

NATIONAL ARCHIVES

IRELAND



Reference Code:	2007/111/1908
Creation Date(s):	15 April 1976
Extent and medium:	8 pages
Creator(s):	Department of Foreign Affairs
Access Conditions:	Open
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SECRET

Mr. Donlon

I attach a note of the meeting on 12 April with the US Customs officials, which Mr. Hamill and I have prepared.

It became clear in the course of the meeting that Messrs. Pitsker and Rosenblatt are policemen, although they work for the Customs authorities. Indeed, outside the formal meeting I asked them whether they regarded themselves as policemen and they made it quite clear that they did.

The principal object of their visit seems to be to set up channels of police cooperation on gun-running and related currency movements. In this context, they are looking for information such as lists of long-distance telephone calls from certain individuals. They are also looking for cooperation in matters such as the "convoying" or shadowing of couriers and they seemed also to be seeking information concerning the suspicions of the Irish authorities about individuals involved in IRA activities.

They did not pursue the question of customs control of currency movements.

It was obvious that Mr. Underwood had had previous contacts with Chief Superintendent McMahon. (During the meeting he addressed him by his Christian name.)

HS

H. Swift

15 April 1976

Secret

Meeting with U.S. Customs Officials in Iveagh House on 12 April 1976

1. A list of those who attended is attached.
2. In an introductory statement, Mr. Underwood explained that their visit was not related to the Taoiseach's recent visit to the United States, but was part of an on-going programme. The Investigation Branch of the US Customs authorities, to which Mr. Pitsker and Mr. Rosenblatt belonged, had switched the main focus of their activities in 1973 from drugs trafficking to the illegal exportation from the US of arms, ammunition and currency. This switch had coincided with the passing into law of the Financial Transactions Act which requires the declaration to the US Customs of the importing or exporting of sums in currency, travellers cheques, etc. of more than \$5,000 at a time. At the moment, they were implementing a special 90-day programme on money leaving the US and had had moderate success in uncovering some illegal flows. The programme is aimed at gambling money being "laundered" abroad as well as IRA and other such funds for illegal arms.
3. Mr. Underwood went on to say that in five recent major gun-running cases in the US, guns sold illegally in the US had turned up in Northern Ireland. One of their priorities was to attempt to trace the channels by which these guns had been conveyed. Except for isolated cases, they had no hard information on such channels. A similar problem arose in respect of funds being transmitted by agencies such as Noraid, where also no information was available on the channels of transmission.
4. Prior to coming to Dublin, the delegation had had exchanges with UK officials and police and with the RUC and Army in Northern Ireland. Mr. Underwood indicated that these exchanges had not provided the hard intelligence they were seeking. However, he said that in the absence of adequate hard intelligence, the US Customs service would be anxious to obtain any information, however apparently insignificant, on individuals thought to be involved in illegal arms movements as well as on the arms themselves and related currency. For example, it would be useful for them to obtain lists of long-distance telephone calls

made by suspected individuals. Under the US TELAN a complete list of long-distance calls from particular numbers can be obtained and traced and by processing such lists through a computer cross relationships can be established by what seems at first to be unconnected intelligence. A further example of cooperation would be the "convoying" of a suspect or a shipment: by coordination between the observer leaving the United States and those backing up the suspect on arrival in Ireland, a more complete picture could be obtained of his contacts and activities. (This had proved very important in the struggle against drug trafficking.)

5. Mr. Swift said that there was a common concern to eliminate the illegal traffic in arms and the movement of currency for illegal purposes. He enquired of the US side whether they had a clear idea of the order of magnitude of the flow of funds from Noraid to Ireland and also how they interpreted the decline in Noraid receipts and remittances in recent returns to the US authorities. Mr. Kirwan enquired whether the US authorities were concerned with sums less than the \$5,000 mentioned in the Financial Transactions Act.

6. In reply to Mr. Kirwan, Mr. Underwood said that his authorities were interested in any relevant transactions on which they could get information. They were at present looking at the possibility of bringing a trial case based on conspiracy to evade the law where currency movements were deliberately being maintained at levels below \$5,000. The possibilities of US income tax legislation are also being looked into. In reply to Mr. Swift, he pointed out that the original Noraid reports were very general in form and it was not at first clear that such reports were obligatory. This had been established only after a long legal battle, during which it had not been possible for the FBI to audit the Noraid accounts. By the time authority to audit had been obtained, the Noraid people would have had adequate time to arrange their books. No confidence could therefore be placed in the figures. However, the FBI would audit the returns again on a future occasion. Mr. Rosenblatt added that they too had noticed the downward trend in Noraid's finances. This might be because of the appeals that had been made, it might be because money was being "skimmed off" by individuals or it might be because a quantity of what was raised was being diverted before it appeared in the returns. Neither the Customs authorities nor any other US agency was, as yet, in a position to verify the accuracy of the Noraid figures.

7. Mr. Rosenblatt went on to say that their immediate objective in respect of Noraid was to establish the channels by which funds were being transmitted. The US authorities know who were involved in Noraid in the US and they hoped that it would be possible to establish who were the "players" in Ireland. Mr. Underwood added that because the Financial Transactions Act lacks "teeth" the cooperation of the authorities in the country of destination was needed. For example, a US Customs officer needed a search warrant in order to search someone on suspicion of violating the Act. With cooperation such difficulties could be got over. However, it was important not to disclose too much cooperation at an early stage as it was frequently better to observe traffic for a time rather than to drive it further underground to a "deeper conduit" by precipitate action.

8. Mr. Brophy said that there are at present no Customs controls in Ireland on the importation of foreign currency. He asked what specific cooperation the US authorities wanted. For example, would they expect cooperation for someone whose only offence was violation of the currency regulations. Would they expect an Irish Customs official to give evidence in such cases. Mr. Underwood replied that this would depend on the level of cooperation. If a case of currency importation were legal from the Irish point of view, they would probably not wish to press the matter. If, on the other hand, the money were being imported for an illegal purpose here, the case could be pursued and then the testimony of the Irish Customs official involved might be necessary. Mr. Rosenblatt added that while the currency offence in itself was only a misdemeanour if the US authorities could demonstrate the involvement of the individual concerned in other illegal activities, the currency offence would be transformed into a felony under US law and could carry a 10-year sentence and a heavy fine.

9. Mr. Neavyn explained that the powers of the Exchange Controls Act do not extend to the importation of foreign currency into Ireland, in contrast to the wide powers relating to the export of currency. Residents must surrender foreign currency but, in view of the large amount of currency involved, there would be considerable administrative difficulty in applying strict controls, apart from the scope for falsifying data. In very special domestic circumstances, a bank might be required to give information on currency imports. There was also

the possibility of getting information informally from the banks. There were no controls on the export of currency to the United Kingdom.

10. Mr. Rosenblatt said that the transfer of currency through the mails was treated in the same way as if it were carried by an individual. As regards transfers through the banking system, the banks were normally obliged to report on each transaction over £10,000. The information existed on smaller transactions but it would be very hard to get it unless there were clear ideas on who were involved, dates, etc.

11. Mr. Underwood said that the next audit of the Noraid accounts would provide the opportunity to ask a number of searching questions. For example, Noraid could be asked to indicate to whom their funds had been disbursed, by what channel they had been transmitted and on what date. His authorities, before embarking on such a task, wished to be as fully informed as possible on Noraid's activities in order that they could ask the right questions in the course of the audit and so that they would be able to recognise when they were being fobbed off with inadequate or inaccurate replies. They would also be happy to consider any questions which, for example, the Irish authorities would wish to have put to Noraid in this context. Noraid could be forced to name recipients for any funds transmitted to Ireland and it might then be possible for the Irish authorities to follow up this information from the income tax point of view. Mr. Underwood enquired whether there was legislation here providing for the audit of charitable organisations and whether bodies such as Noraid or An Cumann Cabhrach were registered here for such purposes. Mr. Swift and Mr. Kirby replied that the registration of charitable bodies was optional and that it was unlikely that organisations close to the PIRA would apply as such registration would make them liable for the disclosure of information. Mr. Swift pointed out, however, that the question of the compulsory registration of bodies receiving aid from fund-raising groups in the US was under consideration. Mr. Underwood indicated that this would facilitate investigation of the transmission of funds from one group to another.

12. Mr. Pitsker said that his authorities would shortly be allocating a number of agents in New York and other cities to concentrate on Noraid activities. They would seek to identify the

hardcore individuals involved and to assess how much money was being raised at different functions.

13. Mr. Underwood said that his authorities were convinced that a single individual (a "quarter master") was master-minding the IRA operation in the US and was responsible for the purchase of arms. While the individual might change from time to time they were convinced that, at any time, it was an individual and not a group that they were dealing with. They considered that such an individual would typically be someone who had occupied a high position in the PIRA in Ireland and they would like to receive information on such individuals who had moved to the US or who might move in the future. His authorities also considered that guns being transported from the US to Ireland were not being shipped in a casual or case-by-case manner. If this were the case, more weapons would have been discovered in transit. They were convinced that there was a single conduit through which 300-400 weapons per year are being channelled from the US to Northern Ireland. There would be obvious advantages therefore in establishing what this conduit was and, for this purpose, it would be useful to establish which contacts were taking place between individuals involved in IRA activities here and in Noraid activities in the US.

13. Mr. McMahon said that there had been difficulties in tracing back to their US sources weapons found here with their serial numbers still on. Such tracing was possible here and in Britain but there were apparently problems in the US. In a recent case we were informed that the weapon had been sold to the US Army but that no further information was available. Mr. Underwood indicated that this performance could be improved on. He also indicated that in cases of apparent non-cooperation, he would be prepared to intervene. Mr. Pitsker said that the increasing number of weapons coming include armalite rifles, of which the serial numbers had been obliterated or cut off made the task of tracing more difficult. However, connections between individuals and groups could be established by tracing telephone calls, investigating contacts, etc. and in this way a network of information built up. At present, those on trial in Philadelphia can deny any illegal action in respect of the guns which they are known to have purchased and which have since turned up in the North but it may be possible with adequate background information of

and a minimum of concrete evidence to prove conspiracy charges. No doubt, however, those involved were becoming more sophisticated and careful in their approach. No weapons have been found which have been purchased by IRA sympathisers in the US since February 1974.

14. Mr. Swift thanked the American side for the information which they had given. He said that the Irish authorities would examine carefully the proposals which they had made and repeated that the Irish authorities were most anxious to cooperate as fully as possible in all efforts to prevent arms and money reaching the IRA and other terrorist bodies.

WS
15/4/76

List of Participants

U.S. side

Mr. W. Underwood, Customs Attaché, U.S. Embassy, London
Mr. W. Rosenblatt, U.S. Customs Officer
Mr. V. Pitsker, U.S. Customs Officer
Mr. R. DuBose, First Secretary, U.S. Embassy

Irish side

Mr. H. Swift, Department of Foreign Affairs
Mr. D. Hamill, Department of Foreign Affairs
Mr. E. Brophy, Revenue Commissioners
Mr. D. Mulcahy, Revenue Commissioners
Mr. W. Kirwan, Department of the Taoiseach
Mr. J. McMahon, Department of Justice
Mr. J. Kirby, Department of Justice
Mr. P. Neavyn, Department of Finance
