

SIDE B--TAPE #17

KF ...In general term asked for a signal like this and never get there?

JH I think it was just in general terms as these are the kind of things we'll be looking for.

KF Okay. Go back to the meeting with the SSO.

JH We had gotten a little letter from the acting manager of the SSO asking us to meet with one of the SSO employees at 21157, which I'm not sure, it was late January, I don't have a conversion calendar with me.

KF Oh, that's according to the Moselum calendar?

JH Yes. They have two calendars, in effect, at that time, there was the Islami calander that was in the 13 hundreds, measured from some event in the life of Mohamad, and then the Shah had, a few years earlier, imposed a Persian calendar went back to the founding of the Persian empire, that was in the 25 hundred series of...besides the two differnt, American and Iranian calander, there were two different Iranian calendars over there. That got confusing. We first met with Benny Kazaneif, the lawyer that we got in touch with through Mars Attar on the 22nd of January, so by that time we had been through I'd say a series of 4 or 5 meetings with Mars Attar, he'd got through to Benny Kazaneif and arranged a meeting.

KF Did you know at this point that it was the Iranian custom to put the lawyer in jail with the accused?

JH Well, I did, because Ross had told me that prior to the time that I came over, in more or less a joking vein. I believe there is some real life instance on which that story is based, or that...I'm not sure it is, in fact, a universal custom that you automatically, as a matter of fact I'm fairly sure it's not the universal custom, but they...

KF But did you feel you might be arrested at any of these meetings?

JH Yes. More so, not particularly because it was quote, an EDS lawyer, but just because I was an EDS representative, and if this appeared to be the case they were trying to put pressure on EDS, then I was one of the people that they could do that through, as well as anybody else that was in the country at that time. So that was a constant fear, it was, I guess a significant fear, prior to the first meeting with Dadgar. As a matter of fact, we had been advised by Dr. Humhan that we should not meet with him until we had layed some groundwork elsewhere, and until he had had a chance to explore the idea of more Americans to meet with. In particular, Bunny Blieshack had advised, Lloyd Briggs, I think before he left Tehran that he should be very careful because they would be anxious to pick up other people. So once I met with Dadgar the first time and walked away from the meeting I felt a little more comfortable about the situation. But that was a constant fear, he had the authority under Iranian law. As he had demonstrated with Paul and Bill he could have a conversation with you and decided he would arrest you and put a 10 million dollar bail on your head. Toward the end, when he became somewhat impatient about our report on our Iranian partner, Dr. Mahvive, he made some more overt threats about, I can interrogate the people here and get the information I need, and as I remember, it was not a direct threat of and arrest them, but that was a very obvious overtone. The meeting in the, if I remember it was late in January. Late January early November was dealing with banks and with the Embassy. There is one little antidote that I had forgotten, and I don't know if anybody has mentioned it to you. There were two memebers of the board of directors in the Social Security Organization at the time the contract was originally signed back in 1976, a Dr. Ahmadi and Dr. Bani Jamali who in late January had called our office and requested to meet with us and met with Bill Gayden and Keane Taylor in our hotel room, and were a little bit....they didn't want to meet with us at the office, but they were very concerned that the original decision to go with the contract, the good decisions that they had participated in that

JH decision, and they were there trying to help us figure out material to cont. present to the investigators, as I am not so much to defend the performance of the contract but the initial decision. And I think they both got in trouble shortly after that.

Okay, the meeting took place on 22nd of January 1979. Again we received a letter from the acting director of the Social Security Organization requesting we meet with SSO representative to discuss turning over what was known as a small data center, with EDS first taking over the data processing ministry. They had consolidated most of the then existing data processing into a small existing data center, generally known as the 125 data center, because it had an IBM 125 computer, and its a fairly small computer. As part of the project EDS had supervised the construction of a new data center, and installation of larger computers there, and designed computer systems that had just been installed and were beginning to operate at the new data center. When the work had stopped both data centers had been closed. The problem that they felt most immediatly was the payroll and pension systems that had been operating and were still operating on the small computer were not in operation, they weren't getting their paychecks, pension checks weren't getting sent out the pensioners. So they were interested in getting that data center operational again, so they could get paid.

KF So they could get paid.

JH Exactly. We basically were trying to play a delay game, we did not have the technical expertise to do a real turnover and we thought we had a pressure point, where they wanted something from us, and we didn't want to give that up without trying to get something in return, so we played kind of a tactical game, where we said we didn't have the technical people, they didn't have anybody with responsibility. one of our problems in dealing with the organization in the ministry for the past several months, was that nobody would decide they had authority and give us proper certification, that they had authority and would be

JH responsible for the decisions, so we said we didn't have the technical cont. people to do it right, and there was nobody there with authority that could accept the responsibility for it going wrong, so we're not willing to go forward. We discussed various ways of protecting ourselves. We wanted an IBM representative to come in to certify the condition of the computer for the data center to open. To duplicate the various tapes so we could preserve a copy of what was there so we wouldn't later be accused of not having the information that should have been there. We kind of ended up adjourning the meeting until we could arrange an IBM representative there, and also we were going to check with Dallas, the people that had run the data center to see what might be involved, and to review with Dadgar the possibility of getting a representative from his staff to supervise the process.

KF Who else was at that meeting did you day?

JH The meeting was by me, Bob Young and <sup>Abolhasan</sup> [REDACTED].

KF Now tell me about the gripe session.

JH Okay. After we kind of got that business aspect of the meeting resolve and delayed the matter, the meeting became more congenial I guess. Bob Young knew a couple of the people there from his days with the Ministry, in particular a guy named Magee Moziane, who has continued to be a part of the dramas that unfolds even today, he's one of the people on the negotiating a few weeks ago. So they were kind of saying hello, and we're just kind of trying to do some lobbying, I guess, with the Iranians there as to why are Paul and Bill in jail, what can we do to get them out, and the, I guess, kind of the bitter hatred began to spill forth. The general feeling being that they had been data processors in Iran prior to EDS coming in. EDS had come in, had taken over their jobs and forced them out, in effect. In particular, and I'm not sure if it was directly mentioned in this meeting, but one of the first tasks that EDS had performed when it had taken over the data processing had been to evaluate the data processing personnel.

KF Which is normally the EDS procedure in that situation?

JH Well, not exactly. The more normal, typical, U.S. Contract with EDS would call for EDS to assume, hire the data processing personnel of the customer, they become EDS employees and EDS would do with them as EDS saw fit, over the 10 year xxxxx. And in this situation we were not hiring the ministry's data processing people by and large, but we had evaluated them on there technical competence, and prepared what was supposed to be a confidential report to the management. And it's to the technical competence of these people and our recommendations as to what should be done. And in many cases it was not too flattering. And that report, of course, was not kept confidential.

KF Who was the report to?

JH The report was to the management of the ministry.

KF Oh.

JH In particular a guy named Martaza Nassaira, who like Magee Moziane has remained part of the picture even to the day, was given very low marks. He had a fairly responsible position before. And he was immediately demoted, and then demoted some more and his career did not prosper during the EDS tenure. He had come back with a vengeance. Had some bitter things to say about EDS, lack of ability to understand the Iranian situation, and ability to work with Iranians and again, kind of bitter hatred toward EDS' entity. He testified in the trial here in the United States. And he testified through an interpreter, he was testifying in Farsic, but even there, he would...just the kind of flavor of listening to the words, and watching his expression it was obvious that he still has a violent hatred, which I personally attribute to the initial stages of the contract, whereas, he was a responsible manager, he got critiqued on this data processing capability and bore a grudge ever since.

KF Okay.

JH The meeting to turn over that data center was supposed to be the next step, and that meeting never took place over the various events.

KF Do you have a date for your meeting with Dr. Amrani in early February, when he said he knew nothing about the contract.

JH Now it wasn't Amrani that said he knew nothing about the contract, there was a Dr. Rasmara. He was the Minister of Health and Social Welfare.

KF Rasmara was Minister of Health and Social Welfare. And Amrani was acting manager of SSO.

JH Exactly. And as one of the things that Dadgar had advised us that might be helpful to do would be to renegotiate our contract, solve our business problems, in effect. And those were the people that we were supposed to do it with, and they would not meet with us.

KF I see.

JH We drafted and delivered letters to each of them, requesting that they do meet with us.

KF The other dates I need in this time frame are the meeting with Dr. Alami, and the meeting with Charles Enass.

JH Okay, the meeting with Dr. Alami, I believe was a little later.

As we were putting together a mechanism to pay the bail, post the bail we had done a little bit of research, and had kept in the back of our mind that there was a possibility that we could enjoin payment with a letter of credit from the U.S. bank to the Iranian bank. There was some provision to the United States law that would allow that, showing the fraud, or other unusual circumstances. So it was a possible course of action for us. To get the Iranian bank to post the bail, get the people out of the jail and out of the country.

KF And then renig on the letter....

JH And then try to prevent the money from flowing from the U.S. bank to Iranian bank and therefore flowing from EDS to the United States bank. The chances of that succeeding were not very good, but at least it was a possibility that were prepared to attempt at the time. When we met with the people at Bank Mehli Tehran, and this was after what we thought most of the ground work had been done in the United States, between the lawyers here in the United States and the United States bank that was going to issue the letter of credit, and the New York Branch Bank of Mehli, supposedly they had agreed upon the language of the documents, and everything was in place, and we got in touch with the Iran Branch of Bank Mehli, thinking it would be pretty much routine for them to confirm a standby letter of credit was in place in New York, and be ready to issue a bank guarantee in Tehran. Now the Deputy Manager Director, I believe his title was, at Bank Mheli was a man named Sadr-Hashemi. I believe that the first meeting we had with him...(looking through papers)...the meeting was on the 24th of January, 1979 at 11:30 in the morning, as a matter of fact. Sadr-Hashemi was a friend of [REDACTED] <sup>Abolhasan</sup> of the local EDS office, had a very congenial meeting. He reviewed the situation and said, that frankly, they could not advise that Bank Mehli go forward with the arrangement. The meeting was attended by me and Bob Young and [REDACTED] <sup>Abolhasan</sup>. And his suspicion was, is he said there is a chance that we might be called upon to pay the guarantee to the Ministry of Justice, and there might be some legal way in the United States that you could prevent the U.S. bank from paying the standby letter of credit, and we get stuck in the middle. And we go xxxxxxxx in our minds, because that was in fact the possibility that we had thought of.

KH When it comes to taking care of their own these people are alot more strict in business life than when it comes to taking care of your money.

JH As I said, this man was sharp, he was an appreciated Chart of Accountants, very polite, very congenial, but had identified the risk, and politely said that was not one the bank chose to accept. Said the only possibility around it, if we could get their New York law firm, the law firm of Bill Bank & Tweed, to give them a legal opinion that everything in the United States was locked up tight, and there was no way that funds were not called upon, then they might reconsider. But we were pretty sure we could not give that opinion, because we knew from our research there was at least enough of a chance that things could go wrong, that Bill Bank & Tweed had arrived at the same conclusion.

KF So you dropped Bank Mehli, and you returned to the possibility of Bank Omran, for which EDS was doing some work, I think.

JH Right. At that period of time had been doing some work, as with everything else in the country that had kind of come to a stand still. That, by the way, was Keane Taylor's account prior to everything falling apart. He had been the Account Manager for the Bank Omran account, which was one of the reasons why he was designated to come back into the country, not being associated with the Ministry Contract, it was felt he was hopefully less subject to arrest than some other people. He hadn't been working on that contract.

KF And you began this new scheme with Bank Omran, but there was a whole bunch of problems that you ran into, including the problem of getting approval for anything at Bank Omran in Tehran.

JH Exactly. We were dealing primarily with a gentleman named Farhad Baktiar. I do not believe he was relation to the other Baktiar, Baktiar is a very common name, it's one of the tribal names in Iran. When we first discussed the matter with him, his immediate reaction, much in contrast to the gentleman at Bank Mehli was, no problem, we can do that easy, let's just do it, and then as we began to figure out how do it, it became more and more complicated. The first one was pretty much one of communication. They had no U.S. Branch and we could

JH not establish the tested telex, I think they call it, communication, cont. between U.S. Banks and Bank Omran in Tehran, so that we could transmit a letter of credit directly from the U.S. bank to Bank Omran in Tehran. So the solution there was to us the Dobhi Branch. We could transmit, have the U.S. bank transmit a letter of credit to the Dobhi Branch, and then the people in Tehran could confirm by telepone if the letter of credit was in effect. And then undertake to issue the letter of guarantee in Tehran. We spent a good bit of time trying to figure out what the text of a letter of guarantee would have to say. Dadgar was not especially helpful at first, and finally did consent to work with us on coming up with that language, because we needed to have the letter of credit tie into a letter of guarantee, so it would fit together in terms of expiration dates and renewal options and thing like that. Then we would have draft documents over telephones and get them approved by banks and communicated. Our problem was complicated to a large degree by the difference in schedules, besides the 8 or 9 hour difference in time zones, there was a difference in weekends, in that in the Islami world, Thursday and Friday are the weekends. Of course in the United States Saturday and Sunday are. So that takes out four days of the week. The banks in Tehran were on strike off and on, and the bank officers that we were dealing with were very reluctant to appear to be working while the bank was closed by strike, because of potential violence. and Farhad Baktiar's continual over simplification of the process continued to frustrate us. We would get past, we thought, all the significant hurdles, and finally said, oh, we'll have to have our lawyer review it, and there is a day or two process, plus if there is any change at all it has to go through this entire process of getting the whole chain of documents to correspond with each other and recommunicate it. An approval by the central bank came up. Keane Taylor and I one morning decided to make that our project, to get everything done that day. And we met with Farhad Baktiar and we went down to the central bank, we got that approval, came back to Bank Omran, and I think that's when they came up with the lawyer had to review it. It was an extremely frustrating point in time. The letter of credit was structured so that, I think Bill Gayden or I could trigger the event, and we had carte blanche at that time, to

Dubai

Dubai

date ?  
date?

JH     as soon as possible, may the money, get the guys out of the jail. The  
cont. situation is deteriorating, our maximum goal, our really only goal was  
to get them out of the prison into safer confines. Either our confines,  
it we could post the bail, or we were also trying to convince the  
Iranians to somehow put us into the custody of the U.S. Embassy. So  
that it could be on the U.S. Embassy grounds. We were very afraid  
that, you know, the situation is deteriorating around the jail that they  
were going to be, that the Americans would be the likely targets of  
violence. I really felt that, I guess on the 10th or 11th, the 10th  
primarily, that we had everthing in place. I think that was the day  
that Keane and I had got the central bank approval and we thought  
that we could post the bail that day and get them out of the jail by  
the evening of the 10th. Again, the situation...at least protect their  
safety by the 11th.

KF     Now tell me about Bunny Blieshack, she was who's girl friend?

JH     She had, at one time, I believe had been an EDS employee in  
California. She had long since terminated her employment there, and  
had come to Tehran working for the Bell Helicopter people. I'm not  
sure girl friend is the appropriate, but she knew, probably from  
previous EDS employment, Peter Buck, who was an EDS employee in  
Kuwait at that time. Her situation was that she had a sister who was  
visiting her in Iran who's visa was running out. So she had contacted  
the EDS office in Tehran, I think early in December, wanting to  
know how to contact Peter Buck. Her thought being that Kuwait is a  
very nearby country, and that her sister would have to leave Iran to  
get her visa renewed, and if she could arrange for he sister to go to  
Kuwait and get her visa renewed and come back in that that would be  
very convenient, and she wanted Peter to help arrange it on the other  
side. In the course of that conversation, which was with Rich  
Gallagher, she mentioned something about having some contacts in the  
Ministry of Justice and that maybe she could help out at that time, I'm  
not sure exactly what stage that was, but that was after we had first  
been notified that they were going to be detained in country, before  
the arrest. Rich had not been very commital, said thanks but no

JH thanks, pretty much. But then he told Lloyd Briggs about it. This cont. might have been after the arrest, I'm not sure. In early January, my notes say January 4th, Bunny called back and talked to Gallegher and had said something about she had some information, you know, your phones are bugged, can you call me back at this number. And Rich and Lloyd tried to call her back that evening, there was a delay in the contact with her, and finally talked with her, and she said that this is going to be a big deal, they are going to continue to press on you guys, they got the impression from talking with her that her sources were Iranian friends who were secretaries for the Ministry of Justice. She said something about, it's amazing the things a secretary hears. She said that they were tapping the office phones, at least some of the residence phones, they had been taping conversations, but evidently got wires crossed and got some conversations mixed. Seemed to have a good bit of detailed information about the situation. She said they are continuing to look for people to arrest, pressed for information, they didn't get what they wanted from Chiapparone and Gaylord, so they are stilling looking for people to make an arrest, and interrogate. At some point in time, it came up in an earlier conversation, and I don't have the date here, I don't think...that she had called just a day or two before Chiapparone and Gaylord were arrested, and I believed talked to a guy named Keith Rothi, who was another old friend of hers in connection with her sister's problem. And she had mentioned something to the effect that you guys know that Chiapparone and Gaylord are going to be arrested don't you. And nobody gave much credence to it. At that time things looked pretty secure that, from all the information we had, that routine questioning they had satisfied their civic duty to cooperate with the Iranian investigation and we give them their walking papers to go on home. But she had mentioned that, and that again, gave her a sense of credibility....

KF Did you ever meet her?

JH Never did meet her, I never talked to her directly. Off and on throughout the month or so, we were in Iran in January and February, we established telephone contact with here.

KF Who did meet her, who could tell me what she looked like?

JH I'm not sure, Peter Buck and Keith who evidently knew her from before, could probably do that. Rich Gallagher may have met her...

KF Keane?

JH I don't think so. Keane might, it would be worth asking him. And Jay Coburn might have met her.

KF Okay. She also said that you weren't safe in the Hyatt and you should go to the Hilton, why didn't you do that?

JH Inertia I suppose. This was later on in the stream of things. We established kind of our communication network in the Hyatt, we had phone number and prearranged times, and all that, and it was just more trouble than it seemed worth. I guess our feeling was that if they were serious about arresting us they could do that anywhere.

KF Okay. Now we come to your meetings with Dadgar. All through this period...You told me a little bit about your first meeting with Dadgar, when you felt rather strongly that there was a possibility you might never come out of it...

JH Or come out of it with hand cuffs on.

KF Did you tell me the date?

JH I don't believe I did. That would have been January 14th. We'd arrived in the country on the 13th.

KF Oh, so you began to meet with him right away.

JH Yes. Not by plan, we had, on the afternoon of the day we got in the country on the 13th we met with Dr. Humhan, an Iranian attorney, and that was one of the questions I had with him, I said when do I start...need to deal with Dadgar directly, as soon as possible. Should we start doing it right away, and he said no, let's lay some ground work before we confront him with more Americans. Then we went to the office fairly early the next morning and as a surprise to us Dadgar knocked on the door, just about that, rang the bell, somebody went in and it was Jose Dadgar and three or four other people. And we kind of scurried around the EDS offices in Tehran, oh, probably 10 or 12 rooms, we went and called Dr. Huhman on the phone, the Iranian attorney, and said, our friend Mr. Dadgar just showed up, what should we do. He basically advised us that we might as well cooperate with the investigation, we had no legal rights not to, and we'd gain nothing by trying to be uncooperative...

KF Ross, of course, wasn't at the office at this time.

JH No, he was not.

KF He, I think went to the Embassy that day.

JH I think so, I believe that's right. Because I remember one day earlier, and I think it was the 14th. I don't think he went anywhere on the afternoon of the 13th, I think he stayed at the hotel. I think it was the 14th he went to the Embassy and met with some of the U.S. Military officers. And after that pretty much stayed in the hotel. We were very concerned about him...

KF Yes. I bet.

JH So he never went to the office with us. But Dr. Huhman did advise over the telephone that it probably best not to meet with him directly, and in particular, we had arranged the previous day that I would go with him to meet Dr. Kion, Dadgar's boss, the public prosecutor. So we cooperated with the investigation. There was a particular file cabinet that we didn't have the key to, and Dadgar's staff was kind of....

KF Slow down a bit...You called Dr. Huhman, and he said, well okay, you'd better see him. So you found a room...

JH No, he said we should cooperate with his investigation. And so Dadgar was dealing primarily with our Iranian staff, this is maybe part of the picture that people stood to overlook. EDS, besides the American employees we've been talking about, had a fairly large office of Iranians. Several secretaries, [REDACTED]<sup>Abolhasan</sup>, who had been Directory of the Iranian subsidiary was there... A handful of Iranian system engineer trainees that were continuing to work throughout all this on one of the EDS contracts, the Iranians had a couple of chemical company contracts. So there was significant office activity going on. And whereas we Americans, especially, those who had just got to the country, Bob Young and myself, were not to shake his hand, there were people dealing with him, offered him tea, the typical Iranian courtesy. They had identified this file cabinet that happened to be in Paul Chiapparone's secretary's area that was locked that we couldn't find the key to, I think Keane Taylor got out a hammer or crow bar or something and busted it open, which I mentioned that. It seemed to establish a bit of credibility with the investigators. When there was a locked file cabinet and nobody had a key, they were saying uh-huh, that's where they keep the information. And when we busted the thing open it was, I think a show of good faith about the rest of the staff.

KF Did you meet Dadgar that morning?

JH I did not meet him that morning. I left probably within 15 or 20 minutes after arrived without laying eyes on him. Went to Dr. Huhman's office and we went to downtown, to the Ministry of Justice, which is at the same part of town as the temporary detention facility that Paul and Bill were detained in. It's near the bazaar, and part of the area of town that was unsafe for Americans at that time. There was a fairly large demonstration going on, primarily against holding of political prisoners. And Dr. Huhman who is an elderly gentleman is kind of skirting around through the crowds going the back ways. I was feeling very American looking. Didn't at all merge with the crowd very well.

*bazaar*  
bazaar

KF You are wearing a business suit.

JH Wearing a business suit. We made our way through the back of the crowd and up to the back of the building and finally got up to Dr. Kion's office and had our meeting with him, which was, I guess fairly unproductive, he listened politely, while I kind of did my little spill. He indicated in Farsic, to Dr. Huhman, that he had asked one of his assistants to ask Dadgar to review the case. And evidently the kind of arrangement was going to be suggested, I couldn't tell how directly, but the bail ought to at least be cut in half, that's what Dr. Humhan kept telling us, you can expect the bail to be cut in half. Go the not from Dr. Kion allowing us to visit Paul and Bill in jail. Then Dr. Humhan and I made our way out back through the crowd that was still there and went back to his office, and then went back to the EDS offices. Dadgar was still there, he had kind of set up a little conference room with some of his staff. A lot of people, auditor types were going through financial records, and he was going through regular files looking for things that would bring matters to his attention that appeared interesting for one reason or the other.

*Spiegel*  
spiel

*Got the note*  
Got the note

KF Did you see him at this point?

JH I may have walking by a door. I had not met him, but I decided that it was really necessary that I meet with him. That the more direct communication established the better. There was no point in postphoning the inevitable. So I went in and visited with [REDACTED] [REDACTED], the senior ranking Iranian there....

Abolhasan

END OF TAPE #17--SIDE B