## [FINAL TEXT OF MEMO DATED NOVEMBER 30 2009]

We ask your indulgence and attention for a brief historical overview and an assessment of the current situation, to help you understand the context which is based on the facts on the ground, and comes from people who have either been involved in running the country or have been active in day to day up-to-date intelligence matters.

Persia was once a great empire with its own unique culture and religion. After the Arab invasion the nation was subjected to the Islamic caliphate. After many centuries, the sovereignty of Persia was restored by a very remarkable event: the Safavids, a group of Azeri origin (from what is now Iranian Azerbaijan Province) converted to Shi'ism, formed a military movement, and founded modern Persia in the 16th century.

The Safavids created the religious caste, and Shi'ism became the official state religion of Iran—the only Shi'ite state on earth. A fervent desire for independence caused the country to remain a sovereign state, even during periods of colonization by foreign powers.

Three centuries later, two new political themes emerged, alongside independence: freedom and constitutionality. The 1906 Constitutional Revolution was the first major revolution in Asia. This revolution was influenced by the European Enlightenment, the emergence of parliamentary democracies in the West, and the modernization of technology and science. The goal of this revolution was to transform the system from an absolute monarchy to a constitutional monarchy. This revolution was crushed by Russian mercenaries and parliament was destroyed by them, but for the second time in Iranian history, the people of Azerbaijan, led by Satar Khan, joined in this fight for freedom. The victory came and thereafter freedom became the keyword for political upheavals. The people forced the king to seek refuge in the Russian Embassy in Tehran. The king later took exile in Russia, where he died.

There is an American footnote: In this fight for democracy, a 31 year old American teacher in the city of Tabriz, Mr. H. Baskerville, joined the freedom fighters despite contrary orders from his own government. He lost his life for the freedom of Iran. He is still considered a great hero in the Iranian people's fight for liberty.

After the Second World War, the formation of political parties and respect for democratic rules led to the first test of freedom and independence. Unfortunately, this brief democratic period was terminated by the coup against the government of Mosadeq. In the eyes of many, not only the Marxists, but also the Liberals had failed. They failed to protect democracy, and Iranian sovereignty. This explains the emergence of both the radical left and fundamentalist religious groups.

An important text was written by Ayatollah Khomeini in the late 1960s. Vilayat-i Faqih (the rule of the Muslim jurist) was put forward as the only legitimate form of government. In the Sunni world Said Qutb (Egypt, 1906-1966) was actively promoting the same fundamentalist version of Islam.

Why did political Islam emerge again? For two reasons: the ideologies borrowed from the West (Marxism and Liberalism) were unable to transform Islamic countries into free and righteous societies; and the chauvinistic (pan-Arab and pan-Iranian) movements also failed. Islamists claimed to have answers to all political and social issues.

## As Khomeini put it:

"The fundamental difference between Islamic government, on the one hand, and constitutional monarchies and republics, on the other, is this: whereas the representatives of the people or the monarch in such regimes engage in legislation, in Islam the legislative power and competence to establish laws belongs exclusively to God Almighty."

It is as if the 'Divine Right of Kings' were to be reestablished in the West. The Iranian Constitution is based on the ideas of Khomeini: the law was promulgated by God. The prophets explained it. The Shi'ite imams interpreted it and, pending the return of the Twelfth Imam (the Shi'ite Messiah), the law will be interpreted and applied by a Faqih. While the slogan "freedom, independence and Islamic republic" was used during the Iranian Revolution (1978-79), only the word Islam has remained.

For all Shiite fanatics such as Ali Khamenei and Ahmadinedjad, two Imams (Ali and Hussein) are more important than even the Prophet Muhammad. Ali, the fourth caliph (claimed and believed by the Shiites to be the first caliph) represents the original rule of Islam associated with conquests, while Imam Hussein (the son of Ali) represents the desire to become a martyr. He openly preferred death over any form of dialogue and peace. This combination of the glory of domination, the ideal of martyrdom, and the apocalyptic vision of the12th Imam, creates the conditions for a suicidal political movement and regime.

The leadership of today's Iran, including the president and his entourage believe in an apocalyptic vision in the resurfacing of the Shi'ite messiah. They believe that the messianic age will begin very soon, and they also believe that the West, and the Jewish state, must be destroyed in order to create a Shiite empire, so-called the Shiite Crescent. To this end, intra-Muslim conflict is downplayed. With all means Tehran is strongly supporting both Shiite and Sunni groups all around the world, with weapons, cash, and training and – more important – propaganda machines.

There are ideological similarities between radical Sunni and Shiite groups: the removal of Western influence and values and Israel, the implementation of Sharia as the source for legislation, the use of force, if necessary with terror, to cause the enemy to capitulate. As you know, the Iranian regime has long supported Sunni terrorist groups like al Qaeda and Taliban, even though the ideological agreements could not totally prevent ethnic conflicts in Iraq and several other Islamic countries.

The Iranian Islamic regime is thoroughly ideological. Iran has an entire army (Revolutionary Guards) whose mission is to defend and to spread the Islamic revolution. Even a majority of

the clergy, including the most senior ayatollahs themselves, are suffering under this regime. Iran is the only country on earth with a special court for clerics.

It is therefore not surprising that the Iranian people in recent years and months have called for freedom, independence and a true republic in which religion will be a private matter. This is a major break with the ideology of the regime. The Green Revolution is in fact the completion of the 1906 Revolution.

As in Safavid times, Iran faces an historical moment: In 1906, religion was used to create political unity. Now religion, by the will of the Iranian people of today, has to be separated from the state in order to guarantee unity of Iran.

It is extremely ironic that now, as then, a man from Azerbaijan wants to bring a basic change and democracy to the country. Ex-PM Mir Hussein Mousavi is an Azerbaijani.

## THE REGIME

The present 'supreme leader' is Mr. Ali Khamenei, 70 years old. Khamenei was born in a very poor religious family. He is physically handicapped, a heavy drug-addict since his youth and he has several mental complexes, such as an inferiority complex because he was always treated with disdain by Khomeini [and Khomeini's son who he later killed as reprisal] and the politicians. Another reason for his inferiority complex is the fact that Khamenei, despite his low religious standing, believes that he is chosen to be the Shiite Messiah. A thought heavily disputed by the real senior clergy. Another remarkable fact is that Khamenei is totally ignorant from an international point of view. He has never visited the world and its capitals. From a cultural and geographical point of view he is uneducated.

The appointment of Khamenei was a surprise and disappointment for many, considering his mediocre religious credentials, his insignificant track record, and his lack of popular support.

From the first days of the revolution in 1978/79, the regime has provoked constant crisis and conflict: The storming of the US embassy was followed by the provocation of Saddam Hussein to attack Iran, the attacks on the Saudis during the hajj, and later with terror operations all over the world. A situation of permanent crisis is a condition for the survival of the regime.

This leadership and this system cannot reform themselves. A departure from the revolutionary basics is both unconstitutional and suicidal. The leader and his system is like a super-sized and giant spider trapped in his web that he has made around him-self and now he has neither the courage nor the power to tear off this web. Any out-side observer or policy-maker, who believes he can, or wishes that he can, change the present system and its policies, should rethink his analysis.

On the other hand, based on the lack of the lack of credentials and absence of popular support for the present leader, plus the very bad economic situation [unemployment, inflation and poverty] there is ample opportunity for peaceful and real change.

The only way the present regime can stay in power is by means of brute force by its military and para-military instruments, the Revolutionary Guards and the Basiijs and fuelling the crisis in the region. In addition, the regime aims to maintain its future by means of brainwashing future generations. Therefore an educational purification process was launched in 2009, mandating the islamization of all schools and universities, the re-writing of history and the firing of many non-clerical teachers and professors. This religious and terror-inducing poisoning of future generations, if un-checked, will prove more dangerous than atomic bombs.

The reliance on bloated security and intelligence instruments is very expensive, and its cost is hidden from the people. For good reason: about 60 % of the Iranian people live around or below the poverty level. In addition, the cost of international export of terror – for the current fiscal year set at about \$12 billion – if publicly known, would be the cause of extreme popular dissatisfaction, if not worse.

Therefore at least 50 percent of Iranian state finances have gone underground, and in order to hide it, the regime has created a kind of economic mafia, a state within the state, a criminal and malicious dictatorship with many covert operations inside and outside the country. You have seen this directly in Iraq, Afghanistan, and Middle East where, as in Iran itself, murderous and corrupt acts are supported and protected by the military and intelligence branches of the Revolutionary Guards.

In short, the regime is a brutal, apocalyptic theocratic dictatorship that tries to survive by means of suppression of its own people, military force, theft of national resources and economic stealth.

For many years the brave Iranian people have openly and covertly resisted the regime, most often among students. This led some foreign experts to conclude that the resistance lacked broad popular support. This myth was shattered by the events after the June 12 presidential elections. Ever since, the Iranian population has shown the world that it wants a radical change of the system. Despite heavy suppression, torture and murder, the people have taken over the street in many cities in numbers that surpassed those of the 1978-79 revolution. Not just as an angry reaction just after the election but even in greater numbers many months after this elections. The people were joined by most of the senior clergy and erosion under the security forces is rampant. The regime is fighting for its survival.

Foreign experts sometimes say that the forces of change have no clear leadership and direction, but this, too, is false. Long before the June 2009 elections a non-violent 'green wave of change', led by one of the presidential candidates, ex-Prime Minister Mir Hussein Mousavi, covered the country. At his first election rally he entered hand in hand with his charismatic wife. A very brave and unheard of feat in this misogynistic environment but a clear and hopeful signal to the suppressed women of Iran. Today, Mr. Mousavi is the acknowledged leader of the resistance. He has promised to lead the people at any cost, whatever his personal destiny may be. Al-though underreported in the international media,

the non-violent green wave continues at unprecedented numbers despite brutal suppression. The next major demonstration is scheduled for December 7 2009 [the Day of the Students].

Despite the desire to silence Mr. Mousavi and his team, the regime has been very reluctant to arrest or kill him, because it is well known that the isolation and or the elimination of Mr. Mousavi will cause a national wave of strikes and uncontrollable violent multi-dimensional chaos where scores will be settled not just with the regime and especially RG and intelligence units, plus regular Armed Forces but also [in true ex-Yugoslavia-style] between the various ethnic minorities and the dominating Persians.

Recently, however, after the latest publications by Mr. Mousavi, fanatical clerics and senior forces in parliament have renewed their calls for the regime to arrest Mr. Mousavi. But their panic is clear. A senior pro-regime member of parliament, Mr. Zakani, in a speech on November 22, confirmed the election fraud, admitting that Mr. Mousavi is the legitimate president of Iran.

In summary, Iran, with the majority of the population living in poverty despite it potentially being one of the richest countries in the world, with 14.7 million students in the educational system, is hungry for change. The people of Iran continue their quest for freedom and democracy. In addition a very important aspect and a great asset is the fact that about four million Iranians live in exile, of which a highly educated elite force of at least 500.000, most of them of the post-election period, wishes to storm back to Iran in order to help rebuild it. The young women are often most daring, despite the terror specifically targeted at them, including sanctioned rape, but this fact seems to be ignored by so-called progressive women in the free world. The men and women of Iran have put their trust in Mr. and Mrs. Mousavi as their leaders on their non-violent path towards a new and secular republic of peace and prosperity.

## INTERNATIONAL AFFAIRS

Why does the regime not – for its own benefit - really and honestly engage in a pragmatic dialogue with the international community, instead of engaging in time-wasting deceit?

For two reasons: the desire for atomic bombs, and the campaign of terror. These instruments will advance the basic mission: to spread Shi'ite domination, which in reality means the advancement of the leadership of the Islamic Republic.

Strategically the Islamic Republic feels very strong, and atomic bombs will make them feel even stronger. In addition, Iran feels it has the upper hand on the international scene because it has placed its cards on many strategic spots. Despite efforts by the free world to suppress the Iranian terror export program, the Islamic Republic still successfully controls direct and indirect terror and violence in many areas, such as Lebanon, Gaza, West Bank, Iraq, Afghanistan, Pakistan, India, Yemen, Africa and South America. Many countries are dependent on the Islamic Republic in order to control or to prevent terror in their territory or in other areas. This makes the leaders of Iran very arrogant and it gives them the feeling of extreme power.

Moreover, there are pragmatic reasons for the actions of the Islamic Republic. It aims to control those areas that it either needs for passage [pipe lines] or for sales of its natural gas. For example, it wants to control areas in Baluchistan to safeguard its potential gas pipe lines to India, if delivery contracts are ever concluded, but also to make the defense line far from its own border just as in Lebanon and Palestine.

The current regime in the Islamic Republic will never terminate its export of terror, nor give up the possession of the atomic bomb, unless they achieve the following:

- A guarantee of non-intervention and the permanent recognition of its regime, without any future discussion about human rights, democracy and liberty; this guarantee should be acknowledged as real and tangible and be signed by Western powers.
- Acceptance and the recognition by all leading nations of the Islamic Re-public of Iran being the dominant economic and military power in the Middle East. This acceptance should be combined with the guaranteed promise of the gradual retreat of all individual Western influences and powers in the region of the Middle East.

Are these demands ever acceptable to the countries of the free world? It means it would also mean the complete abandonment of the strategic and natural ally of the free world. In like manner, theocratic Islamic Iran with its apocalyptic constitution will never give up the atomic bomb, nor will it give up its terror network, because it needs these instruments to maintain its power and enhance its own economic and financial wealth.

So now, at this pivotal point in time, it is up to the countries of the free world to make up their mind. Will they continue on the track of wishful thinking and push every decision to the future until it is too late, or will they reward the brave people of Iran and simultaneously advance Western interests and world peace?

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