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DRAFT

THE WHITE HOUSE

Office of the Press Secretary

BACKGROUND BRIEFING
BY
SENIOR ADMINISTRATION OFFICIAL

The Briefing Room

9:31 A.M. EST

MR. BRASHEAR: He is ON BACKGROUND, Peter Wallison, Counsel to the President, for your information only.

Q Will you have a noon briefing?

MR. BRASHEAR: No, there will be no noon briefing.

Q Aren't you trying to make 2000?

SENIOR ADMINISTRATION OFFICIAL: ON BACKGROUND. The material that's being handed to you now is the memo that was discussed on a background basis last night as well as a copy of the finding of January 17, 1986. They both appear in the report and, as Rusty attempted to make clear in his discussion, the reason we are talking about these now is that we know that these were in the report. We saw a copy of a page of the report containing this memo that you're looking at now.

All the other memos that are alleged to be in the report are just that -- they are alleged to be in the report. When those things come out we will comment, I believe, on what is in the report.

Q You know that.

Q Considering that the White House has had its representatives as part of the group of State Department and other representatives who went over this report with a fine-tooth comb to sanitize it, how can you say that you only know that some things are alleged to be in it? It seems to me that you would know in exact detail precisely what's in it.

SENIOR ADMINISTRATION OFFICIAL: Let me deal a little bit with that because that does raise a question that has been misconstrued I think quite a bit here. There was a group of approximately 13 experts from the various agencies of the United States government who were invited down to meet with the staff of the committee and to look at a version of the report for purposes of declassification. And that group, by consensus, took out -- or recommended taking out those portions -- in most cases, just names of people, sources and methods information, embarrassing references to other countries that have not hitherto been involved in this matter in any way -- the minimum number of changes that could possibly be made in order to preserve sources and methods, protect sources and methods, and to avoid embarrassment to our foreign relations.

Those were very minor changes that were made in the course of that. We expected that it would be called a sanitization or something like that. It was, in fact, simply the normal process of declassifying information.

And now if -- yes.

Q Excuse me --

SENIOR ADMINISTRATION OFFICIAL: We don't know after that what the committee did with the report. All we know is that the

MORE

information that we saw in that draft which we thought had to produce -- had to be taken out in order to produce a declassified version was going to be taken out if they wanted a declassified version. We don't know what they then further took out of the report because a lot of editing was done after that.

So we don't know what is in the report right now.

Q So how do you know that this stuff was in there then?

SENIOR ADMINISTRATION OFFICIAL: Because I was shown last night a copy of the report by someone from NBC that showed the memo that has been released to you. And, therefore, we know what's in the report.

Q You weren't shown the other memos in that report?

SENIOR ADMINISTRATION OFFICIAL: No. I was shown a page from the committee report.

Q And it would be embarrassing to other countries and our diplomacy if you commented on those other memos even though you don't know --

SENIOR ADMINISTRATION OFFICIAL: I can't comment on things that I don't know are in the public --

Q How about the five pages --

Q But you know they exist, don't you?

SENIOR ADMINISTRATION OFFICIAL: Well, sure. To the extent that I have seen these things before, I know they exist, of course.

Q So you're implying it would embarrass other countries and/or our relations if you commented on the documents even though you don't know if they're in the report.

SENIOR ADMINISTRATION OFFICIAL: I think you've completely misunderstood what I said. Let's go back and let me try once more on the subject of classification and declassification.

We saw a copy of the report that --

Q That's not my question.

SENIOR ADMINISTRATION OFFICIAL: We saw a copy of the report. The people from the White House -- there were two from the White House and approximately 11 from other agencies, all at the working level -- went through the report and recommended taking out names of countries that had not previously been implicated, the names of individuals who would reflect sources and methods, things of that kind. That essentially is the nature of the declassification review.

I am not saying at all that I won't comment on memos today that I don't know are in the report because of any embarrassment to our foreign relations. And when the report is released, which I earnestly hope it will be, we will attempt, as I said before, to comment on all information that is in the report in an orderly way. But we do not want to assume that certain things are in the report and comment on memos and commentary in the report that we don't know to be there.

Q But if the President is so interested in all the facts being put before the American people why is it such a crucial criterion whether or not a piece of information is in the final Senate Committee report. Since you know the information was presented to the committee, why is it not a proper part of the body of

information that the President wants put before the American people?

SENIOR ADMINISTRATION OFFICIAL: Well, I guess I'd call it an epistemological problem. And that is that there is a certain amount of information that you can deal with at any given time. The report is the best compilation of all this information that we are likely to have for a long time. When that report is made public, then we can all know that we are commenting on something that has put into a context all of the various memoranda, communications, testimony of various kinds. Then we can comment on it in that context.

It happens, however, that we know that this particular memo that you was released as part of the report. Apparently, it was retyped and put into the report in full. We would be willing to comment on it because of that. That's all. But when the other things are in the report, when we know what the report says beyond that, we'll be happy to make further comment.

Yes, Helen.

Q You said that all this was simply to avoid a little embarrassment, minor changes. Were five pages taken out of the report at your behest because it dealt with Bush and the Israelis?

SENIOR ADMINISTRATION OFFICIAL: The five pages, which I guess have now have been disclosed at least in some newspaper report I saw this morning -- I'm not even sure it was five pages. I think it was less than that. But whatever it was, this was not information of any significance. As I understand it, it appeared in the report

in a context in which it didn't seem to make sense to go on for so many pages about a relatively insignificant briefing of the Vice President. I don't think we would have had any objection if it had stayed in the report if it come -- I understand the Vice President's office would like it to come out. If the people from the Hill have released that portion, as they appear to, it seems to me that if it leaked -- that would be fine.

Q So you did not ask that it be removed?

SENIOR ADMINISTRATION OFFICIAL: Well I don't want to say that we didn't ask because as I understand the situation, the people who are reviewing it -- this group of 13 people looked at the -- where this was put in the report and they said, now what -- why is this here. This doesn't seem to add anything.

Q Why is it here -- he's talking about arms deals. That's why it was there.

SENIOR ADMINISTRATION OFFICIAL: You see, Helen, that's one of the problems. You'll have to see the whole report. The report deals with arms deals. I mean it's not as though this is any significant element of the report. The report goes through -- as I understand what little I do about the report -- it goes through a discussion of arms deals.

Q So it wasn't to avoid embarrassment to Bush?

SENIOR ADMINISTRATION OFFICIAL: No, of course not. And Bush would be delighted as I am told to have that put out.

Q When we were told by Larry a number of days ago that the White House was able to look at the report --

SENIOR ADMINISTRATION OFFICIAL: Yes. That's exactly right.

Q Has anyone from the White House -- you or anyone else read it?

SENIOR ADMINISTRATION OFFICIAL: Yes, yes.

Q Sat down and read it?

SENIOR ADMINISTRATION OFFICIAL: The people who were there from my staff -- there were two, plus approximately 11 people from other agencies read the report for the purpose of declassification. Now, when you do that you are not reading for substance and to the extent that they were allowed to take notes. A member of the committee staff came in and said, I don't want any notes taken out of here. Tear up your notes. All the notes were collected and notes were torn up and thrown away. So, we have nothing but memories -- recollections, memories of remembrances of things past about that report.

Q Let me ask you a question about the legal issue -- a hypothetical question about the legal issue of Presidential approval or non-approval -- prior approval of Israeli shipments. Under the law, what would be the difference between a President acquiescing and then a President disagreeing but deciding not to make an issue of it because it would expose some channels? What would be the difference between those two approaches, legally?

SENIOR ADMINISTRATION OFFICIAL: I wanted you to ask the full question, Andrea, but I will say now what I'm going to be saying in response to all of these questions and that is, that is not what we're going to be discussing at today's briefing and I don't want to get into that issue. That in general is going to be an issue for the Justice Department to address. But, I would like to talk, if I can, about the things that have been handed out to you.

MORE

Q Can you just say that the difference in the approach -- can you say whether or not the White House pressured Ollie North to change his story on that subject because of legal concerns?

SENIOR ADMINISTRATION OFFICIAL: I don't want to talk about that. But, in general you will find that an awful lot of information is not going to be available until Ollie North and John Poindexter testify about this subject. And I'm not going to speculate about whether anyone pressured anybody else about something.

Q No, I'm just asking you as the person who at that point was in charge.

SENIOR ADMINISTRATION OFFICIAL: In charge?

Q Of some of the legal questions.

SENIOR ADMINISTRATION OFFICIAL: At what point?

Q November 17th, 18th, 19th, 20th. Did anyone pressure North to change his story for legal reasons about the prior approval. I'm not talking about Contras. I'm talking about the Iran --

Q There are so many assumptions in your question. I've already said we're not going to answer it. But, I would just point out to you that there -- among the assumptions in your question is that

North was doing something on the 17th, 18th, or 19th that anybody knew about.

Q He's writing a chronology.

SENIOR ADMINISTRATION OFFICIAL: Arguably, yes. But we're not going to get into those questions, and there's no -- really, I don't want -- I don't think there's any point in debating that kind of thing, that's just the rankest kind of speculation. Most -- I would assume that most of the people didn't know what Ollie -- Oliver North was doing on the 17th, 18th and 19th.

Q He was writing a chronology for people in the White House. We've been told that.

SENIOR ADMINISTRATION OFFICIAL: You have been told that he was writing a chronology?

Q We've been told --

SENIOR ADMINISTRATION OFFICIAL: But have you been told that people in the White House were aware that he was writing a chronology?

Q I believe so.

SENIOR ADMINISTRATION OFFICIAL: Well, I don't know that.

But --

Q What do you think about what Poindexter said about you?

SENIOR ADMINISTRATION OFFICIAL: Well, I went back to the situation with the Supreme Court, and I thought to myself, golly, at least in some respects I was able to keep a secret. But I suppose John Poindexter's standards are even higher.

Q On the documents you've handed out --

SENIOR ADMINISTRATION OFFICIAL: Yes?

Q -- could you explain to us in the context of the insistence time and time again that the important thing is that this document from the Senate shows the President knew nothing of the Contra diversion, how it is you could want something out that would so starkly portray this White House as being totally incompetent in the foreign policy arena?

SENIOR ADMINISTRATION OFFICIAL: (Laughter.) I think that raises the questions that we want to talk about. (Laughter.)

Q I think so.

SENIOR ADMINISTRATION OFFICIAL: That's an adequate way of starting.

Q -- question -- dealt with -- the President's continual insistence that arms were not sold for hostages --

SENIOR ADMINISTRATION OFFICIAL: Yes?

Q -- when this document appears to make quite clear that that in fact was the case?

SENIOR ADMINISTRATION OFFICIAL: Good. I'm glad we are into that question. So let's get started on the documents themselves. And what you should have before you is a memo to the President, January 17th, 1986 from John Poindexter, and the finding that was attached to, or related to that memo.

I want to point out at the beginning of the note, at the end that appears in your version, it says the President was briefed verbally from this paper, the Vice President, Don Reagan and Don Fortier were present, initials "J.P." --

Q That's not in the report.

SENIOR ADMINISTRATION OFFICIAL: It may not be. I don't know. But since we weren't exactly sure whether they were able to -- whether they commented on this, we thought we better leave it in there. What this means is that the President never saw this actual memo, but as far as we are aware, the substance of it was conveyed to him.

Okay, I'd like to --

Q What is the "R.R." above that?

Q Could you explain his initials, then?

SENIOR ADMINISTRATION OFFICIAL: The "R.R." is Poindexter. You see, it says "R.R. per J.P." And apparently, that is Poindexter -- and I have to speculate a little here -- that is Poindexter saying that the President approved -- putting the President's initials in that box, the President apparently approved orally.

Q Is that common for people to sign for the President?

SENIOR ADMINISTRATION OFFICIAL: I have not idea. This is the first of such memos that I've seen.

Q Does the President agree that he approved?

SENIOR ADMINISTRATION OFFICIAL: That he --

Q Approved?

SENIOR ADMINISTRATION OFFICIAL: I haven't talked to the President about this.

Q Why haven't you?

Q It is the President's signature on the finding, isn't it, so that that's quite apparent he approved it?

SENIOR ADMINISTRATION OFFICIAL: Oh, yes. There's no doubt the President signed the finding. That's right. We just don't know how much of the memo that the President saw.

Q Why didn't the President read the entire memo and initial it himself?

SENIOR ADMINISTRATION OFFICIAL: You'd have to ask Poindexter that. I don't know why it was -- why the choice was made to brief the President orally.

Q How do you know he didn't it?

Q Could we get to the sentence that begins -- if all of the hostages are not --

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q -- released after the first shipment of 1,000 weapons --

SENIOR ADMINISTRATION OFFICIAL: Okay, let's --

Q -- further transfers would cease --

SENIOR ADMINISTRATION OFFICIAL: All right. Let's get --

Q -- why was that process not followed?

SENIOR ADMINISTRATION OFFICIAL: Let's get to the memo, because let's -- instead of doing what happened last night, and that is taking a sentence out of the memo, let's get to the memo as a whole. And I think it is important first of all to state what I think is probably the context here, the issue. And the issue, I think, is what the President knew about what the policy was here -- what he knew or understood, what was conveyed to him in the way of information concerning what the policy was. Because eventually, you all will want to talk about what the President subsequently said about what the policy was, and there's been a lot of commentary about discrepancies between what might be here and what the President said.

In any event, the issue, as I see it, is what the President knew or understood, what was being conveyed to him in the way of information. We see that in this memo. The memo demonstrates, it seems to me, that hostages and arms relationship, that business of talking about hostages and arms together in relation to one-another, was part, as the memo makes very clear, of the larger picture that the President has always talked about.

And finally, the existence of this memo is important to make clear that the strategic aspects of the exchange, the things that the President has emphasized as being his purpose in approving this, this whole program, was not, as some have speculated, a cover story. It is -- it would defy imagination that you would create a top secret document talking about all this stuff in the hope that, or in the expectation that one way it will be released to the press. That just doesn't happen. The -- in fact, the much more likely, and in fact, almost the certain hypothesis is that the President was advised that what the policy was that he was going to be asked to approve was as stated in this memorandum.

Now if I can turn to that, let's try to go through it. I would like to --

Q It doesn't --

Q How did he respond to reports that have quoted -- documents? As I recall, originally the CIA document -- memorandum -- the President suggested in essence, an arms-for-hostages swap, and suggesting that in the event the details were to come out, that it excused on the basis that it was -- it would be claimed that it was an attempt to contact --

SENIOR ADMINISTRATION OFFICIAL: As you no doubt know, people in this government, as everywhere else, are permitted to speculate to themselves or their files or their subordinates or their superiors about what will happen under certain circumstances. That -- I don't know what memo you are referring to, but my point here is that the President did not believe that this was a cover story, could not be expected to believe that it was a cover story when before the operation began, he's being told what the strategic considerations were, why it was being advanced, and the program is being explained to him in exactly the terms that he reported to the American people.

Now, if someone else somewhere says, well, I think we can deal with this by calling it this or that, that doesn't strike me as being in demonstration even a good circumstantial demonstration of the fact that that is what occurred.

Q Well, it hardly taxes credibility to believe that skillful bureaucrat like Admiral Poindexter would provide the President with a cover story, an excuse, a rationale, if you will, to put a better face on it, for getting the hostages out.

SENIOR ADMINISTRATION OFFICIAL: That goes to the question, I think, of what was in Admiral Poindexter's mind. It doesn't go to the question of what was in the President's mind, which, as I say, is the central issue here.

Q How can you be certain what the President was told? I mean, isn't it possible that this would explain to him verbally as strictly an arms-for-hostage deal? I mean, you say yourself we don't know that he saw the memo or read the memo.

SENIOR ADMINISTRATION OFFICIAL: That's right. I cannot say how it was explained to him verbally because obviously I was not there. All we know is what's in this. It could -- indeed, another hypothesis is that he was never told about arms for hostages, that the other aspects of this were described to him. All we do know is when the President has spoken about the subject, he has spoken about it essentially in terms of what we see in this memorandum. And that's the significant point.

Frank.

Q Are there notes of the verbal explanation of this memo? Was there a notetaker present?

SENIOR ADMINISTRATION OFFICIAL: No.

Q Are -- have you talked to the President yourself about this exchange --

SENIOR ADMINISTRATION OFFICIAL: I don't want to deal -- I don't want to talk about the discussions I've had with the President about this. Not to say that there have been many or few. I just don't think it's appropriate at this time to talk about that.

Q One other -- related to this document, there have been reports that there was an earlier finding dated the 6th that explicitly referred to Israel in the finding. Can you tell us, was there another finding --

SENIOR ADMINISTRATION OFFICIAL: There was an earlier finding. I will talk about that because it is related to this. As far as we can see, it was a draft of this document.

There was a very minor change between the draft of the 6th and this document. That change did not refer to Israel.

Q Didn't the President sign the 6th?

Q What was the change?

SENIOR ADMINISTRATION OFFICIAL: The change was to add in the words "and third parties" in the second line of the indented first paragraph.

Q Didn't the President sign the thing on the 6th?

SENIOR ADMINISTRATION OFFICIAL: The President did sign a document on the 6th. No, let me amend that and say the President signed a finding dated January 6th. When he signed it, we do not know. We also do not know the circumstances of his signing it. One hypothesis is simply that it was circulated at the meeting on the 7th. There was an NSPG meeting on the 7th when this whole issue was discussed. It was circulated at that meeting and discussed at that meeting. But you'll have to go back and look at the full report. I don't want to go beyond that. But, I will just respond to the question to talk about the January 17th finding just to say that it's very obvious that the January 6th finding was a draft of the 17th finding. The only difference was the insertion of those three words, "and third parties".

Q The only difference?

SENIOR ADMINISTRATION OFFICIAL: The only difference. The only difference.

Q So, for the 10 days between January 7th and January 17th no one -- there was no meeting at which top officials saw the final -- proposed final draft of the finding?

SENIOR ADMINISTRATION OFFICIAL: I don't want to go into that. Not to say that I know the answer or I don't know the answer to that. I don't want to get beyond the ground rules that we have established for this. I just want to say that this finding of the 17th appears to have been the final version of what was distributed to and signed by the President on the 6th.

Q May I ask you, if this was an overall strategy -- the President thinking of our strategic interests -- Pershing Gulf and so forth -- why was it necessary to cut out Congress, cut out Shultz, cut out Weinberger if this was not arms for hostages?

SENIOR ADMINISTRATION OFFICIAL: That -- I'm glad you raised that question, Helen, because that brings us right back to a memo. There is a description of the purposes in the memo. I think we can assume that since that description matches very much with what the President has said about the subject, that the two were discussed. And that that issue was brought to his attention. Let's --

Q Why were they cut out?

SENIOR ADMINISTRATION OFFICIAL: It says so right in the memo. Let's try to get to that. Let me just -- let's go through the memo and maybe that will stimulate some questions since you're all so reticent. The first -- if we look at the first --

Q We're up a creek here for a month.

SENIOR ADMINISTRATION OFFICIAL: The first paragraph notes that Prime Minister Perez of Israel dispatched a special advisor on terrorism to propose a plan by which Israel, with limited assistance from the United States, can create conditions to help bring about a more moderate government in Iran.

Q Was that Mr. Nir?

SENIOR ADMINISTRATION OFFICIAL: I don't want to speculate on that. I don't know for sure. I think he's the only person who held that title, but I don't know. The -- in any event, the -- apparently, an Israeli initiative, a plan to bring about a more moderate government in Iran.

Second paragraph begins, "The Israeli plan is premised on the assumption that moderate elements in Iran can come to power if these factions demonstrate their credibility in defending Iran against Iraq and in deterring Soviet intervention." More on the same strategic line going down through the paragraph --

Q If I could stop you there.

SENIOR ADMINISTRATION OFFICIAL: Sure.

Q To achieve the strategic goal, the Israelis are prepared to unilaterally commence selling military materiel --

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q -- when, in fact, they had been doing so not only through the past year, but we know now, through the previous administration, even as our hostages were held there.

SENIOR ADMINISTRATION OFFICIAL: Right, right. I don't want to confirm that, but there have certainly been a lot of newspaper reports to the effect that the Israelis had been selling. I want to point out to you that the memo does not tell the President that. The memo says the Israelis are now prepared.

Q Didn't he know?

Q But did he approve it after the fact --

Q He knew it as of September.

SENIOR ADMINISTRATION OFFICIAL: You are all speculating about what has happened.

Q No, we've been told.

Q He gets intelligence briefings every day. Did he not know that this was happening?

SENIOR ADMINISTRATION OFFICIAL: All I can tell you right now is that there have been a lot of newspaper reports about the fact that the Israelis were sending arms to Iran and the President, as was pointed out here, the President is not told that here. He is told that the Israelis are willing to commence some sort of program of doing that.

Q Not only from newspaper reports, but the case of case of -- in New York, the whole -- which is a subject of U.S. District Court proceeding. FBI tapes going back to 1980 --

SENIOR ADMINISTRATION OFFICIAL: I'm not denying it and I'm not saying there isn't evidence for it. I'm just suggesting --

Q -- you say that Mr. Poindexter here at least is misleading the President?

SENIOR ADMINISTRATION OFFICIAL: No. I won't make any characterization about what happened here.

Q Is the President this easily misled?

SENIOR ADMINISTRATION OFFICIAL: I think we ought to go

further down in the memo. Let's proceed through it.

Q It's a serious question.

SENIOR ADMINISTRATION OFFICIAL: Well, I don't think anyone is going to ask -- should expect me to comment on a question like, "Is the President so easily misled?"

Q It is a legitimate question.

SENIOR ADMINISTRATION OFFICIAL: Okay, you may raise a legitimate question. All I'm saying is that a person -- all I'm suggesting to you is that this is the information that we know, at least it's the closest thing we can come to the information that we know was provided to the President in a meeting about a year ago.

Q -- previous communication?

Q Can you tell us whether you've asked the President
--

SENIOR ADMINISTRATION OFFICIAL: No, I cannot tell you. I will not tell you whether I've asked the President because I don't want to comment on meetings with the President and things of that nature.

Q -- indication here is that we --

Q -- September shipment --

Q I thought, and I thought it's been confirmed in this briefing room that in late 1985, the Israelis sent weapons to Iran and at some point, according to a spokesman here, this was approved after the fact by the President -- there is some conflict as to precisely when -- but that it was approved after the fact, and I think most recollection, prior to his finding. So I mean isn't that fact that has been confirmed here by White House officials?

Q That's what Larry's been saying.

SENIOR ADMINISTRATION OFFICIAL: I don't want to get into that question. I'm just responding basically to the question here, and that is, how do you reconcile the fact that it says this about this subject here and the fact that the Israelis had already been shipping arms?

Q But the Israelis --

SENIOR ADMINISTRATION OFFICIAL: All I'm saying is that this is what is in the memorandum. That's all we know the President was told at this time. It doesn't say anything more.

Q If you want us to believe this memo was not a cover story and represents the true facts and knowledge, how can we do that if there are such apparent inconsistencies that you won't comment about?

SENIOR ADMINISTRATION OFFICIAL: Well, my commenting on them will not resolve apparent inconsistencies.

Q So part of this may be a cover story and part of it may not be?

SENIOR ADMINISTRATION OFFICIAL: I won't suggest that any of it is. It's absolutely an unbelievable hypothesis that someone would create a top secret code word document for the purpose of concocting a cover story.

Q Can I ask a point about this sentence?

Q To resell his --

SENIOR ADMINISTRATION OFFICIAL: Exactly. It's a novel.

Q Could I ask a point about that sentence? When it talks about commencing selling military materiel, it cites "Western-oriented Iranian factions." Is there any indication that the Israelis were, in fact, changing their policy to sell to somebody different in Iran?

SENIOR ADMINISTRATION OFFICIAL: Gee, I really have no information to comment on that.

Q And can you deal with the Israeli strong denial of this premise --

SENIOR ADMINISTRATION OFFICIAL: No.

Q -- that it was Israeli initiated?

SENIOR ADMINISTRATION OFFICIAL: Can't. All I can deal with is what is in the memo, what was told to the President if this memo was faithfully reported by John Poindexter to the President at this time. This is the information you see here that is in the memo. The other questions about what others are saying about it, I can't resolve those issues.

Q What boggles the mind about this particular sentence, though, is that in addition to reports that previous shipments were authorized either beforehand or after the fact, in addition to that, the President supposedly had a communication from a head of state who has been identified as the Prime Minister of Israel prior to this briefing on the shipments that had been taking place.

SENIOR ADMINISTRATION OFFICIAL: Maybe so.

Q How could Poindexter with a straight face --

SENIOR ADMINISTRATION OFFICIAL: Well, wait a minute. Let's go -- all right, let's return then to the sentence and suggest the possibility that the sentence does -- is mistakenly -- does not go back further and talk about the history of this thing. If, I suppose, the writer of the memo had thought it would be important for the history of all of this to be reviewed in this paragraph, then presumably, he would have reviewed it. He didn't at the time think the history of this was particularly significant so he may have short-cutted that and not told the President the history of the whole thing.

It is now an issue for some people, but the point is that the writer of the memo is trying to convey to the President the fact that the Israeli -- apparently, the fact that the Israelis have proposed a way of achieving some sort of strategic opening to Iran.

Q One of the most important issues in the coverup is the allegation --

SENIOR ADMINISTRATION OFFICIAL: The what?

Q Of the -- what this does not report about is that the President was not told that the Israelis had been shipping for an extensive period of time, that the President was deceived by Mr. Poindexter, and that that's the whole point, and that this memorandum of the statement right here apparently confirms the fact that Mr. Poindexter was seeking to deceive the President --

SENIOR ADMINISTRATION OFFICIAL: I wouldn't say that it confirms anything of the kind. It only says -- it only says what it says. I don't see how you can conclude that anyone was trying to deceive anyone until you hear the man's testimony. I'm only pointing

out to you that this is what the memo actually says. It does not recite any history in the past. And we're going back again to what the President knew and what we are talking about is what the President knew from this memo.

We do know now that there was at least a memo prepared with which the President would be briefed. And that memo does not go into the history of this. It just says that the Israelis have proposed this new way -- doesn't even say new -- excuse me -- it says the Israelis are now prepared unilaterally to commence selling military materiel to Western-oriented Iranian factions.

There are all sorts of facts in there that could, in fact, be new -- Western-oriented Iranian factions and things like that. I don't -- I can't speculate on that. All I can say, however, all I am saying is that this is the -- these are the facts that were given to the President.

Q Did the President have a similar memorandum when he signed the original finding on January 7th? And if not, why was this prepared 10 days later? He'd already authorized this kind of a plan or policy.

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q Now why a memorandum 10 days later to explain what it was you're doing, Mr. President?

SENIOR ADMINISTRATION OFFICIAL: Well, I don't know, except to say that it is customary when a finding is presented to the President -- and I can't say that from my own experience because those things do not get exhibited to White House counsel -- but I am told that when a finding goes to the President there is a memo which covers that finding. But in answer to another question before, I said I do not know whether, in fact, the President normally reads that memo or whether he's briefed from it.

In any event --

Q But is there --

Q Was there a similar memo accompanying the earlier finding?

SENIOR ADMINISTRATION OFFICIAL: No, we weren't -- we have been unable to find a similar memo accompanying the earlier finding.

Q But you just said it is customary to provide a memorandum to explain --

SENIOR ADMINISTRATION OFFICIAL: The hypothesis that I outlined before is that the earlier one, the January 6th one, was a draft prepared for a discussion that was held on January 7th.

Q Well, did the President sign that one you said earlier --

Q -- sign the earlier one?

SENIOR ADMINISTRATION OFFICIAL: He signed the earlier one.

Q Did he at that point request further clarification?

SENIOR ADMINISTRATION OFFICIAL: It may well have been -- it may well have been that he thought that he had -- there was a full debate about this subject, apparently, on January 7. And at that time, he probably decided that he was going to --

Q Was this January 6th?

SENIOR ADMINISTRATION OFFICIAL: -- he was going to assign it. I'm sorry?

Q He signed it on January 6th, even though the full debate didn't happen until a day later?

SENIOR ADMINISTRATION OFFICIAL: He didn't sign it on January 6th, it is dated January 6th. We don't know when he signed it, actually.

Q If I can just follow this --

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q -- so the President obviously knew what the Israelis were doing on January 6th when he signed it, that this was part and partial to --

SENIOR ADMINISTRATION OFFICIAL: The January 17 memo may well have been just a reprise of the discussion that occurred on -- probably on January 7th.

Q Just exactly to what extent was the January 7th procedure a reprise of things the President had agreed to verbally or otherwise in the prior years?

SENIOR ADMINISTRATION OFFICIAL: I really have no idea.

Q Do you have any idea why these two discussions took place 10 days apart?

SENIOR ADMINISTRATION OFFICIAL: No. But I think at the end of the memo, on page three of the memo, you can see that there is a reference to the fact that "you've discussed the general outlines of the Israeli plan with Secretary Shultz and Weinberger, Attorney General Meese and Director Casey."

So that probably was the meeting of January 7 where, probably, the draft of the finding that is dated January 6 was probably circulated. This -- the Israeli plan is what we're talking about in this memo.

Now, if I could just continue through this, because it is very important that we try -- and I supposed we are going to run out of time soon -- let me just go through the memo to try to point out the significant elements in it and get down to the question that raised my discussion of the memo in the first place.

We're going through this -- the first -- the second paragraph -- we talked about the Israeli plan and what its premises were. And then there's some realpolitik kind of analysis of it in the rest of that paragraph. There's some legal questions which we can address later. They're not relevant right now to getting a sense of what the memo is about. Then, it gets in the -- what looks like -- well, the third paragraph on page two of what you've got -- the Israelis are also sensitive to a strong U.S. desire to free our Beirut hostages -- talks about that -- have insisted that the Iranians demonstrate both influence and good intent by an early release of the five Americans. Apparently, the Israelis, according to this, were the ones who were conducting the discussions with the Iranians, it would seem. Both sides have agreed that the hostages will be immediately released --

Q Both sides?

SENIOR ADMINISTRATION OFFICIAL: Upon -- both sides being, apparently, the Iranians and the Israelis. Both sides have agreed -- at least that's how I read the context here. The -- both sides have agreed that the hostages will be immediately released upon commencement of this action. That's a very -- that's also a very important sentence. I would suggest to you that what it -- that says to the President is that it is a precondition of the action -- that is the opening of the channel to Iran, the formation of a relationship with the Iranian moderates or the faction of Iranian --

Q Who are they?

SENIOR ADMINISTRATION OFFICIAL: I have no idea who they are, but the President was told that there was such a group with whom relations could be established. It was a precondition of the establishment of that relationship, that the hostages be released upon the commencement of this action. Prime Minister Peres --

Q Surely, that referred to the arms not to the larger strategic --

SENIOR ADMINISTRATION OFFICIAL: No, because as you see later on, in exactly the contest we were talking about before, there are to be 4,000 TOWs sent. But if the hostages are not released, the President is told, after the first 1,000 are sent, then the action does not proceed. The action that is being referred to in this sentence is the opening of strategic relationship with Iran. The precondition is this issue.

Q -- transcript --

Q -- it does not say actions. It's "further transfers" which --

SENIOR ADMINISTRATION OFFICIAL: Further transfers would not proceed --

Q -- tranfer of arms --

SENIOR ADMINISTRATION OFFICIAL: That's right -- that we would not transfer further arms to them. But if the hostages were released all at once, as was apparently suggested here, then we would continue to ship arms to them because the action was --

MORE

the action here that is referred to is the opening of the relationship with the moderate groups in Iran and the influence of the Iranian government in a more moderate direction.

Q That's an interpretation.

Q -- relationship established if not by the shipment of arms?

SENIOR ADMINISTRATION OFFICIAL: How is the --

Q How is that opening of a relationship established except by shipment of arms? Do we send them a certificate?

SENIOR ADMINISTRATION OFFICIAL: No -- that is right, and that is what the President has said from the beginning. The President has said --

Q So the shipment of 1,000 arms --

SENIOR ADMINISTRATION OFFICIAL: The President has said that the Iranians were looking for some demonstration of good faith on our part. We said to them, you have been -- you have supported international terrorism in the past. What we want -- and I'm -- this is what I'm suggesting is what the President has said -- what we want is for you to demonstrate to us that you no longer support terrorism and the way to do that is to use your influence to get the hostages in Lebanon released.

Q Released upon commencement of this action.

SENIOR ADMINISTRATION OFFICIAL: That's right.

Q So the action then is the shipment of 1,000 --

SENIOR ADMINISTRATION OFFICIAL: No, the action is -- the commencement of this action -- it is not -- unless you're saying it is the time the plane is wheels up. It is --

Q What else is there that the Iranians have to look at except the arrival of weapons? What other indication of our good faith is there?

SENIOR ADMINISTRATION OFFICIAL: There will be continuing discussions between the Iranians and U.S. officials.

Q And three more shipments. I mean this is a distinction without a difference.

SENIOR ADMINISTRATION OFFICIAL: I think the distinction is very clear and I think there is a difference. And I think the -- actually, I don't want to argue about the question of whether there was an exchange of arms for hostages because --

Q Oh, you don't?

SENIOR ADMINISTRATION OFFICIAL: No, because the --

Q Why are you here?

SENIOR ADMINISTRATION OFFICIAL: I'm here just to demonstrate that what happened here was what the President said in his statements would happen, and that is that we would make shipments of arms and the Iranians, for their part, would use their influence to achieve a release of our hostages. And that was all part of a much more -- a much broader --

Q It says the shipment of arms will cease if the hostages are not all released.

SENIOR ADMINISTRATION OFFICIAL: That's correct.

Q But there had already been --

SENIOR ADMINISTRATION OFFICIAL: Can I just finish that sentence? This is all part of a much broader context in which we are opening a relationship with the Iranian government which is intended to support, strengthen the moderate group within the Iranian government. That is what the President has said from the beginning. That is laid out very clearly on page one of the memo. And on page two of the memo, they start talking about one aspect of this which is this mutual demonstration of good faith -- our shipping the arms, their getting the hostages out. If, in fact, the hostages do not come out, then we would not ship the arms. But if the hostages did come out, then we would continue with this opening to the Iranian moderates because their good faith would have been demonstrated.

Q But by this time there had already been two shipments --

Q Can you explain the last paragraph then?

Q -- and the hostages hadn't come out. So by the very criterion laid out in this memo, the process should have already ended before it was ever presented to the President. I mean the people presenting this argument knew that the standard they were setting had already failed.

SENIOR ADMINISTRATION OFFICIAL: I would think that this would be an excellent reason

for all of you to see the full report. And when you see the full report and the facts that are laid out in there, you will be able to make a better judgment of who knew what when, and the relationship between some of the earlier shipments and what happened after the January 17th finding.

Now it is very hard for me even to -- I can't speculate on all that stuff, but I think you have to see it in a context, and then maybe we can try to answer some questions about it.

Q While you're on that subject --

Q -- about the --

Q This memorandum make fairly clear that the strategic reasons the President has given in his public statements were included in the original decision. But it also seems to make clear that there were in fact within the context of that strategic thinking an arms-for-hostages link that just jumps off the paper. And the President has denied that there was any link between the selling of arms and the release of the hostages. How do you reconcile that?

SENIOR ADMINISTRATION OFFICIAL: The President's statements on the subject do not -- say simply that hostages -- we were interested in getting the hostages out, that we had asked the Iranians to -- and that is substantiated here -- the Iranians to use their influence with the people we thought were the captors of the hostages, the Hizballah, and that, as our demonstration of our interest in establishing a relationship with this moderate group, we would commence the shipment of arms.

Q But within the context of --

SENIOR ADMINISTRATION OFFICIAL: That's all the President has said. And that is -- you can take the shorthand language that is used here and you can interpret it any way you want. I can't affect your interpretation except to say that there is a context in which this occurs and I think it is very clear that what is being told to the President here is exactly what the President believed when he made his statements, and that is that this was part of a much larger process. What occurred afterward, which there will be a lot of speculation about, I can't really talk about because I haven't seen how the report lays this out. I don't even know all the facts about that.

Q Are you saying then that there was no arms-for-hostages link?

SENIOR ADMINISTRATION OFFICIAL: I'm not going to say that there is an arms-for-hostages link. I'm going to say what this memo says and what the President said, and that is that we are -- we would be willing to send arms to Iran. The Iranians have suggested to us that they are no longer interested in terrorism, that this moderate faction we were dealing with would have influence -- possible influence for the release of our hostages. If we're dealing with the right people they should be willing to use that influence and get the release of the hostages.

Q -- clear that there was this direct link? Is it not clear from this memorandum that there was a direct link in fact between the sale of arms and the release of the hostages -- or our expectation? Yes or no?

SENIOR ADMINISTRATION OFFICIAL: In a restricted context of the commencement of this program, the two are linked in a sentence, but that is the -- you cannot tell from this anything other than that. And, as the President has outlined his understanding of what the policy was -- and this is what's important -- it was for the purpose of opening some kind of relationship with the moderates in Iran. And when that relationship was opened, we would continue to

send arms to the Iranians. But to demonstrate whether we were in fact dealing with people who had -- who were real in Iran and had influence in the government of Iran and in turn through the Islamic world, he wanted to see whether they could achieve the release of the hostages. That was what the President said. These people said they had that influence. They went out -- or would go out, we were told, and seek to achieve it.

Then it says that if the arms were not -- if the hostages are not released, no arms beyond this initial good faith shipment on our part would be sent. The other side of that coin, of course, is that if the hostages were released, that was the beginning of the relationship with Iran and more arms -- an additional 3,000 TOWs as laid out in this memo would be shipped. It seems like a perfectly clear relationship.

Q Doesn't this mean that --

Q The next sentence in the memo, however --

Q -- back on the word that he said that there would be no dealings with terrorists, and yet this seems that his main purpose here with regard to all you're saying was to get these hostages released. And it seems to me he's going back on his first statement, we do not deal with terrorists.

SENIOR ADMINISTRATION OFFICIAL: Well, as the President has said --

Q He brought this other up as just color --

SENIOR ADMINISTRATION OFFICIAL: Ahh.

Q If he really meant it --

SENIOR ADMINISTRATION OFFICIAL: You're entitled to say that. I've tried to deal with that kind of allegation.

Q -- if he really meant that, then why didn't he continue with good relations --

SENIOR ADMINISTRATION OFFICIAL: But the point that the President has made --

Q -- after he didn't get --

SENIOR ADMINISTRATION OFFICIAL: The point the President has made many times -- the point the President has made many times -- this issue is that the Iranians were not the captors, that he was not dealing with the captors. They may have had -- the Iranians he was dealing with may have had some influence over the Hizballah. He was going to see whether they did.

Q He had said --

Q Sir, in the next sentence after the linking between the hostages and -- withholding further weapons if the hostages weren't released. On the other hand, since hostage release is in some respects a byproduct of a larger effort to develop --

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q -- ties, et cetera, the context of that appears to reinforce the implication of the previous sentence, that there is a direct link between the hostages and the arms sales.

SENIOR ADMINISTRATION OFFICIAL: No, I think -- that paragraph, I think, is very -- says a lot of what I'm trying to say here. The hostage release is in some respect a byproduct. That is, it's inadvertent, it is fallout from a larger effort to develop a

spin-off and a larger effort to develop ties to potentially moderate forces in Iran. That is what this whole memo is about -- this develop of ties to these moderate forces and the ability perhaps to influence them, and through them, the direction of the government of Iran.

Then it just says that since that hostage release is in some respects a byproduct of that larger effort, you may wish to redirect such transfers to other groups within the government at a later time. I assume -- I do not know, but I would assume what that language means is that you may want to deal with other factions within the government.

Q But it can also be read that the whole genesis for this is the release of hostages, but that even if we don't get that, we may want to continue to press for the relationship with some moderate element in Iran.

SENIOR ADMINISTRATION OFFICIAL: And that is entirely possible. And it may well be that that is what was meant. But I think that that means that if the hostages are released at some later time, this kind of assumes the hostages will be released. At a later time you may wish to redirect the transfers,

the remaining 3,000 TOWs, to other groups within the government.

Q So why were Shultz and Weinberger cut out?

SENIOR ADMINISTRATION OFFICIAL: To answer that question is --

Q I mean, weren't they supposed to know what was going on in their own government and in their own departments? Where did these missiles come from -- heaven?

SENIOR ADMINISTRATION OFFICIAL: Well, your assumption in that, Helen, is that Shultz and Weinberger were cut out and I can't -- you have the testimony of George Shultz -- you have the statements of the public testimony of George Shultz, you have the statement of Weinberger. I can't comment on that.

Yes.

Q Isn't there a --

SENIOR ADMINISTRATION OFFICIAL: You have been very patient. May I please --

Q On a small point, I just wanted to ask about the reference to the Smith determination in here -- about other ways to finance or carry out arms sales. Do you know what the circumstances were of -- for Smith making that determination -- at the time why Smith had arrived at that finding -- the circumstances --

SENIOR ADMINISTRATION OFFICIAL: I know the circumstances. I cannot discuss them because they're classified.

Q Can you say when?

Q Were they related to Iran?

SENIOR ADMINISTRATION OFFICIAL: No.

Q Can you say when?

Q Can you explain the legal justification that Smith used?

SENIOR ADMINISTRATION OFFICIAL: No. I do not want to do that. That will be the task of the Justice Department -- the role of the Justice Department.

Q Peter? If you would not describe it as a causative connection --

SENIOR ADMINISTRATION OFFICIAL: A what?

Q If you do not describe arms for hostages as having a causative connection --

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q -- how would you describe the relations? Parallel? Coincidental?

SENIOR ADMINISTRATION OFFICIAL: Byproduct -- that's what's used here. I think it's a perfectly good word -- byproduct of a larger effort.

Q So that, if the larger effort were to succeed without getting the hostages out, that is at least stopping terrorism on other fronts, you think it would have continued? I mean, why put hostages in here in the first place?

SENIOR ADMINISTRATION OFFICIAL: Well, it was a demonstration of good faith. And, in fact, the whole hostage issue comes up in the context of terrorism. That's how it's talked about here. It says -- it must be noted that since this dialogue with the Iranians -- this is the third full paragraph on page two, end of the paragraph -- it must again be noted that since this dialogue with the Iranians began in September -- I guess this dialogue must be referring to the Israeli dialogue -- with the Iranians began in September, Reverend Weir has been released and there have been no Shia terrorist attacks against American or Israeli persons, property or interests.

So, the suggestion that is being made there to the President is that there has, in fact, been a reduction in terrorism since the dialogue began. And that, I think, is part of the essence of what the President is being told here -- that there will be a reduction in terrorism if we can open this channel to moderates in Iran, we can hope to induce Iran to reduce terrorism or its support of terrorism throughout the world -- the hostages have some relation to that -- and to the President, the release of the hostages is a demonstration that the Iranians are no longer supporting terrorism.

Q Wait. Peter, let me follow that up. Can you tell us in your document search whether you have found -- you don't have to tell us what they said -- but whether you have found documentary evidence -- position papers from the State Department, the CIA, identifying moderate elements and backing this up?

SENIOR ADMINISTRATION OFFICIAL: I can't comment on that. Maybe the report will say that.

Q Can you say whether you have found --

SENIOR ADMINISTRATION OFFICIAL: I can say that I have seen some information that would support that, yes. And, in fact, if you could see the full report that the committee has, you will see at least in -- this is only -- see, the trouble is that you have -- it's -- you have shadows.

You are described -- what is described to you is in general what the report says, and it's my understanding that, in general, the report goes through at the beginning, the beginning of this whole thing, talking about intelligence assessments which showed that there was the opportunity to open a channel to moderates in Iran. No mention of hostages, no mention of arms. It was an idea that came up within the intelligence community. It also happened to have support elsewhere, including in Israel and among various other people who are experts in the Middle East, of arms dealers and things of that kind, and so that is the context in which this thing arose late 1984, early 1985, continuing on through 1985. That's what the report shows.

Q Does that also show a desperation for arms --

Q Peter, can you go back --

SENIOR ADMINISTRATION OFFICIAL: And it's consistent with this.

Q -- a desperation for arms and the word from Khomeini to his envoys to try to get an opening because they're desperate for arms?

SENIOR ADMINISTRATION OFFICIAL: I don't know. I don't know. I don't know. It might.

Q Peter, can you go back to one earlier sentence from the one that you were dealing with with Saul?

SENIOR ADMINISTRATION OFFICIAL: Yes. Yes, Andrea.

Q -- the one about this may well be our only way, underlined only, to achieve the release of the Americans held in Beirut.

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q What is your interpretation of that --

SENIOR ADMINISTRATION OFFICIAL: Well, I think that --

Q -- in terms of the weight being put on that?

SENIOR ADMINISTRATION OFFICIAL: I think the weight was significant. The President is being told here that one of the byproducts of this policy, which we are recommending that you adopt, is that we will have an opportunity to influence people who we have not been able to influence before. And we will influence them through the Iranian -- these Iranian moderates -- the members of the Iranian government.

Q But in this sentence he's being told something else. He's being told this may well be our only way to achieve the release of the Americans still held in Beirut.

SENIOR ADMINISTRATION OFFICIAL: Yes, yes, yes.

Q I mean, doesn't that get to the central core of --

SENIOR ADMINISTRATION OFFICIAL: No. I think it says -- it says essentially that one of the byproducts of this is --

Q Doesn't call this a byproduct right there.

SENIOR ADMINISTRATION OFFICIAL: No, it doesn't. Later on it says since the hostage release is in some respects a byproduct of a larger effort -- that's where it says byproduct. But, you know, it's not all written neatly together.

The point I think that is being made here is that this is really a good idea, Mr. President, because not only will this create this strategic opening to the moderate forces in Iran who we will, have as the Israelis have suggested -- we will have an opportunity to influence in the future -- but in addition, Mr. President, this may permit us to have influence over the Hizballah that these moderate Iranians may have and which we have never been able to get in any other way.

Q In the succeeding sentence that you just dealt with with Saul -- doesn't that imply -- doesn't that contradict the first sentence of this memo and imply prior knowledge by the President of the September initiative -- that this was not the commencement, in fact, but it was a continuation of something that the Israelis were doing?

SENIOR ADMINISTRATION OFFICIAL: Which -- can you -- can we go to -- I've lost your reference.

Q I'm sorry. It must again be noted that since this dialogue --

SENIOR ADMINISTRATION OFFICIAL: Oh, yes. Since this dialogue with the Iranians began in September -- yes.

Q Doesn't that indicate that the President was aware of the September actions?

SENIOR ADMINISTRATION OFFICIAL: He was certainly aware of the release of Weir. And --

Q No, but the Israeli/Iran dialogue?

SENIOR ADMINISTRATION OFFICIAL: Yes. Yes, he -- this suggests that at this time the President was made aware of the dialogue. I'm not suggesting he didn't know it before. All I'm suggesting is that if we stay within the four corners of this memorandum, it would appear that the President is now told that this dialogue began earlier.

Q No, it -- he's told excuse me --

Q You're asking us to believe that --

SENIOR ADMINISTRATION OFFICIAL: Andrea -- we'll get to you. We'll get to what I'm asking you to believe in a moment.

Q That sentence doesn't read the way you've just described it. That sentence tells you that Reagan knew about the September dialogue. This is not -- this is a first reference.

SENIOR ADMINISTRATION OFFICIAL: Yes. Okay, it must again be noted that since this dialogue with the Iranians began in September, Reverend Weir has been released, okay?

Q By "dialogue," you mean for the arms shipment?

SENIOR ADMINISTRATION OFFICIAL: I don't know. This says "dialogue."

Q So you mean, the President thinks that they were just talking, that there was no arms shipment -- January --

SENIOR ADMINISTRATION OFFICIAL: Well, you see, earlier, the President is told that the Israelis are now willing to start shipping arms. That's what he is told there. Before that time, the suggestion is that the Israelis were not shipping arms. I don't -- I'm not suggesting that I can make a completely understandable piece out of this, but I am suggesting that within the four corners of this memorandum, we see what the President is told here, and he is told that to some degree there's been some success here in the past, because since the beginning of this dialogue, Reverend Weir has been released, and there have been no Shia attacks against American or Israeli persons, property or interest.

Now, I do not want to suggest -- I'm not suggesting here that the President did not know about earlier shipments of arms, either before or after. I don't want to get into that issue. I'm not suggesting that he did not know about earlier shipments of arms. All I'm talking about is what he was actually told here. And this -- that sentence, if we are to parse these things extremely carefully, that sentence would suggest that the President knew about earlier shipments of arms.

Q Within the four corners of this dialogue, as you -- of this report, as you say, what I don't understand is why you're not willing to say that on the face of it, just reading this thing, first of all in the very first paragraph it asserts that the fundamental purpose is not arms or hostages, but the security of Israel, and that that's what initiated the whole process.

SENIOR ADMINISTRATION OFFICIAL: Yes. I'm not --

Q And on the face of it, by asserting that this whole process began with this emissary coming from Israel, that Admiral Poindexter was misleading the President. Why aren't you willing to say that?

SENIOR ADMINISTRATION OFFICIAL: Because I don't --

Q It's evident from the face -- okay.

SENIOR ADMINISTRATION OFFICIAL: I'm ont going to assert

that Admiral Poindexter is misleading the President. I'm going to tell you what I see in here. Admiral Poindexter will have his opportunity to testify, and I hope that he does so as quickly as possible. But what this says, as I would read this, this says simply that Israel sees it in its strategic interest to do this, and has done it.

Q Do you want us to --

Q That's what's initiated this process --

SENIOR ADMINISTRATION OFFICIAL: And that is why they had initiated this process. And this is the theory under which they have been proceeding, and then they have apparently introduced our own interests into these discussions by starting to talk about our hostages in Beirut, and they said, but we're not going to deal with all the rest of that stuff. But apparently, the Israelis had done a lot of the discussion here, and it would suggest that that dialogue began back in September.

Q Do you want us to say that the President only knew what was in this memo? You're saying --

SENIOR ADMINISTRATION OFFICIAL: No. No.

Q -- that in the four corners of this memo, you want to stay --

SENIOR ADMINISTRATION OFFICIAL: I do -- I am talking only about the four corners of this memo. I want to reemphasize again that I am not suggesting that this is all that the President knows.

Q How can we base what the President knew on this memo?

SENIOR ADMINISTRATION OFFICIAL: I'm not -- I do not want you to do that. I do not want you to base your conclusions about what the President knew only on a single memo. I want you to see the whole report. That will give you perhaps some help. But until North and Poindexter have testified, we'll never know all of what might have been told to the President, other than what his recollections might be if they -- yes.

Q It seems to me that the President could clarify this by telling us if at the time he signed this memo he was aware of that earlier arms shipment --

Q He didn't sign it.

Q -- if you won't tell us what the President has told you, how can we clarify this?

SENIOR ADMINISTRATION OFFICIAL: Well, I don't think we have to clarify it right now. I think we're going to wait for the reports of these things to come out in an orderly way. This is one of the more disorderly processes of getting facts out that I've ever witnessed -- (laughter) -- and I think the best way -- the best way of getting all the facts out here in the context in which it's understandable, combining the sworn testimony of people with documents, with other methods of obtaining information will produce the best --

Q -- you know the report doesn't answer the question as to when Reagan approved anything.

SENIOR ADMINISTRATION OFFICIAL: Right now, it may not answer the question. And we may not actually ever have a complete answer to the question.

Q Can't we ask him? Why can't you ask the President and tell us?

SENIOR ADMINISTRATION OFFICIAL: Because we're not going to go individually into asking questions to the President from time to time. The President wants a process to be followed here, as I think Larry has said many times, in an orderly way in which all of this information will be made public.

Q Can you drop down to the next paragraph --

SENIOR ADMINISTRATION OFFICIAL: Yes, Frank.

Q -- where it says if all the hostages are not released after the first shipment of 1,000 weapons, further transfers would cease?

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q There is no numerical obligation or reference in the finding itself. Can you say whether that -- do you know whether that commitment to cease further weapons transfers had any bearing other than what Oliver North was writing? Because it's been disclosed that some 2,000-plus TOWs were actually sent.

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q But was there any further paperwork after this? Any further findings or memos that said for these reasons, we are going to ship more weapons?

SENIOR ADMINISTRATION OFFICIAL: I can -- I can say that there are no further findings after this, nor have I seen any other memos to the President describing any transactions after this.

Q Can I follow-up on that, please?

SENIOR ADMINISTRATION OFFICIAL: Yes, David.

Q Does the --

SENIOR ADMINISTRATION OFFICIAL: We'll take one more after David.

Q -- background memo that you're discussing have the same standing as the finding? You say there's no follow-up documentation. If people -- subordinates of the President --

SENIOR ADMINISTRATION OFFICIAL: I said I haven't seen --

Q -- you haven't seen any -- subordinates of the President violated the background memo, does that have the same standing as the finding, or is that just simply a tool by which he was briefed?

SENIOR ADMINISTRATION OFFICIAL: Well, I don't -- I -- no. Certainly the background memo, the facts that are told to the President, the description of the transaction --

Q -- threshold of 1,000 and so on --

SENIOR ADMINISTRATION OFFICIAL: -- doesn't have a legal basis so that the term "violated" would make any -- has any legal aspects to it, but what it does say, I would guess, is that unless the President is told that you've modified your plan in some way because of subsequent events, that he was left without information about this.

Q Do you have any explanation as to how that second thousand --

SENIOR ADMINISTRATION OFFICIAL: I would be -- I think, again, Frank, it would be really very helpful to all of us if the report were released, because that deals with, then, the facts that occurred after this in a very complete way.

Q But you haven't seen anything?

SENIOR ADMINISTRATION OFFICIAL: I have not seen a memorandum to the President.

Q Is this retroactive -- the finding?

SENIOR ADMINISTRATION OFFICIAL: No. No.

Q So it doesn't approve anything that happened before January --

SENIOR ADMINISTRATION OFFICIAL: Let me say this about that question. The finding contains no language of retroactivity in it. I do not want to prejudge whatever arguments people might want to make about what retroactive effect a finding signed on January 17th might have. But there is no specific language of retroactivity. This is the last question.

Charles.

Q To come back to the one sentence that Andrea was working on before, where it says this approach may well be our only way to achieve the release of the Americans, how does that reconcile a change in policy between not dealing with kidnapers and/or terrorists, and dealing in a material way with intermediaries for those terrorists?

SENIOR ADMINISTRATION OFFICIAL: Which -- can you point me again to the sentence, Charles?

Q It's on page two of the memorandum, the third paragraph -- in that we have been unable to exercise any suasion --

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q -- dealing through the government of Iran may well be our only way to achieve the release of the Americans --

SENIOR ADMINISTRATION OFFICIAL: Yes.

Q Is this not a change in policy?

SENIOR ADMINISTRATION OFFICIAL: A change in policy -- think what is --

Q Not dealing with terrorism -- dealing in a material way with intermediaries for terrorists.

SENIOR ADMINISTRATION OFFICIAL: Well, I guess it gets down to a debate about the words "not dealing with terrorists." What -- I -- there's no doubt, I think -- I don't think anyone could ever doubt that we wanted to get our hostages out, and we were trying to influence the Hizballah, who I guess we thought were the captors, to release our hostages. Now, you can attempt to influence in a variety of ways.

When we said we were not dealing with terrorists, what were saying, I would suppose, among other things, is they have made certain demands, this Hizballah, about the release of people, and as I recall these were the people in Kuwait, and we said there is no way that we are going to meet the demands of terrorists. As far as I know, there were never any demands by the Hizballah that they wanted arms shipped to Iran.