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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

SYSTEM IV
NSC/ICS-40285

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July 29, 1986

by D. [redacted] [redacted] [redacted]

ACTION

N 44486

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Next Steps on the American Hostages

[redacted]

[redacted]

Father Jenco is scheduled to meet with the President on Friday, August 1, at 2:00 p.m.

Based on information derived from [redacted] our discussions with Ghorbanifar, Nir, and [redacted] and the [redacted] we have drawn the following conclusions:

-- Jenco was released as a direct result of action taken by [redacted] on or about July 21.

[redacted]

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[redacted]

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[REDACTED]

- [REDACTED] believed that he had consummated an arrangement with the Americans through Ghorbanifar on the terms for release of the hostages.
- [REDACTED] expectations regarding the immediate delivery of the 240 HAWK missile parts were apparently transmitted to higher authority in Iran. Discussions with [REDACTED] in Europe (Sunday, July 27) and calls from him today indicate that [REDACTED] is in considerable personal jeopardy as a consequence of not having received what he believed we promised.
- It is entirely possible that if nothing is received [REDACTED] will be killed by his opponents in Tehran, Ghorbanifar will be killed by his creditors (they are the beneficiaries of a \$22M life insurance policy), and one American hostage will probably be killed in order to demonstrate displeasure.
- Although the Dawa 17 in Kuwait continue to be mentioned as the ultimate demand on the part of the hostage holders, [REDACTED] we have not seen reference to this issue since our meeting in Tehran (Tab B).

It is obvious that the conditions for the release of the hostages arranged between Ghorbanifar and [REDACTED] are unacceptable. Nonetheless, we believe that Ghorbanifar acted on what he considered to be the following arrangement:

- Step 1: One hostage released and \$4M to Ghorbanifar for items removed from the aircraft in Tehran during the May visit (Ghorbanifar received the \$4M on July 28).
- Step 2: Remainder of 240 parts plus full quota of electron tubes (Item 24 on Iranian parts list) and 500 TOWs delivered to Iran.
- Step 3: Second hostage released and Ghorbanifar paid for remainder of 240 parts.
- Step 4: 500 TOWs and 1 HIPAR radar delivered.
- Step 5: Third hostage released and Ghorbanifar paid for one radar.
- Step 6: Meeting in Tehran to discuss future followed by release of the last hostage and delivery of second HIPAR radar.

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We believe that the mixture of HAWK parts and TOWs is designed to satisfy both the military and the revolutionary guards in Iran. At this point, [REDACTED] will probably be able to retain his credibility if just the 240 parts are delivered from Israel. We believe that he can be convinced to follow-up this delivery with a meeting in Europe to discuss next steps.

At such a meeting, we should endeavor to produce a concrete schedule that is agreeable to both parties and which allows all remaining hostages to be released simultaneously. The Jenco release [REDACTED] indicate that this is clearly within the power of the Iranians, if they are so inclined. While they will continue to haggle over prices, timing, and sequence, the delivery of the 240 should help to assure the Iranians that we will keep our word. It is important that a face-to-face meeting occur so that we can establish the terms rather than having Ghorbanifar negotiate for us. Finally, even after the parts are delivered, we still retain some leverage over [REDACTED]

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RECOMMENDATION

That you brief the President regarding our conclusions on the Jenco release as indicated above and obtain his approval for having the 240 HAWK missile parts shipped from Israel to Iran as soon as possible, followed by a meeting with the Iranians in Europe.

Approve *J*

7/30/8 Disapprove _____

President approved.

Attachments

Tab B - [REDACTED]

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