

THE BILLION-DOLLAR MYSTERY

Fred J. Cook

Now pending in the Supreme Court of the state of New York is a most unusual and little publicized lawsuit whose by-products overshadow its initial and private purposes. It lifts the lid on the \$2 billion in hard American cash that has been funneled into Iran since World War II. This article reports the substance of the testimony, exhibits and evidence which have been spread on the public record in the course of this proceeding. The interest of the suit lies not in the fact that certain payments have been made to certain named individuals—for which there could be and doubtless are entirely plausible and satisfactory explanations—but rather in raising the question whether the enormous amount of foreign aid received by Iran from the United States has resulted in improving the socio-economic condition of the people of Iran or whether it has created in reverse a form of Iranian aid program to certain selected Iranians and Americans—Editors

I.

The winter palace of Shah Mohammed Reza Pahlavi had settled to sleep in the early morning of February 6, 1962, when the agents of the Khaibar Khan went to work. A batch of checks, drawn in the administrative offices of Iran on the late afternoon of February 5, had been delivered to the Imperial Palace in Teheran, had been signed and had been deposited in a safe waiting for distribution to happy recipients. The agents of the Khaibar Khan, who had infiltrated the palace of the Shah, wanted to get copies of those checks, if only to document further what had been revealed by their previous espionage—that literally millions of dollars of American economic aid had been diverted into the private pockets of the Shah, his family and his Iranian, American and British associates.

Ian Fleming in his most inventive moments never concocted a James Bond thriller to surpass the real-life drama that was taking place in the palace of the Shah of Iran on this early February morning in 1962. It was the climax of a labyrinthine trail, splashed with murder, emblazoned by the double-cross, mired in greed. On the one side was the ruthless imperial power of the Shah; on the other, the rebellious fervor of Iranian tribes dispossessed of their lands, their oil, their revenues by the Pahlavi family, its palace guard and its American-equipped army.

The action pivots about two principal protagonists, Shah Mohammed Reza Pahlavi and the Khaibar Khan.

Who is the Khaibar Khan? He is a dapper Iranian exile, now living in a plush, New York apartment; a champion golfer; one of the world's best-dressed men (at least before a fire, believed to have been set by Iranian agents, burned him out of an earlier New York home with the loss of a 392-suit wardrobe); and, above all, the chief of the Bakhtiari tribe of southern Iran. The Khaibar Khan is also honorary chairman of United Patriots for Justice, a coalition representing approximately 5 million members of the tribes that originally held title to the oil-rich lands of southern Iran. In this capacity, before the United Nations and other forums, he keeps tilting lances at his implacable enemy—the Shah.

Shah Mohammed Reza Pahlavi, a courtly appearing ruler best known to readers of the tabloids as former husband of the beautiful Princess Soraya, is the son of King Reza Pahlavi, who began life as a stable boy and later served as a private in the Cossack army. Mastering the art of soldiering, he rose by intrigue and the manipulation of power to the point where he could seize control of the army and seat himself upon the throne. Hardly had he done so when, in 1932, he turned covetous eyes on southern Iran where the Khans of the ruling tribes had made their separate deals with foreign oil com-

panies and were waxing rich on oil bounties. Reza Pahlavi marched in with an army and proclaimed that henceforth the oil revenues would be the property of the central government. The Khaibar Khan's father, Hadji Khan, did not take kindly to this edict. He and some of the other Khans protested—and were promptly hanged. After that, oil revenues from southern Iran went into the pocket of the king.

Reza Pahlavi ruled seventeen years before making the mistake that cost him his throne. Deluded by German successes in the early days of World War II, he committed the diplomatic blunder of letting it be widely known that his sympathies were with the Axis powers. The British could not afford to let the bountiful oil production of Iran fall into enemy hands, and marched in with an army. American forces later joined in the occupation. Reza Pahlavi was compelled to abdicate; but, in a relatively painless performance, he was allowed to assign his title, the vast estates he had seized and the fortune he had accumulated to his son, the present Shah.

Roosevelt's Vision

From the first, the Allies—and especially the Americans—seem to have been beguiled by the idea that backward, poverty-stricken, but oil-rich Iran could be turned into a modern state, a show place of the Western world. They envisioned Shah Mohammed Reza Pahlavi as the kind of constitutional, monarchial figurehead who could be used as an attractive front man in bringing the blessings of democracy and the benefits of Western-style capitalism to the dominions of ancient Persia.

The concept had its genesis in a memorandum that President Franklin D. Roosevelt, in the afterglow of the Teheran conference, dispatched to Secretary of State Cordell Hull on January 12, 1944:

Iran is definitely a very backward nation. It consists really of a series of tribes, and 99 per cent of

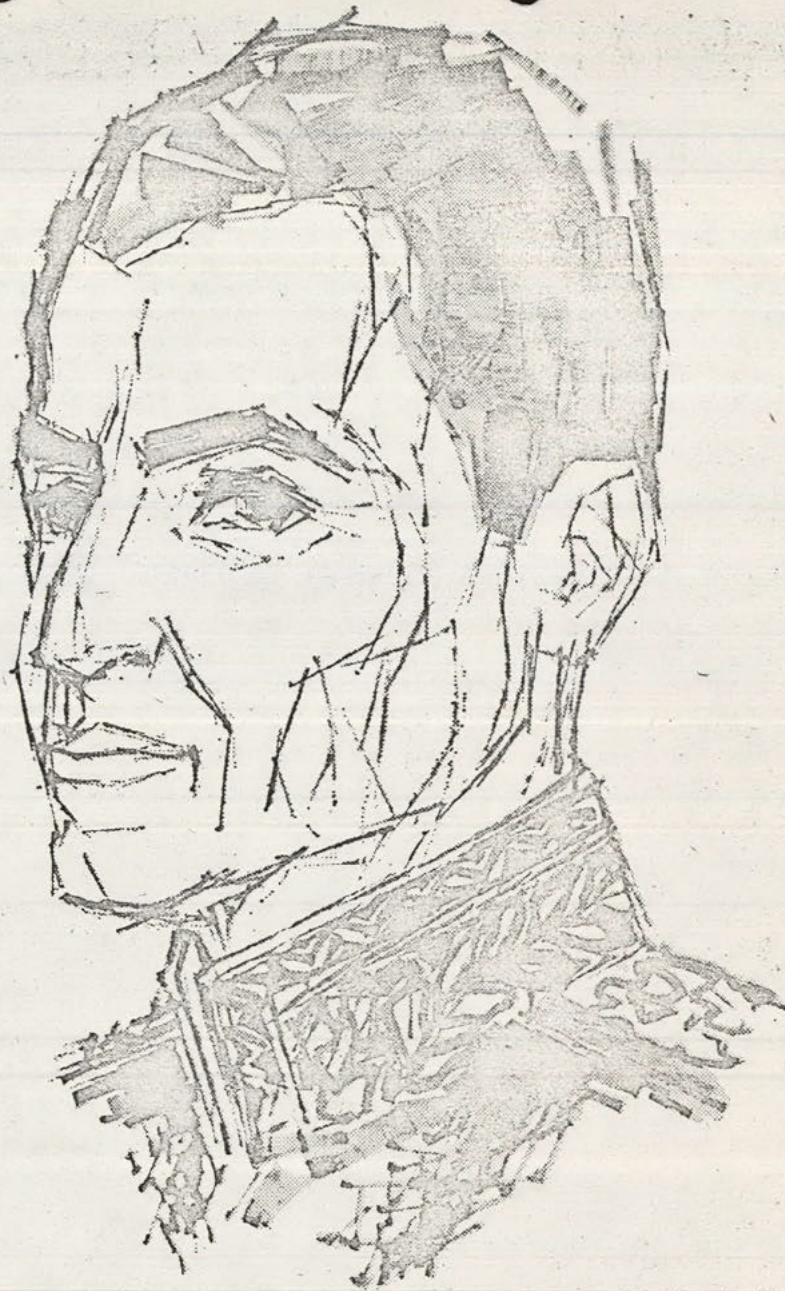
the population is, in effect, in bondage to the other 1 per cent. The 99 per cent do not own their land and cannot keep their own production or convert it into money or property.

I was rather thrilled with the idea of using Iran as an example of what we could do by an unselfish American policy. We could not take on a more difficult nation than Iran. I should like, however, to have a try at it. The real difficulty is to get the right kind of American experts who would be loyal to their ideals, not fight among themselves, and be absolutely honest financially. If we could get this policy started, it would become permanent if it succeeded as we hope during the first five or ten years. And incidentally the whole experiment need cost the taxpayers of the United States very little money. (Emphasis added.)

A start was made, and ran at once into the danger that Roosevelt had foreseen—getting “the right kind of American experts who would be loyal to their ideals . . . and be absolutely honest financially.” American military and economic aid was poured into Iran, but all it accomplished was the creation of a police state.

The 200,000-man Iranian army, larger than the forces of either West Germany or Japan, became the personal tool of the Shah to keep an illiterate, poverty-stricken and sometimes rebellious populace in subjection. In 1961, Sen. Hubert H. Humphrey remarked in shock to *Newsweek*: “Do you know what the head of the Iranian army told one of our people? He said the army is now in good shape, thanks to U.S. aid—and it was now capable of coping with the civilian population. That army isn’t planning to fight Russians. It’s planning to fight the Iranian people.”

Economic aid was similarly perverted. In 1957, the Committee on Government Operations of the House of Representatives tried to determine what had become of some \$250 million in economic aid that we had turned over to Iran in five years. It found that most of it had vanished into air. Our aid, the committee wrote in its subsequent report, had been administered in such “loose, slipshod and unbusinesslike manner” that “it is now impossible—with any accuracy—to tell what became of these funds.” The committee found that



Mohammed Reza Pahlavi

Drawings by Fotis

American members of the aid mission to Iran who objected to the irresponsible and indiscriminate squandering of millions “were either disciplined or labeled as incompetent.” And it concluded that Iran, with more than \$300 million in annual oil royalties, really should not need American aid; the oil revenues, if used for development projects as our agreements with Iran provided, should have been sufficient in themselves to work miracles.

Thanks to the secret activities of the agents of the Khaibar Khan, some light can now be shed on the mystery of the vanishing oil and American aid millions. The United

Patriots for Justice was formed in 1951, and the Khaibar Khan was from the start a leading, if secret, member. For several years in the late fifties, he stood in the good graces of Shah Mohammed Reza Pahlavi, but all that time, by his own testimony, at least, he never lost sight of the ultimate objective of recovering the revenues of the oil lands of southern Iran for the benefit of the tribes that dwelt there. Unknown to the Shah, espionage agents from the Khaibar Khan’s Bakhtiaris and other cooperating tribes found positions of trust on the palace staff and in the administrative offices. Little escaped their

notice, and their reports to Khaibar Khan were detailed and often photographically authentic.

As a result of these reports, the Khan charged that hundreds of millions of dollars were systematically diverted from the national treasury of Iran and into the accounts of the Pahlavi Foundation. The foundation had a numbered bank account, 214895.20 H Cpte S, in the Union Bank of Switzerland in Geneva, and it was on this account that checks in million-dollar amounts were drawn for members of the royal family, key officials in the Shah's palace retinue—and others.

The result had been obvious to the world, but the Pahlavi family involvement had not. Americans, with stubborn perversity, had rationalized that since the Shah mouthed a pleasingly vigorous anti-Communist line he must be a stalwart representative of the free world against the legions of evil. It was, of course, undeniable that the chief of Iran's secret police had built himself an ostentatious mansion almost in the shadow of the Shah's own palace; and all Teheran joked about General Ali Kia, chief of army intelligence, who had erected a block of luxury apartments in Teheran that the citizens called the Where-Did-You-Get-It-From Building. But, the rationalization went, this sort of thing was endemic in Iran; the Shah, fine fellow, had simply inherited a national way of life, and he couldn't single-handedly change it overnight.

Inflation and Terror

The great flood of American millions had produced runaway inflation in Iran, yet teachers were being paid just \$25 a month, tiny children worked sweatshop hours at the looms of rug factories for 20c a day or less, and sometimes an entire family subsisted on the produce of a single walnut tree. Such conditions bred periodic revolts, and the students of Teheran University emerged at times as the protesting spearhead. When they did, repression became brutal. In October, 1954, soldiers entered the classrooms, beat up students, turned machine guns on some, killed three and wounded scores. Even worse were the atrocities of January, 1962. Dr. A. Farhad, chancellor of the university, described what had hap-

pened in a letter of resignation.

The soldiers and paratroopers after entry attacked boys and girls indiscriminately . . . many of the students were beaten to the point of death.

I have never seen or heard of so much cruelty, sadism, atrocity and vandalism on the part of government forces. Some of the girls in the classrooms were criminally attacked by the soldiers.

When we inspected the university buildings we were faced with a situation as if an army of barbarians had invaded an enemy territory.

Books were torn, shelves were broken, typewriters smashed, laboratory equipment stolen or destroyed; desks, chairs, doors, windows and walls were vandalized by the troops fighting unarmed students and without interference from their officers.

Even the university hospital has not been immune from the soldiers. Many of the nurses and patients were either beaten or wounded. . . .

The chancellor and all the deans of the university quit in protest, but none of this affected our Western conceptions of Shah Mohammed Reza Pahlavi. He was still "our boy," holding back the threatening tide of communism. Nothing that happened in Iran, not the mysterious vanishing of foreign-aid funds, not the brutality of the Shah's own army in dealing with the Shah's own people, seemed to alter or affect our cherished image of the king.

This self-delusion in defiance of facts enabled Shah Mohammed Reza Pahlavi, despite the Teheran University unpleasantness, to plan seriously for an audacious coup. The reasoning behind his scheme went something like this: as everyone could see, conditions in Iran nearly twenty years after Roosevelt had had his vision were not exactly ideal. For this, there was one simple reason: Iran was not getting enough American aid. America must be made to realize the importance of Iran as a buffer for the free world; America must be made to understand how niggardly it had been. Economic aid, if it was to accomplish its purpose, would have to be doubled. Only if such steps were taken could we expect to get real and lasting results in Iran.

Filled with the vision of the infinite goodies to be obtained, the Shah began planning for an April,

1962, visit of state to America, to make a personal appeal to President John F. Kennedy for greater aid of all kinds for Iran. In preparation for this foray against the resources of Fort Knox, money began to flow in a torrent out of the \$56,800,000 fund of the Pahlavi Foundation. The propaganda drums began to beat.

The Shah's Safe

That was the background, that the atmosphere of Teheran, on the crucial early morning of February 6, 1962, when the followers of the Khaibar Khan padded softly through the halls of the Imperial Palace to the Shah's private offices. They knew the ground well, for they had traversed it clandestinely many times before. In the imperial offices there was a safe, and in that safe a batch of checks made out within the last twenty-four hours. The agents knew the combination and with swift movements they twirled the dial, opened the door and extracted the sheaf of checks. Handy to their use was a modern photocopying machine, and one by one, the checks were photostated and replaced in the safe. In the morning, when business resumed, the photostats of the checks would be on their way to Khaibar Khan.

Here is the list of checks photostated on this night of nights by the Khaibar Khan's industrious agents:

Mrs. LOY HENDERSON, \$1 million
PRINCESS SHAMS PAHLAVI, \$1 million
DEREK F. MITCHELL, \$500,000
HENRY R. LUCE, \$500,000
ALLEN DALLAS [sic], \$1 million
GEORGE V. ALLEN, \$1 million
SHAHNAZ PAHLAVI, \$2 million
WILLIAM E. BURK, JR., \$200,000
RANDOLPH DICKINS, JR., \$200,000
PRINCE HAMID REZA PAHLAVI, \$500,000
AHMAD CHAFIGH, \$1 million
SELDIN CHAPIN, \$1 million
GENERAL MOHAMAD AMIR-KHATEMI, \$1 million
R. A. PIGOT, \$1 million
T. W. PIPER, \$1 million
PRINCESS FARAH PAHLAVI, \$15 million
PRINCESS FATEMEH PAHLAVI, \$2 million
PRINCE ABDOL REZA PAHLAVI, \$2 million
PRINCE GHOLAM REZA PAHLAVI, \$2 million

WILLIAM WARN [sic], \$1 million
 DR. ALI AMINI, \$2 million
 DAVID ROCKEFELLER, \$2 million
 PRINCE HAMID REZA PAHLAVI,
 \$500,000
 PRINCE MAHMOUD REZA PAHLAVI,
 \$1 million
 JAMSHID KHABIR, \$500,000
 A. W. WEBSTER, \$1 million
 ARDESHIR ZAHEDI, \$3 million
 ROLAND LEES, \$1 million
 THEODORE McEVOY, \$1 million
 PRINCESS ASHRAF PAHLAVI, \$3
 million
 NASROLAH ALAM, \$1 million
 HOSSEIN ALA., \$1 million

Many of the names on this list are more detailed examination. One grouping harks back to the cloak-and-dagger days of 1953, when the Central Intelligence Agency engineered a coup that kept the Shah in power. The Shah's continued occupancy of the throne had been threatened by his powerful Prime Minister, Mohammed Mossadegh, a wealthy landowner who, in the eyes of the Western world, had turned inexplicably radical. Mossadegh had seized and nationalized the oil properties, determined to put their wealth to use for the people of Iran—a deed that brought him into stark conflict with the Western oil consortium, but endeared him to Iran's impoverished millions.

His popular following became such that the Shah scuttled in terror from his throne and made for the safety of Switzerland. There his future rested in the hands of a small cabal determined to overthrow Mossadegh. Thanks to a CIA bank roll of uninhibited millions, the counter-coup succeeded and the Shah was reinstalled on the throne. The master minds given credit for this development were Loy Henderson, then Ambassador to Iran; Allen Dulles, then the new chief of the CIA; and Princess Ashraf, the strong-willed brunette twin sister of the Shah, the Madame Nhu of Iran.*

Some of the other names that appeared on the Pahlavi Foundation checks are instantly recognizable. Henry R. Luce was then, of course, the publisher of *Time*, *Life* and *Fortune*. George V. Allen was

* For further details on the Anderson-Dulles participation in the restoration of the Shah, see *The Invisible Government* by David Wise (Random House; 1964).

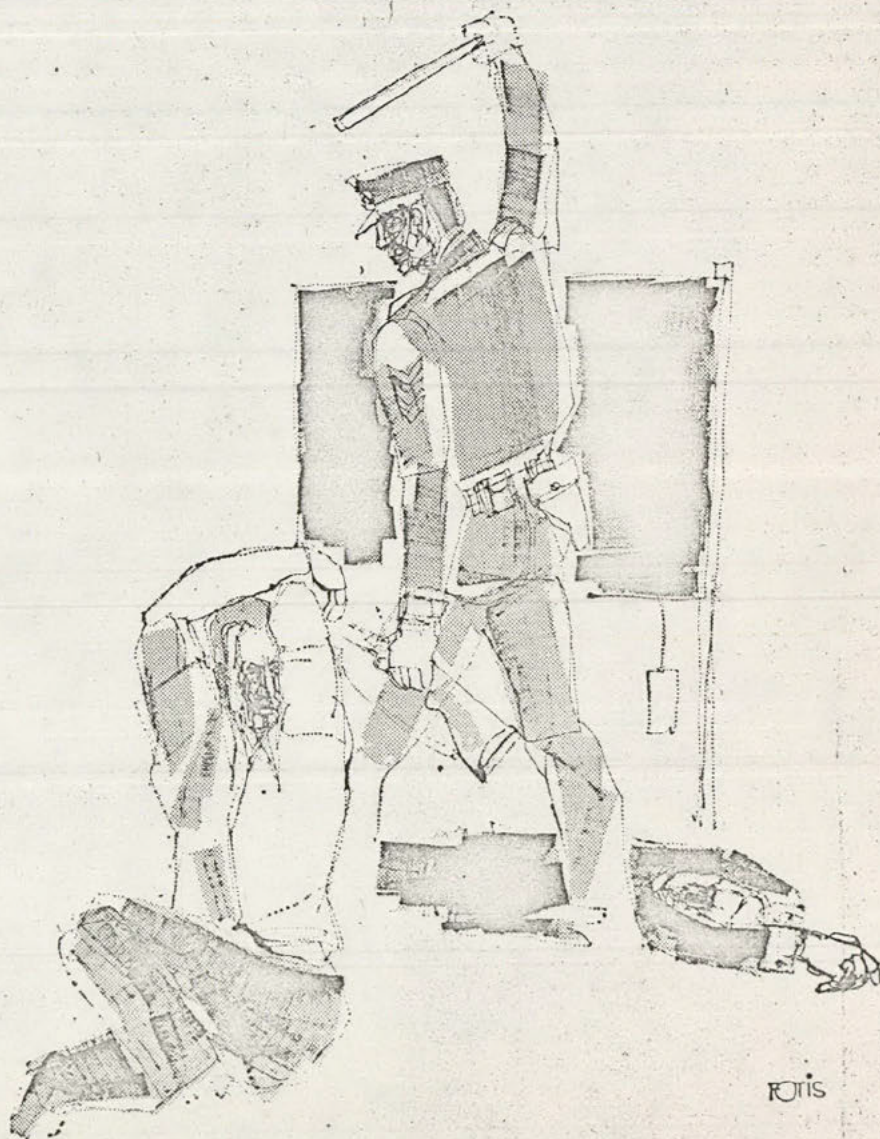
veteran diplomat and Middle Eastern expert, a former Ambassador to Iran, a former Assistant Secretary of State, a man who had seemed on many occasions to have the ear of Presidents. Seldin Chapin, who has since died, was U.S. Ambassador to Iran. William E. Warne had been sent to Iran by the Truman administration to take charge of the original Point Four aid program, and he had remained there under Eisenhower until 1955. When he left Iran, the Shah had decorated him with the Order of the Crown of Iran.

British names as well as American dotted the list. The most prominent were those of R. A. Pigot, a British admiral commanding a fleet in the Middle East, and T. W. Piper, a British Air Vice Marshal and Middle East commandant of the R.A.F. from 1960-62.

Among the Iranians receiving

foundations largess, the Pahlavi family names naturally dominated. Farah Pahlavi was the successor of Soraya and the mother of the Shah's much desired heir to the throne; her reward of \$15 million topped all others. Princess Ashraf with her \$3 million came next. Then there were two other members of the Pahlavi family who were to figure prominently in the fortunes of the Khaibar Khan and in the lawsuit now in tortuous adjudication in New York Supreme Court. One was Princess Fatemeh Pahlavi, another sister of the Shah, who was rated at \$2 million; and the other was the Shah's brother, Mahmoud Reza Pahlavi, who got \$1 million. Mahmoud and Princess Ashraf signed all the checks as custodians of the Pahlavi Foundation.

Prominent among the names of the other Iranians sharing in the foundation's bounty was that of Ali



FOOTIS

Amini, then Prime Minister of Iran. Amini, who resigned in July of 1962, was widely billed in the American press as a reform premier who was trying to put an end to corruption in Iran—yet his name appeared on a check for \$2 million drawn on the Pahlavi Foundation, a fund that was constantly being replenished by multimillion-dollar deposits of Iranian oil revenues, American aid funds, and even military appropriations.

In the years since the Khaibar Khan's agents photostated this series of checks in the Imperial Palace, there has been much speculation about the purposes for which they were issued. It has been suggested that some of the checks to bankers, like the \$2 million to David Rockefeller, may have been for private Pahlavi investments, the bankers serving only as a conduit. Others on the list doubtless will have other explanations, but whatever they are, a sustained and unvarying chain of events would seem to establish that American officials on the highest levels have no doubt about the legitimacy of the evidence supplied by the Khaibar Khan. Here are the signposts:

«The Khaibar Khan testified extensively before the McClellan Committee on Government Operations in executive sessions during May and June, 1963. Nearly two years have elapsed—two years for study and investigation during which, had his information been spurious, he almost certainly would have been exposed. Instead, his photostated records were checked with Treasury records on the dates of aid payments to Iran, and a comparison showed that in repeated instances, multimillion-dollar checks to Iran were followed swiftly by multimillion-dollar deposits in the account of the Pahlavi Foundation. McClellan investigators and teams from the U.S. General Accounting Office were sent to Iran to try to find the schools and hospitals for the building of which funds had been specifically allocated. The buildings simply didn't exist. "So sorry," the Iranians explained, in essence, "we had very severe earthquakes. They destroyed your projects." McClellan in his last report to the Senate wrote: "Considerable preliminary investigative activity has taken place in this matter. We plan to follow up with hearings so as to

have available testimony under oath." No date for the hearings has yet been set.

«The evidence supplied by the Khaibar Khan is now being examined by a federal grand jury in the Southern District of New York. The Khaibar Khan and some of his assistants have testified at great length before that grand jury, repeating essentially the account they had given to the McClellan Committee.



«The Khaibar Khan's disclosures were called to the attention of President Lyndon B. Johnson in late December by one of the President's closest advisers, Washington attorney Abe Fortas. Since then, there have been these seemingly significant developments: the American Ambassador to Iran has been relieved of his duties; the Iranian Ambassador in Washington has been recalled—and for the past year there has been a stoppage on all economic (i.e., nonmilitary) aid to Iran, nor can you find that country mentioned in any statements or presentations made by the State Department or other agencies concerned with foreign aid.

Such straws in the wind seem to say that the evidence supplied by the Khaibar Khan has been examined and found valid. The manner in which it all came about and the still undying loyalty of high echelons of the State Department to the

cause of the Shah of Iran make a fascinating story of international intrigue.

II.

The Khaibar Khan was a boy of 8 when his father, Hadji Khan, was hanged by Reza Pahlavi. His own life might have been forfeited (some 10,000 Iranians are said to have been killed in Reza Pahlavi's seizure of power) had he not been spirited out of the country by a British couple working for oil interests in Iran. The couple, Mr. and Mrs. Andrew Smiley, gave him the name of Goodarzian to throw Iranian secret police off the scent, and took him home with them to Aberdeen, Scotland.

K.K., as his friends call him, was educated in Scotland, and in 1941, when the Smileys returned to Iran to work for an oil company there, he went with them and entered an Iranian boarding school. In 1944, not yet 20, he joined British military intelligence and re-established his connections with his own Bakhtiari tribe people. During the wartime British-American occupation of Iran, he served in a liaison capacity between allied forces and the tribes.

He was rewarded for his services, and in 1948 his title was restored. He established himself in the transportation business in Iran, running a fleet of taxicabs and trucks and operating a repair shop. His fortunes prospered, and he soon had a fleet of some 250 vehicles. He worked for the Anglo-Iranian Oil Company and maintained close ties with various British and American missions.

Riding the Tide

These connections made him an object of suspicion when Mossadegh came to power. An armed guard was thrown around his home in southern Iran, and he was not permitted to enter it. He obtained permission to go to Teheran where, according to his testimony, officials in the British Embassy "introduced me to William E. Warne, director of Point Four."

The Khaibar Khan's role in the counter-coup that toppled Mossadegh is not quite clear, but indications are that he helped. In any event, when Shah Mohammed Reza Pahlavi returned from Italy, he and the Khaibar Khan were introduced.

It was their first meeting. K.K., as he afterward testified, did not bring up the fact that the Shah's father had hung his father; he did not know whether the Shah was aware of this and, in any event, no possible good could be served by dredging up past history. It was better to go with the tide, and for a time the tide was highly favorable. The Shah, as a sign of imperial favor, granted K.K. the use of a villa on the palace grounds, and promised that a program would be launched to improve the living conditions of the tribespeople.

For several years the K.K. and the Shah were friendly. K.K., always a gay spirit, traveled widely, hopping back and forth between Iran and England and the United States. He played a lot of golf and was widely known as a sportsman, a reputation that was to draw him more intimately into the web of the Shah's interests. In 1957, K.K. was on a visit to the United States, staying in Flushing, Long Island, when Abdol Hassen Ebtehaj came to see him. Ebtehaj was generally considered to be Iran's most eminent economist, and he was the head of the Seven Year Plan Organization, an Iranian agency through which American aid funds were channeled for Iranian projects. Ebtehaj proposed that the Khaibar Khan join the Shahanshahi Sports Organization, at the moment one of the Shah's favorite projects. The SSO, Ebtehaj explained, was going to build a number of sports arenas in Iran with American aid funds. The idea was to improve the health and physique of the Iranian people through broad, Western-type athletic programs.

The Khaibar Khan returned to Iran and discussed the proposition with the Shah. The Shah agreed to assign a large tract of state land,

lying between the summer and winter palaces in Teheran, for development as a huge sports arena, and the Khaibar Khan, impressed by this kind of backing, threw himself into the planning. An appraisal was made of the value of the land, and the figure was set at between \$50 million and \$55 million. This was an impressive figure, certainly, and it wasn't long before some persons began to get the idea it was perhaps a bit too generous for such a thing as a sports program.

The Angry Princess

As K.K. described it in his recent testimony before the New York Supreme Court, Princess Ashraf's husband, whose name was Chavik, came to him and said: "I am going to take some of this property away, and you can have some, too." The Hilton hotels, it developed, coveted the land and had offered to lease it for a twenty-five-year-period and build upon it a flossy, modern hotel. K.K. testified that he was incensed by the idea that land which had been donated for his sports program should be snatched away, and he threatened to protest to the Shah. Chavik, who was president and treasurer of the Shahanshahi Sports Organization, said, "Don't bother His Majesty; this is between you and me." Chavik added: "I am just telling you, if you want to be in this, you have to cooperate with us."

There followed what K.K. called a "fight" in which nasty names were called and insults freely exchanged. In a black and angry mood, K.K. stormed away to his own villa, the one the Shah had set aside for his use but on which he paid rent, and was there telling some of his retainers what had happened when a uniformed officer came knocking at his door. The officer presented an "invitation" for him to come at

once to the palace to see the Princess Ashraf. The "invitation" was accompanied by a file of six soldiers, ready to bear him to the Princess in style.

Having no choice, K.K. stalked to the palace, trailed by his guard. Chavik greeted him, all smiles and pleasantness now, and they shook hands. Then K.K. waited. He waited for half an hour before Princess Ashraf put in an appearance. On her face, there were no smiles. K.K. described the scene this way:

She says, "You are first person have insulted a member of the royal family."

I said, "I didn't insult him. He is not a member of the royal family."

She said, "You know he is my husband."

I said, "I realize that, but the way he talked to me, the way he shouted to me . . . I don't like it."

So she said, "You better go and apologize to him; you better go and do it."

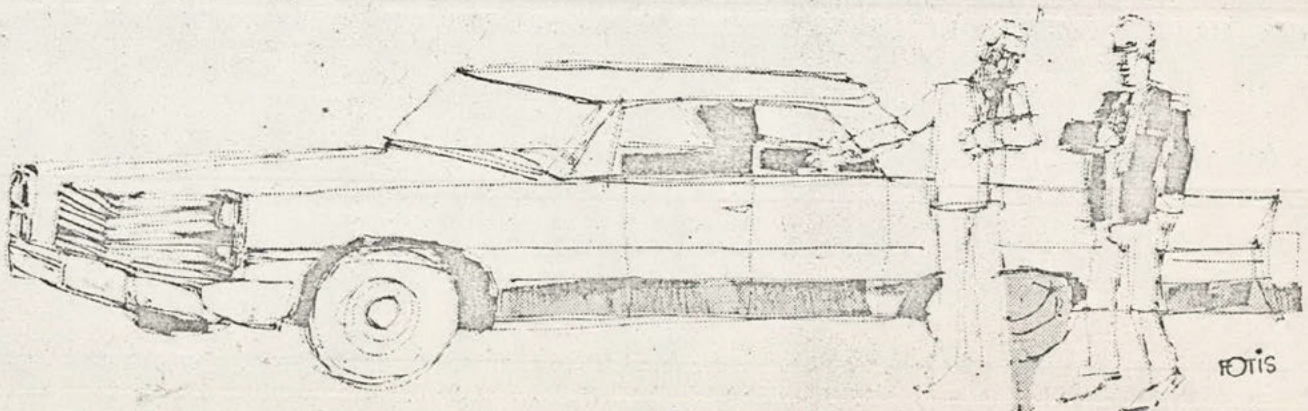
And she left.

And I walked out, too.

Everybody now interceded to repair the rift. Ebtehaj's wife pleaded with K.K. to make his peace with the palace; otherwise, she said, matters could become very difficult for everybody. Harry Brenn at the American Embassy helped to negotiate a peace pact. Finally, Chavik shook hands and promised the land wouldn't be taken for hotel purposes, and the Khaibar Khan was made one of the four commissioners in charge of the sports projects. For a time, everyone was happy. But only for a time.

A Special Car

The Khaibar Khan has an Iranian's fondness for gadgets and for all the big, shiny products of Western materialism. The pride of his life was a gleaming Cadillac El Dorado that he had had especially



equipped and shipped out to Iran. The big car had secret compartments for carrying guns with which KK might defend himself in time of need, and it was also wired for sound, with hidden microphones catching every whispered word and recording it on a concealed tape recorder. Even though they knew nothing of these special features, a lot of Iranians, including the Shah, were fascinated by the chrome-spattered, shining El Dorado.

One day Ebtehaj, with whom K.K. had become quite friendly, asked for the loan of the car to drive to the palace. K.K. naturally let him take it but, as he later testified, he made one fatal slip—"I forgot to take the tape recorder out."

It probably wouldn't have mattered except that when Ebtehaj arrived at the palace, the Shah noticed he was driving K.K.'s car.

"I've always wanted to drive that car," he told Ebtehaj. "Let me have it for the day, and you can use mine."

Ebtehaj was in no position to refuse, and so the Shah, delighted as a boy with a new toy, drove away in K.K.'s wired-for-sound El Dorado. He had the car for some four or five hours, and the sequel would indicate that, just like a boy with a new toy, he examined that Detroit beauty from floor boards to radio aerial.

Police Tip-Off

The Khaibar Khan had no intimation that things had gone awry until that evening. He was dining with his secretary in the Colbeh, a night club near the palace, when the Chief of Police, General Mohammed Daftary, came in and signaled to K.K.'s secretary. After they had talked for a few seconds, they called K.K. over.

"You want to be safe, you better leave," General Daftary told him. "They find out what your job is, through your car, in your car. Shah has found out. And if you don't leave tomorrow, they are going to arrest you."

Daftary, K.K. explained, had known for some time about his role in the United Patriots for Justice, but had been friendly and sympathetic and hadn't tipped off the palace. So K.K. realized that the jig was up and caught a plane out of Iran that night.

Two weeks later, Ebtehaj was arrested, a move that long mystified Western observers who did not know of the secret recorder in K.K.'s Cadillac. General Daftary was also thrown into jail where, according to K.K., he remains.

Forced to flee from Iran by this chance disclosure, the Khaibar Khan stepped up his secret, long-range espionage activities. Before he left, he had seen to it that the Shah's palace and personal staff were well infiltrated by a great number of loyal and clever Bakhtiari. In his Supreme Court testimony, K.K. put it this way:

"... we put [placed] engineers, doctors, gardeners and as servants and as storemen; all educated people working in several different places. And we put a lot of secretaries; a lot of people who was educated in England. And we put them as secretaries."

The Khaibar Khan had noticed transactions that struck him as peculiar. In his position as one of the commissioners of the Shahanshahi sports program, he had had access to the account books, and he had spotted one transfer of some \$7 million from the sports fund's treasury to the Pahlavi Foundation. "What's this Pahlavi Foundation?" he had said to himself. "What's it getting \$7 million for?" He had instructed his faithful agents in the palace to find out.

As a result, the Khaibar Khan and his secret operatives kept a close check on the flow of funds into and out of the foundation's secret, numbered bank account in Switzerland. It was this years-long espionage that had led to the photostating session in the palace of the Shah in the early morning of February 6, 1962.

III

K.K. was in London when he received the check facsimiles with all the prominent names upon them. After examining the documents, he consulted a British attorney, who told him in effect:

"This isn't good enough; this isn't evidence. All these photostats show is that the checks were made out. They don't show that they were accepted and cashed. To be of any value, you would have to have evidence of that."

So the Khaibar Khan sent word to his espionage organization to keep a close and continuing watch

on the flow of checks and records through the imperial offices in Teheran.

As the weeks passed and the date for the Shah's ceremonial visit to America approached, more checks made out in the names of prominent Americans flowed out of the numbered Swiss bank account of the Pahlavi Foundation. There was one difference: These checks were for smaller amounts—just six figures, not seven.

The second batch of checks was issued on April 2. Included in the list were these names and amounts: Edwin Thorne, senior vice president in charge of European, African and Middle Eastern Affairs for the First National City Bank of New York, \$500,000; Charles M. Cariddi, secretary of the American Embassy in Teheran, \$100,000; Howard W. Page, vice president of Standard Oil of New Jersey, a director of Aramco and the Trans-Arabian Pipe Line Co., a director of the Near East Foundation, once decorated by the Shah with the Order of Humayin, second class, \$300,000; Adolphé A. Juviler, chairman of the board of Thompson-Starrett Co., \$300,000; Lyle J. Hayden, executive director of the Near East Foundation, \$500,000; J. Ward Keener, chairman of the board of B. F. Goodrich & Co., former member of the Wage Stabilization Board and a member of foreign study groups, \$500,000; Harold E. Gray, executive vice president, overseas division of Pan American Airways, \$500,000; James L. Tollion, executive of the Bank of America, International, \$500,000; George Parkhurst, vice president of Standard Oil of California and a director of the American-Arabian Oil Company and the Trans-Arabian Pipeline Co., \$500,000; Cleveland E. Dodge, vice president of Phelps-Dodge Corp., chairman of the board of the Near East Foundation, decorated by the Shah in 1955 with the Order of Homayoun, \$500,000; L. G. Davis, executive vice president of the Gulf Oil Corp., \$500,000.

The Davis check was dated May 22; all of the others bore the April 2 date, just nine days before the Shah's arrival in America. This mid-April visit seems, indeed, to have marked a kind of watershed, dividing the flow of funds from the Pahlavi Foundation. Prior to this date, checks photostated by the

K.K.'s secret agents in Teheran were made out to an impressive number of Americans; afterward, checks were drawn almost exclusively to Iranians.

The Shah Flies In

One possible explanation may be that the visit of the Shah was something of a disappointment, despite the fanfare and panoply. The Shah and the Empress Farah, flying by Pan American jet, arrived at Idlewild Airport at 4:40 P.M., April 11, 1962, and went directly to their suite at the Waldorf Towers. The following morning, they flew to Washington, where they were greeted by President and Mrs. Kennedy in an airport ceremony. The Shah was described as "handsome" and "regal even in a dark business suit." He spoke gracefully about President Kennedy's "new ideas" and his "dynamic personality"; the President responded by praising the Iranian people's "centuries of long struggle . . . to maintain their national sovereignty" and by stressing the importance of Iran to the Western world. In the afternoon, the Shah placed a wreath on the Tomb of the Unknowns, and that evening he and the Empress were the honored guests at a state dinner given by the President and Mrs. Kennedy in the White House.

Behind the glitter of the social amenities lay the serious purpose. The Shah's highly paid press agents were beating the drums to get across the idea that we must do more for Iran. The previous November, the Shah had given an interview in Teheran to Harrison E. Salisbury, of *The New York Times*, and in two paragraphs of direct quotes had summed up his position. These paragraphs now began to pop up in the writings of American columnists as if they had just had personal audience with the Shah.

"I think it is obvious," the Shah was quoted, "that if a country like this, which will have 40 million people in twenty years, can achieve a standard of living equal to that of Europe—what a tremendous bastion of freedom this will be for the world.

"If we fail—if we are not understood by our friends and do not get the aid which we need—what a gain for communism. If we fail the failure is not just in Iran. This is a most strategic position. It is the

springboard to the Middle East and to Africa."

This pressure said, in essence, "Give us more of your millions or the Communists will get us, if you don't watch out." The details of the grab that the Shah envisioned called, indeed, for more than millions—it would come to billions. *The Wall Street Journal* put it this way:

Although the Shah is likely to avoid much public discussion of military aid, he is expected to make a big public plea for economic aid. His theme, oft voiced in the past, will be that the U.S. and the rest of the West should get together and help make Iran a "showplace," right against Russia's border, of what the free world can do for emerging nations.

Specifically, the Shah would like generous U.S. backing for a third economic development plan, due to begin in September. It would run for 5½ years and require roughly \$4.5 billion in public and private investment. Of this sum, \$2.5 billion is marked for public outlays, for roads, river development, irrigation and similar projects, with \$1.5 billion of this coming from the Iranian government, the rest from outside lenders, including the U.S., the World Bank, West Germany, Italy, France and Japan.

Experts here who've studied the blueprints find the plan impressive in scope but shy of detailed elaboration. . . . One problem bothering some U.S. authorities: Although the Iranians promise to commit almost all of their oil revenues to the new plan over the next five years, similar promises in the past haven't been fulfilled. Instead, oil royalties earmarked for development have a way of winding up in the general government till to meet regular budget demands. (Emphasis added.)

A Million Here, A Million There

As *The Wall Street Journal* predicted at the time, President Kennedy was unable to fall in with the Shah's plans. Gracious and pleasant, he expressed American sympathy for Iran and saw to it that the visitor was treated with every courtesy; but, when it was all over, the Shah departed for Iran, lacking the one thing he had sought—the pledge of more bountiful American billions.

Despite this setback, the checks continued to flow from the bottomless well of the Pahlavi Foundation. A check for \$1 million was drawn to the Shah's brother, Mahmoud, in February, another for \$500,000 on

April 2, and another for \$1 million on May 22. And Princess Ashraf, whose \$3 million in February could hardly be expected to sustain her forever, joined the May 22 check list with another draft for \$1 million.

All the time, unknown to the Shah, the Khaibar Khan's agents were busily photostating checks as they cleared through the offices in the Imperial Palace, and in London K.K. was receiving a steady flow of the copies. Still, the evidence was not conclusive; it did not show that all the recipients had cashed the checks with which they had been honored.

But in early July, 1962, the Khaibar Khan's agents filled in this missing link. The Union Bank of Switzerland in Geneva drew up and forwarded to the palace in Teheran a comprehensive bank statement covering the six months' financial transactions of the Pahlavi Foundation. The statement was detailed: it listed in order the name of each payee and the amount of the check; and it showed step by step the deductions that had been made from the original \$56,800,241.55 balance as the checks cleared through the account. The deductions matched precisely the checks that had been issued.

The bank statement also revealed something else—the source of the multimillion-dollar deposits that had been made to keep the fund solvent. It showed, for example, that the heavy drain of those February 5 checks had been partially offset by a deposit of \$12 million from N.I.O.C. (the National Iranian Oil Company). On February 27, \$6 million had flowed in from the Seven Years Plan Organization—these were the American aid funds. And on March 31, the Iranian Finance Ministry (remember, we were giving the Iranians amounts ranging from \$20 million to \$50 million a year to help them balance their budget) coughed up \$5 million. And on April 12, the Shahanshahi Sports Organization, the most generous of all, came through with \$7 million.

So smoothly was the espionage operation running at this time that the Khaibar Khan decided to continue it, and for the rest of the year his agents kept track of the flow of checks. The record they compiled showed how well the Pahlavi

family was profiting. On July 2, 1962, Mahmoud Reza Pahlavi was down for another \$1 million; and on October 5, still another \$1 million. On the same date, Princess Ashraf's name appeared on another \$1 million check. And Empress Farah, in whose name a \$15 million check had been made out in February, was favored with one for \$4 million on October 5 and still another for \$6 million on December 14.

Deposits in the fund for the second half of the year told as interesting a story as the withdrawals. On July 14, the Seven Years Plan Organization kicked in \$2 million. On July 28, the Ministry of War (remember, we contribute additional millions to Iran in military aid) made its contribution—\$6 million. And in October, the N.I.O.C. was back with another little bounty of \$8 million. In all, the photostated records showed that in the single year of 1962, some \$159 million in American aid funds and Iranian oil royalties (those royalties supposed to have been used to supplement American aid), had been deposited in the numbered bank account of the Pahlavi Foundation in Switzerland.

London Caper

This phase of the K.K.'s undercover operations was now nearing its end. He knew that the Shah's retainers had become aware of some of his activities. In the fall of 1962, his agents in Teheran intercepted from London a letter dated September 26, marked "personal and confidential" to General Amir Khatemi, and disclosing that the Iranian agents in London were keeping close track of the Khaibar Khan's activities. It read:

K. is still at the Dorchester 2 floors above us. He is with a group of about ten or twelve people occupying 820, 821, 822, 341, 342, 830. In his party there are people from the Middle East, Iran and the States. The estimated price of the daily hotel accommodation alone is about 80 to 90 Pounds and according to the newspapers he is spending over a hundred Pounds a day on other things such as night clubs, etc. There are two people from the Scotland Yard guarding him twenty-four hours and amazingly enough he is using a Rolls Royce with a D.C. plate all the time. . . .

We issued a statement from the Embassy here to the press denounc-

ing K. but apparently it did not work and some other destructive plans should be thought of. . . .

This surveillance forced K.K. to become more circumspect, and so he decided to call off the check-photostating operation in Teheran. But before he did, there was one final fillip. On January 1, 1963, along with a check for \$8 million to the Empress Farah and another for \$1 million to the Princess Ashraf, there were drawn checks that certainly must rank among the world's unique banking documents. They were made out for \$1 million and \$7 million—and they carried the name of no payee. The "Pay to the Order of" space was left blank, and presumably anyone who happened to get his hands on these bits of paper could have walked away with \$8 million.

Just who did cash the checks, just how the \$8 million was dispersed and who got it, remains one of the most titillating mysteries in the entire story. Before the periodic six-month bank statement was returned from Geneva, Khaibar Khan's check-photostating operation had been abandoned, and he cannot document the final step.

IV

Among the last batch of checks photostated by the Khaibar Khan's agents were two that never made their way into and out of the Pahlavi Foundation. These also were drawn on January 1, 1963, and they were against the account of the Shahanshahi Sports Organization. One check for \$1.5 million was issued to Prince Mahmoud Reza Pahlavi, and the other, for the same amount, to his sister, the Princess Fatemah.

Shortly afterward, K.K.'s agents photo-copied a January 15 letter from Prince Mahmoud to the Union Bank of Switzerland, 8 rue du Rhone, Geneva. It read:

"In regards to Check No. 2006 drawn on the account of the Shahanshahi Sports Organization on Jan. 1, 1963—\$1,500,000, please deposit same in my numbered account."

This document and the copies of the checks were of special interest to the Khaibar Khan. In trying to launch the Shahanshahi sports program he had spent lavishly of his own funds. His records showed that

in property he had donated, and in out-of-pocket expenses he had defrayed, he had advanced some \$2.7 million. He now launched a campaign—the effort that was to lead to the present New York Supreme Court action—to collect the money that was due him.

Khaibar Khan's claim was advanced by a New York corporation he had formed to help handle the proposed Iranian sports project, World Athletic Sports Corp. Accounts of the corporation showing the expenditures he had made were forwarded to Iran, and there was much correspondence between the Khaibar Khan and the Shah's representatives. In the course of prosecuting his claim, the K.K. obtained a notarized affidavit from Ahmid Chavik, a former official of the Shahanshahi Sports Organization, and the husband of Princess Ashraf, with whom K.K. had had the run-in over the proposed Hilton real estate. The affidavit, witnessed by the Iranian Consulate in Geneva, was important not only from the standpoint of K.K.'s impending legal action to recover his \$2.7 million, but for its testament to the accuracy of the records his secret agents had been spiriting out of the administrative offices of the palace. It read:

This is to testify that all documents relative to the Sports' Projects bearing my signature in the possession of the Khaibar Khan, are legal and I did the same by order of his Imperial Majesty, the Shahanshah.

According to the instructions of His Excellency Hossein Ala, I transferred from the account of the Sports' Projects \$7,000,000 to Pahlavi Foundation of Iran; \$1,500,000 to H.R.H. Prince Mahmoud Reza Pahlavi; and \$1,500,000 to H.R.H. Princess Fatemah Pahlavi.

Bouncing Checks

Fortified with this kind of evidence, the Khaibar Khan seemed, for a time, close to agreement with the Iranian royal family. On March 20, 1963, Gen. Mohamad Amir-Khatemi, the husband of Princess Fatemah, wrote a letter to Jacob L. Warmbrand, president of K.K.'s World Athletic Sports Corp. In this, the Princess' husband acknowledged receipt of Khaibar Khan's accounts, bills, vouchers and canceled checks. He then wrote:

According to your request for the payment through a U. S. bank, en-

closed find check No. 124 dated March 28, 1963, drawn on the City National Bank of Beverly Hills, Los Angeles, Calif., for the amount of \$1,250,000 signed by Her Royal Highness, Princess Fatemah Pahlavi, and check No. 107 dated March 28, 1963 drawn on the same bank for the amount of \$1,250,000 signed by His Royal Highness, Prince Mahmoud Reza Pahlavi, totaling the amount of \$2,500,000 issued to you according to the instructions of His Imperial Majesty, the Shahanshah, in settlement of expenses incurred by you on behalf of the Sports Projects up to March 1, 1963.

Parentetically, it should be noted that the Khaibar Khan had good reason to recognize this fairly obscure Beverly Hills bank as a favorite conduit for Iranian funds. Sometime previously, the Shah's forces had tried to influence K.K.'s secretary, Mariam Kushan. A six-figure check had been drawn on an account in this same City National Bank of Beverly Hills in an effort to get Miss Kushan to betray the Khaibar Khan. She had taken the check, but she had never cashed it. Instead, she had turned it over to the Khaibar Khan as graphic proof of the tactics of his enemies. Photostats of the check became a prize exhibit among dissident Iranian students in this country.

So the Khaibar Khan had reason to believe when he received those two checks for \$2.5 million that he had settled his financial differences with the royal family. He was soon undeceived. When the checks of Prince Mahmoud and the Princess Fatemah were deposited, they bounced. The City National Bank of Beverly Hills notified K.K. that their Royal Highnesses had closed out their accounts in the bank on March 28—the very day the checks had been dated.

The Khan on the Run

With this, the struggle between the Shah and K.K. went into a further cloak-and-dagger spiral. It was suggested to K.K. that perhaps everything could be straightened out if he would just travel to Geneva to consult personally with Prince Mahmoud and his palace guard. Taking the chance, K.K. flew to Switzerland in late April, 1963. He had hardly arrived before matters began to get ugly.

The Swiss police in Geneva, who apparently keep a close eye on the international intrigue for which



FORIS

their little spa of a country is the hub, quickly became aware that Iranians were trailing K.K. They told him they had found him being trailed everywhere by cars which belonged to the Iranian Consulate. The police advised K.K. to get out of the country—and quickly—for his own safety.

K.K. was now convinced that the Shah's forces knew he possessed accounts of the Pahlavi Foundation. He was also fairly certain that his hotel room in Geneva had been bugged. He therefore remarked to his entourage that he was going to hide the precious papers in his suitcase, and he made appropriate noises by wadding and stuffing some waste paper in the valise. Then, quietly, he slipped the documents into his own brief case.

These arrangements made, the Khaibar Khan took the first available plane out of Geneva for Paris. His suitcase was checked to go on the plane with him. But when he got to Paris, the suitcase had somehow mysteriously disappeared. It has not turned up to this day.

The disappearance of the luggage confirming his suspicions, K.K. decided that he had better keep moving. He hopped quickly over to London, caught a plane for Canada, and paused there only long enough to board another for New York.

Affairs had reached this pass when the Khaibar Khan popped unheralded into the life of Richard H. Wels, of 341 Madison Avenue, a New York lawyer with a long history of government service, first on the legal staff of the Securities and Exchange Commission during the

Roosevelt era, later as special assistant U.S. Attorney General and as special counsel to the House Committee on Naval Affairs. Wels was sitting in his office one spring morning when a former client came rushing in.

"Dick," he said, "you've got to see the Khaibar Khan!"

"Who," Wels asked, "is the Khaibar Khan?"

"He's hiding out in a club across town," Wels's former client rushed on. "You've simply got to see him. He's got the most fascinating stuff."

A short, chunky, bouncy man, possessed of restless and feverish energy, Wels shakes his head as he roams about his office and recalls that first meeting with the Khaibar Khan. K.K. showed him the photostated checks and the photostats of the Pahlavi Foundation bank account. Wels was flabbergasted. He couldn't be sure at first that he wasn't listening to some fantasy out of a new *Arabian Nights*. Wanting to make certain before he committed himself to the K.K.'s cause, he telephoned the Department of Justice in Washington. At his request, FBI agents came to New York, questioned K.K. and Mariam Kushan for several days, examined the documents, said they appeared to be genuine and gave Wels the green light to take the matter to Washington.

Swiftly now, one thing led to another. From the FBI, the McClellan Committee learned of the existence of the Khaibar Khan's documents, in executive sessions in May and for almost a week in June, 1963, it took the testimony of the Khaibar Khan and Mariam Kushan, his private secretary.

Job for a Bored Girl

Miss Kushan's story has its own fascination. She is the daughter of Hassan Kushan, one of the Shah's more prominent retainers. Her father began his career in the army, later was given charge of the Shah's property in the Caspian Sea area, and finally wound up in charge of all the real estate interests of the Pahlavi family. His name, in fact, appeared on one check for \$200,000 drawn against the numbered bank account of the Pahlavi Foundation, a photostat of which is among those in the Khaibar Khan's collection.

Mariam Kushan was educated in London where, in 1957, she first

met the Khaibar Khan. In 1958, when she returned home on a vacation, her parents decided not to let her go back to school in England. For some months, she drifted, more and more bored, through the social life of Teheran. She had no work to occupy her mind, no purpose in life; she was extremely discontented. Then, one night in late November or early December, 1958, she and her parents happened to meet the Khaibar Khan in the Colbeh. During their conversation, he offered her a job as his private secretary. With her parents' consent (K.K. at the time was in the good graces of the Shah), she accepted the offer, and a year later, when the Khaibar Khan had to flee Iran, she went with him. She was to prove utterly loyal, withstanding family blandishments, attempted bribery and even a savage beating.

The initial impression made by the Khaibar Khan and Miss Kushan on the McClellan Committee is reflected in a brief statement that Senator McClellan made to the press on May 16, 1963. He disclosed that the committee had heard K.K.'s story, the sweeping nature of which was not suspected publicly at the time, and he added:

During the course of his secret testimony, the Khan described foreign aid operations in Iran and surrendered to the subcommittee voluminous documents in his possession in full substantiation of the testimony he gave the subcommittee. These documents, if corroborated, point to gross corruption and misuse of funds in excess of \$100 million in connection with the administration of United States aid to Iran.

The Khaibar Khan had lit the fuse to a time bomb under the American foreign aid program to Iran, but he was still no closer to recovering that \$2.5 million of which he had been deprived when their Royal Highnesses closed out their Beverly Hills bank account. Richard Wels now undertook the difficult task of recovering this fortune by legal measures.

V

It was necessary, of course, to sue, and it isn't easy to sue two exalted members of the Iranian royal family. It could be done only if papers could be served on them. Fortunately, the Khaibar Khan's espionage operation was still efficient. It may

have been no longer feasible to postostat checks and bank balances in the palace at Teheran; but the correspondence of the palace, of the Iranian Embassy in Washington and the Consulate in New York was almost an open book. Operatives of the Khaibar Khan had infiltrated everywhere.

Because they had, they turned up a photostatic copy of a letter sent by Prince Mahmoud's secretary to Mahmoud Foroughi, the Iranian Ambassador in Washington. It was dated July 15, 1963, and the first paragraph read:

I would like to inform you that His Imperial Highness Prince Mah-



moud Reza Pahlavi is planning a trip to the United States accompanied by Her Imperial Highness Princess Fatemah and a party of three.

The letter continued with a detailed itinerary which showed that His Imperial Highness would be leaving New York on August 6 for a flight to Los Angeles.

Bearding the Prince

This was Richard Wels's opportunity. Mariam Kushan, who knew both Mahmoud and Fatemah well, went to Idlewild Airport with her brother, Turadj Kushan, a student in Washington. She was afraid that she would not be able to serve the papers because she was so well known to the Iranians that the protective screen of secret agents around Mahmoud and Fatemah would keep her away; but Turadj was less well known and might not be stopped. So, when their Highnesses appeared, Turadj stepped up to them, wished them a pleasant day, and, while they were both still smiling, managed to serve them with the papers.

Great was the affront to imperial sensibilities. Prince Mahmoud was so disturbed that he took a piece of his own imperial stationery, and his own imperial handwriting dashed off a note on August 1, 1963, to Mahmoud Foroughi, Iranian Ambassador in Washington. Foroughi had hardly read the communication before the Khaibar Khan's industrious agents photostated it:

I thought I would be able to see you in Washington upon my return from California but as you know we had to return to Teheran immediately.

I am sure Mr. Kosar has forwarded to you the papers which were served on Her Highness Princess Fatemah and myself by the Iranians at Idlewild airport together with details. I have brought the matter to the attention of His Imperial Majesty and the Imperial instructions are to withhold taking any action until further instructions from Teheran.

There was other evidence that the service of the legal papers had greatly disrupted Prince Mahmoud's plans. From Teheran, on August 20, he wrote Air Vice Marshal T. W. Piper (he whose name had appeared on a \$1 million check dated February 5, 1962):

I thought I would be in London on my way from the United States to Teheran but unfortunately I had to leave California rather urgently and now I am held here in Teheran.

However, Mr. Leon Palandjian [a name to remember], who is one of my aides and a personal friend, is authorized to negotiate with the interested parties on my behalf.

Despite the concern over the suit, however, the imperial decision in Teheran apparently was to ignore it. After all, what could those Americans do to a couple of Royal Highnesses on whom they couldn't possibly get their hands? The result was that when Richard Wels walked into court the suit was undefended, and a judgment was entered against Prince Mahmoud and Princess Fatemah for \$1,281,000 each, which sum included interest from March 28, 1963. In Washington, Ambassador Foroughi wrote Prince Mahmoud, forwarding him a copy of the September 1 *New York Law Journal* which contained an entry of the judgment.

Now Richard Wels began to cast about for assets of Prince Mahmoud and Princess Fatemah that might

be attached. Locating them proved a tough job, and in the meantime several events seemed to indicate an unusual solicitude within the U.S. Department of State for the interests of the Royal House of Iran.

Washington Leaks

Shortly after the Khaibar Khan had first testified, Senator McClellan, in order to check on his story, had asked the Treasury Department for a complete breakdown of U.S. aid payments to Iran from 1959 through June 12, 1963. He wanted to determine whether the dates of our payments coincided with the dates of deposits in the Pahlavi Foundation, as these appeared in the Khaibar Khan's records. The Treasury furnished the McClellan committee with this supposedly confidential information; and soon thereafter a photostat of the Treasury report found its way into the hands of the Iranian Embassy in Washington — and a photostat of that photostat, made by the Khan's ubiquitous agents, was delivered to K.K. and Wels in New York.

Wels wrote McClellan that the security of his committee had been breached.

"McClellan was shocked when he found we had those records," Wels recalls. "But he kept insisting [both in letters to Wels and in telephone calls] that he was certain there was no leak in his committee."

It soon became obvious, however, that a leak existed large enough to sink a battleship. On October 11, 1963, a Friday, Wels wrote McClellan a letter detailing the suits the Khaibar Khan had initiated and the judgments that had been entered. A copy of this letter was also delivered to Ambassador Foroughi at the Iranian Embassy. On October 14, just three days after Wels had sent his letter from New York, and with a weekend intervening at that, Ambassador Foroughi was writing Prince Mahmoud:

Enclosed is a photocopy of a letter from Richard Wels to the McClellan Committee informing them of judgments obtained by the World Athletic Sports Corporation.

The names of Your Imperial Highness and Her Imperial Highness Princess Fatemah also appear in this letter.

We will continue to put an end to this matter but the McClellan Committee does not cooperate with us as we expected.

April 12, 1965

A copy of the correspondence was dispatched as usual to the Khaibar Khan in New York. When Wels saw the photostat of Foroughi's message and the photostat of his own letter to McClellan, he considered the evidence virtually complete.

"I signed just one copy of that letter, the original that went to McClellan," he says, "and when that photostat came back, practically over the weekend, with my own signature on it, there just wasn't any doubt—it could have come from only one place, the McClellan committee.

Wels wrote McClellan again, pointing out that this new incident confirmed the charge he had made earlier—that everything the committee learned was being leaked right back to the Iranian Embassy. McClellan once more was shocked, but he assured Wels that the leak could not possibly have originated with his staff. However, he wrote, the committee had been working with State, trying to check up on what had happened to our aid projects in Iran, and State had maintained close liaison with his committee. McClellan said that copies of all documents had been given to the State Department liaison as a matter of course.

Though Wels still had not been able to locate any assets of Mahmoud and Princess Fatemah, the undercover duel of espionage and counterespionage continued at a stepped-up tempo. Wels learned through K.K.'s agents that when Princess Ashraf visited Washington she was shown, in the Iranian Embassy, complete photocopies of the Pahlavi Foundation checks and the Geneva bank account—the documents that had been submitted by K.K. to the McClellan Committee.

The Beaten Secretary

Just as Wels and the Khaibar Khan were eager to stop the leakage of their information through the McClellan-State liaison sieve, so the Iranians were desperate to learn the identity of K.K.'s agents in their own Embassy. One effort had been made to beat up the Khaibar Khan in the lobby of a New York theatre; but the place had been too public, there hadn't been time to do a thorough job. Now, in the summer of 1964, thuggery was employed once more—and this time against a woman.

On August 4, 1964, Richard Wels reported the following incident to Senator McClellan:

I am writing to tell you that on the evening of Sunday, July 19, 1964, two representatives of the Government of Iran broke into the house at East Rutherford, New Jersey, where Miss Kushan has been residing, and subjected her to an unmerciful beating, in an effort to extract from her information relating to the matters which she has brought to the attention of the Committee. I enclose a copy of the medical statement of Dr. Israel Steinberg of New York Hospital, who examined Miss Kushan the next day, which summarizes the injuries which she sustained.

I need not tell you that with the remarkable fortitude which has been characteristic of her, Miss Kushan refused to be intimidated and refused to succumb to the threats and brutalities of these hoodlums and gangsters whom the Government of Iran is enabled to employ by reason of the generous supporting assistance which our Foreign Aid program makes available to the Pahlavi government.

Dr. Steinberg's report listed Miss Kushan's injuries as: laceration outer edge right eye; echymosis (bad bruise, reddish from gathered blood) and edema (swelling with fluid) of both eyes, right more than left; laceration under surface of lip; chipped right lower incisor; echymosis and edema right elbow; multiple areas of echymoses left upper arm and elbow; echymoses both knees and legs; echymoses both hips; echymoses of skull. In other words, Mariam Kushan had sustained a beating that had stopped just short of killing her.

Springing the Trap

Having failed by such methods to learn the Khaibar Khan's secrets, the Iranians decided to set a scientific trap in their Washington Embassy. Aware from the manner in which documents had been filched and photostated that K.K.'s agents must have the combination to the Embassy safe, Iranian officials had the Embassy office secretly wired with a protective device that would automatically lock all doors and sound the burglar alarm should anyone enter after closing hours. Shortly after the system was installed, one of Khaibar Khan's agents walked into the snare. The minute he stepped across the threshold, the

secret electronic locks on the doors snapped shut, the burglar alarm began its clamor and the Savak (Iranian secret police) came running.

The trapped unfortunate pretended to great surprise. He was, he said, just a poor Iranian, stranded in Washington without funds. He knew that, if he went to his nation's Embassy, he would get help, and this was all that he had been doing—just seeking help. He had wandered into the Embassy; he didn't see anyone; and he had thought, well, maybe he could find a room in which to sleep. So he had walked into this room, and suddenly all hell had broken loose.

The explanation, understandably, did not satisfy the Savak. They kept the intruder captive in the Embassy for three days. In New York, the Khaibar Khan quickly got wind of what had happened, and discussed the problem of rescue with Richard Wels.

"Let me get a writ of *habeas corpus* and get him out," Wels suggested, urging the lawyer's remedy. "This is America. They can't do this here."

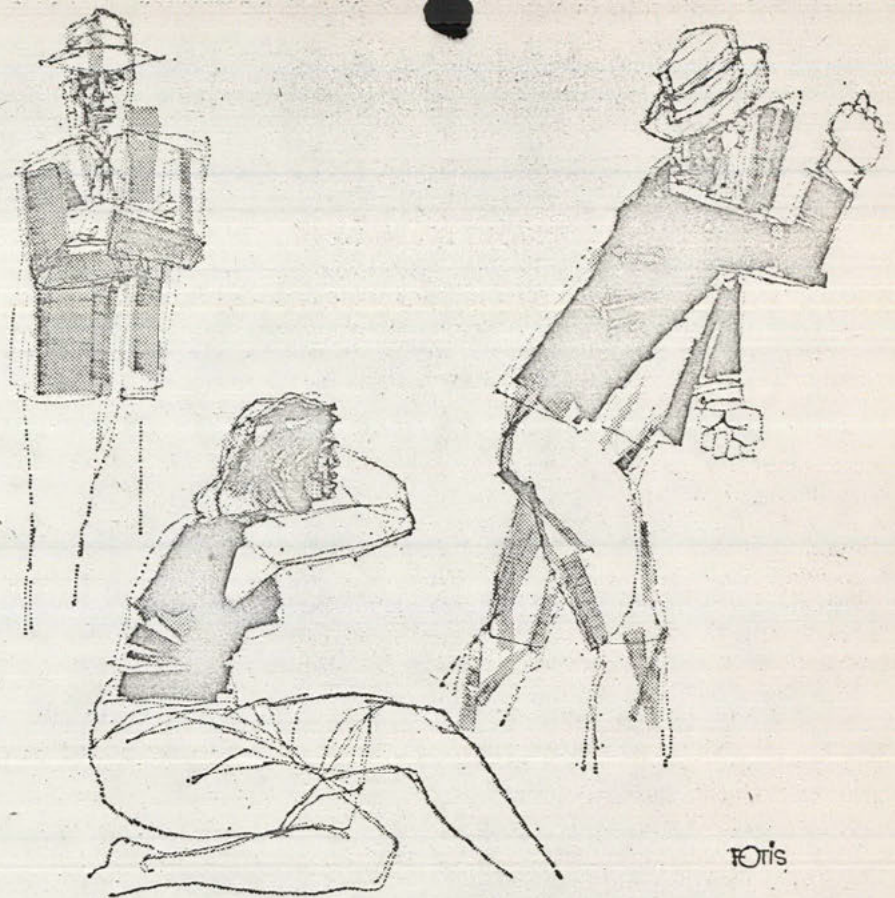
"No, no," K.K. protested. "That's not necessary. We take care of everything."

In Washington, the Embassy decided to fly the captive back to Iran, where he could be summarily dealt with. Transportation was arranged on Air France, and the prisoner, accompanied by two Savak guards, was whisked out of the country.

Geneva Stopover

Air France has a stopover in Geneva, and the Khaibar Khan, knowing this, made his plans. A fascinating provision of Swiss laws makes it possible to arrest a foreigner who is being sued by a Swiss citizen. Switzerland being the tiny country that it is, a defendant is not likely to stay long within its jurisdiction unless he is officially restrained, and so Swiss police are empowered to take such persons into custody. That being the law, nothing was easier—the Khaibar Khan arranged to have his agent sued in a Swiss court.

When the Air France plane touched down, Swiss police came aboard and snatched K.K.'s undercover agent from the screaming, protesting Savak guards. The agent



was thrown into a Swiss jail, where he remained for a few hours until the Air France plane and its empty-handed Savak agents had taken off for Iran. Then the phony suit was dropped, and K.K.'s man was quietly released.

Richard Wels chuckles at the story.

"K.K. is fantastic," he says. "He drives them crazy. He outwits them at every turn."

He and Wels together were about to outwit them again, and this time at the turn that really mattered—hard cash. After more than a year of search, they had finally located an American bank account of Prince Mahmoud Reza Pahlavi in the Morgan Guaranty Trust Company in New York. On October 7, 1964, they attached the account, seizing \$103,073.33 of Mahmoud's funds.

Wels immediately demanded permission to examine all the transactions that had cleared through the account, hoping to trace other resources of the prince. Morgan Guaranty cooperated, and so Wels uncovered evidence of the manner in which money expended to build United States military bases in Iran found its way into the pockets of Mahmoud.

One \$15,000 check that had been deposited in Mahmoud's Morgan Guaranty account had been issued by the J. A. Jones Construction Co., of Charlotte, N.C., on October 28, 1963. It had been made out to Leon Palandjian—the "aide" and "friend" of Mahmoud who had been sent to see Air Vice Marshal T. W. Piper in England. The endorsement on the back of the check read: "Pay to the order of Prince Mahmoud Reza Pahlavi, Leon Palandjian." And underneath this: "For deposit only account of Prince Mahmoud Reza Pahlavi. Mahmoud Pahlavi."

The Jones Construction Co., it developed, had a contract from the U.S. Government for construction work at the Hamadan Air Force Base in Iran. It expressed amazement that this \$15,000 check had wandered into a New York banking account of Prince Mahmoud Reza Pahlavi. It had been issued, said construction company officials, to Palandjian, "who was our subcontractor for grading and road work," and there had never been "any transaction of any kind between the J. A. Jones Construction Co., and Mahmoud Reza Pahlavi." But Mahmoud indisputably had wound up pocketing \$15,000 which

had been billed to the American taxpayer as part of the Jones Construction Company's costs of working on an American military base in Iran.

The Morgan Guaranty's records also led Wels to the brokerage account kept by Mahmoud with Hayden, Stone & Co. The lawyer pounced at once upon this, and so tied up another \$365,000 of Mahmoud's funds. With nearly half a million dollars now at stake, howls of anguish were raised in Teheran.

The Sad Ambassador

On October 16, Ambassador Foroughi in Washington received a curt, chewing-out letter from Prince Mahmoud.

"I received your letter of October 10th which surprised me greatly," Mahmoud wrote. "As I recall you gave assurance even to His Imperial Majesty that this matter had been finished completely and now you come up with such a news.

"I will take this matter to the attention of His Imperial Majesty. Please await my instructions."

On November 4, Foroughi was compelled to write Mahmoud another unhappy letter, informing him that his instructions to avoid the garnishee on the Hayden, Stone brokerage account had arrived too late. This intelligence made Prince Mahmoud distinctly ill tempered. In a letter to Foroughi dated November 5, 1964 (which was promptly copied by the Khaibar Khan's agents), he snapped:

"I have been greatly disturbed about what has been happening in New York. Your instructions remain the same, just deny the service and this way we can stall the matter indefinitely.

"However what surprises us the most is what happened on your side that this matter came up again? As we all remember you, Vakil and Heravi were so sure that the matter was a dead issue and nobody would ever hear about it.

"I do not have to repeat myself again. You know your duties."

Further developments were to show that Ambassador Foroughi had heard the word of his master—and that others in Washington had heard it, too.

VI

The conduct of the State Department now gave rise to legitimate

doubt as to whether it was being run from Washington or from Teheran. It began to intervene persistently and forcefully, on behalf of the two Iranian Royal Highnesses who were trying to evade a \$2.5 million debt they had acknowledged—and for whose payment they had issued rubber checks.

One of the Department's most graphic interventions on behalf of the royal pair occurred in late November, 1964, when Princess Fatemah sent an emissary to America to recover bank funds that Richard Wels had not yet located. The courier was Kosrow Egbahl. He went to California on November 21, and from a bank in San Marino obtained \$200,000 worth of Pahlavi cash. On his way back to Iran, he stopped over in New York, and there, on the late Friday afternoon of November 27, Wels's process servers surprised him in Room 4349 of the New York Hilton Hotel. They served Egbahl with a restraining order to prevent him from taking the funds he had recovered out of the country and with a subpoena to appear in New York Supreme Court on December 2.

Egbahl, however, simply ignored the legal papers and flew off to Iran, taking Princess Fatemah's \$200,000 with him. Both the action and the basis on which it was taken incensed Richard Wels. In a letter to the State Department, copies of which went to Secretary of State Dean Rusk and Under Secretaries W. Averell Harriman and George W. Ball, Wels charged that Egbahl had flouted the court order, partly at least, because the State Department had advised him to do so.

How Many Passports?

His abettor, in Wels's view, was Donald A. Wehmeyer, assistant legal adviser, Near Eastern and South Asian Affairs. Wels asserted flatly that, after being served with the papers in New York, "Egbahl consulted concerning this service of process with Ambassador Foroughi and Mr. Wehmeyer. He was advised by both of them to ignore the subpoena since his testimony would only be an embarrassment to the Pahlavis and the Iranian Government, and to leave the country immediately. . . ."

This was only one of a series of actions in which the State Department threw its prestige into the

scales on behalf of the royal check bouncers.

Prince Mahmoud, frantic to free the half million dollars that Wels had tied up, now began to fight the judgment that had been entered more than a year previously, and which he had ignored until it began to hurt. He maintained that the judgment was invalid because he had never been in America in 1963; therefore, he could not have been served with legal papers at Idlewild Airport on August 6, 1963; and, therefore, since he had had no notice of the action and no opportunity to defend himself, the judgment should be vacated.

But what about that correspondence between Mahmoud and Ambassador Foroughi, showing that Mahmoud had been in California, that he knew of the judgment and that he had decided to ignore the whole business in the belief that he had sufficient influence to make it go away? Forgeries, Mahmoud shouted—clever forgeries by the agents of Khaibar Khan.

In an effort to establish his alibi, Mahmoud tried to prove by his passports that he had not been near American shores in years, and in this endeavor he had the apparently enthusiastic cooperation of the State Department. First, one of the Department's hired hands, Walter Burke, avowed in an affidavit that he had examined two of Mahmoud's still valid passports, vintage 1958 and 1959, and they showed that he had traveled only to Japan, Hong Kong, the Philippines, Thailand, Iraq, Jordan and Lebanon. However, Richard Wels quickly pointed out that these passports made no mention of any visit in 1960 to Switzerland or the United Kingdom, yet such visits indubitably had been made.

As K.K. charged in a letter to the UN which was annexed to his affidavit, Geneva police on November 17, 1960, had arrested Princess Ashraf for being in possession of two suitcases containing some \$2 million worth of heroin. Prince Mahmoud had protested loudly that the bags weren't his, and Princess Ashraf had been held for a time; Interpol had launched a big investigation, and the whole thing had been such a scandal even *Time* had taken note of it.

Interpol had been trying to get a statement from Mahmoud in con-

nection with the heroin incident, and his secretary, Masoud Pahlavani, wrote a letter to the Iranian Ambassador in London, responding to Interpol's inquiry, in which he said that he had been with Mahmoud every day for years and that the only trip the Prince had made out of the country was a short one to the United States in February, 1961. Wels pointed out that this visit was also not reflected in Burke's report, and argued that such omissions from passports that had been examined showed that these weren't the only passports. Mahmoud might have dozens of such documents, he reasoned, and nothing could be proved by affidavits testifying to what some of them didn't show.

Still, the obliging State Department did its best. On November 16, 1964, Ambassador Julius Holmes in Teheran sent the Department a cable, marked "confidential" and in diplomatic code. It read: "Have today examined Prince Mahmoud Reza's passport which issued 1959 and twice prolonged to June 18, 1964. Contains no US visa or INS stamp. Certificate to this effect airpouched. Holmes." This telegram was released verbatim under the seal and signature of Dean Rusk himself, and it was turned over by Wehmeyer to Sylvan Marshall, the Washington attorney who had been hired by the Iranian Embassy to battle for Mahmoud's half million.

Wels was in New York Supreme Court on November 20 to argue Mahmoud's motion to vacate the \$2.5 million judgment when Marshall and other Embassy lawyers served him with a copy of the State Department documents. These were at once made a part of the court record.

Codes and Wiretaps

There then followed a passage of slapstick. The State Department suddenly flew into a passion of righteous indignation and began to belabor Wels for having compromised its diplomatic code. Its security had been breached, it proclaimed in anguished tones, and it demanded that Wels return the copy of the Holmes cablegram that had been officially served upon him in court in New York.

The reason for State's sudden and belated perturbation was this: cablegrams marked "confidential"

and sent in code are not to be released verbatim for at least ten years. If a foreign power should be monitoring our cables, possession of just one such verbatim message could enable it to crack the code. Horrified by this prospect, the State Department frantically demanded from Wels the cablegram that in its loyalty to the cause of the Royal Pahlavis, it had wittlessly released word for word to attorneys for the Iranian Embassy. Naturally, the Department could not blame itself; it therefore blamed Wels.

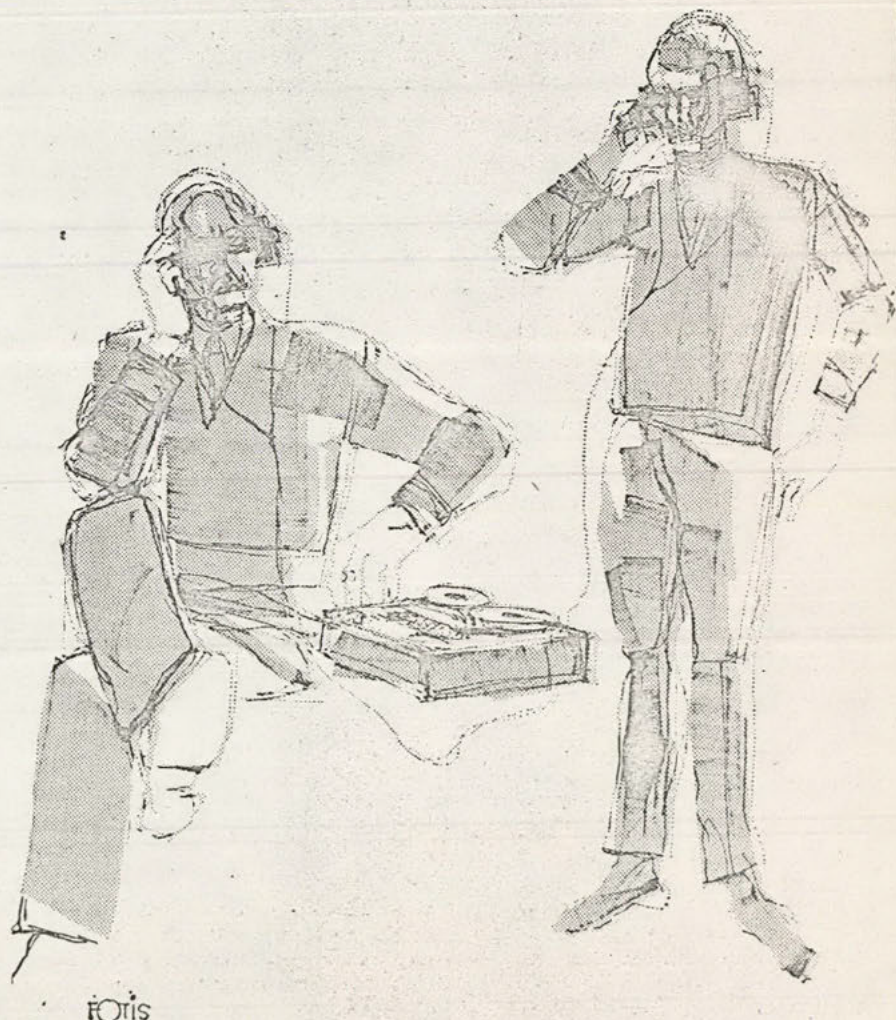
But Wels was having none of this. In a sharp letter to J. Edward Lylerly, deputy legal adviser of the State Department, he pointed out, on December 2, the utter absurdity of holding him responsible for a deed that the Department itself had performed. He ridiculed the idea that the violated code could ever be made whole again. He told Lylerly:

I am informed that late in the afternoon of November 20, 1964, Mr. Marshall, Mr. [Frank H.] Connelly [another Embassy attorney]

and others called at the Iranian Embassy in Washington, D.C., and were closeted with the Ambassador for several hours. It is my understanding that at that time the Ambassador was furnished with copies of all of the answering papers which I had filed with the court that morning, as well as with copies of the papers filed on behalf of Pahlavi including the documents in question. I am also informed that copies of all such papers were then sent by air to the Imperial Palace in Teheran. . . .

It is, of course, quite incomprehensible to me that any person in his right mind or with an intelligence background would wish to continue the use of a code which supposedly has been compromised by a document, a copy of which has been in the public files of the New York Supreme Court for ten days and other copies of which have been in the possession of the Embassy and the representatives of a foreign government.

In this same letter, Wels acidly informed Lylerly that Lylerly himself might have inadvertently wiled



FORIS

ened the security breach by discussing the seriousness and significance of the cablegram disclosure over the telephone. For, Wels told Lylelry, the truth was that Wels's telephone lines had been tapped.

Once Prince Mahmoud decided to fight to recover his half million, money was no object; the Iranian treasury was always available. One of New York's most famous experts in the art of illegal wire tapping had recently been released from prison. According to Wels's information, there was a fine meeting of minds and purposes, but the master wire tapper made one mistake. In recruiting his wire-tapping team, he approached Cye Cheasty, the double-agent famous as the key witness in the James R. Hoffa-McClellan Committee bribe case. Cheasty, knowing the background of the other tapper, disliked the smell of the operation. Wels was tipped off the day the wire tapping got under way and hired Robert C. LaBorde, an official of I.T. & T., and a famous expert on wire tapping, to check his telephones.

It was quickly ascertained that the phones of Wels and the Khaibar Khan, as well as those of associates of K.K., had been tapped; in all, thirty-four phones were involved. Wels reported this to District Attorney Frank Hogan's office, to Police Commissioner Murphy and to the United States Attorney. The wire tapping came to an end.

Hogan's office now became a focal point in the continuing vendetta of the State Department against the Khaibar Khan and Richard Wels. Wehmeyer, the adviser of Egbahl, the man who allegedly transmitted the Holmes cable to the Iranian Embassy's representatives, began to try to interest District Attorney Hogan in taking criminal action against the Khaibar Khan and Wels. Wels described the situation in a very detailed letter of December 3 to the entire hierarchy of the State Department:

On several occasions Mr. Wehmeyer has had telephone calls made in the name of the Legal Adviser's Office to the District Attorney of New York County to tell him that the Department of State is interested in having the District Attorney investigate actions brought by the Khaibar Khan and World Athletic Sports Corporation. He has told the District Attorney that complaints would be made by Messrs. Sylvan

Marshall and Lloyd George Soll, the attorneys for the Iranian Embassy, and that the Department would like the District Attorney to go into such matters immediately and extensively. . . . Similarly, Mr. Wehmeyer has initiated similar provocative communication . . . with New York judges before whom litigation has been pending, all designed to obstruct and frustrate the pending cases in the hope that in some way the Khaibar Khan could be discredited and that in this way the investigations of the Senate Subcommittee could be disposed of.

Rivers of Gold

As a result of this pressure, Wels and the Khaibar Khan conferred with one of Hogan's principal assistants, Assistant District Attorney Jerome Kidder. Wels showed Kidder the original letter of acknowledgment from General Amir-Khatemi, Princess Fatemah's husband, making arrangements for the payment of \$2.5 million to the Khaibar Khan. He turned over to Kidder the original bouncing checks of Prince Mahmoud and Princess Fatemah. He also detailed for Kidder the entire story of the Pahlavi Foundation checks and the bank statements showing they had been cashed. And in an analysis that went further than he and the Khaibar Khan had been able to go originally (thanks to the detailed U.S. Treasury report leaked from the McClellan Committee's files to the Iranians and photostated by the Khaibar Khan's agents), Wels drew a comprehensive picture of the manner in which, over a period of years, enormous funds had been routed from American aid payments into the Pahlavi Foundation. His comparison of payments and deposits showed:

On March 17, 1959, the U.S. paid \$2.5 million to the Seven Year Plan Organization. On April 1, 1959, the Seven Year Plan Organization transferred \$2 million to the Pahlavi Foundation.

On April 11, 1959, the United States sent the plan organization \$3,171,168.05. On May 10, the plan organization transferred \$2 million to the Shahanshahi Sports Organization, which later channeled its millions into the Pahlavi Foundation.

On June 20, 1959, the United States sent the plan organization \$3,890,355.83. On July 11, the plan organization transferred \$2.5 million to the Shahanshahi Sports Organization.

On June 13, 1961, the United States paid \$24,300,000 to the Central Bank of Iran in foreign aid funds. On July 1, the Central Bank transferred \$12 million to the Pahlavi Foundation.

On August 17, 1961, the United States paid \$5 million to the Central Bank. On September 2, the Central Bank transferred \$4 million to the Shahanshahi Sports Organization.

On September 1, 1961, the United States sent \$15 million to the Iranian Ministry of Finance. On October 1, the Ministry of Finance transferred \$10 million to the Pahlavi Foundation.

On November 21, 1961, the United States sent the Iranian Ministry of Finance another \$15 million, and on December 10, the Ministry of Finance transferred another \$10 million to the Pahlavi Foundation.

Such was the way in which the Pahlavi Foundation's bank balance—the royal family's private horde—had been built up to more than \$56 million by January, 1962, before the flood of heavy checks drawn to members of the royal family and to prominent Americans began to drain it. With this kind of documentation before them, Jerome Kidder and Frank Hogan ignored the importunities of Wehmeyer's office in the State Department.

Phone Call to Washington

But the chess game undeniably was getting rough, and Richard Wels decided, since the State Department was acting as though it were an adjunct of the Royal Palace in Teheran, it was time for two to play the game of pressure. Accordingly, on December 7, 1964, he wrote this brief letter to Abe Fortas, the Washington attorney who is one of Lyndon Johnson's closest advisers:

The situation to which the enclosed documents relate is a highly volatile one, which may very well be triggered immediately. I send them on to you because it is obviously urgent that someone in the Administration other than the lower levels of the State Department hierarchy be acquainted with and alerted to the situation.

With this memorandum, Wels enclosed photostats of the checks and the Pahlavi Foundation bank statements.

The reaction was swift. Fortas telephoned Wels and thanked him for sending the information. Then, for nearly three-quarters of an hour, they talked on the phone, Fortas

asking penetrating questions, Wels answering. A few days later Fortas had a private, two-hour session with the President. And after that, quietly, without any fanfare, things began to happen.

Ambassador Foroughi, who had been neck-deep in the litigation in this country, was called back to Iran.

Ambassador Julius Holmes was recalled from Teheran and soon thereafter departed quietly from the the foreign service.

The Iranian desk in the State Department began to be shunned as if it had small pox.

And all economic aid to Iran was cut out of the new foreign-aid bill that President Johnson sent to Congress.

VII

Such is the story, such the national implications of the Khaibar Khan's law suit in New York Supreme Court. That legal battle is still not resolved.

Prince Mahmoud, though contending he had never been in America in 1963 and had never been served with legal papers and had never been aware of the suit, showed no disposition, now that he was fully informed, to come to New York and take the witness stand in a New York court of law, like any other litigant. No, he said, if anyone wanted his testimony, let him come to Teheran and take it there. Wels countered by stating, in effect, that he placed too much value on his life and on the lives of his assistants to venture into the Iranian police state—a country in which critics of the royal family are beaten up on the streets almost every day and sometimes hanged from the nearest lamppost; a country in which even more subtle, but equally lethal, "accidents" can happen.

How Safe is Iran?

It would seem on the face of it that, if Prince Mahmoud wanted to reclaim his half million dollars, he should come to New York and submit to the jurisdiction of New York courts; but naturally you don't treat the royalty of a police state as you do run-of-the-mill mortals. Justice Irving L. Levey, deciding to give Mahmoud his chance, ordered hearings before Referee Irving M. Kirschenbaum on the issue: would it be

safe for Richard Wels, the Khaibar Khan and others of their party to go to Iran and take testimony from Prince Mahmoud and Princess Fatemah?

This opened the door wide to almost everything, and Richard Wels walked right through that inviting portal. He introduced into the record the photostats of the statements of the Pahlavi Foundation bank account. He also introduced a considerable volume of testimony about the daily brutalities practiced in Iran under the Shah's regime. He accompanied all this with photographic exhibits. One picture showed a man being carried on a stretcher; he had just been beaten insensible in the streets and he subsequently died. The reason? Iranian police suspected him of being one of Khaibar Khan's spies. Another of Wels's more graphic pictorial exhibits showed a couple of bodies swinging from lamppost gibbets above the heads of Teheran pedestrians.

When Iranian royalty got its innings in cross-examination, it picked fiercely at nonessentials, but offered no challenge on the matter of the photostated Pahlavi bank statements. Frank Connelly tried to question the credibility of the Khaibar Khan by grilling him about

whether he was an expert or whether he was born in 1922, whether he had given accurate testimony in an insurance suit to recover damages for the that had gutted his New apartment and destroyed his suit wardrobe. (The verdict in case was rendered in the Khaibar Khan's favor.) But as to the authenticity of the documents, Connelly raised not the slightest challenge. In fact, at the end of Khaibar Khan's cross-examination they were accepted into evidence with Connelly's help and collaboration. On page 250 of the hearing record, running down the list of exhibits Wels had offered for identification only, Connelly said:

"This is Exhibit 7 for identification [photostats of the bank statements]. I have no objection to, principally because I would like have a copy of it myself. I sume—"

"Yes, you will get copies," W assured him.

Referee Kirschenbaum broke saying the court would have copy made up, and the record shows following notation: "Plaintiff's Exhibit No. 7, formerly marked identification, now received in evidence."

A similar procedure was followed with Exhibit 10, which showed disbursement of United States funds to Iran and the further disposition of the money after it reached that country.

On the issue of whether testimony should be taken in Iran, Referee Kirschenbaum exhibited the zeal of an investigator. On his own, he reported, he had been in touch with the State Department, asking opinion as to whether it would be safe for Wels, the Khaibar Khan and any others in their party to go to Teheran. Oh, it would be perfectly safe, the State Department assured him; no danger at all. In buttress this opinion, Kirschenbaum disclosed that he had spoken with Pan American and other major airlines flying into Teheran, and they all assured him that their pilots had never suffered any violence. Since none of the pilots was the Khaibar Khan, an avowed and dangerous opponent of the Shah's regime, the relevancy of this last bit of information would seem shaky; but it appeared to delight Referee Kirschenbaum, who announced that



would advise Justice Levey it would be perfectly safe to take testimony in Iran. It was a decision that makes Richard Wels snort in disgust. "Can you imagine me grilling Mahmoud and Princess Fatemah in the heart of Teheran?" he asked. "Do you think I would even dare to go there after the things I've said about the Shah? I don't."

Wels filed a biting protest with Justice Levey, in which he declared that "the strangest accidents" can happen in Iran. He informed Justice Levey that he and the Khaibar Khan would flatly refuse to go to Iran, and the Justice, overruling Referee Kirschenbaum, decreed that they need not go and that if they did not, no depositions would be taken in Iran. Justice Levey endorsed the proposal that the two parties meet at some neutral spot—Paris, Geneva, London or Tel Aviv were suggested—and further word from Teheran on this is now awaited.

The Cloak of Secrecy

And there the legal issue rests for the moment. But however it goes in future, the by-products of this in-

involved suit cannot be allowed to rest. A wealth of evidence has been spread on the record indicating that the American taxpayers, over a period of years, have been contributing to the support of a corrupt and shoddy Iranian regime. There are indications that these massive accumulations of American dollars have been used in part to enrich American citizens and American officials. The American people have a right to know just how seriously their own representatives have been influenced by the foreign-aid dollars they contribute in taxes.

They can never know unless an end is put, decisively and for all time, to the ridiculous fetish of secrecy in which the foreign-aid program has been shrouded. The State Department has been permitted to stamp "Secret" or "Confidential" on most Comptroller General's reports and even a Congressman or a Senator, faced with this designation, runs the risk of being accused of violating our espionage laws if he names a specific school or hospital for which millions of dollars have been appropriated and which still

has not been built. This is incredible, fantastic nonsense. Information about an airfield or a submarine base may be legitimately restricted military information, but no such security consideration is involved when silence is imposed on ordinary economic-aid projects—a dam, a highway, a school, a housing project, a hospital.

Yet such today is the arrogant practice. Early March reports from the Comptroller General to Congress have indicated that some of our aid projects in Iran simply do not exist, that we have allotted money to Iran that never should have been granted. But there, in vagueness, the reports stop. Full disclosure of the truth cannot be made. The State Department has seen to that.

But the State Department, presumably, is still the servant, not the master, of the American people and of Congress. It needs a good Kefauver-type airing. Congress has had the evidence to justify the cleansing of some of the more noisome pools in Foggy Bottom for nearly two years now. It is time it got on with the task.

UNION DE BANQUES SUISSES		Pahlavi Foundation		Feuille		Pahlavi Foundation of Iran	
GENÈVE		214895.20 R Cpte \$		US		The Sadabad Palace	
		Compte courant au		30 JUN 1962		TEHERAN, IRAN	
Vous trouverez ci-dessous le relevé de votre compte courant. Nous vous prions de bien vouloir le vérifier et de nous aviser dans un délai maximum de 4 semaines au cas où vous ne seriez pas d'accord avec les écritures que nous y avons fait figurer.							
Date	Texte	Ch	Montant	DEBIT	CREDIT	Montant	NonDre
22 DEC 61	SOLDE		31.12				
5 FEV 62	O/LOY HENDERSON ✓	1026	24	8.2	1,000,000.00	56,800,241.55	
5 FEV 62	O/SHAMS PAHLAVI ✓	271	24	8.2	1,000,000.00		
5 FEV 62	O/DEREK F. MITCHELL ✓	281	24	8.2	500,000.00	54,300,241.55	
5 FEV 62	O/HENRY R. LUCE ✓	291	24	14.2	500,000.00		
5 FEV 62	O/ALLEN DALLAS ✓	30	24	14.2	1,000,000.00		
5 FEV 62	O/GEORGE V. ALLEN ✓	31	24	14.2	1,000,000.00		
5 FEV 62	O/SHAMNAZ PAHLAVI ✓	32	24	14.2	2,000,000.00	49,800,241.55	
5 FEV 62	O/WILLIAM E. BURK ✓	33	24	20.2	200,000.00		
5 FEV 62	O/RANDOLPH DICKINS ✓	34	24	20.2	200,000.00		
5 FEV 62	O/HAMID REZA PAHLAVI ✓	35	24	20.2	500,000.00	48,900,241.55	
5 FEV 62	O/AMAD CHAPICH ✓	36	24	22.2	1,000,000.00	47,900,241.55	
12 FEV 62	BON N.I.O.C. ✓		19	23.2		59,900,241.55	
5 FEV 62	O/SELDEVY CHAPIN ✓	1037	24	26.2	1,000,000.00	58,900,241.55	
5 FEV 62	O/AMIR-KHATEMI ✓	38	24	1.3	1,000,000.00		
5 FEV 62	O/R.A. PIGOT ✓	39	24	1.3	1,000,000.00		
5 FEV 62	O/T.W. PIPER ✓	1042	24	1.3	1,000,000.00	55,900,241.55	
5 FEV 62	O/PARAH PAHLAVI ✓	43	24	6.3	15,000,000.00		
5 FEV 62	O/FATEMEH PAHLAVI ✓	44	24	6.3	2,000,000.00		
5 FEV 62	O/ABDOL REZA PAHLAVI ✓	45	24	6.3	2,000,000.00		
5 FEV 62	O/SOLAM REZA PAHLAVI ✓	46	24	6.3	2,000,000.00	34,900,241.55	
5 FEV 62	O/WILLIAM WAIN ✓	47	24	7.3	1,000,000.00		
5 FEV 62	O/ALI AMINI ✓	48	24	7.3	2,000,000.00	31,900,241.55	
5 FEV 62	O/DAVID ROCKEFELLER ✓	49	24	8.3	2,000,000.00		
5 FEV 62	O/AMAD REZA PAHLAVI ✓	1050	24	8.3	500,000.00		
5 FEV 62	O/MANMOUD REZA PAHLAVI ✓	51	24	8.3	1,000,000.00		
5 FEV 62	O/JAMSHID KHAIBAR ✓	52	24	8.3	500,000.00		
5 FEV 62	O/A.W. WEBSTER ✓	53	24	8.3	1,000,000.00	26,900,241.55	
5 FEV 62	O/ARDESHIR ZAHEDI ✓	54	24	12.3	3,000,000.00		
5 FEV 62	O/ROLAND LEES ✓	55	24	12.3	1,000,000.00	22,900,241.55	
27 FEV 62	BON SEVEN YEARS PLAN ORG ✓		19	13.3		6,000,000.00	28,900,241.55
			1056	24	13.3	1,000,000.00	

This is a Page from the Bank Statement of the Pahlavi Foundation. It is Reproduced from a Photostat Made by the Khaibar Khan's Agents in Teheran.

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, MEMPHIS (62-1605)

DATE: 7/12/68

FROM : SAC, LOS ANGELES (56-156)(P)

SUBJECT: KENSALT

Re Memphis airtel to Burea, 6/25/68.

The following is for the information of Memphis:

Los Angeles indices are negative on KAREN TRACY; the Los Angeles Police Department, Los Angeles Sheriff's Office, and Los Angeles Credit Bureau reviewed their files for a record on KAREN TRACY and all record checks were negative.

On 7/9/68 FRANKLIN JONES, (conceal identity) Security Agent for Western Union, 741 South Flower, advised that the telegram to ROY ACUFF on 6/22/68 was sent by KAREN TRACY, 840 South Flower, Los Angeles.

On 7/10/68 ~~KAREN TRACY~~, 840 South Flower, Room 408, Los Angeles, furnished the following information to SA DAVID R. PENDER:

She sent a telegram to ~~ROY ACUFF~~ on 6/22/68 wherein she mentioned the polka dot girl in the BOBBY KENNEDY case; and she also wrote a letter addressed to ~~PETER KIRBY~~ wherein she stated that people were after her and that she had some evidence. TRACY stated that ~~ROY ACUFF~~ is a friend of hers and that she sent him the telegram because ACUFF and the Los Angeles Police Department were framing her to make her be the girl in the polka dot dress who reportedly shouted "We shot KENNEDY" just after Senator KENNEDY was shot. They were framing her because she has proof about a prostitution ring, and she had discussed this with ROBERT KENNEDY. She knows that ACUFF and the Los Angeles Police Department were trying to frame her because all the newspaper articles described the girl as being dark haired and having a good figure, and that describes herself, and because the same day she sent the telegram to ACUFF the Los Angeles Police Department quit looking for the girl in the polka dot dress.

2 - Memphis
② - Los Angeles

DRP/dey
(4) *ay*

Lawler
1059
1060
1061

SEARCHED
INDEXED
SERIALIZED
FILED

PT 1.2
RL

OFFICE COPY

56-156-1346

LA 56-156

TRACY added that ACUFF had put her in the St. Elizabeth Mental Institution in Michigan, and he had also had her arrested for sending him a threatening letter. She stated that she did not know SIRHAN SIRHAN and that she was nowhere near the Ambassador Hotel when Senator KENNEDY was shot.

TRACY advised that she sent the letter to PETER KIRBY because she could not get a letter through to ROY ACUFF because she has been followed since 7/26/66, when she got her evidence on the prostitution ring. The evidence she mentioned in the letter was this evidence on the prostitution ring. She stated that she will not turn the evidence on the prostitution ring over to the Los Angeles Police Department or FBI, because she does not trust them.

TRACY did state that ~~PAT BOSTON~~, ~~HAROLD JOHNSON~~, and ~~JIM ELLIS~~ are in on the ring. TRACY is described as follows:

Sex	Female
Race	White
Height	5'5"
Weight	105 pounds
Build	Thin
Hair	Red
Eyes	Brown
Age	45 - 50 years.



UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION
1340 West Sixth Street
Los Angeles, California, 90017

In Reply, Please Refer to
File No. 56-156

July 12, 1968

District Director
Immigration and Naturalization Service
United States Department of Justice
300 North Los Angeles Street
Los Angeles, California, 90012

RE: ~~Faridah Monghate,~~
~~Also Known As~~
~~Mrs. Walter E. Steiner, Jr.~~
INS file [REDACTED]

Attention: INS Investigator Robert Genoway

Dear Sir:

During an investigation recently conducted by this office, it was necessary to conduct a background investigation regarding Miss Monghate and subsequently to interview her. Your file [REDACTED] was the source of the basic background information regarding her and also the source of the names of individuals contacted regarding her.

A review of Miss Monghate's INS file revealed on November 22, 1966 Miss Monghate was granted an adjustment in her resident status. This adjustment was based on the fact that on June 25, 1966 she married Walter E. Steiner, Jr., an American citizen.

During the investigation conducted by this office, the individuals listed below were contacted regarding

SEARCHED
INDEXED
SERIALIZED
FILED

pp
K

Miss Monghate and none of these individuals ever knew Monghate to be married.

~~Mr. Harry Schepps~~, 1121 Palm Terrace, Pasadena, California. Schepps was Steiner's landlord at 999½ Palm Terrace, where Steiner lived approximately four years, having moved from there on February 1, 1968. Schepps was interviewed on June 21, 1968 at which time he stated Monghate never resided at that address and he never saw her there more than two-three times. Schepps stated he never knew Steiner and Monghate to be married.

Steiner is an employee of the Los Angeles Probation Department and on June 21, 1968 his personnel file was reviewed by Special Agent Thomas J. Bevans. The review of this file revealed that Steiner has worked for the Probation Department since April 25, 1966 and the file contains no reference to his marriage and/or Miss Monghate.

~~Christyne Beldon~~, operator of Arlene's Beauty Shop, 802½ West Sixth Street, Los Angeles. Monghate was employed by Beldon from October, 1964 through June, 1966. On June 23, 1968 Mrs. Beldon advised she knew Steiner to be Monghate's boy friend but never knew them to be married.

~~Mary Megerdichian~~, 7705 Santa Monica Boulevard, Monghate's employer from January 1, 1967 through May 24, 1967, advised she met Steiner on a few occasions but never knew Monghate and Steiner to be married.

Steiner was interviewed on June 25, 1968 at which time he claimed to have married Monghate in June, 1966 but would not go into detail regarding their present relationship.

~~Aram Katcher~~, proprietor Katcher's House of Beauty, 6111 Wilshire Boulevard, Monghate's present employer, on July 5, 1968 advised that he has never known Miss Monghate to be married. Monghate, who presently resides at apartment 204, 1617 North Fuller, Hollywood, California, was interviewed on June 26, 1968. Interviewing Agent asked Miss Monghate if her relationship to Steiner was not a marriage of "convenience" to satisfy INS requirements. Miss Monghate stated that she

and Steiner were to be married and the INS requirements only made them decide to marry sooner than they had originally planned. It should be noted that Monghate is presently residing with Vida Badiee, also known as Mrs. George Van Raalten. Badiee's INS file is [REDACTED]. It is believed that Van Raalten is an alien from Indonesia. Steiner and Van Raalten presently reside together at apartment 10, 932 Maltman, Los Angeles, California.

The above information was discussed with INS Investigator Robert Genoway on June 25 and June 27, 1968 and this information is furnished to your agency for whatever action you may deem appropriate. No additional investigation regarding Monghate is being conducted by this Bureau.

Very truly yours,

WESLEY G. GRAPP
Special Agent in Charge

UNITED STATES GOVERNMENT

Memorandum

TO : SAC Attn: Supervisor NOLAN

DATE: 7-12-68

FROM : SA ROBERT H. MORNEAU, JR

SUBJECT: KENSALT

On 7-11-68, ~~VICTOR A. ENDERSKY~~, 4715 Redwood Rd, Napa, Calif., who advised he is a Civil Consulting Engineer (Ret), mailing address PO Box 427 Napa, Calif, Tell BA 6 8819, appeared in person at the LA Office. He advised that a CBS television story and an article in ~~that Times~~ Time Magazine made reference to the fact that SIRHAN SIRHAN after his incarceration in LA County jail following the shooting of Senator KENNEDY had requested the book "Manual For Revolution" by MADAME BLAVATSKY, "a Russian mystic who died in 1860." *re: requested by Sirhan in Jail*

ENDERSKY advised that ~~MADAME BLAVATSKY~~ did not write "Manual For Revolution", that she is the founder of a religiously oriented organization known as the Theosophists. "Manual for Revolution" was written by a Russian student of the time. The Theosophists are endeavoring to get an official retraction from CBS and Time Magazine and wanted to make sure that any report submitted by this office regarding books obtained by SIRHAN be accurately made.

*SA. Roy Keene
advise
telephonically
7/15/68*

[Handwritten mark]

①

56-156-1348

SEARCHED.....	INDEXED.....
SERIALIZED <i>re</i>	FILED <i>re</i>
JUL 12 1968	
FBI - LOS ANGELES	

[Handwritten signature]

FBI

Date: 7/10/68

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Priority)

TO: SAC, LOS ANGELES (56-156)

FROM: SAC, WFO (173-135) L

KENSALT
Members of the Official
KENNEDY Party

Enclosed for New Haven is a copy of Los Angeles Airtel to New York, 6/28/68 with copy of FD 302 reflecting interview of JAMES McMANUS of Morresville, Indiana. JOHN CHANCELLOR, 3126 Woodley Road, N.W., Washington, D. C., is reporter for WRC News, 4001 Nebraska Avenue, N.W., WDC. Chancellor advised SA ROGER D. ASHLAND on 6/3/68, he was married to CONSTANCE CHANCELLOR. He said she is not expected to return to her residence, 3310 Dent Place, N.W., Georgetown, WDC for two to three weeks. He said her Washington telephone is 337-5539. He furnished Mrs. CONSTANCE CHANCELLOR'S vacation address as General Delivery, Salisbury, (Wishing Block) Connecticut.

On 7/8/68, SA ASHLAND was advised by a receptionist at Dutton, Gwartzman Zumas and Wise, 1225 19th Street, N.W., telephone 223-4455 LISA GWIRTZMAN recently married to

- ② - Los Angeles (AM)
- 2 - New Haven (Enc. 2)
- 1 - WFO

RDA:mel
(5)

AIRTEL

*Enc Forwarded to NH
7-17-68 by rlp*

56-156-1349

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 12 1968	
FBI - LOS ANGELES	
A. S. RICHARDS	

W. Hoover ad

Approved: JDP/RC Sent _____ M Per _____
Special Agent in Charge

WFO 173-135

MILTON GWIRTZMAN of this law firm and they are in Europe. They are expected to leave Europe on 7/22/68 and return to WDC during week of 7/22 or 29/68.

LEADS

NEW HAVEN

AT SALISBURY, CONNECTICUT. Will interview Mrs. CONSTANCE CHANCELLOR, General Delivery (Wishing Block) concerning information furnished by JAMES McMANUS, two Latin type persons made a request on 5/30/68 at Ambassador Hotel, Los Angeles for schedule of KENNEDY'S planned activities.

WASHINGTON FIELD

AT WASHINGTON, D. C. Will interview LISA GWIRTZMAN upon return from Europe.

F B I

Date: 7/12/68

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Priority)

TO: SAC, LOS ANGELES (56-156)

FROM: SAC, NEWARK (44-872) (P)

SUBJECT: KENSALT

Re New York airtel to Los Angeles, 7/8/68.

Investigation by Newark determined ZIYAD HUSAMI resides 725 Lawrenceville Road, Trenton, N.J., and is graduate student, Politics Department, Princeton University, Princeton, N.J. HUSAMI has been away from his residence and Princeton University for past two days and whereabouts are unknown to neighbors and University associates.

HUSAMI will be interviewed when his whereabouts are determined.

Husis OAS

2-Los Angeles
2-Newark
RFV/sda
(4)

RFV

56-156-1350

SEARCHED _____	INDEXED _____
SERIALIZED <i>n</i>	FILED _____
JUL 15 1968	
FBI - LOS ANGELES	

ADK

Approved: _____ Sent _____ M Per _____

Special Agent in Charge

FBI

Date: 7/12/68

Transmit the following in _____
(Type in plaintext or code)

AIRTEL

Via _____
(Priority)

TO: SAC, LOS ANGELES (56-156)

FROM: SAC, NEW YORK (44-1640)

SUBJECT: KENSALT

Re LA teletype to NY dated 7/9/68, requesting NY to interview KRISTI WITKER.

Re LA airtel to NY dated 7/8/68, requesting to interview KRISTI or CHRISTIE WITKER.

Enclosed for LA are 30 copies of an FD302 containing the results of an interview with WITKER on 7/10/68.

WITKER mentions the names of VIRGINIA GUY; BILL BARRY; and HAYES GOREY. No leads are being set out by NY as these people have been previously interviewed.

MAY

2-Los Angeles (Encls. 30)
1-New York

FLC:np
(4)

56-156-1351
SEARCHED INDEXED
SERIALIZED FILED
JUL 15 1968
FBI - LOS ANGELES
L. Wasserman
Hannover

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

FEDERAL BUREAU OF INVESTIGATION

1

Date 6/21/68

Mr. ~~JOSE F. SALADIN~~ stated that he resides at 247 East 39th Street, New York, New York, and that he is employed at Technicon, Inc., Yonkers, New York. He was born April 24, 1926, in the Dominican Republic and has been a resident alien since 1956, Resident Alien Number [redacted]. He is single.

He was a great admirer of Senator ROBERT F. KENNEDY and has no knowledge of the assassination of Senator KENNEDY.

He does not know SIRHAN SIRHAN; he has never been in Los Angeles, California; he is not an Arab; and he is not a member of any organization.

56-156-1352
SEARCHED _____ INDEXED _____
SERIALIZED 12 FILED 12
JUL 1 1968
FBI - LOS ANGELES
[Signature]

On 6/19/68 at (telephonic) New York, New York File # NY 44-1640
by SA JOSEPH E. HENEHAN/np Date dictated 6/19/68

DIRECTOR, FBI (62-587)

7/12/68

SAC, NEW YORK (44-1640)

KENSALT

Re Bureau airtel to NY and LA dated 6/11/68, enclosing an anonymous letter which stated that because of the KENNEDY assassination it might be wise to investigate JOSE E. SALADIN, an Arab, living at 247 E. 39th St, NY, NY, and who supposedly had a son in Cuba.

Enclosed for the Bureau are 2 copies and for LA 30 copies of an FD 302 containing the results of an interview with SALADIN on 6/19/68.

No further action is being taken by the NYO as to SALADIN.

Marge King

2-Bureau (Encls. 2)
2-Los Angeles (56-156)(Encls. 30)
1-New York

FLC:np
(5)

*See Ser 538
539*

*For File
only -
not for
report
index me
copy -
ack*

56-156-1353

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 15 1968	
FBI - LOS ANGELES	

Adkins

O

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, LOS ANGELES

FROM : SAA ALFRED C. GREINER

SUBJECT: KENSALT
00:LA

DATE: 7/13/68

On 7/13/68 individual identifying herself only as a Mrs. ERIKSON who refused to give her address or phone number telephonically advised that she has been working in the KENNEDY campaigns, both for ROBERT F. KENNEDY and JOHN F. KENNEDY. She indicated that she knows the KENNEDY family on a personal basis.

ERIKSON said that on page 3 of the publication "The Complete Kennedy Saga", copyrighted 1963, published by Special Publications Inc., 6627 Hollywood Blvd., LA 28, California there is a picture of JOHN F. KENNEDY riding in the car in Texas just before he was shot. ERIKSON says that in this picture, in the upper right corner and in top row of people standing in background is an individual who looks exactly like EARL RAY GALT, the man that killed MARTIN LUTHER KING.

She said that this same picture is in the publication entitled "The Torch is Passed" put out by the Associated Press and is on page 13. This picture is larger than in the other publication.

She said that she had brought this information to the attention of Officer JIM SMITH, Intelligence Unit, LAPD, extension 1201 on May 21, 1968. Officer SMITH checked the picture as he had one of the publications at his home. He informed her that he thought that the ears did not appear right. ERIKSON thought that we should check this and she is almost certain that the man is GALT and that the ~~killings~~ killing of both KENNEDY's and KING are part of a large conspiracy.

ACTION RECOMMENDED

Get copy of picture which she is talking about and check to see if GALT may be ident to person whom she describes. She says that she is going to send TED KENNEDY her copy of this publication.

*By Warren
Prison in Missouri*

It was determined that RAY was in prison in the State of Missouri at the time of Kennedy's assassination.

cc to 44-1574

56-156-1354

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 11 1968	
FBI - LOS ANGELES	

Greiner

SECRET

CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D.C.

19 JUL 1968

TO: Director
Federal Bureau of Investigation

Director of Intelligence and Research
Department of State

FROM: Deputy Director for Plans

SUBJECT: Moshe Yaacov ELDAR :

1. A sensitive and reliable source has provided the following information on Subject dated late June 1968:

a. In correspondence between Subject and Mordechai STEIN, a Trotskyite lawyer who heads the "Third Force" Movement in Israel, Subject indicated that he has been "summoned" as a witness in the Robert Kennedy murder trial. He did not state who had summoned him.

b. Subject, holder of Israeli passport No. [REDACTED] departed Israel in August 1967 for Denmark and is currently in England. While in Israel, Subject was active in STEIN's "Third Force" Movement, in which connection he was known to have traveled to India and Ceylon.

2. We have no record of Moshe ELDAR in our central files. Should additional information on Subject become available, we shall forward it to you.

CSCI-316/02558-68

56-156-1355

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 15 1968	
FBI - LOS ANGELES	

Lejunese

GROUP 1
Excluded from automatic
downgrading and
declassification

SECRET

7/12/68

AIRTEL

AIRMAIL

TO: DIRECTOR, FBI

FROM: SAC, ATLANTA (44-2412) (RUC)

SUBJECT: KENSALT

Re Bureau airtel to Atlanta 7/8/68; Atlanta tel to Bureau and Los Angeles 6/18/68; and Savannah tel to Atlanta 6/11/68.

Enclosed herewith for the San Antonio Division are one copy each of referenced communications.

On 7/12/68, Sgt. LARRY DIEHL, The Army Marksmanship Unit, Fort Benning, Georgia, advised Col. ROBERT F. BAYARD, Commanding Officer of the Unit, is currently on temporary duty in San Antonio with the shooters of that Unit and can be reached at the Casa Manana Motor Hotel, 6500 Highway 90 West, San Antonio, Texas, telephone 674-1511.

SAN ANTONIO DIVISION

AT SAN ANTONIO, TEXAS

Will interview Col. ROBERT F. BAYARD in accordance with referenced communications.

3 - Bureau
2 - San Antonio (Encs. 3)
1 - Los Angeles (56-156) (Info)
1 - Atlanta
CPR:jlh
(7)

56-156-1356

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 15 1968	
FBI - LOS ANGELES	

J. Morrison

TO: SAC,

- Albany
- Albuquerque
- Anchorage
- Atlanta
- Baltimore
- Birmingham
- Boston
- Buffalo
- Butte
- Charlotte
- Chicago
- Cincinnati
- Cleveland
- Columbia
- Dallas
- Denver
- Detroit
- El Paso
- Honolulu

- Houston
- Indianapolis
- Jackson
- Jacksonville
- Kansas City
- Knoxville
- Las Vegas
- Little Rock
- Los Angeles
- Louisville
- Memphis
- Miami
- Milwaukee
- Minneapolis
- Mobile
- Newark
- New Haven
- New Orleans

- New York City
- Norfolk
- Oklahoma City
- Omaha
- Philadelphia
- Phoenix
- Pittsburgh
- Portland
- Richmond
- St. Louis
- Salt Lake City
- San Antonio
- San Diego
- San Francisco
- San Juan
- Savannah
- Seattle
- Springfield

- Tampa
- Washington Field
- Quantico

TO LEGAT:

- Bern
- Bonn
- Buenos Aires
- Hong Kong
- London
- Manila
- Mexico, D.F.
- Ottawa
- Paris
- Rome
- Santo Domingo
- Tokyo

Date 7-12-68

RE: **KENSALT**

- For information Retention optional For appropriate action Surep, by _____
- The enclosed is for your information. If used in a future report, conceal all sources, paraphrase contents.
- Enclosed are corrected pages from report of SA _____ dated _____

Remarks:

*check this out
 & submit to Bureau
 your transmittal to CIA
 as to true or
 false*

56-106

LeFevre

Enc.
Bufile
Urfile

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, LOS ANGELES (56-156)

DATE: 7/11/68

FROM : SA STEPHEN C. MONKA

SUBJECT: KENSALT

PAUL KULKA, 815 East Angelino, Burbank, California, on 6/5/68, furnished a letter to SA JESSE V. MC NULTY written in the Czechoslovakian language. Mr. KULKA explained that he received the letter from his cousin in Czechoslovakia written 5/16/68, and received by him on 5/29/68. The letter stated that radio reports indicated that ROBERT KENNEDY was shot. The cousin requested that KULKA write the details to her and KULKA felt that in view of the advance information concerning the shooting of KENNEDY, which actually occurred on 6/5/68, it might be of some significance to the FBI. KULKA advised that his cousin is a 68 year old widow named LUDMILA VLACIL, who resides at Doloplazy, Olomouc, Moravia, Czechoslovakia.

The above letter was forwarded to the FBI Laboratory for appropriate translation. Attached hereto is the translation furnished by the Laboratory.

SCM/jmb
(1) 97

~~TRANSLATION OF LETTER
WRITTEN IN CZECHOSLOVAKIAN~~

~~Addressed To Paul Kulka
815 E. Angelino, Burbank, Calif.~~

Foreign Radio Bureau

56-156-1357

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 11 1968	
FBI - LOS ANGELES	
J MORRISON	

TRANSLATION FROM CZECH

One-page handwritten letter from:

Ludm. (ila) Vlacilova (Vlacil)
Doloplazy u (near) Olomouce
(CSSR)

To: Mrs. and Mr. (sic)
Paul Kulka
815 E. Angeleno Avenue
Burbank, California

Postmarks: (1) Dolopazy u Olomouce
5/16/68
(2) (3) Burbank, California
May 20, 1968

Translator's Note: Another address is written on
the envelope:

665 Harrison Street
San Francisco
91407

* * *

Doloplazy 5/16/68

My dear ones,

I don't know whether I thanked you or replied to your last dear letter, but if this is the case, it was unintentional, and so now I will thank you twice. I am always very glad when I hear from you and your letters are very dear to me! The day before yesterday I received a letter from Greta Musilova which saddened me very much. Karel is gravely ill, as you know it well yourselves, and there is no hope for his recovery. The doctor gives him one year to live, and this is great suffering, not only for him (he doesn't know it) but also for Greta. She has had more than her share of troubles already. I am very sorry for her and think of her all the

time. Write to her soon, but in such a way that Karel could read it, too. So, I cannot write all about him (what Greta wrote to me). Mirek finished his course of study and now is waiting for a place (employment). He was here all of April when he finished his studies. He came down with his brother-in-law, who was going to Germany on official business, and so he stopped here, too. I was very pleased, because one never knows whether or not we will see each other again. We talked about you all. Last week he left and I wish very much that he finds something suitable; otherwise I suppose he will return (two illegible words). As you certainly know, things are a little more relaxed here. Freedom is the most precious thing one can have and we (the people) have not even suspected for the whole twenty years what an orgy has been carried on behind our backs. We hope for better times.

They announced over the radio this morning that Robert Kennedy was shot - for God's sake, what is going on - and it always happens to the best ones! When you write to me, Paul, tell me about it. As I became old, I became interested in politics and in everything around me. What about your house? Have you sold it yet? Do not hurry; you would miss it and the garden, and I would lose a pleasant memory about the place where I spent a number of nice days.

Is Lilinka well? I wish you both much health for as long as possible. I already feel my years, slowly but surely.

Irena will possibly fly again with Max to the U. S. for her (?) sons (?). She wrote to me to come with Emily to Vienna for three days. We shall see. Poor people, they have it so uncertain again - such is the world - disgusting!

I give my best regards to your children, also to the Goldsneiders - Tony and Flero (?). I think of you and kiss you.

Ludka (Ludmila).

FBI

Date: 7/15/68

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIR MAIL
(Priority)

TO: SAC, WASHINGTON FIELD (173-135)
FROM: SAC, LOS ANGELES (56-156)
RE: KENSALT

UNIDENTIFIED WOMAN ABUSIVE TO
THE LATE SENATOR ROBERT FRANCIS KENNEDY
ON 4/14/68, ON TOMB OF UNKNOWN SOLDIER
ARLINGTON, VIRGINIA

Reurairtel 7/11/68.

No enclosures received. Please forward.

2 - Washington Field
② - Los Angeles

WBN/cyn
(4) *cy*

SEARCHED
INDEXED
SERIALIZED
FILED

Approved: _____ Sent _____ M Per _____

Special Agent in Charge

OFFICE COPY

56-156 1358

FBI

Date: 7/15/68

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL AIR MAIL
(Priority)

TO: SAC, ATLANTA (44-2412)
FROM: SAC, LOS ANGELES (56-156)
RE: KENSALT

Re Atlanta airtel 7/10/68, concerning interview
of Cadet RICHARD A. HUTTON

Submit 22 copies FD-302 re interview.

2 - Atlanta
② - Los Angeles

WJN/drr
(4)

SEARCHED
SERIALIZED
INDEXED
FILED

Approved: _____ Sent _____ M Per _____

Special Agent in Charge

OFFICE COPY

56-156-1359

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, LOS ANGELES (56-156)

DATE: 7/12/68

FROM : SAC, OMAHA (62-2900) (P)

SUBJECT: ASSASSINATION OF SENATOR
ROBERT F. KENNEDY
LOS ANGELES, CALIFORNIA
6/5/68

Enclosed for the Los Angeles Division are stencils of FD-302's regarding interviews of the following:

- ~~Mrs. MAX HULEN~~
- ~~Mrs. LINDA FRANCES HULEN~~
- ~~Mrs. BONNIE SUE MUNN~~
- ~~Mrs. BETTY CALLAS~~
- ~~Mrs. E. H. AHLGREN~~
- ~~LARRY WAYNE HULEN~~
- ~~RONNIE HULEN~~

2 - Los Angeles (Enc.-7)
 2 - Omaha
 JFH:cjw
 (4)

56-156-1360

See Ser 1644

*Chesuto
What about Mayes*



UNITED STATES GOVERNMENT

Memorandum

TO : SAC, LOS ANGELES (56-156)

DATE: 7/16/68

FROM : SA JOHN C. O'NEILL

SUBJECT: KENSALT

Re FD-71 of SA JOHNIE L. JOYCE, JR., 6/10/68.

This investigation was predicated upon information from one JAMES JACKSON, 1054 West 51st Place, Los Angeles, California, (758-9832) to the effect that his wife, SHERILL JACKSON, had a girlfriend named SHIRLEY, who had some information concerning KENSALT. LNU

JACKSON steadfastly refused to identify SHIRLEY when he was first contacted June 14, 1968. He would merely state that on the Monday or Tuesday prior to the killing of Kennedy SHIRLEY had been in a phone booth of a downtown Rexall store, had heard a man state, "I didn't make contact with my psychiatrist, but I plan to follow through with my part." She stated that the man making the call somewhat resembled SIRHAN SIRHAN.

Efforts have been made to contact JACKSON each day from July 9-12, 1968. On July 15 the writer attempted to contact him at his residence, and then left a message that he should call this office by 9:00 am, 7/16/68. When he did not call he was once again recontacted at which time he stated that neither he nor his wife will divulge the identity of SHIRLEY. His wife refused to talk to the agent and appeared very unhappy that her husband had talked with the FBI. She hinted that evidently SHIRLEY has seen numerous pictures of SIRHAN since the assassination of KENNEDY and that the individual in the phone booth is not identical.

ACTION---In view of the complete lack of cooperation on behalf of the complainant, and since the information is of such a nebulous nature and adds little to the Kensalt case, and since SHIRLEY (LNU) now indicates that the individual in the booth is not identical with SIRHAN, no further investigation is being conducted regarding this matter.

*John C. O'Neill
SUS, advised
7/24/68*

*John H. ...
to LNU*

56-156-1361

SEARCHED _____	INDEXED <i>JA</i>
SERIALIZED <i>W</i>	FILED <i>JA</i>
JUL 16 1968	
FBI - LOS ANGELES	

John C. O'Neill

TO: SAC,

- Albany
- Albuquerque
- Anchorage
- Atlanta
- Baltimore
- Birmingham
- Boston
- Buffalo
- Butte
- Charlotte
- Chicago
- Cincinnati
- Cleveland
- Columbia
- Dallas
- Denver
- Detroit
- El Paso
- Honolulu

- Houston
- Indianapolis
- Jackson
- Jacksonville
- Kansas City
- Knoxville
- Las Vegas
- Little Rock
- Los Angeles
- Louisville
- Memphis
- Miami
- Milwaukee
- Minneapolis
- Mobile
- Newark
- New Haven
- New Orleans

- New York City
- Norfolk
- Oklahoma City
- Omaha
- Philadelphia
- Phoenix
- Pittsburgh
- Portland
- Richmond
- St. Louis
- Salt Lake City
- San Antonio
- San Diego
- San Francisco
- San Juan
- Savannah
- Seattle
- Springfield

- Tampa
- Washington Field
- Quantico

TO LEGAT:

- Bern
- Bonn
- Buenos Aires
- Hong Kong
- London
- Manila
- Mexico, D.F.
- Ottawa
- Paris
- Rome
- Santo Domingo
- Tokyo

Date 7-12-68

RE: **KENSALT**

- For information Retention optional For appropriate action Surep, by _____
- The enclosed is for your information. If used in a future report, conceal all sources, paraphrase contents.
- Enclosed are corrected pages from report of SA _____ dated _____

Remarks:

[Handwritten signature]

56-156-1362

[Handwritten signature]

[Handwritten signature]

Enc.
Bufile
Urfile

~~CONFIDENTIAL~~

14 June 1968

DECLASSIFICATION AUTHORITY DERIVED FROM
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 2/18/2025

MEMO FOR THE RECORD

Subject: Suspicion of Palestinian Conspiracy Behind
Kennedy Assassination

1. In our second (unclassified) meeting on 12 June with John Joseph Bolos, Political Advisor to the executive officers of Occidental Petroleum, US obtained the following information consisting largely of impressions and interpretations. Bolos, with a PhD in Economics and 20 years experience in academia and private industry as an area specialist of the Arab Middle East, is convinced that Senator Kennedy's assassination is a product of the Palestinian Refugee resistance group, Al-Fatah. Information supplied at this meeting was admittedly fragmentary and inconclusive, but Bolos promised to marshal his facts and identifications while making his next Middle East trip reporting back on his return in early July 1968.

2. The moment he heard the accused assassin's name, Bolos concluded the act to be another of 15 or more prominent political assassinations more or less attributed to the Al-Fatah. He dates these killings from 1948 with King Abdulla, Grandfather of Jordan's King Hussein, and continuing to include prominent Arab and non-Arab officials outspoken in their drive for peaceful, equitable solution of the Middle East problem for both Arabs and Jews. Bolos pointed to another assassination effort, fortunately unsuccessful, since 4 June which was targeted at Dr. Camille Chamoun (ph), prominent Lebanese personality who, during the Eisenhower Administration, permitted the landing of US troops in Lebanon. The US organization most closely aligned with Al-Fatah is the Arab Federated Students, of which there is a prominent concentration in Pasadena, according to Bolos. Moreover, in his opinion, the Arab Federated Students come closer to constituting a Fifth Column in the US than any organization he can name.

3. The depth of Arab nationalism in Palestinian refugees in the US has been further clarified to Bolos in conversations with several such friends since 4 June. One specific instance was recounted with Dr. Adel ("Ed") Awad, a refugee with 10-14 years residence in the US, and a naturalized citizen with an American wife. Awad is a chemical engineer employed by FBRONMIL, a government agency of Saudi Arabia with who Occidental/Bolos has considerable contact. Following the Kennedy assassination, Awad addressed Bolos on the subject without an ounce of sympathy adding that the US and the world had better get ready for "to Palestinians" increased demands for greater voice in national affairs of every Arab country, greater demands against foreign oil concession holders, and greater resistance to Israel. This attitude

~~CONFIDENTIAL~~

GROUP 1
Excluded from automatic
downgrading and
declassification

~~CONFIDENTIAL~~

Subject: Suspicion of Palestinian Conspiracy Behind
Kennedy Assassination

was most surprising from a man Boles thought he had known quite well.

4. Boles further noted two articles in 27 and 29 May editions of The Daily Star, an English language newspaper published in Beirut and supposedly owned by King Faysal. Each edition contained an article recounting and criticizing campaign pronouncements by Senator Kennedy interpreted as particularly anti-Arab. According to Boles, articles such as these had never appeared in The Daily Star previously, from which he questions the coincidence of timing between the articles and assassination.

5. Amplification of the foregoing will be supplied upon Boles return from a trip including conversations at the White House, in London and the Middle East.

~~CONFIDENTIAL~~

RDB/cms

cc: ECS, OSS (for CI Staff)
ECS, Services Div

File: Occidental Petroleum Co.

~~CONFIDENTIAL~~

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, LOS ANGELES (56-156) DATE: 7/12/68

FROM : *MSW*
GR SAC, BUFFALO (175-20) (RUC)

SUBJECT: KENSALT

Remytels to Los Angeles, 6/13/68, and 6/14/68,
and urtel to Buffalo 6/19/68.

Enclosed for Los Angeles are 30 copies each of
Form FD-302 of interviews with BERNARD MARRO and Mrs.
LESLIE PUTNAM.

The records of the Buffalo and Rochester, N.Y.,
police departments contain no record of subject under
true name or alias.

2 - Los Angeles (Encls. 60)
1 - Buffalo

RWR; rmm
(3)

HO we met. then Chamberlain
has matches

56-156-1363

SEARCHED	INDEXED
SERIALIZED	FILED
JUL 15 1968	
FBI - LOS ANGELES	
<i>HO</i>	<i>AOB</i>

Coffman *TEME*



6/12/68

~~SEVERINO NAVARRO~~, Baker, Good Samaritan Hospital, advised that he does not know, nor could he recall ever knowing, ~~NADIA J. MORALES~~. He advised that his wife does babysit at various times but that she has never babysat for anyone named MORALES.

Mr. NAVARRO advised that he was unaware of any conspiracy against MORALES. He further advised that he had no knowledge as to any conspiracy to assassinate Senator KENNEDY.

56-156-1364

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
JUL 15 1968	
FBI - LOS ANGELES	

6/11/68

Los Angeles, California

Los Angeles 56-156

SA RICHARD ^{WHALEN} WALEN/alm

6/11/68

~~JOYCE FREEMAN~~, Dietician, advised that ~~NADIA J. MORALES~~ worked under her direct supervision. She advised that ~~MORALES~~ was grossly incompetent and not able to perform simple work in an acceptable manner. She advised that MORALES felt that other kitchen help did not care for her as she was of Arabian extraction and most of the other kitchen help was of Spanish descent. She advised that MORALES was such an incompetent worker that other employees did resent MORALES to a degree.

Miss FREEMAN advised that she is of the opinion MORALES may have an emotional problem.

Miss FREEMAN advised that she is completely unaware of any conspiracy against MORALES. She further advised that she is completely unaware of any conspiracy to assassinate Senator KENNEDY.

56-156-1365

SEARCHED.....	INDEXED.....
SERIALIZED <i>is</i>	FILED.....
JUL 15 1968	
FBI - LOS ANGELES	

6/11/68

Los Angeles, California

Los Angeles 56-156

SA RICHARD ^{WHALEN}~~WALLEN~~/alm

6/11/68

6/12/68

~~DOROTHY MC DANIEL~~, Chief Dietician, Good Samaritan Hospital, advised that ~~NADIA J. MORALES~~ was a very poor employee and would have been terminated by her had she not resigned on April 1, 1968. She advised that MORALES was incompetent in her work and could not get along with fellow employees. She advised that it would be her opinion that MORALES was a very emotionally maladjusted person.

Miss MC DANIEL advised that she was completely unaware of any conspiracy contrived to have MORALES fired from her employment at the hospital. She further advised that she was completely unaware of any conspiracy to assassinate Senator KENNEDY.

56-156-1366

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
JUL 15 1968	
FBI - LOS ANGELES	

6/11/68

Los Angeles, California

Los Angeles 56-156

SA RICHARD ^{WHALEN} WALEN/alm

6/11/68

6/12/68

~~ANNA CAMPBELL~~, Personnel Director, Good Samaritan Hospital, advised that ~~NADIA J. MORALES~~ was formerly employed as a helper in the hospital's dietary food section. She advised that records reflect that MORALES resigned from her position on April 1, 1968. She advised that records reflect MORALES to have been a very unsatisfactory employee who was unable to perform relatively uncomplicated work. She advised that MORALES would not be eligible for rehire.

Miss CAMPBELL advised that a review of records failed to reflect any doctor on the Good Samaritan Hospital staff named COHAN HOSELD, COHAN HUSSELL, or any doctor of a similar name. She advised records do not reflect any employee named VINCENTE to work in the hospital bakery.

Miss CAMPBELL advised that she was completely unaware of any conspiracy to get MORALES fired from her employment at the hospital. She further advised that she was completely unaware of any conspiracy or alleged conspiracy by employees of the Good Samaritan Hospital, or anyone else to assassinate Senator KENNEDY.

56-156-1367.

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
JUL 15 1968	
FBI - LOS ANGELES	

*Run 2 copies
not for report*

6/11/68

Los Angeles, California

Los Angeles 56-156

SA RICHARD ^{WHALEN} ~~WALEN~~/alm

6/11/68

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, LOS ANGELES (56-156)

DATE: 7/9/68

FROM : SA JOHN J. FLYNN, JR.

SUBJECT: KENSALT

Re Memo SA Earl E. Boyd, Serial 873

At Los Angeles, California

Mrs. DAVIS, Personnel Department, Federal Reserve Bank of San Francisco, 409 W. Olympic Boulevard, Los Angeles, California on 6/27/68 advised that the records of that office reflected that GLADYS/DOROTHY TAPIA, 691 E. Howard Street, Pasadena, California who had been employed as a keypunch operator at the Federal Reserve Bank had terminated her employment of June 15, 1968 to be married and to take an extended honeymoon trip to Venezuela, South America. The records did not indicate the date of the marriage or name of intended bridegroom.

*
No -
acc. to Mrs.
Betty TAPIA

7/29/68
see note below
for married
name & new
address

LEADS

Will in the course of interview of TAPIA family members at 691 E. Howard Street, Pasadena, California determine plans of GLADYS TAPIA and interview her as indicated in Serial 873.

Family members listed in records were father FRANCISCO TAPIA (see lead to SA Kalomitz) and mother MARGARET TAPIA, also at 691 E. Howard Street, Pasadena, California.

* (GLADYS DOROTHY TAPIA)
MRS. GLADYS PERDOMO
5246 E. Florence Ave. Space 56
Bell Calif.

see ser 873

Lead

56-156-1368

SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....
JUL 10 1968	
FBI - LOS ANGELES	

Reilly

w/ serial 873