

HOTFOOT 75
TOM LUCE - JULY 21, 1982

KF: This is Tom Luce. 21 July 1982. I've looked over your comments and I haven't looked at them in detail, but Merv said that you and he felt that you and I really needed to talk over some of this stuff. Do you want to refer to the manuscript or we talk? Now you said the story actually started on December 4. On that date EDS employees officially notified the Ministry that EDS was terminating it's contract. Now, we have, you and I discussed these things. There was, Paul Chiapparone had given a thirty days notice under the contract. He gave that on November 14, as I recall and it's thirty days or a month. In any event, December 14, was the ultimatum date, the deadline. So I counted that as really the notification to the Government, but now, am I wrong about that. Was this the real thing that laid it on the line?

TL: Yeah. And I think that the ambiguity, Ken, that you refer to, I should have made it clear when we met the first time. I think the ambiguity arises in November 14, or whatever it was, in the middle of November. They were in effect writing a letter; it was still pretty nice in tone. It was saying you're in default, you haven't made these payments. So, from that standpoint it was an official notification because under the contract you had to give so many days notice of somebody being in default. But it was on December 4, when in effect they sent in a letter, and if you don't cure the default, we're going home. And then you have the next day, the calling of the passports.

KF: I see. And I'm right that thats December 5, the calling in of the passports.

TL: Yes. I'll double check that but I didn't, that didn't raise an issue in my mind. I think it's very clear it was the 5th. I'm 99% certain but I'll double check that.

KF: It was Jay Coburn who wasn't sure. He thought that was wrong.

TL: No, I think that's absolutely right. The hesitancy in my voice is oftentimes, you'll find that somebody is dating the transaction based upon Iranian days or United State days. And so, we're making notes in the United States and we say December 5, such and such happened. It might really have happened on the 4th or vice versa. But I'm very clear. I do know if your question is as to the sequence, it's very clear that they officially were told we're going to go home prior to the calling in of the passports. The only hesitancy in my voice is, is whether it's the 3rd and the 4th or the 4th and the 5th. But it's very clear that one preceded the other by a minimum of 24, and it's closer to 36 to 48 hours.

KF: Okay. Do you, let's see, do you want to talk me through this, or do you want me to . . .

TL: Sure. I think this is one central theme. I felt that the book underplayed the events prior to the arrest of Paul and Bill in several respects. One was the sequence that I felt that it makes it come more alive from a standpoint of what was happening from our perspective. It was that they in effect stopping us from leaving. And it was tied into, in effect, a commercial hostage. We were the first Iranian hostages. In looking back, you know, I remember telling Prect, you know, hell our men are being held hostage; they're commercial hostages. He said that's nonsense. The Iranian Government doesn't operate that way. You know, a year later they did it again. But so what I'm saying is I think it sets up that xx. It becomes even absolutely clear when the amount of the bail turns out to be the approximate amount of money that we've been paid under the contract.

KF: Oh, is that so?

TL: Yeah.

KF: I thought you'd been paid \$17 million dollars.

TL: No, I don't think so. Let me check that amount for you.

KF: Because this is, that's completely new to me as well. The bail was the total that EDS had been paid.

TL: There was always different versions of how you added it up. But the Iranians felt like, because there were certain what we call reimburseable expenses that the Iranians thought the amount of the bail, I'm convinced the amount of the bail was equal to the amount of the monthly payment. It was clear that the Iranians thought, that Dadgar thought that that amount of money was tied into . .

KF: How did that become clear. He must have said it to somebody. Did you get that information through the Embassy, through the State Department . . .

TL: I think it tied into the amount of the monthly payments. I'm sitting here trying to think. I think we'd put it together in two ways. Let me check that with John Howell.

KF: Did you realize that immediately. Or was there some point that you knew or somebody said . . .

TL: I think it was very clear early on. I think it was, but I'll refresh my memory.

KF: I'd be interested to know if there was some meeting at which you said to Ross or some occasion on which you realized this. Because it's rather significant and I'm curious that it hasn't come up before.

TL: I'm the only one that's mentioned that?

KF: Yeah.

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TL: I thought there's almost a reference to it by Dadgar in your book.

KF: No. The amount of bail being equal to the . . .

TL: Well, not equal but something like, this is something like . . . So I think, again, if I break it into phases, I'm talking about, I think the pre-arrest story needs to be expanded. The first part dealing with the fact that they in effect knew we were taking the computer system and going home. Second, I feel it's important to lead the reader through the fact that prior to the arrest day, we were diligently trying to find out why there was this hold on Paul and Bill and getting nowhere, because it sets up the pattern of the frustration, the inability to deal with the Iranian Government, the inability to deal with through the legal process. Because, in effect what I take you through is, you see, we immediately started working with Iranian lawyers and we went to three different sets. Even then I knew enough to know that there were political cross currents under way even though the Shah was still in power. So we went to lawyers who were "known as being close to the Government"; we went to lawyers who were known as being the Ramsey Clark's of Iran; we went to a guy named Matindactry[†] who was the leading anti-Shah opponent, but he was one of the persons who, by the way, told us the bail was outrageous. But, in any event, we worked with three different sets of lawyers trying to find out why is there this hold on Paul and Bill and we weren't getting anywhere. I think it's also important, and this ties in again, I guess my feeling with respect to the State Department. In effect, the State Department prevented Paul and Bill from being evacuated with the EDS employees on December 6 or 7, whenever that was. Because they had their passports they couldn't be evacuated. And I think even, to me you see, on December 12, again this is prearrest. The Council General of the United States Embassy told us that the Embassy would not be involved in efforts to help Paul and Bill leave the country. Further stated, the Embassy would not intervene on our behalf or pursue the

TL: matter with high level Iranian authority. Instead, we were told to work through the Iranian legal system. And again, I think from my perspective, I mean, here we are, we're trying to work through the Iranian legal system. And our Embassy, which ought to know better, is still going through this fiction that there's some sort of Iranian legal system that's going to respond in the same way that our legal system responds. And if they really thought that, that's not a very sophisticated view of the Iranian Government at that point in time, or any point in time. Whether you're under the Shah or you're under Khomeini, to equate that type of middle-east system as being, "go work through the legal system" is naive. It doesn't happen that way.

KF: Well, it's what they're supposed to do, it's what the State Department is supposed to do. It's not supposed to get people out of jail. It's not supposed to help people escape justice. The point, the difference here is, I think, that they acted as if, see, their attitude is, if you want to go and work in a country where the legal system isn't as good as it is in the United States, then you're going to take the consequences. The difference here, I think the important point to make here is that the Iranian legal system, primitive in the middle-eastern as it may have been, was no longer operative. That I think is the difference. That is the point that these State Department people skate over.

TL: Yeah, Ken. There is no doubt about it. And this is what I, you know, we knew prior to the State Department knowing that Khomeini had more power in Iran than our State Department decided him to be. They were out of touch in two respects. One was the power of Khomeini and two, they're either out of touch or wouldn't level with us. What we were faced with in the December time frame that just kept getting progressively worse was in effect, there was no government. The Shah was "in power" but he wasn't in power. Nobody controlled the system. Nobody was in control. And so for the, for our government to keep saying go work with the authorities, was either bullshit or they were totally out of touch. Because there weren't any authorities.

KF: Yeah.

TL: That became crystal clear to me when Kissinger couldn't get them out.

KF: Yeah.

TL: Because it's never been any doubt in my mind he might have had the okay of Sahedi or the Shah, but all over the world certain things are universal and that is everything ultimately has to flow downhill to some guy who's got to actually turn the door and let somebody out of jail or sign the official form. Or somebody has got to carry out these high level orders and there wasn't any authority as you move downhill. There wasn't any. Now, I believe, and I don't care what their State Department policy manuals say about when you go overseas, it is the job of our government; I think it's the job of the British government or any other government, to help it's citizens deal with the existing structure if there is one or if there isn't one, by god, to do something about it. And, you know, they don't like that responsibility. But that's the way it is. Okay, then you see, we started political contacts prior to the time they were arrested. We went to Bob Strauss who was the highest level Texan in the White House, a really high level guy -- been in charge of middle-east negotiations, etc. We also started with Admiral Moorer and Richard Helms prior to the arrest. Now, obviously with less degree of urgency, you know, we didn't realize the magnitude of the problem. And then, December 16 we delivered that, you know, that final, final termination notice. Again, all that happened prior to the arrest, and I think that's in there in the book, but I don't think it comes across at, when looking back, I believe it to be a very central point, that was tied into the arrest of Paul and Bill.

KF: That says December 16. . .

TL: I think you said it 15th.

KF: Yeah.

TL: Or 14th.

KF: I think I said it 14th. I made a mistake then, right.

TL: Yeah, I almost 99% certain.

KF: Now, the December 16 notice, there was a straight forward notice in November which said this is an official notice that you are, have failed to pay.

TL: Yeah, that's right.

KF: Then on the 4th of December there was a letter which said, you haven't paid us and we are getting out.

TL: And it said if you don't pay us we're going to get out. It wasn't an official letter called for under the contract. It was, okay, while you're deciding, we've given you 30 days notice that you've got to cure this problem. We want you to know while you're thinking about it that if you decide you're not going to pay, we're going home. Then on December 16, we say look, the 30 days is past; you didn't cure. Therefore, we terminate the contract. That's how the contract was set up, you give notice, if the party doesn't cure at the end of the 30 days then it says we can terminate. We can give 30 days notice that we're terminating. So, on December 16, we gave notice that we were terminating. We've given you notice to cure the default, you didn't cure it, now we give you notice we're going to terminate and therefore, we're going home on January 14. Just so there wouldn't be any misunderstanding though, early in December we said, look, while you're thinking about it, understand if you don't cure . . .

KF: So the December 4 letter was not a, sort of a statutory letter under the contract; it was just something that you did to make sure they understood that you're serious.

TL: That's right. That's right. We're serious, look, we've given you this official notice, but, you know, let us tell you what we're going to do about it if you don't.

KF: Okay, got it.

TL: So, from my perspective there was a whole lot more going on prior to the arrest and it's the beginning scenes . . . you see, from my perspective, I feel like it's important to communicate because it is the truth that Perot tried for a long time to work within the system, if you will and got nowhere.

KF: Okay.

TL: Before he took the step of the rescue.

KF: Yeah, I see. What's missing is some sense of the efforts, the legal and diplomatic efforts that have gone on between the 5th of December and the 28th of December.

TL: I think two central things. One, those efforts and two, my perspective that the arrest needs to be tied more clearly to the commercial events that were ongoing. And I think those are two central themes that aren't sufficiently portrayed in the early part of the book.

KF: Okay.

TL: It shows us trying to work within the system and therefore makes it more understandable our growing frustration with the problem that I felt we were receiving from the State Department that says go work within the system, I mean, hell Henry, that's what we've been doing for 30 days and these men are in jail. We've already done all that. Now we're here to talk about, you know, what else can we do. That was my constant thing was, okay Henry we tried that. You told us go off and try, we tried, we've tried for 30 days. We're getting nowhere Henry, you got to do something. You've got to raise it up to a high level. And I think that sense of frustration, I mean regardless of whether you accept their view or our view, what is accurate was is a growing sense of frustration that we're doing everything you're telling us to do and it ain't working. Now that's beyond dispute.

KF: Yeah.

TL: And there was nobody to work with. I mean it was like Henry one day saying, you know you just gotta, he said just set up a high level meeting with the authorities yourself. You know, that's after talking with John Howell on the telephone that day and John saying, you know, hell, he can't even get down the street to go to his meeting. And Henry's acting like we're dealing with some problem in Paris. By the way, it's a small point and you mentioned a number of people. I felt for one thing, that really needs to be mentioned just because I think it's such a contrast with the way our government operates -- we were in constant 24-hour communication with our people in Iran and vice versa. I talked with John Howell daily, every single day. And we simply kept a telephone line open always. And I always knew ahead of the State Department what was going on in Tehran, because they were relying on cables to come back and forth, and we were talking to our people daily. And the EDS, the only thing I wanted to mention, the EDS telephone operators, you know, you've heard of so called White House telephone operators, I mean, those people got calls through every single day. Okay, but prearrest I think is very important.

KF: Okay.

TL: Next I want to portray the State Department. You basically know how I feel on that, but I think, for instance here are several episodes. January 26, that's a month after, roughly after the men were arrested, 28th of December. So, almost a month. We got our Washington attorney, Monroe Lee, State Department legal advisor under Kissinger, person in contact to Christopher, to protest the lack of high level U.S. Government assistance; the lack of high level contact by our government to high level counterparts. This is still one month after . . . he pointed out no high level approach had been made. We had offered several remedies that we would produce probably the EDS personnel, produce the documents, pay the expenses, and again here's what I think shows what we were up against. On the . . . we do this high level approach, the 27th or 28th Preect telephones Monroe Lee's partner,

TL: says at Christopher's urging, in other words what's happened is Christopher's gotten the letter, he called Henry Precht in and he said, okay, you know, your letters worked. I've been told to personally call the Embassy. He's a little hacked saying I've been told to personally call the Embassy and ask the Embassy for suggestions for obtaining the release of Paul and Bill. That's a month after they've been arrested -- we finally get Henry to call the Embassy and ask for suggestions.

KF: There had however, been high level contacts. I don't know whether it's all in, I don't think necessarily all of it in the manuscript. Sullivan had made one contact on the subject before. That's not in here because it's in the meantime that I skipped over. And then after that, Nass contacted several people. So there were high level contacts, they may not have been good ones, and they may not have been made forcefully enough and is certainly true, they didn't work, but they were there. Nass kept saying to me, he said I know nothing we did worked, but just don't say we did nothing. I went to see this guy, I went to see that guy, I did this, I did that.

TL: It won't work by Nass, I'm not insulting Nass. It doesn't work at that level. And I've gone to Freedom of Information Act and I tell you there's nothing to indicate the Sullivan's of the world write memos about everything, there is nothing to indicate Sullivan did a damn thing. He may be telling you today that he made one high level approach. First of all, let's assume that he did, and that's not the way things work. You can't go over and say I'm making this one high level approach. He wouldn't raise the level of Paul and Bill to a sufficient magnitude to get it done. There is no doubt about it that we had chips in that time frame. Now, how we generally were doing with Iranian government or whatever, but we had chips. The military needed those arms, they were afraid of us cutting off the arms at that point in time. The military was still in position, Khomeini had not taken over. There is no way that we couldn't, if raised to a sufficient level and made sufficiently important, that we couldn't have gotten Paul and Bill out.

KF: Well, Kissinger made a high level contact presumably. That didn't work.

TL: Different, okay, let me tell you why, in my opinion. One, that was Sahedi and it was very clear Sahedi had lost power but that doesn't have anything to do about all those generals.

KF: The Shah had lost power as well. Sullivan did not speak to the Shah. But suppose he had. It probably wouldn't have done a bit of good.

TL: It would have done good with the military and Sullivan was dealing with the military daily.

KF: But would the military have been able to get Paul and Bill out of prison.

TL: Control the prison.

KF: Yeah, but. Well, they could if they really wanted to.

TL: There's, I mean, but there's no way that somebody couldn't have said, let's get these two guys out.

KF: So, let me say this . . . I mean the Iranian

TL: I'm saying an Iranian. When I say generals, I'm saying Iranian generals Ken.

KF: Yeah, but they wouldn't necessarily do it for Sullivan probably. See, my feeling about Sullivan, where I think he really let everybody down. He could have said, okay, if they get out of jail, I will get them out of the country. Now, there's no reason why he shouldn't have said that. And there I think was where the diplomats, he was the diplomat instead of being a human being. That would be my criticism of Sullivan.

TL: Ken, let me just, the point that I think was so terribly frustrating to us and so true and xx, they got Paul and Bill in that mess.

KF: Well, yes.

- TL: They got them there. That's what Monroe Lee said to Warren Christopher. He said, look, this isn't your routine transaction. You're advice, institutionally speaking, you people got them there. Now, you get them out. This wasn't somebody picked up on drug charges. This was somebody that the State Department had set up a damn interview. That's a, you know, that's an entirely different situation. The State Department sets up the interview with an Iranian official. Sullivan should have walked over and said wait a minute Calhoun, or whoever he was talking to. We set this appointment up, we were told it was routine, now you let those men out. This is an entirely different situation. And that's what Monroe, you know, Monroe Lee has been in the State Department 8 years, I mean, that's what offended Monroe Lee.
- KF: So what you're saying is, having made that bad a mistake, Sullivan should have had all this stopped.
- TL: And that institutional should have pulled out a stop, because it was an insult to the United States Government. The United States Government was at fault. They set up that appointment. They said it was routine. They told us the Iranian Government said it was routine and the men would be released.
- KF: Okay.
- TL: Can you imagine what the Russians would say. We say, look, we just have this little government official who wants to talk to some of your people; it's routine, when it's over, you know, we put them in the slammer.
- KF: Okay.
- TL: You see, and then we get back. We're going back, he asked for suggestions. Their suggestions were that we work with, continue to negotiate with Health and Welfare Department. Again, you know, from our perspective, we're still trying to get the White House to instruct the Ambassador to personally go to the Iranian government. Now, about the high level contact Sullivan said he had. In all due respect, if Sullivan had had a high level contact, you can

TL: bet your sweet bippy he would have told everybody that was on his back that I've gone to X, Y, and Z on the following occasions and I've gotten nowhere. You can't have been raising as much hell as we were raising and as many inquiries coming to Sullivan and not have had Sullivan cable back to the United States, I've done it, now what else do you want me to do.

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This was Henry Prect. This is my TV xx. That was Prect.

KF: Oh, was it?

TL: Yeah.

KF: Okay.

TL: Okay, in specific comments I talked about the EDS operators, I've already told you about that. I said in here, I didn't think the current draft adequately described Ross' leadership role in one respect. I feel like that ultimately what caused the success of the venture was the fact that Perot stayed after it 24 hours a day for three months. It wasn't "the sleeping up here". It was that every single day, Ross was after people saying what are you doing about this, what are you doing about that. And I think that perseverance is ultimately what caused the success of the venture. It would have been very easy for this to have become a routine business problem. Perot would never have let it become routine. He was on everybody every day. The thing I think, and I don't know, you know Ken, I'm not going to tell you to do it, but the intensity that you portray in that one conversation with Howell, is the way Perot was for 90 days. Now, that is and of itself continues to push people and doesn't let them slack off. Perot was after people, and I don't mean, I'm not saying in some ugly way, what I'm talking about is, the think that has always amazed me about Perot is that how at age, whatever he is, he can continue on a day to day to day to day basis, to be as disciplined as he is. And I've seen alot of successful people who, you know, become less disciplined, let up more, and Ross isn't like that. Ross, you know, hits it every single day, every single hour. And he, particularly in this thing, he was terribly

TL: intense. And I think that permeated all the activities and, you know, Ross was on me every single day. What are you going to do today? You know, he didn't quite phrase it like that. He'd say, okay Tom, review with me what's on tap for today. Well, you couldn't tell him nothing. Oh, nothing, I'm just kinda, gonna go off and play golf today Ross. It didn't happen that way, he was saying what's going on today on your efforts. Every single day he was wanting to know what's happening today. Who are you going to meet with today? What are you going to tell him? Tell me what happened yesterday. So, and he was doing that with everybody. And he was doing it every single day. And I think that intensity had a lot to do with the success.

Some small points. I pointed out Mitch Hart was involved much earlier in the book in getting us high level meetings with national security council. There's a guy named Gary Sick who was a kind of assistant Brezinski that we dealt with alot.

KF: Sick?

TL: S.I.C.K. Like sick. I thought the Times Herald episode needed to be expanded in this respect. What made me particularly livid about the Times Herald episode was, as far as the Herald knew, their breaking of that story endangered the safety of the men going out through Turkey. As it turned out, it didn't, because, you know, we were out of contact which your book points out, and later we found out, in effect, they were out of Iran at the very time we were raising hell with the Times Herald. But, we didn't know that. And, the night before, we're trying to stop the story, and we're saying, look guys, we're not telling you to bury the story; hold it for 48 hours. Just let the men get out. To publish it right now, you're endangering their safety. I said look, don't be silly, there's Iranians - Khomeini supporters over here who read the newspapers, listen to the TV; don't expose them, there's direct dial telephone. Just hold your story for 48 hours, that's all we ask. Their response was, well, we can't because we're afraid somebody else will break the story and we don't want to lose our exclusive.

TL: And, you know, at the time, as far as I knew John Howell was coming out through Turkey. See, I didn't know the clean team division right at that moment. As far as I knew, my partner was being exposed, his life, because some damn newspaper didn't want to lose an exclusive by waiting 24 - 48 hours. And I was livid. And, the other thing is, is that the Time Herald reporter violated federal criminal statutes to get the story. He impersonated a White House official. Tom Beard was the White House official, he used his name to call up here and through a trick confirmed the story. He called and said, Tom Walter's office, or Bill Gayden's office, I don't remember which, I think Tom Walter. Called Tom Walter's office, identified himself as Tom Beard and said I just want to check and see Tom, have the men gotten out through Turkey. That was his way of confirming the story that had been leaked to him by the State Department. And it had been leaked by the State Department.

KF: Yeah, that's in the book.

TL: Yeah, that's there. But anyway, that's something I wanted to point out to you.

KF: Okay. That it?

TL: That's it. Plus Mahvi. I wanted to maybe at least mention these points to you. The Mahvi, do you know what page that's on where you say something about it.

KF: I can find it. It comes up when John Howell goes to the meeting with Dadgar and gives him that report. Page 203. Go ahead.

TL: First of all, he wasn't paid \$400,000.

KF: Well, hold on Tom. He got \$400,000 out of it.

TL: But there's a vast difference. He put in capital in excess of \$100,000, Ken.

TL: He invested capital and the company made \$400,000. Okay? I mean, there's a vast difference between me handing you \$400,000 and you and I investing \$100,000 each and selling our apartment house later and you make \$400,000, I mean, that's a hell of a difference.

KF: Well, wait a minute. This isn't the company that employed the Iranian.

TL: That was done the same way.

KF: Well.

TL: Well, same company.

KF: Yeah. But then it had changed. It was reconstituted at some point.

TL: Yeah, but one critical distinction here Ken. This company, EDS, with Mahvi a share holder, EDS a share holder. That company, in the Ministry contract sole function was to go out and hire Iranian nationals.

KF: Yes.

TL: And sell their services to EDSCI.

KF: Yeah.

TL: Okay? Straight forward legitimate business effort.

KF: I understand that. And that phase of the operation never made any money for Mahvi.

TL: That's right.

KF: Now, earlier on, you could, I haven't tried to characterize just how this payment was made. It was his share of profits and I forget the details

KF: now, but I have all the details in the report that John Howell gave to Dadgar. The fact remains, if I write this as you know, it would look as if, looks as if you're making excuses. If you don't characterize this as a straight forward payment for services rendered, it looks as if you're making excuses for a bribe. That's it frankly.

TL: Well.

KF: Now, he did render a service, he got paid that amount of money. The fact that it was, the payment was organized in a certain kind of corporate structure is not. . .

TL: It's not corporate structure, it is this. And here's what we're talking about then. This is a crucial distinction. And maybe I know, you know, you're going to say you said service. The illegitimate business ventures in my opinion the local partner, and keep in mind you had to have a local partner. The local partner really didn't perform a service anywhere commensurate with the amount of money he was receiving. In the Lockheed situation, as an example, he'd get a "commission for 50 million dollars" and he'd introduce A to B.

KF: Yeah.

TL: Okay? Here, this isn't the corporate gain. This is the fight that this company went out. Forget it's a company, call it anything you want to. Mahvi was going out and performing legitimate services; not introducing people to people but locating and hiring, helping us hire Iranian employees.

KF: Yeah, but he didn't get \$400,000 for that.

TL: Well, but he did the same thing with the other contract, Ken. That's what I'm saying, it was a different contract but the same type of services. And he had an organization. This wasn't some check mailed to Mahvi. He had a

TL: staff, he had people. They performed services. That's my sense of frustration and I, you know, I know what you're dealing with, but that was my sense of frustration. From our perspective, when the entire transaction was set up, I said, hold it, what is Mahvi going to do, is this some, you know, are we paying him because he knows somebody.

KF: Now, tell me again what you were paying him for? He actually, he recruited before PDS was reorganized. He recruited the Iranians . . .

TL: It's in the memo, you can look at it.

KF: Well, I don't think it's in John's memo to Dadgar because I've not realized this before. The Mahvi group recruited people. The \$400,000 was for recruiting people.

TL: And when you say 4, it was in effect a profit. In other words, they had to make money, on the first one or the second. That is to say, they went out, hired Iranian employees, trained them and then in effect sold their services to the Ministry. Made a profit on it just like you and I make a profit. This wasn't some shell.

KF: Sold their services to the Ministry or to EDS?

TL: To EDS.

KF: To EDS.

TL: Then to the Ministry.

FK: Okay.

TL: And keep in mind the contract required the hiring of Iranian national employees. Hell, when EDS got there, the first contract, I doubt they had any people who could speak Farsi. They had to have an Iranian partner. You can't go out in the street and hire people and train them

TL: for systems engineers.

KF: Right. He put \$100,000 into that company's capital.

TL: Which by the way, this was the same amount EDS put in. This wasn't some deal, he put up \$100,000 and we put up 10 million -- I mean, we equally capitalized the company. And again, the entire relationship was publicly disclosed.

KF: And you had done that. Okay.

TL: You know, I understand your sentence. And you're saying service, I guess what bothers me of course is that kind of loses its gloss when you talk about the king and the 5 %ers because that wasn't the way we dealt with, and whatever later people said about Mahvi, and I'm convinced by the way that 89% of it is total BS. You know, I heard stories well, Mahvi used to fly on an airplane with the Shah. I'd say, well how do you know that, and I'd start cross-examining and it was a phantom deal. And didn't you say something about some relationship with a general or the Shah or something?

KF: There's a general called Mahvi. Which is Abofat's brother.

TL: Yeah. Well, I've heard that, but I've tried to run that down and I never could find a single bit of proof of that. I read all the Senate hearings and all that, I mean, I think that's a war story. I think it's a war story.

KF: Oh, well maybe I should ask Mahvi.

TL: It's a total war story, I'll bet.

KF: Gallagher would have his phone number, wouldn't he?

TL: I don't know.

KF: Well I should phone up Mahvi and ask him that.

TL: But, I'll guarantee you that as far as, you know, somebody who is a notorious illegal middle man or kind of the 5%ers, doesn't operate this type of business arrangement.

KF: That thought had occurred to me.

TL: Yeah. What he might have done, I can't, you know, I'm not going to take on defending the reputation of Mahvi to the Henry Prect's of the world. You know, that's like, I mean, I don't, how do I disprove something of that nature. But I know this, I know that what Mahvi did in this transaction, there was not a single thing illegal, unethical, or anything else. And, you know, and this stuff, and you know, our opponents in the Iranian lawsuit are in this country Ken. And the Khomeini government, you know, they plead in the lawsuit to us that we couldn't recover on the contract because we had Mahvi, the king of the 5%ers and there must have been bribery and all that stuff. But we went through a full trial, they brought witnesses from Iran and as the judge said, there wasn't one shread of evidence that there was anything improper or illegal there. And, that's after a trial. They took discovery of EDS for a year, went through all of our documents, took depositions from people, flew all of our people in from all over the country. Not one, as the judge said, not one shread, didn't say we won 51 to 49, he said not one shread of evidence of anything done.

KF: Okay. Let me ask you one more question on Mahvi. Would you now say that having a business relationship with him was a mistake or not?

TL: Well, there's no way I can answer that. I mean, you have speculated, based upon the State Department's speculation that that led to our troubles. I don't think it led to our troubles. I think our troubles were pure and simple and that was the Ministry knew we were taking our system and going home. And our troubles . . .

KF: All the same, Mahvi was blacklisted in the middle of, not in the middle of all this, but in the middle of your business relationship with him.

TL: And it never caused a single problem. It never caused a single problem. So, how in the hell was that the cause of our problem. That had gone on a full year before Paul and Bill were arrested, and all I know is, our troubles started when we gave notice we were going home. It didn't cause us any trouble when we were staying there. And he'd been blacklisted for a full year. Never had one inkling of trouble. And that had been even more than a year I think, almost a year and a half.

KF: I think it was more than a year, yeah.

TL: Okay. And no troubles, so for me to conclude that we had some trouble from Mahvi, I couldn't conclude that. I think our troubles were pure and simple and it's a much clearer case that our troubles came from one simple fact: they hadn't paid their bills and we were going home and they knew that when we took the system, they couldn't write social security checks, they couldn't pay Medicare, you know, they couldn't pay their benefit. They were totally, they had incompetent personnel, they couldn't run a data processing system. Now, that's what led to our troubles, and not Mahvi.

KF: Okay. Any more?

TL: No. I've done enough talking. I had some strong views on the subject. But I'm the guy that kept buttin up against the brick wall, so. Okay?

KF: Yeah, I'm fine.

TL: Do you need anything else from me?

KF: I don't think so. You've got some notes of one or two things you said you would check.

TL: Okay. Thanks Ken.

KF: Thank you.

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TL: Call me if I can help you.

KF: I will. Give my regards to your wife.

TL: I'll do it.

KF: I really enjoyed meeting her when I came here the first time.

TL: We did too. You have a good week and let us know if we can help.

KF: Thanks.

TL: Thank you.

END OF TAPE

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