

# Iran-Contra: How Lawrence Walsh Exposed Ronald Reagan, George H. W. Bush and High-Level Malfeasance

By [The National Security Archive](#)

Region: [USA](#)

Global Research, March 27, 2014

[The National Security Archive](#) 26 March  
2013

Washington, DC, March 26, 2014 – The passing away of Iran-Contra Independent Counsel Lawrence E. Walsh on March 19, at age 102, is an appropriate occasion to recall some of the extraordinary outcomes of his investigation into the most significant political scandal of the 1980s.

The Iran-Contra affair stirred up profound political passions. Walsh found himself at the center of seemingly perpetual controversy from the time of his appointment in late 1986 until his last major case against a former cabinet official — Defense Secretary Caspar Weinberger — jolted to a halt in December 1992. By then the former judge had become the villain to supporters of the Ronald Reagan and George H.W. Bush administrations, as well as those he targeted for prosecution. For his part, Walsh denounced in the sharpest terms the presidential pardon (by Bush) that abruptly ended the investigation: “The Iran-contra cover-up, which has continued for more than six years, has now been completed.”[1]



Ronald Reagan with Caspar Weinberger, George Shultz, Edwin Meese, and Donald Regan in the Oval Office prior to the President's press conference on the Iran-Contra affair, 11/25/86. (Photo courtesy Ronald Reagan Library)

Although many considered his success record spotty, Walsh managed to produce at least two major accomplishments. One was to expose the extent of President Reagan's (and Vice President Bush's) role in the scandal. The other was to create a public record of high-level malfeasance and government dysfunction that has since largely been forgotten but will have lasting historical value.

The independent counsel's task was monumental — enormously difficult to carry out yet fundamentally important for the causes of legal accountability, restoring public faith in

[illegible]

Caspar Weinberger's handwritten note of a candid discussion with the President about the possibility of the Iran arms deals, 12/7/85. (See [Document 5](#))

The courts themselves were another stumbling block for the OIC. At the trial level, judges forced the prosecution to drop its case-in-chief — a broad charge of conspiracy to defraud the United States — against several defendants. At issue were the immunity grants and the inaccessibility of classified evidence (or even substitute information designed to protect intelligence sources and methods). At the appeals level, after winning convictions against two of his main targets, ex-National Security Council staff member Lieutenant Colonel Oliver L. North and former National Security Advisor Vice Admiral John M. Poindexter, two different panels of judges vacated the verdicts on grounds relating to Congress’s immunity grants. Although Walsh and some of his colleagues acknowledged their own strategies and decisions contributed to these outcomes, the high sensitivity of the issues and politicized nature of the cases doomed their efforts from the start.

Walsh's final defeat came at the hands of Reagan's successor in the White House, George H. W. Bush, who granted surprise pardons to six prior and would-be Iran-Contra defendants on Christmas eve 1992. Walsh was enraged. In an interim report to Congress, he called the act a "grave disservice to the citizens of this country." [3] To *Newsweek* magazine, he said: "It's hard to find an adjective strong enough to characterize a president who has such contempt for honesty." [4]

Walsh was pilloried by defendants and administration supporters who compared him to Torquemada and accused his office of engaging in "legal terrorism." Observers dismissed the eleven guilty pleas and convictions his staff secured as trivial. Worse, they saw the process as a gross waste of taxpayer dollars (coming at a cost of up to \$47 million). But lost amid the storm of partisan outrage and, eventually, public scandal-weariness was a remarkable picture of official misconduct and political self-protection at top levels of the U.S. government, which Walsh's office turned up.

On the Iran arms-for-hostages deals, the prosecution uncovered proof of Reagan's expressed willingness to break the law in order to show the American people he was determined to bring home hostages held by terrorists in the Middle East. "[T]hey can impeach me if they want," Shultz quoted Reagan as saying in December 1985, before adding with gallows humor that jail time might be involved: "visiting days are Wednesday." Weinberger's gloomy reply was: "[Y]ou will not be alone." [5]

TOP SECRET Sunday, Nov 9 S 05003  
CH to @ Residence 0900 to discuss the problem  
Talley points for @ in @  
I understand Reagan that this approach to effort to deal with Iranians has been done for the most admirable goals: the humanitarian need to get the hostages out, and the strategically important aim of moving Iran back to a pro-West position.  
But it has not worked; that has been repeatedly demonstrated. And it will not work if you stick with it. It was based entirely on the requirement of secrecy and that has disappeared.  
The exposure of this deal has revealed that major aspects of your foreign policy you have constructed over 6 years have been gravely damaged. If we do not act now, some of the major elements will not endure. And the morale and structure of your administration could start to collapse.

Charles Hill's notes of his meeting with George Shultz preparing for a difficult discussion with the president on the Iran arms-for-hostages deals, 11/9/1986. (See [Document 7](#))

On the Contra operations, Walsh and the OIC investigation proved a pattern of ignoring clear matters of legality in the efforts by administration officials to raise third-country funding for the Nicaraguan insurgents at a time when Congress had banned U.S. aid for their cause. Even after the attorney general ruled any such approaches to foreign governments could not involve the slightest "quid pro quo" from the U.S. and had to be reported to the oversight committees, senior officials continued to solicit foreign government help without any effort to honor those requirements. This was essentially the same thing North had done when he came up with the "neat idea" of siphoning Iran arms deal profits to the Contras — the infamous "diversion" that (Walsh showed) senior administration officials latched onto as a way to "divert" public attention from the crimes and misdemeanors of the president and his advisers.

Finally, recalling the dark days of Watergate, Walsh managed to unearth stark evidence of attempts by several top officials and their underlings to paper the record in order to protect the president and themselves from the political and legal repercussions of their actions. The discoveries — ranging from Bush’s dictated daily diary, to Weinberger’s small mountain of scrawled notes, to the meticulous handwritten accounts of Shultz’s deliberations with his inner circle — had eluded every previous investigation. (The *New York Times* later called it “The Cover-Up That Worked.”[6])

By the time these materials were revealed in 1991 and 1992, the public had turned its attention elsewhere. Bush had been elected president, the Soviet Union had collapsed and the issues that had driven the affair — hostages in Lebanon and communism in Central America — had receded into the mists of history. But years later, now that the political heat has died away, it is far easier to see the true significance of these historical materials for advancing public understanding of both the scandal itself and the general patterns of U.S. official behavior it represented.

The handful of selections provided below are a few examples of the kind of evidence the public likely never would have seen without the efforts of Lawrence Walsh and his staff.

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*Tom Blanton is co-author of The Chronology: The Documented Day-by-Day Account of the Secret Military Assistance to Iran and the Contras (Warner Books, 1987), and author of White House E-Mail: The Top Secret Computer Messages the Reagan/Bush White House Tried to Destroy (The New Press, 1995).*

*Peter Kornbluh is co-author of The Iran-Contra Scandal: The Declassified History (The New Press, 1993), among other books.*

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## THE DOCUMENTS

[Document 1](#): “Office of Independent Counsel for Iran/contra Matters Summary of Prosecutions,” *Final Report of the Independent Counsel for Iran/contra Matters, Volume I: Investigations and Prosecutions*, August 4, 1993, pp. xxii-xxv

This excerpt from Walsh’s final report lists the cases the OIC brought against fourteen Iran-Contra defendants as well as their outcomes — eleven guilty verdicts or pleas, two vacated convictions, one dismissal on classification grounds and two pardons.

[Document 2](#): “Iran/contra: The Underlying Facts,” OIC *Final Report*, Volume I, pp. 1-24

In this excerpt, the OIC provides a succinct summary of the events that constituted the two strands of the scandal — the arms-for-hostages deals with Iran and the illicit U.S. government support for the Nicaraguan Contra rebels.

[Document 3](#): “Part XI: Concluding Observations,” OIC *Final Report*, Volume I, pp. 561-566

Walsh offers his views on the content and significance of the scandal for the American

public. He assigns significant responsibility to Reagan, Shultz, Weinberger and Casey, as well as their subordinates. Former Attorney General Edwin Meese III is singled out for “abandon[ing]” his “law enforcement role” in favor of becoming “the President’s defense lawyer.” Walsh goes on to discuss the roles and relationship between the executive and legislative branches, and the difficulties each raised for his investigation. “Ordinary venality or greed” were not the principal causes of the affair, the report states, but even when a president has “good motive and intent” the OIC concludes it is up to the commander-in-chief’s subordinates and the Congress to step in.

[Document 4](#): United States of America v. Caspar W. Weinberger, Indictment, June 16, 1992

This five-count indictment against a former senior cabinet member represented a high-water mark for the independent counsel’s investigation. Walsh later went to some lengths to argue that this and other high-level indictments (e.g. against CIA operations chief Clair George) proved that even powerful officials are subject to the law. President Bush’s pardon of Weinberger before the case could go to trial, therefore, sparked a visceral reaction from Walsh who charged that Bush had issued the pardon simply in order to avoid closer scrutiny of his own role in the affair.

[Document 5](#): Caspar Weinberger notes (excerpt, with transcribed copy), December 7, 1985

After several months of trying to ransom the hostages’ freedom by providing TOW (and later HAWK) missiles to Iran, Reagan met with his top aides (except Bush and CIA Director William Casey, who were out of town) to discuss where things stood. Gathering in the privacy of the upstairs family quarters of the White House, the president had the chance to hear from Weinberger, Shultz, Chief of Staff Regan, Deputy CIA Director John McMahon, and his former and current national security advisors, Robert McFarlane and John Poindexter. After Reagan reviewed the particulars, Weinberger laid out his objections. But, Weinberger notes, the president resisted, saying “he could answer charges of illegality but he couldn’t answer charge that ‘big strong President Reagan passed up a chance to free hostages’.”

[Document 6](#): “Extract from Vice President Bush Diary Transcripts,” November 4-5, 1986

Vice President Bush dictated notes to himself on almost a daily basis from November 5, 1986, through January 2, 1987. The ostensible purpose was to record his experiences leading up to the 1988 presidential elections. A secretary transcribed the notes. Despite submitting two formal document requests to his office, in 1987 and 1992, prosecutors did not learn about the existence of the diary until December 1992. Members of Bush’s staff discovered the transcripts in September but a decision was made to hold off informing the OIC until after the presidential elections. Among many entries that deal directly with Iran-Contra was this excerpt from November 5, just two days after the Iran arms-for-hostages deals were exposed. Although he later repeatedly denied being “in the loop,” here the vice president admits he was “one of the few people that know fully the details.”

[Document 7](#): Charles Hill notes (excerpt), November 9, 1986

In the frantic days following the revelation of the arms-for-hostages deals on November 3, 1986, members of the administration rushed to cover their ties to the deeply controversial and politically damaging operation. Secretary of State Shultz — along with Weinberger, one of the only senior advisers to oppose the president’s wishes on the deals — seemed particularly concerned in the aftermath not to have his name associated with them. His



colleagues picked up on this and pressured him intensely to join the team effort to protect Reagan — to “build[] a wall around him,” as Poindexter put it later. In these scrupulous notes by Shultz’s aide, Charles Hill (which total several thousand pages, the great bulk of which has never been declassified), the two State Department officials gather to discuss the secretary’s talking points for an upcoming meeting with the president. They are filled with grim assessments: “We have assaulted our own MidEast policy .... We appear to have violated our own laws .... There is a Watergate-like atmosphere around here .... ”

[Document 8](#): “In the United States District Court for the District of Columbia,” (North Trial Stipulation of Facts), Undated

This extraordinary 42-page document from the 1989 trial of Oliver North details dozens of administration “quid pro quo” arrangements the U.S. government made with foreign governments to induce them to provide aid to the Nicaraguan Contras. During parts of 1984 -1985, Congress had expressly prohibited the administration from supporting the rebels, so Reagan and his aides decided to do so through third parties. The problem (as stated in the main text above) was that they also chose not to follow the attorney general’s restrictions in the process. The independent counsel was proscribed from introducing numerous documents during the North trial by the administration and specifically the intelligence community on secrecy grounds. The OIC therefore worked out an arrangement whereby the essential facts could be used in order to allow North to mount a reasonable defense — i.e., that his own schemes to divert money to the Contras were essentially no different than what his superiors were doing, and that they knew generally what he was up to.

## NOTES

[1] Lawrence Walsh, *Firewall*, p. 495.

[2] See *Washington Post*, March 1, 1989.

[3] Lawrence E. Walsh, *Fourth Interim Report to Congress by Independent Counsel for Iran/Contra Matters*, February 8, 1993, pp. 3, 76.

[4] *Newsweek* , January 4, 1993.

[5] Excerpted from Charles Hill’s notes, as given to the FBI (OIC Final Report, vol. I, p. 329, fn. 35).

[6] *New York Times* , January 23, 1994.

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