

F+D3

Joint Standing Committee on Electoral Matters
Submission No. 20
Date Received 20 Sept 2001
Secretary [Signature]

18th September 2001

Christopher Pyne
Chairman
Electoral Funding & Disclosure Inquiry
Canberra ACT



Re: Request for Supplementary Submission

Dear Mr Pyne

Thank you for your letter of 30th August inviting me to provide a supplementary submission to the joint inquiry into electoral funding.

I find it surprising given the level of detail contained in the original and the obligation imposed upon this committee.

Since when has it been left to the media not only to initiate, but justify, a Parliamentary inquiry over an allegation of an \$8.5 million contribution to an Australian political party from a foreign source?

Notwithstanding its detractors, I urge the committee to give my submission the respect it deserves.

An appropriate start would be to accept Ari Ben-Menashe's generous offer to appear in person since his book Profits of War was the catalyst for my own two-year investigation.

As a means of maintaining transparency in the process, I submit that the public interest is best served by offering both Ben-Menashe and myself an opportunity to provide in-camera testimony.

On 7th September 2001 The Age quoted a former Middle East correspondent for The Times in London as saying publisher Rupert Murdoch enjoys a close friendship with Israeli prime minister Ariel Sharon.

Mr Murdoch is also reputed to have extensive investments in Israel.

Since I am employed by News Limited and Ben-Menashe's claims involve Israeli secrets, I have no intention of putting anything further in writing.

Your letter claims accepted submissions are covered by parliamentary privilege. However that is no guarantee of job security.

In regard to remarks by Michael Danby at the committee's meeting on 21st August at which he raised a report of the October Surprise Task Force, I submit a report of my own that casts doubt on its findings.

Published in 1999 it provides evidence to support Ben-Menashe's most damaging allegations against the US administration and highlights Israel's attempts to discredit him.

'Israeli Spy Cover-up Crumbles' explains why Ben-Menashe was considered so dangerous to Israeli and US groups involved in undeclared activities.

Which is precisely why his voice should be heard in a Parliamentary forum.

I also tender a report on the matter published by the influential Consortium News.

It reports that Dr Earl Brian, a one-time aide and confidante of former US president Ronald Reagan, has been convicted of corporate fraud and jailed.

Brian's evidence was relied on heavily by the flawed Hamilton inquiry.

As previously revealed in my submission, it was Brian's company that is alleged to have made the irregular \$US6 million contribution to the Labor Party in Western Australia.

Why? The Australian public is entitled to an explanation.

I hold other material to show Ben-Menashe was a reliable witness at the time these matters were first raised a decade ago. They have still not been tested.

It matters not if countries with less accountable political systems or standards of morality have failed to investigate these serious claims in the past.

No level of political machination or misplaced allegiance to allies is sufficient to deny Australians full disclosure over this apparent serious breach.

Anything less would create the erroneous impression that foreign interference in Australia's internal affairs is condoned, under controversial circumstances that have yet to be explained let alone put to the test.

Under the circumstances I urge your committee to initiate an impartial investigation whose level of transparency will satisfy fair-minded Australians it was conducted overwhelmingly in the national interest.

Yours sincerely

Marshall Wilson

A handwritten signature in dark ink, appearing to read "Marshall Wilson", written in a cursive style. The signature is positioned to the right of the typed name.

Editors in fear of Murdoch, says writer

By PAUL KELSO

LONDON

Friday 7 September 2001

Rupert Murdoch's influence over editorial policy at his most prestigious British title, the *London Times*, is so great that journalists are censored by executives frightened of offending their proprietor, according to a former member of the paper's foreign staff.

Sam Kiley, who resigned last month as the *Times*' Middle East correspondent, said yesterday that his reports were regularly censored by editors living in "terror" of irritating Mr Murdoch.

In a stinging attack in the *London Evening Standard*, Mr Kiley wrote that Mr Murdoch's friendship with Israeli Prime Minister Ariel Sharon and Mr Murdoch's extensive Israeli investments led executives to extensively rewrite copy.

"Middle managers flew into a hysterical terror every time a pro-Israeli lobbying group wrote in with a quibble or complaint, and then usually took their side against their own correspondent," he wrote.

Mr Kiley wrote that he was asked not to describe the killing of Israel's opponents as "assassination", and was directed to use less emotive phrases such as "targeted killing" instead.

Times editor Peter Stothard, disputed Mr Kiley's version of the events, adding: "(Rupert Murdoch) has never played any part in stories that appear in the *Times* about the Middle East, or any other subject."

-GUARDIAN



October 14, 1999

Israeli Spy Cover-up Crumbles

By Jack Colhoun

On Nov. 3, 1989, Ari Ben-Menashe was taking a shower at a friend's house in Los Angeles when the police arrived. They ordered the dripping-wet Israeli to step out of the shower.

After letting Ben-Menashe dress, the police took the stunned world traveler into custody. He was charged with violating the U.S. Arms Export Control Act by trying to sell three C-130 transport planes to Iran with a false end-user certificate.

Ben-Menashe would later describe his reaction to his arrest as disbelief. He considered himself a significant player in the world of intelligence, skipping around the globe for more than a decade, putting together arms deals that the Israeli government favored and disrupting those that Israel opposed.

Though little understood at the time, the arrest also created a dangerous moment for a slew of top-secret U.S. and Israeli intelligence operations.

Behind the scenes, Israeli officials understood that Ben-Menashe's knowledge could be a serious threat, according to *Gideon's Spies: The Secret History of the Mossad*, a new book by British author Gordon Thomas.

Israeli leaders knew from debriefing legendary spymaster, Rafi Eitan, that Ben-Menashe had worked on some of Israel's most sensitive projects, Thomas reported based on his own interviews with Eitan.

"Rafi Eitan [told his Israeli debriefers] that Ari Ben-Menashe was in a position to blow wide open the U.S./Israeli arms-to-Iran network whose tentacles had extended everywhere: down to Central and South America, through London, into Australia, across to Africa, deep into Europe," Thomas wrote.

Indeed, Ben-Menashe possessed information that, if

corroborated, could have shaken U.S.-Israeli relations and possibly destroyed the reputation of the sitting president of the United States, George Bush.

But Ben-Menashe kept quiet initially, assuming that the embarrassing arrest would be reversed. After he was transferred to the federal prison in New York City, Ben-Menashe waited for the Israeli government to set matters straight and arrange for his release.

Ben-Menashe soon discovered, however, that the Israeli government would not be coming to his rescue. So, finding himself in deep trouble and on his own, Ben-Menashe decided to talk with a few American reporters about what he knew. He began to tell a complex tale of international intrigue and arms-trafficking that involved top Israelis and senior U.S. officials.

Ben-Menashe's most dramatic claim was his insistence that he spotted Bush at a Paris meeting with Iranians in October 1980 as part of a covert Republican scheme to torpedo President Carter's negotiations for freeing 52 Americans then held hostage in Iran.

Ben-Menashe also implicated senior CIA official Robert Gates in the so-called "October Surprise" controversy as well as the Likud government of Menachem Begin, who apparently feared that a second Carter term would lead to a Palestinian state. [See David Kimche's *The Last Option.*]

Beyond the Iran caper, Ben-Menashe dished up other juicy secrets. He described a clandestine U.S. policy to funnel weapons via Chile to Saddam Hussein's Iraq.

Ben-Menashe also claimed knowledge of Israeli intelligence penetration of the U.S. government at top levels, Israel's use of press magnate Robert Maxwell as a spy, and the distribution of rigged computer software to extract secrets from other governments.

All told, Ben-Menashe's accounts represented what could have been a major intelligence breach for both the Israeli and U.S. governments. If true, his information would literally rewrite the history of the Reagan-Bush era and expose President Bush, in particular, to charges of collaborating with Iranian terrorists to fix the outcome of the U.S. presidential election in 1980.

As the scope of Ben-Menashe's disclosures sank in, the Israeli government initiated a campaign to discredit him. Government officials began telling Israeli journalists that Ben-Menashe was "an imposter" who was fabricating his

claims of official Israeli connections.

In a typical account, *The Jerusalem Post* quoted an "authoritative" source as stating that "the Defence establishment 'never had any contacts with Ari Ben-Menashe and his activities'." [*The Jerusalem Post*, March 27, 1990]

That initial cover story, however, crumbled when reporter Robert Parry obtained internal Israeli documents revealing that Ben-Menashe had worked from 1977-87 for an arm of Israeli military intelligence, called the External Relations Department.

Faced with those documents, the Israeli government retreated, admitting that the documents were real and that Ben-Menashe indeed had worked for Israeli intelligence. But authorities in Tel Aviv still tried to minimize Ben-Menashe's importance.

The Israeli government and the Bush administration grew more nervous after Ben-Menashe won acquittal from a federal jury in New York City on Nov. 28, 1990 — in part because he established that he had performed intelligence work for Israel.

By early 1991, Israel and the White House were turning to their allies in the U.S. press for help. The hope was that friendly reporters could make Ben-Menashe into a laughingstock and consign his dangerous disclosures to the loony bin of conspiracy theories.

Steven Emerson, a *New Republic* writer with contacts inside the Likud, traveled to Israel where he was shown derogatory records about Ben-Menashe. Emerson returned to Washington and began ridiculing Ben-Menashe as "a low-level translator" who was "delusional."

Other U.S. reporters picked up the drumbeat of negative assessments about Ben-Menashe. On three consecutive weeks in fall 1991, *Newsweek* ran articles attacking Ben-Menashe's credibility. Emerson also repeated his critical reporting in stories for CNN, the *Wall Street Journal's* editorial page and the *American Journalism Review*.

Despite the attacks, investigative journalist Seymour Hersh used Ben-Menashe as a source in Hersh's 1991 book about the Israeli nuclear program, *The Samson Option*.

Ben-Menashe provided details about the top-secret Israeli nuclear arsenal as well as Maxwell's intelligence activities, information that Hersh managed to corroborate with other sources. But even the renowned Hersh came under harsh criticism from fellow journalists for citing Ben-Menashe.

In 1992-93, a House task force, headed by Reps. Lee Hamilton, D-Ind., and Henry Hyde, R-Ill., buried Ben-Menashe even deeper when the panel rejected his allegations about the October Surprise case, including his eyewitness claim of seeing Bush in Paris.

The Hamilton-Hyde task force reached those conclusions despite contradictory testimony about Bush's alibi for the weekend when Ben-Menashe and other witnesses placed Bush in Paris. [For details about the problems with Bush's alibi and the gaps in the Hamilton-Hyde report, see Robert Parry's *Trick or Treason.*]

Over the years, other witnesses added support to Ben-Menashe's claims that he participated in clandestine Israeli intelligence operations. In the Israeli daily, Davar, reporter Pazit Ravina wrote, "in talks with people who worked with Ben-Menashe, the claim that he had access to highly sensitive intelligence information was confirmed again and again."

American journalist Craig Linger described similar information in *The Village Voice*. Linger quoted a senior intelligence official, Moshe Habroni, who stated that "Ben-Menashe served directly under me. ... He had access to very, very sensitive material." [*Village Voice*, July?, 1992]

Some of Ben-Menashe's key claims gained important factual corroboration, too. After dying mysteriously at sea, Maxwell was unmasked as an Israeli operative. In another instance, one of Ronald Reagan's national security aides, Howard Teicher, submitted an affidavit in a federal criminal case describing a CIA-backed covert operation to funnel military supplies through Chile to Iraq, just as Ben-Menashe had claimed.

Other new evidence supported the October Surprise charges. [For details, see Robert Parry's books, *The October Surprise X-Files* and *Lost History.*]

But the Washington news media did not reconsider its dismissive judgment of Ben-Menashe. That attitude has continued despite the additional corroboration of Ben-

Menashe's bona fides published this year in *Gideon's Spies*.

Nevertheless, the book fills in an important new chapter of the Ben-Menashe saga: how alarmed Israeli intelligence officials understood the danger posed by Ben-Menashe's wide-ranging knowledge and how they mounted a disinformation campaign to discredit him.

Thomas's principal contribution to the Ben-Menashe puzzle comes from the author's interviews with Rafi Eitan, the Israeli master spy who engineered the capture of Nazi fugitive Adolph Eichmann in Argentine in 1960 and served as Mossad's deputy director of operations for 25 years.

In the interviews, Eitan, who is now in his mid-60s, acknowledged that Ben-Menashe was one of his proteges. According to *Gideon's Spies*, Eitan and Ben-Menashe worked together in the 1980s setting up a clandestine U.S.-Israeli arms network to procure weapons for sale to Iran.

Eitan also disclosed that he and Ben-Menashe collaborated on a project using so-called PROMIS software to collect sensitive intelligence about Israel's enemies in the Middle East.

Ben-Menashe has claimed he worked with Eitan on the top secret Joint Committee for Iran-Israel Relations, a combined effort by the Mossad and the External Relations Department to rebuild their influence in Iran after the overthrow of the Shah in 1979.

Ben-Menashe would have appeared a reasonable choice for the operation since he had been born in Iran, spoke fluent Farsi and was a contemporary of young Iranians rising to prominence under the Khomeini regime. But Thomas's interviews with Eitan now corroborate those assertions.

So, in the early 1990s, while most U.S. and Israeli journalists were accepting the word of government sources and battering Ben-Menashe's credibility, the Israeli government knew from Eitan that Ben-Menashe's accounts were largely accurate, Thomas reported.

Asked for details about Eitan's confirmation of Ben-Menashe's intelligence role, Thomas told me that he had sent Eitan a copy of Ben-Menashe's 1992 memoirs, *Profits of War*. The book described Ben-Menashe's accounts of his intelligence exploits and his claim about the Republican-Israeli secret Iran-hostage collaboration

in 1980.

Thomas said Eitan reported back that he had no criticism of the book. According to Thomas, Eitan stated that Ben-Menashe "is telling the truth. ... That's why they squashed it." As for Ben-Menashe's espionage skills, Eitan asserted that "as an intelligence operative, [he was] tops," Thomas said.

In the 1980s, some of Eitan's most controversial work was as head of LAKAM, a military intelligence unit created to collect scientific and technological intelligence.

In one of Eitan's daring operations, the spymaster authorized recruitment of Jonathan Pollard, an American Jew who was a civilian intelligence analyst at the U.S. Navy's Anti-Terrorism Alert Center. Pollard was assigned to spy within the U.S. Defense Department and to steal sensitive U.S. documents.

"Over 1,000 highly classified documents, 360 cubic feet of paper, were transmitted to Israel," Thomas wrote. "There Rafi Eitan devoured them before passing over the material to the Mossad. The data enabled [its director general] Nahum Admoni to brief [Prime Minister] Shimon Peres ... on how to respond to Washington's Middle East policies in a manner previously impossible."

But the operation backfired in 1985 when Pollard was arrested while fleeing to the Israeli embassy in Washington, D.C. The operation was traced to LAKAM, and Eitan was blamed for endangering U.S.-Israeli relations.

Apparently, Eitan was willing to disclose to Thomas other LAKAM-connected intelligence successes to offset the damage that the Pollard case has done to Eitan's reputation.

In particular, Eitan touted an ingenious scheme for extracting secrets from the computerized files of other nations, an intelligence coup that Eitan saw as a crowning achievement to his career as Israel's most famous spy.

According to *Gideon's Spies*, Eitan confirmed Ben-Menashe's account that Israel reaped an intelligence bonanza by exploiting a sophisticated American software program called PROMIS. At the time, PROMIS was a state-of-art program capable of complex data management; it was designed to track the progress of

federal criminal cases.

Eitan said he learned about PROMIS from Earl Brian, an American businessman who had been secretary of health and welfare under California Gov. Ronald Reagan in the early 1970s. Eitan knew of Brian because of the American's business trips to Iran in the 1970s.

According to Thomas's book, Eitan invited Brian to Tel Aviv, where they met "several times." Brian broached the subject of PROMIS software, which was already being employed by U.S. intelligence agencies.

Fascinated by the intelligence possibilities, Eitan brainstormed a plan to adapt PROMIS to Israeli intelligence needs. Eitan wanted to make PROMIS a cyber-age "Trojan Horse" that would glean secrets about Palestinian militants and political leaders from government files in Jordan and other nations.

Eitan soon got a copy of PROMIS from the United States, according to *Gideon's Spies*. Ben-Menashe claimed that he was instructed to arrange for the installation of a "trapdoor" or a "built-in chip" to permit the secret downloading of data.

Eitan's next task was to find a front company to sell PROMIS to Jordan. Since an Israeli company would not be trusted, "Earl Brian's company, Hadron, made the deal," Thomas wrote.

With PROMIS software installed in Jordan's military intelligence headquarters, Thomas reported, Eitan's strategy paid off in the downloading of sensitive information about Israel's adversaries.

"PROMIS could track a terrorist's every step," Thomas wrote. He called Eitan's project an intelligence "breakthrough" that enhanced his stature as "a powerful figure in the Israeli intelligence community." [In testimony, Brian denied a role in the PROMIS operation.]

Flush with success, Eitan decided to cast a wider net. Thomas reported that Eitan developed an ambitious plan to market PROMIS worldwide to Israel's allies and enemies alike. For that operation, Eitan needed a front company with greater international reach. So, he turned to press magnate Robert Maxwell and his access to world leaders.

"The power of his newspapers meant that presidents and prime ministers were ready to receive him," an

Israeli intelligence official told Thomas. Maxwell also had close ties to top Israeli leaders and a formal relationship with the Mossad, according to *Gideon's Spies*.

Soon, Maxwell was marketing the doctored software through Degem Computers, an Israeli company that Maxwell had purchased, Thomas reported. He added that Eitan's operation sold more than \$500 million worth of PROMIS by 1989 to intelligence services in Australia, Great Britain, Canada, Guatemala, Poland, South Africa, South Korea and even the Soviet Union's KGB.

Though Thomas says he has corroborated parts of Eitan's assertions, some claims still rest heavily on Eitan's word.

In studying the complicated PROMIS issue for several years, however, I have been able to confirm some additional elements of Eitan's account.

For example, the use of secret trapdoors to tap into a computer's files was a well-established practice by the early 1980s, according to papers prepared by U.S. military experts.

In an article in the Air University Review of January-February 1979, Lt. Col. Roger Schell described the techniques used by special U.S. Air Force teams to penetrate "secure" computer systems. Schell noted that the teams could install undetectable trapdoors to "bypass the normal security checks."

Navy Lt. Philip Myers made a similar observation in a 1980 masters thesis in computer science written at the U.S. Naval Postgraduate School in Monterey, Calif. "The attacker can construct the trapdoor in such a manner as to make it virtually undetectable to even suspecting investigators," wrote Myers.

Myers also noted that trapdoors and "Trojan horses" can be "implemented in either hardware or software." The reference to the PROMIS trapdoor as a "built-in chip" suggests that the secret access could have been implanted in computer hardware that could then have been sold with the PROMIS software as a package deal.

I also discovered evidence of Brian's travels to Iran in the 1970s. I found proof, too, that Brian's Hadron was linked to U.S. intelligence and did top-secret work in Jordan.

Some information was in old newspapers. "Dr. Earl

Brian reportedly is out to get a little of that Middle Eastern oil money," the Sacramento Bee reported on Jan. 12, 1975. "Brian, the secretary of the Health and Welfare agency under Ronald Reagan, is helping to write a proposal on health care for Iran."

I located other evidence at the National Archives in newly opened files from an investigation by Independent Counsel Jacob Stein who examined the personal finances of White House counselor Edwin Meese III. Brian was interviewed because in 1981, he had given Meese a \$15,000 interest-free loan that Meese had used to buy stock in Brian's new Biotech Capital Corp.

Brian told one of Stein's investigators that he did "some corporate consulting" in Iran in the 1970s.

Brian also was president of the Los Angeles-based Xonics, Inc. in 1975-77. An FBI agent's memo to Stein described Xonics as a high-tech company with "several contracts with the Department of Defense and the CIA." Xonics specialized in telecommunications, radar techniques and X-ray imaging.

In 1978, Brian invested heavily in Hadron, a company based in Vienna, Va., that did high-tech communications and computer work for the Pentagon and U.S. intelligence. Two years later, Brian gained control of the company and began acquiring small firms with their own national-security contracts.

One of those purchases in December 1981 was Telcom, a communications engineering company that handled sensitive work for Jordan's armed forces and King Hussein. Telcom had a contract with the Royal Jordanian Air Force to set up a digital voice and microwave communications system, according to Hadron's Form 10-K filed with the Securities and Exchange Commission in 1983.

Hadron's Form 10-K for 1984 described Telcom's upgrade of the communications system of the Jordanian Royal Palace in Amman. Telcom also operated the microwave network of the Special Communications Commission of the Jordanian Armed Forces.

In 1985, Hadron reported that Telcom personnel operated "a number of communications facilities" for "a proprietary U.S. Government agency," a phrase meaning an intelligence cut-out.

In other words, Eitan's account of Brian's activities would fit with the documentary evidence about Brian's

businesses in the Middle East and in the United States. By the early 1980s, under Brian's guidance, Hadron had grown into a company with \$30 million annual revenues, exclusively from national-security contracts.

[In 1996, Brian was convicted of fraud in an unrelated securities case and was sentenced to 4 V* years in federal prison.]

Thomas told me that Eitan admitted that he was in direct contact with the developers of the original PROMIS software, a small Washington, D.C.-based company called Inslaw. Thomas said Eitan acknowledged that he was the mysterious Israeli who visited Inslaw's office in February 1983, using the name "Ben Orr."

Several years after the visit, Inslaw president William Hamilton learned from an Israeli journalist that Eitan sometimes called himself, "Dr. Joseph Ben Orr." After checking Eitan's photo, Hamilton and other members of his staff recognized Eitan as their visitor.

Wittingly or not, Ronald Reagan's Justice Department appeared to have facilitated that visit and Israel's procurement of PROMIS. In an ongoing federal claims case filed by Inslaw against the U.S. government for unauthorized use of PROMIS, a Justice Department official testified that he arranged for an Israeli official, called Ben Orr, to visit Inslaw and to receive a copy of PROMIS in May 1983.

Ben Orr "was a professor in Israel and expressed interest in case tracking," said C. Madison Brewer, the department's project manager for the PROMIS contract. "I made arrangements for him to go to Inslaw for a demonstration. ... At a later date, he made a request for PROMIS," which Brewer said the Justice Department provided.

I asked Thomas why he thought Eitan was going public now with these disclosures. Thomas replied that Eitan simply considered his intelligence coups of the 1980s among his greatest professional triumphs and wanted credit.

"Rafi Eitan wants to leave a legacy that he was Israel's greatest spymaster since Gideon," said Thomas, referring to the Old Testament hero whose spying saved the Israelites from destruction. "He [Eitan] thinks what he created with PROMIS was the perfect climax to his career."

In asserting his claim to Gideon-like status, Eitan also burnished the reputation of his understudy, Ari Ben-Menashe. It now appears that Ben-Menashe, who lives in Canada, did possess real information despite the negative judgments by Congress and much of the Washington press corps.

Jack Colhoun, Ph.D., is an investigative reporter and a Cold War historian.

Back to Front

The Consortium

Earl Brian: Reagan's 'Scandal Man' Off to Jail

By Richard L. Flicker

Few ostensibly private citizens passed through as many controversies of the Reagan-Bush era as did Dr. Earl W. Brian, a decorated Vietnam War veteran and a longtime aide to Ronald Reagan. Even fewer found their credibility more aggressively defended by both Republicans and investigators whose job it was to get at the truth.

Brian's credibility was a sledgehammer knocking down two scandals in particular: the October Surprise case which held that Reagan's men sabotaged President Carter's Iran hostage negotiations to help win the 1980 election, and the PROMIS affair which purports that Reagan's team stole a valuable software program from a small company, modified it for intelligence purposes and let Brian share the profits.

Brian angrily denied any participation in these affairs and his veracity was accepted by government investigators. Relying in part on Brian's testimony, official inquiries "debunked" both scandals. Since then, the Washington news media has consigned the controversies to the fantasyland of bogus "conspiracy theories."

It is, therefore, not surprising that the powers-that-be in Washington have been virtually silent in recent months as Brian's credibility has crumbled. On Oct. 17, 1996, after a four-month trial, a federal jury in Los Angeles convicted Brian on 10 counts of criminal behavior, including conspiracy and commission of bank and securities fraud. He was ordered to report for the start of a four-and-a-half-year prison term on Aug. 18.

The evidence now shows that Dr. Brian ~ Mr. Credibility in denying October Surprise and PROMIS allegations ~ was a con man.

Brian's ultimate undoing resulted from his financial manipulations of Financial News Network and United Press International. In 1993, federal investigators found that Brian and other executives used false inter-office billings and lease back arrangements to collateralize loans totaling between \$70 million and \$100 million. The fraud was carried out, according to the indictment, to prevent FNN and UPI auditors from learning that both companies were broke. The manipulations puffed up stock values. Brian also made off with \$300,000 in stolen funds.

Still, Brian might be marked down as just one more of the scores of Reagan-Bush insiders convicted of corruption from that 12-year era. But there is more significance here, given the weight put on Brian's credibility and the historical importance of the scandal allegations against Brian.

In 1992, congressional inquiries accepted at face value Brian's denial that he had flown to Paris in fall 1980 as part of a Republican plot to block Carter's desperate efforts to free 52 American hostages then held in Iran.

Israeli intelligence officer Ari Ben-Menashe said Brian spoke some Farsi because he had visited Iran in the 1970s when he was Gov. Reagan's state secretary of health and welfare. So Brian

slipped naturally into the role of Reagan intermediary to the Iranian government in 1980.

Ben-Menashe, an Iranian-born Jew who served in Israeli military intelligence, claimed that in late January 1980, a Brian acquaintance, former Iranian Prime Minister Mehdi Bazargan, arranged passage from the Iranian embassy in Ottawa, Canada, to Tehran for Brian and Robert McFarlane, then a Senate staffer. Ben-Menashe asserted that Brian also was a Republican representative at later meetings in Madrid and then in Paris in October 1980. The Israeli claimed further that \$4 million in CIA money was transferred into a Brian account in Phoenix, Ariz., as part of the pay-offs for the secret operation. [For details, see Ben-Menashe's *Profits of War*.]

Separately, three of Brian's associates in Canada corroborated that Brian did travel to Paris in fall 1980 as part of a business trip supposedly to the Pasteur Institute. Brian denied acting as a secret GOP emissary and claimed that he made the Paris trip in April 1981, not fall 1980. Brian convinced October Surprise investigators that he had no valid U.S. passport in fall 1980, since the passport he turned in had expired before the alleged October meetings and was not renewed until after the election.

However, at least two U.S. government officials told me that Brian had a second passport under the name of "Thompson." Though this information was passed on to the House October Surprise task force which was investigating the Iran-OOP allegations in 1992, chief counsel Lawrence Barcella never pursued the lead, nor did he grill Brian about his alleged involvement in the GOP scheme.

Instead, Barcella and his Republican counterparts authored a report that dismissed Ben-Menashe and other pro-October Surprise witnesses as not credible. The denials of Brian and other Republicans implicated in the operation — including convicted Iran-contra liar Robert McFarlane — were accepted as truth. [For details on how those conclusions were reached, see Robert Parry's *Trick or Treason*, or *The October Surprise X-Files*.]

Potent Software

The investigative pattern was similar in the PROMIS case. There, INSLAW, a Washington-based computer software company, was alleging that Brian had participated in theft of its valuable tracking software, called PROMIS. The company alleged ~ and two federal judges agreed — that Reagan's Justice Department had pilfered the proprietary software. (In late July 1997, however, another federal judge rejected INSLAW's claims that it developed the disputed version of PROMIS.)

INSLAW's founder William Hamilton claimed that Brian made a fortune marketing the product to overseas banks and foreign governments, with a "trap door" that allowed U.S. intelligence agencies to extract sensitive data. Hamilton alleged, too, that Brian was brought into the PROMIS scheme as a reward for helping on the October Surprise operation in 1980.

Brian denied any involvement with INSLAW. But former employees of both Brian and the Justice Department linked Brian to the administration's efforts to gain full control of the valuable PROMIS software.

In his book, Ben-Menashe wrote that Brian did sell a PROMIS program to Middle East countries as an anti-terrorism tool ~ and that a "trap door" did allow information to be extracted. But Ben-Menashe could not verify whether Brian's PROMIS software was the version authored by INSLAW or another product with the same name developed by the U.S. National Security Agency.

In 1991, INSLAW's attorney Elliott Richardson wrote an Op-Ed piece for *The New York Times* which linked Brian to the alleged PROMTS theft. Brian responded by suing the former U.S. attorney general for slander and libel. The case was thrown out of court, but it served the short-term goal of chilling public inquiries into PROMTS and Brian's business activities.

Brian's credibility got more help when the Justice Department appointed former federal judge Nicholas Bua to investigate the INSLAW affair. Like the October Surprise task force, Bua accepted Brian's sweeping denials and declared him to be truthful.

But even as Bua was rehabilitating Brian, the Securities and Exchange Commission was preparing a report branding him a flim-flam man. In 1995, a U.S. attorney in Los Angeles presented the evidence to a grand jury which returned Brian's indictment.

At press time, Brian was trying to stay out of prison while his appeal goes forward. He has rebuffed repeated interview requests. But whether or not another one of Reagan's friends sees the inside of a federal penitentiary, Brian can no longer be portrayed as a man of unquestioned honesty. His testimony must be viewed more skeptically, given his proven history of deception.

Washington's conventional wisdom ~ smugly dismissing the October Surprise and PROMIS cases as mere "conspiracy theories" ~ might deserve another look. ~

(c)Copyright 1997

Return X-Files Index

Return to Main Archive Index

Return to Consortium Main Menu.