROVIDE YOUR RECOMMENDATION ON THE FOLLOWING
SCHEDULING REQUEST UNDER CONSIDERATION:

EVENT: Meet with F.C. Collins, Jr., RADM, U.S.
Navy - last Chief Adviser to the Commander
in Cheif of the Imperial Iranian Navy
(May 78 - Aug 29)
DATE: ---
LOCATION: The White House
BACKGROUND: See attached

YOUR RECOMMENDATION:

Accept ___ Regret X Surrogate Message ___ Other ___
Priority ___
Routine ___

IF RECOMMENDATION IS TO ACCEPT, PLEASE CITE REASONS:

RESPONSE DUE 7-12-82 TO Fred J. Ryan.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM

JULY 2, 1982

TO: WILLIAM CLARK
FROM: FREDERICK J. RYAN, JR., DEPUTY DIRECTOR
PRESIDENTIAL APPOINTMENTS AND SCHEDULING
SUBJ: REQUEST FOR SCHEDULING RECOMMENDATION.

PLEASE PROVIDE YOUR RECOMMENDATION ON THE FOLLOWING
SCHEDULING REQUEST UNDER CONSIDERATION:

EVENT: Meet with F.C. Collins, Jr., RADM, U.S.
Navy - last Chief Adviser to the Commander
in Chief of the Imperial Iranian Navy
(May 78 - Aug 29)
DATE: ---
LOCATION: The White House
BACKGROUND: See attached

YOUR RECOMMENDATION:

Accept ___ Regret ___ Surrogate ___ Message ___ Other ___
Priority ___
Routine ___

IF RECOMMENDATION IS TO ACCEPT, PLEASE CITE REASONS:

RESPONSE DUE 7-12-82 TO Fred J. Ryan

50



Staff to
NRC

Scheduling
other than winter

21 June 1982
2590 Nicki Lane
Alexandria, VA 22311

085545

Honorable Ronald Reagan
President, United States of America
White House, 1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

This is my second communication with you, the first written shortly after you assumed office in 1981. I admired and endorsed your program for a strong defense and an undercontrol economy then, and I continue to believe both are essential to our economic and military survival.

Your straightforward reassurance to the NATO Summit leaders of your desire to strengthen the peace options Russia is forced into by a strong and resolute United States, vice pushing the Soviets into a conflict, was well stated.

Support of the United Kingdom in the Falkland dispute was a particularly difficult choice, but one which I believe was correct in that instance. The need now to bring Britain and Argentina to a reasonable agreement is essential to your game plan of strengthening positive relationships with our latin neighbors everywhere.

While Israel's move against the PLO in Lebanon was untimely visa vis your European visit, from a tactical point, it was patently effective. I trust we will allow them to neutralize the PLO and remove further motivation for Syrian involvement.

The remaining area which concerns me is the Iran/Iraq conflict. While we may take comfort in the fact that Western weaponry has been the deciding factor in each of the three recent engagements, I fear Iran's designs, flushed by her unexpected victory over Iraq, may extend beyond her borders. I believe the history of Khomeini's actions since 11 Feb 1979 have substantiated two characteristics which support such a presumption; viz (1) irrationality by Western standards and (2) dedication to purpose.

As the last Chief Adviser to the Commander in Chief of the Imperial Iranian Navy (May 78 - Aug 79), and having lived part of the revolution, I've followed its unbelievable expansion and endurance closely. Additionally, I've extended a compassionate friendship to my Iranian colleagues who were forced to flee Iran, and in return they have kept me informed of events within Iran.

In view of Khomeini's reign of terror, exacerbated by the economic chaos and war casualties, there exists a consensus among my Iranian friends that Iran is ripe for counter revolution. A number of factions have organized to bring it to pass, however all require reassurance that such action would not be counter to U.S. policy or desires. (Our initial support of Khomeini, our lack of decisive action re the hostages, and then, most recently, our purchase of Iranian oil leaves them understandably confused about the true essence of our Iranian policy).

It is my considered opinion that we need Iran as a friend and ally. It seems obvious that any lessening of his "hate America" campaign is inimicable to Ayatollah Khomeini's best interests, yea survival! I further believe the counter revolution must come from within Iran led by Iranians. Concurrently, I believe those inside Iran must have outside assistance - again by Iranians. However, neither element will make a move until convinced the United States supports such action.

Would it not be better to indicate such support now, rather than being forced into armed intervention should Iran desire to continue through Iraq to Saudi Arabia? Even now, Iran and Syria are arguing about which of their hand picked men will succeed Sadam Hussein in Iraq.

I respectfully suggest you might give some of my Iranian friends an audience. If it is not politically feasible for you to do so personally, perhaps key members of your national security council and State Department might give ear to someone like Admiral Kamal Habibollahi, former Iranian Navy CINC, RADM N. Movaghari, and Captain Sivosh Sotudeh who just recently escaped from Iran.

I have been impressed by your decisiveness and ability to make hard decisions. It is my belief that the decision to hear patriotic pro-American Iranians would certainly be in our nation's best interest.

I should be happy to arrange such a meeting if you concur in its desirability.

Very respectfully,

F. C. Collins, Jr.

F. C. COLLINS, JR.
RADM, U.S. Navy

JV

4329

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FB00612

MEMORANDUM

NATIONAL SECURITY COUNCIL

101

June 22, 1982

MEMORANDUM FOR RONALD K. PETERSON ^{OMB}

FROM: MICHAEL O. WHEELER MW

SUBJECT: State draft legislation,
the "Iran Claims Act"

Attached at Tab A is a bill to authorize various agencies of the Executive Branch to take certain actions in furtherance of the settlement of claims between United States nationals and the Government of Iran pursuant to the Algiers Accords of January 19, 1981.

We have no objection to the presentation of this proposal for the consideration of the Congress.

Attachment

Tab A - Proposed bill

NSC # 8204329

NATIONAL SECURITY COUNCIL

June 22, 1982

TO: MICHAEL O. WHEELER

FROM: GEOFFREY KEMP *gk*

The attached memorandum is for your
signature to Ronald K. Peterson.

OK

MW22

Conem

Bob Keimitt 6/22/82

June 21, 1982

SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

4329

TO: Legislative Liaison Officer-
Department of the Treasury
Department of Justice
Foreign Claims Settlement Commission
Federal Reserve Board
National Security Council ✓
Department of Commerce

SUBJECT: State draft legislation, the "Iran Claims Act."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than C.O.B. FRIDAY, JUNE 30, 1982.

Questions should be referred to Tracey Lawler (395-4710), the legislative analyst in this office, or to Bruce Sasser (395-4580).

Ronald K. Peterson

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures
cc: Jim Barie
Roger Greene

SPECIAL

THE SECRETARY OF STATE
WASHINGTON

Dear Mr. Speaker:

I transmit herewith a bill to authorize various agencies of the Executive Branch to take certain actions in furtherance of the settlement of claims between United States nationals and the Government of Iran pursuant to the Algiers Accords of January 19, 1981. The proposed legislation would authorize the Foreign Claims Settlement Commission to adjudicate a number of such claims and would permit the Federal Reserve Bank of New York to recover certain costs incurred by the United States Government in connection with the arbitration of other claims before the Iran-United States Claims Tribunal at The Hague. The bill would also authorize the Secretary of the Treasury to reimburse the Federal Reserve Bank of New York for its expenses as fiscal agent of the United States in the implementation of the hostage release agreements. The steps authorized by the proposed legislation will facilitate the claims settlement process contemplated by those agreements.

Under the Algiers Accords which led to the release of the 52 American hostages in Tehran, the United States and Iran agreed among other things to refer certain claims of U.S. nationals against Iran to binding arbitration before a newly created arbitral body, the Iran-United States Claims Tribunal. Some of those claims had been pending in U.S. courts and had been the subject of judicial injunctions and court-ordered attachments. Pursuant to the Accords, once the hostages had been released, the United States revoked the regulatory authority for those attachments and injunctions, thus rendering them null and void. Following an intensive review of the Accords by the Administration, claims which might be presented to the Tribunal were suspended by Executive Order No. 12294, issued on February 24, 1981. That action, and steps taken by the previous Administration in implementation of the hostage release agreements, were upheld by the United States Supreme Court in its decision in Dames & Moore v. Regan on July 2, 1981.

Under the Accords, the Iran-United States Claims Tribunal is charged with deciding the claims of U.S. nationals against Iran arising out of debts, contracts, expropriations or other measures affecting property rights. The Tribunal, whose

members include three appointed by the United States, three by Iran, and three-third country arbitrators, has been established at The Hague in the Netherlands and is beginning to adjudicate the several thousand claims filed before it by the January 19, 1982 deadline. The Accords provide that the Tribunal shall decide all cases on the basis of respect for law, and that its decisions shall be final and binding. The Accords also provide that the Tribunal's awards shall be enforceable in the courts of any nation in accordance with its laws.

To help assure payment of awards of the Tribunal in favor of U.S. nationals, some of whom had been successful in obtaining attachments against Iranian assets and property in the United States, a Security Account was also established at a depository bank of the Netherlands. The Account was funded at an initial level of \$1 billion from certain Iranian assets and properties in the United States. Under the Accords, Iran has an obligation to replenish the Security Account whenever payments to successful U.S. claimants cause it to fall below \$500 million.

The Accords provide that the claims of U.S. nationals against Iran for less than \$250,000 each (the "small" claims) are to be presented to the Tribunal by the Government of the United States, while U.S. nationals with claims of \$250,000 or more represent themselves directly. Following an extensive registration program, the Department of State filed some 2795 "small" claims with the Tribunal on January 18, 1982. The adjudication of such a large number of "small" claims represents an enormous undertaking for the Tribunal which could delay the disposition of hundreds of "large" claims of U.S. nationals. The United States has proposed to Iran that the small claims be settled through negotiation of a lump-sum settlement. If a satisfactory settlement can be negotiated, the "small" claims would then have to be individually adjudicated. The enclosed draft bill would authorize the Foreign Claims Settlement Commission to decide the small claims thus settled in accordance with the provisions and procedures of the International Claims Settlement Act of 1949, as amended, subject to the provisions of the relevant claims settlement agreements. This explicit authorization is necessary to clarify the Commission's ability to adjudicate the claims under Title I of the International Claims Settlement Act. Payment of the Commission's awards would be made in accordance with the provisions of that Act, except that the Secretary of the Treasury would be authorized to make initial payments in the amount of up to \$10,000, as opposed to the lesser amounts currently provided by law.

Any claims of U.S. nationals, whether "large" or "small", which are not settled will be adjudicated by the Tribunal. Under the Claims Settlement Agreement, the expenses of the Tribunal are borne equally by the Governments of the United States and Iran. To date, the Tribunal has been operating on a relatively modest budget, the majority of expenses having been incurred in connection with organizational matters, the establishment of a Registry, and the hiring of essential staff, including the translators and interpreters necessary to conduct the proceedings in both English and Farsi. As it proceeds to adjudicate claims and render awards, its operating expenditures and therefore the required U.S. contributions will increase. In addition, the Departments of State and Treasury, the Federal Reserve Bank of New York, and other agencies of the United States Government have incurred direct and indirect expenses in connection with the establishment and organization of the Tribunal. These expenses will also increase as the adjudication of claims goes forward.

In addition to United States contributions to the Tribunal, providing a forum for hearing and deciding the claims of United States nationals, the United States Government provides many valuable services to United States claimants, such as the service of documents and the presentation of positions and supporting legal arguments on major issues of common interest. The proposed legislation would require successful claimants to help bear the costs of these Government services to or on behalf of the claimants.

The bill would permit the Government to recover a portion of its expenses by authorizing the Federal Reserve Bank of New York to deduct an amount equal to two percent of any payment from the Security Account in satisfaction of an award of the Tribunal in favor of a U.S. national. The amounts thus deducted will be covered into the miscellaneous receipts of the Treasury as reimbursement to the Government of the expenses it has incurred in connection with the operations of the Tribunal. The agencies incurring those expenses will not directly benefit from the deduction, but will continue to be responsible for justifying to the Congress appropriations necessary to pay their expenses. The reimbursement will be collected only from those U.S. claimants who avail themselves of the Tribunal, receive a favorable award, and are paid from the Security Account. Claimants who do not benefit from both the Tribunal and the Security Account would not be required to contribute to the reimbursement of the Government. The bill also provides that once the deduction has been made, payments to U.S. claimants will be made directly without further delay or any additional deductions.

Finally, the bill includes two technical sections intended (a) to preclude duplicate deductions from payments to claimants with "small" claims which are adjudicated by the Foreign Claims Settlement Commission and (b) to authorize the Secretary of the Treasury to reimburse the Federal Reserve Bank of New York for expenses it has incurred as fiscal agent of the United States in implementation of the Algiers Accords.

The claims settlement process put in motion by the Algiers Accords represents one of the largest and most significant efforts of its type in recent U.S. or international practice. It includes the claims of thousands of U.S. nationals, involving billions of dollars in debts, contracts, investments, and other commercial relationships interrupted by the Islamic Revolution in Iran. The successful and expeditious resolution of those claims remains an important objective of the Administration's foreign policy. This bill would contribute significantly to these ends and I urge its early passage.

The Office of Management and Budget has advised that there is no objection to the presentation of this proposal for the consideration of the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

Enclosure

THE SECRETARY OF STATE
WASHINGTON

Dear Mr. President:

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The Office of Management and Budget has advised that there is no objection to the presentation of this proposal for the consideration of the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

Enclosure

A BILL

To facilitate the adjudication of certain claims of United States nationals against Iran, to authorize the recovery of costs incurred by the United States in connection with the arbitration of claims of United States nationals against Iran, and for other purposes.

1 Be it enacted by the Senate and House of
2 Representatives of the United States of America in
3 Congress assembled, That this Act may be cited as the
4 "Iran Claims Act".

5

6 RECEIPT AND DETERMINATION OF CERTAIN CLAIMS

7 Sec. 2.(a) The Foreign Claims Settlement Commission
8 of the United States is hereby authorized to receive and
9 determine, in accordance with the provisions of title I
10 of the International Claims Settlement Act of 1949,
11 the validity and amounts of claims by nationals
12 of the United States against Iran which fall within--

13 (1) the jurisdiction of the Iran-United States Claims
14 Tribunal pursuant to the provisions of
15 Article II(1) of the Declaration of the
16 Government of the Democratic and Popular
17 Republic of Algeria concerning the Settlement of
18 Claims by the Government of the United States

1 and the Government of the Islamic Republic of
2 Iran, and

3 (2) the terms of any agreement providing for the
4 settlement and discharge of such claims by
5 agreement of the Government of the United
6 States to accept a sum in en bloc settlement
7 thereof.

8 In deciding such claims, the Commission shall apply, in
9 the following order, the provisions of the Claims
10 Settlement Agreement, considering the interpretation
11 given thereto by the Iran-United States Claims Tribunal,
12 and applicable principles of international law, justice
13 and equity.

14 (b) The Commission shall certify to the Secretary
15 of the Treasury any awards determined pursuant to
16 subsection (a) of this section in accordance with
17 section 5 of title I of the International Claims
18 Settlement Act of 1949. Such awards shall be
19 paid in accordance with sections 7 and 8 of that
20 title, except that the Secretary of the Treasury is
21 authorized to make payments pursuant to Section 8(e)(1)
22 in the amount of \$10,000 or the principal amount of the
23 award, whichever is less.

24 DEDUCTIONS FROM ARBITRAL AWARDS

25 Sec. 3.(a) Except as provided in section 4,
26 whenever the Federal Reserve Bank of New York shall
27 receive an amount from the Security Account established

1 pursuant to the Declarations of the Democratic and
2 Popular Republic of Algeria of January 19, 1981, in
3 satisfaction of an award rendered by the
4 Iran-United States Claim Tribunal in favor of a United
5 States national, the Federal Reserve Bank of New York
6 shall deduct from the amount so received an amount equal
7 to two per centum thereof as reimbursement to the United
8 States Government for expenses incurred by the
9 Departments of State and the Treasury, the Federal
10 Reserve Bank of New York, and other agencies in
11 connection with the arbitration of claims of United
12 States nationals against the Islamic Republic of Iran
13 before the Iran-United States Claims Tribunal.

14 (b) Amounts deducted by the Federal Reserve Bank of
15 New York pursuant to subsection (a) shall be covered
16 into the Treasury to the credit of miscellaneous
17 receipts.

18 (c) Nothing in this section shall be construed to
19 affect the payment to United States nationals of amounts
20 received by the Federal Reserve Bank of New York in
21 respect of awards by the Iran-United States Claims
22 Tribunal, after deduction of the amounts specified in
23 subsection (a).

24 EN BLOC SETTLEMENT

25 Sec. 4. The deduction by the Federal Reserve Bank
26 of New York provided for in section 3(a) of this Act
27 shall not apply in the case of a sum received by the Bank

1 pursuant to an en bloc settlement of any category of
2 claims of United States nationals against Iran when such
3 sum is to be used for payments in satisfaction of awards
4 certified by the Foreign Claims Settlement Commission
5 pursuant to section 2 (b) of this Act.

6 REIMBURSEMENT TO THE FEDERAL RESERVE BANK

7 CF NEW YORK

8 Sec. 5. The Secretary of the Treasury is hereby
9 authorized to reimburse the Federal Reserve Bank of New
10 York for expenses incurred by the Bank in the performance
11 of fiscal agency agreements relating to the settlement or
12 arbitration of claims pursuant to the Declarations of the
13 Democratic and Popular Republic of Algeria of January 19,
14 1981.

SECTION-BY-SECTION ANALYSIS
OF THE PROPOSED
IRAN CLAIMS ACT

I. INTRODUCTION

The proposed legislation (hereinafter referred to as "the Bill") contains authority for certain actions by the Foreign Claims Settlement Commission, the Department of the Treasury, and the Federal Reserve Bank of New York in implementation of the Algiers Accords of January 19, 1981, which achieved the release of the American hostages from Iran.

Specifically, the Bill authorizes the Foreign Claims Settlement Commission to adjudicate claims by United States nationals against Iran in the event that they are settled by agreement between the United States and Iran. It also authorizes the Secretary of the Treasury to make payments in satisfaction of the Commission's determinations. Finally, it provides authority and procedures for reimbursement to the United States Government of expenses incurred by the Departments of State and the Treasury, the Federal Reserve Bank of New York and other agencies for the benefit of U.S. nationals who obtain arbitral awards against Iran from the Iran-United States Claims Tribunal.

The Algiers Accords consisted primarily of two "declarations" by the Government of Algeria which were adhered to by the United States and Iran. The first of these (the "General Declaration") provided inter alia for the revocation of sanctions, the transfer of certain Iranian financial assets

and property, and the nullification of certain claims and attachments through reference to binding arbitration in accordance with the second declaration (the "Claims Settlement Agreement"). The General Declaration also provided for the establishment of a Security Account, funded from transferred Iranian assets at an initial level of \$1 billion, to secure the payment of arbitral awards against Iran. Iran is obliged to replenish the Security Account whenever the payment of claims causes it to fall below \$500 million. The Claims Settlement Agreement provided for the establishment of an Iran-United States Claims Tribunal at The Hague to decide, inter alia, claims by nationals of the United States against Iran arising out of debts, contracts, expropriations or other measures affecting property rights. The expenses of the Tribunal are borne equally by the Governments of Iran and the United States.

In accordance with the Claims Settlement Agreement, claims of U.S. nationals against Iran for less than \$250,000 each are to be presented to the Tribunal by the United States Government rather than by the claimants themselves. The Bill would authorize the Foreign Claims Settlement Commission and the Department of the Treasury respectively to adjudicate and pay these "small" claims in the event that Iran and the United States agree to settle them rather than arbitrate them before the Tribunal.

Under implementing agreements signed on August 17, 1981, by the Federal Reserve Bank of New York as Fiscal Agent of the United States, Bank Markazi Iran, Bank Central d'Algerie as

escrow agent and the Dutch Central Bank and its subsidiary depositary bank, arbitral awards rendered by the Tribunal against Iran in favor of U.S. nationals will be certified for payment by the Tribunal and paid from the Security Account to the Federal Reserve Bank of New York. The Bill would authorize the reimbursement to the United States Government of expenses incurred in connection with the Tribunal and the Security Account by deducting two per cent from each amount received from the Security Account for payment to a U.S. national in satisfaction of a Tribunal award.

The question of further distribution of the amounts received by the New York Federal Reserve Bank is not addressed in the relevant agreements. Under the proposed legislation, these amounts will be transmitted directly to the U.S. national in whose favor an award has been made immediately and without any additional deduction.

II. PROVISIONS OF THE BILL

Section 1. Short Title

This section states that the Bill may be cited as the "Iran Claims Act".

Section 2. Receipt and Determination

This section authorizes the Foreign Claims Settlement Commission of the United States, a component of the Department of Justice, to adjudicate claims of U.S. nationals against Iran in the event that they are settled as between Iran and the United States.

Under the Claims Settlement Agreement, claims of U.S. nationals which are, in the aggregate, for less than \$250,000 each (the "small" claims) are to be presented to the Iran-United States Claims Tribunal by the United States Government rather than the claimants themselves. Prior to the January 19, 1982 deadline, some 2,795 small claims were filed by the Department of State with the Tribunal. Arbitration of such a large number of small claims would place a severe burden on the Tribunal. The United States has proposed to Iran that such claims be settled by a lump-sum (or en bloc) agreement. If such a settlement were negotiated, the amount received in discharge of the claims thereby settled would be distributed among individual claimants on the basis of adjudication by the Foreign Claims Settlement Commission.

Subsection (a) makes clear the authority of the Commission to adjudicate the claims on the basis of title I of

the International Claims Settlement Act of 1949, as amended. More particularly, it would empower the Commission to decide claims to the extent that they come within the jurisdiction of the Iran-United States Claims Tribunal and the terms of any lump sum agreement. To ensure consistency of result, the Commission is directed to apply the relevant provisions of the Claims Settlement Agreement, giving consideration to interpretations thereof by the Tribunal, and the applicable principles of international law, justice and equity.

Subsection (b) also directs the Commission to certify its awards under section 5 of the International Claims Settlement Act to the Secretary of the Treasury for payment in accordance with the provisions of sections 7 and 8 of that Act. Section 8(e)(1) currently limits the initial payment which the Secretary of the Treasury may make on account of an award to the amount of \$1,000 or the principal amount of the award, whichever is less. This subsection authorizes the Secretary of the Treasury to such payments to successful claimants up to the amount of \$10,000 or the principal amount of the award, whichever is less. Payments on the unpaid balance of awards in excess of \$10,000 would thereafter be made in accordance with the existing provisions of Section 8(e) of title I of the International Claims Settlement Act, i.e., from time to time on a pro rata basis in the same proportion as the total amount available for distribution bears to the aggregate unpaid balance of principal or interest of all such awards.

Section 3. Deductions from Arbitral Awards

This section, consisting of three subsections, establishes the basic structure for effecting reimbursement of the expenses incurred by the U.S. Government on behalf of U.S. claimants in connection with the Iran-United States Claims Tribunal and the Security Account. Those expenses include both the U.S. contribution to the Tribunal for its capital and operating expenses (which are borne equally by Iran and the United States) and the U.S. share of the management fees associated with the Security Account, as well as the costs incurred by U.S. Government agencies and the Federal Reserve Bank in connection with U.S. participation in the Tribunal.

Subsection (a) generally directs the Federal Reserve Bank of New York to deduct the reimbursement from each payment received from the Security Account in satisfaction of an arbitral award, including any interest thereon, by the Tribunal in favor of a U.S. claimant. Thus, reimbursement is collected only from those claimants who avail themselves of the Tribunal, receive a favorable award and are paid from the Security Account. Those claimants who do not benefit from both the Tribunal and the Security Account would not be required to contribute to the reimbursement of the Government.

This subsection establishes the amount of the deduction at two percent of the amount received by the Federal Reserve Bank. It is expected that the total amount of Tribunal awards in favor of U.S. nationals will exceed \$4 billion and that Iran will fulfill its obligation to replenish the Security Account

whenever the balance therein falls below \$500 million. The deduction would therefore obtain reimbursement for the United States of at least \$80 million. Annual costs, both direct and indirect, to the Government of participation in the Tribunal are currently estimated to be approximately \$8 million per year over the next 10 years.

Subsection (b) provides that the amounts deducted for reimbursement to the Government of its expenses shall be covered into the miscellaneous receipts of the Treasury. The agencies incurring expenses for the operations of the Tribunal will not be able to use any of these funds. Rather, the agencies will be responsible for justifying to the Congress appropriations in amounts necessary to pay their expenses.

Subsection (c) makes clear that the authority to make the deductions provided by this section does not otherwise affect the distribution of amounts received by the Federal Reserve Bank in satisfaction of awards by the Tribunal. After the two per cent deduction is made, the balance of the award will be transmitted in full and at once to the successful claimant.

Section 4. En Bloc Settlement

Section 4 provides an exception to the requirement for a two per cent deduction in the case of any amount received by the Federal Reserve Bank in satisfaction of a settlement of claims of U.S. nationals which are to be adjudicated by the Foreign Claims Settlement Commission.. Section 7 (b) (2) of the International Claims Settlement Act of 1949, as amended, provides for a five per cent deduction from each payment by the

Department of the Treasury as reimbursement for U.S. Government expenses. In the absence of the exception provided in this section of the Bill, therefore, U.S. nationals with claims against Iran which were adjudicated by the Foreign Claims Settlement Commission rather than the Tribunal could be subjected to duplicative deductions from their awards -- first by the Federal Reserve Bank under the Bill, and second by the Treasury Department under the International Claims Settlement Act.

Section 5. Reimbursement to the Federal Reserve Bank

This section authorizes the Secretary of the Treasury to reimburse the Federal Reserve Bank of New York for its expenses in acting as Fiscal Agent of the United States pursuant to its Fiscal Agency Agreement with the Treasury dated August 14, 1981, in connection with banking arrangements which implement the Algiers Accords. These expenses of the Federal Reserve Bank of New York have been taken into account in the establishment of the level of reimbursement to be deducted from awards under section 3(a) of the Bill. The section is intended to clarify the authority of the Secretary of the Treasury to make such reimbursements in the context of this arbitration, rather than rely on the more general authority of section 1023 of title 31 of the United States Code.

RECEIVED 21 JUN 82 19

TO WHEELER

FROM PETERSON, R

DOCDATE 21 JUN 82

KEYWORDS: IRAN

LEGISLATIVE REFERRAL

LEGAL ISSUES

SUBJECT: STATE DRAFT LEGISLATION ON THE IRAN CLAIMS ACT

ACTION: MEMO WHEELER TO PETERSON

DUE: 30 JUN 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

KEMP

KIMMITT

COMMENTS

REF# LOG NSCIFID (M /)

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

mw *S* *6/22* *Signature* *6/23*

Kimmett *S* *6/22* *for concurrence*

C *6/23* *Wheeler sgd memo* *GK, RK, M.W*

DISPATCH *4/23 clv* W/ATTCH FILE *WH* (C)

MEMORANDUM

4392

NATIONAL SECURITY COUNCIL

July 15, 1982

MEMORANDUM FOR RONALD K. PETERSON
Assistant Director for Legislative Reference
Office of Management and Budget

SUBJECT: HR 5782, Persecution of Bahais in Iran

It is recommended that an official posture of neutrality be adopted for the subject legislation.

Michael O. Wheeler

Michael O. Wheeler
Staff Secretary

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TA 001

FG 011

FG 006-12

FG 006-11

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NSC # 8204392

National Security Council
The White House

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Package # 4392

JUN 30 P 3: 33

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>[initials]</u>	_____
Bud McFarlane	<u>2</u>	<u>m</u>	_____
Jacque Hill	<u>3</u>	<u>[initials]</u>	_____
Judge Clark	<u>4</u>	_____	<u>A</u>
John Poindexter	_____	_____	_____
Staff Secretary	_____	_____	_____
Sit Room	_____	_____	_____

I-Information A-Action R-Retain D-Dispatch N-No further Action

DISTRIBUTION

cc: VP Meese Baker Deaver Other _____

COMMENTS

MW

MEMORANDUM

4392

NATIONAL SECURITY COUNCIL

June 30, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: RAYMOND TANTER RT

SUBJECT: HR 5782, Persecution of Bahais in Iran

At Tab I for Michael Wheeler's signature is a memorandum for Ronald Peterson of OMB. It describes the NSC staff comment on a bill to prohibit imports from Iran, until it ceases official persecution of Bahais in Iran.

Norman Bailey, Geoff Kemp, Carnes Lord, and I believe that the Administration should be officially neutral regarding the legislation. State "is unable to support" the legislation, which could be read as being opposed to it.

Recommendation

That you authorize Michael Wheeler to sign the memorandum at Tab I favoring a neutral posture vis a vis the subject legislation.

APPROVE ✓ DISAPPROVE _____

Attachments

- Tab I - Wheeler to Peterson memo
- A - Incoming correspondence

cc: Bailey, Kimmitt, Lord, Nau



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

4392

June 23, 1982

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer-
National Security Council



SUBJECT: State proposed report on H.R. 5782, dealing
with the persecution of the Bahais in Iran.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than TUESDAY, JULY 20, 1982.

Questions should be referred to Tracey Lawler (395-4710), the legislative analyst in this office,

Ronald K. Peterson

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures
cc: Jim Barie



DEPARTMENT OF STATE

Washington, D.C. 20520

Dear Mr. Chairman:

I refer to H.R. 5782, a bill introduced by Mr. Stark in the House of Representatives on March 9, 1982. The bill would prohibit imports from Iran until the Government of Iran ceases its persecution of the Bahais in Iran.

While the Department of State deplores the persecution of Bahais which is taking place in Iran, enactment of H.R. 5782 would probably have very little beneficial effect on treatment of the Bahais inasmuch as United States trade with Iran has remained at relatively low levels since our trade sanctions were lifted shortly after the release of the hostages.

Moreover, the reimposition of sanctions such as those provided for in H.R. 5782 would likely be portrayed by Iran as a breach of U.S. obligations under the Algiers Accords, which led to the release of the American hostages held in Iran. Although these Accords were signed by the previous Administration, the Reagan Administration reviewed them shortly after coming into office and concluded that they should be fully implemented. Implementation included the revocation of all sanctions against non-military trade with Iran, both exports and imports, which had been imposed during the period November 4, 1979 to January 19, 1981. Action of the nature contemplated by the bill would in all probability be challenged before the Iran-United States Claims Tribunal at The Hague, further complicating the claims settlement process which the Algiers Accords were intended to promote.

For the foregoing reasons, the Department of State is unable to support H.R. 5782.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

With cordial regards,

Sincerely,

Powell A. Moore
Assistant Secretary for
Congressional Relations

The Honorable
Dan Rostenkowski,
Chairman, Ways and Means Committee,
House of Representatives.

RECEIVED 23 JUN 82 16

TO CLARK

FROM PETERSON, R

DOCDATE 23 JUN 82

KEYWORDS: IRAN HUMAN RIGHTS

INTL TRADE SANCTIONS

~~INTL TRADE~~ ^{2R}

SUBJECT: STATE PROPOSED REPORT ON HR 5782 RE PERSECUTION OF BAHAIS IN IRAN

ACTION: MEMO WHEELER TO PETERSON DUE: 26 JUN 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

KEMP

LORD

NAU

BAILEY

COMMENTS

REF# LOG NSCIFID (N /)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
Clark	K 6/30	For decision	7/1	RKL
-	7/15	Clark approved		
Wheeler	S 7/15	signature	7/16	
C	7/15	Wheeler sign memo to Peterson mw, R.		

NB, RK, CO, HN

DISPATCH ed 7/14

W/ATTCH FILE WH (CN)