

Texas A&M The Battalion

Vol. 82 No. 73 USPS 045360 16 pages

College Station, Texas

Friday, December 12, 1986

Casey: NY executive revealed arms deal

CIA head, businessman testify to committee

WASHINGTON (AP) — CIA Director William J. Casey said Thursday he did not learn of possible diversions of Iranian arms sales profits to Nicaraguan rebels until he was tipped by a New York businessman in early October.

Casey spoke to reporters after he testified for more than three hours before a heavily guarded, closed-door session of the House Intelligence Committee. A few minutes later, Casey's purported tipster, Roy M. Furmark, went before the Senate Intelligence Committee to tell his version of the story.

Furmark, a former legal client of Casey's, refused to talk to reporters as he entered the closed Senate hearing. But Casey said it was Furmark who first raised questions in his mind about transfers of funds from then-secret arms sales to Iran.

An unnamed source said Furmark apparently was an intermediary between Casey and Middle East arms dealers.

Furmark told the committee that he had been approached by Adnan Khashoggi, a Saudi Arabian arms dealer who was central to the Iranian sales, and was told to warn Casey that a group of Canadian investors were threatening to file a suit against Khashoggi that would have made the entire sale public.

The Canadians were threatening to sue Khashoggi, and Khashoggi went to Furmark "because Khashoggi knew Furmark could carry a message to Casey that something had to be done," the source said.

The Canadians were threatening a lawsuit because they had received only \$10 million when they had expected payment of \$20 million, the source quoted Casey as saying.

Congressional sources, speaking on condition of anonymity, said the Senate Intelligence Committee had learned before Wednesday of Casey's conversation with Furmark, leading at least some panel members to question the CIA director's claim of Wednesday that he was unaware of the diversion of funds.

Casey denied a report in the *Wall*

Street Journal that he knew as early as last spring that profits from the Iranian arms sales were being funneled to Nicaraguan insurgents, or Contras.

"No, that's wrong," Casey told reporters who pursued him down a corridor in the Capitol after his appearance before the House committee.

Asked when he learned about the arrangement, Casey responded, "I first learned about this when Meese told everybody." It was on Nov. 25 that Attorney General Edwin Meese III disclosed that between \$10 million and \$30 million in arms sales profits were diverted to the Contras.

"Before Meese informed you, did you start asking questions?" Casey was asked.

"Oh, I had questions about it, yeah," he replied.

"When you had questions, was that because of your conversations with Mr. Furmark?" he was asked.

"That did precipitate the questions, sure," Casey replied.

The sources said that the next day, Oct. 8, Casey contacted Vice Adm. John M. Poindexter, then national security adviser to President Reagan, about the Canadian threat. Casey, they said, was told that such a disclosure through a lawsuit would "blow the cover" on the Iranian arms deal and jeopardize chances of winning the release of Americans held hostage in Lebanon by pro-Iranian extremists.

One House Foreign Affairs Committee member, who spoke only on condition that he not be identified, said that sometime after Casey's conversation with Furmark, the CIA director summoned Marine Lt. Col. Oliver L. North, a member of the National Security Council staff who was coordinating the administration's efforts to aid the Contras.

The House member said Casey testified that he asked North whether he knew of any third-party support for the Contra rebels, and that North replied that he did not. Meese has said that North was the only administration official who

knew "precisely" of the diversion of arms profits to the Contras.

Cohen said the Senate panel, after two weeks of hearings, still lacks sufficient evidence to conclude where the arms deal money went, to whom and under what circumstances.

Retired major implicated in fund shifts

WASHINGTON (AP) — Richard V. Secord's last full-time defense department job was in a little-known division that supervises arms sales to many foreign countries. It employed several people whose names have surfaced in the Iran-Contra affair.

Secord, a retired Air Force major general who reportedly played a key role in the diversion of profits from the sale of U.S. arms to Iran to the Nicaraguan rebels, retired in May 1983 as a deputy assistant defense secretary at the department's International Security Affairs section.

Secord oversaw Near Eastern and South Asian affairs at ISA, according to the Congressional Directory.

Between July 11, 1983, and Nov. 11, 1984, after his retirement, Secord was authorized to serve a consultant to ISA for a total of 220 days at \$242 a day. But Pentagon records show that he "did not serve any days in pay status," a spokesman said. But Secord was a member of a special operations advisory group until his term expired in August.

Federal investigators have said privately that Secord, 54, is under investigation in connection with the transfer of money from Iran to the Contras.

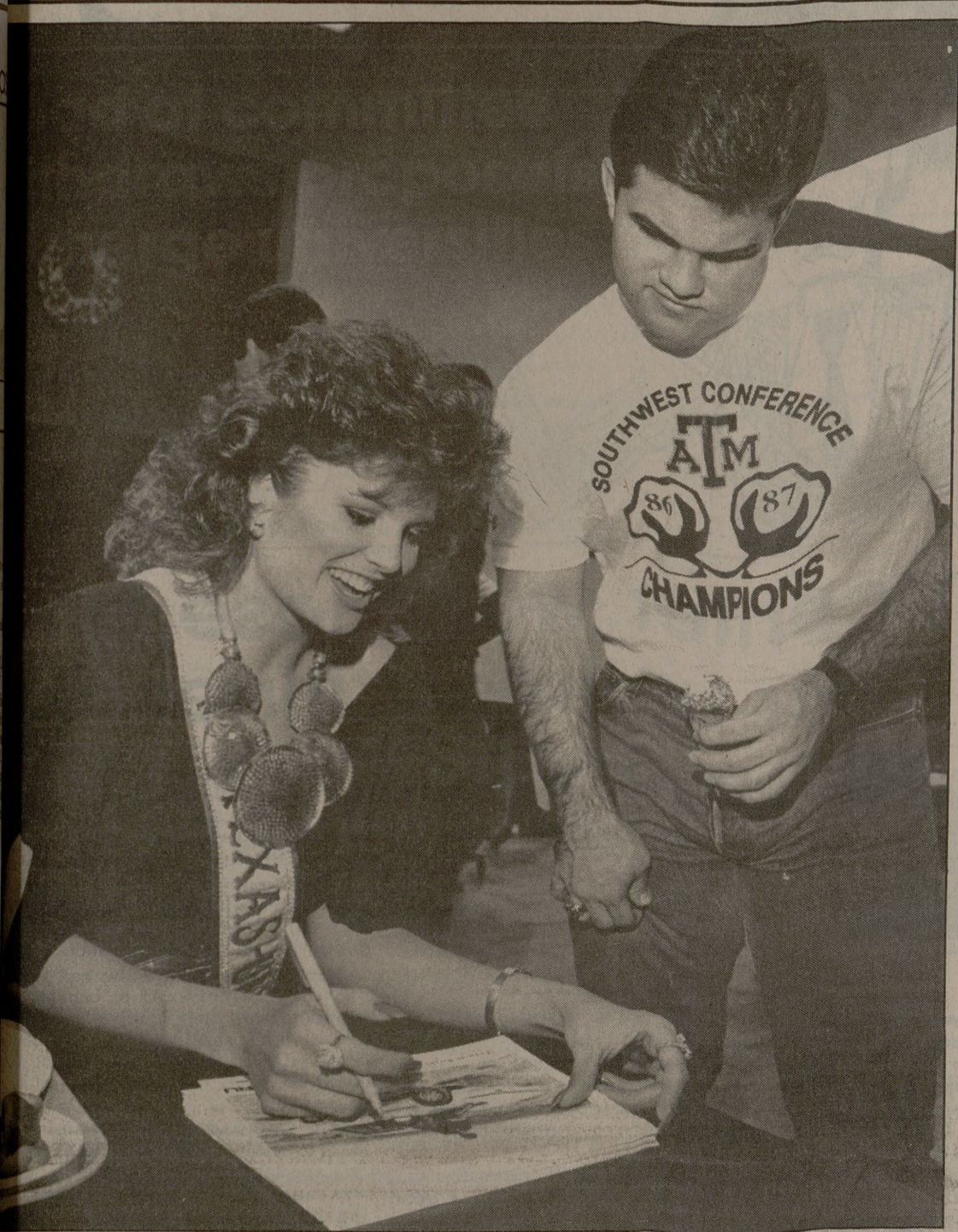


Photo by John Makely

'It's For My Mother'

Michelle Royer, 1987, signs an autograph for John Elam, an offensive lineman for the Aggie football team, during her Thursday afternoon visit to Cain Hall. See story, page 4.

Head of committee withdraws proposals to merge universities

AUSTIN (AP) — The chairman of the Select Committee on Higher Education said Thursday he is giving up on his proposal to merge the University of Houston, Texas Southern University, and North Texas State University with Texas Woman's University.

My whole concept was a better delivery of the higher education system but... apparently a lot of people in Denton and Houston and the majority of the people on this committee don't share that view," Larry Temple told reporters.

Temple said he intends to pursue merger of Texas A&I at Kingsville and Corpus Christi State University. No record votes were taken Thursday. Temple said he wanted to absent committee members a chance to make today's meeting.

However, on non-record votes, committee agreed to recommend no change in the University of Texas or Texas A&M University re-boards but decided to realign governing boards of other state colleges.

Committee member Arthur Temple Jr. of Diboll, said he thought it is "intolerable" that TSU as well as other colleges are racially unbalanced.

"I think this group ought to go on and say that the state of Texas is... much further down the road toward true integration than I think we're given credit for," Temple Jr. said.

Rep. Wilhelmina Delco, D-Austin, said any public college — "white" as well as "black" — should be reviewed to "does not reflect the demographic and ethnic and racial balance in our state."

Rep. Al Luna, D-Houston, said, "I will open up the University of Texas and Texas A&M and all these other institutions, then I'm not going to talk about segregation at school, because in my opinion there is segregation at Texas A&M and other institutions around the state." Luna said only 1 percent of

A&M's enrollment of 36,000 is black and only 4 percent is Hispanic.

Committee member Peter O'Donnell Jr. of Dallas said UT has 40 different programs "encouraging minority enrollment and retention."

"The implication here is that all the fault rests with the institution," he said. "I don't think that's the case."

O'Donnell said UT Austin has 40 different programs "encouraging minority enrollment and retention."

Among those are rent, consumer and school

South Africa imposes harsh censorship

PRETORIA, South Africa (AP) — The government imposed severe censorship Thursday, requiring journalists to get official approval before reporting on most peaceful actions against apartheid as well as violent unrest.

An independent Johannesburg daily, the *Star*,

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said in a front-page editorial, "This is just possibly the last edition of any relatively free newspaper you will read in South Africa."

New rules issued by President P.W. Botha go beyond press censorship. They also bar anti-apartheid activists from making "subversive statements" urging resistance to the white government through forms of non-violent civil disobedience.

Among those are rent, consumer and school

boycotts; strikes; protest meetings; complaints about compulsory military service and establishment of civic associations and people's courts.

Previous curbs on journalists under the emergency restricted coverage of violence and actions by security forces, but not peaceful protest.

The United Democratic Front, a multiracial group that has organized peaceful rallies for two years, said it would challenge the regulations in court.

Azhar Cachalia, the national treasurer, expressed the organization's displeasure.

"The UDF fears that any possibility of a relatively non-violent or negotiated transition to democracy will now disappear," he said. "It is clear that the Nationalist government has not only lost control but has gone completely mad."

His statement was issued directly to foreign news organizations and the independent South African Press Association. SAPA distributed the item, but it asked subscribers 90 minutes later to kill it because of a ban by government censors.

By then, the statement had been used in some foreign news broadcasts and relayed in print form by several foreign journalists. In response to Associated Press comments pointing out the difficulties of withdrawing a statement already widely distributed, the censors said 25 minutes later publication could not be permitted.

Stoffel van der Merwe, deputy information minister, told foreign journalists Wednesday he opposed censorship personally, but he said the new restrictions were necessary because the government faced "a calculated, well-planned revolutionary onslaught."

Activities banned apparently include further calls by the United Democratic Front for a 10-day Christmas boycott of white-owned stores and coverage of the boycott if it occurs.

A report by the South African Institute of Race Relations said 2,291 people had died in political violence from September 1984 to the end of last month.

Jobs, study programs may be scarce

Students find aid alternatives limited

Editor's note: This is the final segment of a three-part series on the possible effects of federal tax reform and the state budget crisis on financial aid at Texas A&M. This section deals with alternatives to scholarships, grants and loans.

By Sue Krenke
News Editor

Becky Burks is still worried that her scholarships and loans may dry up because of tax reform and budget cuts, so she's checking out her other financial aid options. But the Texas A&M junior is finding that other sources of aid may be few and far between.

Taft Benson, A&M's director of student financial aid, predicts that changes in tax law will accelerate the trend away from scholarships and grants and toward loans. But with reform raising the cost of a loan — and with the Guaranteed Student Loan program becoming need-based — loans themselves may be harder to get.

And Benson says other sources of money are hard to find.

Like the GSL program, such programs as work-study and short-term loans may be hit hard by students unable to find other aid.

A&M financial aid coordinator Ann Vanwinkle says the work-study program already has been inundated, both by students seeking jobs and by departments that want work-study workers.

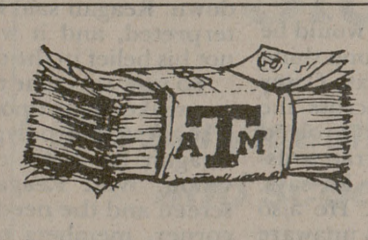
Under the work-study program, the department pays 20 percent of the student's wages, with the other 80 percent coming from the federal program funds. Vanwinkle says more departments have requested work-study students as state budget cuts have hit them.

"We've had a lot larger number, it seems like, just because of the budget cuts on campus," she says.

The problem, Vanwinkle says, is that there aren't enough federal funds to cover all the departments that want work-study stu-

dents. In addition, since the work-study program is need-based, students who don't qualify for other federal aid programs probably won't qualify as work-study students, either.

Students who don't qualify for



aid on the basis of need, however, still are eligible for the University's short-term loan program. The University provides three types of loans through the program:

• Institutional loans of up to \$750 for six months. Funding for these loans is donated by former students.

• Emergency tuition and fee loans for up to 90 days in an amount covering the student's tuition and fees.

• "Little loans" of up to \$50 for 30 days.

While students can use these loans to get through temporary hard times, however, they don't provide enough money to be used as a main source of financial aid.

Benson says short-term loans currently are available to all students regardless of need. But if demand for the loans increases, he says, need determination may become part of the application process.

Students also can try to get student loans from banks and other savings institutions. But one common form of aid, in which a student borrows from a parent as he would from a bank, is not allowed under the new tax laws. The laws also severely restrict parental gifts of money to their children.

Students who have exhausted all other types of aid — schol-

arships, grants, loans and parental financing — are faced with finding a job on or off campus. But Benson says the job outlook isn't good.

For most of the year, campus departments have labored under a hiring freeze implemented by Gov. Mark White to keep the state from running out of money. Although White lifted that freeze in November, cuts made by the Legislature's special session have kept the University from hiring many student workers.

And Benson says the local economy doesn't provide a promising outlook for students seeking jobs. In addition to the current economic recession, he says, the area is simply oversaturated with college students seeking jobs.

"In a community of 100,000," he says, "36,000 students saturates it quickly."

Benson says his department participated three years ago in a survey designed to develop off-

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