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Ronald Reagan Library

Collection Name CULVAHOUSE, ARTHUR B.:FILES

Withdrawer

DLB 4/1/2014

File Folder IRAN/ARMS TRANSACTION: APRIL 11, 1985 ALTERED
MEMO (4 OF 4)

FOIA

S643

Box Number CFOA 1131

SYSTEMATIC

123

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
164685	MEMO	DUPLICATE OF #164669; OLIVER NORTH TO ROBERT MCFARLANE, RE: FDN OPERATIONS	3	5/1/1985	B1
164686	LIST	DUPLICATE OF #164665; FDN EXPENDITURES AND OUTLAYS JULY 1985-FEBRUARY 1985	2	4/9/1985	B1
164687	LIST	DUPLICATE OF #164666; CENTRAL AMERICAN MILITARY OPERATIONS	8	ND	B1
164688	MEMO	OLIVER NORTH TO GENERAL JOHN W. VESSEY, RE: FDN MILITARY OPERATIONS	3	5/1/1985	B1
164689	LIST	DUPLICATE OF #164665	2	4/9/1985	B1
164690	LIST	DUPLICATE OF #166666	8	ND	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

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TF # 2642

DATE DOCUMENT RECEIVED 570428
D # 7631 - this has not been entered

SOURCE OF DOCUMENT SIC DOCUMENT DATE 85/05/01
PRIMARY RECIPIENT Robert McFarlane OFFICE _____

AUTHOR NAME Oliver North
TITLE _____

ORGANIZATION NSC

ANALYST _____ MEDIA _____ CLASSIF CODE TS

SUBJECT CODE _____

OTHER CONTROL #s 4100453
N116331-45

SUBJ/DESC RAMA
20.15

REQUESTING AGENCY (RECEIVING)	DATE, TF RECEIVED REQUEST	COMMENTS	ACTION ON REQUEST	COMPLETED	DATE TF COMPLETED
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COMMENTS declass for KdeG's deposition

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164686 LIST	DUPLICATE OF #164665; FDN EXPENDITURES AND OUTLAYS JULY 1985-FEBRUARY 1985	2	4/9/1985	B1

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Japan Signals Entry for Banks Into Securities

Four Major U.S. Companies, Six Foreign Institutions Likely to Get Licenses

By MICHAEL R. SESIT
And ELIZABETH RUBINFEIN
Staff Reporters of THE WALL STREET JOURNAL

Japan's Ministry of Finance essentially assured four big U.S. bank holding companies and six other foreign institutions that their bids to operate securities subsidiaries in Tokyo will be approved.

J.P. Morgan & Co., Manufacturers Hanover Corp., Bankers Trust New York Corp. and Chemical New York Corp., among others, said they intend to apply to the ministry for securities licenses. The rest of the procedure is a rubber-stamp process that takes about a month, according to a ministry official in Tokyo.

Some analysts interpreted the ministry's move as an attempt to mollify growing criticism in both Congress and the U.S. financial services industry that U.S. firms are denied the same access to Tokyo's markets that their Japanese counterparts enjoy in New York.

Because of Japan's strict separation of banking and the securities business, each U.S. bank will apply through a branch of an offshore subsidiary that is at most 50%-owned by the banking concern. The remaining interest in the subsidiary must be held by a nonfinancial company. Several European banks already have won securities licenses in Japan this way.

The Japanese procedure is producing some odd alliances. Morgan is teaming up with Bechtel Investments Inc., a unit of Bechtel Group; Manufacturers Hanover with Chrysler Corp. and Bankers Trust with Exxon Corp. Chemical's partner will be Lord Howard DeWalden, a British subject who is a major property holder in Britain and Australia. These partners aren't expected to take an active role in operations.

The licenses will permit the banks to underwrite and trade in all securities, Japanese officials said.

Nonetheless, the banks are likely to face stiff competition, both from Japan's powerful securities houses and U.S. securities firms already operating in Tokyo. "It's going to be a very tough market, and it will take a long time to build it," said Walter V. Shipley, chairman and chief executive officer of Chemical. "But we have every confidence that over time, with the ability to compete, we'll be an effective participant."

Japan's action, in effect, permits U.S. banks to conduct business in Japan from which they are banned in the U.S. by the

North, Secretary Altered Memo to Delete His Urging to Brief Reagan on Contra Aid

By JOHN WALCOTT and ANDY PASZTOR
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—Lt. Col. Oliver North and his secretary altered an April 11, 1985, memorandum in which he urged that President Reagan be briefed on details of private efforts to finance and arm the Contras.

According to administration officials and other sources, Col. North withdrew the memo and three others from a special registry of the National Security Council's intelligence documents last Nov. 21, the day the Justice Department launched an informal investigation into the White House's secret arms sales to Iran. The fired NSC aide then instructed his secretary, Fawn Hall, to delete the reference to briefing the president, to make changes in the other three memos, and to shred still other records, the sources said.

Col. North's attempt to delete the reference to the president suggests that the Marine officer was worried that his memo could prove damaging to Mr. Reagan. It has spurred investigators to look more closely into the president's role in aiding the Nicaraguan rebels.

It isn't known whether Mr. Reagan was ever briefed on the extensive private efforts to arm the Contras during the two-year period from late-1984 to late-1986 when Congress barred U.S. military aid to them. "We have no indication from the documents or the information on the president's schedule that he ever received such a briefing," a White House official said.

The official also said the White House doesn't have a version of the April memo that recommends a briefing for the president.

The president repeatedly has denied detailed knowledge of the secret arms network directed by Col. North, and former National Security Adviser Robert McFarlane has testified that he was unaware of Col. North's central role in the Contra-aid operation.

Moreover, the sources said, Col. North's original memo doesn't say Mr. Reagan directed the former aide to organize a private network to aid the Contras, nor does it explicitly disclose that Col. North was the hub of the operation.

But a source who has seen the original three-page, top-secret document, which Col. North wrote to Mr. McFarlane, said it left "a clear, unambiguous impression" that the former White House aide believed the president had directed him to make sure the Contras got help.

"It was clearly Ollie's belief that the president wanted him to do what he was doing," the source said. "The implication is that the president authorized it, and here was a progress report."

Ms. Hall recently has told friends that although she now realizes it was wrong to try to alter White House documents, she

Ms. Hall is cooperating with investigators. She is scheduled to testify next week before the congressional committees investigating the Iran-Contra affair about her role in making the changes, and in shredding and removing other documents. The committees and independent counsel Lawrence Walsh have obtained both Col. North's original memos and the altered copies.

The original April 11 memo recommended that Mr. Reagan be briefed about Contra military operations and plans. Col. North urged that the president be told about such details as a \$50,000 operation to sabotage an ammunition depot at Sandinista military headquarters in Managua, and a planned attack on the government's Soviet-made, MI-24 helicopter gunships.

The altered memo, however, never mentioned the president. Instead, it recommended only that "the current donors be approached to provide \$15-20M (million) additional." At the time, Saudi Arabia already had contributed \$32 million to the Contras.

Administration officials and other sources familiar with the memos say Col. North and Ms. Hall did a poor job of altering them, apparently because they were rushed. Col. North withdrew the four memos from the NSC's "System IV" registry on the day Attorney General Edwin Meese and his aides launched the informal probe.

That same day Mr. Meese contacted Col. North's boss, former National Security Adviser Rear Adm. John Poindexter, and got approval to start reviewing NSC files. Investigators began looking through Col. North's office files the following day. It isn't known whether Col. North discussed altering or destroying documents with other officials before he acted.

The altered documents were never re-

Please Turn to Page 14, Column 2

The Falcc technolog

As the most advanced that has ever flown, 900 offers benefits: from no other aircraft at

This could have a deep effect," Reynolds has launched a public relations campaign to soothe Japanese concerns over the company's Winston Lights, the brand that was tainted.

Tokyo yielded only last year to U.S. pressure to open its markets to foreign-made tobacco products. Japan, one of the last refuges for the chain smoker, is an important market for U.S. companies, which have been watching the U.S. market shrink. Almost two-thirds of Japanese adult males smoke as do one-third of the adult women. That's a total of about 31.7 million smokers, government studies say.

But until recently, U.S. companies were unable to squeeze out even 2% of the Japanese cigarette market, the second largest in the non-Communist world after the U.S. That changed in the past few months after Japan finally dropped a tariff on top of a tax that penalized imports. The major U.S. tobacco companies lowered prices, advertised heavily and introduced new brands. As a result, their market share leaped to 5.1%.

Store managers and tobacco company executives said that so far sales of other foreign brands haven't been hurt by Reynolds' problems, but they note that the news has only begun to spread. Joel Silverstein, manager for Brown & Williamson (Japan) Inc., said, "We are concerned that it will affect other imported cigarettes."

The U.S. Customs Service and the U.S. attorney in Greensboro, N.C., have begun a criminal investigation to determine whether Reynolds supplied false results on herbicide tests, or other deceptive information, involving imported tobacco.

Separately, Reynolds Tobacco said it now has "reason to believe" that the herbicide, Dicamba, came from U.S.-grown flue-cured tobacco. It believes the tainted tobacco was bought from independent growers by its R.J. Reynolds International Inc. unit and shipped to West Germany for blending.

A Reynolds Tobacco spokesman said the company reached that conclusion, of which it is "reasonably certain," through its own testing and from data provided by the U.S. Agriculture Department, which has found more widespread use of Dicamba by tobacco-growers in this country than previously thought.

But the finding raises questions as to whether the Dicamba was confined to the cigarettes shipped by Reynolds to Japan or may be more widely found in cigarettes made for sale by Reynolds and others elsewhere. Reynolds is testing all of its inventory of tobacco bought in 1986 for Dicamba, according to the spokesman, who noted that none of the inventory has been used in products because it's in storage for aging.

Meanwhile, R.J. Reynolds' Japan unit is trying to limit the damage. "We got higher awareness from this incident than we could have gotten in two years of advertising," said the unit's president, Keith M. McCulloch. The company ran ads in major newspapers Wednesday apologizing

sued statements saying only that their products aren't tainted. "It's a business custom in Japan that if one company has a problem then the others keep quiet," said a spokesman for Philip Morris K.K., the Japanese unit of Philip Morris Cos. But Brown & Williamson is prepared to run ads guaranteeing the quality of its cigarettes, should the negative publicity refuse to die down.

Some U.S. officials worry that the herbicide-tainting will harm efforts to expand U.S. agricultural products in Japan. Japanese consumer groups said the Winston Lights incident lends credence to their argument that U.S. products are inferior. "Consumers should be concerned about the products that come from far away," said Naiochi Takeuchi, president of Japan Consumers Union.

YUMIKO ONO CONTRIBUTED TO THIS ARTICLE

North Altered Memo That Urged Briefing Reagan on Contras

Continued From Page 3

turned to the files. "That got overtaken by events," said one administration official. Investigators found the altered memos and copies of the original, unaltered ones in Col. North's office, the sources said.

There were other indications that the documents were revised in haste. References to the use of false shipping certificates, which claimed that arms actually intended for the Contras were going to Guatemala, were deleted from a March 5, 1985, memo. But copies of the certificates were attached to the altered memo, sources said.

The Tower Commission quoted from two of the altered memos in its report last February, but didn't reveal that other versions of the memos existed. Declassified versions of two altered memos also have been released by the congressional panels.

Separately, Mr. Walsh made a last-minute, but apparently unsuccessful bid to persuade the congressional committees not to grant Col. North limited immunity from prosecution in exchange for his testimony. After a closed-door meeting with lawmakers, Mr. Walsh told reporters that he believed "immunity was not deserved," and that other witnesses could provide lawmakers with the information they hope to obtain from Col. North.

But the committees are likely to agree, at the most, to only a temporary delay in granting the former aide immunity. Lawmakers consider Col. North's testimony crucial to wrapping up the hearings, and they previously agreed in principle to grant him limited immunity. "We're obliged to get all the facts out," said Arthur Liman, chief counsel for the Senate panel.

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DATE DOCUMENT RECEIVED 870417
ID # 2713

SOURCE OF DOCUMENT SIC DOCUMENT DATE 850501
PRIMARY RECIPIENT John ~~the~~ Vessey ~~for~~ OFFICE JCS
AUTHOR NAME Oliver North

TITLE _____

ORGANIZATION NSC

ANALYST AmC MEDIA ~~2~~ 0 CLASSIF CODE TS

SUBJECT CODE AM 025 AM 032 AY 121

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~~55-1105~~

SUBJ/DESC KNOWN DUPLICATE; ORIGINAL NOT YET TRACKED
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COMMENTS Returned to Task Force for declassification

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