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Three Days in Rome?



On December 21, 2001, military officials and intelligence operatives from three nations—the United States, Italy, and Iran—made their separate ways to a commercial building set anonymously amid the shops, cafés, and fountains of Rome's bustling Piazza di Spagna, and disappeared inside. Among the tourists enjoying the famous Spanish Steps, and the Romans going about their Christmas shopping in the boutiques nearby, few would have had reason to wonder what was going on in the building, which held an unmarked office provided by the Italian military intelligence organization Servizio per le Informazioni e la Sicurezza Militare (SISMI). Nor would passers-by have likely recognized among the men two Pentagon officials and key figures in the post-9/11 push to redraw the political map of the Middle East. Rome's *centro storico*, locus of a few millennia of international intrigue, was the perfect setting for the business at hand.

Though little-known outside the Beltway, the Pentagon officials, Larry Franklin and Harold

NEWS: In which a neoconservative jack-of-all-trades, a pair of Pentagon hawks, and an Iranian exile with a knack for tall tales try to outflank the CIA and conjure a coup in Tehran

By **Laura Rozen**
[July/August 2006 Issue](#)

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Rhode, were at the height of their powers among a small, tight-knit coterie of Washington Iran hawks determined, in the wake of 9/11, to push for regime change not just in Kabul and Baghdad, but in Tehran as well. Farsi speakers both, they had become increasingly influential as advisers to top Pentagon officials consumed with planning a response to the terror attacks. Franklin was the Iran desk officer in a Pentagon policy office that would eventually include the Office of Special Plans, an alternative intelligence shop that became closely allied with Ahmed Chalabi and his band of Iraqi exile informants. Joining the pair in Rome was Michael Ledeen, a neoconservative historian and activist who is among the most impassioned advocates for overthrowing the Iranian regime.

Given that Italian intelligence was hosting the gathering, protocol would have called for the CIA to be involved and the U.S. Embassy to be notified. Yet no one from Langley or Foggy Bottom had been invited—and for good reason. Among those who had come to meet with the Pentagon team was an Iranian exile who was not exactly an unknown quantity in Washington. Manucher Ghorbanifar, an arms dealer, intelligence peddler, and former military intelligence official in the Shah's regime, had been a key figure in the Reagan-era Iran-Contra scandal, in which Washington secretly sold missiles to Iran's Islamic rulers. Even before that, he had been so unreliable as a CIA informant that the agency had issued a "burn notice" directing agency personnel not to deal with him. When, in the midst of Iran-Contra, the CIA gave Ghorbanifar a polygraph test, he was deemed not to be showing deception on only 2 of the 15 questions—his name and his place of birth.

"One test of a source is his ability to tell you something accurate that cannot be known through any other means," Bill Murray, the former CIA station chief in France, told me. Ghorbanifar not only has never been able to do that, Murray said, "he has a proven track record of fabrication—making up the information he reports from his own imagination." Washington insiders of a certain vintage cringe at the mention of Ghorbanifar's name—and grow alarmed when they hear that, as another ex-CIA official puts it, "anyone in the U.S. government would still talk to Ledeen and Ghorbanifar after what happened."

But someone was. For three days, the international group met to discuss Middle East political machinations, alleged Iran-backed terrorism threats, and, most of all, rumors of discontent and divided loyalties in the Iranian security services. Even as Chalabi and company were spinning tales in Washington about how Saddam's regime would collapse with only a minor effort from the United States, the administration's Iran hawks were eager to hear the same about Tehran—and to that end, Ghorbanifar had delivered a special guest. The guest was "a very high-level ex-Revolutionary Guard," Ghorbanifar later told me. "His situation was so high that the Italian intelligence network, in order to prove he had a special mission to Italy, created a kind of fake cover itinerary to give him an excuse to the Iranian authorities."

CIA sources are unconvinced. "They drag these guys out and say they're from the Revolutionary Guard," Tyler Drumheller, the former CIA director for Europe, told me. "In fact, they're actually from some rug store. In any city, it's an industry."

Rhode and Franklin, in any event, were impressed. As the meeting was breaking up, Rhode sent a classified cable from the telex room of the U.S. Embassy in Rome back to the Pentagon, reporting that the group had "made contact with Iranian intelligence officers who anticipate possible regime change in Iran and want to establish contact with the United States government." The cable, portions of which were obtained by Knight Ridder's Washington bureau, continued, "A sizable financial interest is required."

Intelligence sources have their suspicions about what the money was to go for. "My thought is that he was trying to do a Chalabi, asking them to tell the president that there's Iranians waiting to rise up," one former U.S. intelligence official told me. "It would be comical except that they have a lot of money, and people pay a lot of attention. All they need is purchase someplace, and the virus spreads very quickly."

Just how far did it spread? In the four years since the Rome meeting, the Pentagon has refused to answer many questions about it, including those from congressional investigators examining whether the trip constituted an unauthorized "intelligence activity" by the Bush administration. It has also insisted that the meeting's purpose was merely to follow up on a tip about threats to U.S. forces in Afghanistan, and

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that the Ghorbanifar intelligence pipeline was quickly shut down.

The real story, as I learned in the course of a two-year investigation that took me from sterile Washington offices to smoky exile pubs in Paris, is more interesting. It's also not over. As the crisis with Iran deepens and moves to the fore, the Bush administration is putting in place key elements of the vision spun in part by the men at the Rome meeting. In a new campaign to ramp up pressure on the Iranian regime, millions of dollars are pouring into exile groups, anti-regime propaganda, pro-democracy projects, and intelligence gathering. State Department and intelligence personnel are being deployed to the region and new Iran operations offices are being "stood up" in the State Department and Pentagon—the latter even featuring some of the names familiar from the pre-Iraq-war Office of Special Plans.

In his 1988 memoir of the Iran-Contra affair, *Perilous Statecraft*, Ledeen described the role of the "trusted envoy," a kind of freelance government agent who shuttles between world leaders with few of the constraints of a government job but all of the thrill. "There are certain kinds of secret information that move between friendly countries quite outside the routine channels of government," he wrote. "The bearers of these messages can be anything from businessmen and journalists to actors and trusted personal assistants; they are rarely top officials themselves. Frequently, their names do not even appear on official calendars or appointment schedules; they are slipped in between the formal appointments, or they are ushered into the leaders' private residences on weekends or after dinner."

It was the kind of role Ledeen, who counts among his contacts Karl Rove and National Security Adviser Stephen Hadley, has relished for 20 years. Having come of age in the 1960s at the University of Wisconsin-Madison, where he says he was friendly with the activists who helped launch Students for a Democratic Society, he later became an avid anticommunist. While living in Italy in the 1970s, he was a political historian, a correspondent for *The New Republic*, and a consultant to SISMI on terrorism issues. Adventurous, impatient, and seemingly unconstrained by the professional boundaries of any of his multiple avocations, Ledeen eventually worked in the Reagan administration at the National Security Council, where he helped set up the Iran-Contra missile sales to Tehran—and became a close ally of Ghorbanifar, Washington's liaison to the Islamic regime.

Ledeen—who has argued in many articles and media appearances that Tehran is the chief sponsor of Islamic terrorism—is part of a subclan of neoconservatives for whom Iran is not an afterthought to Iraq but has long been the primary target. For almost a quarter century, these hardliners have been waiting for Washington to go on the offensive against the Islamic Republic. But to engineer such a radical shift, to outmaneuver a CIA and State Department gone soft on the mullahs, as they saw it, they had to introduce the Pentagon and the White House to an alternate intelligence network—much as Chalabi and his Iraqi National Congress had done with their clique of Iraq "insiders." In that pursuit, the Rome back channel was the opening gambit.

As several Iran-Contra histories and congressional investigations relate, Ghorbanifar has alternately bedeviled and infuriated most every U.S. official who ever dealt with him. Reagan's own national security adviser, Bud McFarlane, once said that while Ghorbanifar "seemed to have a rather agile and creative mind for intrigue," he was "corrupt, duplicitous...not to be trusted." Even Ledeen himself admits to never having figured out what Ghorbanifar was really up to: "Was he, as some have suggested, an infiltrator within the ranks of the émigrés...? Was he simply looking for useful contacts in the hopes of reviving his business career...? Or was he a man with a fairly consistent political agenda, constantly searching for some way to change the policies of the Iranian government...? The very fact that even those who worked quite closely with him wonder about his real identity testifies to the complexity of his personality and the cunning of which he is capable."

With a persona somewhere between a salesman and a *Syriana*-style operative, Ghorbanifar operates in a twilight world of exiles, international arms dealers, front companies, passports in multiple names and nationalities, and Swiss bank accounts, all suffused with a kind of desperate con artistry based on the larger dysfunction of the U.S.-Iranian relationship of the past quarter century. For 25 years now, Ghorbanifar has been selling American conservatives on the promise of regime change in Tehran; at the same time, and with the tacit knowledge of his U.S. partners, he has operated as a freelance agent of that regime.

Looking with his enormous mustache, balding pate, and cigar like a wheeler-dealer out of central casting, the 60-year-old Ghorbanifar lives with his family in Nice and maintains a Paris presence through an aging

aide who happens to be Iran's former minister of commerce. In conversation he is cajoling, flattering, with a glint of a sharper edge beneath. "When you come to Paris, we will chat for hours," he told me. The intelligence he has given his American contacts has been "1 million percent" accurate. For \$20 million, he would open doors all over Tehran for his American paymasters. And so on.

During Iran-Contra, Ghorbanifar conveyed Iran's weapons wish list to the Americans, via Ledeen. In return for sophisticated missiles to be used in Iran's war against Iraq, he promised, Tehran would intervene to gain the release of U.S. hostages held by Hezbollah in Lebanon; what's more, he told his American and Israeli contacts, the weapons sales would bolster regime moderates, in the midst then, he claimed, of a power struggle.

Disgraced in Washington along with his coconspirators, Ghorbanifar faded from view in the late 1980s. His associates in France say that he has continued to set up import-export projects, including a recent deal in Spain to sell peas to Sudan, and that his business of late has involved trips to Iraq. He is also known to have maintained a relationship with a company in Milan called Atlas Trading, according to U.S. intelligence sources. The company, Corriere della Sera journalist and terrorism expert Guido Olimpio told me, is one of several that acquire technology from Europe on behalf of the Iranian regime—marking another instance of Ghorbanifar serving the rulers whom he simultaneously seeks to help overthrow.

To Ghorbanifar, as to his American friends, 9/11 offered a chance for vindication. Ledeen has said that not long after the attacks he got a call from Ghorbanifar offering information—from his brother Ali, who once ran a rug store in Paris—about a threat to U.S. forces in Afghanistan; it was that tip that would provide the ostensible reason for the Rome meeting. Also among Ghorbanifar's intelligence wares was a tip about an alleged Iranian threat to assassinate former president George H.W. Bush, which the Secret Service checked out and deemed useless, as well as a bizarre tale about smugglers getting sick from radiation poisoning after transporting highly enriched uranium from Iraq to Iran back in the 1990s.

But it was one thing for Ghorbanifar to rekindle his rapport with Ledeen; it was another to get the Bush administration to start paying attention. That would require more strategizing—and as Douglas Feith, the Pentagon's undersecretary for policy, noted in a 2004 letter to the *Washington Monthly*, the initiative did not come from the Pentagon. "DoD learned from the White House that there were some Iranians who had information about terrorist threats to U.S. forces in Afghanistan and who wanted to defect," Feith wrote. "It turned out that the Iranians did not want to defect, but they did want to share information directly with the U.S. Government. The Iranians did not, however, want to deal with the CIA." It was classic Ghorbanifar-Ledeen fare—the hint to the White House, the handoff to the Pentagon, the quickly deflated promises, the end run around the CIA.

Not that the CIA had any desire to be involved. CIA headquarters "was extremely goosey about this," a former senior agency official knowledgeable about the Rome meeting told me. "You don't want to be sucked into Iran-Contra. Many of us were around when that happened, and went over a cliff with them. [Then-CIA Director George] Tenet was on the Senate intelligence committee staff when that happened. The answer from Langley was: We don't want anything to do with this." When the CIA learned that the Rome meeting was going ahead, its local station chief even fired off a memo to Langley reporting that an unauthorized covert action might be taking place—a memo that would eventually find its way into the files of Senate staffers investigating the matter. The State Department likewise complained to the White House, and then-Deputy National Security Adviser Stephen Hadley reportedly promised that the channel would be shut down. (Hadley's office has referred questions about the meeting to the Defense Department, where spokeswoman Lt. Colonel Tracy O'Grady Walsh first told me to email questions, then did not respond.)

Despite the complaints, it appears that the dalliance between U.S. government officials and Ghorbanifar continued beyond the Rome meeting. Rhode would travel to Paris in June 2003 to meet with Ghorbanifar again—a meeting the Pentagon later claimed was "unplanned." Also in June 2003, three months after the U.S. invasion of Iraq, a CIA case officer was sent to meet in Baghdad with a Ghorbanifar associate known to U.S. intelligence officials as a London-based fraudster. As *Newsday's* Knut Royce—who first broke the story of the Rome meeting in 2003—discovered, Ghorbanifar and his associate claimed to have information about a secret cache of weapons-grade uranium in Iraq that Iranian intelligence had allegedly discovered and stolen part of.

At their tense meeting in Iraq, the CIA officer gave the associate a series of test questions, all of which he flunked. Then the officer asked him to provide a small sample of the uranium. He refused and walked out. "He's a fabricator," a former U.S. intelligence official told Royce. "These fabricators were produced by

Ghorbanifar. They read headlines, try to cater to your fears, and they draw from real facts.”

Ghorbanifar had better luck with Rep. Curt Weldon (R-Pa.), who has met with him in Paris and has now published most of his claims in a book, *Countdown to Terror*, that promises to reveal Iran as “the iron glove behind all our enemies.” Weldon’s main source, a mysterious Iranian whom the congressman code-names “Ali,” is, in fact, Ghorbanifar’s longtime business partner and personal secretary, Fereidoun Mahdavi. (“Dear Curt,” begins one memo from “Ali” that Weldon quotes in the book. “I confirm again a terrorist attack within the United States is planned before the American elections.”) Mahdavi, in turn, told me that the information he gave Weldon came from Ghorbanifar, who appears to have used him as a kind of cutout—a vehicle for laundering intelligence. U.S. intelligence sources confirmed to me that Weldon has identified Mahdavi as his source. Weldon, they say, has also demanded that Mahdavi be put on the U.S. payroll.

“Anything involving Ghorbanifar is always going to cost a lot of money,” former Paris CIA station chief Murray told me after Weldon’s book appeared. “His usual first ploy is to try to set up an expensive front company allegedly to do business with Iran. That means you pay for the company and whatever is sold and Ghorbanifar does the business, keeps the books, and uses the ‘profits’ to fund his nonexistent group in Iran: in short, himself. Some people always fall for it, but nothing ever comes out of it.”

On July 9, 2004, the Democratic vice chairman of the Senate Select Committee on Intelligence, Senator Jay Rockefeller, stepped to the podium in the Senate Radio and TV Gallery to announce the release of his committee’s first report on the intelligence community’s pre-Iraq-war mistakes. The report tore into the CIA, finding that the intelligence community had consistently “overstated” the threat of Iraqi weapons of mass destruction. But it stopped short of looking at the most troubling issues raised by those failures, chief among them whether the administration had cherry-picked intelligence that served its agenda; those issues would be addressed in a Phase II report that would not be released until after the presidential election. Among the specific targets of that probe, according to a February 2004 document agreed to by the committee, were the still-mysterious intelligence activities of the Feith operation at the Pentagon. Committee investigators were intrigued by documents they had obtained about the Rome meeting, including the cable mentioning a “sizable financial interest.” Under U.S. law, notes one committee staffer, the committee is to be notified of any government intelligence activities. “So if they are conducting intelligence activities and didn’t inform us, that’s unlawful.” (In a separate effort, Democrats on the House Appropriations Committee in 2003 persuaded that committee’s chairman, Rep. Bill Young [R-Fla.], to investigate the activities of Feith’s office and the Ghorbanifar pipeline, but committee Republicans eventually killed the probe.)

Two years later, the Phase II investigation is still barely limping along. Last August, Senate Select Committee on Intelligence Chairman Pat Roberts (R-Kan.), a close White House ally, delayed the process once more by turning the Feith probe over to the Pentagon’s inspector general for an inquiry with no specific deadline. By last November, Senate Democrats were so frustrated they literally shut down the Senate until Roberts promised to get things moving. Feith departed the Pentagon in the summer of 2005; even before then, his office had stopped responding to any questions from the Senate committee about its activities, including the Rome meeting. “They freaked out at Defense,” the Senate staffer told me. “They said, ‘If you’re starting a criminal probe, we are not going to cooperate.’”

To many who saw the Iran-Contra scandal unfold, it all adds up to a familiar picture. Jonathan Winer worked for a Senate committee led by John Kerry that, in the mid-1980s, probed rumors of the secret arms deals and of the funneling of the profits to Nicaragua’s right-wing Contra rebels. For years as the investigation continued, critics—led by then-congressman Dick Cheney—“called us conspiracy nuts,” says Winer. The committee kept hearing tips about private individuals secretly carrying out the government’s business, he recalls. “officials tell you none of it is true, because there’s no record that any of these things took place. It creates a situation where oversight is practically impossible because official reality is completely misleading, and unofficial reality—which is the truth—does not exist.” In the end, the scandal was uncovered after control of Congress shifted to the Democrats and, simultaneously, more and more evidence was revealed in Iran-Contra-related lawsuits and media investigations.

“What has to happen is, you have to have the press and Congress and the courts all playing their constitutional role for the truth to come out,” Winer says. “If any of those components don’t function, you can wind up with serious problems.”

Comparisons between Ghorbanifar and Chalabi—and there have been a few, from sources including Ledeen himself—are imperfect; for one thing, Ghorbanifar has never shown political ambition. Yet there's a striking parallel in the way that Pentagon hawks relentlessly promoted both players long after they had been deemed unreliable and possibly treacherous by other agencies, in particular the CIA. The difference is that Chalabi's fictions have been exposed in a bloody and costly war, while Iran action is only now moving toward the front burner. And as it does, the notion that Ledeen and other Iran hawks have advocated for so long—that Iran's regime will fall if only the United States will give it a push—is emerging as the main policy trajectory for the Bush administration. In February, Secretary of State Condoleezza Rice requested an additional \$75 million for promoting democracy in Iran; that same month, a team of U.S. government Iran experts traveled to Los Angeles to talk to exiles there. State Department Iran watchers are being "forward deployed" to the Persian Gulf and surrounding region; in Washington, think tanks and exile groups are launching Iran initiatives, all of them jostling for the money and launching whisper campaigns against their competitors in a game whose stakes have suddenly risen. More covert measures are also reportedly under way, including the cultivating of proxies among the Kurds and some of Iran's ethnic tribes to gather intelligence in the border regions of Iran; and there have been reports that some in the administration believe missile strikes against Iran's nuclear program would embarrass the regime and lead to a revolution.

For the irrepressible Ledeen, none of this is quite enough. "I was recently asked if I saw signs of action," Ledeen told me in April. "I see nothing." Not much later, when the exile community buzzed with stories to the effect that Ledeen was involved in a new back channel to Iran's rulers, and that Vice President Cheney had authorized the Pentagon to use Ghorbanifar as a source, he shrugged off both rumors. "I can't imagine it. The Pentagon cannot, so far as I know, do intelligence operations without getting the approval of the CIA. It's impossible and illegal." Then he excused himself—he was headed out of town, to Italy, on vacation.

Laura Rozen is a senior correspondent for *The American Prospect*.

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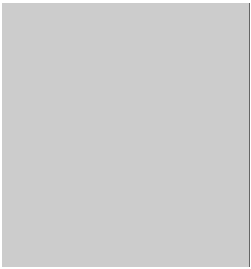
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