

State of War, Chapter Nine
by James Risen

Government Exhibit 132

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¹ SHE HAD PROBABLY done this a dozen times before. Modern digital technology had made clandestine communications with overseas agents seem routine. Back in the Cold War, contacting a secret agent in Moscow or Beijing was a dangerous, labor-intensive process that could take days or even weeks to arrange. But by 2004, it was possible to send high-speed, encrypted messages directly and instantaneously from CIA headquarters to agents in the field who were equipped with small, covert personal communications devices. So the officer at CIA headquarters assigned to handle communications with the agency's spies in Iran probably didn't think twice when she began her latest download. With a few simple commands, she sent a secret data flow to one of the Iranian agents in the CIA's spy network. Just like she had done so many times before.

² But this time, the ease and speed of the technology betrayed her. The CIA officer had made a disastrous mistake. She had sent information to one Iranian agent meant for an entire spy network; the data could be used to identify virtually every spy the CIA had inside Iran.

³ Mistake piled on mistake. As the CIA later learned, the Iranian who received the download was actually a double agent. The agent quickly turned the data over to Iranian security officials, and it enabled them to "roll up" the CIA's agent network throughout Iran. CIA sources say that several of the Iranian agents may have been ar-

rested and jailed, while the fates of some of the others is still unknown (although the CIA has reportedly denied suffering any damage from this incident).

4 This espionage disaster, of course, was not reported in the press. It raises questions about whether the CIA is blind in Iran, unable to provide any significant intelligence on one of the most critical issues facing the United States—whether Tehran was about to go nuclear.

5 In fact, just as President Bush and his aides were making the case in 2004 and 2005 that Iran was moving rapidly to develop nuclear weapons, the American intelligence community found itself unable to provide the evidence to back up the administration's public arguments. On the heels of the CIA's failure to provide accurate prewar intelligence on Iraq's weapons of mass destruction, the agency was once again clueless in the Middle East. In the spring of 2005, in the wake of the CIA's Iranian disaster, Porter Goss, the CIA's new director, told President Bush in a White House briefing that the CIA really didn't know how close Iran was to becoming a nuclear power.

6 The Bush administration has never publicly disclosed the extent to which it is now operating in the blind on Iran. But deep in the bowels of the CIA, someone must be nervously, but very privately, wondering: *Whatever happened to those nuclear blueprints we gave to the Iranians?*

7 The story dates back to the Clinton administration and February 2000, when one frightened Russian scientist walked Vienna's winter streets. Enveloped by the February cold, he dodged the bright red and white Strassenbahn, the quaint electric tramcars that roll in slow circuits around the city, while he debated whether to go through with his secret mission.

8 *I'm not a spy, he thought to himself. I'm a scientist. What am I doing here?*

9 He fingered the package stuffed in his overcoat, making certain

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the priceless documents were still there and that this crazy job wasn't just a bad dream.

10 The Russian pulled the note out of his pocket, looked at the address one more time, and then plowed ahead, confused. He knew nothing about Vienna and quickly found himself lost along the operatic city's broad avenues. Was he looking for something called Rueppgasse, or was it called Heinestrasse? Was he supposed to take Strassenbahn 21? He rode two full circuits on the S-Bahn 21 train, searching in vain for the right stop. Should he switch to the U-Bahn, Vienna's subway? The Permanent Mission of the Islamic Republic of Iran to the International Atomic Energy Agency (IAEA) wasn't the easiest office in Vienna to find.

11 *They could have at least given me good directions.*

12 As he stumbled along into Vienna's north end, in the unglamorous neighborhood surrounding the Praterstern U-Bahn station, the same question pounded in his brain again and again, but he couldn't find an answer.

13 *What was the CIA thinking?*

14 The Russian had good reason to be afraid. He was walking around Vienna with blueprints for a nuclear bomb.

15 To be precise, he was carrying technical designs for a TBA 480 high-voltage block, otherwise known as a "firing set," for a Russian-designed nuclear weapon. He held in his hands knowledge needed to create a perfect implosion that could trigger a nuclear chain reaction inside a small spherical core. It was one of the greatest engineering secrets in the world, providing the solution to one of a handful of problems that separated nuclear powers such as the United States and Russia from the rogue countries like Iran that were desperate to join the nuclear club but had so far fallen short.

16 He still couldn't believe the orders he had received from CIA headquarters. The CIA had given him the nuclear blueprints and then sent him to Vienna to sell them—or simply give them—to the Iranian representatives to the IAEA. With the Russian doing

Langley's bidding, the CIA appeared to be about to help Iran leapfrog one of the last remaining engineering hurdles blocking its path to a nuclear weapon. The dangerous irony was not lost on the Russian—the IAEA was an international organization created to restrict the spread of nuclear technology. The IAEA's Vienna headquarters, inside the United Nation's sprawling concrete compound, a jumble of geometric-shaped buildings assembled like a Christmas pile of children's toys along the Danube River just outside the city center, was the leading forum for international debate over the proliferation of nuclear weapons technology. It was the place where the United States came to level charges against rogue nations such as Iran and North Korea over their clandestine nuclear programs. IAEA experts traveled the world to try to police the use of nuclear power, to make certain that peaceful energy-generation programs weren't providing cover for the clandestine development of nuclear weapons. In 2005, the IAEA and its chief, Mohamed ElBaradei, would win the Nobel Peace Prize for their counter proliferation efforts.

17 But in 2000, the CIA was coming to Vienna to stage an operation that could help one of the most dangerous regimes in the world obtain a nuclear weapon.

18 The Russian stood out like a poor eastern cousin on Vienna's jeweled cityscape.

19 He was a nuclear engineer who had defected to the United States years earlier and quietly settled in America. He went through the CIA's defector resettlement program and endured long debriefings in which CIA experts and scientists from the national laboratories tried to drain him of everything he knew about the status of Russia's nuclear weapons program. Like many other Russian defectors before him, his tiresome complaints about money and status had gained him a reputation within the CIA of being difficult to manage. But he was too valuable for the CIA to toss away.

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- 20 One secret CIA report said that the Russian "was a known handling problem due to his demanding and overbearing nature." Yet the same report stated that he was also a "sensitive asset" who could be used in a "high-priority covert-action operation."
- 21 So despite their disputes, the CIA had arranged for the Russian to become an American citizen and had kept him on the payroll, to the tune of \$5,000 a month. It really did seem like easy money, with few strings attached. Life was good. He was happy to be on the CIA gravy train.
- 22 Until now. The CIA was placing him on the front lines of a plan that seemed to be completely at odds with the interests of the United States, and it had taken a lot of persuading by his CIA case officer to convince him to go through with what appeared to be a rogue operation.
- 23 The case officer worked hard to convince him—even though the officer had doubts about the plan as well. As he was sweet-talking the Russian into flying to Vienna, the case officer wondered whether he was being set up by CIA management, in some dark political or bureaucratic game that he didn't understand. Was he involved in an illegal covert action? Should he expect to be hauled before a congressional committee and grilled because he was the officer who helped give nuclear blueprints to Iran? The code name for this operation was MERLIN; to the officer, that seemed like a wry tip-off that nothing about this program was what it appeared to be. He did his best to hide his concerns from his Russian agent.
- 24 The Russian's assignment from the CIA was to pose as an unemployed and greedy scientist who was willing to sell his soul—and the secrets of the atomic bomb—to the highest bidder. By hook or by crook, the CIA told him, he was to get the nuclear blueprints to the Iranians. They would quickly recognize their value and rush them back to their superiors in Tehran.
- 25 The plan had been laid out for the defector during a CIA-financed trip to San Francisco, where he had meetings with CIA of-

ficers and nuclear experts mixed in with leisurely wine-tasting trips to Sonoma Country. In a luxurious San Francisco hotel room, a senior CIA official involved in the operation walked the Russian through the details of the plan. He brought in experts from one of the national laboratories to go over the blueprints that he was supposed to give the Iranians.

26 The senior CIA officer could see that the Russian was nervous, and so he tried to downplay the significance of what they were asking him to do. He told the Russian that the CIA was mounting the operation simply to find out where the Iranians are with their nuclear program. This was just an intelligence-gathering effort, the CIA officer said, not an illegal attempt to give Iran the bomb. He suggested that the Iranians already had the technology he was going to hand over to them. It was all a game. Nothing too serious.

27 The Russian reluctantly agreed, but he was still clearly suspicious of the CIA's motives.

28 He was afraid because he fully understood the value of the information he was supposed to pass to the Iranians. He certainly understood it better than did his CIA handlers. Before he defected, he had worked as an engineer at Arzamas-16, the original center of the Soviet nuclear weapons program and the Russian equivalent of Los Alamos, the home of the Manhattan Project. Founded in 1946, when Soviet dictator Joseph Stalin was rushing to catch up with the Americans and trying to turn the Soviet Union into a nuclear power, Arzamas-16 had once been so secret that it was known only as the "installation" or the "site." Built on the grounds of a czarist-era monastery, about 400 kilometers from Moscow at the old town of Sarova, the complex's first name was Arzamas-60, since it was 60 kilometers from the town of Arzamas; but the Soviets realized that name was too revealing about its location, so they changed it to Arzamas-16. In 1947, the entire city of Sarov officially disappeared from Russian maps.

29 Arzamas-16 was where the Soviets built their first atomic and hydrogen bombs, and today, 30,000 people still work at nuclear

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weapons-related facilities located within a restricted area in the heavily guarded Arzamas-16 district. It wasn't until 1995 that Russian President Boris Yeltsin changed its name back to Sarov.

30 After the collapse of the Soviet Union, the United States feared that poverty-stricken scientists from Arzamas-16 and other facilities like it would be tempted to work for Iraq, North Korea—or Iran. Weapons proliferation really meant the spread of scientific knowledge and the spread of scientists.

31 The end of the Cold War meant the end of regular paychecks for Russian nuclear scientists, and there was a real danger that Russian technical expertise would spread like a virus to the totalitarian states of the third world. In the 1990s, in fact, the director of one Russian nuclear institute killed himself, reportedly over the government's failure to meet his payroll. There were Russian press accounts of uranium being stolen from Arzamas-16. What was to stop underpaid Russian scientists from walking off with technical expertise, and perhaps the blueprints and even the fissile material needed to help rogue states build a bomb?

32 Fortunately, at just the right moment, two centrist American senators, one Democrat and one Republican, saw the danger and came up with one of the most farsighted U.S. foreign relations programs since the Marshall Plan. In 1991, Sam Nunn, a Georgia Democrat and the party's leading voice on national security, and Richard Lugar, a cautious Republican and former mayor of Indianapolis who had turned himself into a foreign affairs specialist in the Senate, crafted legislation that helped prevent a massive drain of nuclear technology out of the former Soviet Union. Known as the Nunn-Lugar Cooperative Threat Reduction Program, the legislation created joint U.S.-Russian programs to deactivate thousands of nuclear warheads in the former Soviet Union, and helped rid the Ukraine, Kazakhstan, and Belarus of the nuclear weapons they had inherited at the time of the breakup of the Soviet Union.

33 Equally important was Nunn-Lugar's impact on the lives of

Russian scientists. Nunn-Lugar helped more than twenty thousand Russian experts involved in Soviet weapons programs find alternative, and more peaceful, forms of research. Arzamas-16 even forged new, cooperative ties with Los Alamos. By 1993, Los Alamos and Sarov were officially sister cities.

34 Behind the public face of Nunn-Lugar, the CIA was also doing its part, quietly helping Russian nuclear scientists to defect and resettle in the United States, rather than go to Iran or Iraq, providing them new lives and enough money to keep their talents off the open market. It was this CIA defector program that brought the Russian to the United States.

35 But now, the CIA was no longer keeping the Russian engineer off the nuclear market, nor was it keeping Russian know-how under wraps. The blueprints the Russian was to hand over to the Iranians were originally from the Arzamas complex, brought to the CIA by another defector.

36 What better way for the CIA to hide its involvement in this operation than to have a veteran of Arzamas personally hand over the Russian nuclear designs?

37 His CIA case officer had coached the Russian as best he could on how to make contact with the Iranians. It wasn't easy; you don't just look up the address for the covert Iranian nuclear weapons program in the Yellow Pages. Still, maybe there was a way you could make contact on the Internet. Maybe it really was as simple as sending out e-mail.

38 At the case officer's urging, the Russian started sending messages to Iranian scientists, scholars, and even Iranian diplomats stationed at the IAEA in Vienna. In his e-mails, he would explain that he had information of great interest to Iran and that he was seeking a meeting with someone who could hear him out. The messages were designed to be playfully intriguing, but not quite revealing. Just enough to prompt a response.

39 He also started attending academic conferences in the United

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States attended by Iranian-American scientists. These conferences sometimes attracted scientists visiting from Iran, and they might be good contacts. The Russian stood out like a sore thumb among the Iranian academics, but that was the point. He wanted people to notice him. He was a nuclear salesman, ready for business.

40 Of course, it wasn't unusual for Russian and Iranian scientists to mix, and that was another point the CIA was counting on. There was a well-established channel of Russian technical support for Iran's nuclear power generation program. Moscow had an \$800 million contract to help Iran build a light water reactor at Bushehr. The United States had publicly complained that Iran was using Bushehr and the country's commercial nuclear program to advance its nuclear weapons development efforts. American officials, in both the Clinton and Bush administrations, consistently asked why Iran needed a nuclear power program when it had so much oil and natural gas; in one State Department statement, Washington noted that Iran annually flares off more natural gas than Bushehr could produce. For at least a decade, a key sticking point in U.S.-Russian diplomatic relations has been Russia's ties to Iran and Moscow's willingness to view Iran as an eager customer for Russian arms, rather than as a growing strategic threat in the Middle East.

41 With Tehran serving as a major shopping bazaar for Russia's post-Cold War arms sales, it certainly wasn't unusual to find Russian and Iranian technicians and bureaucrats mingling. The Russian defector could exploit that tendency to make inroads with the Iranians.

42 As he mingled with the scientists and other academics, the Russian picked up business cards and e-mail addresses. The Russian began to e-mail his new contacts, sending intriguing messages explaining that he wanted to talk with them about his ability to provide materials of interest to Iran. Finally, at one conference, he hit pay dirt when he met a physics professor visiting from Tehran.

43 After the CIA checked out his background, the agency decided that the contact with the Iranian professor was promising. The CIA

hoped the Iranian academic might serve as the Russian's entrée into the secret world of Tehran's nuclear program. At the least, he might be able to put the Russian in contact with the right people in Iran.

44 The Russian followed up his chance encounter with e-mails to the scientist back at his university in Iran. The Russian explained that he had information that was extremely important, and he wanted to make an offer. After some delays, the Iranian finally responded, with a wary message, asking what he had in mind.

45 That was enough for the CIA. Now the Russian could tell Iranian officials in Vienna that he had been in touch with a respected scientist in Tehran before he showed up on their doorstep.

46 The CIA had discovered that a high-ranking Iranian official would be traveling to Vienna and visiting the Iranian mission to the IAEA, and so the agency decided to take the next step and send the Russian to Vienna at the same time. It was hoped that he could make contact with either the Iranian ambassador to the IAEA or the visitor from Tehran.

47 The CIA sent him to Vienna without any backup. Langley didn't want to risk exposure. The CIA station in Vienna wasn't asked to play any role to support the Russian; this operation was dubbed a "special access program," and its existence was a tightly held secret. Only a handful of CIA officers knew of the existence of MERLIN. Better to let the Russian get lost and fumble his way around town than tell more officers about the operation. Sending him to Vienna without any minders would also convince anyone watching that he was just what he appeared to be—an amateur at this game, freelancing.

48 The Russian's cover story was that he was the go-between for the other Russian scientist who had brought the nuclear blueprints out of Arzamas. In truth, he had never met the other defector, but that didn't matter. The story would help answer any questions the Irani-

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ans might have about how he came to acquire the blueprints, which were not easy to access or remove from Arzamas.

49 The Russian was also told not to try to hide the fact that he now lived in the United States. His story should be as close to the truth as possible. Just because he was living in America didn't mean he was working for the CIA.

50 But now that he was in Vienna, he was playing the role of bumbling scientist too well, unable to find the Iranian mission, uncertain even where to get off the train. "I spent a lot of time to ask people as I could [language problem] and they told me that no streets with this name are around," the Russian later explained to the CIA, in his imperfect English.

51 Maybe deep down, he didn't want to get off the tram, and didn't want to find the right office. He had to find time to think.

52 He could not stop thinking about his trip to San Francisco, when he had studied the blueprints the CIA had given him. Within minutes of being handed the designs, he had identified a flaw. "This isn't right," he told the CIA officers gathered around the hotel room. "There is something wrong." His comments prompted stony looks, but no straight answers from the CIA men in the room. No one in the San Francisco meeting seemed surprised by the Russian's assertion that the blueprints didn't look quite right, but no one wanted to enlighten him further on the matter, either.

53 In fact, the CIA case officer who was the Russian's personal handler had been stunned by the Russian's statement. During a break, he took the senior CIA officer aside. "He wasn't supposed to know that," the CIA case officer told his superior. "He wasn't supposed to find a flaw."

54 "Don't worry," the senior CIA officer calmly replied. "It doesn't matter."

55 The CIA case officer couldn't believe the senior CIA officer's an-

swer, but he still managed to keep his fears from the Russian, and he continued to train him for his mission.

56 After their trip to San Francisco, the case officer handed the Russian a sealed envelope with the nuclear blueprints inside. The Russian was told not to open the envelope under any circumstances. He was to follow the CIA's instructions to find the Iranians and give them the envelope with the documents inside. Keep it simple, and get out of Vienna safe and alive, the Russian was told. But the defector was more worried than ever about what kind of game the CIA was getting him into. And he had his own ideas about how he might play that game.

57 In Vienna, the Russian went over his options one more time and made a decision. He unsealed the envelope with the nuclear blueprints and included a personal letter of his own to the Iranians. No matter what the CIA told him, he was going to hedge his bets. There was obviously something wrong with these blueprints—so he decided to mention that fact to the Iranians in his letter. They would certainly find flaws for themselves, and if he didn't tell them first, they would never want to deal with him again. In his badly broken English, the Russian addressed the Iranians as if they were academic colleagues. He later gave a copy of his letter to the CIA.

58 *To University:*

59 *First, let me introduce myself. I am a person, who worked for many years in atomic industry. Please check out next page for my personal info please.*

60 *I would like to inform you I have very valuable information about design and production of atomic weapon. At this time I possess a description of one of key elements of modern system, TBA 480 high-voltage automatic block. Described device is known as a fire switch which lets to initiate simultaneously all detonators at a weapon core (spherical charge). I am sure other devices can be available for your review in the future. I did not contact right people in your country di-*

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rectly because unfortunately I could not find them. Of course, I tried many other ways to attract attention to this info by telling little bit about what I have but it does not work. Whole misunderstanding, and accordingly wasting time and disappointing. So I decided to offer this absolutely real and valuable basic information for free now and you can evaluate that. Also I sent e-mail to inform [the Iranian professor] about this possible event. Please let him know you have this package.

61 *What is purpose of my offer?*

62 *If you try to create a similar device you will need to ask some practical questions. No problem. You will get answers but I expect to be paid for that. Let's talk about details later when I see a real interest in it.*

63 *Now just take your time for professional study of enclosed documentation. My contact info on next page.*

64 The Russian was thus warning the Iranians as carefully as he could that there was a flaw somewhere in the nuclear blueprints, and he could help them find it. At the same time, he was still going through with the CIA's operation in the only way he thought would work.

65 The Russian slid his letter in with the blueprints and resealed the envelope.

66 After his day of floundering around Vienna, the Russian returned to his hotel, near the city's large Stadtpark. He did a computer search and found the right street address for the Iranian mission. His courage bolstered, he decided he would go back and finish the job in the morning.

67 By 8:00 A.M., he found 19 Heinstrasse, a five-story office and apartment building with a flat, pale green and beige façade in a quiet, slightly down-at-the-heels neighborhood in Vienna's north end. The street was crowded with tobacco shops, bars, and cafes, a tanning salon, even a strip club. Now the Russian realized why he had missed it; there was no sign announcing the Iranian mission. The only proof that this was the right place was a mail directory, with three rows of

tenants' names on the wall beside the building's front door. Amid the list of Austrian tenants, there was one simple line: "PM/Iran." The Iranians clearly didn't want publicity.

68 The Russian's fevered rush of adrenaline as he approached the building suddenly cooled when he realized the Iranian office was closed for the day for some unexplained reason. Once again, he spent the day walking Vienna, and once again mulling over the CIA's orders. He returned to his hotel again that night, still clutching the undelivered documents.

69 He returned one last time to the Iranian mission early the next morning and stood for a few agonizing minutes on the empty sidewalk outside.

70 He came back that afternoon, and an Austrian postman finally helped him make up his mind. As the Russian stood silently by, the postman opened the building door, dropped off the mail, and walked quietly away to complete his neighborhood rounds. His courage finally reinforced, the Russian decided to follow suit; he now realized that he could leave his package without actually having to talk to anyone. He slipped through the front door, and hurriedly shoved his envelope through the inner door slot at the Iranian office.

71 "At 1:30 P.M. I got a chance to be inside of the gate," at the entrance to the Iranian mission, the Russian later explained in writing to the CIA. "They have two mailboxes: one after gate on left side for post mail (I could not open it without key) and other one nearby an internal door to the mission. Last one has easy access to insert mail and also it was locked. I passed internal door and reached the mission entry door and put a package inside their mailbox on left side of their door. I cover it old newspaper but if somebody wants that is possible to remove this package from mailbox, in my opinion. I had no choice."

72 The Russian fled the mission without being seen. He was deeply relieved that he had finally made the handoff without ever having to come face to face with a real live Iranian. He flew back to the United

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States without being detected by either Austrian security or, more important, by Iranian intelligence.

73 From its headquarters at Fort Meade, Maryland, the National Security Agency monitors global airline reservation databases, constantly checking on the travel arrangements of foreign officials and others targeted by American intelligence around the world. In February 2000, the NSA was also eavesdropping on the telephone lines of the Iranian mission in Vienna. It could intercept communications between the mission and Tehran. In addition, the NSA had broken the codes of the Ministry of Intelligence and Security, Iran's foreign intelligence service. The Americans had several different ways to track the movements of Iranian officials in and out of Vienna.

74 Just days after the Russian dropped off his package at the Iranian mission, the NSA reported that an Iranian official in Vienna abruptly changed his schedule and suddenly made airline reservations and flew home to Iran. The odds were that the nuclear blueprints were now in Tehran.

75 The Russian scientist's fears about the operation were well founded. He was the front man for what may have been one of the most reckless operations in the modern history of the CIA, one that may have helped put nuclear weapons in the hands of a charter member of what President George W. Bush has called the "axis of evil."

76 Operation MERLIN has been one of the most closely guarded secrets in the Clinton and Bush administrations. And it may not be over. Some officials have suggested that it might be repeated against other countries.

* * *

77 MERLIN was born out of frustration. For more than a decade, one post-Cold War CIA director after another went before Congress and the nation to vow that America's spies were now focused on new, gathering threats posed by a set of "hard targets." Terrorists. Rogue nations. Weapons of mass destruction. Each new director promised that the CIA was changing rapidly to adapt to this complex new world in which the Soviet Union was no longer the main enemy. But the CIA has failed in its new mission and has never found out enough about any of these new targets. Iran's nuclear program remains one of the most impenetrable of them all.

78 Even before the disastrous collapse of its Iranian spy network in 2004, the CIA was able to pick up only fragmentary information about Iran's nuclear program. Officials who are critical of the CIA's efforts say that the agency's counterproliferation programs have relied far too heavily on intelligence collected from technical methods—spy satellites, eavesdropping, and code breaking, as well as "measurement and signature" intelligence, which includes the collection and analysis of data from hidden equipment like remote ground sensors. Lacking definitive answers about Iran's atomic program, the CIA has instead offered a series of safe and cautious estimates. Over the years, the agency has repeatedly stated that Iran was within five to ten years of becoming a nuclear power. Those five to ten years keep stretching and expanding.

79 The Counterproliferation Division within the CIA's Directorate of Operations, the agency's clandestine espionage arm, came up with MERLIN and other clandestine operations as creative, if unorthodox, ways to try to penetrate Tehran's nuclear development program. In some cases, the CIA has worked jointly with Israeli intelligence on such operations, according to people familiar with the covert program. None are known to have worked.

80 One bizarre plan called for the sabotage of Iran's electrical grid in areas of the country near its secret nuclear installations. The CIA

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conducted tests of the electrical sabotage equipment at the U.S. government's Nevada nuclear test range. The plan called for an electromagnetic pulse device that could be smuggled into Iran and then hidden next to large power transmission lines carrying electricity into the country's nuclear facilities. The CIA would later remotely detonate the device, which would send a massive electrical pulse down the power lines, shorting out the computer systems inside the Iranian nuclear complex.

81 The CIA worked with Mossad, Israel's spy service, on the plan, and Mossad agents volunteered to smuggle the devices into Iran. The Israelis told the CIA that they had Iranian agents who would carry out the plan on their behalf.

82 But there were major technical problems that made the plan unworkable. The electromagnetic devices were so large that they had to be carried in a large truck, and then parked next to the power lines; the CIA realized that was impossible.

83 Then there was MERLIN. On paper, MERLIN was supposed to stunt the development of Tehran's nuclear program by sending Iran's weapons experts down the wrong technical path. The CIA believed that once the Iranians had the blueprints and studied them, they would believe the designs were usable and so would start to build an atom bomb based on the flawed designs. But Tehran would get a big surprise when its scientists tried to explode their new bomb. Instead of a mushroom cloud, the Iranian scientists would witness a disappointing fizzle. The Iranian nuclear program would suffer a humiliating setback, and Tehran's goal of becoming a nuclear power would have been delayed by several years. In the meantime, the CIA, by watching Iran's reaction to the blueprints, would have gained a wealth of information about the status of Iran's weapons program, which has been shrouded in secrecy.

84 It's not clear who originally came up with the idea, but the plan was first approved by President Bill Clinton. After the Russian scien-

tist's fateful trip to Vienna, however, the MERLIN operation was endorsed by the Bush administration, possibly with an eye toward repeating it against North Korea or other dangerous states.

85 The CIA had obtained genuine Russian nuclear weapons blueprints from a Russian scientist and had forwarded them to one of the national laboratories—almost certainly Sandia National Laboratories in New Mexico—to be scrutinized by American nuclear experts. Sandia, in Albuquerque, is one of the jewels in the crown of the American nuclear establishment. Its origins were in the so-called Z Division of the Los Alamos National Laboratory during the Manhattan Project. Z Division conducted the engineering and design work for the nonnuclear portions of the first atomic bomb, including the weapons assembly. Sandia thus houses the U.S. government's institutional memory for how a nuclear bomb is put together.

86 Scientists at the national laboratory were asked to implant flaws into the Russian blueprints. The flaws were supposed to be so clever and well hidden that no one could detect their presence.

87 Next, the agency needed to figure out how to get the designs to the Iranians without Tehran realizing that the blueprints were coming from the CIA.

88 That job was assigned to the CIA's Counterproliferation Division. The CPD chose the Russian defector.

89 That was the idea behind MERLIN, anyway. But like so many of the CIA's other recent operations, this one didn't go according to plan. First, of course, the Russian spotted flaws in the blueprints. Second, the CIA never maintained adequate controls over the nuclear blueprints—or over the Russian. The Russian was supposed to believe that he was handing over genuine nuclear designs. Instead, his cover letter may have convinced the Iranians to be wary of the blueprints. Furthermore, the CIA also gave the blueprints to the Iranians without any certain way of monitoring their use by Iranian scientists. The CIA was flying blind—dangerously so. In effect, the CIA asked

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the Russian to throw the blueprints over the transom, and then the agency just hoped for the best.

90 Several former CIA officials say that the theory behind MERLIN—
handing over tainted weapons designs to confound one of America's
adversaries—is a trick that has been used many times in past opera-
tions, stretching back to the Cold War. But in previous cases, such
Trojan horse operations involved conventional weapons; none of the
former officials had ever heard of the CIA attempting to conduct this
kind of high-risk operation with designs for a nuclear bomb. The
former officials also said these kind of programs must be closely
monitored by senior CIA managers in order to control the flow of in-
formation to the adversary. If mishandled, they could easily help an
enemy accelerate its weapons development.

91 That may be what happened with MERLIN.

92 The CIA case officer was deeply concerned by the ease with
which the Russian had discovered flaws in the designs. He knew that
that meant the Iranians could, too, and that they could then fix and
make use of the repaired blueprints to help them build a bomb. If so,
the CIA would have assisted the Iranians in joining the nuclear club.
He grew so concerned about whether he had aided the Iranian nu-
clear program that he went to the Senate Select Committee on Intel-
ligence to tell congressional investigators about the problems with
the program. But no action was ever taken.

93 For his part, the Russian never understood why the CIA wanted
him to give the Iranians blueprints that contained such obvious mis-
takes. It made no sense. And so he wrote the Iranians his personal
letter.

94 It is not known whether the Russian ever communicated again
with the Iranians, or whether they tried to contact him. But after re-
ceiving his letter warning them that they would need further help to

make the blueprints useful, it is entirely possible that the Iranians showed the plans to other experts familiar with Russian nuclear designs and thereby identified the defects.

95 Iran has spent nearly twenty years trying to develop nuclear weapons, and in the process has created a strong base of sophisticated scientists knowledgeable enough to spot flaws in nuclear blueprints. What's more, the Iranians have received extensive support for years from Russian and Chinese nuclear experts who could help the Iranians review the material. In addition, Tehran also obtained nuclear blueprints from the black-market network of Pakistani scientist A. Q. Khan, and so already had workable blueprints against which to compare the designs obtained from the CIA.

96 Even if the Iranians were interested in using the blueprints provided by the mysterious Russian, they would certainly examine and test the data in the documents before ever actually trying to build a bomb. Nuclear experts say that they would thus be able to extract valuable information from the blueprints while ignoring the flaws.

97 "If a country of seventy million inhabitants [Iran], with quite a good scientific and technical community, got [nuclear documents with supposedly hidden flaws], they might learn something," warned a nuclear weapons expert with the IAEA. "If [the flaw] is bad enough, they will find it quite quickly. That would be my fear."

98 MERLIN has been conducted in the darkest corner of the American national security establishment at one of the most significant moments in the long and bitter history of U.S.-Iran relations. Iran has bedeviled American presidents since Jimmy Carter and the embassy hostage crisis, and neither Bill Clinton nor George W. Bush have based their policies on an adequate understanding of the volatile political dynamics under way in Iran.

99 Throughout the late 1990s, the Clinton administration was convinced that political reformers and youthful moderates were ascen-

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dant in Iran, and so the White House twisted itself in knots trying to open back-channel talks with Tehran. But in order to reach out to the Iranians, Clinton had to downplay evidence that Tehran was still the world's leading state sponsor of terrorism, that Iran was still an Islamic republic whose security apparatus was controlled by powerful, conservative mullahs who wanted nothing to do with the United States, and that the Iranian regime was eager to become a nuclear power.

100 Critics say that Clinton and his lieutenants repeatedly tried to ignore intelligence indicating that Iran was linked to the deadly Khobar Towers bombing in Dhahran, Saudi Arabia in June 1996, which killed nineteen American military personnel. Saudi Hezbollah, an offshoot of the Lebanese-based extremist group backed by Iran, carried out the attack, and it did so with training and logistical support from Iran.

101 Senior CIA officials played an important role in the Clinton administration's efforts to downplay evidence of Iran's terrorist ties in the late 1990s, according to several CIA sources. In 1996 or 1997, a well-placed officer with the Ministry of Intelligence and Security, Iran's foreign intelligence service, was cooperating with the CIA. In meetings in Europe, just months after the Khobar attack occurred, the Iranian source provided the CIA with evidence that Iran was behind the bombing, according to CIA officials. The Iranian told the CIA he had been meeting with several senior Iranian officials after the bombing, and they were celebrating their successful operation. He also told his CIA contact that sometime after the Khobar bombing, an American government aircraft had secretly landed in Tehran, carrying a senior American official. Several top Iranian officials went out to the airport to meet the American, the source said.

102 To the officers working on the CIA's Iran Task Force handling the reporting from this Iranian source, it appeared that the Clinton administration was cutting a secret deal with Tehran just after nineteen Americans had been murdered by the same regime. Senior CIA

officials responded to this explosive intelligence by suppressing it, according to several CIA sources. According to one CIA source, reports from the Iranian source were delivered to high-ranking CIA officials, but none of the reports was disseminated throughout the intelligence community, and no record of the reports was distributed inside the CIA. It is not known whether President Clinton or other top White House officials were ever told about the reports from the Iranian source. Certainly, then-FBI Director Louis J. Freeh believed that President Clinton and his lieutenants were downplaying intelligence concerning Iran's involvement in Khobar Towers. As he has recently detailed in his memoirs, his anger over the way the Khobar case was handled by the Clinton administration was at the heart of his long-running dispute with the White House. It is not known whether Freeh was ever told about the reports from the source who detailed Iran's role, however.

103 It wasn't until June 2001, five years after the bombing, and after Clinton had left office, that the Justice Department issued indictments of fourteen people in the Khobar bombing that alleged that unidentified Iranian officials were behind the terrorist attack.

104 The indictment notwithstanding, in its first few months, the new Bush team largely ignored Iran while obsessing over Iraq. It was only after 9/11 that senior Bush administration officials began to pay attention to low-level, back-channel talks with Iran that had been under way in Geneva since the Clinton days.

105 Through those Geneva meetings, the Bush team discovered that Iran was strongly supportive of the U.S.-led invasion of Afghanistan, because of Tehran's deep hatred for the ruling Taliban, Sunni Muslims heavily dependent on Pakistani support to retain power in Kabul. Shia-dominated Iran long feared the Taliban's radical influence on its own Sunni minority. Tehran also wanted to retain its influence over western Afghanistan, particularly the trading center of Herat.

106 In 1998, Iran and the Taliban had come close to a shooting war. After nine Iranian diplomats were murdered in Afghanistan and

thousands of Shiites were killed following the Taliban seizure of the northern city of Mazar-i-Sharif, Iran massed troops on the border for a military "exercise," and Pakistan had to step in to calm things down. At the time, Iran's leader, Ayatollah Ali Khamenei, made it clear that Iran's patience with the Taliban was wearing thin. "I have so far prevented the lighting of a fire in this region which would be hard to extinguish, but all should know that a very great and wide danger is quite near," he declared, prompting a response from the Taliban that the cleric's statements reflected his "mental ineptitude."

107 Iran had also supported the opposition Northern Alliance against the Taliban, and after 9/11, Iranian officials at the Geneva meetings were actually impatient with the sluggish start to American military operations in Afghanistan. Publicly, the Iranians said little about the war and provided little overt support to the Americans, apart from promising to allow rescue operations for any downed pilots over its territory. But in Geneva, Iranian officials were eager to help and even brought out maps to try to tell the United States the best targets to bomb.

108 Iran also held some al Qaeda operatives who tried to flee Afghanistan into Iran. In early 2002, Iran detained about 290 al Qaeda fighters who had been picked up as they crossed the border. They weren't willing to turn them over directly to the United States, but they eventually did hand over some to third countries, such as Egypt, Saudi Arabia, and Pakistan, which were working with the United States.

109 But by that time, the Bush administration's attitude toward Iran was changing, hardening. Iran was now a member of the "axis of evil." The Iranians responded to Bush's axis of evil speech with pique; Tehran released Gulbuddin Hekmatyar, a ruthless Afghan warlord who had been on the CIA payroll during the 1980s but who was now opposed to the American occupation of Afghanistan. Soon after his

release, Hekmatyar's Hezb-i-Islami forces were battling U.S. troops in Afghanistan, and in May 2002 the CIA launched a missile from an armed Predator drone in a vain effort to try to kill him.

110 The 2003 U.S. invasion of Iraq, on Iran's other border, was met with deep ambivalence in Tehran. The Iranians were happy that the United States was getting rid of their old enemy Saddam Hussein, opening the door for Iraq's majority Shia population to gain power, with, of course, the guidance of Iran. But two consecutive wars in two neighboring countries, first in Afghanistan and now Iraq, had placed thousands of American troops on Iran's exposed flanks, and so it was not hard to see why the Iranians might be getting a little paranoid about the Bush administration's intentions.

111 In May 2003, one month after the fall of Baghdad, the Iranians approached the United States once again, offering to turn over top al Qaeda lieutenants, including both Saif al-Adel, al Qaeda's chief of operations, and Saad bin Laden, Osama bin Laden's son. This time, the Iranians wanted a trade; in return for the al Qaeda leaders, Tehran wanted the Americans to hand over members of the Mujahedin-e Khalq (MEK), an Iranian exile terrorist organization that had been supported by Saddam Hussein and based in Iraq since 1986. After the fall of Baghdad, the U.S. military had disarmed the MEK's thousands of fighters and taken custody of the group's heavy military equipment, more than two thousand tanks, artillery pieces, armored personnel carriers, and other vehicles provided by Saddam Hussein. But the Bush administration was divided over what to do with the group next.

112 In a principals committee meeting at the White House in May, the Iranian prisoner exchange proposal was discussed by President Bush and his top advisors. According to people who were in the meeting, President Bush said that he thought it sounded like a good deal, since the MEK was a terrorist organization. After all, the MEK had been a puppet of Saddam Hussein, conducting assassinations and sabotage operations inside Iran from its sanctuary in Iraq. The MEK was offi-

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cially listed as a foreign terrorist group by the State Department; back in the 1970s, the group had killed several Americans living in Iran, including CIA officers based there during the shah's regime.

113 Before any exchange could be conducted, the United States would need solid assurances from the Iranians that the MEK members would not be executed or tortured; in the end, that obstacle may have made any such prisoner trade impossible.

114 But the idea never got that far. Hard-liners at the Pentagon dug in and ultimately torpedoed any talk of an agreement with the Iranians. Defense Secretary Donald Rumsfeld and Deputy Secretary Paul Wolfowitz seemed to think that the MEK could be useful in a future war with Iran, and so they appeared eager to keep the group in place inside Iraq. CIA and State Department officials were stunned that the Pentagon leadership would so openly flaunt their willingness to cut a deal with the MEK; they were even more surprised that Rumsfeld and Wolfowitz paid no price for their actions. At the White House, officials soon learned that the Pentagon was dreaming up excuses to avoid following through on any further actions to rein in the MEK. One argument was that the military was too busy, with too many other responsibilities in Iraq, to devote the manpower to dismantling the MEK. The Pentagon basically told the White House that "we will get around to it when we get around to it," noted one former Bush administration official. "And they got away with it."

115 The bottom line was that the United States lost a potential opportunity to get its hands on several top al Qaeda operatives, including Osama bin Laden's son. It became clear to frustrated aides that National Security Advisor Condoleezza Rice was not only failing to curb the Pentagon, but was also allowing decision making on Iran policy to drift.

116 The MEK's political arm, the National Council of Resistance of Iran, understands how to gain attention in the West, particularly after

watching the prewar success of the Iraqi National Congress, the Iraqi exile group headed by Ahmed Chalabi. Like Chalabi's group, the Iranian exiles have used the American press to issue claims about Iran's nuclear weapons and ballistic missile programs in order to build the case for a tougher U.S. policy toward Tehran.

117 While the war in Iraq has overshadowed the issue and forced the Bush administration to move slowly, some administration officials have been advocating a more forceful policy of pressuring the Iranians to disarm. The odds of a confrontation between the United States and Iran seemed to increase in the fall and winter of 2004, when the IAEA reported that Iran was not fully cooperating with international inspectors, and there were new reports that Iran was going ahead with plans to produce enriched uranium despite past assurances to the IAEA that it would freeze such activity. By 2005, Iran's apparent intentions to continue to develop its nuclear program was inevitably leading to a full-fledged diplomatic crisis.