

M E M O R A N D U M

TO: Ken Follette
FROM: Tom Luce
DATE: July 7, 1982
SUBJECT: Comments with respect to Second Draft dated
31 March 1982

My comments principally relate to two topics: (a) events from December 4, 1978 until the arrest of Paul and Bill and (b) your portrayal of the State Department. In addition, I have a few specific comments.

December 4, 1978 until arrest:

The second draft starts the story on December 5, 1978, the day an official of the Iranian Government requested Paul and Bill's passports.

The story actually started on December 4, 1978. On that date EDS employees in Iran officially notified the Ministry of Health and Social Welfare that EDS was terminating its contract and leaving Iran. A formal letter to that effect was delivered to the Ministry on that date. *No such letter.*

The very next day we started working with Iranian lawyers to find out why the Iranians wanted Paul and Bill's passports. We worked with three (3) different Iranian lawyers, each of a different political background, in an attempt to find out. We got nowhere. Nobody could tell us anything nor could anyone find out any reason for the "hold."

Another central event of the pre-arrest phase was the evacuation of the EDS employee dependents and non-critical personnel. Although this evacuation is certainly included in the second draft, the point is not made that the State Department effectively prevented Paul and Bill from being evacuated with other EDS personnel by their threat to immediately notify Iranian authorities if Paul and Bill picked up their passports.

On December 12 the Counsel General of the U.S. Embassy told us the U.S. Embassy would not be involved in efforts to help Paul and Bill leave the country and further stated that

the U.S. Embassy would not intervene on our behalf or pursue the matter with high-level Iranian authorities. Instead we were told we would have to work within the Iranian "legal system." This course of action may have seemed correct in a foreign service manual, but to those of us who had sought unsuccessfully for one week to even locate the origin of the "hold" on Paul and Bill, the advice seemed to ring hollow.

It was because of this attitude that we began to turn to Washington for help.

Our first political contact was with Robert Strauss, a Texan who at that time was a high-level White House trouble-shooter. This contact was made on December 13.

On December 14 and 15, pursuant to Ross' suggestion, Tom Walter and I flew to Washington to meet with Richard Helms and Admiral Moorer. We reviewed the situation with both men and they promised to look into the problem.

On December 16 EDS officially delivered the final termination notice. At this point Iran knew it was a matter of days until EDS officially cancelled the contract and departed Iran.

From December 15 through December 27, we continued to pursue the "hold" on Paul and Bill through our Iranian lawyers. About December 15 we were able to identify Dadgar as the investigator. After we identified Dadgar, we pushed our Iranian lawyers to meet with Dadgar and present our case, all to no avail.

All of our lawyers seemed less than enthusiastic about meeting with Dadgar and we could get no "hard" answers on what to do. For this reason we kept coming back to the U.S. Embassy for help. The "help" we finally received was the advice to meet with Dadgar for a "routine" interview without Embassy officials or a lawyer present but with the assurance that Paul and Bill would be free to leave Iran following the interview.

Portrayal of the State Department:

Not only did Embassy action and Embassy advice lead to the arrest, but we received no meaningful assistance for about a month after the arrest. Instead we were constantly fed "pabulum" - we should continue working through the Iranian "legal system," a legal system which our government knew did not know the meaning of the word "due process," a system that held Paul and Bill for investigation without formal charges.

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Several episodes illustrate the State Department mind-set.

On January 26, 1979 our Washington attorney, Mr. Monroe Leigh, a distinguished international lawyer who had served as State Department legal adviser under Henry Kissinger, personally contacted Warren Christopher, Deputy Secretary of State, to protest the lack of high-level U.S. Government assistance and the lack of high-level contact by our Government to high-level counterparts in the Iranian Government. Keep in mind this was approximately one month after Paul and Bill had been arrested and detained with no charges. Mr. Leigh forcefully pointed out that no high-level approach had been made to the Bakhtiar Government even though EDS had offered, in return for release of the two men, to: 1) produce promptly any EDS personnel for questioning; 2) to produce promptly any documents requested by Iranian authorities; and 3) to pay the expenses of Iranian prosecutors to question EDS personnel outside of Iran.

This high-level contact brought "action" - of the State Department variety. On January 27 or 28 Henry Precht telephoned Mr. Leigh's partner, Michael Sandler a former Deputy Legal Adviser, to report that at Mr. Christopher's urging he had personally called the Embassy and asked the Embassy for suggestions for obtaining the release of Paul and Bill. (This after Paul and Bill had been jailed for a month!) Lest our hopes be too high, Mr. Precht reported that the Embassy's only suggestion was for EDS attorneys in Iran to continue negotiations in Iran with the Ministry of Health and Welfare. When we gently suggested that this "suggestion" was worthless, Mr. Precht asked for an "update" on our attempts to negotiate.

On January 29, by letter, we reported back to the State Department giving details of various aborted attempts at meeting with Iranian officials and concluded our status report with a plea that the State Department ask Ambassador Sullivan to become personally involved and direct him to meet at the highest levels of the Iranian Government to arrange, on the specific instruction of the U.S. Government, the release of Paul and Bill.

Also on January 29, Mr. Leigh called and sent a letter to Robert Lipshutz, Counsel to the President, requesting that the White House instruct the U.S. Ambassador in Theran personally go to the Iranian Government at the highest level to demand release of Paul and Bill.

Despite numerous requests to do so and ample convenient opportunities to do so, at no time did Ambassador Sullivan make such a high-level request. In short, our government permitted Paul and Bill to be incarcerated at the whim of the Iranian legal system, with no formal charges pending, and refused to make their release a political issue of grave importance to our government. As an example of what can happen when the Embassy and the State Department are energized, several years ago an International Harvester official was arrested in Russia on "spying" charges - a far cry from an investigation of a data processing contract. In Moscow the U.S. Ambassador (I think his name was Malcolm Toon) moved swiftly, intervened at high levels and the businessman was released to the personal custody of the Ambassador.

The reason for the inaction by our government was clear, the staffs of the Embassy and the State Department distrust American businessmen overseas, particularly in the Middle East, and their belief was that EDS probably had "it coming to them." This bias in the State Department is reflected in Griffin Bell's classic comment, "What the State Department needs is an American desk."

In addition to bias, the State Department suffered from ineptitude. This can best be illustrated by one episode:

One day I was sitting in the lobby of the State Department awaiting my next visit with an official of the Department. In an attempt to pass the time I was watching TV in the lobby. Suddenly Walter Cronkite appeared with a bulletin - the Shah was leaving Iran on his forced vacation. The live report showed the Shah departing, clutching a jar of Iranian soil. I immediately bolted upstairs and asked the Iran desk what effect they thought the departure of the Shah would have on our attempts to free Paul and Bill. I was met with the comment "what departure?" and when I explained I was asked what network had carried the report. When I responded CBS, the Iran desk turned on the TV so they could learn about the Shah's departure.

Specific Comments:

1.) The heroic effort and extraordinary results of the EDS telephone operators needs to be included. Until the very end the EDS operators were able to keep lines open and reach people in Iran and vice versa on a 24-hour-a-day basis. They were extraordinarily quick, efficient and pleasant at all hours of the day. Because of these efforts, I was always able to have more current and accurate information than the State Department.

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2.) I believe you need an opening introduction for John Howell. For instance, his partnership status with Hughes & Hill, the fact that he had worked on EDS matters for years; had negotiated and drafted most, if not all, of EDS' international contracts and many of its largest domestic contracts. He is disciplined and capable of working 12 to 16 hour days, day after day. Ross had observed this performance for years and this was why he was willing to entrust John with this responsibility.

3.) I also believe you need an introduction of Tom Luce.

4.) The current draft does not adequately describe the leadership role of Ross and how it was discharged. It was my observation that Ross' principal leadership role was to exhibit to the troops daily and hourly single mindedness of objective. This entire operation lasted a long time. Every single day, and most of the time several times a day, Ross was urging people to try different ideas, to push harder. Usually victory comes to those who hang on the longest in adversity. Ross doesn't know what quitting means and he pushed for more action every day. In my law practice I have observed many successful business people. Never have I observed a business person who is more single minded in pursuit of an objective. It was Ross' job to push every day; he did.

5.) I believe you need to describe Mitch Hart's involvement earlier in the book. Mitch assisted in securing high-level contacts within the National Security Council and White House.

6.) Monroe Leigh's firm was very instrumental in negotiating and drafting the airplane lease in record time. Claude Chappelle will have the details.

7.) The Times Herald episode needs to be expanded. First, the Times Herald got the story because a State Department staffer leaked the story and thus endangered American lives. Second, the reporter confirmed the story by impersonating a White House official, Tom Beard. This can constitute a criminal offense.

Ken, if I can assist you in anyway with the points or comments, please do not hesitate to call upon me.

.....*Tom*.....

TWL:sv