

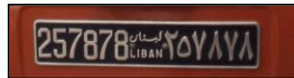
## CHAPTER 7: MY INTRODUCTION TO THE MIDDLE EAST

### Lebanon, Iran, The U.A.E., Kuwait and Syria

In April of 1974 the entire management team was off to Teheran for our first meeting with HP's Iranian distributor, Multi-Corp International (MCI). After two months in the office my efforts were beginning to produce some results and I felt comfortable about getting out from behind my desk for a couple of weeks. After all of the talk it was time for some real-world experience.

As I had learned while helping Joella complete Cherif's expense reports in Montreal a couple of years earlier his style was to mix business with pleasure whenever possible. This trip would be no exception. He insisted that we bring our wives along. We would all visit Beirut for a couple of days while he took care of some personal business, we would then fly to Teheran to meet with MCI and, finally, finish the trip with a short visit to Isfahan, a very old (UNESCO World Heritage Site) city known for its many beautiful mosques. Per my plans with Peter Merkel, he and I would then continue on our own to the United Arab Emirates (U.A.E.), Kuwait and Syria to visit medical customers and distributors. Everyone else would return to Athens.

#### **LEBANON**



The first leg of our trip took us to Beirut, Lebanon. To business people Lebanon was the “Switzerland of the Middle East” because of the modern banking system and the ease of doing business. To the wealthy Beirut was known as the “Paris of the Middle East” because of its French heritage, exquisite shops and fine restaurants. And to the area’s super-rich sheiks, kings and princes it was known as the “Playground of the Middle East”. Anything they wanted was there.....luxury hotels, casinos, exclusive beach resorts, beautiful women and an endless supply of liquor. For the desert dwellers, Beirut was paradise.

#### **A Brief History**

As part of “Greater Syria”, Lebanon had a typical French colonial background, but until the end of World War I it did not exist as a separate political entity. In 1920, when the British and the French officially divided up the region following the war, Syria became a French mandate (i.e., colony). The geographic area within Syria that is now Lebanon contained such a high concentration of Christian communities, remnants of the Byzantine period when the papacy was based in Constantinople (Istanbul), that it was decided to separate it from Syria, which was primarily Muslim. As a result the Maronite Christians wielded most of the political power.

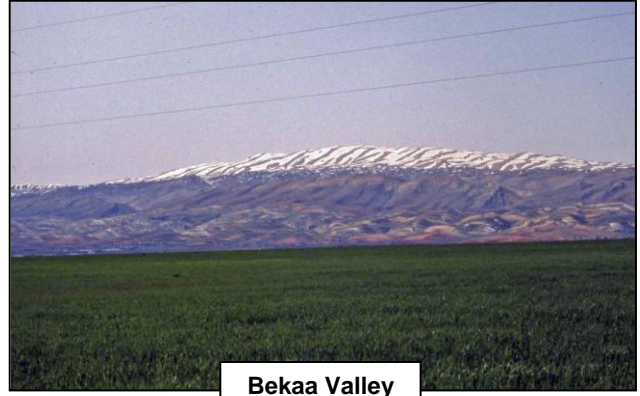
After Lebanon obtained its independence and French troops departed the country in 1946 a democratic government was established. By mutual agreement between the various religious factions, the President of the country would be a Maronite Christian, the prime minister would be a Sunni Muslim, and the national assembly speaker would be a Shiite Muslim. As representation in the parliament was proportional to the population the Maronite majority controlled the government. Although there had been the occasional dust up between these three groups over the years Lebanon was viewed as politically stable and a place that was very business friendly. For that reason I had at one point considered the possibility of establishing an HP service center in Beirut. Fortunately I did not. By 1973 the Lebanese Palestinian community had grown substantially, to about 300,000 people, and having spent twenty five years as refugees with no rights after being forced out of their own country in 1948 the refugee camps were a hotbed of discontent. Also, the greater Lebanese Muslim community, which had a birthrate much higher than that of the Christians, was becoming increasingly unhappy with the power sharing arrangement. Even though the Christians were now in the minority they refused to relinquish their power and this situation would boil over into a civil war in 1975. But, in 1974 we were all ignorant of this likely possibility.

## Our Visit

Our visit to Lebanon was primarily for Cherif's benefit and after he had finished his business the group headed off on a day trip to the ancient Roman ruins located at Baalbek, in the Bekaa Valley, about an hour or so inland from Beirut. Claude Gengoux's wife, Lea, a native of French heritage, was our guide. Baalbek was as impressive as anything I had seen in Greece. Today that entire area is controlled by Hezbollah (aka the Party of God) and is not a safe place to visit, especially for Americans.



Baalbek



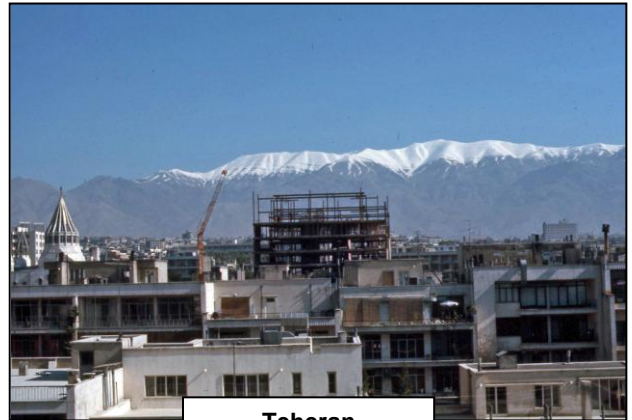
Bekaa Valley

Peter Merkel and I would return to Lebanon again, at the tail end of this trip, to visit HP distributors in Beirut and Damascus.

## IRAN



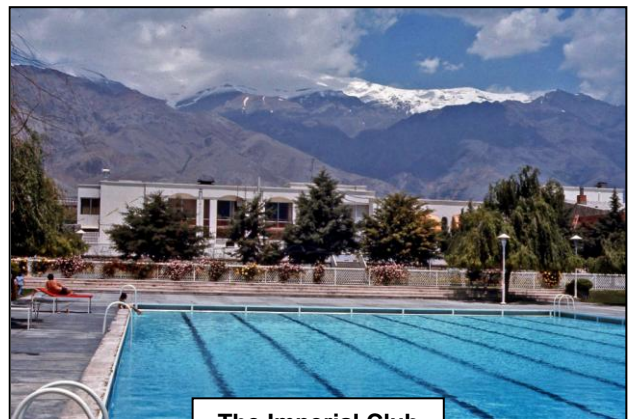
When we arrived in Teheran the weather was still wintry and there was snow visible on the nearby mountains. Iran at this time was a secular state. Making money was the new religion. Tehran was a fast growing city with all of the associated problems. Thanks to the oil money the general population could now afford homes, automobiles and luxury goods. There were monumental traffic jams, restaurants were crowded and the cost of everything was sky-high and rapidly rising. However, beneath all of the glitz, glamour and good times there was a great deal of political unrest, which eventually resulted in the 1979 Islamic Revolution.



Teheran

## A Brief History

At the time we were in Iran it was a dictatorship under the absolute control of Mohammed Reza-Shah Pahlavi ("The Shah"). Although the Shah claimed that his bloodline went back to Cyrus the Great of ancient Persia the facts proved otherwise. His family came from humble beginnings. The Shah was only the second generation of the "Pahlavi Dynasty", which was a creation of his father, Reza Shah. Reza Shah, who had been a gunnery sergeant in the Iranian army, happened to be in the right place at the right

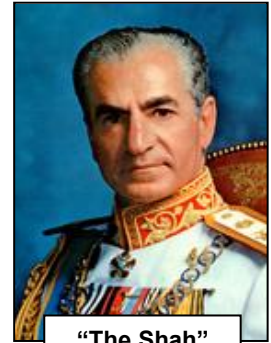


The Imperial Club



time to play a key role in the 1921 coup that deposed Ahmad Shah Qajar, the last Shah of the Qajar dynasty. The British, who were afraid of Russian expansionism in the area and their friendship with Shah Qajar, provided Reza Shah with the supplies and weapons needed to depose him. Elevating himself to the position of Minister of War in the new government placed Reza Shah in an excellent position to stage another coup, which he did in 1923. By 1925 he had complete control of the government and surprised everyone by declaring Iran a republic, with himself as King and the founder of the new Pahlavi Dynasty.

The Shah of our era had come to power following the death of his father, Reza Shah, in 1941. As a republic, Iran had a representative style of government. In 1951, with the support of democratically elected representatives, Prime Minister Mohammed Mosaddegh, moved to nationalize the Anglo-Iranian Oil Company. Naturally, the British were not going to go quietly and pressured the Shah to dismiss Mosaddegh, who had refused to resign. With covert help from the CIA the Shah and his supporters orchestrated violent demonstrations and distributed anti-Mosaddegh propaganda. When that effort appeared to be failing the Shah fled the country. In the 11th hour a pro-Shah mob paid by the CIA stormed Mossaddegh's residence and hauled him away. The CIA quickly restored the Shah to power. Having learned about democracy the hard way (just like the Egyptians of today), after his return to power the Shah quickly abolished the republic.....a government comprised of elected representatives could be hazardous to his health. The paranoid Shah then established a dictatorship that lasted until 1979.

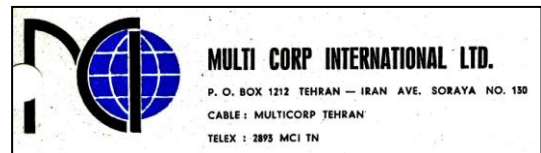


To enable the Shah to maintain control of the country he received strong support from the U.S. in the form of weapons and training for his dreaded secret police, the Savak. In thanks the Shah became a steadfast U.S. ally in the Middle East and with our further help developed the 5<sup>th</sup> largest military in the world, which is currently in the hands of the Islamic fundamentalists who now govern Iran. Under the Shah's repressive regime the Islamic fundamentalist movement was outlawed but, never-the-less, its more extreme members still managed to regularly assassinate Iranian government officials and an occasional American, usually a military or diplomatic officer. These events were quietly swept under the carpet by both governments. (Thanks to social media that would not be possible today).

During our visit to Teheran I had an opportunity to do some shopping with Joella. We were accompanied by Maggie, a bi-lingual MCI employee. I noticed that there was always, without exception, a picture of the Shah and his family displayed in every shop. When I commented to Maggie that the people must really love the Shah she said, "No. They all hate him. If they don't have his picture on display the police will close their shops". This was the situation in Iran in April 1974 and was a very good predictor of what was to happen 5 years later.

### **Multi-Corp International (MCI)**

The owner of MCI, our Iranian distributor, was Albert Hakim, a self described wheeler-dealer who would later become famous for his involvement in the "Iran-Contra Affair". He was the "money man" who Colonel Oliver North recruited to help supply arms to the Contras in Nicaragua.



Albert was well connected and as a result of being the middleman (commission agent) in the purchase of weapons for the Shah's expanding military he was extremely wealthy. His commission on just the sale of F16's was rumored to be \$50 million. He was at the peak of his good fortune when we met him.

There were numerous newspaper articles about Albert's activities especially after he was identified as the man behind the money in the Iran-Contra affair. Here are excerpts from a few of them.....

"Hakim paid off top officials in the Iranian military to help American companies such as **Hewlett Packard**, Motorola and General Electric win multimillion dollar contracts with the Shah's regime."

"Through his company, the Stanford Technology Trading Corporation, Hakim set up foreign bank accounts for Colonel Oliver North's covert operations, which included the sale of missiles and other weapons to Iran in exchange for the release of America hostages in Lebanon."

## Contras got arms profits, bank info says

By R.A. ZALDIVAR and CHARLES GREEN

WASHINGTON — A key middleman in the Iran-contra arms deals has given congressional investigators detailed Swiss bank records that establish for the first time that Iran arms profits were diverted to the Nicaraguan contra rebels, sources said.

Iranian-American businessman Albert Hakim, a partner of retired Maj. Gen. Richard V. Secord, supplied the records during an interview with two Republican members of Congress and staff investigators in Paris earlier this week. Hakim had previously been granted limited immunity by House and Senate investigative committees.

One congressional source called the records the first big break in piecing together the money trail. "It's reasonable to assume that a great deal of what went in and out is now traceable," he said.

The Tower Commission estimated that about \$20 million was available for diversion to the contra from three U.S. arms transactions with Iran in 1986. However, one congressional source said that while much of the \$20 million may have been intended for the contra, it appears that "somewhere near" that amount actually reached them. That raises the possibility that substantial sums were pocketed by middlemen involved in the transactions.

Congressional investigators believe that the records will enable them to answer a key question that has frustrated them for months: How much Iran arms money was diverted to the private network that sent arms to the contra during a time when Congress had banned all direct U.S. military aid?

Sen. Daniel Inoué, D-Hawaii, chairman of the Senate investigative committee, Thursday said the money trail that "on a scale of 10, we've got nine."

John Nields, chief counsel of the select House Iran-contra committee, described the Swiss bank records to committee members and staffers at a meeting Wednesday. According to one source who was there, Nields said the records showed that funds from the arms sales "went to the contra."

Nields reportedly gave dollar figures for the

Please turn to IRAN / 24

## Bank files show arms sale profits went to contras

IRAN/From IA

Independent counsel Lawrence Walsh to obtain them directly from banks in Switzerland have been tied up by litigation in that country.

"We were never going to get the records going in through the front door," said one congressional source of the approach to Hakim.

"We only had one shot, and we took it. The only way we were going to get the records in timely fashion was this way, and it succeeded."

Secord, a retired Air Force officer with extensive experience in the Middle East, was the central figure in North's private contra effort in late 1985. North also became involved in the secret arms-for-hostages negotiations with Iran and brought Secord into that operation.

After President Reagan decided in January 1986 to sell arms directly to Iran, a Swiss account used by Secord in the contra supply effort became the main depository for Iranian payments.

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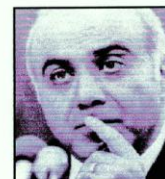
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Albert Hakim: Turned over Swiss bank records.



Albert Hakim was born in Iran in 1937. In 1974 he founded Stanford Technology Corporation in Geneva, Switzerland. According to Daniel Sheehan: "Hakim paid off top officials in the Iranian military to help American companies such as Hewlett Packard, Motorola, and General Electric win multimillion-dollar contracts with the Shah's regime."



In 1976 hired ex-CIA agent Edwin Wilson to gain access and influence in Washington. Stansfield Turner, the director of the CIA. He immediately carried out an investigation of into CIA covert activities. Turner eventually found out about Ted Shackley and his "Secret Team". He was especially worried about the activities of Wilson and the Nugan Hand Bank.

One of the men Wilson employed was former CIA officer Kevin P. Mulcahy. He became concerned about Wilson's illegal activities and sent a message about them to the agency. Ted Shackley was initially able to block any internal investigation of Wilson. However, in April, 1977, the *Washington Post* published an article on Wilson's activities stating that he may be getting support from "current CIA employees". Stansfield Turner ordered an investigation and discovered that both Shackley and Thomas G. Clines had close relationships with Wilson. Shackley was called in to explain what was going on. His explanation was not satisfactory and it was made clear that his career at the CIA had come to an end. Richard Helms, reportedly said: "Ted (Shackley) is what we call in the spook business a quadruple threat - Drugs, Arms, Money and Murder."

After leaving the CIA in September, 1979, Ted Shackley formed his own company, Research Associates International, which specialized in providing intelligence to business. He also joined with Thomas G. Clines, Raphael Quintero, and Ricardo Chavez (another former CIA operative) in another company called API Distributors. According to David Gorn (*Blond Ghost*) Edwin Wilson provided Clines with half a million dollars to get his business empire going. Shackley also freelanced with API but found it difficult taking orders from his former subordinate, Clines. Shackley also established his own company, Research Associates International, which specialized in providing intelligence to business (in other words he sold them classified information from CIA files).

Edwin Wilson introduced Hakim to Ted Shackley and Richard Secord. In October, 1980, Shackley joined the company owned by Hakim (he was paid \$5,000 a month as a part-time "risk analyst"). Hakim was keen to use Shackley's contacts to make money out of the Iran-Iraq War that had started the previous month.

In 1983 Hakim and Richard Secord became partners in Stanford Technology Trading Group International in Vienna, Virginia. The following year the CIA sent a secret memo to the FBI stating: "This Agency has reason to believe that Hakim's company may be associated with Iranian terrorist-support activities being run out of official Iranian installations in Vienna and Barcelona."

In 1985 Paul Hoven met Carl E. Jenkins, a former CIA officer, at a party for people associated with the *Counters of Fortune* magazine. Jenkins introduced Hoven to Gene Wheaton. Hoven discovered that Jenkins and Wheaton had been attempting to win federal contracts involving transporting goods to Afghanistan and Nicaragua. Wheaton told Hoven about how the Ronald Reagan administration were involved in illegal arms deals. He also provided information about how the CIA had been responsible for carrying out a series of political assassinations.

Former National Security Adviser John Poindexter is indicted on seven felony counts relating to his participation in the Iran-Contra affair. Poindexter is named with fellow Iran-Contra conspirators Oliver North, Richard Secord, and Albert Hakim as part of a 23-count, multi-defendant indictment. The charges are based on evidence that shows all four defendants conspired to defraud the United States and violate federal law by secretly providing funds and supplies to the Nicaraguan Contras. The cases will soon be severed and each defendant will be tried separately (see May-June, 1989). [FINAL REPORT OF THE INDEPENDENT COUNSEL FOR IRAN/CONTRA MATTERS: CHAPTER 3: UNITED STATES V. JOHN M. POINDEXTER, 8/4/1993; PBS, 2000]

"A U.S. Senate Intelligence Committee report said Hakim had been the first to suggest that profits from arms sales be given to the Contras, and that he was a key figure in moving money from Iran to the rebels."

"Hakim sold eavesdropping equipment to Savak, the Shah's secret police, to spy on the Iranian military."

"In 1976 Hakim hired ex-CIA agent Edwin Wilson to gain access and influence in Washington"

"Anthony Musladin, Hakim's business partner from 1974-1981, described Hakim as a flashy dresser with unbuttoned shirts and lots of jewelry, an entrepreneur who always has such a deal for you."

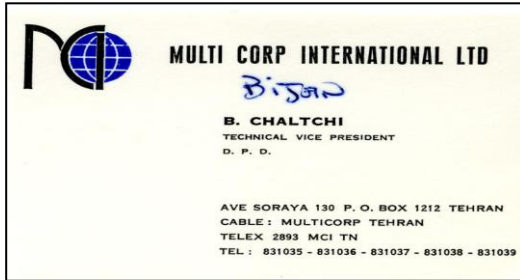
"He went bankrupt in 1996. The criminal charges against him damaged Hakim's health as well as his wealth."

"Hakim died of a heart attack in Inchon, South Korea, where he had started an English-language school with his second wife, Soony Oh."

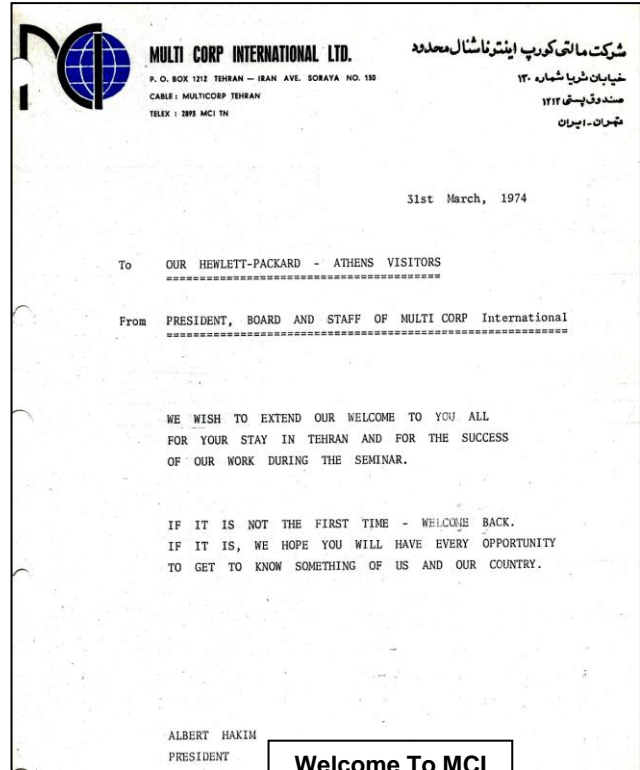
Clearly, HP's contribution to Albert's overall business was miniscule and considering his other interests, dealing with all of us straight-arrow types must have been absolutely boring for him. However, like so many of our distributors, MCI found that being able to advertise its relationship with HP, a company with a solid world wide reputation, was very good for business. The night of our arrival Albert provided a demonstration of his wealth and hospitality by arranging a pull-out-all-of-the-stops welcoming party. There was an orchestra, belly dancers, and a champagne fountain. The works. Albert was a high-rolling party animal and fun to be with..... just take care not to get too close.

**Our Visit**

When we got down to business the following day Cherif went off to speak with Albert while the remainder of us met with our MCI counter-parts. Mine was Bijan Chaltchi, the service manager (aka, the Technical Vice President). Prior to our departure from Athens Cherif had confirmed that



HP was going to terminate its relationship with MCI and establish a subsidiary in Tehran. The only person at MCI aware of this was Albert, who was not too unhappy about it because he would be receiving a golden handshake from HP. While Cherif and Albert were discussing the conditions of the buy-out and the transition the rest of us were learning as much as possible about the MCI operation, without mentioning anything about plans for an HP subsidiary. I had a good discussion with Bijan and was very impressed by the members of his team.....thinking that I might be able to eventually hire some of them. I agreed to provide MCI with additional service kits and training with the knowledge that I would probably benefit from my own generosity within the next year. In the afternoon I spent a couple of hours with Cherif and Albert discussing the transition details with regard to service. The support planning and implementation for HP Iran would consume a large portion of my time over the next 18 months.



The next day the entire HP entourage flew to Isfahan.

**Isfahan**

At the time our visit Isfahan was Iran's third largest city. Centuries ago it was the capital of Persia and one of the largest cities in the ancient world. It was noted for its magnificent Islamic architecture, mosques and palaces. The visit was relaxing and enjoyable and our stay at the Shah Abbas Hotel was marvelous, but because there was absolutely no business reason for us to be there we all assumed that this was just another treat being provided to us by Cherif at HP's expense. Or perhaps this was just part of our "orientation".



**The Great Mosque**



**The Great Mosque**

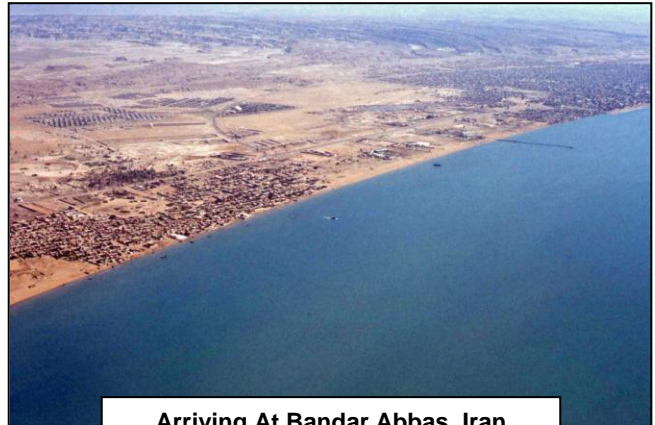


**Shah Abbas Hotel**

After two days in Isfahan Peter and I parted company with our wives and fellow HP travelers and caught a flight to the U.A.E.

## **UNITED ARAB EMIRATES**

The first leg of our trip from Isfahan took us to the Southern Iranian town of Bandar Abbas, which is on the Persian Gulf (aka, the Arabian Gulf) at the Straits of Hormuz. It was necessary for us to stop there to exit Iran and to catch a Gulf Air flight to Dubai. As our Iran Air flight turned to make its final approach into the Bandar Abbas airport the view from my window was like looking at a sheet of paper divided diagonally with deep blue filling the right side of the sheet and beige filling the left side. This bi-color view of the coastline, where the beige color of the arid desert met the blue waters of the gulf, was strangely beautiful. As the buildings in Bandar Abbas were all made from local materials it was a little difficult to distinguish the town from the desert. The whole place reminded me of some kind of long forgotten desert outpost, like something you might see in a movie romanticizing the French Foreign Legion. After going through the immigration formalities Peter and I boarded our connecting flight to Dubai, which was a Gulf Air cargo plane with room for five passengers. As I recall, our flight was short, about an hour, and we were met at the new and very modern Dubai airport by Masood Ali, one of the owners of HP's distributor in Pakistan, Mushko & Co., Ltd.



**Arriving At Bandar Abbas, Iran**

### **A Brief History**

The U.A.E. is a collection of seven sheikdoms (Emirates) located on the south-eastern coast of the Arabian Peninsula. In the early 1800's the area was referred to as the "Pirate Coast" because the inhabitants spent most of their time raiding commercial vessels that were enroute to India. As these vessels were primarily British, the British government negotiated a mutually beneficial truce with sheiks. British shipping would be left in peace and the sheiks would receive protection from the Ottoman Turks. At that point the sheikdoms became known as the "Trucial States", referring to the truce. In 1892 a treaty was signed that formalized this arrangement and made the Trucial States a British protectorate.

In the early 1960's oil was discovered in the Emirate of Abu Dhabi followed soon thereafter by the Emirate of Dubai. Commercial oil shipments from Dubai began in 1969. In 1971 the Trucial States gained their independence from Britain and formed the United Arab Emirates. The U.A.E.'s form of government is a federal presidential system and constitutional monarchy. At the time of our arrival the ruler of Dubai, Sheik Rashid, had begun to use his growing wealth to develop his emirate. One of his first projects was the Rashid Hospital, which was the reason for our visit.

### **Dubai**



My first impression of Dubai was that it looked pretty much the same as Bandar Abbas. Even with all of its wealth Dubai from the air still looked very much like what it no longer wished to be.....a fishing village with not much of a future. What is now the Manhattan of the Middle East, Dubai in 1974 looked like the last stop on a train to nowhere.

My impression was confirmed when Peter and I checked into the Oasis Hotel. I remember that the bathroom was so bad that I had to place a towel on the floor of the shower before stepping in.



**Aerial View Of Dubai**



Preparing To Land In Dubai



Dhows In The Dubai Lagoon

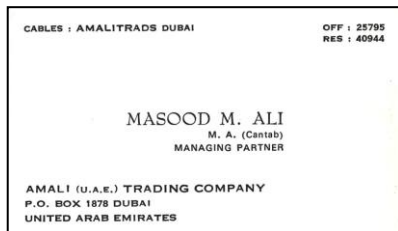
Fortunately my bed bug check didn't turn up anything. From my hotel room window, which faced the waterfront, I had a good view of the daily routine of the occupants living aboard the many Arab dhows tied up at the quay..... and would occasionally see one of the occupants respond to the call of nature by backing up to the deck railing and dropping his load over the side. At that point I decided that it would be best not to consume any seafood and I was very happy that I had had a cholera shot prior to leaving Athens. I am sure that at that time Dubai would have been considered a hardship post for any foreign diplomat. On the plus side, the temperature in April was very pleasant as were the people. We felt very comfortable and safe walking through the streets in the evening. There were numerous gold shops without bars in front of their plate glass display windows. A good sign that crime was not a problem.

### The Rashid Hospital

Although a lot of development was underway it seemed that the only finished project was the Rashid Hospital. Through his connections from somewhere within the local Pakistani community (50% of the population of Dubai was/is from India and Pakistan) Masood Ali had learned about the new and still unequipped Rashid Hospital. When Masood contacted Intercon in Palo Alto to see if he could pursue business opportunities in Dubai he was told that the U.A.E. was not within Intercon's territory. So, Sy Corenson at Intercon directed Masood to Peter Merkel, in Athens.



Rashid Hospital



As Peter and I discussed the Rashid Hospital with Masood we learned that he wanted his new company, Amali Trading (later EMITAC), in the Emirate of Sharja, to represent HP. His hope was that the goodwill generated by helping HP

obtaining the Rashid order would expedite the process. Masood was great to work with and had completed all of the preparations necessary for the hospital visit in advance of our arrival. The visit was well organized and the management was impressed by the amount of attention they were receiving. Not only were the HP area headquarters medical sales and service managers present, but so were HP's Pakistani distributor and his



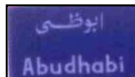
Peter Merkel & Alan Kirk

chief medical sales and service engineer, Ali Jaffari. While we were there we worked out the list of required products as well as the plans for the installation and on-going support. Alan Kirk, a Brit who was the hospital's maintenance engineer, was very happy about the amount of hand holding he would be receiving from HP.

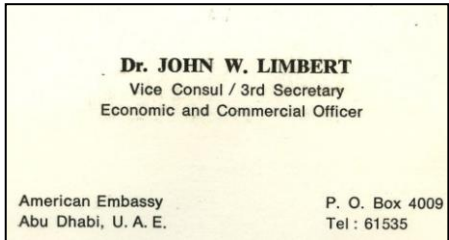
A few weeks later the sales quotation and service contract were accepted by the hospital and the Athens medical group had their first big order. Every one came out a winner. The customer would receive high quality products and support, Peter got the order, I got the service revenue, and Masood Ali would eventually become HP's new distributor in the Emirates. The Rashid Hospital order and other excellent business opportunities in the U.A.E. resulted from our relationship with EMITAC (Emirates Trading and Consulting). With support from Ali Jaffari and Pat Matthews, the medical service engineer who would join me in 1975, Alan Kirk and the hospital received excellent support from HP and became a solid reference account for us.

Although I communicated regularly with Masood following our trip I never saw him again. Before I returned to the U.A.E. he had a fatal heart attack while playing tennis and was gone. Masood would be replaced by Balall Yaqub, a young Pakistani who had just graduated with an MBA from the University of Arizona. Balall was also great to work with.

### Abu Dhabi



The day following our hospital visit Masood drove us to Abu Dhabi where we met with John Limbert, the commercial attaché at the American Embassy to learn about prospects for additional medical orders from the U.A.E., then we returned to the Dubai airport to catch our flight to Kuwait. While waiting to board our flight I asked Masood why the new Dubai airport was empty. He told us that the airport only handled about three flights a day. My, my, how things have changed. This morning on the Bloomberg TV channel there was a news flash that the U.A.E. had just placed a \$9 billion order with Boeing for 777's. The airport must be a little busier now.....there are plenty of tourists who want to see the world's tallest building.



View From The U.S. Embassy In Abu Dhabi



The Empty Dubai Airport

### KUWAIT



Peter and I arrived in Kuwait in the late evening. Our two-hour flight from Dubai covered the entire length of the Persian Gulf. As we made our final approach to the airport I noticed that the night sky was lighted by hundreds of fires as natural gas was being flared off from Kuwait's oil wells.



The difference between Dubai and Kuwait was like the difference between night and day. Having benefit from their oil wealth some thirty years longer than Dubai, Kuwait was relatively well developed. We stayed at the Sheraton Hotel, which was heaven compared to the Oasis. We had beautiful rooms, a swimming pool, and excellent food. The large (5") shrimp served in the dining room were from the gulf and the best I have ever eaten. Also, the shops had many items that I could not even find in Greece. During my time in the Middle East I would view Kuwait as a very pleasant place to take a break and refresh during my business trips.



### **A Brief History**

With the best natural harbor in the Persian Gulf, throughout history Kuwait was the starting point for caravans headed inland to Baghdad and Aleppo (Syria). The local economy thrived thanks to the growing volume of trade goods passing through the port as well as the abundance of pearls from the oyster beds along the coast.

During the 1700's, to escape severe drought conditions inland, the Al-Sabah, Al-Khalifa and Al-Jalahma tribes migrated to Kuwait where they eventually became the most wealthy and powerful of the merchant families. Eventually, by mutual agreement, the Al-Sabahs were placed in charge of governmental and military affairs while the Al-Khalifas took charge of commerce and the Al-Jalahmas controlled maritime matters. For reasons unknown the Al-Khalifas and Al-Jalahmas eventually moved on, finding new homes in Bahrain (where the Al-Khalifas are now the ruling family) and Qatar and leaving the Al-Sabahs in control of Kuwait. However, their power was not absolute as rich merchants controlled trade and collected the duties that sustained the Al-Sabahs.

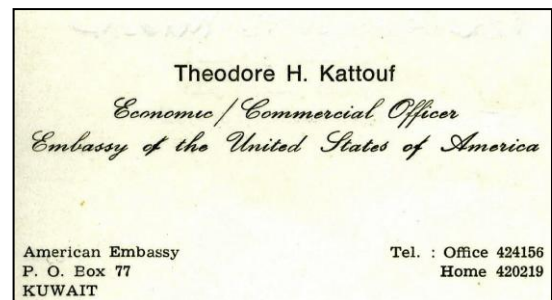
Although Kuwait was officially under the rule of the Ottoman governor located in Basra the Al-Sabahs remained relatively autonomous. By the end of the 19<sup>th</sup> century the Ottoman Empire was so over-extended that they were nearly bankrupt and attempted to acquire more income by increasing their control over Kuwait and the Arabian Peninsula. In 1897, to protect themselves from the Turks, the Al-Sabahs requested help from the British who deployed gunboats to the area and forced the Ottomans to back down. Although still under Ottoman rule, the Anglo-Ottoman Convention of 1913 enabled the Al-Sabahs to create an autonomous zone with a radius of 80km (50 miles) from their capital. Kuwait is a very small place.....most of us viewed Kuwait as a city state.

After World War I Kuwait became an independent British protectorate. Oil was discovered in 1938 and when World War II began the British took control of Kuwait and Iraq to protect the oil fields. Kuwait gained full independence from Great Britain in 1961. When the U.A.E. was formed in 1971 Kuwait and Qatar were asked if they wanted to join, but declined, deciding to remain independent.

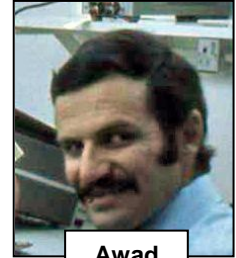
The Al-Sabahs believe in sharing the oil wealth with their citizens. At the time we were there each citizen was receiving a \$28,000 annual gift from the government. As an indication of how long it had been since the Al-Sabahs had live in the desert, they decided to build a housing complex and give the homes to Kuwaiti Bedouins. I am sure they were thinking that after suffering for millenniums in the desert it would be nice if the Bedouins could have a place to live with modern comforts and conveniences. However, old habits are hard to break. When the houses were finished the Bedouins set up their tents in the yards and put the animals in their new houses. You can lead a camel to water but you can't make him drink.

### **Our Visit**

Peter had a couple of leads that we checked out, including the previously and facetiously mentioned day care center for cats and doctors, and then we went on to the U.S. Embassy and spoke with Theodore (Ted)



Kattouf, the commercial attaché. According to Ted, because additional oil revenue would be flowing into Kuwait and due to the Al-Sabah's altruistic style of governing, he expected that more medical facilities would soon be underway. While at the embassy we spoke with the health officer and got a Cholera booster shot. After our visit to Dubai this seemed like a prudent idea. We wrapped up the afternoon with a visit to Al-Khaldiya, a potential distributor that Cherif had asked us to check out. Our contact there was Tony Awad, who confirmed what we had heard at the U.S. embassy, HP's business prospects looked very good. Like Balall Yaqub, Masood Ali's replacement in the U.A.E., Tony was educated in the U.S. and would be easy to work with when Al-Khaldiya's relationship with HP was finalized later that year. At the time of our visit Al-Khaldiya had no service capability, but with Tony's cooperation that would change.



Awad

The next day we returned to Beirut.

**LEBANON**

Upon our return to Beirut Peter and I checked into the Phoenicia Hotel, where we had stayed with our wives two weeks earlier. I loved the Phoenicia, a luxurious high-rise building located on a hill overlooking the city, and would stay there again prior to the 1975 civil war. For some reason that I cannot quite put my finger on the Phoenicia reminded me of the Hong Kong Hilton. Perhaps it was its hill top location and beautiful ocean view that brought Hong Kong to mind.



The Phoenicia

<p><b>CONSTANTIN E. MACRIDIS</b>          TEL. : 220846 - 296397 - RES. 297656          CABLE : ELECTRONUCLEAR, BEIRUT          P. O. BOX : 7213          BEIRUT - LEBENON</p>	
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Peter had made arrangements for us to meet with Costas Macridis that evening. Costas, an ethnic Greek, had been our distributor in Lebanon for many years. We had missed him on our first pass through Beirut and wanted to

spend some time with him prior to our return to Athens. From what I had heard in Athens before our departure Costas was a bit of mysterious character and well connected within the Lebanese business community. Adding to his mysterious persona was a rumour floating about that Costas might have somehow been involved in the untimely death of his wealthy wife who had managed to fall down a flight of stairs. True to expectations, Costas was a charming fellow with quite a sense of humor, but relationship wise, like MCI's Albert Hakim, he was someone you would want to keep at arms length.

Costas had the evening all planned out for us. He was the host and this was going to be his party. We started out with drinks at the bar at the King George Hotel. The table where we sat was the last place that British Intelligence agent, Kim Philby, had been seen just prior to his defection to Russia in 1963. Philby, along with Guy Burgess and Donald Maclean, were the infamous "Cambridge Spies", who had all managed to become respected members of the British Intelligence service before they were discovered. As a history buff with an interest in Russia I enjoyed my few minutes at that table. From the King George we went on to the Casino du Liban for dinner and the world famous variety show. Although Peter and I did not know it at the time Costas apparently had some contacts at the Casino who would manage to include the two of us in some of the performances.

Dinner was a relaxed affair and gave us some time to get better acquainted. The dining area, which was part of the entertainment venue, was absolutely huge, with room for probably 2,000 people. The layout was designed so that a semi-circular ramp came out from one end of the stage, passed through the audience, and then returned to the other end of the stage. There was a second ramp that came directly out from the stage and tee'd into the semi-circular ramp. Many diners were seated alongside the semi-circular ramp, including us.

The show was fabulous, rivaling anything that could be seen, even today, in Las Vegas.....as close as Vegas could get would be the Cirque du Soleil. One of less sophisticated acts was a pair of roller-skating

clowns. A portion of their performance was a high-speed chase on the semi-circular ramp from one end of the stage to the other. Around and around they went, passing right in front of us. On about the third pass the female (I think) clown suddenly stopped at our table and surprised me with a big kiss, which transferred most of the pink powder and makeup on her face onto mine. Of course, the 2,000 other diners thought that this was hilarious. So did Costas.....and Peter. And, just as my composure was returning a slight of hand entertainer decided that he needed two volunteers from the audience. Guess who his helpers picked? So, Peter and I wound up on stage while this fellow stole our wrist watches, wallets and ties to the delight of the audience.....and Costas. He had truly arranged a memorable evening for us. The next morning, after I managed to get all of the pink powder out of my hair, we were off to Syria.

## **SYRIA**

Our mission in Syria was to visit HP's medical distributor, Sawah & Co., located in Damascus. This would be a day trip. Upon our return from our exciting visit to the Casino the previous evening we had the hotel hire a car and driver for the trip into Syria the following morning.

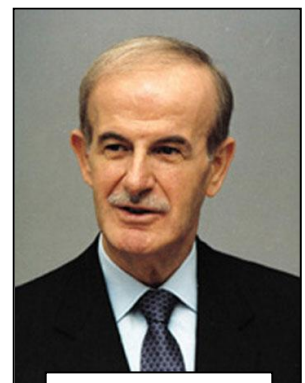
### **A Brief History**

Syria is at the cross roads of the Middle East. For centuries Syria was the starting point for overland trade routes to the east, but would begin to lose its importance after sea routes were discovered in the 1400's. Due to its strategic location at the eastern end of the Mediterranean Syria was invaded by just about every ancient civilization: Canaanites, Phoenicians, Arameans, Egyptians, Sumerians, Assyrians, Babylonians, Hittites, Persians, Greeks, Romans and Byzantines.

One of the oldest, if not the oldest city on the planet, Damascus had at various times in its history been a major religious center for both Christianity and Islam. The old saying 'All roads lead to Damascus', is a good indication of the importance of the city in ancient times. For centuries Damascus was viewed as the center of the civilized world. No longer.

Christianity was dominant in the region prior to the arrival of Islam. The first Christian Church was founded by Paul at Antioch and the creation of the Byzantine Empire, or Eastern Roman Empire, gave Christians control of the region for many centuries, but with the birth of Mohammed and the founding of Islam in the 7<sup>th</sup> century Christianity began to lose its influence in the east. Even though the Crusaders temporarily gave new life to Christianity in the area the success of Muslim armies under the leadership of Saladin and the eventual creation of the Ottoman Empire resulted in Islam becoming the predominant religion in the region.

In the modern era Syria became a French mandate following World War I and remained under French control until granted independence in 1944. From this point onward Syria led a tortured existence. There were so many coups between 1944 and 1954 it was easy to lose count. After a 1954 coup brought Arab nationalists and socialists to power they eventually signed a pact with the Soviet Union, which gave the communists a foothold in the region. After a brief failed attempt to form the United Arab Republic with Egypt in the late 1950's, at that time under Nasser's leadership, the Syrians went their own way. In 1963, after a few more coups, a group of Syrian Army officers supported by the Arab Socialist Resurrection (Baath) Party came to power. The new National Council of the Revolution then appointed the legislature, which was dominated by peasants, labor and unions. In 1970 Syria sent forces to support a Palestinian uprising in Jordan, an event known as "Black September". The defeat of Syrian forces by Jordan led to hostilities within the Baath party and resulted in another coup in which the military, under the control of the defense minister, Hafez al-Assad, ousted all of the civilian members of the government and took control. He was in charge at the time we visited Syria. His son, Bashar, is now in charge but, hopefully, not for much longer.

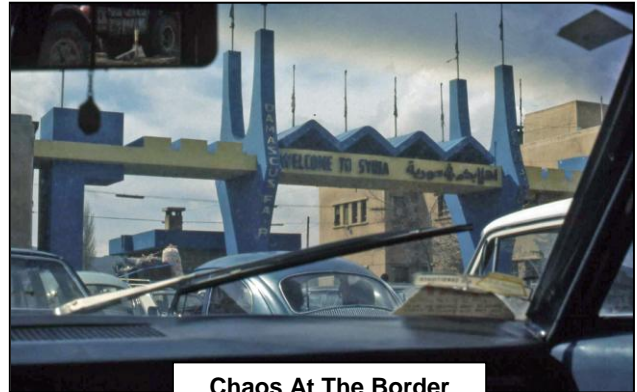


**Hafez al-Assad**

As I write this Syria is once again in turmoil due to a popular uprising that hopes to remove the al-Assad regime from power. When Hafez al-Assad died in 2000 Bashar, who had become a dentist in England, returned to Syria to continue the family dynasty. He is presently bombing his own cities to quell what has become a full blown civil war as opposed to an isolated armed insurrection. So far the international community has not been able to stop the carnage thanks to the obsturctionist tactics of the Russians, who are trying to save their last client state in the Middle East.

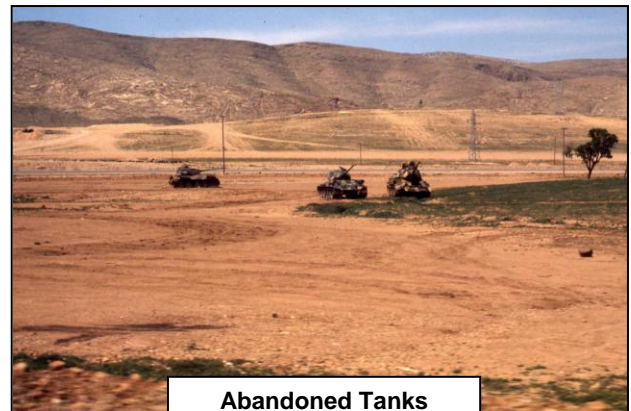
### Our Visit

Sawah & Co. was located in Damascus, about a two-hour drive from Beirut. Our driver was a large fellow who looked like he could easily handle any situation that might arise during our trip. Following a drive through the mountains in eastern Lebanon, some of them still covered with snow, we crossed the Bekaa Valley and arrived at the Syrian border crossing. The immigration post was a mob scene. Absolute chaos. Peter and I tried to make our way through the crowd but it was impossible. Seeing our predicament our driver took our passports and waded into the crowd. He was rather intimidating looking, which didn't go unnoticed by the unruly mob that reluctantly made way for him. In 5 minutes he was back with our passports stamped and we were on our way. All along the road to Damascus there was evidence of the recent "October War" with Israel, which the Syrians had lost. There were a lot of military vehicles and tanks by the side of the road that appeared to have been abandoned.



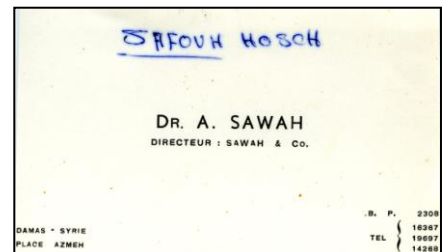
**Chaos At The Border**

The best way to describe Damascus is to say that it was depressing. The glory of the past was not evident. Everything we saw was as if we were watching an old black and white TV. The people all looked the same, dressed in black and gray. After visiting several countries in the Middle East that had aligned themselves with the Soviet Union I had reached the conclusion that their experiment with socialism was a disaster. Like living in East-Berlin before the wall came down, their economies were a mess, their people were poor and desperate for opportunities that would improve their lives, and there were no checks and balances to prevent the government from abusing its power. The oil exporting socialist regimes, like Iraq, had fared much better.....if you have a lot of money you can afford to make a lot of expensive mistakes. Also, the military capability of the socialist regimes in the Middle East was a joke. The quality of their equipment, which was supplied by the Soviet Union, and their training were inferior. I remember an air battle that the Syrian Air Force initiated with the Israelis. The headline in the newspaper the following morning said it all, "Israel: 50, Syria: 0".



**Abandoned Tanks**

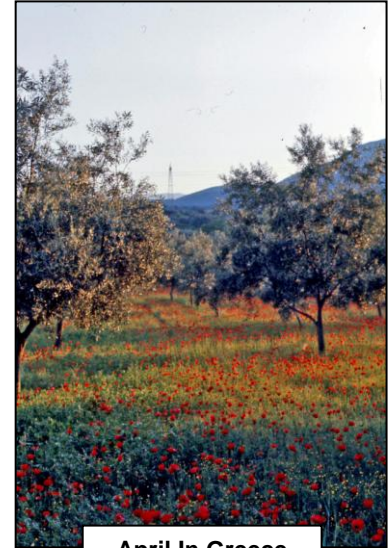
Sawah & Co. was located in an old three story building in the center of town. As the name implied, Sawah & Co. was owned by Dr. Sawah, a very polite and conservative older gentleman. He looked to be in his late 70's and I later learned that he had a very severe heart condition (ironic that he was a cardiologist). Dr. Sawah spoke no English, just French and Arabic, but his assistant Dr. Safouh Hosch, was able to translate for us. We learned that there was little possibility of acquiring new business. In their



socialist system almost all of Sawah's potential medical customers were either owned by or controlled by the government.....and at that time the government was just about broke. The oil gods had passed them by and they had wasted most of their country's wealth fighting several unwinnable wars with Israel. We joined Dr. Sawah and some of his employees for lunch and then headed back to Beirut. The border crossing on the way out was much easier than we had anticipated and I was happy about that as I had come down with a whopping headache.

My trip to Damascus with Peter would be my only visit to Syria during my four years in Athens. I wasn't impressed with either the country or the business opportunities and, remembering our difficulty at the border crossing, I am still trying to figure out why so many people wanted to go there.

The next morning Peter and I caught a flight back to Athens. It had been a long trip, but very educational and memorable.....and a good introduction to my new territory. Many of my future trips would not be as tame.



April In Greece

**Spring In Athens.....A Traditional Easter Celebration**

After returning from our trip the members of Cherif's management team and their families were invited to Peter and Desi Merkel's for an Easter Sunday BBQ. Except for Peter, this was the first chance I had to meet some of the other managers and their families on a more relaxed social basis. Except for the brief episode where Vondjidis chased me around the yard with the lamb genitals it was a great party and the beginning of many relationships that I still maintain to this day.



Standing L to R: Joella, Phil Pote, Peter Merkel, Alex Vondjidis; Seated L to R: Emma & Mathew Bonham, Mrs Vondjidis, Gil Pote, Ann Bonham & Geoff Bonham. Note: Cherif, Manchec and Panos were traveling



**Dizzy Desi**



**Wives: Bonham, Pote, Vondjidis**

With my introduction to the Middle East and the Easter holidays behind me it was time to focus my attention on hiring. I would need to quickly recruit service engineers to resolve all of the technical problems in the area that we had not yet begun to address. The honeymoon was over. ■



**The Merkel's Home In Varibopi**