

Interview with Tom Walter 11/10/81

KF When did you first learn that Paul and Bill had been arrested?

TW Bill Gayden called me. I guess I was the first one Bill called. Bill was called by our people in Iran very early in the morning our time here in Dallas. Bill called me maybe at 6:00 in the morning the 28th of December. That was when I knew about it.

KF He told you what had happened. Did he ask you to do anything?

TW I had a pretty good bit of background on it in that I had been working with Bill on the Iran situation for some time. I had been to Iran with Bill in October and had been working pretty closely. We realized there were problems brewing in Iran. We had not been paid for our services in Iran for some period of time. I went with Bill there in October for several reasons. No other officer of EDS had been into Iran since we had an operation there: had any real knowledge of it. So I had gone for that purpose. The Iranian government was several million dollars in arrears in payments to us at that time. There was another purpose of our trip to try to determine first hand what the status of the payment situation was.

KF You went in October because you had been before.

TW No, October was my first trip. That was my first trip. So I was pretty familiar with the operation and with the fact that we had a problem with the Iranian government in that we weren't being paid for our services. Bill and I were there to try to determine...sometime when you have a situation like that, it indicates that you've got some kind of performance problem; you're not always sure that management on the scene is giving you the whole picture. It's not that they are

failing to tell you the truth. But the perspective is different. We wanted to be sure that if we had any performance problems in the eyes of the Iranian government, we cleared those up. We met with officials of the ministry when we were there and were assured that we had no performance problems; that the fact that we weren't being paid was just a problem with the country in general. There were strikes going on and business was not being conducted very well.

KF What was your position at EDS?

TW I was the Financial Officer. Basically had responsibility for all of the company's internal operations and corporate financial matters. We had been there together in October and had both come away completely comfortable that our performance was good. There was no real problem with the contract there. It was simply an administrative problem in being paid. People in Iran were somewhat afraid to make decisions because of the turmoil there. They figured they could not be criticized for not making the payment. If they did make a payment, they could be criticized. So we were satisfied that it was just that type of problem; that we would eventually be paid for our services and that we should continue to provide the services and depend on the good will of the Iranian government people to pay us when they were able to get their problems worked out. Then as Bill was going back and forth quite a bit to Iran during this period of time from the time he and I were over there in October all the way through the situation. Bill had asked me to in effect be responsible here in Dallas for international operation because Bill was running the international operation and he was absent long periods of time as he went back and forth. So I have been Bill's standin here in Dallas in addition to my other duties, running the international operation anytime Bill was absent. I was his main point of communication back here when he was out of the country. I had been involved from this end in the evacuation of our people. First...I'm sure you've been through where the passports were picked up early in December. I was

involved in that; Tom Luce and I had been to Washington to work on the issue around Paul and Bill between the time the passports were ordered to be picked up and the time the guys were picked up.

KF I didn't know anything about that. So tell me about that trip to Washington. That's news to me.

TW Luce and I...in early December, the problem with the Iranians wanting to pick up Paul and Bill's passports occurred roughly about the 5th of December. The dates are in Luce's memo to you, but around the 15th of December. Luce and I and Bill Gayden met in Washington. Gayden may have been coming from overseas and we met with...we were just trying to find our way around. Ross had known Tom Moorer, who had been Chairman of the Joint Chiefs of Staff and was retired and was living in Washington, doing some consulting work. He agreed to work with us to try to help figure out how to resolve this problem. We went to Washington around the 15th of December. Adm. Moorer introduced us to Richard Helms, who had been Ambassador to Iran earlier from the United States and was considered probably to be more knowledgeable in the real world of Iran than anybody in our country. He had lived there; he'd been very closely involved with the Shah's regime and knew the country quite well. We met with him to outline the problems we had around the situation with Paul and Bill at that time. He couldn't believe the lack of support that we had gotten from our State Department. His position was that that's really the State Department's problem. They should not have acted the way they did; they should be supporting ya'll in getting this cleared up. He wasn't much help to us but just to confirm that we were on pretty solid ground. We also had a meeting. Adm. Moorer took us over to the State Department and we had a meeting with some members of the legal staff of the State Department where we went through what had happened around the passport situation. The first position that the State Department's legal people took was that could not have happened. The Embassy

would not have acted that way. We just didn't understand the situation.

KF What had the Embassy done?

TW The Embassy had, in effect, the Iranian passport authority, whatever it's called, had attempted to pick up the passports surreptitiously of Paul and Bill. Joint decision between the guys that were over there, which included Gayden and the people back here, which included me as the communicator, the decision had been to go to the Embassy and see what they advised us to do. The Embassy came up with an idea which sounded pretty good at the time. Their concept was that the Iranians wanted to pick up the passports and the work permits of these individuals. The logical thing to do is to give them the work permits because they are the property of the Iranian government and we had no right to those if they want to pick them up. But to turn Paul and Bill's passports over to the U. S. Embassy. Then we could take the position that we didn't possess the passports; they were at the Embassy. Therefore we got out of a confrontation of not turning the passports over versus turning them over. After a day or so of seeing that people were still able to get out of Iran, we said it would be good for those guys to have those passports back. Then we got all of our options. They went to get the passports back, called the Embassy to tell them that they were coming to get the passports, and the Embassy personnel said we can't give you the passports. Our guys said what do you mean you can't give them to us? Our agreement was that we could pick them up. They said well the Iranians don't want them to have the passports, so we can't give them to you. So after several rounds of discussion about that, the Embassy finally said okay, we'll give you the passports if you come get them. But if you do, we'll have to notify the Iranian authorities that you've picked up the passports. In which case they'll probably take some kind of action.

SR Were these Americans down in the Embassy?

TW Yes, they were. There were some Iranians who were employees of the Embassy. Our dealings were with the top level people; maybe the person one level below the Ambassador, a guy by the name of Nass, who was the number two man in the Embassy. There was an Iranian there that we suspected was a leak; that everything that we dealt with the Embassy was immediately known to the Iranians. That was a pattern that we saw the rest of the way, but we never could really put our finger on it.

KF So when you and Tom went to Washington, you saw State Department people there who found it hard to believe that the Embassy had refused to return your passports.

TW Or had said they would notify the Iranians if they did. The whole conduct around... Finally they did some verification of their own and then they realized that what we said was pretty well the case. Then they got interested moderately in seeing if there were some way to try to help us to get the issue resolved.

KF Were you talking to Henry Precht at that time?

TW Not at this time. We were dealing primarily with, at that point with the legal staff at the Embassy. The first contact we had with Precht was after the guys were taken on the 28th of December. The first that I am aware of. Back to your question. When Bill called me the morning of the 28th, Dallas time, we met here and the idea was just come in and let's try to figure out what to do. Bill was just floored at the events.

KF So when he called you, you basically just arranged to meet him at the office and that would have happened about 8:00 in the morning?

TW He called me at 6 in the morning, as I recall, his opening remark was "You're not going to believe what's happened in Iran". We knew we had a problem, but we had no idea that anything like that was even a possibility. It never entered our mind; of our people being arrested. We knew we hadn't done anything wrong. One more thing of background is that at the time we started doing business in Iran, the big problems that surfaced in this country of corporations doing business overseas in a manner that was normal course of business overseas but was really against the U. S. law. So when we went into Iran we had two things working for us. One is that we were honest in our approach. We had no intention of doing anything dishonest. But second, we had seen companies who also had honorable intentions do things in the clear light of day turned out to have been wrong or to have been perceived as wrong. So when we went into Iran, we were doubly cautious based on the experiences of Lockheed and other companies like that had had with foreign payments. If it had not been for that, we might not have been smart enough to have avoided doing something wrong inadvertently. But we were fortunate in timing that we had seen examples of companies that had gotten in serious trouble. So we were clean and really knew it.

KF And in fact the Foreign Practices Act was passed here about the time you signed your first contract.

TW We knew we were clean anyway you looked at it. So that's why we were so surprised. If we had been doing something that we were worried about, we probably would have figured gee, maybe this could happen and we could have planned ahead of time or something. But we just...that's why we were so surprised.

KF On the morning of the 28th in Iran, Dadgar warned Paul and Bill that he had the power to arrest them at the end of the interrogation. Their reaction was to find out what the maximum bail might be and see whether enough money was available to

cover that. Did people here in Dallas know that that step had been taken? Did you know?

TW I did not, Ken. In fact, the first time I knew that was in reading the notes that Gaylord put together. I've learned something this week myself. I did not know that.

KF Probably in Dallas knew because it would be night time here.

TW To my knowledge, no one did. To my knowledge, no one knew that that was even a possibility.

KF Now tell me about the discussion you had with Gayden here in the office beginning about 8 o'clock on the morning of the 28th.

TW We got in and by the time I got here, Bill had already called Ross; I really don't remember. But early on, we called Ross; Bill called Ross, either before I got here or about the time I got here. Ross was in Vail, so he left Vail to Denver. Then he called when he got to Denver. By then, we had called the State Department to try to alert them about what had happened. And at that point, we were naive enough to really assume that this was going to be a problem of the State Department; that they would allot resources and get it resolved. So we called the Iran section. I guess we called for Precht by name, by then we knew who he was. To my knowledge, that's the first contact we had with him, but I could be wrong on that. Precht was not available, and we asked him to return the call. He didn't return the call, so after a couple of hours of calling several times and not getting the call returned, Bill Gayden called Precht; I was in the room when he did. He called his office and left word one more time and said that we had a

situation that had to have some attention and that if we hadn't received a call by 10 o'clock or some time, that we were going to call a press conference in Dallas and get some exposure to the problem. Precht called back in about 3 minutes after that. Of course, he was madder than hell at that point. Which he probably had a right to be but he should have returned our call routinely. Because we made it very clear we had an urgent situation involving U. S. citizens in Iran. The attitude that Precht had from the beginning was that we'd done something wrong and had got caught with our hand in the cookie jar and it was basically our problem. That really was a shocker because if people who carry U. S. passport just uniformly assume that their State Department...that they are in good hands with the State Department wherever they are. So we were in for a whole series of surprises, but that was the first one. The attitude that we had obviously done something wrong with the Iranians for them to arrest our problems and that that was basically our problem. That's sort of the way that went. Then Ross called from Denver and we brought him up to date on what was happening and he got on into Dallas early afternoon.

KF He got in about 2 o'clock as I understand it. In the meantime, you had contacted Nimitz. You called Helms and Moorer again. Anybody else you called?

TW I can't think of anyone.

KF Did anyone call Kissinger?

TW Ross may have called Kissinger early on. But at first we felt like as soon as the State Department really understood what was going on, they would be able to intervene. Kind of the way things happened, Ken, is we had had sort of an operating post set up in Bill Gayden's area. At that time, he was down here on

the fifth floor in a corner office. He had an office and a conference room; a secretarial area that was kinda isolated. Some other offices around there. And we had been through a period of time of operating out of that like it was a military command post because we had been through in early December evacuation of 350 people and a tremendous number of things to be done there. So we were on a 24-hour day footing around Bill's area. We had secretaries working around the clock; we had someone in to keep track of where people were. Because we had moved 125 people and their families out of Iran and they were all over the world. They wanted to go back; Iran was home. So as soon as the big crisis in Iran around the 11th or 12th of December didn't materialize, everybody wanted to start to get back home. They wanted to be back home for Christmas. So we had an ongoing operation. When we got in here around that period, Bill and I worked in his area primarily and Merv and Tom had been involved in the evacuation. But as Ross got back, he started taking some actions that we really weren't aware of. Not because they were secrets, but we just were busy working the side of the street we knew to work and Ross was doing things somewhere in that time frame that I'm sure Ross talked to Kissinger; talked to him several times, I don't know when that contact started. He talked to other people that he had contacts with; that's when the contact with Colonel Simons was made. But all that was away from us; we were working on what we were confident would be the way it would be resolved and that is we would work through the State Department; we would work through the banking community to post the bail that the Iranians had asked for to get the guys out of jail and then we'd get the thing resolved. I was only vaguely aware of things Ross was doing, including the contact with Colonel Simons because I was confident that we could resolve it through some kind of routine measure. So Bill Gayden and I, Tom Luce were working that direction. And Ross was working on what I would consider to be more contingency and more global solutions to the problem and we were just trying to grind out a conventional solution to an unconventional situation.

KF Basically on the 28th, although you made a lot of calls and had a lot of discussions, you didn't really make any progress.

TW That's right; we didn't make any progress. I don't remember what day of the week the 28th was, but Tom Luce and I (it was a Sunday) went to Washington the next day. He and I went to Washington very quickly after that. I would think it would have been the 29th. I'll have to check. We got Adm. Moorer to meet with us first thing. We had talked to him on the 28th. If the 29th was Monday, that's probably when we went, we went early in the morning.

KF Luce recalls that it was the 30th.

TW As soon as we could see we weren't making any progress the way we were working, Luce and I went to Washington. Adm. Moorer met us, and we briefed him in person on what the situation was. That would be the day then that we first ran into the guys at the Iranian section of the State Department. We went in, the reception there was very cool. Precht came out into the waiting area to meet us from a protocol point of view. You don't have the retired Chairman of the Joint Chiefs come in and not at least be courteous to him. But that's just about the extent of Precht's contribution was from a protocol standpoint to greet Adm. Moorer. He turned us over to a fellow, I can't recall his name, I want to say Brown, but I'm not sure if that is correct. As a result of all the hell we'd raised with them Sunday and Monday, they had requested a situation report from the Embassy in Iran. So we went into Brown's office; Tom Luce, Adm. Moorer and I, and Brown had a long Telex from the Embassy giving a situation report from there.

KF So Precht in fact didn't deal with you at this point.

TW His department did, but he did not even come into the room where we met with Brown.

So the gist of the meeting with Brown was the same thing we had seen before. In essence, you guys have obviously done something wrong or you wouldn't have this kind of problem with the Iranian government. But after some conversation, Brown started to admit that this amount of bail and this sort of thing is something we've never seen before. That there is obviously something amiss in the way the Iranians were dealing with this. We started to get them to recognize the fact that this was a hostage-type situation. We were trying to convince them that this really was a hostage, commercial hostage situation. But nobody at that time had taken hostages so that was a concept that was foreign to everybody. At least we introduced the concept and I think over a period of time, the State Department finally came to recognize this as a hostage-type situation. But it took a lot of education on our part to ever get them to think in that direction at all. So we left Washington empty handed in effect, but we had started to make a little bit of progress towards getting the State Department to consider that maybe there was something here other than the fact that we had committed some criminal activity to cause the Iranians to take this action.

KF About the middle of January, you started lobbying. You and Tom called every Texas congressman, both Texas senators, many other people. Is it you who made the connection with Kennedy and Tip O'Neill?

TW Tom Luce did that, Ken, I believe. Luce made a trip to Washington that I didn't participate in. There was also another connection with Kennedy's office and that is Bill Gaylord's wife's brother had been a Kennedy staff member at some point in time. Had contacts in Kennedy's office.

KF I'm trying to find my notes on that.

TW I'm not sure exactly, but Emily is a very strong person, and she was involved and

her brother, I believe it's her brother in law was quite helpful in making contacts including Kennedy's area.

KF But who worked with him? Wasn't it you?

TW No, that was Tom Luce.

KF It was Luce? I thought Luce said it was you.

TW He may have. We worked on preparing a document to carefully outline our position. I had numerous telephone conversations with the fellow who I believe was Emily's brother in law.

KF Tim Rearden.

TW Yeah, Rearden. But Luce is the one who was physically up there and distributed the document that we had prepared.

KF Now all of this lobbying, as I understand it, everybody you got to the first thing he did was check the State Department, which meant he called Henry Precht.

TW He was really getting tired of hearing about the whole thing. He was tired of it on the first call, and by now he was really tired of it. The thing that was just amazing, like you say, is that everyone checked with Precht. So then we would have to start over by convincing each person that we talked to that we hadn't done anything. So it was an education cycle with everyone that we talked to. In the meantime, we were trying to get the bail established. We had two problems with the bail. All of which was running parallel with this. Because the question in

the State Department says "why don't you just put up the bail and get the guys out and then we'll deal with that later?". We had two problems with the bail. But one of the problems this created and I'll come back to what the problems with the bail were in a minute. One of the problems it created with the State Department is that they would take the position that gee whiz, all these guys got to do is put the bail up and get the guys out. So if they really want the guys out, why don't they put the money. So the State Department continued to try to make it our problem and to throw up the thing that what we were trying to do was beat the \$12 million bail. That if it was humanitarian consideration, why didn't we just put the money up and get the guys out and then worrying about recovering our money later. But there were two serious problems in doing that. The first thing is that the mechanism for putting the bail up was not clear and there were a lot of problems in executing it. We literally started trying the 28th of December to get the bail put up. And we were within hours of doing it, February 11, when they guys got out of jail.

KF Some people think you were within hours of doing it, but then you had been within hours of doing it many times before.

TW Yeah, but I really believed that it was just an incredibly slow process, but I believe we were within hours of getting it done at that point. It was an interesting chain of events. But maybe we weren't, but my perception was that we were. But the second problem with the bail was that initially we weren't sure...we could get no assurances of what we got for the bail. Dadgar steadfastly maintained until the end that the people would not be allowed to leave the country. So for \$12 million, we weren't getting them legally out of the country. We were only getting them out of jail. We could get no assurances that they wouldn't immediately be re-arrested on some other charge. So while we didn't really like the idea of parting with \$12 million, we were perfectly willing

to do that to get the guys out, but we couldn't from a corporate point of view send \$12 million over and then end up short \$12 million and still have the same problem that we had before we sent the \$12 million over. So we had the problem with the mechanism of getting the money in place, and the mechanics of what do we really get for \$12 million. Do we get an assurance that they won't be re-arrested or whatever.

KF As time went by, that second problem began to seem less important. As Iran began to collapse. You all focused on just getting them out of that jail. So at a later time, you were less worried about what you got for your \$12 million.

TW As it looked more and more like Khomeini was really coming back to the country, then we got more concerned, as you say, just simply getting them out of jail. So kind of an interesting thing was happening in that when Ross made the contact with Colonel Simons and he got that started, I was only vaguely aware, Bill Gayden and I were only vaguely aware that that was going on. We thought that was a probably ridiculous approach to the problem. At least we hoped that wouldn't be necessary. And it was an entirely separate effort. It was interesting, just if you look back on it, the efforts got closer and closer together as time went on, because it became obvious that we weren't going to get the Iranians to commit to let them out of the country, then we focused on getting them out of jail, figuring that Colonel Simons could get them out of the country. So we slowly moved together from a point of view that we thought there would be no connection till it became obvious that there was a very logical connection until the way it really turned out. So it was interesting how they got closer and closer together.

KF What had you done on December 28 about posting bail?

TW Ken, I can't remember exactly. We spent a certain amount of time, I can't really tell you whether it was hours, days, or weeks. I guess it was more like days. Looking at just a cursory basis of mechanics of putting the bail up, but focusing on structuring the deal in Iran so that we understood what we would get if we put the money up. So we were kinda focusing first on that side of it as opposed to the mechanics of putting the bail up. Now the second problem that we ran into as soon as we started trying to put the bail up. The way the Iranians had specified putting the bail up and the only way you could really...at first they talked about cash, but we don't have that kind of cash in the country and we can't get that kind of cash in the country; you can't travel with that kind of cash. Particularly into a country in a situation like that. They specified an arrangement where we would establish a letter of credit for the bail. I don't know how familiar you are with letters of credit but basically a letter of credit is something that if we post a letter of credit in favor of the Iranian government, all they have to do to claim the money is to make a simple statement that we have failed to carry out some covenant. So once you put a letter of credit up, if you were to lose control, the person who's favor the letter is written can call the money from the bank very easily. What started to happen is the banks were astute enough. Everytime we explained this to a bank, the bank says look, you guys are acting under duress. You have a gun at your head, you're putting this letter of credit up under those conditions and that is a defense in paying a letter of credit. If you're children are kidnapped, you put up a letter of credit for ransom, then you can renig on a letter of credit as soon as you get the kids back because it was put up under duress. Whereas you put up in a business sense, you guarantee someone else's loan to a letter of credit, it gets called and you have no defense. There is no defense against a letter of credit being called except duress. So the banks immediately recognized that this was a hostage situation. And they were concerned is that they get caught in the middle. We contest a letter of credit so the Iranians call the money and the U. S.

bank gets in a position where they know it's effectively an illegal transaction. Which is okay, except the banks all have big loans out in Iran. So if the bank refuses to pay the \$12 million because of the nature of it, the Iranians just say fine, we'll just subtract \$12 million from the amount we owe you and away we go. So the banks were very reluctant to deal with the situation. Because they recognized it a lot more rapidly than the State Department for what it was, which is a hostage situation.

KF And in fact if you had got the letter of credit through, you would have tried to stop payments. So those Iranian bankers were actually quite right.

TW It was the U. S. bankers that wouldn't really touch it. The answer to your question is. We certainly hadn't made a decision that that's what we would do, but that possibility certainly existed. We would have dealt with that situation when it arose. If the bank had been going to get hurt, then we probably would have stood it as opposed to having the bank get killed on it.

KF The American bank, but not the Iranian bank.

TW Right. At that point we weren't too worried about them.

KF Did you have to try one or two different American banks?

TW Dozens. We tried the big New York banks and the immediate problem that we ran into with them was the fact that they had enormous loans outstanding to the Iranian government that really no one knew much about. But of course it has since surfaced. They ultimately got their money as bankers tend to do. We went to all the New York banks, we went to every bank in Dallas. We went to every major bank in Dallas.

KF Isn't there a bank that EDS deals with all the time? I imagine a company of this size would have more or less a tame bank.

TW Well, that's true. But you've got to understand bankers. When they're staring at a \$12 million, potentially exposure, you don't have many friends, I guess is what it amounts to. So the banks that we traditionally dealt with. Some of them just immediately looked at it and said gee whiz, that's a transaction we wouldn't touch with a 10-foot pole. Other banks tried to work through it very carefully with us and got to some point that they just balked on it. So it wasn't a matter of a simple question and you get a simple answer in 30 minutes you have been through one bank. So typically we'd find a bank that we thought would work with us on it and the bank would get into maybe three days or four days and the legal department would finally say we can't do it. So then we'd be back to ground zero and we'd start with another bank. So going through banks is a very time consuming process in many cases. Because they tried to work with us to a point that they just determine that they couldn't. When they got through looking at their Iranian exposure or something...

SR I'm not getting anything to how you guys were feeling at this time. Were you getting frantic?

TW Well, it was progressive, Sue, in that when the guys first were picked up in jail, the Shah was still in power and was still in the country. Khomeini was still in France. There was certainly no assurance that Khomeini would get back to the country. We had people in Iran going and coming. At first we were mildly panicked I guess, but we weren't overly concerned, because we felt like we had a lot of avenues open to get the problem solved. But as day by day we'd get one after another avenue cut off and it was becoming more and more obvious that Khomeini was going to get back into the country and really that this

revolution was going, then we became very frustrated. Because there just seemed to be fewer and fewer options. We finally found a bank in Dallas, small bank relatively small bank that had no international loans out, so they had no exposure of getting offset against an Iranian bank. They were financially motivated, but they worked with us, so we felt...

KF Which bank was that?

TW National Bank of Commerce, here in Dallas. They charged us a goodly fee for working on this and everything. But we started...we finally got started with them and we continued to make progress and they continued to stay with it, so we finally we had one really moving.

KF About what date was that that bank got moving?

TW I'm grasping, and I can probably go back in some notes that I've got, Ken, but I'm going to guess that that was about the first of February. We can confirm those dates that we got started with them and we started to make pretty good progress. The bank that had been specified by Dadgar to use from the Iranian side was Bank Melli, which had a New York branch and of course a branch in Tehran. But for a variety of reasons, and I can't remember exactly what they were, Bank Melli was not very cooperative in working with this. And I think it was because they had a branch in the United States they figured they would be subject to our laws possibly. Every banker that saw this thing in about 10 seconds realized that it was a ransom situation. So for whatever the reasons were, we were never able to get anything going with Bank Melli. When we got National Bank of Commerce moving, we couldn't really work through Bank Melli, but there was another bank in Iran, Bank Omran, that had been an EDS customer, was still an EDS customer in Iran, and we had a good relationship with them. They had a bank in Dubai, a branch of Bank Omran.

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TW ...the Bank Omran people were cooperative, so they were able to...they met with the Bank Omran people in their homes and kind of kept moving. The banks, for these type of transactions use what they call a Tested Telex system. Which is a coded Telex system so that they have a way of confirming that this was sent by who it was purported to be sent by, the information's correct, etc. Tested Telex system is kind of cumbersome when it takes so long to get a Telex there and get it tested and confirmed. The problem is in the Moslem countries, their weekend is basically Thu., Fri., Sat., along in there. And they are on a time difference where virtually about an hour of overlap working hours, three days a week between U. S. banks and the bank in Bajaran or wherever the other branch of Omran was. So it sounds like a simple process to get a Tested Telex through, at least to Dubai, that took days. If you miss this window one day, it may be three days before you get another shot at it. So we were moving slowly. The objective was to finally get a Tested Telex to their branch and then let them communicate it by telephone into the country. In the country, they would accept a telephone conversation with a person working for their bank outside the country that they knew well enough to know they had a good conversation going. So finally we got right around the 9th or 10th, we got the letter of credit as far as the Bank Omran branch in Dubai or wherever it is.

KF There were language changes requested by Bank Omran in this Telex. I gather that must have been also partly responsible for the time it took. Howell must have been calling you or maybe calling Luce and saying well, the Iranians want this language change. And then you had to communicate that to the bank in Dallas. And it had to go all the way down the path. It had to go to the bank in Dubai, and then it had from the bank in Dubai to the bank in Tehran each time Omran's lawyers requested a language change. That whole thing had to go through the Tested Telex process.

TW And a two word change could take three days to get through.

KF Do you remember what kind of changes they were? Were they silly or were they good?

TW The changes, as I recall, Ken, had largely to do with precluding us having any basis for blocking it. They were, again, as I say, consistently in this country and in other countries and in Iran, every banker that looked at this just instantly recognized it for what it was. So they were trying to basically protect themselves against any defense in the paying of the letter. They were mechanical changes, but the ones that I remember that were at all significant had to do with trying to build a stronger case to prevent us from blocking the payment of it. Now there was another activity going on at the same time. I don't even remember exactly how we got involved with them. There was a law firm in Washington that was very helpful in working with us on this. A lawyer particularly, Mike Sandler, with this law firm. We had come up with an idea; we were having such difficulty in getting this letter of credit in place that we had approached Dadgar through John Howell on an approach of "look, instead of a letter of credit, how about the U. S. Government guaranteeing the bail. Effectively, a letter of credit, if you will, but the U. S. Government guarantees the bail". And at first Dadgar said "no, there's no mechanism for that. We are going to do it my way or we're not going to do it all". But as things moved along, Dadgar appeared from the conversations I had with Howell to be a little more cooperative towards getting bail established. At first, it looked like Dadgar wanted the money for his own personal account. Then it went through a stage where it looked to us like Dadgar wanted the guys held period. He didn't want the bail established; he just wanted them there. Then it got to a point where it looked like maybe Dadgar was a little more cooperative towards getting the guys out on bail. It could be he was starting to be concerned that something bad would happen to them because of what was happening to the country or maybe this was just a wrong perception. But

anyhow, he finally mellowed a little bit toward the idea of having the U. S. Government guarantee it. In fact, I believe he came up with the suggestion the U. S. Government pledge the Embassy property as bail. That suggestion came from somewhere and it may have come from Dadgar. So we started approach of going to the State Department with this idea which, by this time, the State Department had become a little more cooperative. And they said, "okay, we'll think about doing that. There's not any real precedent for doing it". So the State Department then, Mike Sandler was working...Tom Luce and Mike Sandler, with Sandler being the guy on the ground in Washington, started working this idea of us putting the bail up through the State Department. For the State Department to guarantee it, before they would volunteer to guarantee it, we had to establish a letter of credit in favor of the U. S. State Department for the \$12 million. So they weren't willing to accept our guarantee or anything. We had to have the letter of credit in place there. The U. S. banks were a little less concerned about that one, because it was all here, in this country and they could see both ends and we worked through another Dallas bank, First National Bank, to establish a letter of credit in favor of the U. S. State Department. The State Department, again we went through the routine of wording changes, but that took hours, not days. At this point, we were getting lulled a little bit into a sense of maybe the State Department was finally trying to be helpful. They came back on a wording change, I never will forget, on the letter of credit. We were virtually ready with that letter of credit. Their lawyers were reviewing the text of the letter. They came back with a wording change that they required before they would work that way. A wording change that said that we, in effect, held them harmless for anything that happened if the letter of credit got called through their negligence, the guys didn't get out of jail, whatever, we were out the \$12 million. It really...Luce could come up with the wording change, but it was just really rubbed salt in the whole thing that they came back with this change. Just absolutely no matter how they fouled it up, they had no responsibility for carrying it out. So it was

just another of a long series of things with them. But we got that letter of credit ready to go. We had it delivered by a messenger, we had an FDS employee take the letter of credit to Washington. Mike Sandler picked it up. So Mike Sandler had it in hand. At this point in time, we had told Dadgar that we were working on that, and whichever one got there first, would be the one that we would use. This was literally...if I'm not mistaken, that letter of credit had been sent up to Mike Sandler on Saturday. I think it was finished on Friday, went up on Saturday with Sandler having it in his briefcase, ready to deliver it to the State Department at the time the guys got out of jail. So we were... that's why I say that we were really very close because we had the commercial letter of credit finally communicated to Bank Omran overseas in what appeared to be an acceptable form. And we had a letter of credit in Washington ready to deliver to the State Department at which time, they had committed that they would guarantee to Dadgar the \$12 million. So it appeared to us that we were really almost on the goal line.

KF But it was never delivered? The Washington letter was never delivered?

TW No because I had been ready to just have our messenger take it directly to the State Department. And Sandler said, "no let me hold it and then deliver it at the last minute in case we don't need it for any reason, let's don't let it get over there". The time to deliver it had not occurred, or it would probably have been delivered Sunday or Monday by Sandler to the State Department. And it's interesting because as soon as the guys got out of jail, the first thing Dadgar did was contact the Embassy, wanting the Federal Government to pay the \$12 million. And I believe probably if they had had the letter of credit in hand, they probably would have paid it and we would have been out \$12 million. So anyhow, that one ended up getting as far as Sandler's briefcase, but never getting to the State Department.

KF Let's go back to Precht and to everybody calling him. At some point, he called EDS. Do you know who he called?

TW I don't know who. I imagine he talked to Luce. At that point, Luce was handling most of the dealings with the State Department. Well, Ross was talking to them. I don't know; it probably would have either been Ross or Luce.

KF At this point, Precht had a report from the Embassy in Tehran. Did you ever see it?

TW No.

KF You wanted Precht to get Sullivan involved.

TW We felt like it was Sullivan's responsibility to take care of the U. S. citizens in Tehran. The big problem we had with the Embassy, though, is that they considered their responsibilities to the Iranian government so strong. This goes all the way back to the passport thing to start with. That they seemed to look at everything in the light of what would the Iranians want us to do as opposed to what's our responsibility to the U. S. citizens or a U. S. company. The British foreign service appears to...during the time that we were having these problems the British foreign service was routinely getting their people out of jails, out of the country, some of whom had committed crimes. So that was one of the things that was very disheartening to the guys in jail. They'd see the Australians and the New Zealanders every week or so, one would be free because his government had intervened and had gotten them out. So that was an eye opener.

KF According to Luce, the bank guarantee for the State Department was ready on February 3. Now you and he are remembering that differently. Could it have been a week before they escaped that that was ready? Cause Luce goes on to say they,

meeting through the State Department regarding their assistance with payment of so called bail continued until the day the men were freed.

TW I don't have a recollection of it being completed until a day or two before the guys got out. We are just remembering it differently, but I'm not sure. But again, we could go back to some notes. I'll check that out.

KF Okay, let's move. All this is going on. You, at this point, are convinced that any day now, any hour now, you'll get the bail posted. How did you learn that they had escaped?

TW Bill and I communicated...Bill Gayden and I communicated frequently, but we had a scheduled communication twice a day. Because of the time change, late afternoon his time was early morning our time and vice versa. So we had a communication schedule where we talked about 6 in the morning our time, which was late afternoon his time, and then we'd talk late afternoon our time, which was his wakeup call. So we kind of gave each other wakeup calls. The idea was that at the end of our day, I would communicate to Bill everything that had transpired here or to John Howell or whoever we needed to talk to. But we communicate to them the activities that had happened in the United States that day that would impact them and then consequently their late afternoon call their time communicated to us what had happened in Iran that day. This was all handled through the EDS switchboard. The times we kept lines open. At one point in time, we kept a line open 24 hours a day because we were concerned if we ever lost a line, we couldn't re-establish. So Bill called me at home at 6 o'clock Sunday morning. I was on the line with Bill. At this point, again, we really felt we were close on the letter of credit. So I kind of halfway expected that call to be one where we had gotten a letter of credit completely done. In fact, if you look at what happened in Iran that

day, our people were at the bank earlier in the day and they were asked to leave. The curfew was going into effect, and they were asked to leave. But apparently, everything was in place on the commercial letter of credit through National Bank of Commerce and Bank Omran that morning. So that was the kind of call I expected. Bill called me and said he felt like they were real close to, but they had had this curfew imposed around noon and they had had to leave the bank, but they were assured if they'd come back Monday morning, that everything was in order and they could get it wrapped up. So Bill mentioned to me that while we were talking, a call came in. I believe he mentioned that they had had a strange call from an Iranian who had asked if Bill and Paul were at the hotel.

KF That was Reza.

TW I didn't know who Reza at that point.

KF Bill must also have told you about the turmoil in the city.

TW Oh sure. We were...he put the phone down a minute; Keane Taylor told him to come over a minute and watch the guys that were trying to set fire to the building next door. So it was really a zoo. But this has built up over a period of time so that it was routine to them. We had heard so much about it, it was kinda routine to us. We'd hear gunfire in the background and we'd kind of all get used to that. They had too. Bill mentioned that he had gotten a call from this young Iranian that worked for us, asking if Bill and Paul were at the hotel. Then he hung up without talking anymore. So we didn't know whether that was some kind of trick to find out who was there. We didn't know what it was; didn't read much attention into it. So Bill and I were on the phone, reviewing what had happened that day and what we were going to do here that day, etc. when Bill and Paul showed up at the hotel. So we were on the phone when they came into the room.

KF Try and remember what was said. Let me refresh your memory. Reza actually came in while you were on the phone. And he told Bill that the prison had been over-run, but that he had not been able to find Paul and Bill. So Bill Gayden must have relayed that information to you.

TW He did, and of course that was a very scary feeling because at least when they were in prison, we knew where they were and that they were okay. Now we knew they were released, if we could believe Reza. We didn't have much reason to think we couldn't, but we weren't sure that they were out somewhere loose in the city. So it was pretty scary.

KF Bill sent Reza out to look for them again.

TW So Reza came and asked for a car so he could go look for them. So Bill relayed to me that they had given Reza the keys to a car, and he was leaving. Then we got back on the phone. In just a matter of seconds or minutes later, as I recall, Reza had run into them out in the hall on that floor of the hotel. Bill just yelled into the phone "the guys are here". I wasn't sure...then he went to see... you could just here a lot of noise in the background. Kathy Gallagher's dog barking, real wild scene. Then Bill came back and explained that the guys were there.

KF You were still at home.

TW Yes. As I recall, Mitch Hart, who is an ex-president of EDS, who'd been working with us on this, was at his house, and we were on a conference call. We kept the line open for quite a while. As I recall, Merv came over and Luce came over.

KF Who did you call? What was the first thing you did after you got the news?

TW Let me think about that a minute, Ken. I'm sure I called Ross and Merv and Tom Luce and Tom Marquez. I just don't remember the order. But also, my wife got on the phone and called Bill and Paul's wives. Paul's wife was here in Dallas staying with some people here, so Jean called her. Emily was in Washington at her parents. While I called those people, Jean called the wives, and of course that was very happy news for them. But we realized then that we were...that that was not the end of the war by a long shot. They were out of jail, but they were a long way from out of the country. So then we immediately started figuring out what are we going to do now.

KF Do you remember your conversation with Ross?

TW I really don't, Ken. I'll try to remember, but offhand, I don't remember. It's interesting...Ross was in Dallas. I was trying to remember how this tied in to Ross' trip back. He had been in Tehran and I'm not sure when he came back. But he was back in Dallas. I draw a complete blank.

KF But he was definitely here in Dallas. Do you remember what was done this day?

TW We immediately regrouped here, where we had our command post going. Until this point, Merv had really worked out of his office on the 7th floor, and he had been maintaining contact with Jay and Colonel Simons' group. But Jay was the communicator for them. Simons wouldn't talk on the telephone. Merv had done that, and we'd basically been running the operation down on the 5th floor, which was everything that we've talked about. So this was really the first time that I guess I realized that Colonel Simons' was gonna probably be the solution to this problem. At that point in time, we kinda collapsed everything together. From a security point of view, we left the people down on the 5th floor doing the routine things,

the care and feeding of the people around, and we moved up, and Merv and Tom and I operated out of Merv's office the rest of the time. We had a secretary around the clock, and we just kept that going. Infact, we just stayed here from then on. Pretty well full time ourselves. Ross and Mitch went to Washington. Now Mitch's involvement in this is Mitch had been a staunch Democrat all of his life, and had been interested in Democratic politics and had contributed to Democratic causes and everything. Of course the Democrats were very much in power. So Mitch had been helpful in establishing some contacts in Washington. So Ross and Mitch went to Washington that day. I'm not sure whether Gayden called Colonel Simons or whether Merv called him; I really don't remember. I'm not sure how the word got to Colonel Simons that the guys were at the hotel, but very quickly, Jay and Colonel Simons were at the hotel. But I don't remember whether that was communicated from the guys in Iran to Simons or whether it was from Merv to Simons. I didn't do it, so I don't remember how it got done. So then we said, okay, we've really got to push very hard to try to get these guys out of the country in every direction that we can. But by this point in time, we had very little confidence in the State Department. We didn't know...we knew there was a lot of leakage there.

KF Did you know that Ross had a promise from the Air Force to get them out?

TW Yeah, but we'd had promises before. Henry Kissinger had called us to tell us that they would be released the next day. We had had high level promises before. I vaguely remember that, but I don't really remember attaching too much significance to it. We started looking at the possibilities, but the thing that we were playing very close to our chest was the fact that we knew where the guys were. As I recall, we never admitted to the State Department until they were almost out of the country that we knew where they were. Everybody knew the jails had been overrun and they were out of jail, but we didn't trust the State Department, because

we felt like there were leaks in the Embassy. We later determined there were definite leaks in the State Department here to the press. So we played that very close to the chest. But Ross and Mitch went up and worked in Washington to try to work with people at a high level in the State Department, we did tell them they were out.

KF I think Ross told people in the Pentagon.

TW I'm sure that's true, I just don't have first hand knowledge, or I don't remember that. Also, Mitch had a contact with a fellow on a White House staff, again, I can't recall his name. Ross had had contacts with Newsome, who was the number two guy in the State Department. The guy really in charge of the Iranian situation. So, when they went to Washington that Sunday, the idea was to get some help in getting the guys out of the country. I have some vague recollections of that, but we were working here. The press had been sniffing around this thing, so as soon as the prison was overrun, the press figured there was a story in there and they started hounding us to tell them what was going on.

KF What did you try to achieve during the day that Sunday?

TW The first thing is we got a plane to get Ross and Mitch up to Washington. We felt like with them on the ground up there, they could somehow get some help from the government, somehow to get the guys out. So we concentrated on doing that. We started at that point to work with Colonel Simons' group to work on the plan to get the guys...what the contingencies were for overland evacuation. We were starting to communicate back and forth on that. We had a very complete set of maps here of the area all the way into Turkey that they didn't have, as I recall. They did, but we were working with the set of maps. So we were thinking about that. But the other thing was...one of our activities that day was to try to find a

charter aircraft. Ross wanted an aircraft that was capable of going to Tehran if that was an option to get the guys out or them getting close to Iran.

KF Did you actually start work on that during the day?

TW These days ran together, Ken, we were working here, sleeping on the couch!

KF As I understand it, at the moment Ross called from Washington rather late at night and said we've got to have a plane.

TW I don't remember when we started the activity on that.

KF Putting aside the question of exactly when you did it. Tell me what you did. How did you go about trying to get a plane.

TW We went through several contacts. One was a vice president of Braniff that had been very helpful to us in a lot of things. Going back to Ross' trip to Vietnam during the POW situation. We went through them. We went through a company we worked with in the Netherlands who is a charter airline business company over there. Marquez was doing a lot of this and I don't remember exactly how we... One thing, going back that letter of credit through the State Department was dated February 3, so Luce was closer than I was. I guess the reason it stayed on ice that long, I suppose, was we were trying to get Dadgar to agree to take it. As I said earlier, we came up with the idea, and he was very cool to it. So I guess then that we must have just gotten it in place and then had been working on the other end to get him to accept it, which he never said he would accept that letter of credit until after the guys were out of jail. Then he was anxious to take it.

- KF I probably have the details of that end of it in John Howell's. We were talking about chartering the plane. This is on Sunday the 11th.
- TW Or maybe Monday, I'm not sure. We were involved in the plane; I'm not sure whether it was after Ross got to Washington or while he was in route to Washington.
- KF Were you closely involved in getting hold of that plane?
- TW Marquez did most of the work in trying to track it down, so I don't really remember how we got to the plane. It turned out that the plane we homed in on chartering happened to be over in Ft. Worth. I don't know why it was in Ft. Worth, but it was physically in Ft. Worth. We needed some way to look it over and find out if it was satisfactory for what we were going to do. So I called a friend of mine who was a captain for American Airlines here. It was a 707, and he was an American Airlines 707 captain. He called a couple of friends of his who are flight engineers for American, and they went over the plane just to look at its logs and its capability to fly transoceanic and that sort of thing. I didn't go with them, but I got them lined up to go.
- KF And what was their report?
- TW Their report, from what they could tell, the plane, that model was capable of doing what we wanted to do. The maintenance logs appeared in order. They were somewhat concerned...communications equipment seemed to be good. It was kinda a joke the way the plane was outfitted. It was very plush, very unusual configuration internally for a 707. Their concerns about the plane were what they couldn't determine. The fact the plane had not been flown much for a pretty good while. So they had no idea what we'd get into when we started to actually operate it.

KF So the plane didn't really have a proper mechanical check?

TW Well it did to the extent that they could check it on the ground. They didn't fly it, but as I recall, they looked it over; looked at the logs, and I believe they started the engines, I'm not sure. But I'm pretty sure that they did a preflight check on it, but they didn't check it.

KF That plane almost crashed.

TW But, on the other hand, it had flown 6 or 7000 miles with no problems before the plane started to come apart. So I'm not sure if they had had an opportunity to take it up and fly, for example, they would have found any of the problems that later developed. I believe, if I'm not mistaken, the charter operator supplied the crew for the plane.

KF Which consisted of...

TW I'm not sure of the details. As I recall, they consisted of pilot, copilot, flight engineer and a couple of flight attendants. That's my recollection, but I'm not sure.

SR Did these people know what they were getting into?

TW I guess they knew that they were chartering a flight that was going to Istanbul. Beyond that, we didn't get very specific, because we figured if we discussed too much about what we had in mind, then we wouldn't get a charter. The best thing was to get a charter and to get going and then figure out what to do later.

KF But you also got together two other pilots.

TW Tom Marquez did that. I really don't know just how he did that.

KF But the answer to Sue's question is that there was another pilot on the team who would have flown into Iran.

TW Right. There were two additional pilots. One fixed wing and one helicopter pilot that were just passengers as far as the crew of the 707 were concerned. The 707, if I'm not mistaken, we got it chartered and got it in the air. Maybe even got it all the way to Istanbul before we even talked to the aircraft charter organization about taking it any further. I didn't think that was too wonderful an idea. As I recall, we finally got their permission to take it. It involved us agreeing to purchase an additional insurance on the aircraft. But I'm very vague on that. I believe we negotiated all that after we had the plane at least on the way, but maybe it was on the ground in Istanbul.

KF So you had a plane; you had a crew, and you had two pilots as passengers who would have done any tricky stuff. They were recruited specifically because they were pilots for tricky stuff. The whole team gathered in Washington. The plane was flown to Washington. Ross was already in Washington. The two extra pilots, Julian Kanach and Dick Douglas were somehow got to Washington.

TW I believe they all met in Washington, but I'm not sure where they hooked up.

KF Schwebach, Sculley and Davis were taken to Washington from wherever they may have been. Do you remember how Boulware got to Istanbul, because I have a feeling he was there earlier.

TW I don't, I'm sorry, Ken. Again, this is the whole management of the rescue team, Merv was handling that and he would know. Either T. J. or Merv would know.

KF So they leave late at night on Monday the 12th or perhaps the early hours of the morning of Tuesday, the 13th. They leave Washington and they go to Istanbul. Now as far as you're concerned, all you hear back in the office, this must have been a rather worrying time. Bill and Paul and the dirty team and the negotiating team are hiding out in Tehran. Ross Perot is in Istanbul and is thinking about making illegal trips all over the place. It must have been a little tense here, I imagine.

TW Yeah, it was. One thing though, that is just miraculous, is the ability we had to continue to communicate by telephone with the people in Tehran. So we had some comfort in the fact that we were able to communicate easily. When the plane was in the air, they had radio equipment on board that we could get patch back. But when they got on the ground in Istanbul, we could communicate with people in Tehran easier than we could with people in Istanbul. Because the guys were in a house and we had the phone number and we could literally one-plus dial them on a telephone. Coburn picked up the phone and we talked to them. So we were in extremely good communication.

KF That was not to last much longer.

TW Well, not much longer. It gave out...

KF Wednesday, the 14th.

TW It gave out the day they left Tehran...the day the communications problems started. But we had virtually none until that point. It was very tense; we were...there were two or three problems. By this time, we were really all working together. So Merv and Tom and I were involved in planning with the guys on the ground over there and communicating. The only way Ross had to communicate with the people in

Tehran was through us. We had Glen Jackson down in Amman, Jordan working on the possibility of getting them out through Arab wings. We were handling that communication. So we were largely a communication center. And the other thing that was a little bit tricky is that we had really good detailed maps of the area here. Even in contemplating the overland trip, we were never 100% sure that Boulware was going to the same place from the Turkish side that the people were coming out from the other side. It was very desolate country in that area, and we had better maps than the fellows in Iran had. So we were literally, until they hooked up, I was not absolutely certain that we had the crossing point properly identified from both sides. So there were some kind of interesting points. I think the most tense time for us here was when they left Tehran, because then we knew we'd be out of communication and we really wouldn't know what was going to the extent that we had known at that point. So that's when the tension really heightened. We had the phone call from Coburn; I guess it was early the morning their time, before they left. I've forgotten when they had a complete change of players at that end. And that was very tense because they had had a person who was supposed to go to the border with them who had been with them to the border before. And everything sounded pretty routine. Then when they had to change Iranians at the last minute; that last phone call before they left, we were quite concerned at that point. Because they had had to change plans so late in the game, and we knew we were going to be out of communication, and those things together made it very tense. I'm sure nothing like how it was on that end, but from a relative point of view... end of tape