

DRUG SMUGGLING

ARMY AND CIA INVOLVEMENT IN THE USA

By Ted Gunderson, FBI Division Chief (ret.)



TED L. GUNDERSON

F.B.I. Senior Special Agent in Charge (Ret.)

P.O. Box 18000-259 Las Vegas, Nv. 89114

(310) 364-2280 (702) 791-5195

California Private Investigator License # 12878.

PROFESSIONAL EXPERIENCE

- 1979-Present **TED L. GUNDERSON & ASSOCIATES**, Santa Monica, California, founder, international security consulting and investigation firm. Attorney **F. Lee Bailey** describes Ted as "a person whose investigative skills are unsurpassed by anyone I know or have known".
- 1981-1982 **CALIFORNIA NARCOTICS AUTHORITY**
Consultant, appointed by Governor Jerry Brown.
- 1984 **LOS ANGELES OLYMPIC COMMITTEE**
Consultant on international terrorism & security matters.
- 1979 **PAN AMERICAN OLYMPIC GAMES**
San Juan, Puerto Rico. Consultant on international terrorism & security, special appointee of U.S. Attorney General Griffin Bell.
- Dec. 1951 **FEDERAL BUREAU OF INVESTIGATION**
to Mar. 1979 Investigated and supervised criminal, fugitive, counter intelligence/espionage internal security matters.
- 1977-1979 **Senior Special Agent-in-Charge**, Los Angeles, California
In charge of 700 personnel with a 22 million dollar budget.
- 1973-1977 **Tennessee and Dallas, Special Agent-in-Charge of Memphis**
- 1973 **Chief Inspector FBI Headquarters, Washington, D.C.**
- 1965-1973 **Assistant Special Agent-in-Charge, New Haven, Connecticut and Philadelphia, Pennsylvania.**
- 1960-1965 **Special Agent Supervisor, FBI Headquarters, organized crime (Mafia) White House special inquires** Washington, D.C.
- 1951-1960 **Special Agent criminal and counter intelligence/espionage.**

EDUCATION: Bachelor of Science Degree, University of Nebraska.

Author and Lecturer: How To Locate Anyone Anywhere Without Leaving Home, E.P. Dutton, Lectures and has published numerous reports and articles on **satanism and missing children**. Investigator for Dr. Jeffery R. MacDonald murders, the **Franklin coverup (Neb.)**, **McMartin preschool (Manhattan Beach, CA.)**, the **Oklahoma City bombing**, and **CIA drug smuggling**.

AWARDS: Distinguished Alumnus Award from the University of Nebraska in recognition of **Distinguished and Devoted Service to his country**, 1979 **Alumni Highest Effort Award in the field of Law Enforcement** from the **Sigma Alpha Epsilon Social Fraternity**, 1977 **Law Enforcement Officer of the Year Award** from the **AFL-CIO Metal Trades Council**, Los Angeles, California.

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ARMY AND C.I.A. INVOLVEMENT IN BRINGING
DRUGS TO THE UNITED STATES FROM VIETNAM

A Report

In 1980 an informant told me that drugs were being flown into Army bases from Viet Nam in the late 1960's and early 1970's. I visited the library and researched the subject. To my surprise there has only been one article written on this topic in a national publication. (See attached Time Magazine article January 1, 1973).

I have been told by informants that the Army personnel involved in this operation, who were subsequently prosecuted were a minute percentage of those active in the drug operation. I have also been told that some high ranking Army officers who were in charge of this drug ring have never been identified. Informants have advised that the Army investigation of the operation was controlled and manipulated to conceal its magnitude and the extent of participation. If true, this accounts for the Army drug cover up of the MacDonald murders as described by Helena Stoeckley.

Helena Stoeckley advised that her Satanic Cult group planned the MacDonald murders Halloween night 1969. At that time MacDonald was assigned to the military hospital in Fort Bragg, N.C. but was moonlighting for extra money at the civilian hospital in Fayetteville. Most military personnel sought treatment for drug overdose at the civilian rather than the military hospital to avoid a dishonorable discharge. Someone at the civilian hospital was reporting these individuals to Army officials and they were dishonorably discharged.

Stoeckley told P.E. Beasley, a retired Fayetteville police officer, that her Satanic Cult group was trafficking drugs during this period. (Stoeckley was an informant for Beasley at the time). One of their members delivered drugs to New York City every other week. The group planned and carried out the MacDonald murders without the knowledge or approval of the drug community which included a number of civilians (at least two attorneys) and military personnel. Stoeckley told Beasley that the leaders of the Fayetteville/Fort Bragg drug network felt that their operation would be exposed if the Satanic Cult group was investigated for the murders so they framed Dr. MacDonald.

Stoeckley told Beasley and me in October 1980 she would "drop a bombshell" and "tell all" if given immunity. I asked the Department of Justice for immunity for her. When Dr. MacDonald's new defense attorney (a former Assistant U.S. Attorney) learned about this in 1982, he wrote to the Department of Justice and told them to disregard my request. There was never any follow up.

Stoeckley died in January 1983. She had been dead in her apartment for four days. She was nude from the waist down, the kitchen faucet was running* and her six month old child was alive on the floor.

*According to informants, Satanists almost always leave a satanic sign at the murder scene. Running water is a known satanic sign.

According to the autopsy report she died of "slight" pneumonia of each lung and cirrhosis of the liver. (Normally this is a lingering death not a sudden death). A week before she died she was beaten up in a parking lot and told to keep her mouth shut. Four days before she died she called Beasley who lived five hours away and told Beasley she had an emergency and must see him immediately. Beasley called MacDonald's defense attorney who forbid him to go to Stoeckley.

The Dr. Jeffrey R. MacDonald Case

On May 5, 1986, P. E. Beasley, retired Fayetteville, North Carolina police officer advised that Helena Stoeckley was his drug informant from 1968 to 1972. Helena told Beasley that drugs, mainly heroin, were being smuggled into the United States in the body cavities of the dead soldiers from Viet Nam. These drugs were being brought into the country in U.S. Army planes. Stoeckley furnished this information to Beasley prior to the MacDonald murders on February 17, 1970.

After the MacDonald murders, Stoeckley told Beasley the drugs were placed in the body cavities in plastic bags after the autopsy in Viet Nam and before the bodies were placed on the airplanes. The bodies were then sewn up and shipped to various U.S. Army air bases in the U.S., including the air base at Fort Bragg. Stoeckley advised that those who handled the bodies in Viet Nam and the U.S. were army personnel. Most of the drugs came from Thailand.

Stoeckley stated she could give names, dates, places and more details after she was given immunity by the U.S. Government. She stated military and civilian police officers were involved in this net work. Stoeckley advised her Satanic Cult group that murdered Colette MacDonald and MacDonald children were involved in this international drug network. Army authorities were concerned that an investigation of Stoeckley's Satanic Cult group involvement in the MacDonald murders could expose this international drug network.

5/5/86

Fayetteville, N.C.

I, Prince Everette Beasley, make the following free and voluntary statement to Ted L. Gunderson, a private investigator from Los Angeles. No threats or promises were made to get me make this statement.

I was born 6/15/25 at Maxton, N.C. I presently reside at 104 Myra Rd., Raeford, N.C., 28376, Phone: 919-875-3693. I am a retired police officer who served on the Fayetteville, N.C. Police Department from 1953 to 1973.

Helena Streckley was my drug informant from approximately 1968 until 1972. She was turned over to me by Lt. R.A. Studer, Fayetteville, N.C. Police Dept. He turned her over to me because Helena's parents were mad at him for working Helena in the drug community, and because he was made a Lieutenant, and couldn't devote the necessary time to working with her. Studer told me the reason he turned Helena over to me was because of his promotion. Helena told me he turned her over to me because of the problem with her parents.

Shortly after I was assigned to the Narcotic Squad, Helena told me that drugs, primarily heroin, were being smuggled into this country in the body cavities of the dead soldiers being returned by air from Viet Nam to the United States. She named Ike Atkinson as the ring leader. Atkinson was located in Goldsboro, N.C., supposedly working out of Johnson Air Force Base. Helena told me they were smuggling drugs in the same manner into Johnson Air Force Base. Johnson Air Force Base is located at Goldsboro, N.C. She advised Atkinson was in the service, but subsequently got out and continued his business in drugs with the same contacts. I didn't pay much attention to Atkinson because he wasn't in our jurisdiction.

The above information is all that Helena told me up to the time of the MacDonald murders in 1970.

Helena told me after the MacDonald murders that there were contacts in Viet Nam who put the drugs in the G.I.'s bodies, in plastic bags, after the autopsies were complete. The bodies were sewn up and shipped to Pope Air Base, Ft. Bragg, Johnson Air Base, and other bases which she did not name.

When the bodies arrived in the U.S., they were met by a contact in the United States at one of the military bases, and after the drugs were removed by this contact, the bodies were sent to their final destination.

The person who met the bodies at the respective Air Bases knew which bodies to check, based on a pre-determined code. Although I believe Helena knew their identities, she never gave me this information. Helena told me that the people who handled the assignments in Viet Nam, and those who met the planes in the United States, were military personnel. She stated most of the drugs came from Thailand.

Helena stated the drugs and the pickups were made at the base at Fort Bragg. The reason she gave me more details after the MacDonald murders was because she wanted me to know that she knew what she was talking about, and she stated she would give me details, including names, dates, and places, once she was given immunity by the U.S. Government. When Ted L. Gunderson and I initially interviewed her, we told her we would attempt to get immunity for her on these matters.

Helena advised that Spider Newman, his son, Red Newman, Wineford (Winnie) Cole, Tommy Hart, and June Bug Walters (I don't know Walters' real first name) were several steps in the organization under Atkinson. All of these individuals were civilians who operated in the Fayetteville, N.C. area, selling drugs. None of these individuals had a business cover, but sold drugs out of their house.

Those of us in law enforcement knew through our intelligence community that Atkinson ran the Viet Nam smuggling operation on the Eastern Seaboard. I believe Atkinson was arrested by the

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Federal Narcotic authorities in the middle 1970's, and he is presently serving time. He was recently turned down on parole. Spider Newman was being tried for drugs in the mid 1970's. There was a court room break, and he was later found in his car behind his home, shot in the head. I later heard that Spider was getting ready to turn states evidence when this happened. The police ruled this a suicide. His trial was in Federal Court. Red Newman has been tried on drugs, and is serving time in the Federal System. Cole went to State Prison on drug charges in Fayetteville.

Winford Cole, Tommy Hart, and June Bug Walters were all tried and convicted of drug trafficking. I believe they were all tried in local and Federal Court at different times. I don't know if Cole and Walters are in jail now, but I know Hart is in the North Carolina State Penal System.

In regard to the Viet Nam operation, Helena told me that military, civilian, and police officers were involved in the Viet Nam drug network. She stated there were two prominent local attorneys and Army officers as high as Generals, who were part of the operation. She stated she would name and identify the people if given immunity by the U.S. Government. I believe this is part of the "bomb shell" she said she was going to drop. Helena never named the police officers she said were involved in the Viet Nam operation, but she did state that Studer and Sonberg were involved in drugs. Possibly these are the individuals she was referring to in regard to the Viet Nam drug network, who were police officers. Helena also told me after the MacDonald murders, that Alan Mazorelle, who was in her coven Satanic Cult, was a drug runner up and down the East Coast. Mazorelle took drugs as far away as Florida and New York City. Mazorelle was in the Army at the time. She never said where Mazorelle obtained his drugs. Helena also told me that Don Harris, also a member of her coven Satanic Cult, was a heavy user of drugs. This is all she said about him.

Helena told me that Dwight Smith was a drug dealer locally. She never said where Smith obtained his drugs. She said Smith was an "alright guy."

Helena told me that Kathy Perry was a user of drugs. She said Perry took as many drugs as she could get her hands on. She said Perry dealt drugs only to maintain her habit.

Helena told me that Greg Mitchell was a dealer and a heavy user of drugs. She never gave details regarding how he dealt, but she stated anytime someone couldn't find drugs, they could always go to Mitchell, and he would have them. At times, he would supply the whole group.

Helena told me that Bruce Fowler was a drug dealer and a user, and that she was his girlfriend. She never gave more details than this.

Dwight Smith, Don Harris, Alan Mazorelle, Bruce Fowler and Greg Mitchell were all in the same coven Satanic cult with Helena, and were all in the military. She stated that all of the above were dangerous, but she was the most afraid of Mazorelle. She stated Mazorelle would kill you in a minute.

I had extensive intelligence files on all of the above close associates of Helena's, but this information has disappeared from the Fayetteville Police files. I learned these files disappeared in August, 1979. During the MacDonald trial I was given a subpoena to bring these records to the trial. It was then that I learned they were gone.

In 1981 or 1982, I talked to Mrs. Greg Mitchell, after Greg had died. She told me Greg had previously told her about drugs being smuggled into the U.S. in the body cavities of the dead G.I.'s from Viet Nam. She stated Greg didn't give her the names of persons involved, but told her about the contacts in Viet Nam who placed the drugs in plastic bags, into the bodies, and others in the U.S. at our Air Bases who met the planes, and took the drugs from the bodies. She stated military personnel were involved in this operation in Viet Nam and in the U.S.

Lieutenant Studer told me in 1968-1969 that drugs were being brought into the U.S. from Viet Nam in the body cavities of the dead soldiers. He said they were being flown into the United States to the military Air Bases, and dispersed from there by contacts within the military.

Studer subsequently was promoted to Captain, Chief of Detectives, but was forced to resign because he misappropriated pornographic material obtained during an investigation. Helena told me that Studer monitored the drugs that Helena obtained, and if he didn't like them he had her exchange those drugs for drugs that Studer could use. Helena told me that if the police obtained drugs on an arrest, they would often be on the street the next day. Studer would take the drugs and give them to Helena to sell back on the street. The only way I know that Studer could get these drugs was from the evidence room. Studer and Detective Larry Sonberg both had keys to the evidence room.

Helena told me that William F. Ivory, C.I.D., and Studer were close friends. She stated that Ivory was dealing drugs with Studer. She stated she would give more details concerning Ivory if she was given immunity. Ivory was involved in the crime scene search on the MacDonald case. She also stated she would give more information on Studer if she was given immunity.

Joseph Bullock was an informant and undercover operator for me and Studer from 1969 to 1971. Bullock advised me that he saw Studer and Ivory exchange envelopes on occasion at the Dunkin' Donuts, Bragg Blvd., Fayetteville, N.C., during this period of time. Studer dropped Bullock shortly after this because, according to Bullock, Studer knew too much of what was going on. Bullock was subsequently shot in the head during an ambush when he came home from work. It was general knowledge in the community that Bullock was an informant for me. Bullock described Studer as a "son of a bitch."

Sonberg left town unexpectedly, shortly after the MacDonald murders. The rumor was that Sonberg had double-crossed some drug dealers, and had to leave town. Helena told me that Sonberg was dealing

drugs even though he was a police officer. I have no knowledge that Sonberg was involved with the drug operation out of Viet Nam.

Helena once mentioned the name Proctor to me. I don't recall what was said about him, but I know she knew him. I assume she was referring to James Proctor, Judge DePree's former son-in-law. I don't recall if she referred to Proctor by his first name. She mentioned this sometime after the MacDonald murders. She said she would talk more about Proctor if given immunity.

Helena told me that 3 or 4 nights after the MacDonald murders she was picked up by Ivory and I believe C.I.D. agent, Shaw. (I don't know his first name.) She stated they talked to her about the MacDonald murders. Helena advised she gave them a story that they didn't believe, and they turned her loose.

Helena told me that Studer contacted her shortly after the MacDonald murders and Studer told her to get out of town because Beasley was after her. She ultimately left, and went to Nashville, Tennessee.

During the time I worked with Helena (1968 to 1972) I estimate that she was responsible, as an informant, for the arrest of hundreds of individuals. I estimate at least 200 persons or more were arrested as a result of information furnished by her.

She set up Mazorelle and Thomas Rizzo for the arrest on drugs just before the MacDonald murders. When I looked for the intelligence files on the Stretchly group in 1979, I recall also looking for the arrest file on Mazorelle and Rizzo for their arrest. I recall they were arrested in January 1970. I remember that these arrest files were intact at that time. I have since been told that the arrest files on Mazorelle and Rizzo are now missing.

It is interesting to note that Mazorelle claims he was in jail the night of the MacDonald murders. He claims he can prove this from Superior Court records in Cumberland County. I have been told there is a slip of paper in the court records that shows Mazorelle was in jail the night of 2/16-17/70. These records are available to the public.

I know Mazorelle was not in jail 2/16-17/70 because I arrested him in January 1970 and recall that the trial was set for Mazorelle the day of 2/17/70. If Mazorelle had been in jail that date (2/16-17/70) he would have been available for trial on 2/17/70, and I would have appeared in court as a witness. John De Carter of the Sheriff's office was with me in the arrest of Rizzo and Mazorelle and he would have also had to appear in court 2/17/70. I specifically recall that I did not appear in court on any case at the Cumberland County Court House on 2/17/70. I was on the street all day looking for suspects on the MacDonald murders.

I don't recall that Mazorelle was out on bail, but I believe he was, or he would have appeared in court 2/17/70. Since he didn't appear I believe he jumped bail, which means a bench warrant would have been issued for him. I recall he was subsequently arrested in Waycross Georgia for burglary, but I have been informed through my sources in law enforcement that the Waycross arrest records are also missing.

I recall that a bondsman, C.B. Avertt, went to Waycross to extradite Mazorelle for jumping bond on my drug arrest. I talked to Avertt in 1979, and he told me that he didn't recall making the bond and had no record. I talked to him a month later and he recalled that he made bond for Mazorelle for \$2500.00 after the MacDonald murders, which, according to him, would confirm that Mazorelle was in jail the night of 2/16-17/70. Avertt is either involved in the cover up or is mistaken. Mazorelle's bond could not have been made after the MacDonald murders because the trial was set for 2/17/70, as explained above.

I don't have knowledge concerning the possible altering of Court House records concerning the Mazorelle-Rizzo drug arrest, but I recall a number of occasions when Cumberland Court House records were altered after working hours at night. I don't believe Mazorelle was in jail the night of the murders.

In addition to the above, Helena told me that Mazorelle was out that night and involved in the MacDonald murders.

In regard to cases that Helena made for me, I recall that she was responsible for the largest drug recovery in the history of our police department up to the time I retired. Several months before the MacDonald murders, she tipped us on drugs that were being transported from Canada to Fayetteville. Seven suspects were arrested, and over \$20,000.00 worth of drugs were recovered.

Helena was also responsible for the arrest of four suspects from Texas, who were also transporting and selling drugs in Fayetteville. We recovered about \$40,000.00 worth of drugs on this case.

Helena told me about every instance where drugs came into Fayetteville from other areas. At the time I didn't think about it, but I now believe she told us about drugs coming from outside Fayetteville to eliminate competition, probably protecting the local drug scene, i.e. The Viet Nam operation. This is my opinion.

Judge DePree and the U.S. Government have attempted to discredit me, insinuating I am having, and have had mental problems. I would like to point out that I have been on the Police Officers Advisory Commission for North Carolina since before I returned from the Fayetteville Police Department in 1973.

I have read this 8 page statement, and it is true and correct, to the best of my knowledge.

Prince E. Beasley

Witness: Ted L. Gunderson
5/5/86
Fayetteville, N.C.

Coffins and Corruptions

The literature of the illicit narcotics trade bristles with tales of perniciously ingenious capers and official corruption. It will probably be a long time, however, before any new chapters can top the two now unfolding. In one case, it is believed that traffickers used the bodies and caskets of American servicemen to smuggle drugs into the U.S. from Southeast Asia. In the second, huge quantities of heroin confiscated by the New York police department were systematically stolen, put back into the street trade, and may now be a source of horror for the holidays. Herewith reports on the two cases:

Grisly Smuggling

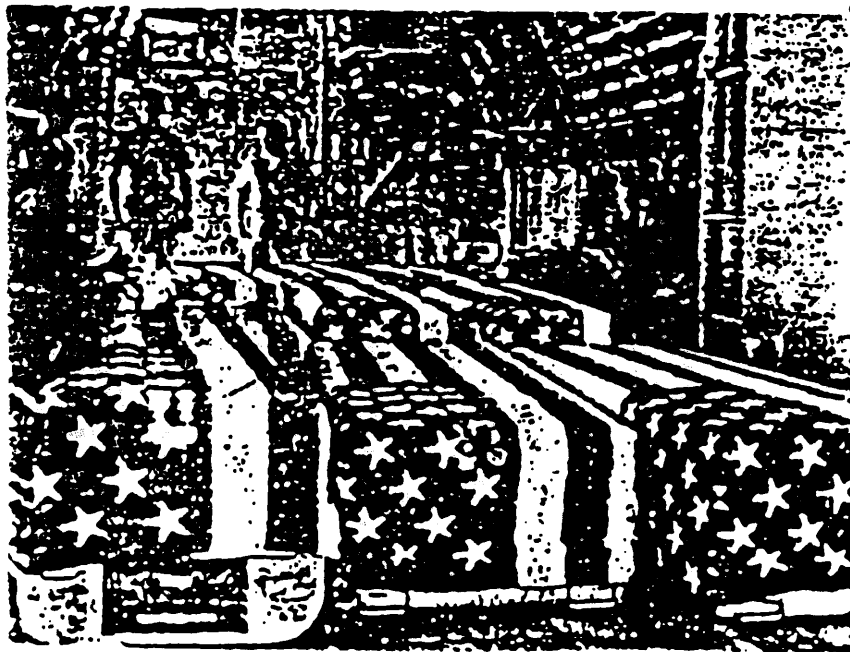
It looked like a routine flight home from Southeast Asia with a stop at Hickam Field, Hawaii, before the final leg to Dover Air Force Base in Delaware. Aboard the KC-135 were 64 passengers, many of them G.I.s, and two military coffins. Suddenly, the plane was ordered to reroute slightly and land at Andrews Air Force Base in Maryland. There federal authorities, acting on a tip that 20 kilos of heroin were aboard, virtually took the transport apart. They did not find any drugs, but they did discover that one of the two bodies, which had undergone autopsy earlier, had recently been restitched.

The agents arrested Thomas Edward Southerland, 31, of Castle Hayne, N.C., who was dressed in the uniform of a U.S. Army sergeant. Southerland, who falsely claimed he had served a twelve-year hitch in the Army, was arrested on charges of impersonation and using fake documents.

Southerland was arraigned in U.S. district court in Baltimore and held in lieu of \$50,000 bail. That seemed pretty stiff for the formal charges, but Assistant U.S. Attorney Michael E. Marr made the bail stick by convincing a district court last week that Southerland was an "incredibly high bail risk." The reason: federal authorities believe that Southerland is an operative in an international ring that allegedly has been smuggling millions of dollars worth of heroin into the U.S. over the past eight years. The principal *modus transportat*, investigators contend, is G.I. cadavers.

The grisly logistics are not as difficult as they may appear to be. Smugglers with access to military facilities apparently have managed to sew the heroin into the corpses in Southeast Asia. While the body count is low these days, it only takes a few to bring in a sizable cache of drugs. The smugglers can do this—as well as travel back and forth at will—by dint of counterfeit credentials. On this flight the heroin was presumably removed at Hickam Field, where many military transports from Indochina stop for 16 to 24 hours before proceeding to the mainland. The planes there are under minimal guard.

Since there are no customs inspections, this is relatively easy. Authorities estimate that the ring buys the drug in Southeast Asia for \$1,700 a kilo and resells it in the States for up to \$250,000. A full-scale investigation is under way both in the U.S. and in Southeast Asia. If it bears out these suspicions, the nation—already battered by the sorry conflict—will find itself face to face with the most vicious case of war-profiteering in its history.



6-DRAPED COFFINS OF SERVICEMEN COMING HOME
grisly logistics are not so difficult.

SUMMARY OF
DR. JEFFREY R. MACDONALD INVESTIGATION

Dr. Jeffrey R. MacDonald was convicted of the murder of his wife, Colette, and their two children. The trial took place in the United States District court, Raleigh, North Carolina in August 1979. Dr. MacDonald was sentenced to three consecutive life sentences. This conviction was the culmination of a nine-year effort by the Department of Justice and the Criminal Investigation Division (C.I.D.), Department of the Army. The government claimed Dr. MacDonald staged a Manson-type slaughter of his pregnant wife and two children in his home at Fort Bragg, North Carolina on February 17, 1970.

The government case is allegedly supported by a very hypothetical reconstruction of the crime scene. The government claims blood spots, fibers from torn garments, and "fabric impressions" on a sheet disprove the (jumbled) memories of Dr. MacDonald when he recounted to investigators what happened in those early morning hours. The government, admittedly, has never developed any credible motive to account for such brutal slayings; additionally, the government admits to many crime scene errors and losses of evidence, which the defense claims invalidates the government's hypothetical crime scene reconstruction.

The defense scenario is quite different from the government scenario. The defense claims that in the early morning hours of February 17, 1970 Dr. Jeffrey MacDonald, then a Green Beret captain and physician at Fort Bragg, North Carolina, was awakened by the screams of his wife. She was in their bedroom; he had gone to sleep on the couch because his younger daughter had climbed into the double bed in the master bedroom and wet the bed. Dr. MacDonald saw at least three men and a woman standing over him. There was a brief struggle, during which he was beaten and stabbed. His pajama top had been pulled up over his head and had bound his wrists, rendering him somewhat defenseless. He collapsed in the hallway and later awakened to a cold, quiet house. He went to his pregnant wife, then to each of their two daughters, trying to resuscitate them. They had been brutally murdered. In disbelief, he called for police and ambulances, and finally collapsed next to his wife's body.

What happened during the next few hours (and, indeed, days and weeks) of the initial investigation was as criminal, although in a different way, as the violence that occurred that morning. To be brief, the crime scene was never secured, upwards of 30 people walked through the house moving things, contaminating the scene, and changing and destroying evidence. Dr. MacDonald was rushed to the

hospital with a collapsed lung and multiple other wounds. His pajama bottoms were negligently discarded, even though they would have been a crucial piece of evidence. Importantly, because the MP dispatcher automatically figured that there must have been some sort of family dispute, investigators went to the task with a mind-set which likely tainted the investigation from the outset. Within hours, the Army C.I.D. had focused on Dr. MacDonald as the chief suspect, ignoring all evidence to the contrary.

A woman matching the description of the female assailant, Helena Stoeckley, who later confessed on several occasions, had been seen in the area near the house shortly after the incident by one of the responding MPs. She was not pursued at that time. The defense was later to learn that there was much additional exculpatory evidence, some negligently destroyed, but some intentionally destroyed, the existence of which was withheld from the defense until discovered through tireless investigation and the release of Freedom of Information Act (F.O.I.A.) documents, aided by some congressional pressure. Importantly, it wasn't until 1983, four years post trial, that the majority of the exculpatory evidence was discovered in F.O.I.A. files.

Back on April 6, 1970, Dr. MacDonald was first told that he was a suspect. An Army tribunal (Article 32 Hearing) was subsequently convened, and after hearing all the evidence over five months, including the testimony of many witnesses who knew the MacDonalds and had observed a normal marriage and family relationship, Dr. MacDonald was found to be innocent of the charges against him. The hearing officer recommended that the woman, Helena Stoeckley, and her group be investigated. The hearing officer specifically cited both forensic evidence and extensive psychiatric evaluations of Dr. MacDonald by both defense and prosecution as important to his findings.

At the conclusion of the hearing, in October 1970, the following recommendations were made:

1. "All charges and specifications against Captain Jeffrey R. MacDonald be dismissed because the matters set forth in all charges and specifications are not true. There are no lesser charges and/or specifications which are appropriate."
2. "That appropriate civilian authorities be requested to investigate the alibi of Helena Stoeckley, Fayetteville, North Carolina, reference her activities and whereabouts during the early morning hours of 17 February, 1970, based on evidence presented during the hearing."

In spite of these recommendations, the Army virtually ignored the possibility that Helena Stoeckley and her associates committed the murders and continued to investigate Dr. MacDonald.

Dr. MacDonald was honorably discharged from the Army and began rebuilding his life in California as a respected emergency physician. However, the Army C.I.D. undertook a reinvestigation of the crimes after having received pressure when Dr. MacDonald and his father-in-law pressured Congress. In 1974, a federal grand jury was empaneled and investigated the case for six months, finally returning an indictment against Dr. MacDonald in 1975. The prosecution was handled by a Department of Justice grand jury "specialist," now deceased, and a lawyer, Brian Murtaugh, who worked in the C.I.D. "reinvestigation" in 1971-72, and who now worked for the Department of Justice. The grand jury indictment was later to be called one of the most bizarre "inquisitions" ever to mock our constitutional due process standards.

There followed years of procedural maneuvers from both prosecution and defense, and in the summer of 1979 there was a trial in Raleigh, North Carolina. The trial judge, Franklin Dupree, never disclosed the fact that the early prosecutor in the case had been his son-in-law, now divorced from the judge's daughter, but still, of course, the father of the judge's grandchild.

During the trial, all 24 consecutive defense motions for admission of evidence or discovery were denied. Simultaneously, the government received positive decisions on seven of their eight motions.

Additionally, numerous critical exculpatory items were hidden from the defense at trial. These items included fingerprints, the loss of a crucial piece of skin from under Colette's fingernail, photos, reliability of witnesses, bloody boots from the female intruder, and the existence of witnesses who saw the group of assailants. Helen Stoeckley's vague admissions of guilt were held to be unreliable for purposes of admitting them as evidence. Yet she was a drug informant for several law enforcement agencies and as an informant she was considered sufficiently reliable to have provided local police with the apprehension of over a hundred suspects for drug-related crimes, although the proof of this statement was hidden until the 1983 release of F.O.I.A. documents. Later, F.O.I.A. documents also proved Helena Stoeckley was so competent, she was used by Nashville police for internal affairs investigations.

The judge also disallowed Dr. MacDonald's seven critical witnesses, those being seven persons who corroborated the admissions of guilt by Helena Stoeckley, the so-called woman in the floppy hat with the candle. She had, additionally, implicated herself in a C.I.D. polygraph, but the testimony of the C.I.D. examiner

who came to the defense over prosecution objections was not allowed by the judge.

Finally, due to the loss of all 24 consecutive motions by the defense (for discovery or for presentation of critical evidence), the trial came down to the allegedly carefully constructed case against Dr. MacDonald, based on very sketchy (and grossly hypothetical) forensic evidence reconstructed from a destroyed crime scene on the one hand, and on the other hand opposed basically by character and psychiatric witnesses for Dr. MacDonald. This brings us to Dr. Brussel and a final crushing blow to the defense.

Judge Dupree declared that if the defense hoped to have its psychiatrists testify at trial, Dr. Macdonald would have to submit to an additional psychiatric evaluation by the government's psychiatrist. This seemed unusual at the time, since Dr. MacDonald had already been evaluated by two sets of defense psychiatrists, and also by a three-man team at Walter Read Army Hospital for the prosecution -- and all exams were essentially very positive and similar. The new exam turned out to be a "sham"; the examiner was one Dr. James Brussel, from New York, aided by New Jersey psychologist Hirsch Lazaar Silverman. The "psychiatric exam" lasted 35 minutes and consisted of no psychiatric questions. Instead, Dr. Brussel read prosecution questions typed by prosecutor Brian Murtaugh. Dr. Brussel was almost 80 years old, senile, had recently had a stroke, was drooling from his mouth, and thought he was in Maryland, not North Carolina. He asked for his hat as he departed that day, having to be told by defense counsel that it was already on his head.

Astonishingly, Dr. Brussel told Judge Dupree, in camera, that his findings were in total contrast to those of all other examiners -- and Judge Dupree promptly disallowed all psychiatric evidence at trial, claiming he didn't want a "battle of the experts."

Having effectively excluded all possible exculpatory evidence, much of which was yet unknown to the defense, the government succeeded in a conviction on all counts, resulting in three consecutive life sentences for Dr. MacDonald. Appeals followed on the basis of many issues, including speedy trial and due process grounds, prejudicial failure to admit the declaration against interest made by Helena Stoeckley, exclusion of the defense expert psychiatrist, after-discovered evidence, and recusal of the trial judge for bias. All appeals failed, including recusal.

Unless we can get to the heart of the reasons for some of the coverups, Dr. MacDonald is without remedy. At this point, Dr. MacDonald has been fighting

for vindication for 18 years, and has been in prison for over twelve years. The defense believes, with strong evidence, he is innocent and wrongly incarcerated.

The defense case has been reinvestigated by two investigators since 1979. Ted Gunderson, retired FBI and former Special Agent-in-Charge of the Los Angeles, California FBI office, initially began in 1979, months after the convictions. He has, to this date, logged thousands of hours on the case, most of them unpaid. At present, he still works on the case, operating out of his Los Angeles, California office. It was Gunderson's work which produced the initial signed confessions from Helena Stoeckley, as well as later F.O.I.A. releases.

In 1982, new attorneys in the case retained Raymond Shedlick, Jr., a former New York homicide detective, who was based in Raleigh-Durham, North Carolina. He worked almost exclusively on the case for two full years. He, too, has logged countless thousands of hours on the case, corroborating facts, weeding out the lunatic fringe that often tries to associate with a case of this magnitude.

The investigations of these two renowned investigators has dovetailed into a coherent set of facts and witnesses, buttressed by forensic evidence, expert testimony and polygraph evidence, that clearly indicates the innocence of Dr. Jeffrey MacDonald and the guilt of Helena Stoeckley, Greg Mitchell and their co-assailants. Raymond Shedlick built on Ted Gunderson's initial confessions from Helena Stoeckley, and via F.O.I.A. material and new witnesses, they have constructed a scenario for the crimes that totally disproves, in real evidence, the hypothetical government scenario set forth at trial in 1979.

The following is a list of some major points and facts in the MacDonald case. Each point is documented many times by government files released under F.O.I.A. 13 years after the crimes and four years post-conviction.

1. The original crime scene was chaos. It was never secured in the first several hours. Upwards of 30 persons, including military police, neighbors and unidentified persons, wandered through the crime scene. Evidence is known to have been touched, moved, changed and destroyed.
2. Crucial evidence seen by C.I.D. investigators never appeared in later C.I.D. lab reports; additionally, crucial evidence favorable to MacDonald was left off government diagrams and charts used at trial in 1979. This includes most crucially both blood and fiber evidence from the living room end of the hallway, the location of Dr. MacDonald's struggle.
3. Evidence developed in 1980 by Gunderson and confirmed by both the F.O.I.A. material and the independent Shedlick investigation confirms

that the initial prosecutor in the case was James Proctor, son-in-law of Judge Dupree. Dupree was the trial judge who emasculated almost every bit of exculpatory evidence for the defense, and he remains, to this day, the judge on the case for any new evidence or appeals. James Proctor is the person who personally turned the investigation from Helena Stoeckley and co-assailants to Dr. MacDonald for the Department of Justice.

4. Much evidence is available to believe that a major investigator for the Army C.I.D. and his good friend, one of the local Fayetteville, North Carolina police lieutenants, were heavily involved in drug trafficking that included the importation of narcotics from Vietnam.

According to Helena Stoeckley, the lieutenant had used her over a period of time for sex, holding the threat of jail over her head for some drug-related offense. Stoeckley died in 1983, post-trial, allegedly of natural causes. She died at home, purportedly of a liver disease and pneumonia, but it was a sudden death, inconsistent with liver disease or pneumonia in a 32 year old person. She was home alone with her baby and it was her custom to seek help when she was ill, since she was a very attentive mother to her son. She did not seek help at this time but she had previously expressed to her friend and an investigator that she was ready to tell something that she knew was going to be a "major bombshell" about the MacDonald case. She had hesitated to do so before because she had asked for immunity and it had been denied. (Interestingly, a resident of Stoeckley's apartment building had seen two clean-cut men in suits who had asked for Stoeckley and hung around for about two days immediately prior to her death. A forensic pathologist was present at her autopsy, and if, in fact, Stoeckley had been the victim of foul play, it was undetectable on autopsy.)

5. The defense discovered that Dr. Brussel was not a "neutral examiner" at trial in 1979, as purported. F.O.I.A. records released in 1983 confirm that he was a "consultant" on the case from 1970 to 1971, until the time of the trial. He was, incredibly enough, consulted as an "expert" in LSD, and was brought into the case by William Ivory, C.I.D., the chief investigator in the case, who had been responsible for the "loss" of all the initial exculpatory evidence. Unbeknownst to the defense, from 1970 to 1979 Brussel had opined that Dr. MacDonald was a liar, a psychopathic, homicidal and that "hippies wouldn't have done the crimes" in 1970 because it wasn't haphazard enough. He reached his conclusion with his only source of information being C.I.D. agent William Ivory.

Clearly, then, his exam of Dr. MacDonald in 1979 not only was a sham, as Dr. MacDonald and his attorneys recognized in 1979, but it was also a fraud upon the court as well. Needless to say, Judge Dupree denied every review of these startling findings, a decision confirmed by the Fourth Circuit Court of Appeals, and cert was denied by the United States Supreme Court.

6. Regarding Helena Stoeckley: She initially made oral admissions of guilt in 1970 to Fayetteville, North Carolina police detective Prince Beasley. The C.I.D. was not interested enough to even interview her until ordered to do so by the Article 32 hearing officer, Col. Warren V. Rock, some six months after the murders.

Post-trial, once Ted Gunderson entered the case, he and Prince Beasley tracked her down and began extracting information of considerable value. Over the next two years, in signed and taped confessions, Helena Stoeckley named her co-assailants, described "insider" detail to Gunderson, and for the first time provided the real motive for the killings, i.e., anger at MacDonald for not being sympathetic to drug abusers, plus a fear he had turned in several users, a claim supported by other reputable Army personnel in sworn testimony.

7. Ted Gunderson's efforts didn't stop with Helena Stoeckley and her confessions. He began the investigations into her co-assailants and located significant corroborating witnesses. In addition, he had Helena Stoeckley polygraphed and had her examined by a forensic psychologist at UCLA, Dr. Rex Julian Beaber, who found her totally capable of recall, memory and accurate testimony.
8. Helena Stoeckley was polygraphed by a United States Army lead polygrapher, Robert Brisentine, in 1971. Mr. Brisentine felt the results corroborated Helena Stoeckley's involvement, that she was present at the crime scene, and that she knew the identity of the co-assailants. Mr. Brisentine was ordered by the prosecutor not to discuss his results with the defense, but he did so over their objections. His testimony was not heard by the jury due to a Judge Dupree ruling at the trial.

Ted Gunderson had Helena Stoeckley polygraphed again in 1982. The results confirm her complicity in the crimes.

9. Helena Stoeckley named, among others, Dwight Smith (a Negro male who oftentimes wore an Army jacket with E-6 sergeant stripes), Greg Mitchell and Shelby Don Harris as co-assailants. She admits to being

part of a drug-orientated "cult" that sacrificed animals and had a history of violence, including stabbings. The MacDonald murders involved her initiation into the Satanic cult.

10. The defense has approximately 40 witnesses who corroborated the admissions of guilt by Helena Stoeckley, Greg Mitchell, Shelby Don Harris, Dwight Smith and Cathy Perry. These witnesses had, variously, overheard the group before the killings, seen the group immediately prior to the killings, seen the group leaving the area of the MacDonald house at the time of the killings, and had seen the group in bloody clothing after the killings.
11. Most importantly, these witnesses corroborate the confessions of Helena Stoeckley, Greg Mitchell and Cathy Perry, as well as overheard admissions of guilt from two others of the group. The confessions of Helena Stoeckley and Cathy Perry are signed confessions. The confessions of Greg Mitchell was to multiple witnesses on several occasions under various circumstances.
12. Helena Stoeckley named Greg Mitchell as the person who personally murdered Colette. Found under Colette's fingernail was skin (now missing) and blood of the blood type of Greg Mitchell, not blood from Dr. MacDonald, who has a different blood type than either Colette or Greg Mitchell.
13. Insider information given by Helena Stoeckley to Ted Gunderson includes the presence of a rocking horse in one child's bedroom with a broken spring, a phone call from a now-identified individual, a barking German shepherd next door, the presence and type of jewelry box in the MacDonald bedroom, and the specific wounds on one of the children (stab wounds on her chest in the shape of an "S"; Helena Stoeckley stated the "S" was for "Satan"). Additionally, Stoeckley described vehicles used that night, and independent witnesses corroborate the presence of two of the vehicles (the Mustang and a cream-colored sedan).
14. Helena Stoeckley was told by C.I.D. investigators in 1972 to "let sleeping dogs lie" regarding her coming forth with new evidence in the case. This information corresponds with C.I.D. and prosecution hiding of the polygraph of Helena Stoeckley and prosecutor directions to an MP in 1970 not to volunteer information that he, as responding MP to the crime scene, had seen a woman in a floppy hat just blocks from the MacDonald home at 3:50 A.M. in freezing rain.

15. Requests for immunity for Helena Stoeckley were ignored in 1979 and 1982. She died in January 1983, shortly after contacting Fayetteville, North Carolina police detective Prince Beasley, saying she had urgent information for him. Before Beasley could arrange to get from North Carolina to South Carolina she was dead.
16. Helena Stoeckley, in 1970, frequently wore a blonde wig and boots and used candles for many reasons, including so-called "cult" ceremonies. Her group was involved in stabbings and animal sacrifices. She was seen to be in black mourning clothes on the day of the MacDonald funerals, and she had a wreath on her house at that same time.

There is ample corroboration of her association with Dwight Smith, Shelby Don Harris, Greg Mitchell, Cathy Perry and others in their group.

17. Helena Stoeckley made admissions of guilt in this case as early as 24 hours after the murders to Fayetteville, North Carolina police detective Prince Beasley, who was aware of her association with a black male who wore an Army fatigue jacket with sergeant stripes. Beasley was also aware she had a blonde wig and often wore boots. This information was transmitted to the C.I.D. on several occasions, yet no one from the C.I.D. investigated Helena Stoeckley for complicity in the crimes.
18. Importantly, Ted Gunderson began the F.O.I.A. requests in late 1979 and early 1980. He was stonewalled and rebuffed until 1983, at which point increasing congressional pressure finally opened the F.O.I.A. "gates" and long-suppressed documents began to be released. To this date, perhaps 10,000 pages of an admitted 90,000 have been released to the defense, but heavily censored.

In these pages, multiple crucial items of evidence favorable to Dr. MacDonald were discovered. These include:

- a. The loss of a piece of skin from under Colette's fingernail. This loss was hidden for 13 years.
- b. The intentional discarding of seven fingerprints of unknown persons at the crime scene, the reason being, "they kept getting mixed up with the known prints."
- c. The loss of a bloody, half-filled syringe from the crime scene, important because it corroborated an assailant confession.

- d. Hiding from the defense the discovery of writing on the wall of Helena Stoeckley's apartment in which the "G" matched, according to one of the government investigators, the "G" in the word "PIG" written in blood on the headboard in the MacDonald master bedroom.
 - e. The fact that a witness in the case was given bloody clothing and boots from Helena Stoeckley shortly after the crimes and told to hide them from the police. These were turned over to the Army C.I.D. and later returned to the witness. Today, the prosecution claims they were "negative" for blood, but has refused to produce any lab tests or reports to corroborate this statement.
 - f. It was discovered that the federal agents knew Helena Stoeckley was a reliable informant, including involvement in internal affairs investigations for the Nashville Police Department after the murders. This is important because the prosecution successfully kept evidence regarding Helena Stoeckley from the jury by arguing she was unreliable while simultaneously hiding the evidence of her reliability from the defense. (The ruling judge, of course, was Judge Dupree, whose son-in-law had "dismissed" Helena Stoeckley in 1970-71.)
19. The C.I.D. never had Dr. MacDonald review any suspects by line-up, nor did they construct police artist sketches of the assailants. Importantly, the FBI did voice-record several suspects, but the C.I.D. refused to allow Dr. MacDonald to listen to these recordings.

The defense, finally, during the initial 1970 investigation, had police artist sketches drawn. These were done in the summer of 1970 by a police artist from Philadelphia, Pennsylvania, and are labeled #1, #2, #3, and #4 (attached). In 1979, while under forensic hypnosis performed by a medical doctor, and while being questioned by a former FBI man who worked with hypnosis, another police artist from Los Angeles, California resketched the assailants. These drawings are labeled #5, #6, #7 and #8 (attached). The prosecution claims that Dr. MacDonald described different persons can be compared to the two groups of drawings, and you may draw your own conclusions.

20. The descriptions given by Dr. MacDonald in 1970 minutes after being resuscitated by an MP and later memorialized in the two sets of police sketches fit the group of persons around Helena Stoeckley.

21. Dr. Thomas Noguchi, world-renowned forensic pathologist, has studied the evidence extensively and has determined that multiple assailants were involved, and that one of them was most likely left-handed. Greg Mitchell was left-handed; Dr. MacDonald is right-handed.
22. Jeffrey MacDonald has passed, conclusively, a polygraph administered to him by Dr. David Raskin, one of the world's foremost polygraphers. (An "indeterminate" polygraph was performed on Dr. MacDonald by Joseph Reid in 1970. Upon review of the test, polygraphers and forensic psychiatrists feel the "indeterminate" status was due to the confusion in Dr. MacDonald's mind over the guilt he felt at not having been able to save the lives of his family.)
23. All legitimate forensic psychiatrists who have examined Dr. MacDonald (five) have argued that he is sane, normal, shows no psychopathology, and appears to be truthful.
24. The FBI questioned Greg Mitchell in 1982. Shortly after that, Mitchell requested money and help from friends to leave the country because he had been involved in "serious crimes." Mitchell confessed involvement in the MacDonald killings both at a drug detoxification center in 1971-72 and also to friends ten years later after being interviewed by the FBI.
25. During the autopsy in 1970, hairs were found in Colette's hand. The C.I.D. forcibly assaulted Dr. MacDonald's attorneys and forcibly removed 12 hair samples (head, chest, groin, arms, legs) from Dr. MacDonald in June 1970 while he was in custody.

However, the hair report from the C.I.D. lab was inexplicably "delayed," then "misplaced" by the C.I.D. agent Grabner in the evidence safe. Investigation during the Article 32 hearing revealed the delay was to enable the prosecutors to try to pressure the C.I.D. lab at Fort Gordon to change the report. It turned out the original report said the hair in Colette's had was "dissimilar" to Dr. MacDonald's hair. The second, changed, hair report implied not enough samples had been taken from Dr. MacDonald to be sure of the results. The C.I.D. "resolved" this series of astonishing events by exhuming the bodies of the family four years later and having FBI agent Paul Stombaugh swear under oath to the federal grand jury that the hair in Colette's hand was her own. Of course, all forensic hair experts know it is scientifically impossible to match hair in an individual -- all that can be said is "similar" or "dissimilar."

26. In 1970, Dr. MacDonald described the female assailant as carrying light, possibly a candle, since the light was flickering on her face. Later it was determined that the C.I.D. "held up," again, wax dripping reports from the crime scene. These crucial wax reports state unequivocally that no candle in the MacDonald house matched the wax drippings -- some of which were in the bedding of Kimberly, the five year old child.
27. Dr. MacDonald suffered multiple wounds in the assault. Observers, including many physicians, confirm he suffered multiple ice pick and knife stab wounds and blunt trauma to his head and left shoulder/arm. One stab wound penetrated his right chest, collapsing his lung and narrowly missing his liver. Other stab wounds and lacerations were in his abdomen, arm, hand and left chest. Examining physicians and experts testified at least one wound was life threatening, and no one, including a physician, could know the consequences of the wounds.

A document released in F.O.I.A. documents in 1983, an important letter from a C.I.D. colonel to J. Edgar Hoover, documents at least 17 stab wounds, plus other injuries to Dr. MacDonald. This information was later denied by prosecutors and writers in an attempt to strengthen their case in court and against appeals.

When Dr. MacDonald, lying next to his wife, was initially revived by MP Mica, his first words were about his children, his wife, and descriptions of his assailants.

No road blocks were initially established. No patrol was sent to approach the woman in the floppy hat seen only blocks away, despite numerous requests by MP Mica to do so.

Dr. MacDonald was treated with two separate chest tubes being surgically inserted into his chest to re-expand the lung. He was admitted to the intensive care unit and remained in the hospital 10 days, leaving only once, to attend the funerals of his family.

A psychiatric note in his chart at that time states "normal grief process continues."

28. Information was uncovered by investigators Ted Gunderson, Ray Shedlick and one of columnist Jack Anderson's investigators, Don Goldberg, that finally uncovered the person who made a phone call to the MacDonald house that night. Jimmy Friar made the call to locate "another Dr. MacDonald," actually Dr. Richard McDonald, and post

telephone operators in the early morning hours past 2:00 A.M. put him through to Dr. MacDonald's house. Friar recalls a woman answered, that he could hear a commotion in the background, and a male said, "Hang up the God-damned phone." In her confession, Helena Stoeckley used almost identical words to say what one of her male co-assailants said to her when she answered the ringing telephone.

29. Jan Snyder, a former neighbor of the MacDonalds now living in Ohio, furnished a statement advising that during the early morning hours of February 17, 1970, she looked out her window at 308 Castle Drive and saw a cream-colored automobile parked directly in front of 310 Castle Drive. She also saw a blue Mustang and a "military vehicle" (jeep). The last time she saw the vehicles they made a U-turn and were heading in the direction of Dr. MacDonald's home. This confirms information furnished by Helena Stoeckley. Snyder was interviewed by the C.I.D. for approximately five minutes the morning of February 17, 1970. She relayed this same information to the C.I.D. The C.I.D. agent said they would return to obtain a formal statement but never did.
30. Cathy Perry gave a confession to the FBI in 1984, prior to an upcoming movie on the case (in contrast to prosecutor statements that the confession was made after the movie). In her confession, she said she participated in the murders of a mother and two young boys in North Carolina in 1970. The government belittled her confession due to the discrepancies in the sex of the children, and because she said there was a flight of stairs in the home. In fact, there were two steps between the living room and hallway in the MacDonald home, and other portions of Perry's confession contained astonishing facts related to the crime scene, including trying to "inject" victims (missing bloody syringe), and that one of the children hid in a closet (hair torn out by the root was found in that location).
31. C.I.D. investigators on the case have admitted the direction of their investigation towards Dr. MacDonald was determined in the early morning hours of February 17, 1970, prior to any investigation of any leads. This direction was based on a theory that the living room scene was "staged," i.e., that the overturned furniture, an overturned flower pot and other lack of general disarray appeared to be "staged." It wasn't until six months later, during the Article 32 proceedings, that it was conclusively proved the elements of the "staged scene" theory were all incorrect, and much of the confusion was directly a result of crime scene changes made by on-the-scene personnel such as military police and ambulance attendants. Unfortunately, although the genesis of the theory

that Dr. MacDonald was guilty was not disproved, C.I.D. investigators would never again truly investigate the case in any neutral fashion.

32. There was a clearly documented "turf" war between the United States C.I.D. and the FBI for control of the crime scene and processing of forensic material. In effect, the Army C.I.D. froze out the FBI, and the FBI withdrew (formally on February 26, 1970, nine days after the murders, but in fact withdrawing by February 21, 1970, only four days after the crimes). This fiasco insured no civilians would ever truly be investigated, since the C.I.D. had jurisdiction only over United States Army personnel, i.e., Dr. (then Captain) MacDonald.

Additionally, this insured the less competent C.I.D. lab a chance to handle the forensic material, a move which turned out to be catastrophic, witness the lost, changed and ignored evidence of many types at the crime scene.

33. The list of destroyed or lost evidence handled by the C.I.D. is astonishing. It includes, among others:
- a. Fingerprints, at least seven, intentionally destroyed
 - b. Fingerprints "inadvertently" destroyed, such as at least two on the door of entry to the master bedroom used by the assailants
 - c. Bloody syringe -- now "lost"
 - d. Piece of skin -- now "lost"
 - e. Bloody clothing and boots -- now "lost"
 - f. Pajama bottoms of Dr. MacDonald -- now "lost"
 - g. Wet leaves and grass from inside the crime scene -- never collected
 - h. Blood evidence from the exact spot where MacDonald struggled with assailants -- hidden by prosecution (not recorded on crime scene chart at time of trial)
 - i. Fibers, crucial evidence from the exact spot where MacDonald struggled with assailants -- never collected

- j. Bloody footprints in child's bedroom destroyed as C.I.D. agents tried to saw floor to transport to crime lab.
34. In addition, the C.I.D. was responsible for almost innumerable failures to follow up on legitimate leads, including leads of real value given to the C.I.D., each on several occasions. Clearly, their focus was Dr. MacDonald, and any evidence not consistent with their theory was discarded, ignored or changed.

Unfortunately, the small amount of investigation they did do was woefully lacking in completeness and in expertise. For instance, to this day large areas of the crime scene have never been processed for fingerprints. Crucial items, such as the flower pot and a baby bottle found near one child, were not processed for fingerprints.

And absurd events occurred in the crime scene, such as the theft of a wallet after the arrival of C.I.D. investigators; and VIP tours of the crime scene for high ranking "brass" prior to crime scene forensic investigations being performed.

The absurdity of the crime scene work is evidenced by an Esquire magazine, alleged by the prosecution to be important since it mentioned the Manson killings in California, and since it allegedly had blood on it. What the C.I.D. didn't make clear until years later was that the Esquire magazine had been picked up and looked at by multiple investigators at the crime scene, for a total of three days prior to the alleged discovery of blood on the magazine. It was only then (over a lab person's objecting statement that the magazine couldn't possibly be considered evidence) that the Esquire magazine was collected as "evidence" against Dr. MacDonald. The majority of the fingerprints eventually found on the magazine were, indeed, investigator prints, yet to this day an unidentified print remains from this "exhibit."

35. The government contends "fabric impressions" and blood stains on a sheet imply Dr. MacDonald, for whatever bizarre and unsupported reason, carried Colette to the master bedroom from one of the children's rooms.

Evidence uncovered by Raymond Shedlick, Jr. conclusively proves a witness in the house at the crime scene saw the sheet on Colette prior to crime scene photographs. Other witnesses saw Colette not under the sheet before and after those events. This evidence destroys any validity

in the fabric impressions, since a crime scene person was the individual who placed the sheet in contact with Colette, not Dr. MacDonald.

36. It is known from sworn testimony that the telephones were used by not only Dr. MacDonald but also by the MPs in calling for help. Therefore, someone at the crime scene wiped the phones clean while the investigators were there, contrary to the C.I.D. theory that Dr. MacDonald wiped the phones.
37. Similarly, witnesses at the crime scene have stated under oath they saw a knife with a bloody blade in the master bedroom. The C.I.D., however, states the blade was clean and says Dr. MacDonald was lying about removing a knife from Colette's chest. Obviously, with witnesses seeing a bloody knife at the scene after Dr. MacDonald was removed to the hospital, someone other than Dr. MacDonald wiped the blade. In fact, C.I.D. reports now released indicate blood smears on a towel that are consistent with a wiped blade.
38. No inventory was ever taken of the contents of the MacDonald house, and the C.I.D. admitted that it never thought to ascertain whether any jewelry was missing. Possible blood and an unidentified fingerprint were found on the jewelry box in the master bedroom. Two family heirloom rings are still missing. Dr. MacDonald learned about this loss later, in the five-month Army Article 32 hearing.
39. In 1982, Ted Gunderson submitted to the FBI a four-volume report containing his investigations to date. The response of the FBI was, unfortunately, not to consider Gunderson's work, but to attack the motives of Gunderson and retired police detective Prince Beasley, who cooperated in obtaining the initial Stoeckley confessions. Since that time, information has been developed from F.O.I.A. requests that the FBI conducted four separate investigations into of Gunderson after he entered the case as opposed to any real investigation into the evidence uncovered in the MacDonald case.

In 1982 an attempt was made by the FBI and DEA to frame Gunderson on a drug charge by utilizing a female informant as the instigator. She was paid \$2,000.00 over a six-month period and finally came to Gunderson and told him about the plot. Government agents wrote out questions the informant should ask prior to the informant making taped phone calls to Gunderson. The agents forgot to retrieve one of the notes and the informant furnished this note to Gunderson who has it in a

safety deposit box. Gunderson later learned that his telephones were tapped. He sued GTE and obtained an out-of-court settlement in 1989.

Gunderson was also the victim of a disinformation program. Government agents circulated rumors that he was a homosexual, suffering from mental problems, and trafficking in drugs.

Similar occurrences happened in relation to Prince Beasley and other witnesses who tried to come forward with new evidence.

40. The "pivotal" piece of evidence, according to the prosecution, in the entire case is the pajama top of Dr. MacDonald. Brian Murtaugh, a prosecution lawyer, asked Paul Stombaugh of the FBI laboratory, in 1974, to see if he could "match up 48 holes in the pajama top from ice pick thrusts with the 21 ice pick wounds in Colette's chest." The government theory, as bizarre as it sounds, is that for some reason Dr. MacDonald put his pajama top on Colette and stabbed her through the garment.

Not surprisingly, two weeks later, Stombaugh said, yes, he could match up 48 holes in the pajama top with 21 holes in Colette's chest. This became the infamous "pajama top experiment" that was so convincing to the jury.

The pajama experiment is a fraud. There are approximately 12 reasons why the pajama top experiment is false information, but perhaps the clearest is the government's own evidence. Stombaugh had determined with a microscope the "directionality," i.e., the exit and entrance, of 13 of the holes in the pajama top (by fibers broken one way). However, in order to comply with lawyer Murtaugh's request for "evidence," he had to ignore this proven directionality -- in fact, he reversed six of the 13 directions in order to "match up" the 48 pajama top holes with 21 wounds on Colette.

There are additional important reasons why the pajama top experiment is fraudulent, including Stombaugh ignoring Colette's pink pajama top; other wounds on Colette; and the massive discrepancy between the depth of wounds necessary in Stombaugh's experiment as opposed to the depth of wounds as determined by autopsy. Yet the pajama top experiment was seen by the jury and believed, and was admitted by Judge Dupree despite overwhelming evidence it was totally false. In essence, a man today sits in federal prison convicted by knowingly false and misleading

"evidence" manufactured in response to a lawyer's plea for "new evidence."

41. An unexplained doll head and feathers were found in the house. Gunderson, who is considered a satanic cult expert, advises that when satanists commit a murder they leave signs at the scene. Gunderson believes that the doll head and feathers and stab wounds on one of the children's chest were satanic signs.
42. Stoeckley stated her cult was active in a drug operation that was bringing drugs in plastic bags in the body cavities of the dead GIs from southeast Asia to the U.S. in military planes. Her cult murdered the MacDonald family without the permission of the leaders of this operation. The leaders, some of whom were in the military, were afraid that if the cult was identified as involved in the murders, it might expose the drug operation, so they framed Dr. MacDonald.

Today, there are roughly 40 witnesses who strongly corroborate Dr. MacDonald's version of events. This is in addition to the seven witnesses excluded at trial in 1979. Shockingly, the group he described existed, was drug and violence-oriented, was seen going to and coming from the house, was seen in bloody clothing, and fits his descriptions. Insider information and independently arrived at forensic information ties the group of assailants to the crime scene. And, most incredibly, three of the group of assailants have confessed, and other admissions of guilt were overheard by third parties. Dr. MacDonald has passed a polygraph and five legitimate forensic psychiatric examinations. He suffered multiple wounds in the assault, at least one of which could have been fatal.

The "evidence" convicting him in 1979 was simply "forensic" evidence of a confusing nature that did no more than place him in his own home on the night of the murders. There is no evidence that says he committed murder -- and there is voluminous evidence that points to the guilt of Helena Stoeckley, Greg Mitchell and their co-assailants. Yet, as of this date, Dr. MacDonald remains in federal prison, a victim of injustice of the worst sort.

Additional evidence was recently developed that further corroborates Dr. MacDonald's innocence. This evidence was presented in the U.S. District Court. Judge Dupree ruled in favor of the government. The decision was then appealed to the Fourth Circuit. They also ruled in favor of the government. An effort will be made to appeal this decision to the U.S. Supreme Court. See the following newspaper article for details.

4/2/92 p 75

JUSTICE

'Fatal Vision' Doctor Waits for Ruling on New Trial

MacDonald would be free today if fiber evidence in the 1970 killings had been presented, lawyers say.

By DAVID WILLMAN
TIMES STAFF WRITER

Twenty-two years later, Jeffrey R. MacDonald still insists that he didn't do it: He didn't stab and club to death his pregnant wife, Colette, and their two young daughters early in the morning of Feb. 17, 1970, at Ft. Bragg, N.C.

MacDonald, a physician whose case was etched into the nation's consciousness with the 1980s book and television movie "Fatal Vision" is waiting again to hear whether the legal system will believe him. A panel of the U.S. 4th Circuit Court of Appeals in Richmond, Va., is expected to rule soon on his request for a new trial.

The request is based on evidence that MacDonald's lawyers, including Harvard Law School professor Alan M. Dershowitz, say is new.

"I am absolutely convinced of Jeffrey MacDonald's innocence," said Harvey A. Silverglate, MacDonald's lead attorney. "MacDonald wanted me to represent him in 1984, and I turned him down. When I looked at the evidence in 1989, I immediately agreed to take the case. This is the strongest habeas corpus petition I have filed in 25 years."

The Justice Department, in briefs signed by Criminal Division chief Robert S. Mueller III, rejects as insignificant the new evidence and urges denial of MacDonald's request for a new trial.

"[MacDonald] attacked his wife and family with makeshift weapons from his household, moved their bodies and rearranged the crime scene to comport with his version of Manson-type murders," says the Justice Department brief.

MacDonald, a Princeton-educated former Army captain, has told the same story since the hour he was questioned in his blood-spattered home: He and his family were attacked by four intruders, one of whom was a woman with dark clothing and flowing blond hair. One chanted: "Acid is groovy. Kill the pigs."

Now, MacDonald's lawyers contend that materials they have found through Freedom of Information Act requests

prove his innocence. These include notes revealing that dark woolen fibers were discovered in Colette MacDonald's mouth and that a 22-inch synthetic blond strand was found in the house.

Other notes, the lawyers say, show that human limb hair found in Colette's left hand was tested by a government examiner before trial and did not match that of Jeffrey MacDonald. A prosecution expert testified in 1979 that the limb hair at issue was too small to be of value.

If the evidence of the woolen fibers and the blond strand had been known earlier, MacDonald's lawyers assert, the trial judge might have allowed testimony that a woman named Helena Stoeckley claimed to a government investigator and six other people that she and three male companions committed the murders. Stoeckley died in 1983.

"If the original MacDonald jury had learned of the undisclosed forensic evidence and heard the testimony [related to Stoeckley], Jeff MacDonald would have been acquitted," said Roger C. Spaeder, a Washington lawyer and former assistant U.S. attorney now working for MacDonald's defense.

Silverglate also alleges that the government purposefully shielded laboratory notes and other evidence from MacDonald's original defense team.

The Justice Department denies those assertions and contends that some of the purportedly new information was, or should have been, known to MacDonald's previous lawyers. The government contends that the dark fibers in Colette's mouth "were forensically insignificant" and speculated that the 22-inch blond strand may have come from a doll.

Not in dispute is that 22 years ago, someone using an ice pick, two knives and a club killed Colette MacDonald and Kimberly, 5, and Kristen, 2. Jeffrey MacDonald was found at the scene with less severe stab wounds, including a partially collapsed lung.

In telephone interviews from an Oregon prison, MacDonald, now 48, says he still thinks of his wife and children. The memories, he said, can be worst during April and May—on their birthdays.

"I try to aim at the next achievable goal," said MacDonald, called "Doc" by other inmates. "... There's a comfort deep within me, because I know the truth. I know I'm innocent."

Profile:
Jeffrey R. MacDonald



Age: 48

Residence: Federal prison, Sheridan, Ore.

Former occupation: Emergency physician

Case background:

Feb., 17, 1970: Colette MacDonald and the two MacDonald children, Kimberly, 5, and Kristen, 2, are killed.

October, 1970: The Army ends its formal investigation into the killings with no charges being filed.

1971: MacDonald works at St. Mary Medical Center in Long Beach, earning praise for his long hours and care for indigent patients. He lives in Huntington Harbour.

1975: The doctor is indicted in the deaths of his wife and children.

1979: MacDonald is convicted on one count of first-degree murder and two counts of second-degree murder.

1980: The U.S. 4th Circuit Court of Appeals reverses the conviction, finding that the right to a speedy trial was violated. MacDonald is freed.

1982: The U.S. Supreme Court reinstates MacDonald's conviction, and he is imprisoned immediately.

1991: The doctor's request for a new trial is denied by the federal district judge who oversaw the 1979 trial.

1992: MacDonald, now in a medium-security prison in Oregon, seeks a new trial.

Subject of 'Fatal Vision' Book Loses Appeal for a New Trial

Special to The Times

RICHMOND, Va.—Jeffrey R. MacDonald, whose murder case inspired the best-selling book "Fatal Vision," on Tuesday lost his bid for a new trial.

A three-judge panel of the U.S. 4th Circuit Court of Appeals ruled unanimously that newly identified evidence raised by MacDonald's lawyers "neither supports MacDonald's account of the murders nor discredits the government's theory" of how the killings occurred.

MacDonald's wife, Colette, and their two daughters were clubbed and stabbed to death on Feb. 17, 1970, in the family's home at the Ft. Bragg, N.C., Army base. MacDonald, a physician, was convicted of the crimes in 1979 and freed by an appellate court in 1980. But went back to prison in 1982 when the Supreme Court reinstated his convictions.

"I don't know what to say," MacDonald said in a telephone interview from a federal prison in Sheridan, Ore. "It's outrageous. . . . It's very tough to get justice in this country."

In an 11-page decision, Judges David Russell, Francis O. Murnaghan Jr. and John D. Butzner Jr. said that the new evidence—hair, wool and synthetic fibers that MacDonald's lawyers suggest back his claim that a gang of hippies killed his family—"simply does not escalate the unease one feels with this case into a reasonable doubt" of his guilt.

THOMAS T. NOGUCHI, MD

1110 Avoca Avenue
Pasadena, California 91105-3405
(818) 441-1506

September 4, 1986

Re: Medicolegal opinion on the case of Jeffrey R. MacDonald, M.D.

Based on my review of the autopsy reports, photographs, investigative reports and at scene photographs and review of the case by other, the following is my opinion and medicolegal interpretation of the wounds and injury patterns.

Collette MacDonald:

1. Three types of weapons were involved in the attack on Collette:
 - a. a blunt object with a square contact area
 - b. a knife
 - c. an ice pick-like piercing object.
2. The wounds were inflicted while she was alive.
3. The three types of wounds were inflicted within in a short interval of time.
4. The blunt force injuries are on the right side of the face indicating the assailant was left handed.

Kimberley MacDonald:

1. Two types of weapons were involved in the attack on Kimberley:
 - a. a blunt object with flat surfaces
 - b. a knife
2. The wounds were inflicted while she was still alive.
3. Most of the injuries are found on the right side of the body.
4. The blunt injury to the right side of the face was inflicted first.
5. The blunt force injury was delivered by a left handed person.
6. The wounds were inflicted within a short interval of time.

Kristen MacDonald:

1. Two types of weapons were involved in the attack on Kristen:
 - a. a knife
 - b. an ice pick-like piercing object.
2. The injuries were sustained while she was still alive.
3. The ice pick type wounds were inflicted first followed by the stab wounds on the chest.
4. The stab wounds in the back were inflicted after the injuries to the front. Lastly, additional ice pick type wounds were inflicted on the chest as she was dying.
5. There are linear wounds on the neck which appear to have been caused by a constrictive force delivered by a ligature, such as a thin rope or a heavy string.

Based on the sequence of injuries and the types of injuries on the three deceased, my opinion is that multiple assailants, at least one of whom is left handed, carrying a blunt object, knife/knives, and an ice pick type object, are involved. They appear to have coordinated their activities.

Thomas T. Noguchi MD

PRESS RELEASE

Dr. David C. Raskin, a professor at the University of Utah and one of the leading polygraph experts in the country, recently performed a polygraph (lie detector) test on Dr. Jeffrey MacDonald at the federal correctional institution in Phoenix, Arizona. Dr. Raskin asked Dr. MacDonald the following questions:

Did you inflict any of the injuries which resulted in
the deaths of your wife and children?

Answered "No."

Did you yourself directly cause the deaths of your wife and
children?

Answered "No."

Did you arrange with or directly assist anyone to
cause the deaths of your family?

Answered "No."

Dr. Raskin concluded that Dr. MacDonald gave truthful answers to all of these questions and was, in fact, telling the truth when he stated that he did not kill his family.

Dr. Raskin has testified before the Senate, acted as an expert in the Patricia Hearst and DeLorean cases, and is recognized as a pioneer in using computer analysis of polygraph results so that the operator's subjective feelings do not enter into the analysis of the results. Using all of the above described methods, Dr. Raskin is convinced of Dr. MacDonald's innocence.

Dr. Raskin also consults with several government investigatory agencies as an expert in the polygraph, including the Central Intelligence Agency and the Federal Bureau of Investigation.

SIMILARITIES BETWEEN THE TATE AND MACDONALD
MURDER CULTS:

- 1) BOTH CASES INVOLVED THE USE OF DRUGS BY SLAYERS DURING THE MURDERS.
- 2) IN BOTH CASES, THE VICTIMS WERE EITHER USING, OR WERE CONNECTED WITH DRUGS. DRUGS WERE FOUND AT THE TATE HOME. DR. MACDONALD WAS INVOLVED WITH THE TREATMENT OF ADDICTS.
- 3) BOTH CASES INVOLVED "CULTS" THAT WERE INTO SATANISM AND RITUALISTIC DEATH RITES.
- 4) IN BOTH INCIDENTS, BLOODY OATHS WERE WRITTEN AT CRIME SCENE USING THE BLOOD OF THE VICTIMS.
- 5) BOTH CRIMES INVOLVED THE PARTICIPATION OF A FEMALE OBSERVER WHO DID NOT TAKE PART IN THE KILLINGS.
- 6) BOTH CASES INCLUDED VICTIMS THAT WERE EITHER DIRECTLY OR INDIRECTLY RELATED TO PROFESSIONAL MILITARY PERSONNEL. TATE'S FATHER WAS A RETIRED OFFICER.
- 7) BOTH CRIMES TOOK PLACE DURING THE EARLY MORNING HOURS.
- 8) IN BOTH INSTANCES, THE MURDERERS RETURNED TO THE SCENE IMMEDIATELY OR SHORTLY AFTERWARDS. MANSON RETURNED TO THE TATE RESIDENCE, TWO HOURS AFTER THE KILLINGS.
- 9) BOTH KILLINGS INVOLVED PREGNANT WOMEN. SHARON TATE AND COLETTE MACDONALD.
- 10) BOTH CASES HAD MORE THAN THREE MURDERERS AT THE SCENE.
- 11) BOTH SLAYINGS INVOLVED "HIPPIE" TYPE KILLERS.
- 12) IN BOTH INCIDENTS, ROBBERY WAS NOT CONSIDERED A MOTIVE. MANY VALUABLES WERE LEFT BEHIND IN EACH INSTANCE.
- 13) IN BOTH CASES, THE NON-PARTICIPANT FEMALE WAS RESPONSIBLE FOR BRINGING THE FACTS OF THE MURDERS TO LIGHT BY LATER TELLING PRISON INMATES OF HER INVOLVEMENT.
- 14) IN BOTH CASES THE PRIMARY DEATH WEAPON WAS A KNIFE USED REPEATEDLY IN A RITUALISTIC MANNER.
- 15) IN BOTH CASES, THE "CULT" IS SUSPECTED IN OTHER LOCAL MURDERS.
- 16) IN BOTH CASES THE "CULT" HAS REMAINED INTACT OVER THE YEARS, AND IS ACTIVE IN THREATENING MEMBERS AND NON-MEMBERS SHOULD THEY TESTIFY IN REGARDS TO THE MURDERS.

- 17) IN BOTH CASES, THE "CULT" MEMBERS REMAINED TOGETHER IMMEDIATELY AFTER THE MURDERS AND MET AT A SINGLE LOCATION. MACDONALD'S KILLERS AT THE HICKORY TRAILER PARK, TATE'S AT THE SPAHN RANCH IN RURAL SYLMAR, CALIFORNIA.
- 18) IN BOTH CASES, THE MURDERS WERE PLANNED WELL IN ADVANCE, AND WERE NOT IMPULSE KILLINGS, OR CRIMES OF PASSION, THAT HAPPENED "HEAT OF THE MOMENT".
- 19) IN BOTH CASES, NEIGHBORS NOTICED "UNUSUAL BEHAVIOR" BEFORE, DURING AND AFTER THE MURDERS, BY "PERSON OR PERSONS UNKNOWN". IN EACH INSTANCE, THE NEIGHBORS NEGLECTED TO REPORT THIS TO POLICE UNTIL THEY WERE LATER QUESTIONED.
- 20) IN BOTH CASES, THE KILLERS CHANTED AND LAUGHED DURING THE CRIMES.
- 21) IN BOTH INSTANCES, VALUABLE EVIDENCE WAS NEGLECTED OR ALTERED BY ARRIVING INVESTIGATORS WHO SHOULD HAVE KNOWN BETTER.
- 22) BOTH HUSBANDS SURVIVED.
- 23) TATE WAS HUNG. ONE OF THE MACDONALD CHILDREN HAD ROPE OR CORD BURNS ON HER NECK (SHE WAS POSSIBLY HUNG).

TO: DEFENSE TEAM

FROM: JEFF MACDONALD

SUBJECT: CASUAL COMPARISON OF "HELTER SKELTER" BY VINCENT BUGLIOSI AND
FACTS IN MACDONALD CASE

NOTES FROM READING "HELTER SKELTER"-----*NOT EXHAUSTIVE: NOT COMPULSIVELY
DONE*

A FEW SIMILARITIES IN TATE/LA BIANCA INVESTIGATIONS AS OCCURRED IN
INVESTIGATION AT 544 CASTLE DRIVE:

PLEASE NOTE: All pages are reference paperback "Helter Skelter" by Vincent
Bugliosi.

1. pg. 14: Officer DeRosa obliterates fingerprint on gate (multiple examples in MacDonald case)
2. pg. 17: Investigator tracks on scene confusing----just like mud/water at 544 Castle Drive. Difference: Tate/La Bianca investigators immediately questioned crime scene people
3. pg. 18: Multiple omissions of blood typing
4. pg. 22: Plastic bags put on hands---not done in MacDonald case
5. pg. 26: "Nothing Stolen"---pseudo-inventory taken within days. In MacDonald case, no inventory for 6 months
6. pg. 27: "Theory" immediately made by investigators that blinded investigators from then on, i.e. "Drug sale"
7. pgs. 46-47: SGT. Buckles ignores key lead. Similar to many examples in MacDonald case, i.e., girl in floppy hat, Beasley stopping Helena Stoeckley, etc.
8. pg. 75: Peter Hunkos---Psychic (Ted Gunderson's friend from Canada in MacDonald case)

9. pg. 88: Truman Capote quoted on case. He was wrong, just as he was when he was quoted on TV talk show in 1970, one day after MacDonald appearance on Dick Cavett Show (Capote also on Dick Cavett next day.)
10. pg. 93: Col. Tate forays into underworld---similar but more extensive than attempts by MacDonald (with Col. Kingston) and Kassab
11. pg. 92-93: Rewards offered---similar to our multiple newspaper ads---both (Tate/La Bianca & MacDonald ads) developed many leads
12. pg. 102: Susan Atkins stabbed others---just as did Cathy Perry (Williams)
13. pgs.100-104: Cops ignore multiple leads to "The Family" (Manson Family)
14. pgs. 108-109: Cops question Manson---he makes simple denial ("No")---that it as far as cops went. Similar to Ivory interviewing Helena Stoeckley, and similar to the CID interview of her group
15. pg. 226: Various accounts of stabbing not consistent. Very similar to Cathy Perry/Helena Stoeckley differences
16. pg. 397: Mary Brunner repudiates her own testimony several times, as did Susan Atkins, and as did Helena Stoeckley in the MacDonald case
17. pgs. various: Leader not present at crime scene in Tate and only present short time at La Bianca crime scenes. Similarly, Mazzerolle in jail and "Candy" not at crime scene in MacDonald case
18. pg. 460: Blood "expert" (Joe Grando), who screwed up the blood work moves from LAPD to FBI!!! Lab "experts" in MacDonald case who fouled up evidence mixture of CID (Medlin, Chamberlin, etc.) and FBI (Stombaugh and Green)
19. pg. 466: Discussion of "normal" absence of fingerprints of intruders at crime scene by Bugliosi---I believe Susan Atkins never left fingerprints at crime scenes in Tate/LaBianca. We'll never know in MacDonald case, because so many fingerprints were destroyed and crime scene so poorly dusted for prints

GENERAL THOUGHTS:

20. Multiple weapons used in both cases
21. Situation of group violence with "leaders" and "followers"
22. Ritual type killings to some extent in each
23. Mental instability in both groups---i.e. Susan Atkins and "Clem" in Manson crowd, Cathy Perry and Helena Stoeckley in Stoeckley crowd
24. Many witnesses eventually found who saw/heard group coming and going in each case
25. Senselessness of the killings in each case
26. Partial knowledge of layout of home, etc. in each case, i.e., Manson had been to Tate residence several times. At least Helena Stoeckley had been to MacDonald home, she said
27. Words written at crime scene in blood
28. Enormous legends built up by press in both cases, i.e., "drug trip" in Manson case (denied by Bugliosi); "hoods" on victims in Manson case.

In MacDonald case: term "hippie" used by Col. Kriwarnek/Press, not by MacDonald. Later on, false info extended to: MacDonald wounds, amphetamines and false government story of roadblocks and manhunt for the assailants
29. Association of each group with drug use, including but not limited to, LSD and mescaline
30. Poor autopsies performed in MacDonald case. In Tate/La Bianca, those overseen by Dr. Noguchi were well done; those done by assistant coroner were poorly done (or at least testimony was poor.)
31. Connection of assailants to widespread group of social misfits/dropouts/dopers with violence and abuse part of their life. Drug informers present in both groups
32. A few good cops in each case who tried to do right thing: Inyo County cops and two of La Bianca detectives in Manson cases; Prince Beasley in MacDonald case. Majority of cops sloughed off and simply went thru motions after making initial decision as to "probable assailants"

The Washington

Merry-Go-Round

By JACK ANDERSON
with Les Whitten

WASHINGTON — The Justice Department has used outrageous stalling tactics to deny Dr. Jeffrey MacDonald his legal right to see the government's files on himself. After more than three years of trying, MacDonald has yet to receive a single page of the department's 90,000-page file.

MacDonald was a Green Beret doctor at Fort Bragg, N. C., in 1970 when his pregnant wife and two daughters were brutally murdered in their home. MacDonald claimed that a drug-crazed "hippie group" killed his family and seriously wounded him. An Army investigation cleared him.

But the Justice Department, at the urging of MacDonald's father-in-law, pursued the case. Nine years after

the crime, the doctor was brought to trial. Evidence that he believes could have exonerated him was withheld, and he was found guilty. He is now serving three consecutive life sentences for crimes he insists he did not commit.

Convinced that the government had information that supports his claim of innocence, MacDonald requested his files under the Freedom of Information Act in January 1980. He told my associate Donald Goldberg he believes the files also contain proof of government misconduct that prejudiced his case.

The Justice Department put him on a waiting list, informing him that there were 135 requests to be processed ahead of his. Last June, nearly two-and-a-half years after his initial request, he got a letter from the Justice Department — asking if he was still interested.

Despite the law's requirement that FOIA requests be handled as quickly as possible, Justice assigned a single employee to review the 90,000-page file. Officials said there was no way they could speed up the process.

MacDonald's attorneys offered to pay for copies of the file so that processing could be done more quickly. The Justice Department did not accept the offer.

Rep. Don Edwards, D-Calif., wrote to Attorney General William French Smith on MacDonald's behalf. "I would request that steps be taken to speed this process so as to achieve the purpose of the Act in this case," Edwards wrote. "Given the significance of the statutory rights involved in the MacDonald case, more diligent attention should be given to fulfilling the Department's responsibilities ..."

MacDonald did a little better with the FBI — but not much. He has received 39 of the 1,148 pages of documents on him in the FBI files. However, the 39 pages consist almost entirely of newspaper clippings and press releases.

The FBI's reason for hanging onto the rest of MacDonald's file is confusing, to say the least. The bureau admittedly has no ongoing investigation as such. But according to FBI Director William Webster, "This case remains in a pending status, with the FBI currently making inquiries as specifically requested by the U.S. Department of Justice."

Congressman Edwards questioned the FBI's assertion in his letter to the attorney general. "In light of the facts that Dr. MacDonald was convicted in 1979 and that the Supreme Court denied ... his final appeal," Edwards wrote, "it appears that the position taken by the Bureau is in error, as well as at odds with the position of the Department of Justice."

In short, through unconscionable stalling and specious reasoning, the Justice Department and the FBI are keeping MacDonald from seeing his files. What is the government afraid of?

IRAN CONTRA

*Tony Avirgan
Law Suit*

Will a Bizarre Suit Become a Watergate of the Jungle?

By GEORGIE ANNE GEYER

An incredible suit filed recently in Miami by two Costa Rica-based American journalists threatens to open a potentially sordid chapter in the convoluted story of the United States vs. the Sandinistas.

The suit names 30 Americans, Nicaraguans and Cuban exiles—including two retired generals and two former CIA officials—as being involved in drug trafficking, gun-running and even assassination attempts on anti-Sandinista leader Eden Pastora and Lewis Tamba, the American ambassador to Costa Rica.

If the charges are true, the \$22.8 million lawsuit could provide the "straw that broke the camel's back" in defeating the troubled \$100 million aid to the contras. But are the charges true? Or is this ideological fantasy, or perhaps something else? Consider the lineup of bizarre characters on all sides.

On the left side of the ring, are the plaintiffs, Tony Avirgan and his wife, Martha Honey, who are stringers for the Associated Press and a number of other news organizations. Both are known in Costa Rican press circles as, in effect, pro-Sandinista agitators. They make such pro-Sandinista statements at press conferences that many consider them to be possibly working for the Marxist Nicaraguan regime.

The suit is being carried by the Christie Institute, which is not a religious organization per se, but is in fact a group of leftist lawyers headed by attorney Daniel Sheehan, who said that the case could be "Watergate II" and could lead to the impeachment of six to 12 members of this Administration, whom he compares to the "Watergate creeps." He was quoted in a United Press article as saying that, with "Judeo-Christian ethics" and the '80s in their hearts, his staff are "social change artists" who want to "re-link the human family back to their cosmic environment."

Also working on the case is Fenton Communications of Washington, a public relations firm headed by David S. Fenton, who in 1982 represented the Nicaraguan government and organized news conferences for officials of the rebel Marxist Farabundo Martí National Liberation Front of El Salvador, which the United States is bitterly opposing.

On the right side of the ring are the defendants, a very mixed bag, which includes such respected men as retired Army Maj. Gen. John Singlaub (who has been raising non-military aid money for the contras), John Hull, a CIA-connected rancher in Costa Rica and a whole caboodle of Cuban and Nicaraguan adventurers involved in the contra struggle against the Sandinistas in Costa Rica.

While the case involves all sorts of dramatic allegations, what is perhaps most important is that the complaint challenges the common view that the May 30, 1984,

bombing at La Penca, the base camp of anti-Sandinista leader Eden "Commander Zero" Pastora, was carried out by the Sandinistas through a man pretending to be a Danish journalist named Per Hansen.

Instead, in a bizarre new turn, Avirgan and Honey accused one of the defendants, an anti-Kadafi and far-right Libyan, Amec Gall, now living in Miami, of the crime, which did not kill Pastora but did kill several others at the camp that day. As if that is not enough for one's conspiracy quotient, they say that Gall was working for the far-rightist Chicom intelligence service, and that his Libyan nationality would have served to focus blame on Col. Moammar Kadafi instead of the U.K. group. And if that is not enough, they accuse this group of planning to assassinate Tamba, blame that on the Sandinistas and thus invoke an American attack on Nicaragua.

Since there has been no attempt to hide the ideological propensities of the people pushing the suit, one might reasonably extrapolate that the Sandinistas would love to see an action like this used to destroy the contras' financing and their always teetering respectability once and for all.

But Associated Press reporters did top-notch investigative work a year ago and, while they found several lower-level contras involved in drug smuggling with the Colombians (and who wanted the United States to play a role in "busting" the Colombians), the reporters did not find high-level involvement.

We know that certain far-right elements within the Reagan Administration and the CIA, and the National Security Council, wanted Pastora out. He is a charismatic leader who can be balky at any controls from outside. But that a group of CIA or NBC mavericks, perhaps out of control, would attempt to kill him? And the American ambassador? Until now, thank God, there has been no evidence of that kind of horror but there has been evidence of the Sandinistas' attempts, such as a Basque terrorist now back in jail in Spain, who was sent from Managua three years ago to assassinate Pastora.

One can only pray that there is no truth to these charges. One can only hope the CIA and the NBC, which has been directing a lot of this mischief down there, have learned to keep these kinds of adventurer/killers in rein and that they are not repeating the kinds of damage that they have done to the United States in the past.

One can only hope that the suit is, as it initially seems, a Sandinista, or Cuban, or combined leftist attempt to discredit all contra aid. Because if the charges are even moderately true, the Administration is in for some new trouble.

Georgie Anne Geyer is a syndicated columnist.

The following article appeared in the April, 1988 issue of
INTERVIEW Magazine:

Note Mr. Daniel Sheehan states the CIA flew drugs into the U.S.
during the Viet Nam War. If the Army and the CIA flew drugs in-
to the U.S. during this period there possibly was collusion be-
tween members of these agencies.

(2)

MORE CHRISTIC INSTITUTE CONTRA- VERSARY

The Christic Institute's Daniel Sheehan spins a tale of secret wars, CIA schemes, and global conspiracy.

Sometime this summer, Daniel Sheehan, chief counsel to the Christic Institute, a Washington public-interest law firm, is finally going to get his chance to take on what he calls the "secret team." Sheehan, representing a freelance journalist injured in a bombing attempt on the life of an uncooperative contra leader in Nicaragua, has been arguing that a group of 29 men, many of whom are ex-U.S. intelligence officers, have been overseeing a secret war of covert assassination, drug smuggling, gunrunning, and general terrorism with the assistance of U.S. officials who approve of their anticommunist orientation. Because of the unique provisions of the Racketeer Influenced and Corrupt Organization (RICO) Act, Sheehan has the right — if he can show injury to his client — to sue an entire syndicate for damages (in this case \$20 million worth) even though not all members are accused of plotting the bombing. In the view of Sheehan and his admirers, the Iran/contra hearings were just a sideshow. The real show will take place this summer.

Sheehan is no stranger to well-publicized, controversial legal causes. Among the cases he has participated in are the \$1.3 million

levelled against the city of Greensboro, North Carolina, two police officers, and the Ku Klux Klan for the families of five demonstrators killed in a 1979 rally (this despite verdicts of innocence in state and federal trials of the same defendants); the First Amendment criminal defense of the United Artists film *Last Tango in Paris*; and, as a young associate at Cahill, Gordon and Reindel, *The New York Times'* victory in the Pentagon Papers case.

Sheehan is working with his wife, Sarah Nelson, executive director of the institute, to put together the massive legal case against the alleged conspirators. Sheehan says that Christic runs on an annual budget of \$3 million; most of the 60 staff members, including Sheehan and Nelson, earn just over \$15,000 a year. While Sheehan's considerable charisma and Christic's dramatic charges have excited progressives throughout the country, most of Washington remains quite skeptical.

Sheehan was interviewed in the Christic Institute's headquarters, in a decaying neighborhood in Northeast Washington. His office—a fifteen-minute walk from the Capitol steps—is situated in an aging brownstone far away from the new law firms on K Street.

by
Eric
Alterman

ERIC ALTERMAN: So you're going to nail the "secret team" in court. Let's start at the beginning. We've got a bombing that takes place when?

DANIEL SHEEHAN: May 30, 1984.

EA: Contra leader Eden Pastora, who's not cooperating with the CIA, is bombed at his press conference in La Penca, Nicaragua, just over the Costa Rican border. Three journalists are killed—

DS: And five others—nonjournalists. Eighteen to twenty-four people are seriously injured. We don't know the exact count.

EA: Pastora is injured but not killed. The United States blames the Sandinistas.

DS: The United States doesn't do anything. The Reagan administration—executive branch, State Department, and CIA—all accuse the Sandinistas.

EA: Your client, ABC cameraman Tony Avirgan, is injured in the bombing. He and his wife, fellow journalist Martha Honey, launch an investigation for the Committee to Protect Journalists; they name John Hull as the man who facilitated the bombing.

DS: That's right.

EA: John Hull sues them for libel.

DS: Brings an actual criminal charge against them in Costa Rica.

EA: And loses. Enter Danny Sheehan?

DS: Right. I said to Tony and Martha, "Look, you ought to continue with this thing, sue them in the federal court in Miami. We'll do that for you." In May of 1986, they retained the Christie Institute to prepare a civil case against 29 people who conspired to blow up the press conference. More broadly, we are charging under the Racketeer Influenced and Corrupt Organizations (RICO) Act that these 29 people organized a "criminal racketeering enterprise" that engaged in drug smuggling, gunrunning, political assassinations, money laundering, and other criminal acts in support of the *contras* and earlier covert wars.

Under the RICO Act, we are given broad powers to subpoena and examine these people's business records and other transactions. Under RICO, in order to have standing to prosecute the syndicate, a member of the syndicate or one of its lieutenants has to have injured you in your commercial activities. A cameraman's equipment was blown up and his business wrecked. We've got standing, then, to go after the people who bombed him. We're going after people like John Hull, Felipe Vidal, René Corvo, the Villaverde brothers, Ramón Palacio, and others. We talk about the detailed meetings that took place to plan the bombing. We name who was there. We're saying that they used C-4 explosives, which were part of the syndi-

cate's shipment of arms to mount an illegal war against Nicaragua. Pastora was in the way. Members of the syndicate took steps to eliminate him.

EA: This is the CIA?

DS: This is men in the CIA. There's a group of men within, and around, the CIA who've been involved together in covert activities since the passage of the National Security Act in 1947, which set up the Central Intelligence Agency. Clark Clifford [Counsel to the President under Truman] stated expressly that there was never any intention to allow members of the CIA the right to engage in covert actions. What happened is that field operators in the agency decided to garner that authority for themselves. But we can't really get at any of them because they weren't directly involved in the supply of military equipment that injured our clients. We tracked as far back as we could,

to 1959, to find the guys who were directly involved. We saw very clearly that they had undertaken a virtually identical operation against Cuba.

EA: This is the "secret team"?

DS: Exactly right. They crossed into a totally black area when they decided to set up a secret assassination program to eliminate Castro. In order to disguise it, they worked with the Mafia: Santo Trafficanti, Johnny Roselli, Sam Giancana—these were garden-variety Mafiosi. That way, if any part of their enterprise was ever exposed, people would say the mob did it. It was a good piece of disinformation. It was believable. They got in bed with organized crime. If they could assassinate Castro, the payoff would be that the racketeering syndicate could reestablish itself in Cuba. It didn't work, but these people established relationships with the Mafia. There's a lot of information that the Mafia has access to which is of importance to a covert operations group. It's a whole milieu in which to move. Theodore Shackley ran the operation. It was shut down because several operatives were caught smuggling drugs into the U.S. in 1965. When this happened, Shackley and his deputy, Tom Clines, were transferred to Laos.

EA: How do you know that Clines was his deputy?

DS: Clines was the director of training. I know that because I've talked to Carl Jenkins, a fellow CIA agent, who trained the guys on the ground. Clines took over from Jenkins. Shackley went over to Laos. I know that from talking to CIA people in Laos. I know that from talking to guys in the Criminal Investigation Division of the U.S. Army who met with him. I know that from talking to Jerry Zeifman, chief of

sal... Shackley when he had portfolios spread out all over the floor, trying to figure out who he was going to bring in. He picked Clines just.

I know they were trying to recruit an opium warlord named Vang Pao in order to use his Hmong tribesmen as "unconventional warfare" assets. During 1965, Vang Pao's competitors in the opium-trafficking business were mysteriously assassinated. Vang Pao was totally grateful to be the monopoly controller of opium in exchange for his services. It was a very subtle and smooth operation. Shackley, Clines, and Ollie's buddy Richard Secord didn't want the communist Pathet Lao [the Laotian equivalent of the Viet Cong] to come into power. They told Vang Pao, "We've got some trainers here"—Carl Jenkins, Chi Chi Quintero, and Michael Hand. They engaged in an "overt" covert operation, which essentially consisted of hunting down the leadership of the Pathet Lao and a "covert" covert section, which assassinated them.

Basically the whole program in Southeast Asia ran from '65 to '75. Even though Shackley and Clines bounced out of there for a two-year period, from '71 to '73—when they were back at CIA headquarters in Langley, Virginia, doing Western Hemisphere stuff, which was primarily Chile—by September of '73 they were again in charge of Far East operations. At that point, Carl Jenkins asked for early retirement from the CIA. He went to Australia. Then Richard Secord started showing up in Australia. Chi Chi Quintero started showing up in Australia. Tom Clines started showing up in Australia. Michael Hand, a former Green Beret, started show-

ing up in Australia. They all showed up at the same place—the Nugan-Hand Bank in Sydney. We've got a New South Wales investigative report on the Nugan-Hand Bank to prove it. We've also got direct information on the tonnage of weapons removed from Vietnam during the last two years of the war and brought to an indoor air base in Thailand. You've got money going down to Nugan-Hand and weaponry going to the air base.

EA: So these men in high positions in the CIA are smuggling heroin out of Laos and Vietnam, storing guns in Thailand, and depositing money in Australia?

DS: That's right.

EA: John Stockwell, Ralph McGhee, and Frank Snepp—dissident ex-CIA agents—have problems with your thesis at this point. They attribute the transportation of heroin and the smuggling of guns directly to the CIA.

DS: They're saying that this is definitely the CIA running the operation as a matter of policy. I don't know that to be true. If

tacking me for being more conservative in my charges than they are. They're saying that the CIA did it. I'm saying that all I've got is that these men did it.

EA: Pick it up from there.

DS: At that stage, from 1971, when the Phoenix Project was exposed, to 1976, which was the year to elect a new president, there was a whole chain of public revelations about covert operations by Senator Frank Church's Select Committee to Study Government Operations. Not just the Phoenix Project or the Cuban stuff, but also domestic covert operations: FBI phone taps, Operations Chaos, Cable Splicer, and Leprechaun. The CIA plot to overthrow elected socialist president Salvador Allende in Chile was being exposed.

In 1975, Shackley, who was the associate deputy director for operations—this is a savvy guy we're dealing with—says, "We've got potential big trouble here." He calls a meeting, off the record. A conversation occurs in the winter of '75 to '76, in the armored limousine of Richard Secord. Edwin Wilson, who's sitting there, says, "What if Carter gets elected? What's going to happen to our operations? We're going to have to set up some sort of operation 'outside,' because we know how essential these activities are." All the steps being taken—shipping the weapons to Thailand, the money to Australia—are "preparations." In my opinion, they are not a "back channel" for the agency. They are preparations for an "off-the-shelf" operation, if it becomes necessary.

EA: Like that described by Ollie North at the Iran/contra hearings?

DS: Exactly. After Carter was elected in November of 1976, Shackley, Clines, Secord, Erich von Marbod [assistant secretary of state for Far Eastern affairs under Kissinger], and Wilson met at the Crystal City Marriott Hotel. They said, "Bingo! It's happened. We're looking at a reform administration here. This means curtains for our operation. We're going to have to set up a private company to be able to continue." And they set up the International Research and Trade Corporation (IRT). One of Wilson's attorneys started setting things up over in Switzerland; they set something up down in the Grand Caymans. They set up the account in Switzerland; IRT became partners with the Egyptian-American Transport and Service Company (EATSCO). Clines came out of

officer for IRT, which later became EATSCO, because EATSCO owned 51 percent of IRT. That's their operation. The partners were Shackley, Clines, Secord, von Marbod, and Wilson.

EA: This company was set up to transfer arms to Egypt in the aftermath of the Camp David Accord?

DS: That's right. This is the "off-the-shelf" operation.

EA: Tell me about their connection to the Shah and Somoza.

DS: The link between Iran and Nicaragua is really a fascinating one. Wilson was working for Clines and Shackley in Iran. He was supplying electronic surveillance equipment to the SAVAK, the Shah's secret police, to help them in their search-and-destroy missions against alleged terrorists opposing the Shah.

EA: Officially or unofficially?

DS: Officially through 1976. But Wilson's funding was axed because he wouldn't reveal what the program was about. However, in 1977 Wilson discovered that he was still being funded—by someone else. He was working directly for Shackley and Clines, who were both still in the agency.

EA: So Wilson was unwittingly working for a private company and no longer for the U.S. government?

DS: Wittingly or unwittingly—with Wilson, it doesn't make much difference, as long as he thinks he's covered. He's doing that operation. He's going with them when they bust all these people—they line them up and blow them away. They kill them, one right after another, time after time, mission after mission. He knew exactly what was happening.

EA: They were opponents of the Shah?

DS: That's right. Then they discover that there's a group of Iranians being trained outside Iran who are coming back into the country and assassinating the SAVAK leadership. Shackley and Clines tip Wilson that they're being trained somewhere in Libya. Wilson moves in with fellow CIA agent Frank Terpil and the others, who first start supplying slow fuses to the Libyans, then C-4 explosives, then trainers to use the C-4s, and then assassins, and it goes on up the hierarchy until Wilson can locate the base. He finds the base. He gets a PLO contact to tell him when the next group of five people are leaving Libya for Iran. He gets the false names on their passports and their flight numbers. And then they're assassinated. He also finds out that a group of Nicaraguans and Salvadorans, as well as people against Marcos in the Philippines, are being trained in Libya.

EA: These are left-wing people?

DS: Oh, yes. They're all in Libya: opponents of Marcos, opponents of Somoza, opponents of the government in El Sal-

call a real live terrorist training base?

DS: The executive branch would. They were direct-action teams. I'm not taking position on this, good or bad. Shackley's group is assassinating the Wilson is told to pass the information the Nicaraguans being trained in Libya: Chi Chi Quintero.

EA: Who was Chi Chi Quintero work for?

DS: For Shackley and Clines.

EA: Was he on the CIA payroll when George Bush was the director and Gerald Ford?

DS: No. He worked in the security department of Pemex—the Mexican national monopoly—under Jorge Irujo Serrano

who was the former business partner George Bush at the Zapata Oil Company.

In fact, Shackley was the director of operations under George Bush at the CIA.

In October of 1977, Carter cuts off military equipment and further intelligence information to Somoza. In February of 1978, Wilson, Clines, Doug Schlachter—longtime Wilson associate—Quintero and Good-Time Charlie Wilson—a congressman from Texas—fly to Nicaragua meet with Somoza and offer him a deal: they're going to give him intelligence information on his opponents, coming in Nicaragua, who ought to be assassinated. They have a special security team of fifteen men, paid \$80,000 apiece, headed up by Chi Chi Quintero. We've got the papers: the contracts, everything. And they offer to sell Somoza the weapons that have been cut off. They carry on negotiations for a year, from February of 1978 to February 1979. The deal is closed by Chi Chi Quintero. How do I know that? Because Quintero told Carl Jenkins about it in detail.

EA: Why do you think Jenkins gave this information?

DS: To try to protect the CIA. He sat down in a meeting with this guy Ferguson the deputy of Bob Gates [deputy director of the CIA], who said, "I want you understand this: Shackley's operation is not the CIA's. If you're going to sue him let the chips fall where they may. It is us."

So they've got a major assassination operation going on down there in Central America. They started to supply equipment to Somoza before he fell. Afterward, Quintero reestablished the contract: continued to supply Somoza's top fifteen military commanders, in their incarnation as the "contras." To this day, the top fifteen of the fifteen military commanders of the contra army are the same men who were present at those meetings with Quintero. They're being supplied by Shackley, Clines, Secord, and Albert Hakim. v

Get me to Ollie North.

DS: January '81, in comes Ronald Reagan. The new administration decides to supply military equipment to the *contras*. What are they going to use? They've got a whole gunrunning network set up by Theodore Shackley.

EA: Did Bill Casey have any relationship with these people?

DS: Well, Shackley was the director of the transition team for covert operations for the Reagan administration, selected by Bill Casey. But they couldn't bring Shackley back into the CIA, because it would reveal that he was Wilson's partner, and, by this point, Wilson had been indicted for selling arms to Qaddafi.

EA: What happens then?

DS: Casey takes over the *contra* supply operation. This is where it's not clear. The information we have is that the CIA used the same supply network—the same guys who got caught mining the Nicaraguan harbors and passing out assassination manuals. This is no accident. Well, if there was supposedly no big assassination program going on down there, what were all those dead bodies? They were just assassinations from the program. And, as of 1981, a particular guy had to give the okay on all of these hits before they could be made. That was William Buckley.

EA: William Buckley, the CIA agent who was held hostage?

DS: That's right. The head of the antiterrorist group of the CIA, whom they stupidly sent over to become the Beirut station chief for the agency. In March of '84, Buckley was kidnapped and taken out to the Bekaa Valley outside Beirut. He was then taken to Iran, to the holy city of Qum, but brought back to die in the Bekaa Valley.

EA: Does this explain the CIA's and the White House's obsession with Buckley?

DS: That's exactly right. Because he started talking about the "off-the-shelf" operation—the assassination program.

EA: Why haven't the Iranians revealed what he said?

DS: Because that's exactly what has given them the leverage to get the Tow missiles.

EA: But right now, that's over with?

DS: It isn't over with. It isn't close to over with. George Shultz made three more passes at getting those missiles, even after the arms deal was revealed. You just go check it. [The public record of the Iran/contra affair shows only one meeting, on December 13, 1986, between State De-

partment and CIA officials and representatives of the Iranian government after the arms sales were revealed—ed.]

EA: The existence of Buckley's videotaped confession is keeping Iran safe from the

very first meeting in Washington in November of '84. It's no coincidence; you've got this private enterprise engaged in a number of operations. They've got an assassination program going, which is functioning under Shackley, Clines, and Quintero. They've got Secord supplying weapons. They're supplying weapons not only to the *contras*, but also to the anti-Marxist UNITA rebels in Angola and the rebels in Ethiopia, as they had to the Smith government in Rhodesia in the '70s—all over the place. They've got six major theaters of operation. Congress doesn't have the spine, from their point of view, to do what has to be done to fight the communists. Then, when they take Buckley in Iran, it turns out these guys who are involved in the "off-the-shelf" operation are the same ones who were eliminating terrorists in Iran with Wilson. Why is it that the same guys who are running the stuff to the *contras* somehow end up in the middle of the Tow missile sale? Why does that happen? There must be more people around than that who can speak Farsi. But you don't have more people than that who work for Shackley. That's how that thing comes down.

EA: First of all, how do you know that Shackley is the man in charge here? David McMichael, who also works at the Christian Institute and is a former CIA agent—a "dissident" CIA agent—says that this is only a passing hypothesis.

DS: I know it because the people who told me that Secord, Hakim, and Clines were supplying weapons to the *contras* are the same ones who said that this was Shackley's operation.

EA: You've given those sources to the judge, but you haven't released them to the media?

DS: That's right.

EA: You refuse to give them to the media?

DS: No; I don't. Each time the question has come up, I've told you who they were. I told you about Carl Jenkins. And there's Eugene Wheaton, a retired U.S. Air Force warrant officer. Wheaton was an antiterrorist advisor to the SAVAK for the U.S. Army. He knows all these guys. He was involved with some of the officers in the Air Force's special investigations section who were looking into cost overruns and overcharges from when Secord was the Foreign Military Sales director.

EA: So your sources are Jenkins and Wheaton?

DS: Right. Jenkins, Wheaton, and Ferguson.

EA: What happened next?

DS: Casey comes on board, and the supply network functions from June of 1981. But

take their hands off and let it run. And it continues to run.

EA: What is Ollie North's relationship to the "enterprise"?

DS: North was the deputy director of the National Security Council in charge of "political and military liaison," whatever that means. He was "liaison" to the secret

team. Buckley was kidnapped in March of '84, and in April of that year the National Security Council Decision Directive 138 was signed. The directive formed a Terrorist Interagency Working Group headed by none other than Ollie North. Ollie was an expert on terrorism; he got involved with the antiterrorist dimensions of the thing. Then the CIA took its hands off. Since Ollie was more involved than he was supposed to be, given the Boland Amendment, all the fire came down on him.

EA: He's taking the hit.

DS: That's right. But he ain't running the show.

EA: Tell me what the show is with regard to, drug running in Nicaragua and how your clients were wronged.

DS: The fact is, we don't have any evidence that the *contras* were directly involved in drug smuggling until mid-1983 to mid-1984—when Congress was considering cutting off funding. For years, the anti-Castro 2506 Brigade in Miami has acted as the middleman for the Medellín Cartel and the Galante family—the Mafia—to bring cocaine into the United States. They use the money to buy weapons. They've got warehouses full for that great day when they can retake the fatherland. They saw that the syndicate was trying to open up the Southern Front, on the border between Nicaragua and Costa Rica, near La Penca. They said, "Why don't we go down there and establish another base outside the United States?"

It was a double agenda: to get involved with anticommunist fighting and to set up a midshipment point for drug smuggling. They wanted to ally themselves with the FDN [Nicaraguan Democratic Force—the main *contra* army], which was getting supplied by the syndicate. The FDN said okay, but Eden Pastora refused to deal with them. He and the FDN were rival *contra* factions, and Pastora was already on the Southern Front. The Cubans got all upset. They went to John Hull.

EA: An American citizen living on a ranch in Costa Rica.

DS: A North American guy. Twenty-five years down there. He's not only a recipient of the syndicate's weapons for the *contras* down there; he's the base of operations for ultra-right-wing crazies, like Tom Posey's Civilian Military Assistance group.

EA: This is an American far-right para-

84 they realize that they can't persuade Pastora to join the FDN. Hull's guys, being more sophisticated than the average bear, start saying, "Hey, what's the story with this guy Pastora? Are you kidding? Just blow him away."

Then Buckley is kidnapped. [Duane] Dewey Clarridge, who was running Latin American operations, is made the director of the CIA's Counterterrorism Center. He replaces Buckley. He delivers an ultimatum to Pastora through *contra* leader Alfonso Robelo: "You've got 30 days. Either you submit totally to the control of the FDN—the FDN will run the Southern Front, and you will take orders from them—or you're out of this operation." Comes the 30th, Pastora is going to stand right up to them. Going to call a press conference and spit in their eyes. He calls a press conference, they blow him up. EA: But what exactly is the connection to the "secret team"?

DS: Shackley was in charge of the assassination program, which they code-named "Fish Fire." Secord was in charge of air operations, the supply of weaponry. They've tried to open up the Southern Front. Their people have got the power to come in and run the Southern Front, and this guy has got to go. So he does. The enterprise not only supplied the C-4 explosives with the specific knowledge that they would be used for terrorist bombings inside Nicaragua, against civilians, to show that the Sandinistas can't protect people, but also, there was a specific objective: to get rid of Pastora.

EA: What do you hope to accomplish with the affidavit against these guys?

DS: We hope to obtain all the information on the activities of these people from January 1, 1959, to show the people of the United States, in an irrefutable way, what happened. Then we will obtain a judgment against the "secret team." We will require that the court face the question, which nobody wants to ask: does the executive branch have the authority to allow people to murder in a nondeclared war situation? I don't think so. We want to get that ruled upon. Then, very importantly, we want to demonstrate that an "off-the-shelf," standing-alone, self-financing covert-operations capacity, which the Iran/*contra* investigation supposedly revealed and put an end to, existed in this form since 1977; exists today; and will continue to exist, unless something is done to stop it.

EA: The Christie Institute, you, and specifically this affidavit have very little credibility in Washington.

DS: Because Washington didn't want to admit that the enterprise existed in the first place.

EA: Why didn't you come through with



DS: Do you want to hear how that thing went? I'll tell you exactly how. I said, "Look, the Democratic majority in Congress is trying to get information to prove that the *contras* are running drugs. The Republican Party in this administration supports the *contras*. Ergo, the Republican Party is endorsing drug smuggling in this country. Isn't that awful? That's not how this thing should go." I said, "I'm pretty willing to give you the sources. But if I give them to you, the Republican guys sitting here—Bob Dornan (Republican, California) and the others—will be compelled to deny it. They'll say that it isn't true. They will be compelled to go out and talk to their *contra* friends and tell them exactly who the sources are. So I'd like to propose that we form a subcommittee of three Republicans, chosen by the Republicans, and two Democrats, chosen by the Democrats, so that the Republicans control the subgroup. I will sit down with them and give them every single source I've got. Not only that—I will personally take you to a source."

EA: Why doesn't Washington believe you today, even after all that we've heard?

DS: Because it's taboo, talking about this group.

EA: But it's not taboo among liberal Democrats.

DS: It sure is taboo among liberal Democrats. Liberal Democrats are being told to vote \$36 million to the *contras*. What, are you kidding?

DS: But you watch what they're going to do. The Republicans are all moaning and groaning right now, saying, "You've got to support the \$36 million for the *contras*, or else we're not going to be able to stop the Sandinistas." I've run into this all the time. If the Republican Party advocated executing everyone over six feet tall, the Democrats would advocate executing everyone over six-foot-four. Then they'd attack you for not supporting their bill on these grounds: think about all the people whose lives you could be saving between six feet and six-foot-four. That's exactly how they function in this town. [The administration's \$36 million plan was narrowly defeated in the House. Democratic leaders then proposed an "alternative" \$30 million *contra* aid plan, which was also defeated.—ed.]

EA: What's the essence of this corruption?

DS: It's dialectical, deriving from pragmatic, local politics. There's no real effective protection of the public interest. What's the most radical statement you can get out of Senator Dodd (Democrat, Connecticut)? Dodd will say, "We all agree: that something should be done about the Sandinista government down there because, you know, they're Marxists, but we disagree on how it should be done."

EA: What was the function of the Iran/contra committee?

DS: The function of the Iran/contra committee was to respond to the fact that Ed Meese was getting ahead of the curve. We were talking to these guys for six months to try to get them to set up a select committee. We were offering them any sources they wanted. They wouldn't do a thing about it because there was no short-term political advantage. It's a criticism of the limitations of our democratic system. The difference between reality and political pretense is profound in this town. I'm not trying to be vulgar or hanging my tie in my drink with these people. I'm simply saying that the Constitution is in major danger here. There is a covert structure in place, which Congress knows is in place. These guys are not dumb. They know this thing exists, but they don't want to talk about it.

When we were trying to set up a select committee hearing, Peter Rodino, the Democratic chairman of the House Judiciary Committee, said, "My God, if this is true, my whole life has been a lie. I've been telling people to vote for their congressman, to write to their congressman if they disagree with a certain policy. If this is true, we haven't been in charge. I'm not going to investigate anything like that." What does that mean? The evolution of our political consciousness has a long way to go.

The difficulty is that the American people have a deep and abiding sense that they're being hoodwinked by politicians. They don't know exactly how. The fact is, when you go out and tell them about this thing, they say, "Right!" Seventy-three percent of the American people don't support giving a dime to the *contras*. The lowest the polls have gone is fifty-nine percent. How are these guys reflecting that over here in Washington? Do you see seventy-three percent of the congressmen saying, "My constituents don't support this"?

EA: A lot of people who are hoping for your success feel that you've overplayed your hand; that, by not being careful enough about the accusations and sources in your affidavit, which may be seized upon in court, you could put the country in an even worse position, in effect clearing these guys by destroying your own credibility.

DS: The fact is, without the affidavit, we wouldn't be anywhere at all. I've set forth the information on the basis of a good faith belief as to what is true, and I have dared to say what nobody wanted to say. There may be a disagreement over particular items. Obviously, I'll be able to demonstrate that big opium money has been used to fund a covert operation. We're very big on that. Former agents are saying that they believe it's true.

EA: David McMichael, a CHRISTIC, is not so sure.

DS: For someone not to believe it, they don't know it, and they have a regular proclivity for saying that if they don't know, it can't be true. "How could something be true without my knowing it?" That is the arrogance of Washington. That is what we ran into at the very beginning. But we're in the process of showing *seriatim* that our claims are true. It's my opinion that we have been very responsible and will be held responsible for proving what we've said. The fact is that we have laid it down in a court of law. In the deposition, the defendants were pleading the Fifth Amendment, or claiming the privilege not to talk about it for "national security" reasons. They're not saying it isn't true, nor are they willing to say how it isn't true.

Theodore Shackley just published an article in the Journal of Defense and Diplomacy saying, "How in the world could these outrageous people suggest that there was narcotics trafficking by anyone in the intelligence community in Southeast Asia? If it were true, surely the U.S. Army would have proved it." Isn't that logic bizarre? On the other hand, if you walk up to most guys who were down there, guys like David McMichael, and say, "Gee, the intelligence community was trafficking in opium in Southeast Asia," they'll say, "Oh yeah, what's new?"

EA: One of your main sources is Edwin Wilson, who was prosecuted for selling weapons to Qaddafi, among other things, and is spending the rest of his life in Marion Prison. According to your argument, he was a main player in the "secret team." Is he the most credible of witnesses?

DS: He was sitting down there in K Unit, with nobody talking to him. I said, "I'm aware that you believe you somehow got the shaft. And I want you to explain to me why you think you got the shaft. I know that you were in there, dealing with the guys who set up the assassination program. You're in prison for 52 years. Nobody gives a shit about you. They all think you're a total asshole. If you want to explain why you're not, here I am." And so he started talking to me. When he'd get to a particular point, if he didn't want to talk about it, I'd say, "I know about that," and I'd tell him what I knew. He'd say, "How did you find out?" I'd say, "It doesn't matter how; just tell me about this part." And he'd tell me.

EA: You seem an unlikely person for Wilson to choose as a confessor. Why you?

DS: I don't know. I really don't know. I know that people talk to people and you can never figure out why. I don't know why people talk to cops after they've been arrested. The cops say, "I think you robbed

banks. I don't know why people do the things that they do. The fact of the matter is, they like to talk about it. Some of them are trying to feed you disinformation, so they give you part of the truth and then put a spin on it. I think I've been able to weed out what's true from what isn't. That's the primary mechanism here. I keep what I can verify. The rest is disinformation. I assemble the pieces from many different sources. They all know that I'm talking to other people. They feel compelled to beef up their story. To the extent that stories match, I get verification. To the extent that they differ, I have to check to see whether or not it's true.

EA: What are you going to do after you've won the case?

DS: We're going to take steps to see that the new administration and Congress launch major investigative hearings into the activities of the "secret team" and raise the question: where did their authority come from? If Clark Clifford, in the National Security Act of 1947, and the man who drafted the law to create the CIA, said that there was no intention to allow covert activities, where does the authority originate? It's clearly not consistent with our democratic process. We can't just criticize—and that is the hard part. We have to ask Congress to address the problem. How do they intend to deal with it? A long discussion has to be undertaken. The liberal community doesn't want to do it. That's part of the reason why these guys will talk to me. They think I'm more like them than a lot of the liberals. □



General Vang Pao, commander of Laotian forces, on January 21, 1972, the day reporters were first admitted to the once-secret base at Long Cheng, Laos.

Afterword:

DOES THE CHRISTIC INSTITUTE'S CASE HOLD UP?

by Ken Silverstein

The tersest expression of the Christic Institute's case is the famous 45-page affidavit drawn up by Daniel Sheehan and his colleagues on behalf of their clients, the journalists Martha Honey and Tony Avirgan. The couple retained Sheehan after Avirgan was seriously injured in the bombing attempt on *contra* leader Eden Pastora's life at La Penca in 1984. The affidavit sets forth Sheehan's theory as to who was behind the bombing. Despite some dubious assertions, the portion of Christic's investigation dealing with the immediate circumstances of the bombing carries weight. It's when Sheehan and his associates start to spin their worldwide web of intrigue that questions arise.

One central problem stems from Christic's apparent desire to avoid charging any agency of the U.S. government, and in particular the CIA, with complicity in the plot. Instead, the affidavit proposes a "secret team" of private individuals masterminding decades of criminal conspiracy, including assassinations and drug running. The practical consequence of confining the accusations to these individuals is that Christic's case will not be conducted by the U.S. Justice Department, with its limitless financial resources, but this expedient—if such it was—has not helped the persuasiveness of the case.

The basic premise of the Christic Institute lawsuit is that a secret team of former CIA officials, U.S. military officers, and arms merchants, led by Theodore Shackley and his loyal "deputy," Thomas Clines, is the group that masterminded the *contra* affair. The team, as the theory goes, has worked together since the late 1950s, planning the Bay of Pigs operation and other anti-Castro activities. Their ac-

tions over the past 27 years have included covert operations on several continents. Major operations included running the secret war in Laos in the 1960s, assassinating political opponents of the Shah, destabilizing Allende's Chile in the 1970s, and organizing the *contra* war in the 1980s. At times the team has worked with the knowledge and cooperation of the CIA and at times as an "off-the-shelf," off-the-books private army.

Unfortunately, the theory, as advanced in the affidavit that is the basis of the lawsuit and Daniel Sheehan's public pronouncements, is marred by factual errors and what one critic has referred to as "excessive extrapolation." Some of the mistakes, though minor, cast some doubt on the reliability of Sheehan and Christic.

Dates are inaccurate, and numbers are seemingly plucked from the air. But the most serious problems involve Sheehan's contentions about the secret team's actual activities during the past several decades.

According to the affidavit, CIA officers Shackley and Clines were both transferred from Cuba to Laos in 1965. The following year Shackley was named chief of station, with Clines serving as his deputy. Their primary duties involved training indigenous Hmong tribesmen in unconventional-warfare activities, with a special emphasis on political assassination. According to the affidavit, this Hmong unit "secretly assassinated over 100,000 non-combatant village mayors, bookkeepers, clerks and other civilian bureaucrats in the countries of Laos, Cambodia and Thailand." They funded these activities largely through kickbacks from the opium profits of Vang Pao (spelled Van Pao in the affidavit), a warlord whom Shackley had

According to Ralph McGehee, an ex-CIA agent who served with Shackley in Southeast Asia and is now a major critic of the agency, this account is unreliable. The United States was running a major war in Laos, which included approximately 170,000 sorties per year—mostly bombing runs—between 1969 and 1972. Records show that the entire effort was being funded by the U.S. government, to up to \$260 million per year. To suggest that any significant portion of these activities could have been funded by kickbacks from Vang Pao's drug profits is absurd, says McGehee. He also claims that the figure of 100,000 political assassinations is highly inflated, and points out that the United

States would have no reason to kill civilian bureaucrats in Laos, a country the U.S. was supposed to be defending.

According to the Christic Institute, Shackley and Clines, after transfers to Saigon in the late 1960s, were recalled to the United States in 1972 to direct the "Track II" operation, which involved both the "political assassination of Chilean socialist president Salvador Allende and his chief of staff in Chile and the military overthrow of the democratically elected government... in September of 1973." Actually, the "Track II" operation had begun in 1970, even before Allende took office, and his chief of staff, General Rene Schneider, had been assassinated in October of that year.

From there, Shackley and Clines moved to the CIA's East Asia division, where they "directed the Phoenix Project in Vietnam in 1974 and 1975." The Phoenix Project, the affidavit says, resulted in the political assassination "of some 60,000 village mayors, treasurers, school teachers and other non-Viet Cong administrators." But the Phoenix Project, which began during the 1960s, was over by 1972. William Colby, who supervised the project and was later named director of the agency, has acknowledged that approximately 20,000 people were killed. Some South Vietnamese estimates place the figure as high as 40,000, but no one else has claimed that 60,000 people were assassinated. Also, the purpose of Phoenix was to destroy the political infrastructure of the NLF (*National Liberation Front*). It would hardly make sense, then, to target village mayors and treasurers, who were a part of the South Vietnamese political infrastructure. In fact, as McGehee points out, these were the people who were being targeted by the Viet Cong.

After a mid-1970s stint supposedly directing an assassination project against the Shah's opponents, Shackley and Clines supervised Edwin Wilson's dealings with Muammar Qaddafi. Wilson, though providing Qaddafi with arms, explosives, and

According to the affidavit, "intelligence gathering activities—designed to put into his hands the identities, missions and targets of the Libyan, anti-Shah terrorist operations." The operation was blown when Kevin Mulcahy (spelled *Mulcahy* in the affidavit), who worked with Wilson, "unknowingly revealed" his boss' activities to a person friendly with a federal agent.

Here again, the Christie version of events seems to be at odds with what took place. Wilson was providing large quantities of weapons to Qaddafi. If his interest was purely "intelligence gathering" there would seem to be safer means of getting it other than arming a major enemy of the U.S. Though Wilson may have received cooperation and protection from inside the agency, his dealings with Qaddafi were motivated by the huge profits to be had.

The affidavit claims that Rafael Quintero, Raúl Villaverde, and Rafael Villaverde, three Cubans with longstanding ties to the CIA who Sheehan claims have been operatives for the secret team, were contracted by Wilson to murder Libyan terrorists. But the record shows that Wilson offered to pay the Cubans to kill an opponent of Qaddafi's living in Egypt. The three men, who have no moral qualms about murder, are hard-line anticommunists and were upset that Wilson would thus be aiding Qaddafi. In September of 1976, Quintero reportedly phoned Clines, with whom he had previously worked, and protested. Clines then passed the informa-

tion on to Shackley. According to a 1981 story in the *Washington Post*, Shackley then passed this information on to other CIA officials, who notified the FBI. McGehee believes that this is true, if only because Shackley would want "to cover his ass." True or not, the fact that the Cubans—all supposedly tied to the secret team—exposed Wilson's plans to Clines does not support the overall theory of a cabal of secret operators running a covert foreign policy.

Finally, Kevin Mulcahy did not "unknowingly" reveal any information. He was talking to anyone who would listen, trying to get the CIA to take action against Wilson. He had become concerned about Wilson's activities and in 1976 called the CIA, where he talked to Shackley, to report on them. Mulcahy then changed his appearance and went into hiding. During the next several years he talked to federal agents from six different investigatory agencies, trying to expose Wilson. He was found dead outside a Virginia motel in late 1982, and was said to have died of natural causes, though some people believe he was murdered for reporting on Wilson's activities.

pects of the lawsuit that appear to be mistaken. First, Sheehan claims that Clines was Shackley's deputy in Laos, Vietnam, and the United States. McGehee and John Stockwell, another intelligence officer turned critic, both claim that Clines was never of sufficient rank to have served as Shackley's deputy. McGehee, who worked on a research project for Shackley

while both men were in Saigon, says that not only did he never see Clines there but he also knows who Shackley's deputy was at the time (he cannot reveal the man's name because of secrecy restrictions that apply to all ex-CIA officials). Also, in 1976, when Shackley was chief of the East Asia division and supposedly running the anti-Shah hit squads with Clines' assistance, they weren't even working together.

Sheehan further claims that the secret team moved off the books of the agency in 1973. According to the affidavit, team members "knew that their secret anticommunist extermination program was going to be shut down" in Southeast Asia. Therefore, they began their non-CIA, private network "to operate after the end of the Vietnam campaign." The secret team's worldwide banker was supposedly Richard Armitage, then a naval officer in Saigon, who served as bursar for Vang Pao's opium money. According to Sheehan, Armitage moved to Bangkok in late 1975 and remained there until 1979, carrying out government and personal duties but largely funneling money out of Southeast Asia into secret team assets in Iran and Australia.

Though Armitage is said to have been a key player in Shackley's network, he is not charged in the Christie lawsuit. A number of people familiar with the suit claim there is no solid evidence that connects Armitage to any of the activities in which he is implicated. In at least a portion of the time, he was supposed to be in Bangkok. Armitage was working in Washington as an administrative assistant to Senator Bob Dole, according to Dole's office and the Pentagon.

While Sheehan sees a maverick cabal, some analysts believe that Shackley worked on a number of covert activities but always for the CIA. By creating a mythical conspiracy, they say, Sheehan is letting the CIA off the hook. Stockwell told one reporter that "Theodore Shackley was only one of the top 300 officers in the agency. The problem is with the policy of covert operations."

McGehee doesn't believe that there was a secret team either. He says that Shackley was certainly not the mastermind behind the Iran/Contra affair and, in fact, had a minimal role. According to McGehee, Shackley was "trying to get in on the action but they ignored him."

The *Iran/Contra* report prepared by the Congressional Committees says that Shackley met with Manucher Ghorbanifar, the Iranian arms dealer—well-known to U.S. intelligence officials—in November of 1984, in West Germany. According to the report, "Ghorbanifar told Shackley that for a price he could arrange for the release of U.S. hostages in Lebanon

through his Iranian contacts. . . . Upon his return to the United States, Shackley sent a memorandum about his meeting with Ghorbanifar to Lt. Gen. Vernon Walters, Ambassador-at-Large in the State Department and a former Deputy Director of the CIA. Walters then passed the information on to other officials, who considered the proposal a "scam"; in December, Shackley was told that the State Department "was not interested in pursuing the Ghorbanifar ransom proposal."

In other words, the supposed mastermind of the affair took Ghorbanifar's proposal straight to government officials, who turned down his offer of help. This episode lends little support to the Christie theory.

The scale of the covert activities that Sheehan accuses Shackley and associates of carrying out appears too big for a small group of private individuals, no matter how sophisticated and experienced. One analyst claims that the "CIA should be happy with the lawsuit because it removes responsibility, to a certain degree, from them." This is a fundamental point, for many of these private individuals, most notably Shackley, were high-level officers in the CIA. If there was a "team" it would more likely have been a direct enterprise of the U.S. government. □

AN IN-DEPTH LOOK AT: AMERICA'S DRUG PROBLEM

CIA and Big Bankers Key Drug Trade Players

The illegal drug plague is the major cause of crime in our nation and is contributing to the near destruction of an entire generation of Americans. The drug industry is a multibillion-dollar venture; and its enormous profitability is the primary reason it is so hard to contain, much less wipe out.

The economies of entire nations are run on drug money, and the private armies raised to protect the growers and distribution networks rival, and, in some cases, outgun, those of national defense forces, such as Colombia.

Of course, such financial power has enormous political implications.

For years, rumors have circulated that the drug traffic could not continue without official U.S. compliance, if not active participation. These rumors have particularly centered around U.S. intelligence agencies, alleging that the drug lords were being permitted to carry on their trade in return for performing certain favors for these agencies.

In this week's OVERVIEW, we examine the roots of these allegations and some of the more intriguing, and supportable, examples of these charges.

If any of these charges are true, then the U.S. government has much to answer for. Drugs are a serious social problem, one of the most serious facing the country today. If the government is in any way involved in drug smuggling, or even turns a blind eye to drug smugglers in return for certain favors, the public has every right to know. And, if these charges are true, and the public is informed, it would certainly topple whatever political party was in control at the time.

Thus, it is doubtful that a full and public inquiry will be called on the matter by any politician, but these charges need to be aired in order to stir the public to demand such a hearing.

Recent evidence from Southeast Asia, analyzed in a monthly SPOTLIGHT survey, throws new light on the role of the CIA and the international banks in the booming narcotics business.

The most revealing testimony—such as the report of Lt. Col. James “Bo” Gritz and the declarations of heroin warlord Khun Sa in the following pages—comes from first-hand observers or seasoned players in this lawless trade. Read in context they provide answers to the underlying questions of the U.S. drug crisis.

The narcotics market, long confined to the criminal underworld, entered on a period of expansion in 1963, law enforcement experts explained. Today it is no longer just another racket; it is the fastest-growing commodity cartel in the world.

How was the illegal “coke and smoke” trade, denounced by politicians and pursued by police, elevated to such economic eminence? The answer that appears most likely at this point is that behind-the-scenes Washington bureaucrats and Wall Street bankers both proved willing to participate in it.

CIA operatives say that the agency is always in need of guns and money for its worldwide covert operations. It is willing to work with drug smugglers able to provide either—or both.

HAULING POT

“I was flying weapons from Florida to Honduras



RICHARD ARMITAGE

on a CIA con. in 1986,” Michael Tolliver told a Senate subcommittee in sworn testimony last May. “On a typical flight we shipped about 28,000 pounds of military supplies—guns, ammunition, things like that.”

“What kind of cargo did you bring back?” Tolliver was asked.

“Pot—some 25,000 pounds of it. I mean marijuana. Yeah, marijuana,” the ex-CIA pilot explained. “We brought the marijuana back to Florida in the same plane.”

Tolliver’s startling account, The SPOTLIGHT found, is supported by similar testimony from four other drug pilots. Testifying under oath, they gave detailed descriptions of missions flown for the CIA that frequently involved black market weapons going into Central America, with loads of narcotics smuggled to Florida on the return trip.

The Latin country where the interlocking network of intelligence agents, dope dealers and international bankers is most visibly dominant is Panama.

“Drug money is the lifeblood of our economy,” exiled Panamanian journalist Jaime Pedron told The SPOTLIGHT’s diplomatic correspondent in Miami recently. “Panama’s government pays the police and firemen with dollars derived from the narcotics traffic. Panama’s two leading industries are drugs and money laundering.”

Matching recent intelligence about the Panama scandals with data obtained from southeast Asia turns up a number of key figures linked to drugs in both regions. Assistant Secretary of Defense Richard Armitage, cited by Gritz for his alleged links to Golden Triangle drug lords, was also found to be a familiar visitor in Panama where he has held several private meetings with Gen. Manuel Antonio Noriega, the nation’s strongman, in recent months.

SHADOWY PRESENCE

The Mossad, Israel’s secret service, has acquired a shadowy presence in southeast Asia since the United States abandoned Vietnam in 1973. It is also a major player in Panama’s financial and drug markets. The SPOTLIGHT found, Michael Harari, veteran boss of a Mossad hit squad, has emerged in recent years as Noriega’s right-hand man.

“There is overwhelming evidence,” asserted author Jonathan Kwitny, a veteran investigator of international crime, “that U.S. agents nurtured the heroin syndicate of the Golden Triangle in the 1960s and helped export the drug.”

Kwitny found that CIA operatives played a similar role in Central America. “Drug imports into the United States have been facilitated by Latin American covert operations run by the CIA and the Defense Department,” the noted investigative writer concluded.

Some Americans may find startling—and hard to accept—that “respectable” leaders of government

lot," said Dr. Philippe Rivera Hughesen, a drug consultant at UN headquarters in New York.

"In 1965 the U.S. federal budget for narcotics enforcement—the total appropriation for this purpose—stood at under \$4 million. Today it's over \$4 billion, a thousandfold increase. The drug bureaucrats have acquired an empire of their own. They have become a 'narcocracy'."

ENFORCEMENT EMPIRE

The domain of the Reagan administration's Drug Enforcement Administration (DEA), which doles out most of these funds, includes fleets of ships and speedboats; squadrons of jets and helicopters; even stands of radar blimps, tethered in the waters around Florida and Georgia. In Washington, the DEA operates some of the largest official computers; abroad, it has its own attaches in U.S. embassies.

Yet, despite the growth of this empire of enforcement, dope is cheaper and more plentiful in America than ever before. Wholesale cocaine prices have dropped from a high of some \$50,000 per kilo during the early years of the Reagan era, to around

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forcement agent, who asked not to be quoted by name, "suggest that despite all the hoopla, more cocaine is entering the United States, along better-organized import lines and a more efficient distribution system, than ever before."

If door-pounding, badge-popping federal enforcers cannot stop the flow of dope, how does the DEA hang on to its Christmas tree of powers and perks? The answer is that it has converted the drug-alarm publicity into a racket, consistently reporting its seizures of contraband in terms of the drug's street value.

A major raid netting, say, 1,000 pounds of smuggled cocaine is announced on the front pages as a major victory: It has inflicted a heavy loss on the drug cartel—as much as \$250 million, assert the DEA spokesmen.

But in reality, law enforcement experts say, when a narcotics smuggler loses a shipment, his loss

amounts only to the cost of replacing it. Currently, the seizure of a hypothetical 1,000-pound dope cargo means a setback of about \$5 million to the Colombian cocaine cartel—a large sum that is, nevertheless, factored into the cost of doing business in advance.

CONTRARY INDICATOR

"The seizure rate for contraband drugs has shot up in recent years, nearly a hundredfold," said the law enforcement agent. "But as an indicator, it shows only that more and more dope is coming in and going into retail outlets. It is not a mark of successful drug suppression—just the contrary."

As for some of the largest Wall Street banks, led by the Federal Reserve, "I can tell you firsthand that they regard narcotics, not as a crime problem, but as just another commercial venture," declared Ramon Milian, a major money manager for the Colombian drug moguls.

Milian, who is serving a 43-year federal prison sentence for laundering hundreds of millions of dollars in dope profits, has appeared before several congressional committees. His calm, detailed account of how he made use of America's largest financial institutions—in fact, of the entire Federal Reserve System—to sanitize and invest vast amounts of "hot money" is one of the most revealing testimonies ever obtained by Congress.

"The banks were never concerned about the source of my mammoth cash assets," Milian recounted.

"They were preoccupied only with making even-

Gritz Says U.S.

Government in League With Drug Dealers

The following is a transcript of a recent edition of Radio Free America, the talk show on North America One hosted by Tom Valentine. Tom's guest was Lt. Col. James "Bo" Gritz. Gritz, a hero of the Vietnam War, has alleged that high U.S. government officials are actively involved in the international drug trade.

Valentine's questions are in bold. Responses are in regular type.

Bo, you were on a television show with a fellow by the name of Ron Paul, the Libertarian candidate for president. I understand. And last night Ron was our guest on this show and we talked all about the Libertarian point of view and then we finally got into the legalization of narcotics, of dope.

And a lot of the callers and the people got a little uptight with that one, and I understand that you have some very strong views about narcotics in this country.

Tom, there is no question that I have a strong stand on narcotics. I was with Ron Paul; we were on the Morton Downey Jr. show—which is becoming quite popular. It's a kind of a scream talk show.

And Ron Paul made a statement that I couldn't believe. I was looking for an alternative candidate because honestly I cannot vote for Bush. I was Commander of Special Forces in Latin America the same time that Bush was head of the CIA in the United States.

I knew that [Panamanian strongman Manuel] Noriega was not only a dope smuggler but a communist. I recommended that we dump him, we didn't, and now he's emerged as a wart on our political nose. I cannot vote for George Bush because of what I know about him, and the smuggling of drugs, and the use of drugs to circumnavigate our Constitutional system.

Now, I don't know enough about Du-



RON PAUL

... His answers shocked Gritz.



BO GRITZ

... Names names, dates and places.

kakis so I was looking at Ron Paul. But when Ron Paul stood there on the Morton Downey show and said with an angry face, "We must legalize all drugs," and Downey said, "You mean to tell me you would legalize crack?" and he said, "Yes, I would, and heroin and cocaine."

Tom, this is the greatest nation on the face of the Earth. I honestly believe—you may think I'm a fool—but I believe that God allowed us to inhabit this nation and to have it as ours as long as we remained a righteous people. I think it's supposed to be a nation where people from all over the world can come here in religious freedom as long as we remain a righteous nation.

And, it's simple, all you need to do is check your conscience—Is it right, is it wrong? How can we stand, regardless of our religious beliefs, before God one day and say, "We took a nation of milk and honey that you gave us and we decided for various political pressures, or to take the profit out of it, or to go along with the Supreme Court, that we would legalize drugs in your nation and be poison to your children."

It's not right, it's not American and it makes me wonder about these people who would do with this nation what we know that our Father in heaven would not do to it. So, I am strongly against it. If you compromise, Tom, you lose.

Now we've already seen we can't teach creationism in the schools any more, so that leaves only one thing we all find out, that we all came out of the ocean as slime. You can't say the Pledge of Allegiance any more because it has "God" in it. You can't pray but you can do oms [meditation] in school.

And then we wonder how come the United States is being baked in a heat wave and our crops are shriveling in the Midwest and the Mississippi and Missouri

rivers are drying up? We better look at who we need to be thankful for and get back to being a righteous nation before we take "In God We Trust" off our coinage.

So, that's why I am so strongly against it: if you don't mind me continuing here for just a minute, I'll tell you that George Bush, his office, asked me and a comrade of mine, Scott Weekly, to go into Burma in 1986 to look for prisoners of war. We got in there. [General] Khun Sa is the overlord of the Golden Triangle, which produced in 1986 700 tons of heroin that came into the free world. Now, in 1987, it was 900 tons and this year it is 1,200 tons.

We didn't find any prisoners of war there. But we brought back a video interview with Khun Sa intended to go to the president and on that interview Khun Sa said, "I will stop 900 tons of opiates in 1987 and I will divulge every U.S. government official that has been my best customer for the last 20 years if President Reagan will help me to legitimize my economy."

Now, Khun Sa is anti-communist. He's surrounded by communist Burmese, by communist Chinese, and by communist Lao. Every one of his weapons, all his military equipment is made in the U.S.A. Now, I thought not having any prisoners of war we have failed there but I thought we were going to get an "atta boy" from the White House, because you got Nancy Reagan saying "no" to drugs.

We turned those videotapes over to the White House just before Christmas of 1986 and the White House response was "no interest." I went back into Burma and came out again in 1987, June, just about a month ago this time last year. I brought back the names of government officials that Khun Sa says have been dealing heroin and trading for arms for more than 20 years.

They include high-ranking CIA officials; they also include a currently serving assistant secretary of defense. Now what makes this crime even more heinous, Tom.



MANUEL NORIEGA

... Gritz warned government about him.

is that the man that Khun Sa named as the bag man, the accountant, the man who was dealing with the banks in Australia, was a man named Richard Armitage.

Armitage is not a publicly elected official, but was appointed by George Bush and is serving as an assistant secretary of defense today. He is responsible to the American people for the return of U.S. prisoners of war.

Now, I couldn't figure out why in five attempts to rescue Americans we kept losing in the 11th hour. Something would happen, an enemy gunboat would show up, the American prisoners of war being recaptured by the enemy. One time it was Voice of America announcing that we were in Laos—commandos from America—to rescue U.S. POWs and of course we had to abort our mission.

When Khun Sa identified Richard Armitage in June, 1987 it turned a light on for me. I returned to the United States and brought this information before the U.S. Congress and, "no interest."

Khun Sa, then, made in writing a complaint to the Justice Department naming these same people in June, 1987. Nothing happened. Then, in March, 1988, Khun Sa wrote a letter making an offer to give, as a show of good faith, one ton of refined heroin to George Bush if Bush would open a dialog to stop the trafficking of all hero-

The reason there's no interest is because these bureaucrats are trying to cover up their wrongdoing for more than 20 years. For more than 20 years they have been bypassing the Constitutional system, going around Congress in executive decisions, much like Ollie North said, they were setting up a way to suspend the Constitution of the United States, [to establish] a parallel government.

Well, all that is done. Because I know the guys that are in the middle of all of this, I work for them.

You and Ollie North are the same rank, aren't you?

Well, that's correct and I was made a lieutenant colonel back in 1972, so my date of rank goes way back there. But the thing is, Tom, that it is disgusting. I know that a lot of your listeners have probably contributed money to help the "contras" and I agree with that. But here is what happened to their money:

The money did not go to the contras, the money went in the pockets of arms dealers. Then those arms dealers, through Israel, bought weapons from the Soviet bloc, helping the Soviets—brought those weapons in and sold them to the contras at up to 300 percent profit. It fattened their pockets, it helped the communists, and we haven't gotten one step closer to defeating the Sandinistas yet in Nicaragua.

Now, Gen. Richard Secord is a man who was right in the middle of that and worked very closely with Ollie North. When Secord appeared before the Senate investigating committee looking into the Iran-contra scandal he was asked, "Were you selling arms to the contras?" and he said, "Yes."

They said, "Were you selling at a profit?" and he said, "Yes."

And they said: "I thought we were there to help the contras. Why were you selling those arms at a profit?"

And he said: "Well, couldn't we have two purposes? We were in business to make money."

He also said about the Iran arms deal, "I think I deserve the \$8 million that we made for all my hard work."

Now, Tom, I submit to you that if you have to pay a patriot, you've got the wrong man. These are patriots for profit. They're people that wear a veil of patriotism but their real business is war, money and guns.

And they are using dope because the Third World countries that they're selling to don't have the money to buy the arms. But all of them have one thing in com-

mon—a lot of illegal narcotics.

You see, their planes are taking arms to Nicaragua, turning around and bringing dope into the U.S.A. You see American bankers and you see international banks fattening themselves on this dope profit. It's part of a conspiracy and a year ago, Tom, I wouldn't have believed it. But I have touched the beast and I've seen it and I've smelled it and tasted it.

The fact is that there is a conspiracy in the United States. It involves international banking. It involves parallel governments that would steer the United States toward destruction. For what purpose? I really don't know yet but it certainly isn't in the interest of the American people.

Well, that's my opinion right now. And it's not only mine.

When I got back here in June of '87 I thought I was the Lone Ranger. I had in-

formation from the Golden Triangle, from Gen. Khun Sa, that American officials, by name, were dealing in drugs. But when I arrived here I read in the May issue of "Time" magazine that a super-patriot by the name of H. Ross Perot, down in Dallas, Texas, had received police reports.

Now, they didn't say this in "Time" but I've got a copy of those police reports since then. And, he received police reports from the FBI, from the Washington, D.C. police, and other agencies around the United States naming Richard Armitage as a drug smuggler and an arms dealer. Perot,

it says in "Time" magazine—May 4, page 18, for your listeners if they want to check it—went to see his old friend, George Bush, and that Bush told him to go to the proper authorities.

He went to William Webster [then head of the FBI], who is now head of the CIA. It's said he was seen going in to the White House carrying a pile of documents, yet, quoting "Time" magazine, "The Reagan administration has given him no help."

And [Secretary of Defense Frank] Carlucci, who is Armitage's boss, went to Mr.

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Perot and asked him to stop pursuing Armitage. So you have Gen. Khun Sa, who is the biggest drug dealer in the world, you've got H. Ross Perot, a super-patriot, just [to the] right of Attila the Hun, and you've got a left-wing outfit called the Christic Institute [see related story], all saving the same thing—and nothing is happening.

I've heard your story several times and each time I just sit there and I think it is shocking to the core. I know that you know what you are talking about because you have your facts. Now, you've presented those things and your friend Scott Weekly has been sent to prison on a trumped-up charge. Is he still in prison? And if his time's up, why isn't he out?

Well, thank you, Tom. Just this last Friday, praise God, the judge for the first time in 14 months actually heard evidence about Scott in Oklahoma City. A man by the name of Alley, a federal judge, who had sentenced Scott to five years in prison, heard evidence and immediately released him. Scott walked out of the courtroom last Friday. He's back with his family.

Right now he is a free man. He was truly a political prisoner. What happened was when we came back in December of '86 and we gave that videotape showing Khun Sa offering to divulge government officials, the White House, I think, and specifically, Richard Armitage, became very alarmed and very afraid.

The Justice Department notified Oklahoma authorities that I was an arms dealer with Iran, that I had been dealing with Ollie North and there was more to be found by investigating me than Ollie North. They said they couldn't get to me because I had connections in the White House; that they would get to me through Scott.

Now, we had been training Afghan freedom fighters in the deserts of Nevada, near where I live, in August and September of '86. Then we received our briefing from the White House in October of '86; we went to Burma in November of '86.

They knew that Scott had access to

plastic explosives, and had shipped the same out here from Fort Hill, Oklahoma, and they charged him and he never had the opportunity to have a lawyer. He was sentenced by Judge Alley to five years. They charged him with transportation of explosives aboard a commercial airliner, which is not against the law if you are working for the government.

The judge finally heard the evidence but it was 14 months too late. The whole thing, Tom, was a setup in order to try to crush us so that we could not go into Burma and it worked on the other end too, because the United States threatened to remove the tens of millions of our tax dollars that we give to the communist Burmese and the Thais for drug suppression unless they were able to kill Khun Sa.

They were banner headlines in all of the newspapers for about three months about, "U.S. declares no mercy in drug war," and, "Air strikes against Khun Sa." Finally I read one that said, "Khun Sa mountain stronghold seized."

You know it took Scott and me six days—three days coming, three days going—on horseback to get to Khun Sa's headquarters in '86. In '87, I drove in a pickup truck on a newly built highway straight to his headquarters and there were 10-ton military vehicles from Thailand coming the other way loaded with heroin.

Yes, and they were supposed to be making war on this drug lord, and you thought there was a war going on from the papers. And I recall this is American tax money; did it have to do a lot with that road?

I don't know, but I know they bulldozed it because this is virgin teak forest in Burma. These are mountains like you find only in West Virginia, they go straight up or straight down, thickly covered with hardwood teak. Gigantic, U.S.-made bulldozers were being used by the Thais to make this heroin highway.

Now, funnily enough a man by the

name of David Wesley, who is the No. 2 man in our Drug Enforcement Administration, called me and said: "Bo, that is not a heroin highway. That is a graduation road."

Now, if you believe this then I'm from the government and I'm here to help you, Tom, and all your listeners. At first they denied there was any road at all. But then he finally said, "We admit there is a road there."

But he said Khun Sa was having a special military graduation and he didn't want to have the Thai VIPs that he'd invited have to ride horses for three days coming and then again three days going back, so a road to his headquarters was built so they could drive there.

Well, wait a minute now. I thought the Thais were supposed to be wiping him out with our money.

When I saw Khun Sa I was amazed because it only took us 12 hours to get to his headquarters on this new road. When I saw him he asked me, "Col. Bo, what took so long?"

And I said, "General, I was waiting for the war to die down."

And he just laughed and said, "It was a newspaper war."

The Thais and the Burmese, who are communist both, came to him. He said: "They told me they stood to lose tens of millions of U.S. dollars in drug suppression unless they made it look like they were doing something. I told them, 'You go ahead and make it look like anything you want to but I want a highway built here.'"

And so in exchange for the road they got to put the headlines in. And it worked, because one of the later headlines showed an American ambassador giving a very smiling Thai an additional \$1.8 million for the good job they had done against Khun Sa.

Yes, and of course we need more money to fight the drug war, don't we? We better budget more money or it'll never stop the flow of drugs.

It's not more money we need, it's better and clean government. Until we get these cockroaches out of there we're not going to have a chance, I don't care who you vote for president in 1988.

Now, Bo, you are a soldier, you have fought for this country and I know you are one of the most sincere patriotic fighting men I've ever heard speak. You're almost a dinosaur in this age of naivete, as you said yourself. But, when you returned to the United States you did not dream that your reception would be even colder than chilly. They tried to indict you, I understand.

What they did is, they did it with warnings. Now, when we first took the videotapes in 1986 I thought we were going to get a pat on the back, because here was an opportunity to stop 900 tons of heroin and discover who the guys in the government were that had been dealing in it.

I was amazed when there was no interest by the White House. Then when I went back, they knew that I had gone [although] I didn't go on White House authority the second time. The White House knew that I had used a false passport during my travels in the '87 trip into Burma and I was called and told that, and this is a quote. "Bo, if you don't erase and forget every-



NANCY REAGAN

... Didn't she say "no"?

thing you've learned you are going to hurt the government.

And I said: "Whose government? Not mine, not the one my dad died for during World War II."

And they said: "Bo, knock it off. We are trying to help you."

They said: "You've got to erase and forget or you're going to get hurt yourself. If you don't cooperate with us you yourself are going to serve 15 years as a felon because we will bring up aggravated charges and hostile witnesses against you."

I told the guy—I called him "citizen"—"Citizen, let me tell you something. That's an insult to me, to you, and to 200 years of Constitutional government."

And so they did, they brought up the only thing they could get against me, Tom: misuse of a passport. Now, Jane Fonda used a false passport when she went in to cavort with the enemy in Hanoi during the war.

Ollie North and Robert McFarlane used false Irish passports when they went in to Iran to effect an illegal arms deal. So, I consider it a "weeny" charge. My trial comes up on the 12th of September and interestingly enough the maximum penalty if I'm found guilty is five years in prison, as a felony.

You are coming up for trial this September, a little over two months from now.

Yeah, on the 12th of September. I have great faith in the American jury system and I don't believe that there's a jury [that would convict me], once they hear the evidence. Of course the judge has to allow the evidence to be heard.

Of course.

And of course in Scott's case there wasn't any evidence even presented. He was just sentenced to five years in prison.

And he spent 14 months in the Lompoc federal prison.

Fourteen months away from his two small children. He had a little son who was just a year old, and a wife. There was no employment, and his wife did not work. It was really a strain on him and his family just because they were trying to keep us from bringing the truth before the American people.

Right, and Scott was in reality a volunteer like yourself to go after the missing in action, and he was, what, a Navy man?

Interestingly enough Scott Weekly was a classmate of Ollie North in the naval academy. He was in the Navy Seals over in Vietnam. He's been with me twice on rescue missions for prisoners of war and he was with me on the initial mission when I went into Burma in 1986.

Now, I understand our government is trying to discredit you on those missions into Laos and so forth.

Well, what they do is they conduct a smear campaign and a hate campaign. They put out a National Security Council memo—undated, unsigned—that basically makes me look like some kind of a character. But the truth is that all you have to do is read "Time" magazine or wonder how Bo Gritz could have top secret special intelligence information that only the Joint Chiefs of Staff had if I wasn't working within the government.

How could I have 1,500 photographs going into Laos? Why would they, over Voice of America—which is not an NBC affiliate, it's run by the U.S. Information Agency—put out information that American commandos were in Laos to rescue prisoners if they wanted to stop us?

And it was the U.S. government that asked us to go. But I don't think they ever intended for us to actually come back with prisoners. They wanted it to look like they were doing something just like they look like they were doing something with Khun Sa.

So it doesn't make any difference, Tom, what happens to me. I'm just one man. I've been a soldier, never wanted to be anything but a soldier, of this nation. If I go down swinging and it helps this nation then I'm satisfied.

Well, you know, Bo, we've only got five more minutes and I know you're going to go out and . . . By golly, ladies and gentlemen, he's got a Boy Scout thing to go to tonight, and he's a dedicated man . . . He has to leave here in about five more minutes. But in the next few minutes, Bo, I wanted to go into one other aspect of this thing.

You've got a trial coming up and that should be a sensational trial with lots of media. You think there will be any media coverage?

Well, a lot of it will depend upon how much evidence the judge will allow in. I want to make the trial a forum to get out the information we have on prisoners of war and the government dealing in drugs and the only reason I have ever used this false passport, and I'm not denying that I used it.

As a matter of fact, the U.S. attorney is having trouble with that. But most people come in and claim the Fifth Amendment or they would deny it. I'm saying, yes, I used a false passport. I used it many times—every time in pursuit of U.S. prisoners of war.

And I've got that passport. I'm willing to show it to the jury. It shows many entries, every entry only going to one place.

All right, I'm looking at this like the listeners out there. We probably have thousands of TV satellite listeners sitting there saying, "How come I never heard this?"

I want to point out that the first time I met you it was at a press conference that you had called in Los Angeles, at the press club, and every network, all the local television and the Los Angeles "Times" and the "Daily News" and Associated Press were all there. You told this story and you documented it with videotapes and the only newspaper that brought it out was The SPOTLIGHT.

Yeah. The SPOTLIGHT. The reason is, we found out later, every assignment editor for all of the large papers and television—NBC, ABC, CBS—wanted to do the story but, "Someone at the top squelched it."

So there you go. I think that the conspiracy includes people that control the media. And they're not going to let anything out that might shake their house of cards.

No, "conspiracy" is a bad word, you know, it's a terrible thing to be so controversial. And yet, here we have Ollie North and he is getting all of this play, while the people in the right wing were saying, "This guy should get a medal and not go to jail."

What you need, Bo, is a beautiful secretary.

That may help. You know one thing,

Tom, that we've got to be very careful of, and that is, if you are being raped you don't want to talk in civil tones, unless you like being raped.

This nation is being attacked. This nation is, without knowing it, fighting a war against a destroyer for its very life. And we've got to speak out in strong terms, and the hell with being controversial. **Because** the only way we are going to survive is to speak out and to make a stand.

Well, I agree with you, Bo, and we are going to help you speak out. I'll be watching your trial. You are running for Congress in your area of Nevada, is that correct?

Yes, sir, I'm a Republican and I'm on the Republican ticket. The way I figure it is, that you have got to take a stand and a platform and planks to make it firm, like I do. As a soldier I fought for this nation against foreign enemies. Now as a soldier I'm willing to fight those domestic enemies and the way to fight is probably through the Constitutional system.

And I intend to do it and I'll be a congressman not only for southern Nevada, but for every American out there that wants to see this nation a nation under God.



OLIVER NORTH



RICHARD SECORD

... Bo Gritz says patriots shouldn't profit.

Khun Sa: Here's How to Eradicate Problem

The following is a letter written by Thai Gen. Khun Sa, overlord of Asia's "Golden Triangle" drug producing and exporting region. The letter was written to the U.S. Justice Department in June of 1987, and in it Khun Sa asks the U.S. government to help his people get out of the drug exporting business. The general has made the same offer in previous communications, yet no one in the government has seen fit to take him up on it.

Ref. No. TRC/FA-0687 Date: June 28, 1987
To U.S. Justice Department, Washington, D.C. U.S.A.

SUBJECT: Important fact for the Drugs Eradication Program to be successful.

Sirs:

This letter to the U.S. Justice Department is to make it clear about our deepest concern in wishing to help eradicate drugs and for all the American people as well as the

world to know the truth that for the past (15) years they have been misled to look upon us as the main source of all the drug problems.

1. The refusal of the United States government to accept our "SIX YEARS DRUGS ERADICATION PLAN" presented at the Congressional Hearing by Congressman Mr. Lester Wolff after his visit to Thailand in April 1977, was really a great disappointment for us.

Even after this disappointment, we continued writing letters to President Carter and President Reagan forwarding our sincere wish to help and participate in eradicating drugs. We are really surprised and doubtful as to "why the U.S. government refuses our participation and help to make a success of the drugs eradication program."

Furthermore, "why the world has been misled to accuse us as the main culprit for all the drug trades . . . while in reality, we are most sincere and willing to help solve the drug problems in South East Asia."

Through our own secret investigation, we found out that some high officials in the U.S. government's drugs control and enforcement department and with the influence of corrupted persons objected to our active participation in the drugs eradication program of the U.S. government so as to be able to retain their profitable self-interest from the continuation of the drug problems.

Thus, the U.S. government and the American people as well as the world have been hoodwinked.

2. During the period (1965-1975) CIA Chief in Laos, Theodore Shackley was in the drug business, having contacts with the Opium Warlord Lor Sing Han and his followers. Santo Trafficante acted as his buying and transporting agent while Richard Armitage handled the financial section with the Banks in Australia.

Even after the Vietnam War ended, when Richard Armitage was being posted to the U.S. Embassy in Thailand, his dealings in the drug business continued as before. He was then acting as the U.S. government official concerning with the drugs problems in South East Asia. After 1979, Richard Armitage resigned from the U.S. Embassy's posting and set up the "Far East Trading Company" as a front for his continuation in the drug trade and to bribe CIA agents in Laos and around the world.

Soon after, Damien was made to handle the drug business as well as the transportation of arms. Jerz, Damien then took over the drug trade from Richard Armitage. For over 10 years, Armitage supported his men in Laos and Thailand with the profits from his drug trade and most of the cash were deposited with the banks in Australia which was to be used in buying his way for quicker promotions to higher positions.

Within the month of July, 1980, Thailand's English newspaper Bangkok "Post" included a news-report that CIA agents were using Australia as a transit-base for their drug business and the banks in Australia for depositing, transferring the large sum of money involved.

Verifications of the news report can be made by the U.S. Justice Department with Bangkok "Post" and in Australia.

Other facts given herewith have been drawn out from our Secret Reports files so as to present to you of the real facts as to "why the drug problem is being prolonged till today."

3. Finally, we sincerely hope in the nearest future to be given the opportunity to actively take part in helping the U.S. government, the Americans and people of the world in eradicating and uprooting the drug problems.

I remain
Yours Respectfully,

Vice Chairman

THAILAND REVOLUTIONARY COUNCIL
KHUN SA



Gen. Khun Sa confirms Bo Gritz's allegations.

Cover-Up Alleged in Drug Agent's Death

By KIM MURPHY, Times Staff Writer

Lawyers for two of three men accused in the murder of U.S. drug agent Enrique Camarena said Thursday they have evidence that the U.S. government has failed to prosecute one of Mexico's major drug smugglers, because he has secretly provided financial support and arms assistance to the Nicaraguan Contras.

In a motion filed in Los Angeles federal court, the defense claims that it has received new Drug Enforcement Administration reports indicating that Miguel Felix-Gallardo, a suspect in the Camarena case who has not been indicted, advanced more than \$150,000 to the Nicaraguan rebels through his pilot, Werner Lotz.

Defense lawyers said the DEA reports reveal that Lotz, who is now an informant for the U.S. government, told DEA agents in November that Felix-Gallardo was "a big supporter" of the Contras and was also involved with Lotz in smuggling arms into Nicaragua.

"From an examination of all the available evidence, it is apparent that various agencies of the federal government, including the CIA,

were aware of Felix-Gallardo's cocaine smuggling activities and have purposefully ignored them due to Felix-Gallardo's 'charitable contributions' to the Contras," attorneys Barry Tarlow and Donald Randolph, representing defendant Jesus Felix-Gutierrez, said in their motion.

The two lawyers, joined by attorneys for defendant Rene Martin Verdugo-Urquidez, accused the government of covering up evidence that Felix-Gallardo participated in the torture and murder of Camarena to "avoid the embarrassment of disclosing compelling evidence that the 'freedom fight' of the Contras was funded by illicit drug revenues with the tacit approval of branches of the United States government."

According to the court papers, Lotz told DEA agents that Felix-Gallardo had advanced Lotz "between \$150,000 and \$170,000" for transfer to the rebels—money that Lotz was apparently expected to repay—and was, himself, a supporter of the Contras.

Government prosecutors have admitted that Felix-Gallardo, believed to be one of Mexico's largest

marijuana and cocaine traffickers, may have had some role in the kidnap and murder of Camarena and his pilot, Alfredo Zavala-Avelar, in Guadalajara in February of 1985.

But the U.S. attorney's office in Los Angeles refused Thursday to comment on the new defense allegations or the status of any investigation involving Felix-Gallardo.

"We will respond to the motions filed today in our opposition papers, which will be filed Monday," U.S. Atty. Robert C. Bonner said through a spokeswoman.

A DEA spokesman in Washington said Felix-Gallardo is now being sought by Mexican authorities for "complicity" in Camarena's murder. "He is very big, and very significant in our view," the spokesman said. "He's a much-sought-after fugitive and believed to be in Mexico."

Defense lawyers have refused to publicly disclose any of the reports upon which they base their allegations about Felix-Gallardo's purported involvement in the murder or in support of the Nicaraguan rebels.

But according to their court papers, some of the evidence comes from a mysterious new transcript of the interrogation of Camarena, which was produced by the government three weeks into the trial. The government has said it does not have the tape from which the transcript was derived and has refused to disclose in open court how the transcript was obtained.

'Political Pressure'

Tarlow and Randolph have said they believe the transcript was obtained through "political pressure" exerted by the U.S. government on the government of Mexico.

Two tape recordings of the torture session have already been played to the jury, both of which appear to incriminate the government's key suspect in the case, drug baron Rafael Caro-Quintero, who has been indicted along with the three men now facing trial in Los Angeles, but who remains in Mexican custody.

But defense lawyers say the new transcript reveals that Camarena told his captors that it was Felix-Gallardo who was the "most important" target of the DEA in Guadalajara. The transcript also purportedly reveals that Camarena had seen Felix-Gallardo's car in the past at the Guadalajara residence believed to have been the scene of the torture-murder.

The defense has also introduced evidence that a photograph of Camarena was found at Felix-Gallardo's house a few days after the murder, when he fled Guadalajara. The new evidence is critical to the defense, because it appears to buttress their argument that Caro-Quintero and his associates were set up as "sacrificial lambs" by corrupt Mexican authorities to cover up for the real culprits.

Cases Against 3

Felix-Gutierrez is not accused of the murder, but of helping Caro-Quintero flee Mexico shortly after the killing. Verdugo-Urquidez and a third defendant, Raul Lopez-Alvarez, are accused of being at the scene of the interrogation and murder.

Assistant U.S. Attys. Jimmy Gure and Roel Campos, who are prosecuting the case, have said that evidence against Felix-Gallardo does not absolve Caro-Quintero and his associates of responsibility.

"Caro-Quintero may have had assistance from other Mexican traffickers who may have had an interest in the information to be forced out of Camarena," the government said in papers filed with the court. "Any evidence of Felix-Gallardo's criminal participation is not exculpatory, unless it further shows that Caro-Quintero did not participate in any way in the kidnappings and murders."

Government prosecutors said they have already introduced evidence that Camarena had headed a massive investigation into Caro-Quintero's marijuana operations in Mexico, resulting in plantation raids that had cost Caro-Quintero's organization at least \$5 billion in lost profits.

NUGAN HAND BANK OF AUSTRALIA

Nugan Hand Bank of Australia handled funds from international drug trafficking.

Australian Mystery: The Collapse of Nugan Hand Bank Discloses Links With Some High-Ranking American Military and Intelligence Officials

Australian Mystery

Fall of a Banking Firm Spotlights the Roles Of High U.S. Officials

Frank Nugan's Violent Death Opens Lid on Odd Traffic In Dope, Foreign Funds

Politicians Charge Cover-Up

By JONATHAN KWITNY

Staff Reporter of THE WALL STREET JOURNAL

SYDNEY, Australia—At 4 a.m. Sunday,

Jan. 27, 1980, a police sergeant and a constable, according to their testimony, were patrolling a lonely stretch of highway 90 miles from here when they spotted the parking lights of a Mercedes on an old road off in the woods. Inside the car, slumped across the front seat in a puddle of blood, was the body of a 37-year-old man with a saw rifle in his hands.

They searched his pockets and found the business card of William Colby, the former

This is the first of a series of articles.

U.S. director of central intelligence. On the back of the card was the itinerary of a trip Mr. Colby planned to make to Asia in the next month. The two policemen also found a Bible with a meal-pie wrapper interleaved at page 252; on the wrapper were scribbled the names of Mr. Colby and U.S. Rep. Bob Wilson of California, then the ranking Republican on the House Armed Services Committee.

All this might sound like the beginning of a Hollywood spy movie, but the studios would have to assign their most imaginative scriptwriters to produce a tale as startling as the real-life events that have followed that grisly discovery more than two years ago. The body was quickly identified as that of Frank Nugan, the chairman of a group of companies affiliated with the private Australian banking concern of Nugan Hand Ltd. Since then, investigations have pieced together a picture of an amazing swindle that spanned six continents and bilked investors out of millions of dollars.

A Political Issue

More perplexing yet, evidence has turned up that Nugan Hand bank was deeply involved in moving funds about the world for big international heroin dealers and also might have been involved in the shady world of international arms traffic. To cap it off, the offices of Nugan Hand and its affiliates were loaded with former high-ranking U.S. military and intelligence officials (see story on Page 26)

This has convinced many Australians that the company was involved in secret work for the U.S. government. Despite offi-

The issue of U.S. investment may be hard to resolve because many of the essential records were destroyed. Within hours after the discovery of Frank Nugan's body, telephones began ringing urgently all over the world. One was on the desk in Manila of three-star U.S. Gen. LeRoy J. Manor, the recently retired chief of staff for all U.S. forces in Asia and the Pacific. After his retirement, Gen. Manor had been on secret duty for the Air Force and at the time of Mr. Nugan's death he was helping run Nugan Hand's Philippine office.

According to Nugan Hand's public-relations man, Tony Zorilla, Gen. Manor called him and told him to stop the wire services from reporting Mr. Nugan's death. Mr. Zorilla says he replied that this would be unethical and impossible, and he refused. (Gen. Manor would describe his activities with Nugan Hand only in general terms, and he wouldn't discuss this incident.)

Ransacking the Files

Halfway around the world, Rear Adm. Earl P. "Buddy" Yates, the recently retired chief of staff for strategic planning for U.S. forces in Asia and the Pacific, heard the news and immediately jetted to Sydney, Nugan Hand's main office. Adm. Yates was the president of Nugan Hand, though he lived in Virginia Beach, Va. En route to Sydney, he met Nugan Hand's vice chairman, Michael Hand, a highly decorated Green Beret during the Vietnam War and a former U.S. intelligence operative, coming from London. They raced to the Nugan Hand office and with a few other insiders began ransacking the files.

According to witnesses, enough records to fill a small room were fed to a shredder. Others were packed in cartons, with everyone helping, and carried at night to the back room of a butcher shop owned by Robert W. Gehring, a former Army sergeant in Vietnam. Mr. Gehring worked for Maurice Bernard Houghton, a mysterious Texan who has owned several bar-restaurants in Sydney and who had played an active role in Nugan Hand's affairs since its inception in 1973.

Mr. Houghton not only joined the rape of the files, but also brought his lawyer, Michael Moloney, to direct it. According to the testimony of Stephen K. A. Hill, a Nugan Hand director who joined the record-ripping that week, Mr. Moloney urged the group on by warning, "I am fully aware of what has been going on. You all face jail terms of up to 16 years."

According to Mr. Hill's testimony, the burly Mr. Hand then broke in to say that if Mr. Moloney's orders to sanitize the files before the law arrived weren't followed, "terrible things" would happen—"Your wives will be cut up and returned to you in bits and pieces."

Mr. Moloney in a recent interview said, "Sure, I advised Hand to take documents out of the office. I was told there were serious deficiencies in the accounts. Everything I did I talked about with Yates first." (Adm.

Please Turn to Page 26, Column 1

Continued From First Page
refuses to discuss any part of his activities with Nugan Hand.)
A few months later, on April 11, 1980, Nugan Hand went into liquidation. And the assets that were so frantically being deeded after Frank Nugan's death began to be reconstructed. Exposed to view, Mike Spots, were dozens of affiliated corporations, with little or no real assets, that Nugan Hand had set up to help its clients avoid taxes and move money overseas secretly and often illegally. Mr. Nugan had boasted that \$1 billion a year passed through these companies.

All unanswered is the question of why so many high-ranking U.S. military and intelligence officials were working for the company. The CIA has denied involvement, and the State Department says that Nugan Hand was in any way a U.S. government operation. Liquidators of the company and Australian law-enforcement officers are puzzled and bewildered that the FBI and the U.S. Customs Service, which have information on Nugan Hand, have refused to release it to help in current criminal and civil investigations.

It has obvious overtones that somebody is covering something up," says the court-appointed Australian liquidator, John W. [Name].

From its base in Sydney, Nugan Hand opened at least 22 offices around the world, including four in the U.S. After the company failed, anguished messages poured from individuals who had invested money in the market interest rates in securities managed by Nugan Hand and who now stood to lose everything. Liquidators say the official total could reach \$50 million. The victims include many Americans, not only on the U.S. mainland but also at construction sites in Saudi Arabia and at military bases throughout the Far East, Hawaii and the Philippines.

Nugan Hand carried out its operations in intense secrecy. Cables and interoffice messages were in code and often were marked "Destroy After Perusal." Company employees and customers were referred to by coded serial numbers rather than by name, and even references to foreign currencies were disguised: "Oats" stood for Swiss francs, "grains" for U.S. dollars and "berries" for Portuguese escudos.

Impossible Job

This, plus the obvious phony nature of many transactions carried on between companies within the Nugan Hand galaxy, makes the job of settling claims by creditors not impossible. "We wouldn't be able to pay 1% on outstanding claims, says a liquidator. Many creditors aren't even bothering to file claims, apparently fearful that to do so would expose them to prosecution for illeg-

gal deals carried out with the aid of Nugan Hand.

Currently, liquidators in Sydney, Hong Kong and the Cayman Islands are investigating the company, and often working at cross purposes, seeking to recover assets. Criminal investigations are being conducted by the New South Wales attorney general's office and by a joint task force of the New South Wales police and the Commonwealth police. The Royal Commission on Drugs ran into Nugan Hand so much that it has recommended a separate Royal Commission be appointed just for Nugan Hand.

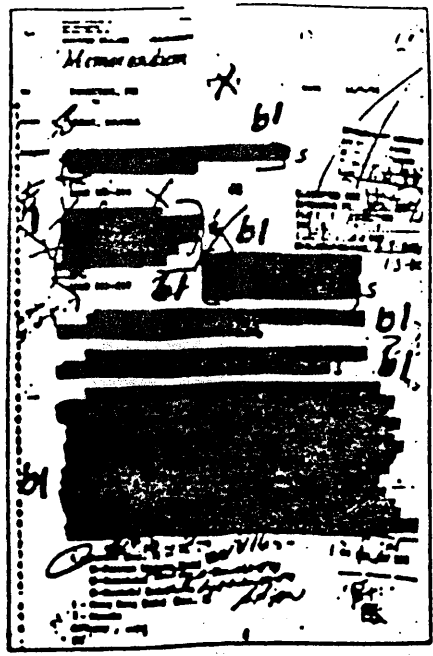
In June 1980, Mr. Hand, disguised and using a phony passport, flew to the U.S., apparently via Fiji and Vancouver. He hasn't been seen since.

Leaving Australia about the same time as Mr. Hand was his closest friend and adviser, Bernie Houghton. Mr. Houghton has a broad acquaintanceship with many high-ranking U.S. officials. As a civilian, he daringly traded goods all over the Southeast Asian war zone in the 1960s. Though his restaurant is in a sleazy district of Sydney that swarms with prostitutes and sex shows, he has frequently welcomed congressmen, CIA officials and military brass there. A few weeks before Mr. Nugan died, Mr. Houghton played host, at a luncheon and later a dinner, to five members of the House Armed Services Committee who were in Australia to inspect defense and intelligence-gathering facilities. He arranged for Rep. Wilson and another congressman and their wives to dine with Mr. Hand. Last year, Mr. Houghton returned to Australia. Authorities have questioned him at length, but he avoids reporters.

Exhuming a Body

With the scandal refusing to die down in Australia, reports began to circulate that the body in Frank Nugan's grave wasn't his and that he was still alive and hiding out in the U.S. Once he was reported having been seen in a bar in Atlanta. Finally, in February 1981, officials ordered the body exhumed. With gruesome diligence, Australian TV covered the event by interviewing practically everyone in the area. ("Some are dry, some are wet," one gravedigger told interviewers, complaining that Mr. Nugan was "wet" and therefore "very messy.") A dentist definitely identified the remains as those of Mr. Nugan.

Stymied by the lack of progress in the investigation of the company's affairs, the National Times, an Australian newspaper, petitioned the FBI under the U.S. Freedom of Information Act for information it had on Nugan Hand. The newspaper was told that of some 151 pages of material in FBI files, it could see 71. But when the papers arrived, they resembled a collection of Rorschach tests, with page after page blacked out in heavy ink and bearing the notation "B-1," indicating that disclosure would endanger



U.S. "national defense or foreign policy." What was left was a few pages of more or less routine information, such as a copy of a Nugan Hand subsidiary's petition for incorporation in Hawaii.

In response to more-official Australian demands, the State Department sent a two-man FBI delegation to Sydney in April, 1982. But the two men stonewalled, telling law-enforcement officials that the FBI had already given its information to an appropriate Australian agency; they wouldn't say which agency or re-release the material. Australian state and national police investigating Nugan Hand say that they have never received the information. The only other likely recipient would appear to be the Australian Security Intelligence Organization (ASIO), a secret counterespionage group that long has worked closely with the CIA.

By law, ASIO can give information only to Prime Minister Malcolm Fraser or his attorney general. Mr. Fraser says the U.S. has assured him that it had no connections with Nugan Hand, and he has rejected opposition-party demands for a top-level probe. But the continuing parliamentary debate could rekindle the once-hot political controversy over vital CIA bases here. These bases monitor U.S. satellites watching the U.S.S.R. and China and direct the U.S.'s nuclear submarines.

The opposition Labor Party—which now leads Mr. Fraser's Liberal Party in some polls—has openly questioned whether the CIA, through ASIO, helped topple Australia's last Labor government, led by Prime Minister Gough Whitlam. The CIA has denied this. Now suspicions have been raised that Nugan Hand, which handled enormous amounts of money, may have been used to channel funds to favored Australian political candidates.

When Vice President George Bush visited Australia this April, Labor Party leader Bill Hayden—a strong possibility to become prime minister—used his 30-minute meeting with Mr. Bush mostly to press for the release of details on the Nugan Hand and Whitlam affairs. Mr. Bush only gave his assurances that the CIA wasn't involved in either matter. Mr. Bush was the CIA director

suspicions of a government cover-up could be heightened by a disclosure by Australian liquidator O'Brien. He says that he has learned from the government-run telephone company that Frank Nugan's phone conversations were secretly recorded the last two years of his life on a device installed at the phone company, apparently by a government agency. Mr. O'Brien says phone-company officials have told him that the tapes—which might solve the mystery of who was behind Nugan Hand—are not at the company anymore.

Wiretap authority is tightly restricted in Australia, being allowed only in cases involving national security or narcotics investigations, according to the Commonwealth attorney general's office. State and national police have reported that they don't know anything about a wiretap on Mr. Nugan. Again, this points the finger at ASEO.

Australian immigration records show that a senior ASEO official, Leo Carter, vouched for Nugan Hand's ubiquitous Mr. Houghton when he entered Australia in February 1972 with an expired visa. On ASEO's word, Mr. Houghton received a visa allowing him to come and go from Australia at will. Mr. Carter has died, and ASEO won't comment on this.

Presumably the most sensitive of Nugan Hand's records were shredded right after Mr. Nugan died. But the remaining records hold many suggestions that the company may have been much more than a banking venture.

Notes on Troop Movements

The records contain long, periodically filed reports about military and political activities, mostly in Kampuchea (Cambodia), but also in Laos, Vietnam and Thailand. There is no concrete evidence that Nugan Hand was an active participant in U.S. covert operations. However, these detailed reports of troop movements appear unconnected to any banking or business activity. They were prepared by Nugan Hand's Bangkok representative, John Owen, a former career British navy officer, and bear notations that they were to be shown to Mr. Hand.

The files also show that Nugan Hand worked on big international arms deals, though it isn't clear what, if anything, was shipped.

For example, there were proposed transactions in 1979 for a partnership with Prince Panya Souvanna Phouma, the son of the former Laotian leader Souvanna Phouma. In one letter, Prince Panya took three pages to list available weapons, including missiles, light and heavy armor, tanks, combat helicopters and F-104 fighter planes and naval patrol planes. Nugan Hand memos indicate that the weapons were intended for delivery to Indonesia and Thailand. They also discuss creation of a private, freight-oriented airline in Southeast Asia (to be called "Sky of Siam") and other deals with Prince Panya.

Memos show that in 1975 Mr. Hand was arranging the sale to Rhodesia of recoilless rifles, mortars, grenade launchers and machine guns, and was negotiating for shipments of Rhodesian ivory.

Mr. Houghton has acknowledged in testimony that in 1979 he met in Switzerland with

now in U.S. custody, who is charged with selling explosives in Libya and who is alleged to have supplied trained men, arms and technology to Libya and other military buyers. A former Nugan Hand representative in Thailand, Neil Evans, has testified that Mr. Wilson went to Bangkok to discuss arms deals with Mr. Hand. Other Nugan Hand officials, however, deny Mr. Evans's story.

There seems no denying, however, that Nugan Hand was heavily involved with drug dealers. Murray Stewart Riley, a former Sydney policeman now serving time in Australia for attempting to import a boatload of marijuana from Thailand, was a regular customer of the firm. So were Riley's associates, who deposited drug money in Sydney and withdrew it in Asia.

Riley's business was brought to the bank, according to extensive testimony, by Harry Walwright, a former San Francisco criminal lawyer who fled to Australia in 1973 after being indicted in the U.S. for income-tax evasion.

Testifying from prison two years ago for an Australian Royal Commission looking into drug trafficking, Riley said his heroin and marijuana imports were intended for the U.S. market. In the words of the commission, he said "that he had been informed that Nugan Hand offered a facility to transfer funds from Hong Kong to the United States."

Over \$1 Million of Drugs

Investigators say that they have traced about \$250,000 that Riley moved to Asia via Nugan Hand and that they believe the final figure will exceed \$1 million. They say they believe that much of the heroin was transhipped to the U.S. in containers that were repaired by a dockside welding firm in Australia that was closely tied to the dope dealers. They believe that another heroin ring tied to Nugan Hand used a similar system.

Apart from their connection with the bank, Michael Hand and Frank Nugan had been viewed suspiciously by narcotics agents for some time. As early as 1973, the Australian Narcotics Bureau began a file on Mr. Hand based on reports that he and K.L. "Bud" King, a former pilot for Air America airline had been flying dope in from Asia to an Australian airstrip. Air America was a Vietnam war-era airline, with close connections with the CIA. U.S. drug-enforcement officials now acknowledge that the airline also occasionally ran heroin out of Southeast Asia's famed "Golden Triangle" poppy-growing area.

The landing strip involved in the 1973 Australian Narcotics Bureau report was on a real-estate development promoted by American singer Pat Boone and financed by millionaire shipping magnate D.K. Ludwig. Mr. Hand had worked as a salesman for the project for several years after he came to Australia in 1967 and later asserted that he had made a fortune from his land sales.

The report of the illegal drug flights came from a lawyer representing Mr. King's housekeeper. Mr. King, who also worked for the Boone-Ludwig project, has since died in a fall. The report was released recently among many files turned over to

Meeting an Opium Overlord

Other released files include information on alleged Nugan Hand drug deals supplied by Andrew Lowe, formerly Sydney's biggest heroin dealer (by his own assessment), who recently completed a prison sentence for his dope deals. Mr. Lowe has testified that he arranged a meeting between Mr. Hand and Khun Sa, the Golden Triangle's biggest opium overlord, though there is no way to verify that.

Through meticulous police work, however, Australian officials have documented in a still unreleased report a series of transactions tying Nugan Hand not only to drug dealing but also possibly to a series of contract murders in which the so-called Mr. Asia heroin syndicate eliminated at least three persons who were informing Australian police about drug activities. Authorities say the "Mr. Asia" group's heroin circulated in the U.S. and elsewhere and brought at least \$300 million cash to the syndicate's operators.

According to testimony from dope ring and bank insiders, corroborated by telephone logs and other evidence, the syndicate was linked to the bank through a two-man Sydney law firm that represented both Mr. Nugan and various members of the heroin syndicate. The firm's senior partner, John Aston, used Nugan Hand for personal financial dealings and helped bring in other clients. And the law office was used as a drop-off point for bank clients who wished to remain secret; they left parcels of cash or other items at the law office for pick-up by bank representatives.

One parcel that bank director George Shaw, a major operational figure at Nugan Hand, says he picked up at the law office March 26, 1979, contained \$285,000 in small bills. This money has been traced through a laundering process involving a soft-drink firm that Nugan Hand had acquired (apparently because it dealt in big quantities of cash) and through accounts at different banks in Hong Kong, New York, Boston and Singapore.

Eventually the \$285,000 was paid out in checks from Nugan Hand's Singapore office to a man identified by British police as the Singapore leader of the heroin syndicate. The payout was personally arranged by Mr. Hand in Singapore as instructed in a coded telex from Mr. Nugan in Sydney. This complicated money movement was a standard procedure Nugan Hand used for clients wishing to evade Australia's strict currency control laws, designed to keep capital at home.

Admirals, Generals, Ex-CIA Men Took Prominent Roles in Nugan Hand Bank

SYDNEY, Australia—Enough top-ranking U.S. military and intelligence officers worked for Nugan Hand to run a small-sized war. The list includes:

ADM. EARL "BUDDY" YATES, a 1943 graduate of the U.S. Naval Academy, Legion of Honor winner in Vietnam, and commander of the aircraft carrier USS John F. Kennedy. Then he was the chief of staff for plans and policy of the U.S. Pacific Command, in charge of all strategic planning from California to the Persian Gulf, until his retirement in July 1974. He became the president of Nugan Hand bank early in 1977, recruited by Maurice Bernard Houghton, who apparently is an old friend.

GEN. LEROY J. MANOR, the chief of staff for the entire Pacific Command until he retired in July 1978 to undertake new duties that the Air Force says are so secret that it can't talk about them. These duties are generally known to have included negotiating the 1979 agreement with the Philippine government for continuance of the U.S. military bases there (which Gen. Manor used to command) and investigating the failed hostage rescue raid in Iran in 1980 (an assignment that apparently stemmed from his having designed and commanded the 1979 raid on a North Vietnamese prison camp that failed to find any U.S. prisoners). A much-decorated Air Force three-star general, he also had been the special assistant to the Joint Chiefs of Staff at the Pentagon for "counterinsurgency and special activities." He joined Nugan Hand's Manila office, allegedly to run it (which he denies), in 1978.

GEN. EDWIN F. BLACK a 1940 graduate of West Point. He entered the Office of Strategic Services (OSS), which later became the CIA, and was the OSS commander in Berlin. He was the chief administrative aide to and frequent chess opponent of Allen Dulles, who became the head of the CIA. He was the wartime boss and then tennis partner of Richard Helms, who also became the head of the CIA. He was on the National Security Council staff under President Eisenhower and later the commander of all U.S. troops in Thailand during the Vietnam war, before becoming assistant Army chief of staff for the Pacific. He retired in 1976 to become executive vice president of the Freedoms Foundation in Valley Forge, Pa., a group promoting conservative politics. He also worked for LTV Corp., an important CIA contractor. In 1977, he became the president of Nugan Hand Inc., Hawaii, and special representative of the overall organization, making frequent trips to Asia. He says he was recruited by Adm. Yates and another admiral.

GEN. ERLE COCKE JR., whose entry in *Who's Who in America* says that during World War II he was "prisoner of war three times, actually 'executed' by a German firing squad and delivered the coup de grace but survived 1945." He held various posts with the Defense Department and as an executive with Delta and then Peruvian airlines. He is a former national commander of the American Legion, honorary commander of the Nationalist Chinese Air Force and holder of the French

office.

WILLIAM COLBY, the U.S. director of central intelligence, 1973-76. He ran intelligence programs in Vietnam during the war. In 1979 and 1980, as a lawyer with the Wall Street firm of Reid & Priest, he worked for Nugan Hand on a variety of matters—tax problems; the Foreign Corrupt Practices Act; an abortive project to relocate Indochinese refugees on an island in either the Caribbean or the Pacific; an attempt to take over a Florida bank; the operations of Nugan Hand's mysterious Panama branch, and the problems surrounding Mr. Nugan's death. Mr. Colby submitted \$46,000 in bills, which weren't paid. A \$10,000 check for his retainer was issued but never cashed.

WALTER McDONALD, a career CIA officer since 1975 and deputy director in charge of economic research from 1972 to 77. Then, while still in the CIA, he helped his former boss, onetime CIA Director James Schlesinger, set up and run the U.S. Energy Department. He served on the National Foreign Intelligence Board, the senior advisory group in the intelligence community. He announced his retirement in 1978, went into consulting and almost immediately by his own account began spending most of his time with Nugan Hand, traveling in the U.S. and Europe with Mr. Nugan and talking with him daily.

GUY PAUKER, a Rand Corp. staff member who has advised the CIA and other government agencies since the 1960s, although he denies reports that he is a career employee of the CIA. Mr. McDonald, whom he calls his "good friend," once said that Mr. Pauker has long had frequent personal access to White House national security advisers, including Henry Kissinger and Zbigniew Brzezinski. Mr. Pauker went to work as a consultant to Nugan Hand after Adm. Yates introduced him to Messrs. Nugan and Hand. He, in turn, introduced them to Mr. McDonald. Mr. Pauker says he wasn't involved in any completed deals for the bank.

DALE HOLMGREN, a former U.S. Army officer in Taiwan who became manager of flight services for Civil Air Transport, a CIA-run airline in the Far East. He then went into business in Taiwan. He opened the Nugan Hand branch in Taipei in 1978 as a one-man representative. Adm. Yates once said that Mr. Holmgren had long worked with the U.S. military in Taiwan to develop "within the social structure of the Chinese in Taipei a close relationship with the U.S. military forces and the business and government community." Adm. Yates also said that Mr. Holmgren had worked for Nugan Hand without pay at least for a while because he had an independent income.

ROBERT "RED" JANSEN, a former CIA station chief in Bangkok who advised Thai governments through almost daily meetings with the prime minister in the early 1970s, according to persons close to them. He worked for Nugan Hand there in 1978, although he apparently severed his relationship that year (according to a colleague, because he was warned by the U.S.

Australian Mystery

U.S. Servicemen Are Big Losers in Failure Of Nugan Hand Bank

Laborers at Mideast Projects Also Suffer; an Iranian Is Down to 'Last Pennies'

A General's Smart Friends

By JONATHAN KWITNY
Staff Reporter of THE WALL STREET JOURNAL

SYDNEY, Australia—The close relationship of so many former high-ranking U.S. military and intelligence officials with Nugan Hand Ltd., a private Australian bank, has aroused deep suspicions among some Australians that the company was in some way an instrument of the U.S. government.

Undoubtedly, the prestige of these men was a powerful help in getting business for

This is the second of a series of articles.

the bank. Retired Adm. Earl "Buddy" Yates, the former chief of staff for plans and policy of the U.S. Pacific Command, became the president of Nugan Hand in 1977. Occupying the bank's Manila office was former three-star Gen. Leroy J. Manor, the former chief of staff for the entire Pacific Command. Former Gen. Edwin F. Black was the president of Nugan Hand Inc., Hawaii. Former Gen. Eric Cocke Jr., the former national commander of the American Legion, handled Washington, D.C., matters for the firm, and William Colby, the former director of the CIA, performed legal work for it.

Nugan Hand went into liquidation in April 1980. Earlier, on Jan. 27, Frank Nugan, the Australian co-founder of the firm, was found shot to death in his car, apparently a suicide. Later, in June, the other principal, Bronx-born Michael Hand, a former Green Beret and covert U.S. agent, fled from Australia in disguise and hasn't been seen since. Continuing investigations have proved that the bank and some of its business customers were engaged in illegal activities from tax fraud to moving drug money.

Aggressive Salesmen

The U.S. State Department has issued a denial that the government was in any way involved in the operations of Nugan Hand. But this does little to ease the pain of hundreds of individual investors who had put their savings into various ventures sponsored by the bank. Over the previous three years, aggressive salesmen had taken deposits all over the world, promising yields well above prevailing interest rates. Since the bank's failure, claims for more than \$20 million have come into a court-liquidated Na-

On the very day in January that Mr. Nugan was shot, Col. H. Kirby Smith, the chief judge of the U.S. Air Force Seventh Judiciary Circuit at Clark Air Force Base in the Philippines, handed \$20,000 to Gen. Manor, Nugan Hand's man in Manila. He received Nugan Hand certificate of deposit No. 11531, promising 15.125% interest. Col. Smith's claim says that he didn't hear of Mr. Nugan's death until the bank collapsed in April. It was "somewhat of a shock," he says, adding, "\$20,000 is a lot to a military man and his wife."

Col. Jimmy Mataro, since retired, was stationed in Hawaii when he deposited a total of \$27,000 on the recommendation of his old boss, Gen. Manor, he says. Col. Mataro deposited the last \$16,000 on March 12, 1980, long after Nugan Hand insiders began preparing for the bank's demise. "There are plenty of others (victims) around town," Col. Mataro said recently in Hawaii, adding a harsh comment about the "rats" who ran the company.

Gen. Manor's Role

Though the Philippines branch apparently wasn't authorized under Philippine law to take deposits, claims from Philippine residents have piled up at the liquidator's office in Hong Kong, which says that two of the documented claims were for \$1 million each.

In a recent telephone interview, Gen. Manor at first insisted that he "had nothing to do with Nugan Hand Bank." Faced with evidence, he said he "was brought in just to learn," and hung up. Records show that he worked for the bank at least as early as October 1979. Tony Zorilla, Nugan Hand's public-relations man, says that Gen. Manor managed the Philippine office. Gen. Manor's partner there, Wilfred P. Gregory, says that Gen. Manor kept offices for a while both at Nugan Hand and at the U.S. embassy, a few blocks away. Told all this in a second call, Gen. Manor replied, "Many things in your line of reasoning are in error." Asked what they were, he broke off the interview again and wouldn't say more.

Adm. Yates declined to discuss Nugan Hand, even after he was told that the evidence seemed to put him at the center of its operations. "You print whatever you want," Adm. Yates said. "I've never had any success in dealing with reporters."

In the three months immediately after Mr. Nugan's death, the bank appeared to be trying aggressively to bag all the cash it could despite the growing prospects of its liquidation. A rich source of funds was Saudi Arabia, where the bank hauled in an estimated \$5 million to \$10 million from Americans who worked there. The Americans got their salaries in cash and then had no place to invest it because Saudi banks pay only nominal interest.

Visits on Paydays

As described in a claim letter from Tom Rahill, an American working in Dhahran, Saudi Arabia, "Representatives would visit Aramco construction camps in Saudi Arabia
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Australian Mystery: The Collapse Of Bank Hurts U.S. Servicemen

Continued From . . . Page

shortly after each monthly payday. We 'investors' would turn over Saudi riyals to be converted at the prevailing dollar exchange rate and receive a Nugan Hand dollar certificate. . . . The moneys, we were told, were to be deposited in the Nugan Hand Hong Kong branch for investments in various 'secured' government bonds."

Aramco and other large U.S. concerns, including Bechtel, Henry C. Beck Co. of Dallas and University Industries Inc. of San Diego, are said by investors to have permitted sales solicitations of employees by the bank and let salesmen hold meetings on company property and use company bulletin boards.

"The companies were passing down to their employees that this was being made available, and they could put their money in and get 15%," says Linda Geyer, now of San Diego. When she lived in Saudi Arabia in 1978, her husband—who died recently of cancer—invested and lost \$41,681 with Nugan Hand, and her son, John H. Geyer, invested and lost \$22,500. Both men worked as plumbers with University Industries on a construction job run by the Beck company's Beck Arabia unit.

"Everybody said, well, Beck, they're not going in with just any old guy," says Mrs. Geyer. Nugan Hand's man in the area was Maurice Bernard Houghton, a Texan who was a close friend of Mr. Hand. Mrs. Geyer says that Mr. Houghton "only worked in cash. He left Beck, Bechtel and Aramco with so much money he could hardly even carry the case. One time he needed two briefcases. He used to brag about it. Some people I know lost \$180,000 or \$200,000 easy."

El Raji, the Money Changer

According to testimony that Mr. Houghton has given to Australian authorities, he was allowed into Saudi Arabia on sponsorship of the Beck company. Bill Militan, Beck International's U.S. director, says that he has "heard of" Mr. Houghton but that he doesn't know whether Beck sponsored him. "I'm not prepared to talk about it," he says. U.S. spokesmen for Bechtel and University Industries say they know nothing about Mr. Houghton.

Mr. Houghton has said that he also took money from U.S. Air Force personnel in Saudi Arabia. Highly critical of the banks there, he has said that he took the bags of cash he collected to a local money changer named El Raji, who converted it to \$1,800 Thomas Cook traveler's checks. He sent the checks to Singapore, where most of them were apparently cashed by Mr. Hand, who was running the operation there, or by a colleague.

At least one victim, Edward F. Pietro, wrote for help to Gen. Black, the president of Nugan Hand, Hawaii. Mr. Pietro had served with Gen. Black in World War II, and he says the names of Gen. Black and Adm. Yates on Nugan Hand's brochures were an important factor in his decision to put \$4,800 into Nugan Hand on April 8, 1980, just three days before it filed for liquidation. He says that Mr. Nugan, then dead two months, was "described as quite healthy" by the salesman.

Gen. Black wrote back that he was "truly sorry about the death of Frank Nugan and the subsequent liquidation of his banking empire," but offered no sympathy to Mr. Pietro and no apology.

A Smart Fri

In a recent interview, Gen. Black—who also is a former executive director of the Freedoms Foundation in Valley Forge, Pa.—said he hadn't obtained any deposits for the bank because "my friends were too smart to go putting their money out of the country for hidden interest. If somebody had given me money and this happened, I'd feel personally liable to pay them back if it was a friend of mine. But I don't feel guilty because some guy got swindled. My name isn't well known enough around the world to convince many people" to invest.

Apparently one smart friend of Gen. Black was Rear Adm. L.R. "Joe" Vasey, who preceded Adm. Yates in his strategic planning job and now runs a political-research organization from Honolulu. Adm. Vasey says that both Adm. Yates and Gen. Black tried to get him to invest but that he declined.

Less wise, or at least less lucky, was Saeed Moosavi Nejad, 52, an Iranian lawyer who with his wife and four young children had sought refuge in the U.S. from the Iranian revolution in 1978. Mr. Nejad told his story, in a pathetic letter written in his best English to the Nugan Hand liquidator and later repeated it for this newspaper. In the Washington, D.C., office of retired Brig. Gen. Eric Cocke, Mr. Nejad gave \$30,800—"only a saving made almost within the last 25 years in order to live"—to Nugan Hand representative George Farris, a former Green Beret friend of Mr. Hand. Mr. Farris had promised Mr. Nejad 14% interest on his nest egg compared with the 11% he was making at a local bank.

Scratching a Living

Mr. Nejad can't find a job now. He performs occasional Islamic weddings and otherwise lives off \$400 a month his oldest son makes at a Gino's fast-food restaurant. He is suing Mr. Farris in District of Columbia federal court. "I have spent my last pennies," he says.

Gen. Cocke says that he never knew that his good friend Adm. Yates had registered him with the Treasury Department as "person in charge" of Nugan Hand's Washington office. He says he thought Nugan Hand was just resting space from his public-relations business, though he agrees that they shared a phone number, address and receptionist. He agrees also that he visited Nugan Hand in Hong Kong, welcomed Messrs. Nugan, Hand and Houghton in Washington, and arranged high-level White House contacts for Adm. Yates and Mr. Nugan to help their efforts to move Indochinese refugees to a Caribbean island and salvage surplus U.S. military equipment.

Gen. Cocke denies Mr. Nejad's allegations that the general constantly reassured him about the safety of his deposit, though Gen. Cocke agrees that they met and talked often after the money was invested. He agrees that after the collapse he gave Mr. Nejad the name of a Hong Kong lawyer to represent him and that it was Nugan Hand's former in-house counsel (Elizabeth Thomson, who declined to talk to a reporter). He agrees that he told Mr. Nejad early on that he had more than \$30,000 of his own money

(7)

Mr. ... says Gen. Cocke told him that the deposit was retrieved after the collapse and that Mr. Nejad could get his money, too, if he went to Hong Kong and hired Miss Thomson. Mr. Nejad says he couldn't afford the trip.

Gen. Cocke says he is still friendly with Mr. Farris, who is back at Fort Bragg, N.C., the Green Beret headquarters, "doing some consulting - Mr. Farris won't say on what."

A Doctor's Dilemma

A heavy loser was an Australian couple, Dr. and Mrs. John K. Ogden, who not only put \$752,000 into Nugan Hand but also gave Mr. Nugan power of attorney over their affairs. After Mr. Nugan's death, Dr. Ogden says he was frightened and went to Mr. Hand, who "kept reassuring me that all was well and there was no reason to take my money back." Now, at age 62, he has returned to medical practice. Meanwhile, Australian tax officers are auditing him on the \$752,000 the couple had invested.

The Australian investigations of Nugan Hand customers aren't as heartless as they might seem. Many of the firm's transactions, with business customers particularly, were "wash sales" carried out solely to establish paper losses for tax purposes. Clients would invest money in various ventures Nugan Hand set up. Fees, usually 27%, were deducted, and the rest would be "lent" back to the client with a separate letter forgiving repayment.

The result is utter confusion over who is a debtor. Particularly involved are 252 clients on a list found with Mr. Nugan's body; many are Australian celebrities.

"I'm taking action against people for their own money," says the Australian liquidator, John O'Brien. "They gave it to Nugan, he put it in another company and lent it back to them. Well I say, that it's our (the creditors') money, and I want it back." The courts haven't spoken yet, and Mr. O'Brien hopes that many clients will settle his claims in order to keep the source of their income secret.

Overdrawn Bank Account

Mr. O'Brien has seized some assets, such as Mr. Nugan's \$1.3 million home that the company paid for. The Hong Kong official liquidator found only bank accounts that were overdrawn by a net \$685,000. Of the \$17.2 million listed on Nugan Hand's books as assets, some \$14.8 million turned out to be IOUs from Nugan Hand insiders or companies they controlled, according to the Hong Kong liquidators.

The one big institutional loser was Wing-On Bank in Hong Kong, which guaranteed—and has paid off—Nugan Hand's debts to Chase Manhattan Bank and other institutions that demanded guarantees from recognized banks before they took advantage of Nugan Hand's high interest rates. Wing-On itself supposedly was guaranteed against loss by blue-chip securities held in Sydney, but the blue chips were sold gradually after 1977 and replaced by intracompany IOUs, leaving Wing-On short by more than \$3 million at the end.

Some \$1.5 million in insurance on Mr. Nugan's life proved uncollectible because a coroner's inquest ruled his death a suicide.

Banker Frank Nugan In Final Days Faced A Charge of Fraud

But His Violent Death Came
As Surprise to Associates;
His Partner Disappears

A Phone Call From 'Charlie'

By JONATHAN KWITNY

Staff Reporter of THE WALL STREET JOURNAL
SYDNEY, Australia—There were several reasons why Frank Nugan might have wanted to kill himself. But in January 1980, none of them were apparent to outsiders.

The 37-year-old co-founder of the Nugan Hand Ltd. private banking empire seemingly had the world on a string. His bank was taking in millions of dollars and had recently brought in a young American with impressive banking credentials to take some of the load off his shoulders. Mr. Nugan was negotiating to buy a multimillion-dollar estate for his family. And he apparently had whipped a serious drinking problem.

But as the fateful date of Jan. 26 approached, Mr. Nugan was confronted with

This is the last of a series of articles.

two serious legal problems that threatened possible ruin for his bank. In retrospect, moreover, there were signs of eccentric behavior that should have served as warnings.

Mr. Nugan had stopped spending most of his time at Nugan Hand's Sydney headquarters, and he was making more first-class jet trips around the world on missions his associates didn't always understand.

A Walk With Jesus

He began going to church daily and scrawling mystical notes in his Bible, which was always with him. A sample: "I place this day my life, my work, my loved ones in the Lord's hands. He is so good and it will be a good day I believe, I believe it will be a glorious, magical, miraculous day. He is with me now, Jesus walks with me now. Visualize 100,000 customers worldwide. Prayerize. Actualize."

One of Mr. Nugan's legal problems grew out of a 1977 scandal that had developed over a fruit and vegetable business run by Mr. Nugan's brother, Ken, in their home town, Griffith, 400 miles inland from Sydney. Several large insurance companies had acquired a 40% interest in the business during a 1973 stock sale to raise \$700,000 for a new cannery. Later, they complained that Ken Nugan was diverting funds.

Auditors discovered big cash payoffs to people apparently linked to narcotics traffic. Ken Nugan explained that the payments were to fruit farmers who wanted to remain anonymous for tax reasons and so were using dope dealers' names as pseudonyms. Amid much publicity, Ken Nugan fired the auditors and kicked the insurance men off the company's board.

This was done at two rowdy shareholder meetings at which drunks and thugs with newly issued 10-share stockholdings packed the hall and swayed procedural votes. Frank Nugan had helped orchestrate his brother's strategy, and state officials filed fraud charges against both brothers and a private detective they hired.

Sitting With a General

During the two years of court hearings to see if the charges would be tried, one of the men often at Frank Nugan's side was U.S. Gen. Edwin F. Black, who, after his retirement as assistant Army chief of staff for the Pacific, had taken a job as the president of Nugan Hand Hawaii. Gen. Black says that he attended the court hearings just to satisfy his curiosity.

Frank Nugan protested loudly that Nugan Hand was unconnected to the fruit and vegetable business. But when Nugan Hand Ltd. collapsed in April 1980, a few months after Frank Nugan's death, John O'Brien, a liquidator, said in his initial report that a "third party"—known to be Ken Nugan—had received \$1.6 million that his brother had diverted from Nugan Hand. Some \$1.1 million of this is credited as having been paid back. Nugan Hand funds also are believed to have been used to pay the Nugans' legal bills.

There were few details in the records. Immediately after his brother died, Ken Nugan went through Frank's office and, witnesses say, removed armfuls of files. A Nugan Hand director, Stephen K.A. Hill, has said that Ken also transferred a lot of Nugan Hand's stock in the fruit company to the wives of Frank Nugan and Michael Hand, the vice chairman of the bank. Mr. Hill says he argued vainly that the stock should be an asset of the bank.

Less than a month before he died, Frank Nugan learned that he and his brother would be tried for fraud, a development that seemed sure to affect his bank's reputation. (Ken Nugan's trial now is scheduled for later this year, after many delays.)

A Problem With Price Waterhouse

The other problem probably weighing on Frank Nugan's mind on the night of Jan. 26 was the refusal of Price Waterhouse & Co.'s Bahamas office to sign Nugan Hand bank's books for the year ended June 30, 1979. (The Bahamian office covers the Cayman Islands, where the bank had legal headquarters because of the soft regulatory climate there.) Mr. Hill had taken the books to the Caymans in October 1979. The local Price Waterhouse partners had approved the books for the two previous years, but this time there was a new Price Waterhouse auditor on hand, Clive Jennings. He balked. "There were significant gaps in the records," Mr. Jennings says.

Mr. Hill has testified that he rewrote the accounts annually on instructions from Frank Nugan. He said that in 1979 his boss ordered \$4 million in customer accounts

Please Turn to Page 16, Column 1

Australian Mystery: Head of Nugan Hand Bank Had Serious Legal and Personal Problems in Final Days

Continued From First Page

written off as having been paid in cash, off the books. To clean the bank's books, these accounts were assigned to Nugan Hand Panama, which Mr. Hill said was mostly a reservoir for phony accounts needed to balance the books. Most of the bank's \$17 million in stated assets were really IOUs from companies that were secretly affiliated with it, and these bogus assets were altered as needed to even the numbers.

Mr. Hill has testified that he was accompanied on the 1979 meeting with Price Waterhouse by U.S. Adm. Earl "Buddy" Yates, a former high-ranking officer in the U.S. Pacific Command who had become president of Nugan Hand bank in 1977. Mr. Jennings and his supervising partner, Richard Harris, who signed the 1978 books but was away during Mr. Hill's visit in 1979, say that Adm. Yates was present in 1977 and 1978 but not in 1979. Mr. Jennings says that in 1979 he sent Nugan Hand's emissary, Mr. Hill, home with a list of information he needed, "and that was the last I ever heard from him."

With the problem unsolved, Mr. Nugan himself went to the Caymans on Jan. 14-16, 1980, just 10 days before his death. Cayman banking authorities had notified him that if Price Waterhouse hadn't certified the June 1979 books by Jan. 31, Nugan Hand bank itself would be decertified there. This would damage Nugan Hand's relationships with major commercial banks throughout the world. Already, because of the lapse in audits, authorities in Singapore had asked on Dec. 5 to see the books, and Mr. Hand was trying to hold them off.

Messrs. Jennings and Harris say they went to Mr. Nugan's hotel room on Jan. 14 and asked for the necessary information, and he told them, "You'll never guess what happened. I came all the way from Australia with the answers to your questions, but then I left the file back in Australia." They say it would have been a bulky file. They say that Mr. Nugan called his secretary in Sydney and told her to send the file. It never arrived.

Hiring a New President

Mr. Nugan was losing his grip on himself and his job. In October 1979, an American, Donald Beazley, had been brought in as president of the entire Nugan Hand group of companies. Mr. Beazley was Nugan Hand's first real banker. A former Federal Reserve bank examiner, he had become the president of Great American Banks Inc. of North Miami, Fla., when Marvin Warner, its chief executive, had left to become President Carter's ambassador to Switzerland. When Mr. Warner returned, Mr. Beazley left to run Nugan Hand. Mr. Beazley is now the president of Gulfstream Bank in Boca Raton, Fla., whose one-bank holding company is listed on the New York Stock Exchange.

Mr. Beazley has told interviewers—including this newspaper—that he never really was the president of Nugan Hand, but "was just there on an interim basis (to) see if I liked what I would find." He has said that

October 1979, when Nugan Hand's representatives from all over the world were flown at huge expense to Sydney for a conference. Mr. Beazley was presented as the new boss. Messrs. Nugan and Hand said that they would be reduced to broad policy makers and that all orders would come from Mr. Beazley from now on.

'Mike, Frank and Buddy'

Mr. Beazley, after being praised by Adm. Yates as "the finest banker in the United States under the age of 35," said, "It is a privilege and an honor for me to be president (of) this company." He said he had "had the opportunity to see it grow" during a close 24-year relationship with "Mike and Frank and Buddy," and added that "the decision that I would want to be associated with this group" was "one of the best ones I've ever made, decision-wise."

He told the group, "You're fortunate to have probably one of the best money-market operators that I've ever seen and certainly one of the highest-qualified tax desk departments or divisions of firms that I've ever seen." This, even though Nugan Hand's money-market operations were consistent and intentional money losers, as the bank built up deposits by offering investors much higher interest rates than Nugan Hand got by investing the money for its own account. (The Hong Kong liquidator's office has calculated that from 1976 to its demise, Nugan Hand lost \$7.9 million in trading securities.) And many of Mr. Nugan's tax schemes later proved to be scarcely veiled frauds.

Hearing his words of praise for Nugan Hand repeated from transcripts of tape recordings obtained by this newspaper and verified, Mr. Beazley said that it was possible that he had said such things but that he couldn't remember. He also conceded the possible accuracy of reports that as late as March 1980, he had assured people that the bank was solid and would continue.

Lots of Gold Braid

Other leading lights at the October 1979 meeting were Adm. Yates; Gen. LeRoy J. Manor, the retired chief of staff for the U.S. Pacific Command; Walter McDonald, the recently retired deputy CIA director, and Guy Pauker, a consultant to various U.S. defense and security agencies. Gen. Manor helped run Nugan Hand's Philippine office, and Messrs. McDonald and Pauker had become consultants to the firm.

Everyone praised Nugan Hand lavishly and pledged tireless efforts to make it grow. But there were some disquieting notes, too. Representatives from Malaysia, Taiwan and Singapore openly expressed their uneasiness about what the Malaysia man called "our present non-official banking activities." All of these countries and others in the region, including Australia, have tight restrictions on taking money out of the country, which was Nugan Hand's main attraction in luring customers. Nugan Hand was allowed into many countries only under the belief that it was an international trade broker.

Nobody mentioned the books that Price

That summer his American-born wife, Lee, had returned to her parents in Nashville, Tenn., taking the couple's two children. Records show that she ran up \$21,200 in bills on her American Express card in nine months. Australian liquidator John O'Brien says that she also took \$1 million in traveler's checks with her. She has resisted numerous attempts by this reporter to interview her.

Going on the Wagon

Close friends of Mr. Nugan say that he wanted her back. He went on the wagon, ending a bottle-a-day Scotch habit, and he took off nearly 50 pounds—all in six months. He spent money in manic style. He paid about \$500,000 to remodel the couple's lavish waterfront home (and reportedly was hauled in for a beach) to impress his wife. But by several accounts she was revolted by its poor taste when she saw it on a brief trip home to attend a wedding at Christmas of 1979.

Mr. Nugan flew back to the U.S. with her on Jan. 9, 1980, but then was off alone to Florida, the Caymans and Switzerland, where he and Mr. Hand reportedly sought United Nations money for their refugee project. He apparently talked to former CIA Director William Colby and made plans to see him the next month. He told people that he was moving to the U.S. and entered negotiations to buy a Florida condominium.

He was back in Sydney Jan. 25. The next day he agreed to close another purchase: a \$2.2 million country estate he had dickered over for months—828 landscaped acres and a mansion—"the finest in Australia," he told its owners, a family named Darling. The deal was never consummated. That night he died.

Mr. Hand and the other Americans running the bank appeared to witnesses genuinely surprised by his death—and the sudden desperateness of the situation. Some big withdrawals were made about this time. Maurice Bernard Houghton, a mysterious Texan who played a big part in the bank's affairs, withdrew \$150,000 in February; he has said that he used the money on company business in Europe. Mr. Beazley withdrew \$200,000, which was transferred to his account in Florida; he says he can't remember what the money was for, but that he has repaid it though he can't prove it.

Gen. Manor Leaves Manila

When Nugan Hand's liquidation came on April 11, 1980, Wilfred Gregory of the firm's Manila office says that he and Gen. Manor were warned by their lawyer, William Quasha, to leave the Philippines or they "could wind up in jail." Mr. Gregory says that he stayed but that Gen. Manor left overnight. Gen. Manor, now running a retired officers' association in Virginia, wouldn't say when or why he left the Philippines, and Mr. Quasha says he can't discuss his advice to a client. Mr. Gregory kept the office for consulting work; he won't name his clients. His new partner was Philippine President Ferdi-

(10)

had been a similar evacuation in January when Mr. Nugan died, but when things cooled off the salesmen returned. In April they barely escaped. "The situation became somewhat violent," Mr. Houghton has recalled. "The bank branch . . . was severely damaged by the depositors after Mike Murphy (the bank representative) left," he said.

In June 1980, Michael Hand, the firm's co-founder, went into hiding in an apartment next to a butcher shop owned by Robert W. Gehring. Mr. Gehring, a former U.S. Army sergeant, worked for Bernie Houghton. The three men had been close since Vietnam War days; Mr. Hand had been a Green Beret and then an undercover operative, and Mr. Houghton was a big trader throughout Southeast Asia. Mr. Gehring's shop was the place where many of Nugan Hand's records were secreted after Mr. Nugan's death. Mr. Gehring has testified that Mr. Houghton asked him to help Mr. Hand flee from Australia.

Mr. Gehring says that he conned an employee, Alan Winter, into lending him his birth certificate, which Mr. Gehring then used to obtain a passport in Mr. Winter's name without his knowledge. Mr. Hand's U.S. passport had been seized the previous December by the U.S. consul in Singapore because the Bronx-born American had become an Australian citizen. He had been warned that Australian immigration officials were under orders not to let him leave under his own passport.

The Phony Passport

Mr. Gehring has testified that a mysterious American named "Charlie," identified only as an old Army buddy of Mr. Hand's, showed up in Australia, created a disguise for Mr. Hand and arranged for him to travel to the U.S., via Fiji and Vancouver. Mr. Hand left in mid-June, and Mr. Gehring says he concealed his friend's departure for a week. Mr. Hand left his wife Helen behind, and she is still living in Australia.

So far, the only charges by Australian authorities in the Nugan Hand affair are against Michael Moloney, Mr. Houghton's lawyer, and Patricia Swan, Mr. Nugan's secretary, for allegedly obstructing justice during the destruction of records after Mr. Nugan died. Mr. Moloney concedes in an interview that he advised Mr. Hand to remove the firm's records, but he says he is being made a scapegoat in the case. Mrs. Swan has refused to be interviewed.

In February 1981, Mr. Gehring has testified, he was visiting his brother in San Francisco when he got a call from "Charlie." They arranged for Mr. Gehring to go to a pay telephone booth at the airport. At the appointed time, a call came from Mr. Hand, whereabouts unidentified. He asked about his wife and friends and said he wasn't using Mr. Winter's identity anymore. That is the last time anyone says he has talked to Mr. Hand.

Report irks Reagan

CIA 'license to kill' denied

Associated Press

WASHINGTON—The White House denied yesterday that intelligence authorizations signed by President Reagan in the mid-1980s gave CIA agents latitude to use assassinations in the fight against terrorism.

Reagan said he was "quite upset" about a published report saying there had been such authorizations and said his 1981 executive order prohibiting assassinations "continues until this day."

White House Spokesman Marlin Fitzwater acknowledged that language in two intelligence findings in 1984 and 1985 subsequently was rescinded by the National Security Council, though he wouldn't say why.

Reagan's spokesman took strong exception to a Washington Post report yesterday which said phrasing in the earlier documents amounted to a "license to kill" for intelligence agents.

Fitzwater suggested that the Post story was an attempt to embarrass the adminis-

tration during the election campaign. But he stopped short of saying precisely that, telling reporters to "make your own judgment."

"I think this is an extraordinary cheap shot. It's not true," he said.

The Post's executive editor, Benjamin C. Bradlee, deflected the White House remarks, saying, "We stand by our story and we have no further comment."

Fitzwater's harsh statements at the daily White House news briefing mirrored comments he made Sept. 28, 1987 on a book by Bob Woodward, assistant managing editor of The Post for investigative reporting, entitled "VEIL: The Secret Wars of the CIA."

The book among other things described intelligence findings signed by Reagan in 1984 and 1985 which contained language interpreted by some in the administration as providing a means for U.S. spies to make an end run around a 1981 Reagan executive order flatly prohibiting assassinations.

In September 1987, Fitzwater, responding to the revelations in Woodward's book, said Reagan "was never aware of ... never au-

thorized ... any assassination efforts."

Yesterday, he said, "This an old being rehashed again, interestingly but has no foundation." Woodward was author of the story that appeared in today's editions of The Post.

Reagan, posing for pictures in the Garden with recent Soviet emigres, asked whether he had signed papers preventing the intent of that 1981 executive order on assassinations.

"No, back in 1981, I issued a directive that the United States would not permit assassinating anyone with any of the intent that we were doing," he replied.

Asked about the meaning of language in subsequent documents suggesting that sanctions would be brought against anyone committing an assassination in a good effort to curb terrorist activity, he said, "I don't know what language you're talking about."

"But I do know that I reaffirmed, in that, reaffirmed that our conduct be governed by the directive," Reagan said. "It's still in effect."

INDIVIDUALS INVOLVED IN BOTH MIA
AND DRUG TRAFFICKING MATTERS

Some of the same people involved MIA matters are reportedly also involved in the satanic drug cult network.

The following was furnished by the American
Defense Institute, 1055 North Fairfax Street,
Second Floor, Alexandria, Virginia 22314

The Pentagon's P.O.W. Papers

This collection includes three recently de-classified documents related to the U.S. government's efforts to account for 2266 American service personnel still Prisoner of War or Missing in Action in Southeast Asia.

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De-classified CIA Dispatch from Vientiane, Laos re: POW list (July 2, 1968)	1
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August 1992

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De-classified CIA Dispatch from Laos July 2, 1968

This collection of documents is a credible body of evidence proving that officials in the United States government deliberately abandoned literally hundreds of American servicemen being held as Prisoners of War in both Laos and North Vietnam in 1973.

Early in 1973, Henry Kissinger was finalizing negotiations with the government of North Vietnam on the Paris Peace Accords; the seven Watergate defendants went on trial; Richard Nixon was inaugurated for a second term and the U.S. Senate set up the Watergate Committee. On January 23rd, Nixon announced that the Accords were signed and that "all POWs Indochina" would be released within 60 days.

For years, the CIA had been waging a concurrent and secret war in Laos. By 1973, we had lost 581 servicemen (mostly pilots and air crews) in this secret war. The NY Times reported that the Pathet Lao claimed to be holding hundreds of these men prisoner. They demanded that we negotiate a separate peace treaty with them and cease our bombing of their country. We never negotiated and we continued to bomb them for many months thereafter. To this day, the Pathet Lao have not released even one American. What could have happened to all these men? Did they all die within a few weeks? Or did the Watergate besieged Nixon White House decide they must be abandoned so it could concentrate on saving itself? Are any of these men still alive? These are questions that cry out for answers. Government officials have given one answer for over 19 years: "There is no credible evidence."

The document at right confirms that the CIA was "maintaining a current list of POWs and MIA in Laos" in 1968. It appears that Major David Louis Hrdlicka is being added to the list and the 24 men listed here are presumed dead. The point is that the CIA could reasonably be expected to continue maintaining this list until at least April 1973 when the North Vietnamese released 591 American POWs from their prisons in Hanoi.

DISPATCH		CLASSIFICATION	DATE
[REDACTED]		[REDACTED]	SEP 3 1968
See Distribution Below		CLASSIFICATION	SEP 3 1968
Chief of Station, Vientiane		[REDACTED]	SEP 3 1968
JPRC - U.S. POW's and MIA in Laos		[REDACTED]	SEP 3 1968
Reference: [REDACTED]		[REDACTED]	SEP 3 1968
Action: [REDACTED]		[REDACTED]	SEP 3 1968

Station discussed Attachment to Reference with [REDACTED] which is responsible for maintaining a current list of POW's and MIA in Laos. The following individuals were not on [REDACTED] list:

1. Blevett, Allan L.
2. Chambers, Jerry L.
3. Cius, Frank Edward, Jr.
4. Duffy, Charles J.
5. Fellows, Allan E.
6. Gardner, John Garrett
7. Glover, Calvin C.
8. Guillermin, L. F.
9. Guy, Theodore W.
10. Hanson, Stephen Paul
11. Honsley, Thomas E.
12. Kuebel, Thomas E.
13. Leonard, Edward W.
14. Lyon, Donovan L.
15. Mason, William
16. McPhail, William T.
17. Mitchell, Thomas B.
18. Mullen, William F.
19. Park, Raymond F.
20. Pate, Gary
21. Pietsch, Robert E.
22. Rash, Melvin D.
23. Stischer, Walter
24. Wallace, Michael W.

[REDACTED] list one individual not on Reference list: [REDACTED] Hrdlicka, David Louis, Major, USAF, FR 72541.

Distribution: [REDACTED] 2 - COS/Vientiane

De-classified Eagleburger Memorandum for Secretary of Defense Elliot Richardson March 1973

This memo is a "smoking gun." In 1973, Lawrence Eagleburger knew that the Pathet Lao was holding a large number of American POWs in Laos.



ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: U.S. POW/MIA Personnel in Laos - ACTION MEMORANDUM

REF: Your 13 Mar 73 query on Laos POWs (attached)

On 1 February 1973, North Vietnam (NVN) released the names of ten POWs who were captured in Laos. NVN claimed that these ten people were prisoners of the Pathet Lao, but DIA analysts indicate these individuals were actually captured by the North Vietnamese in Laos. The ten POWs identified consist of nine Americans (six USAF, one USN, two civilians) and one Canadian. The evidence indicates that most, if not all, of the ten are currently being held in Hanoi.

DIA lists approximately 350 U.S. military and civilians as missing or captured in Laos. Therefore, the Lao Patriotic Front (LPF) list of ten POWs constitutes only a 2.5% accounting. In contrast, the NVN list represents 45% and the PRG list represents 20% of the POW/MIA personnel carried on our lists in these respective areas. There is an obvious lack of reporting on the part of the LPF. Because of the foregoing statistics and analysis of the conditions under which our people have been lost, DIA concludes that the LPF may hold a number of unidentified U.S. POWs although we cannot accurately judge how many. The American Embassy, Vientiane, agrees with this judgment.

Several diplomatic moves have been made recently in an attempt to get an accounting and release of American prisoners being held in Laos. On 10 March 1973, the LPF Delegation chairman in Vientiane informed us that recent U.S. demarches regarding prisoners in Laos had been conveyed to Souphannouvong, the Lao communist chief, personally. No other information was made available.

On 15 March the Secretary of State instructed Ambassador Godley to "...single out Soviet Ambassador for the full treatment..." regarding the lack of progress in Vientiane on political and POW matters. Godley was also instructed to inform the Soviet Ambassador that we "...continue to hold North Vietnam to its commitments on releasing all U.S. POWs in Laos by 28 March and will not tolerate any delays." No communist response to this line of action has been noted as yet.

2

On 22 March 1973, the United States informed NVN and the PRG that the U.S. would "...complete withdrawal of its military forces from South Vietnam in accordance with the terms of the agreement and coincident with the release of all repeat all American prisoners held throughout Indochina." This statement was aimed directly at securing release of all U.S. prisoners held by the Pathet Lao.

On 22 March Ambassador Godley addressed the Laos POW/MIA question at length in Vientiane 2139 (attached). Godley separates the 1 February list of ten prisoners from the issue of accounting for the remaining POW/MIA's in Laos. The Ambassador states that the LPF "...just has not focused on the PW repatriation and accounting problem until very recently..." Godley concludes by recommending that we concentrate on helping the RLG get an acceptable military protocol to the Laos cease-fire agreement approved by the LPF. In this way the Ambassador is hopeful that we can eventually gain LPF cooperation in the POW/MIA matter. However, Godley also states that he is having great difficulties in influencing the RLG negotiators; and he states we must expect many nonconcurrences from the LPF.

On 23 March, the U.S. Delegation to the Four-Party Joint Military Commission (FPJMC) was instructed by Washington to reaffirm our negotiating stance. General Woodward was instructed to seek a private meeting with the NVN representative and inform him that the U.S. must have assurances that the prisoners on the 1 February list will be released by 28 March. Given these assurances, private or otherwise, we will complete our troop withdrawals. This 23 March guidance to the field also indicates that "...we intend to pursue the question of other U.S. personnel missing or captured in Laos following the release of the men on the 1 February list."

To review the bidding to date, the U.S. is prepared to accept release of the ten men on the 1 February list along with the other U.S. personnel being held in NVN as the final condition for complete U.S. troop withdrawal. However, there has been no accounting of U.S. personnel MIA in Laos other than the 1 February list of ten who were probably all captured in Laos by the NVA rather than the Pathet Lao. Hence, assuming all the prisoners currently being held in NVN are released by 28 March, we still have the Laos MIA question remaining unresolved. Additionally, Ambassador Godley proposes that we rely upon the yet-to-be developed and approved Lao Military Protocol as a means of gaining satisfaction on this issue. And finally, Ambassador Godley does not discuss Hanoi's influence or control of the LPF on this issue.

From the foregoing, there appears to be need for a well-orchestrated plan for solving the problem of our Laos POWs and MIAs. Therefore, I am recommending below a series of diplomatic moves aimed at gaining a proper accounting of our men lost in Laos. You may wish to pass along to the President part or all of the following diplomatic track:

3

A. After the recovery of the last prisoners from NVN, Hanoi should be advised unequivocally that we still hold them responsible for the return of all POWs being held in Indochina. And in this regard, any further mine sweeping activity as well as all future U.S. reconstruction assistance should be described as wholly dependent upon the accounting for and or release of U.S. prisoners being held in Laos. Once again, NVN should be clearly informed that an accounting for ten men out of a total of more than 350 is considered unacceptable.

B. In the meantime (just after 28 March), a strong demarche should be made to the ranking LPF representative in Vientiane by the U.S. Ambassador personally. This initiative should plainly and forcefully assert that the U.S. will no longer play games with the POW issue in Laos. The LPF should be told that we have reason to believe they hold additional U.S. prisoners, and we demand their immediate release as well as an accounting and information on all those who may have died. Finally, the LPF should be advised that failure to provide a satisfactory answer could result in appropriate United States actions.

C. Simultaneous with our representations to the LPF, the U.S. Ambassador to Laos should also ask the USSR, PRC, NVN, French, British and ICC senior representatives to Vientiane to use their good offices with the LPF in order to avoid a serious situation.

D. Shortly after 28 March, assuming the LPF have not responded favorably, intensive and obvious tactical air reconnaissance of North and South Laos should commence. Additionally, the movement of a new carrier task force into the waters off Vietnam should be publicly announced.

E. Concomitant with the foregoing, the LPF and NVN should be privately advised that the Thai Volunteer Forces now in Laos will not be removed until there is a satisfactory resolution of the POW issue.

Other moves that may be worthy of consideration are listed below. They should only be contemplated if we are reasonably strongly convinced that the Pathet Lao hold POWs.

A. Ambassador Godley could be instructed to "lean hard" on Souvanna Phouma and tell him to let the LPF know that political concessions in the new Provisional Government of National Union (especially as regards LPF appointments to cabinet posts) will be next to impossible without resolving the POW question.

B. As a last step, U.S. air strikes and Lao and Thai irregular offensive operations could be resumed in Laos in order to force the release of our prisoners in Laos.

Mr. Eagleburger recommends resuming air strikes "in order to force the release of our prisoners in Laos." U.S. aircraft did, in fact, continue to bomb Laos for many months after this memo was written. Mr. Eagleburger is currently the number two man in President Bush's State Department.

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The foregoing recommended diplomatic/military moves would represent a considerable toughening of the U.S. stance regarding our POWs being held in Laos. Such a line is even harder to take without a clear picture as to how many U.S. personnel are actually being held in Laos. The intelligence data available is voluminous but imprecise. However, the evidence indicates that the NVN/Pathet Lao forces have captured U.S. personnel since 1964, and the LPF have provided no prisoner or casualty data at all other than the ten names listed on 1 February. Therefore, the hard negotiating track outlined in steps A through E above, and possibly even the optional steps A and B, seems clearly justified. Finally, it is recognized that this is a very delicate situation, and the application of any one or all of the above actions cannot assure success--there is, of course, little physical risk associated with options A through E.

If you approve of the above listed courses of action, I recommend you sign the attached memorandum for Dr. Kissinger.

Lawrence S. Eagleburger
Acting Assistant Secretary

Attachments: (3)
SecDef query dtd 13 Mar
AmEmbassy Vientiane msg 2139
Proposed memo to Dr. Kissinger

No coordination required.

Prep: Ltc Secord/Is/AD/23Mar73/53164
Dist: Orig #1 addee
b1 #2 RC
yelo #3 AD
lwh #4 ISA/S

Prepared by RADH Bigley, X54175
& LTC Secord, X53164

Elliot Richardson's initials were handwritten on the attached memo indicating that it was delivered to Henry Kissinger in the White House. Dr. Kissinger's number two man at that time was Gen. Brent Scowcroft who is now President Bush's National Security Advisor.

The simple chronology at right is the key to understanding why and how officials in the Nixon Administration may have decided to abandon not only the living prisoners left in Laos but many others held hostage in North Vietnam as well.

The ferocity of the scandal swirling around the White House became evident on April 17 when Nixon felt compelled to waive Executive Privilege. On that day, his Presidency started to slide down the slippery slope to oblivion. It is obvious that Nixon may have felt he had no choice but to abandon our POWs.

When Nixon finally resigned in August of 1974 to avoid being impeached, many of his staff stayed on in the Ford Administration. Kissinger remained as Secretary of State. Scowcroft became Ford's Assistant for National Security Affairs, the same post he now occupies in the Bush White House. George Bush, himself, was appointed Director of the CIA in 1975 after a stint as Ambassador to China. Ford's Chief of Staff was Dick Cheney, the current Secretary of Defense.

The power of the Presidency in late 1974 had been emasculated by Watergate. Officials in the Ford Administration may not have believed they could afford to admit that living American POWs were still being held in Indochina. The lid of secrecy was kept on this politically explosive situation for two and a half more years until Ford lost his re-election to Jimmy Carter. Carter may never have been told. Later, hostages held in Iran took Carter out.

In 1979, a Marine Pfc. named Robert Garwood who had been a POW for 14 years was able to pass a note to a Finnish diplomat in Hanoi saying he wanted out. The Vietnamese told Garwood before he left that he would be treated as a traitor. In de-briefings, he claimed that he had seen about 70 other American POWs in North Vietnam after 1973. The de-briefings were classified. He was court-martialed and convicted of collaborating with the enemy.

Why would the Nixon Administration abandon American POWs?

A Chronology of Key Events in 1973

Jan. 23 - President Nixon announces signing of the Paris Peace Accords and release of "all POWs in Indochina."
Feb. 1 - Henry Kissinger delivers a secret letter to Pham Van Dong promising to pay Hanoi \$3.25 billion in aid.
Mar. 28 - Last group of 591 American POWs is released from Hanoi. Most report that they were brutally tortured.
April 7 - In response, the U.S. Senate votes 88-3 to prohibit the Nixon Administration from giving any monetary aid to North Vietnam without Senate approval.
12 - The U.S. Department of Defense issues this statement: "There are no more prisoners in Southeast Asia. They are all dead." This becomes official policy.
17 - Caving in to intense pressure, Nixon agrees to waive Executive Privilege and allow members of his staff to testify before the Watergate Committee.
30 - Nixon fires staffers Bob Haldeman, John Ehrlichman and John Dean before they can testify.
May 10 - Two former Nixon Cabinet members, John Mitchell and Maurice Stans are indicted in New York.

Statement of Barry A. Toll to the Senate Select Committee on POW/MIA Affairs

June 14, 1992

This extraordinary statement speaks for itself. Mr. Toll was in the loop just outside the Oval Office from 1973 to 1975. Nixon knew. Kissinger knew. Ford knew.

BARRY A. TOLL
St. Petersburg, Florida 33713

June 14, 1992

SENATOR JOHN KERRY
D - Massachusetts
Chairman, Senate Select Committee on POWs and MIAs
Washington, District of Columbia

S T A T E M E N T

My full name is BARRY ALLEN TOLL and I reside at 2930 29th Street North, St. Petersburg, County of Pinellas, State of Florida. I am a numerous combat decorated veteran of Vietnam, where I served as an Infantryman, Long Range Reconnaissance Patrol Leader and Special Operations Intelligence Specialist, while in the United States Army from 14 June 1967 through 16 August 75., when I was Honorably Discharged. My service numbers were variously US 53 702 178, RA 53 702 178, and RA 267-04-2055 (Social Security Account Number). I am service connected disabled rated from the Vietnam War.

Your Select Committee is currently investigating some events that I have direct knowledge of, and which coincidentally, were instrumental in my requesting immediate relief from duties and Honorable Discharge, on 4 July 1975. The events I referenced during debriefings, that the Select Committee would be interested in, occurred during the periods June 1973 through July, 1975, when I personally saw, distributed and briefed high ranking officers of the Joint Staff, on intelligence reports, analyses and operations regarding the transfer of U.S. POWs and/or MIAs from the custody of North Vietnamese or Laotian authorities through Soviet Bloc nations, or directly into the USSR. Further, it was the considered opinion of the Joint Chiefs of Staff, and the entire U.S. intelligence community, that at the conclusion of Operation Homecoming in 1973, that there were an estimated 290 to 340 U. S. POWs and MIAs alive, and held captive in Laos, and that analyses and reporting was disseminated to the President of the United States, Richard Nixon. I specifically recall that information being included on a list of the President's Daily Intelligence Briefing agenda more than once, and reports or real time transfers in progress (aircraft bearing US POWs in the air enroute to USSR and Soviet Bloc countries) being passed to the White House for the President several times in this period. There simply is no doubt that the President knew of these conclusions and events, barring a massive and collusive intent to deprive him of the information. I am fully prepared to make these statements under oath and penalty of perjury and would submit to qualified polygraph examination with regard to the content of this statement. From June 1973, until 4 July 75 I was variously assigned within the World Wide Military Command and Control System or World Wide Airborne Command Post system as an Intelligence Specialist and Operations Assistant on Battle Staff Teams formulated

specifically to implement the nation's highest strategic nuclear policies and plans, and directly assist the President or designated National Command Authority in so doing. I was assigned by Department of Defense, order of the Secretary of Defense, in Billet JJAELIA with duties primarily at the Commander in Chief Atlantic's Airborne Command Post, v/duty station Langley AFB, Virginia, or at times temporarily detailed at National Emergency Airborne Command Post, Andrews AFB, or other remote alert stations to perform our mission.

In a nutshell, such Battle Staff Teams are promulgated, trained and responsive to the Chairman, Joint Chiefs of Staff, through the Deputy Director of Operations of the Joint Staff, and were assigned the mission to assist the President, his designated successor or certain Alternate Command Authorities as specified in the Single Integrated Operational Plan (SIOP) and the Presidential Decision Making Handbook (REDBOOK), and their related Annexes, especially Annex 2 to the SIOP, Emergency Action Procedures (EAP) Volume IV. In short, we were there to lead the President through a Nuclear Execution...and redundancy in our Teams was of course, critical to accomplishment of our mission.

To accomplish this mission, members of National Command Authority SIOP Execution Teams held an unusually wide and diversified range of extremely sensitive Top Secret and above, Security Clearances as we were privy to the combined input of the entire U.S. Intelligence Community to the President, in order to be capable of assuming responsibilities to brief and assist him in a SIOP environment, on a moment's notice, 24 hours a day, 365 days a year. Simply put, we had to know what he knew when on duty, and were so indoctrinated on what we'd missed when off duty upon assuming a new shift of Alert Status, and therefore were required to possess the following clearances as essential to mission accomplishment: Top Secret based upon Expanded Background Investigation, Single Integrated Operational Plan (SIOP) and associated special Annexes, Presidential Decision Making Handbook, (REDBOOK), Extremely Sensitive Information (ESI), Special Intelligence (SI), Presidential Sealed Authentication System (SAS...the "football"), Cryptological (CRYPTO) and many too numerous to mention and caveated special operations or Restricted Classified Information Special Accesses, some of which have Top Secret Codename designations and cannot be uttered aloud under any circumstances.

To be blunt about it, then, there were but a handful of men within the entire USG that possessed such concentrated accesses to classified information on such an across-the-board, integrated basis. Such "need to know" can only be justified for a few positions, and it was not unusual to be in possession of highly specific information that even the highest cabinet officers, or heads of other intelligence agencies, might be unaware of, owing to the tight compartmentalization of seriously guarded secrets throughout the Department of Defense, State, Justice and the various Intelligence gathering Agencies or Departments. At the time of the U.S. POW homecomings, it was the consensus, through

Statement of Barry A. Toll (cont.)

the combined input of the entire U.S. Intelligence Community, and the accepted position of the Joint Chiefs of Staff, that there were 290 to 340 American POWs and MIAs alive and being held in Laos. These personnel consisted of survivors of the later admitted 590-some pilots and crew members downed in aircraft over Laos, either fixed wing or rotary, and special operations personnel taken on the ground in Laos alive or simply disappeared while on ground mission in Laos in intelligence operations or gathering activities. There is no doubt, that while this information was highly compartmentalized, President Nixon, and National Security Advisor Kissinger (soon to be SecState, nominated Aug 73, confirmed Sep 73) were fully briefed and advised as to the JCS and various intelligence entities position on these analyses. While I cannot state that I personally briefed either, or was present when either was briefed on such conclusions, reports and analyses, we were aware daily of what the President had been briefed on in our off-time, and daily agendas and summaries of his Daily Intelligence Briefing and Summaries.

During the period September 1973 through April 1975 I can personally recall on at least three, and as many as five, occasions when CIA/DIA and NSA would track the real-time movements of Soviet or Eastern Bloc aircraft carrying U.S. POWs or (on one occasion) CIA operative(s) from North Vietnam to either the USSR proper, or to either East Germany or Poland. I believe on one occasion the destination became Bulgaria. Each time, a minimum of three American personnel were transferred, and sometimes, up to five. The intelligence validity of these reports were basically rated A-1, which then meant, Usually Reliable, Confirmed By Other Source....our most reliable rating. It is important to realize that this was combined, integrated intelligence product that referenced a number of sources, ranging from agents, to NSA electronic intelligence, satellite and other sources. Typically, the transfers would occur under the guise of a routine, scheduled Diplomatic Courier flight of the Soviet Union, or East German or Polish flag, departing from Hanoi and proceeding to respective capitals. On two occasions, the particular Ambassador from the flag country to MVN was on board also. The conclusion, intelligence wise, was that the USSR was worried at that point that the U.S. might attempt an intercept and force down of such missions, and they sought to "up the ante" for such an attempt. Previous to these missions, POW transfers were accomplished to East Germany (and presumably on to USSR) on military cargo flights returning from delivering aircraft parts to MVN (that was the cover the USSR utilized for earlier transfers of American POWs/MIAs).

A plan was developed and on one occasion actually activated to intercept and force down such transfers from North Vietnam. On the attempt I recall, the aircraft believed carrying American POWs, diverted from its flight plan and intended destination and fled, into Soviet airspace at the approach of U.S. intercept aircraft, and the attempt was abandoned; but I definitely recall one such attempt and the real-time reports of its onset going to the President under Oprep-3 RED ROCKET format...Further, after two

or three landings under a specific Diplomatic Immune Courier flight, an intelligence operation was planned and attempted to have agent(s) attempt to photograph in East Germany, the deplaning on arrival there, of the American POWs. I cannot recall specifically, but the attempt was unsuccessful owing to either the distance between vantage point and avenue of approach to the proximity of the aircraft and the telephoto quality/ratio of the lens utilized, and the time (darkness) of the landing and deplaning.

Shortly after the October War, in 1973, we noticed that stepped-up transfers of such POWs was occurring, and it was soon learned and believed that the reasons for this increase was due to the Soviets gleaming that the Israelis had enhanced technology, unencountered before in SEA, that were utilized in the conflict with Egypt and resulting Syrian events. Briefly, they started sending increased POW "Backseats" or "EMOs" (Electronic Warfare officers) or "Black Box" experts, held in North Vietnamese away, for interrogation by Soviet or Soviet Bloc experts. It seemed that the Soviets had determined that we had either found more effective counter-measures to their ground to Air, or Air to Air missiles, and that our Air to Air missiles were behaving differently than the theretofore exposed in Vietnam and SEA. It was determined that the Soviet technicians responsible for evaluating such data, had requested that American POWs with background in these technologies be sent out of the theater into Soviet environs for real-time interrogation with the experts and technicians present to fully influence the course of the interrogations in real-time, in an attempt to evaluate and cognize the specifics of the new technology experienced via the Israeli air operations during the October War and its' aftermath. On each occasion, these reports, analyses and background summaries were marked as having been either included in the President's Daily Briefing, or Special Briefed to the President. Of course, the routing on these highly classified and sometimes Eyes Only reports, would include the White House and National Security Council.

On one occasion when a transfer was in progress, the suspected identities of the three Americans being transferred was believed known. This flight also was the one I recall analyzed as bearing the "CIA Operative", as well as two backseats, "Moscow Bound". I specifically recall that we had difficulties observing the transfers physically of the American personnel, because even if the flight arrived in daylight (for instance the Courier cover flights), and that aircraft would remain, and we believed the detainees were moved onto other aircraft bound for the USSR, they would do so at night...typically keeping guards around the plane (satellite photo) long after the crew and passengers deplaned, until such time the detainees could be moved to another craft or location, surreptitiously, under cover of darkness.

I have noted press releases that the DOD or DIA have recently denied having knowledge of these transfers. Either the persons reporting that to you are lying or they are misinformed in a concerted fashion. There is no question that we believed these

Statement of Barry A. Toll (cont.)

transfers occurred, monitored them, planned operations to attempt to intercept certain ones anticipated, and developed intelligence product of high quality containing them...to the extent that on one occasion I specifically recall, we knew of the upcoming transfer in advance.

As an aside, we would receive these documents of such events, through Top secret secure cryptological device; however, we now know such believed secure encryptions were compromised by John Walker's activities and may account for the Soviet evasion of the particular intercept attempted, I referenced earlier. The orders to proceed and planning for this attempt was transmitted over these channels. The reason I recall such events is they had great impact on me, and other associates (many whose names I recall and can provide) who witnessed them, through the document and briefing process.

Quite frankly, I abandoned my theretofore exemplary career, in protest and in principle, and stated so in debriefings later and referenced them in my resignation statement, as being critical to my decision to leave the Armed Forces. I had vowed, despite growing apprehension of these and numerous other events associated with the Vietnam War, and other SEA activities, to remain until the end. With the fall of Saigon, the onset of the Cambodian genocide, and the continued, direct lying to and manipulation of the American people by its' leaders, especially its' Presidents, on these events, I could no longer remain in good conscience, within the direct chain of command to the then Commander-in-Chief. I have full documentation of my duty positions, nature of service and all official reports on my evaluations and duty appraisals during this period. The record shows I carried out these highly classified and sensitive duties in an exemplary manner, and that I was generally amongst the top three men in the entire Army with regard to rated proficiency as an Operations and Intelligence Specialist in these duties.

Previous statements I have written and tendered within the last two years to either USG executive branch departments or agencies, or my Senator or other Congressperson pursuing collateral investigations are thoroughly consistent with this statement. I would be glad to provide such consistent statements and their recipients names to the Committee if asked. These are the basic facts as I recall them. Some are indelibly etched on my mind, as you may surmise, owing to the profound nature of the event's implications, and the secrecy involved in concealing our analyses from not only our enemies, but the American people too, who were misled about the totality of the exchange in Operation Homecoming. I will be glad to talk with appropriate members of your staff and provide further details should you so deem it of interest in your committee. When first approached by certain entities of providing your committee with this information, I delayed, because I thought the then upcoming testimony of other witnesses would certainly provide far more information than what I witnessed. It is only of late that I have come to realize there apparently is still a cover-up going on as to what the JCS and

Intelligence Community positions and analyses were, and what the President and highest government officials knew during those times.

of my recollections, I am extremely confident: these events altered my life irrevocably and caused me to abandon a highly acknowledged career, halfway to retirement...in short, they were endemic to a major passage of great moral consequence in my life. As I stated earlier, I am at your disposal to proffer these statements under oath and penalty of perjury, and even to undergo appropriate polygraph examination as to their content. I have remained silent about these, and other events for many years, but the "cold war" is now over and the truth has been denied under the misused "national security" cloak for far too long now. It is time the people learn the tragic truth of those days on this issue. Many good men I know, left their careers behind during those days, which were highly demoralizing to many of us, in order to know the reality perceived at the highest levels of the Executive.

It falls to your Committee to remove these veils of secrecy, deceit and mis-history as best you can, and set the record straight for those that would follow, and choose to know the truth, sad as it is, and as deliberately obscured, as some have obviously tried, and would still try, to make them.

END OF STATEMENT OF BARRY ALLEN TOLL

BARRY ALLEN TOLL
2930 29th Street North
City of St. Petersburg
County of Pinellas
State of Florida

The Senate Select POW Committee has held five full days of public hearings since Mr. Toll submitted this statement. He has not been called to testify. The Pentagon alleges that Mr. Toll is a convicted drug dealer and therefore is not credible. If true, this seems very convenient for the Pentagon.

It also seems convenient that Pfc. Garwood is a convicted collaborator. He is the only free American who claims first-hand, on-the-ground knowledge of living American POWs in North Vietnam after 1973. Garwood has not testified either.

Ronald Reagan Letter to MIA Parents May 19, 1982

THE WHITE HOUSE

WASHINGTON

May 19, 1982

Dear Mr. and Mrs. Fleckenstein:

I'm sorry to be so late in answering your letter, but it has only just reached my desk. First, let me say I have placed your son's bracelet with the others. I did so with mixed emotions; pride in these splendid young men but sorrow at the tragedy these symbols represent and, yes, anger at those responsible.

I remember the affair at the Century as does Nancy, and have a vivid memory of that day in the office at Sacramento. I've met Todd recently -- a grown-up young man now.

I can only tell you that efforts continue, and every report or rumor of the kind you mentioned in your letter is checked out. I know there is a perception that little action is taking place but this is because the operations that are going on are of a covert nature. The communists now in charge in Vietnam offer no cooperation, so it has become necessary to follow another course.

I will personally bring to the attention of the Secretary of Defense your son's case, and reiterate my own position that we continue to resolve this situation with every resource available to us.

There are no words that can be helpful -- I wish there were. Please know you are in our thoughts and prayers.

Sincerely,

Over the past 19 years, the families of a great many POWs and MIAs have strongly suspected that they were being lied to by officials in the Defense Department, State Department and the White House. The letter at right is a case in point. Over ten years ago, President Reagan tells the mother and stepfather of MIA Lt. Cmdr. Larry J. Stevens that the government is conducting operations "of a covert nature." The Fleckensteins later received a very perfunctory letter from then Secretary of Defense Casper W. Weinberger. No more information about these "covert" operations has ever been given the the Fleckensteins or anyone else.

Gladys Fleckenstein was notified just after St. Valentines day in 1969 that her son's A-4 Skyhawk flying a mission off the USS Coral Sea was missing somewhere over Laos. Several Shipmates of Lt. Cmdr. Stevens have told his mother that Larry's plane went down over Cambodia; not Laos. Recently, the Pentagon has admitted that they falsified the locations of most shoot downs which occurred over Cambodia because the secret combat operations there were not officially authorized. They lied to Larry's mom.

Lt. Cmdr. Stevens has been named in numerous eyewitness reports from SE Asian refugees as being held prisoner. Some of these reports are very recent. In one of them, he was reported being held in a camp with USAF pilot Col. John L. Robertson. Sheets of fingerprints with the names Stevens and Robertson written on them came with the report. When Gladys asked the Pentagon whether the fingerprints could be identified, she was told that the fingerprint records of both men were missing from their files. She then went to the County of Los Angeles and the State of California seeking copies of Larry's fingerprints and birth certificate. She found records for her other two sons, but not for Larry. Recently, Gladys, Jack Fleckenstein, Dennis and Gary Stevens were seen together on TV chanting to President Bush "Tell us the truth, no more lies." Bush told them "Shut up and sit down." The media reported that the President was being heckled.

The history of the Defense Intelligence Agency's (DIA) handling of the POW/MIA situation has been fraught with rumors and allegations of a coverup. In February of 1991, Col. Millard "Mike" Peck USA, the chief of the DIA's Special Office for POWs and MIAs resigned after a short time at his post. His memorandum of resignation was a scathing indictment of the POW Office's past performance. He resigned because he felt that his efforts to get it back on track were either being ignored or actively sabotaged. As a highly decorated combat infantryman with three tours in Vietnam, his sense of duty demanded that he refuse to participate in an apparent betrayal of his brothers-in-arms.

As it turns out, Col. Peck was not the first to have found deeply disturbing problems within the POW Office. The Director of the DIA from 1977 to 1981, Lt. Gen. Eugene Tighe was asked to head a commission to evaluate the POW Office's performance by the Reagan Administration in 1984. The Tighe Report has been recently de-classified. Gen. Tighe is referred to in Commodore Brook's revealing memo shown here. Another de-classified document on the same subject is the Gaines Report to the Director of DIA which was completed in 1986. All three of these documents support Col. Peck's assessment of the POW Office's shortcomings.

Of particular interest is paragraph 6 of the Brooks memo shown on the next page. Congressman Billy Hendon had apparently been asking too many embarrassing questions. Brooks suggests forming an alliance with Congressman Solarz "to damage-limit Congressman Hendon."

Congressman Solarz is chairman of the Asian-Pacific Affairs Committee. He held a hearing that was televised on C-Span in 1991. In public session, he arrogantly berated Col. Peck for writing his resignation memo. A long executive session followed because documents like the Brooks memo were classified. Mr. Solarz left after 30 min. and told the media that Col. Peck had no credibility.

De-classified Brooks Memorandum September 25, 1985

U.S. GOVERNMENT

DEFENSE INTELLIGENCE AGENCY
WASHINGTON, D.C. 20315



MEMORANDUM PAPERS

28 SEP 1985

C-109/DC

MEMORANDUM FOR BOGEN SHUFELT (YO)

SUBJECT: The POW/MIA Issue (U)

1. (C) I was not at all pleased with the situation I found when I took over responsibility for the POW/MIA issue. The deeper I looked, the less professional the operation appeared. It appeared to be particularly sloppy in the late seventies, but it is by no means a squared-away operation today. As a professional intelligence officer with a significant portion of my career spent as an analyst, I found the following to be particular problems:
 - a. Case files were incomplete, sloppy (all mixed-up, loose papers, undated scribbled analyst notes, misfiled papers, etc.) and generally unprofessional.
 - b. There were no action logs in the cases or where there were logs, entries had not been made in a long time.
 - c. Follow-up actions had not been pursued. In some cases, obvious follow-up actions were called for but were never taken and years had passed.
 - d. There was no tickler system to ensure that we followed up on our own tasking. Thus, we might have tasked imagery or tasked JMAC years ago, never gets response, and never followed up.
 - e. Efforts to recontact sources in the U.S. were perfunctory at best and normally amounted to merely trying to contact them by telephone rather than using local DoD or law enforcement agencies to track them down and then calling on them in person.
 - f. We had never employed some of the most basic analytic tools such as plotting all sightings on a map to look for patterns, concentrations, etc.
2. (C) Thus, there is a great element of truth in General Tighe's statements that we have done a sloppy job. I come to the same conclusion after having looked into the issue probably in somewhat more detail than General Tighe, but not for as long a period of time.
3. (C) With regard to the allegation of "a mindset to debunk", I must conclude that there is an element of truth to this as well, although probably not as much as has been publicly stated. In fairness to DC-2, a good measure of this is attributable simply to human nature. The analysts have seen so many fabrications for so long that their first subconscious reaction is "this is just more of the same garbage". And most of it is. But some may not be. Frustrating as it all is, they have got to run all the leads to the ground. They have not been doing this as faithfully as they should. Thus, the "mindset to debunk" charge and

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Classified Brooks Memorandum (cont.)

WORKING PAPERS

the "slippery analysis" charge are closely related. The former causes the latter, the leadership of DC-2 (the O-6, Deputy, and senior analyst) must be the conscience of the organization to preclude this mindset taking hold and to closely monitor the work. This they definitely have not done well over the years.

4. (C) I am not persuaded that enough assets are being dedicated to this problem if it is the top priority problem we claim it is. In particular, I wonder if JCAC is adequately manned, whether we have enough polygraph operators available, etc. I would not be able to make a judgment on this without actually having visited JCAC and the camp, which I have not had an opportunity to do. I would encourage you to do this early in your time here so you can draw conclusions regarding the adequacy of our level of effort in the field. Without firsthand exposure, my observations in this area fall into the category of gut feelings rather than researched opinions.

5. (C) A key area which requires attention is DIA's image -- how we are perceived to be doing our job rather than (or in addition to) how we really are doing it. We need to portray an image of open-minded, objective professionals who take this business very seriously and are willing to talk to anyone who might be able to provide us information. This includes the Basleys, Garwoods, and the lunatic fringe.

6. (C) I see the most important thing we must do right now is to be cementing relationships on the Hill. We have not done as well there as we should. It is clear that Congressman Hendon will be using our files to discredit us (and he will have lots of ammunition there). We need to ensure that we have formed the necessary alliances with HPSCI and the Asia/Pacific Affairs committee, their staffers, and their chairman that we receive support in our efforts to damage/limit Congressman Hendon.

7. (C) I am afraid we are in for some troubled times. We have not done our job as well as we should have in days ~~passed~~ and we will not withstand scrutiny very well. Yet we will receive plenty of scrutiny in days to come. We must make all preparations to minimize the criticism this scrutiny will bring. I have attached a list of action items which I believe are required to accomplish this. I have already tasked DC-2 in these areas, but close monitoring and some personal involvement will be called for. I stand by to help in any way I can.

Very respectfully,

Thomas A. Brooks
THOMAS A. BROOKS
Commodore, USN
Assistant Deputy Director
for Collection Management

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CONFIDENTIAL

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WORKING PAPERS

ACTIONS TASKED TO DC-2 (UOI III PRIORITY ORDER)

Get together with Tom Latimer of HPSCI and ultimately perhaps Congressman Hamilton to line up their support vis-a-vis Congressman Hendon. Do the same thing with the Asia/Pacific Affairs staff and personally with Congressman Solari, Solomon, and Gillman.

Get together with Garwood ASAP to debrief him.

Establish a plot showing location of sightings by year. Maintain this current. Look for patterns.

Review the Yen Bai cases after talking to Garwood. There is a lot of information on Yen Bai in the files, much of which tends to substantiate what Garwood says.

Set up a periodic review process to ensure necessary action is being taken on all cases.

Set up a tickler/follow-up system on imagery tasking to ensure that required imagery is collected and doesn't fall to the end of the queue or get cancelled.

Arrange another interview with ~~Source~~. Record it if possible. Bring pictures, etc. for him to look at. Try to settle case. JV tape would be great.

Hire a returned POW as an analyst. (This gives Ann Hills Griffiths some problems and will have to be discussed with her.)

Put a Reservist to work doing a study on the backgrounds/common denominators of the couple of dozen MIAs who were known to have been captured alive but who never showed up in the prison system.

Get an extra intel clerk aboard (action pending-RS).

Get ADP help (action pending-RS).

Increase the use of polygraphs. All live sightings since '76 should be polygraphed. This will probably require additional polygraph assets. Look into how we can make these available.

Polygraph the source in jail in Denmark re his sighting at Yen Bai.

Seek sources of analytic support outside FBI.

YO travel to CIL, JCAC, and camps at earliest convenience.

Prepare unclassified précis of intelligence provided by Smith and McIntire.

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Former Congressman Billy Hendon appeared on the Ron Reagan television talk show in the fall of last year. He claimed on national television to President Reagan's son that CIA Director Bill Casey met with him and four other Congressmen in his office in the mid 1980's. According to Hendon, Casey told them that everyone knows we have POWs still held in SE Asia. Casey said that there was no public support for taking any action and asked "do you want President Reagan to have another hostage crisis?"

Hendon was working as a staff investigator for the Senate Select POW Committee earlier this year. He was the driving force behind implementing Commodore Brooks excellent suggestion to plot locations of refugee eyewitness (live sighting) reports on a map to see if there were any patterns. This elementary intelligence technique had never been attempted before. The patterns he found were quite consistent with Gen. Tighe's contention that most of the reports were credible. The reports were mostly grouped around Hanoi, Saigon and a few other known detention camps.

There were virtually no reports of POWs seen in Cambodia indicating that all prisoners held there either died or were killed. The genocide committed by the Khmer Rouge in the "Killing Fields" would lead a reasonable observer to conclude that "Bandit Pilots" would probably not be kept alive. The four detention camps located along Vietnam's northern border with China generated reports throughout the late 1970's but none in the 1980s. This is logical since it is known that China and Vietnam engaged in a border war in 1979. These camps were probably evacuated or destroyed in the fighting. DIA witnesses dismissed Hendon's map as the "So-called Cluster Theory" in their testimony this month.

Billy Hendon has probably evaluated more classified DIA documents than anyone outside the Agency. He was fired in June of this year by POW Committee chairman Senator John Kerry (D. Mass.) for unspecified reasons.

Normalization of U.S. Relations

The U.S. State Department has recently normalized relations with Laos, a nation that has yet to release a single one of the "290 to 350" Americans it held captive in 1973 (Eagleburger memo and Toll statement). We have given up all of our leverage with Laos and got nothing in return. We never even asked for anything, apparently. The State Department has formulated a classified "Road Map" for normalizing relations with Vietnam. Officials in Hanoi complain that they are being unfairly singled out. It would seem as though they are. They are eager to normalize. As one of the poorest nations on earth, they ought to be very eager.

Everyone in a official capacity in the U.S. government insists that we will not normalize with Vietnam until we get some satisfactory cooperation in accounting for our POWs and MIAs. They don't say what they consider satisfactory cooperation. They don't even say that we want our prisoners back. According to the transcript shown below, Deputy Assistant Secretary of State Kenneth Quinn told Senator John Kerry that if we find that Vietnam still has American POWs, they can forget about normalized relations with the United States. Is this a message to Hanoi that if they want to normalize, they must execute any Americans who are still alive?

Testimony of Kenneth Quinn

November 6, 1997

S. Hrg. 102-351 Pt.1, PAGE 150

The CHAIRMAN. Could Vietnam normalize if a week from now we discovered a camp full of Americans being held or with 10 or 2 or 1?
Mr. QUINN. I couldn't imagine that possibility, Senator.
The CHAIRMAN. And they must be aware of that, correct?
Mr. QUINN. I would assume that having had people in the United States, that they would know that.
The CHAIRMAN. Most people would assume that if we were to discover they were holding somebody, it would be years before this country—
Mr. QUINN. It would be destructive of the whole process.

EPILOGUE

The government told Diane that Larry was missing when his plane was shot down in 1968. A bureaucratic slip-up in 1987 revealed that the DIA had known all along he was captured alive. They had lied to her. Nineteen years she could have been working for his release were lost forever.



The Van Renselaars in 1967

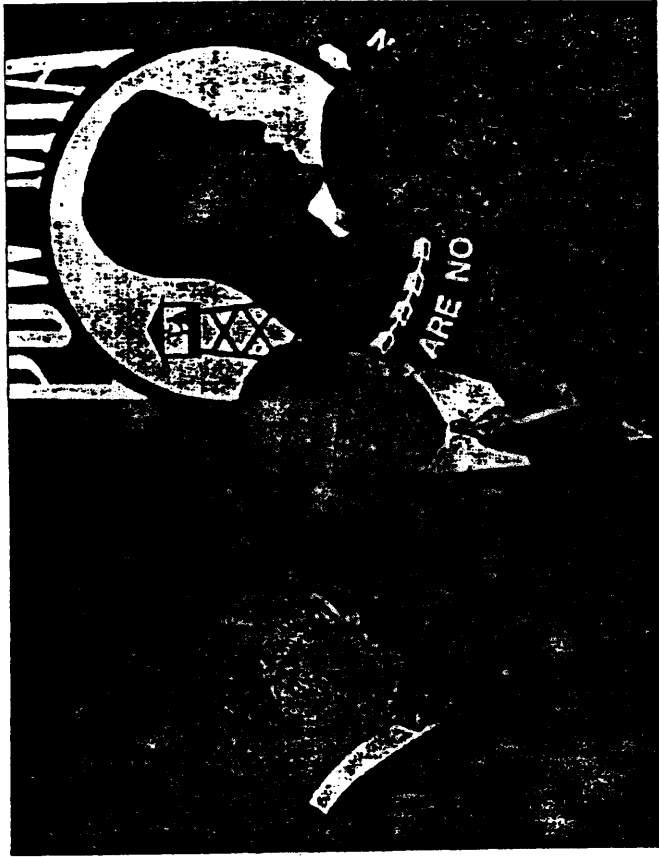
The Vietnamese returned Larry's embalmed body in 1989. Diane hired independent forensic pathologists to examine his body. His teeth showed advanced decay indicating that he had lived for some time in captivity. All of Larry's fingers and toes were missing. How unspeakably cruel his captors must have been. How incredibly stupid the Vietnamese officials who released his body must have been. How many more of these bodies are they holding that they can never release because of the tortures recorded on them?

The family members who chanted to President Bush "Tell us the truth, no more lies" were not hecklers. They were patriotic people crying out for help to the only man who could help them. Their cries apparently fell on deaf ears. Bush told the mothers and fathers and brothers and sisters and sons and daughters of brave men like Larry Van Renselaar to "Shut up and sit down."

On Monday following this speech, the National Alliance of Families of Missing Servicemen held a press conference in Crystal City Virginia. They asked President Bush to apologize for his disrespectful remarks. A spokeswoman for the Bush-Quayle campaign replied that there will be no apology to "those rude people."

The Washington Post

SATURDAY, JULY 25, 1992



President Bush speaks to Jeffrey Donahue and Diane Van Renselaar of National League of Families of American Prisoners and Missing after his speech was disrupted yesterday. Bush was overheard saying, "Are you calling me a liar?"

Bush Cites His Patriotism, War Record In Response to MIA Families' Heckling

This photo appeared on front pages all across the nation. An angry President Bush is seen jabbing his finger at the widow of Lt. Larry Van Renselaar USN. Mr. Bush would have been chastened if he had known Diane Van Renselaar's story.

By: Kirk Sidwell - Washington correspondent

FRONT PAGE

3 full pages.

American POWs in Southeast Asia

Mounting evidence indicates a U.S. coverup at high levels

Are American prisoners of war still being held hostage in Southeast Asia? A growing number of military and intelligence officers are publicly charging that not only are American POWs still alive in Vietnam and Laos, but that the U.S. government has been negligent in taking actions which would result in the rescue of American prisoners.

The debate over whether American POWs are still being held against their will in Vietnam has raged since 1973, when the government of North Vietnam released a total of 591 American prisoners of war over a three-month period. For the families of those still missing, the issue has never lost its urgency. But for many Americans, who would like to put the Vietnam War behind them, the issue has seemed far removed.

Over the past several years, however, a series of movies has reenergized the national debate over Americans still missing in Southeast Asia. First came *Uncommon Valor* in 1983. Then, *Missing In Action* in 1984. And now, last year's box-office hit *Rambo: First Blood, Part II*. Once again, the specter of American servicemen being held by Communist governments in Southeast Asia has captivated the nation.

Yet Hollywood cannot claim all the credit for this resurgence of popular interest about the fate of the 2,441 Americans still missing in Southeast Asia. Last October, Robert McFarlane, at the time National Security Advisor to President Reagan, commented during what he assumed was an off-the-record discussion that "there have to be live Americans there." He went on to admit, "There is more that we ought to be doing than we are."

McFarlane's comments aroused a great deal of controversy in Washington. But it was not until last month, when two high-ranking U.S. delegations traveled to Vietnam and Laos to discuss a timely resolution of the matter, that the issue began to receive widespread national attention. In the aftermath of the trip taken by the second of these dele-



The Unknown Soldier of the Vietnam War honors all who did not come back

gations — which was headed by Senator Frank Murkowski (R-AK), chairman of the Senate Veterans Affairs Committee — a series of hearings was scheduled for January.

"We will proceed in an open forum to hear from the administration and those who maintain the position that there still are American servicemen being held against their will in Southeast Asia," Senator Murkowski stated. "In the light of public debate, the Committee will attempt to give all Americans a clear picture of this troubling portion of the MIA/POW issue."

The picture emerging from the two days of hearings held thus far is that American POWs are, in fact, still being held captive in Southeast Asia. "It is my personal opinion that American prisoners of war, servicemen and civilians who were left behind are still being held today against their will in Southeast Asia by the Communist governments of Vietnam and Laos," retired Colonel Earl P. Hopper told the committee.

Hopper, whose son has been missing

in Southeast Asia since he was shot down over the Vietnamese-Laotian border in 1968, presented the committee with a pair of documents written by the Central Intelligence Agency and the Defense Intelligence Agency (DIA). He claimed these documents prove "beyond a doubt that the Central Intelligence Agency knew American prisoners were in Laotian prison camps in the early 1970s."

"It is significant," he noted, "that these reports give the number of American prisoners held at specific locations in Laos. More significant, however, is the CIA's designation of these camps as confirmed prison camps. [The report] states that in order for a prison camp to be confirmed, it must be reported by two or more independent sources."

"Why weren't these prisoners returned and where are they today?" Hopper asked. "Someone knows the answer to these questions. The burden of responsibility to obtain answers rests squarely on the shoulders of the United States government. To date, they have not fulfilled that responsibility."

Hopper's testimony leads to the conclusion that when American POWs were released from North Vietnam in 1973, the U.S. government knew more POWs were being held in Laos and apparently did nothing about it. None of the Americans captured in Laos were ever returned alive. Over the last thirteen years, the Laotian government has, however, returned fifteen sets of remains.

Yet the question remains: Are American POWs still living in captivity in Laos? According to sworn testimony presented to the Senate Veterans Affairs Committee by three U.S. Army officers, the answer to that question is yes.

Retired Army Major Mark Smith testified: "As recently as five days ago, I personally viewed evidence which proves beyond any doubt that in excess of thirty Americans and other nationalities are being held as prisoners of war in Southeast Asia. This evidence cannot be described in detail but can generally be described as current and specific evidence

Army Major Mark Smith

which one of my sources in Southeast Asia has allowed me to see."

Smith, together with Sergeant First Class Melvin McIntire, told the committee of the experiences related to the live POW issue which they encountered while serving on active duty with the Special Forces Detachment in South Korea (SFD-K). Smith and McIntire have also filed suit against the Reagan Administration over what they believe to be a concerted effort by government officials to cover up evidence about living American POWs in Southeast Asia.

When Smith — a former POW who was released in 1973 — was first assigned to SFD-K, he did not believe that there were any American POWs still being held against their will in Southeast Asia. However, in 1981, he became acquainted with a military officer in Thailand who gave him "a complete briefing on suspected and known locations of United States prisoners of war. The suspected and known locations of POWs as reported to me were all in Laos."

Over the next three years, in conjunction with Sergeant McIntire, Major Smith established a network of agents among "the Thai military, the Laos resistance, the Pathet Lao, the free Vietnamese, gun smugglers, gold smugglers, drug smugglers, and anyone who could provide information."

By early 1982, Smith and others became convinced that American POWs were being held captive in Laos. "I learned of approximately 200 living Americans in Laos who were prisoners of war," McIntire testified. "I was being provided information in detail sufficient to identify the number of American prisoners of war being held in the general vicinity. I was also being told of the conditions under which they were being held."

Smith regularly briefed representatives of Military Intelligence, the DIA and the Joint Casualty Resolution Center in Bangkok on the progress of their investigation. However, in 1984, "there was a major compromise of one Laos agent who was reported to have been shot by the Vietnamese." As a result, Smith sought to establish a different channel of communication which would allow him "to bypass American military intelligence channels because of all the leaks." Informed sources have told THE NEW AMERICAN that the individual who

was responsible for this compromise was Lieutenant Colonel Paul Mather, assigned to the Joint Casualty Resolution Center.

In April 1984, Smith's testimony noted that "in conjunction with preparing a briefing paper for a certain U.S. Army Major General, I received the code word from a general officer in Thailand that there were three American prisoners of war available to be taken out of Laos in May 1984." This general has been identified by reliable sources as Army Major General Kenneth Leuer, currently commanding general at Fort Polk.

Smith recalled that after General Leuer had read two cover letters accompanying the briefing paper, he "turned white, handed the briefing back to me, and said 'this is too hot for me to handle, big guy.' I told him at that time: 'If you as a Major General can't handle this, what am I supposed to do with it?' I was told that if I was smart, what I would do was to put the briefing through a shredder and forget the entire issue."

Two weeks later, when Smith notified General Leuer that three American POWs held in Laos could be brought out if the U.S. met certain condition, "all SFD-K operations to Thailand or to Southeast Asia were declared unauthorized and terminated."

"Prior to this time," Major Smith added, "SFD-K operations had been going on for three and a half years. I was told that it was no longer the SFD-K's job to develop or have any further partic-

ipation in the POW/MIA issue. I was told that if I wanted to be a Lieutenant Colonel in the Army, I should forget about the POW/MIA information which had been reported to intelligence channels for the past three years. I was told in no uncertain terms that I should forget the matter.

"The conclusion I reached about the significance of this change of method of operations," Smith told the Veterans Affairs Committee, "is that the production of intelligence on American prisoners of war was determined by some agency of the U.S. government to be unacceptable."

Claims Backed By Others

As incredible as the story told by Smith and McIntire may seem, it is not without support. Lieutenant Colonel Robert Howard, their commanding officer in Korea, told the committee: "I would like to say to this committee that the information that was presented here by Major Mark Smith and Sergeant First Class McIntire is honest, truthful information. And I appear here today to confirm their statements."

When asked whether the intelligence information on which the Smith and McIntire claims are based was available, Colonel Howard replied. "I have been told that some of the evidence is not available now because some of the evidence has been destroyed." However, reliable sources have told THE NEW AMERICAN that during a subsequent seven-hour closed session of the committee,



The family of one returned POW rushes to greet him after five long years

Smith and McIntire turned over copies of the documents they were ordered to destroy. They also presented photographs of POWs currently in captivity, the names of POWs ("numbering in the teens") and their specific location.

In addition, the person who made the actual contacts that led to the possibility of rescuing three live American POWs has submitted a sworn affidavit to be used in Smith's lawsuit. "My fictitious name is John Obassy. I presently reside in Southeast Asia," the affidavit begins. "My experience in Southeast Asia . . . has largely consisted of being a businessman in this region."

Obassy claims to have seen and actually talked to American POWs in Laos. "During numerous occasions between 1976 and 1978 in Laos, I encountered Americans who I presumed were doing similar activities as mine [smuggling]. The usual encounters were quite hostile as they apparently felt I was encroaching on their sanctuaries," he recalled. "I personally spoke with these people who confirmed to me that they had been left behind. There were approximately twenty to thirty of these Americans, in different areas, which I talked to."

He continued, "I was also led and shown by free-Lao the sites or camps which had male Caucasian and Asian prisoners — some were in chains — who were heavily guarded by Vietnamese. They were also guarded by other nationalities." Obassy estimated that the second group of "forty to fifty" prisoners were Americans. He said, "these prisoner details were all mining for gold. Each prisoner had at least three armed guards on them." Furthermore, he revealed that the last time he had personally seen such a detail was in October 1985.

As for Obassy's "knowledge of the opportunity for Americans to come out of Laos" in 1984, he stated: "The senior Thai official known to me confirmed to Major Smith what I had previously reported. This was that there were three live American prisoners of war who could be released if the Communist criteria could be met. This meant that there had to be a set of conditions — which had to be agreed upon by the American government in written form and endorsed by a third government — that an exchange would be made possible if political asylum was given to certain members of the Laotian Communist government. It was



An artist shows us how a POW's Christmas must have been

also agreed that Major Smith would have to be there to receive these prisoners. I was the individual who made the actual contacts with the free-Lao."

If the Smith and McIntire claims are true, then officials within the U.S. government have conspired to cover up evidence of POWs still living in captivity in Southeast Asia, and have gone to great lengths to prevent Americans from being rescued. This would contradict the Reagan Administration's official position, which is:

Although we have thus far been unable to prove that Americans are still being detained against their will, the information available to us precludes ruling out that possibility. Actions to investigate live-sighting reports receive and will continue to receive necessary priority and resources based on the assumption that at least some Americans are still held captive. Should any report prove true, we will take appropriate action to ensure the return of those involved.

Reliable, informed sources — whose information and identity are known by the White House — have told THE NEW AMERICAN that the coverup conspiracy goes as high as President Reagan himself. According to sources, President Reagan has known since 1981 that a large group of Americans was still being held hostage in Southeast Asia. They say that

in 1981, shortly after coming to office, President Reagan was made aware of an official communication from a foreign government which provided positive proof that live POWs were still being held. "Think about what kind of government would be proof positive," one source hinted.

It is almost unthinkable to many conservatives that President Reagan would be a willing party to such a cover-up. Yet sources provide an explanation which, while troublesome, is nonetheless tenable. That explanation runs as follows:

In 1981, the United States was just recovering from the Iranian hostage crisis. The White House, seeing how that crisis contributed to the downfall of the Carter Administration, did not want a repeat in the Reagan Administration's first term. These sources report that the live POWs are not easy to extract from Southeast Asia — some are reportedly held in underground bunkers. The White House reasoned, these sources charge, that to have gone public with the positive proof of live POWs would have precipitated another hostage crisis, this time with abandoned American POWs in Southeast Asia. Now after almost five years, the White House doesn't want to admit the truth because the people would begin to ask, "How long have you known?" And then the Reagan Administration would not have a first-term hostage crisis, but a second-term Watergate-style disaster.

If these charges are true, and the Veterans Affairs Committee is reportedly on the right track to discover the truth, the Reagan Administration and the Republican Party are in serious trouble. But these sources — loyal Republicans and Reaganites that they are — claim they do not want to bring down the Reagan Administration; they just want the American POWs still being held by Laos and Vietnam brought home. In effect, they are telling the Reagan Administration, in the words of Rambo, "You know there's more men out there. You know where they are. Find 'em. Or I'll find you." ■

— KIRK KIDWELL

The Franklin Coverup
Child Abuse, Satanism and Murder
in Nebraska

NEBRASKA COVER-UP

On November 4, 1988, the Franklin Credit Union, Omaha Nebraska was closed, as the result of a raid by the FBI and the IRS. It was initially opened in a minority neighborhood to provide minorities with a source for loans and other banking opportunities. Larry King, a black man, was the president. He was a rapidly rising "star" in the Republican party, having previously, sung the National Anthem at the Republican National Convention in Dallas, Texas, and New Orleans, Louisiana. Forty million dollars was missing, \$38 million of which was subsequently located, with \$2 million still missing. King's salary was \$17, 000.00 per year.

On November 18, 1988, the Nebraska state legislature passed a resolution to investigate the Franklin Credit Union. As a result of this investigation, approximately 80 youngsters came forward and made allegations concerning sexual abuse as well as cult activity, including the human sacrifice of small children. Some of the most prominent community leaders, including the former publisher of the **Omaha World Herald**, Harold Andersen; the then chief of police, Robert Wadman; the society editor of the **Omaha World Herald**, Peter Citron; a former State Senator; multi-million dollar heir to Brandeis Department, Eugene Mahoney, were among those identified as perpetrators. Some of these individuals, were among those identified as involved in cult activities and human sacrifices.

Of the number of children making the allegations, only four agreed to give statements. Two of the four later recanted, but the remaining two refused to recant and held steadfast concerning their allegations. Criminal charges were filed against the two who refused to recant. One of the two, Alisha Owens, was convicted of having committed perjury before a grand jury and served two years in prison in solitary confinement. * This is the longest any woman has been held in solitary confinement in the history of the State of Nebraska. (The case is under appeal. If lost, she could face up to 25 years in prison.) Charges against the other witness, Paul Bonacci, were dropped, as he had been convicted of child molestation and it apparently was felt that he had already been discredited. Subsequent investigation established that children were taken from Boys Town and a private girls' school, driven to Sioux City, Iowa, placed in private jets and flown to Washington, D.C., and other communities for sex orgies with U.S. congressmen, U.S. senators, at least one top official in the White House and other public officials. Information was also developed that the children were used as decoys for an around-the-world drug operation. They were also used in an organized child kidnapping sex slave ring in which children were kidnapped, and used in porno films and snuff films. Some were auctioned off near an air strip close to Las Vegas, Nevada and Toronto, Canada. A 10 to 13 year old blue-eyed blonde sells for \$50,000 or more. Some of these children were placed in airplanes that carried no markings and they have not been seen since. Many were sold to foreigners. Some of the children have stated that at least one of the airplanes belonged to the U.S. Drug Enforcement Agency (DEA).

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* she said she had sex with Wadman when she was 14 years old.
' she was convicted because he denied it.

Some of the sex orgy parties were held in a condominium in Washington D.C., that was rented by Larry King for \$5,000 per month.

Paul Bonacci, who has drawn a diagram of the living quarter inside the White House, said he met Craig Spence and Larry King in the White House on one occasion. It is a known fact that Spence was running a male call-boy operation in the White House, (Washington Times, June 26, 1989.) Spence supposedly committed "suicide" after this information became public. He reportedly was a CIA agent who specialized in Blackmailing politicians and foreign dignitaries. Information has been received that at least one FBI agent conspired with Spence.

Paul Bonacci told how he flew to Los Angeles on one occasion, met a man and a woman he had never seen before and the three, using five different names and passports, flew drugs throughout the world. He estimates he has made more than 100 such drug runs.

Fifteen people have died mysteriously, including the senate committee appointed investigator, Gary Caradori, and his young son Andrew. Caradoris' plane exploded in mid-air shortly after leaving Chicago, Illinois, for Lincoln, Nebraska on July 11, 1990. The day before, he called the chairman of the senate investigating committee Lauren Schmit and told him he had irrefutable evidence that the children were telling the truth.

The investigation of the plane explosion was conducted by the Federal Government at a military installation. No testing was done for phosphates to rule out an explosion. The toxicology tests of the bodies were conducted at a military base laboratory rather than at the civil National Transportation and Safety Board laboratory. The military lab reported an inability to test for certain chemicals. Neither Caradori's briefcase nor the rear seat of the airplane have been found. We have received information from an informant that a phosphorus bomb was used to destroy the airplane. It may have been placed under the rear seat which would account for failure to locate it. If located the seat may provide forensic proof whether or not a phosphorus bomb was used.

At the time of the plane crash, former Omaha Chief of Police, Bob Wadman, who was identified by the children, was chief of police in Aurora, Illinois, which is 30 miles from the crash site. Wadman is believed to have visited the crash site immediately after the crash.

It is a violation of the Federal Delimitation's Agreement for civilian matters to be investigated by the military.

Alisha Owen's brother, Aaron Owen, died November 9, 1990 which was less than six months after Owens refused to recant her allegations and prior to her perjury trial. Aaron reportedly hanged himself in a correction center cell. Alisha believes he was murdered in an attempt to keep her from telling the truth.

Troy Bonner, who initially made allegations and then recanted contacted Senator Schmit, chairman of the investigation committee, after the Caradori plane crash. Remorseful over Caradori's death, Bonner admitted he lied before the grand jury and was fearful for his life should he tell the truth in the upcoming trial of Owen. Prior to the trial and after this meeting with Senator Schmit and 8 other legislators, Bonner's brother, Shaun Bonner, was killed reportedly while playing "Russian roulette" at Offutt Air Base near Omaha. This death occurred two months after the death of Aaron Owen. Bonner advised his brother hated guns and he never knew him to play Russian roulette. In affidavits submitted to the U.S. District Court, Bonner states he believes his brother was murdered as a personal death threat to him (Troy) should he decide he would tell the truth at the Owen's trial.

Peter Citron, past society editor of the **Omaha World Herald**, who was identified by the youngsters as a perpetrator, was arrested by the Omaha police for sexual assault of two children on February 23, 1990. At the time of the arrest, the police confiscated more than 90 videotapes which reportedly contain sexual acts of some of the youngsters with perpetrators.

Mr. John DeCamp, a Lincoln, Nebraska, attorney who is representing some of the youngsters, pro bono, in a civil suit, claims these videotapes are the "smoking gun" in this case. Initially, it was alleged that there were no tapes. When it was documented that the tapes exist, it was denied that the perpetrators identified by the children were on the tapes. The accused later argued in court that the tapes should not be made public, as it would destroy the reputation of "respectable" and "reputable" citizens.

Thus far, Mr. DeCamp has been blocked by the courts in exposing these tapes as the court has said that the tapes will not be made public. A gag order has been issued to all parties concerning the contents of the videos. Mr. DeCamp can only review them without taking notes. At the conclusion of the case, the video tapes will be destroyed per a court order.

Within the past year, Yorkshire T.V. in England produced a documentary on this case entitled **Conspiracy of Silence**. It was sold to the Discovery Channel and scheduled to air on national T.V. on May 3, 1994. The Discovery Channel is a division of Cox Television, Atlanta, Georgia. The major stockholders of Cox T.V. have been financial supporters of the Republican Party and have direct ties to former ██████████. This documentary among other things, states that Larry King's Washington D.C. home on embassy row was said by child victim witnesses to have been used for the child/adult sex orgies involving important Washington D.C. insiders, including a very high level White House official. The documentary, scheduled for airing May 3, 1994, was never shown, even though it was listed in the **T.V. Guide**.

The latest development on the case involved a \$9 million settlement of a civil suit with the National Credit Union Association. The National Credit Union Association, which represents the insurance interest in the case, sued the law firm that represented the

Franklin Credit Union and the First Tier Bank in Omaha, claiming that they were aware of the various illegal activities on the part of those involved in the Franklin Credit Union case. Rather than go to trial, the law firm paid, \$6 million and First Tier Bank paid \$3 million. The lawsuit documents that Franklin Credit Union funds were used to pay for campaign films for former President Bush, to rent the condominium in Washington, D.C. and to pay for private jets to fly to Washington, D.C.

The law firm advised, it avoided a trial because it would have been too strenuous to their staff. In addition to the allegations of human satanic cult sacrifices, drugs, pedophilia, pornography and snuff films, there is documentation that some of the most prominent people in the country, including individuals actively involved in the U.S. civilian and military intelligence communities, are participants in these activities and involved in this network. Some of the youngsters have talked about witnessing ceremonies in which the participants wore black robes with hoods, sacrificed children and drank human blood and urine. (Satanic traits in rituals.) There are numerous references by the children to activity being conducted on U.S. government and military installations.

American Information Company (AIC) of Omaha Nebraska provides 32 voting districts in the U.S. and others internationally with scanning computerized election services. They are a private company that can be hired to count the vote in public elections. The Omaha World Herald owns 45% of its stocks.

Two days before the June 1994 Nebraska & Republican primary Mr. John DeCamp one of four candidates running for governor led the private primary polls with 33% of the vote. After the election and the count by AIC he placed third with less than 14% of the vote.

Information has been provided by the children that there is an organized pedophile ring that transports children for sex orgies from Omaha, Nebraska to Des Moines, Iowa, Minneapolis, Minnesota, Milwaukee and Madison, Wisconsin and return. The youngsters have made numerous references to an organized child kidnapping ring that is being ignored by law enforcement officials. Mr. Ted L. Gunderson, the former Senior Special Agent in Charge of the FBI Los Angeles Division has informed the FBI by registered mail of this in an attempt to pressure them into conducting an investigation. He has been told that the FBI is not interested in these matters.

The July 1982 **Readers Digest**, states that 100,000 children disappear every year and are never heard from again. The U.S. Department of Justice and the FBI can furnish the number of automobiles that are stolen each year, and provide other criminal statistics. They can furnish how many wives, husbands, sons, daughters, fathers, brothers, mothers and sisters are murdered by each family member (**Time Magazine 10/25/93**). Government officials can provide the first names of missing children nationwide since 1989 (**Las Vegas Review Journal E 16 7/24/94**), yet they do not collect data on the number of children who disappear each year.

In spite of the fact that some of the children in the Franklin case can assist law enforcement in these matters, the police and the FBI claim the children have no creditability. Does this mean that the FBI now has a new policy not to talk to convicts or ex-convicts because the convicts have no creditability? Is the FBI not talking to the youngsters because of the many prominent people involved? One wonders how well organized this network is and how high its tentacles reach into the Government.

Even though the above information is documented in the following books there has never been a civil liable lawsuit filed against the authors. These books can be ordered as follows:

1. Franklin Cover-Up by John DeCamp, (it can be ordered by sending \$15.00 to AWT 414 South 11th Street, Lincoln, Nebraska, 68508).
2. The Mystery of The Carefully Craftic Hoax, (it can be ordered by sending \$6.00 to Nebraska Leadership Conference, P.O. Box 30165, Lincoln, Nebraska, 68503).

ISSUES INVOLVING POSSIBLE
MISCONDUCT AND CORRUPTION
BY NEBRASKA LAW ENFORCEMENT
AGENCIES BROUGHT TO THE
ATTENTION OF ATTORNEY
GENERAL DON STENBERG
MARCH 10, 1992

Mr. Ted Gunderson wrote to Nebraska Attorney General Don Stenberg on January 3, 1992, alerting him to possible misconduct by various law enforcement agencies in the state of Nebraska.

Mr. Stenberg responded January 28, 1992. These letters in their entirety are included in this report.

Also included are copies of letters to the FBI, copies of letters to the U.S. Attorney General, and their responses.

January 3, 1992

Honorable Don Stenberg
State Capitol, Room 2115
P.O. Box 98920
Lincoln, NE 68509-4906

Dear Mr. Stenberg:

I have been asked by the Nebraska Leadership Conference to work as a consultant on the Franklin Credit Union investigation. During my review of the case I noted the following:

1. Pornographic material has been seized as follows, with no known follow-up investigation:
 - a) FBI raid on Franklin Credit Union November 4, 1988.
 - b) Omaha Police Department arrest of Peter Citron in February 1990.
 - c) Sarpy County Sheriff's Office raid on residence of Mike Heavrin.
 - d) Omaha Police Department investigation of Walter Carlson and Joe Burke.
2. During the summer of 1990 the FBI reviewed the Senate Franklin Credit Committee investigation files without the permission or knowledge of Senator Loran Schmit. It was later learned that a number of items are missing.
3. Alisha Owen's first attorney, Pam Vuchetich, provided privileged attorney-client information to the FBI. She also failed to file a timely appeal in Miss Owen's conviction on bad check charges. Ms. Vuchetich has reportedly been romantically involved with an FBI agent.
4. The Nebraska Leadership Conference has developed information that the FBI has not only leaked information to Omaha TV stations, but asked for and received money for this.
5. Larry King and others were never subpoenaed to the Douglas County Grand Jury. Although this was an apparent judgment decision, King and others should have been subpoenaed.

Honorable Don Stenberg
January 3, 1992
Page 2

6. Numerous individuals identified as perpetrators have never been interviewed by law enforcement officers.
7. Instead of conducting follow-up interviews, law enforcement officers, particularly the FBI, have attempted to discredit and harass the victims (claims made by Alisha Owen, Paul Bonacci and Troy Boner. Boner advises that the FBI, U.S. Attorney's Ron Lahners and Tom Thalkin threatened him that "if he didn't recant his testimony they'd bring him up on perjury charges and send him to jail").
8. Paul Bonacci has new information about the Johnny Gosch kidnapping case in Des Moines, Iowa, yet law enforcement officers refuse to interview him or to consider further investigation of the matter. Parents of the victim advise that based on their interview with Bonacci they are confident he is telling the truth.
9. In February 1990 Robert Fenner, General Counsel for the National Credit Union Association, was advised by the FBI not to cooperate with the Franklin Credit Committee's investigator, Gary Caradori.
10. On March 9, 1990 the FBI attempted to entrap Owen by taping an arranged phone call from Boner to her.
11. A deposition by former Omaha Chief of Police Robert Wadman disappeared during the Owen trial.
12. Wadman lied under oath claiming he was not carrying a gun during the period Owen says she was involved with him.

I hope you will look into the above matters.

Sincerely,



Ted L. Gunderson

TLG:te

cc: Mr. Ed Weaver
Mr. John Morrow



STATE OF NEBRASKA
Office of the Attorney General

2115 STATE CAPITOL BUILDING
LINCOLN, NEBRASKA 68509-8920
(402) 471-2682
FAX (402) 471-3297

January 28, 1992

DON STENBERG
ATTORNEY GENERAL

L. STEVEN GRASZ
SAM GRIMMINGER
DEPUTY ATTORNEYS GENERAL

Ted L. Gunderson
International Security Consulting
and Investigations
2210 Wilshire Blvd.
Suite 422
Santa Monica, CA 90403

Dear Mr. Gunderson:

The Attorney General's Office received and reviewed your letter of January 3, 1992, regarding your impressions as a consultant on the Franklin Credit Union investigation.

Many of the issues and allegations you raise have either been addressed, are rumor, or are so vague and nebulous as to defy resolution by diligent investigation.

Nevertheless, we desire to comment as follows:

1. We note the allegation that the FBI sold information to Omaha t.v. stations. Please provide all of the information and leads you have available on this particular allegation. We will then review and follow up as necessary;

2. We also note the allegations regarding new information on the Johnny Gosch kidnapping case. Please provide all details on this that are available to you. We would particularly like to know when Mr. Bonacci initially disclosed this new information and to whom and whether there is any written record of the same in either a statement by Paul Bonacci or a transcribed record of his remarks or interview. It also would be helpful were you to provide us with names, addresses and rank of any law enforcement officials who refused to interview him or to consider the information.

We are assuming, Mr. Gunderson, that in the preparation of your letter of January 3, 1992, you have done more than simply parrot unsubstantiated allegations made to you orally or which you may have picked up in written material reviewed, and therefore, have specific information to back up your concerns. Hence, the above requests.

L. Jay Bartel
J. Kirk Brown
David T. Bydalek
Laurie Smith Camp
Elaine A. Chapman
Delores N. Coe-Barbee

David Edward Cygan
Mark L. Ellis
James A. Elworth
Laura H. Essay
Lynne R. Fritz
Royce N. Harper

Marilyn B. Hutchinson
Kimberly A. Klein
Donald A. Kohtz
Charles E. Lowe
Lisa D. Martin-Price
Lynn A. Nelson

Fredrick F. Neid
Paul N. Potadle
Marie C. Pawol
Kenneth W. Payne
Jan E. Rempe
James H. Spears
Mark D. Starr

John R. Thompson
Barry Waid
Terri M. Weeks
Alfonza Whitaker
Melanie J. Whitlamore-Mantzios
Linda L. Willard

Ted L. Gunderson
January 28, 1992
Page -2-

We will keep certain other matters under advisement. In the meantime though, you are encouraged to send us any specific, substantiating material available to you regarding any one or more of the other items mentioned in your correspondence.

Sincerely yours,

DON SHENBERG
Attorney General

Sam Gringinger
Deputy Attorney General

2-2883-3

March 10, 1992

Honorable Don Stenberg
Attorney General
Office of the Attorney General
State of Nebraska
2115 State Capitol Bldg.
Lincoln, NE 68509-8920

Dear Mr. Stenberg,

Thank you for your response to my letter. Your reference to my "impressions" indicates to me that you do not place much importance on the issues outlined by me. Regardless, I hope you will review the enclosed report with fair minded professional and responsible judgement.

There is a high level of frustration and animosity building among concerned citizens in Nebraska who are either victims or who have seen enough through time to prove that there may be a conspiracy of sorts to cover up a series of indisputably disgraceful, scandalous crimes.

You may not want to address their concerns, but you must agree that they deserve the attention such allegations require without being flippantly disregarded.

It is because of their frustrations that I was hired as a consultant by the Nebraska Leadership Conference. As you can see by my resume I am more than qualified to investigate this matter. I expect your level of professionalism predisposes your office to do the same.

Cordially,

TLG/lkh

Encl. (11)

CC: Senator Loran Schmit
Attorney John DeCamp
Governor Ben Nelson

Member, Society of Former Special Agents of the Federal Bureau of Investigation

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GUNDERSON REPORT

March 10, 1992

ALLEGATIONS

1. Pornographic material was seized with no known follow up investigation:
 - a) FBI raid on Franklin Credit Union 11/4/88
 - b) Omaha Police Department arrest of Peter Citron in February 1990
 - c) Sarpy County Sheriff's office raid residence of Mike Heavrin
 - d) Omaha Police Department investigation of Walter Carlson and Joe Burke

DOCUMENTATION

Since writing you January 3, 1992 I have learned about a raid in the spring of 1989 by the Douglas County Sheriff's Office at the home of Bob Andresen at Ralston, Nebraska.

The Omaha Police Department, Nebraska State Police and Douglas County Sheriff's Office have pornographic pictures, taken during this raid, of Troy Boner, Danny King and others (this information is from a reliable source).

Why wasn't this used to discredit Boner at the Alisha Owen trial? More importantly, why is this being ignored?

LARRY KING

Immediately prior to the FBI Larry King raid, King removed pornographic material from his home and office and placed it in the trunk of his automobile. Regardless, the FBI did confiscate a porno movie containing "local children". Why haven't efforts been made to identify the children?

PETER CITRON

Two counts of sexual assault on a child were filed against Citron on February 23, 1990. He pleaded "no contest" in Douglas County District Court. A vast quantity of pornographic material was confiscated when he was arrested. Since he plead no contest, none of it was ever introduced into evidence. What happened to the material? No one seems to know. In addition to the pornographic material Citron had computer discs which contained the names of all his victims with their addresses and dates they were abused.

WALTER CARLSON AND JOE BURKE

Walter Carlson and Joe Burke were among thirteen men arrested in Omaha in connection with a large pornography/pedophile case. Joe Burke had a library of 2,000 videos and 10,000 photos which were confiscated. Convicted in December of 1985, Carlson was paroled in February of 1989. What happened to this material?

ALISHA OWEN

Alisha Owen was taped on video during a formal interview while she was incarcerated. The purpose of the interview was to furnish detailed information known to her concerning kiddie pornographic activity by Larry King, Peter Citron, and others. This interview was played on December 16, 1989 in the presence of Judge Deacon Jones, Harold Le Grande, Nebraska State Patrol, Dick Roth, Douglas County Sheriff's Office and Bill Howland, Nebraska Attorney General's Office.

TWIN TOWERS

One of the jurors in the Alisha Owen trial decided to check out the much vaunted security system of the Twin Towers. The prosecution tried to prove that it would have been impossible to gain entrance as easily as the kids had said they did. So unannounced, the juror went to the Towers and found no guard at the door. He opened the door, went in and proceeded unhindered to the fourth floor.

Coincidentally, Alan Baer had some problems with a security guard at the Towers who complained to Baer about all the traffic Baer was getting. The guard subsequently began videotaping arrivals and departures at Baer's apartment. The FBI picked up the tape the first part of March 1990 and it was never seen again.

If you are interested, detailed documentation of the above information and the identity of the more than 80 victims in the Franklin investigation are available through Senator Schmit's office. A responsible agency should review the above seized pornographic material and attempt to match the pictures with the victims of the Franklin case.

I am confident you have the contacts to document and confirm the above raids and incidents relating to seized pronographic material.

ALLEGATION

2. Material was missing from Senator Schmit's office after FBI agents reviewed his records. Senator Schmit was not in his office at the time.

DOCUMENTATION

This can be documented by contacting Senator Schmit and his staff.

ALLEGATION

3. Pam Vuchetich provided privileged attorney - client information to the FBI, failed to file a timely appeal for Alisha Owen and reportedly has been romantically involved with an FBI agent.

DOCUMENTATION

On March 9, 1990 the FBI and Nebraska State Patrol searched Alisha Owen's cell. They were looking for a red file "Alisha Owen VIP" (very important papers) Prison officials asked that an inventory be made of all articles taken. When the articles were returned several were missing and simply had been scratched off the list. Apparently, through error the FBI returned eight letters postmarked after March 9, 1990. (Did the FBI illegally intercept this mail?) At the time of the raid Miss Owen told the investigators that the red file had been given to her attorney Pam Vuchetich for safe keeping. The investigators contacted Mrs. Vuchetich the next day and she voluntarily gave them the file without the permission of Miss Owen.

After Miss Owen dismissed Mrs. Vuchetich as her attorney, Mrs. Vuchetich refused to return evidence to Miss Owen. Among this material was a personal note from Jeff Hubbell to Miss Owen.

Hubbell introduced Miss Owen to former Chief of Police Robert Wadman. Hubbell testified at the trial that he didn't know Owen. This note would have refuted Hubbell's testimony.

NEBRASKA STATE BAR

Mrs. Vuchetich was subsequently charged with two counts of violating attorney - client privileges and one count of not filing a timely appeal on Miss Owen's behalf.

Two weeks later a FBI agent appeared before the bar association on her behalf and the charges were dropped. The bar association files have been sealed.

MRS. VUCHETICH'S INVOLVEMENT WITH THE FBI

From December 1989 to April 1990 Mrs. Vuchetich spent more than 1,166 minutes (177 phone calls) talking to someone at the FBI office.

On April 25, 1990, Alisha's parents were approached by Mrs. Vuchetich who at that time was Miss Owen's attorney. Mrs. Vuchetich advised that the FBI asked her to approach Miss Owen and have her claim that a journalist, Mike Casey, had gone to Miss Owen and given her seven hours of testimony to memorize. Miss Owen was to claim that this case involved a scenario made up by Casey to create material for a TV movie.

Vuchetich told them if Alisha would tell the FBI that this was true, then they could help Alisha and the plot would be uncovered and everybody could go home. She refused.

Mrs. Vuchetich possible romantic involvement with an FBI agent is not significant to these allegations.

Documentation for the above is available through the Nebraska Legislative Committee and the Nebraska State Bar.

ALLEGATION

4. The Nebraska Leadership Conference developed information that the FBI has not only leaked information to Omaha TV stations, but asked for and received money in exchange for information.

DOCUMENTATION

Michael McKnight of WOW-TV reportedly told Alisha Owen that he bought the taped Caradori interviews of Owen, Troy Boner and Dan King from the FBI. He apparently is the only reporter who has these tapes. They were initially furnished to the FBI by the Franklin Senate Investigative Committee. McKnight also reportedly told this to Donna Owen, Dan and Stephanie Gruber and other members of Concerned Parents Group. Their names are available through the Grubers.

ALLEGATION

5. Larry King and others were never subpoenaed to the Douglas County Grand Jury.

DOCUMENTATION

This can be verified from a review of records. Others who were not subpoenaed before the Grand Jury include Peter Citron, Alice King, Jeff Hubble, and Mike Casey, the person who, according to the Grand Jury, is responsible for the carefully crafted hoax. How can the Grand Jury blame this scenario on Casey and not have him testify? Is it because they didn't want his testimony on record? Alan Baer was subpoenaed but never appeared.

Most of the victims did not appear before the Grand Jury including Rod, Tony and O'Dell Evens who were known by the police to be close associates of Larry King. Wouldn't a Grand Jury normally be interested in the victims of a crime, particularly when their testimony would be pertinent to the investigation? This information can be verified through court records.

ALLEGATION

6. Numerous individuals identified as perpetrators have never been interviewed by law enforcement officers.

DOCUMENTATION

Larry the Kid was never interviewed. The Grand Jury decided that this individual mentioned by numerous victim/witnesses was a fictitious character. In fact he was the same individual identified by several witnesses as "King's Horses" who was named as being in attendance at satanic rituals on several occasions.

The official of the Fort Calhoun School system was never interviewed.

Other names can be obtained from a review of the Franklin Committee Files, copies of which are in your possession.

ALLEGATION

7. Instead of conducting follow-up interviews, law enforcement officers, particularly the FBI, have attempted to discredit and harass the victims.

DOCUMENTATION

These claims were made by Alisha Owen, Paul Bonacci and Troy Boner. Boner advised that the FBI, U.S. Attorney's Ron Lahners and Tom Thalkin threatened him that "if he didn't recant his testimony they'd bring him up on perjury charges and send him to jail" (this is exactly what happened to Miss Owen). Boner's taped interview is available for review. Lisa and Tracy Webb were among the first victims to claim they were sexually molested. Following interviews by the FBI and Nebraska State Patrol, Lisa stated she was unwilling to testify. The allegations made by the Webb girls, as well as the 15-year old patient at Richard Young Hospital, would ultimately be corroborated, even expanded upon, by numerous children who also claimed to be victims of King and others. A witness for the prosecution at the Owen perjury trial, Steve Solburg admitted under cross examination that when the FBI interviewed him he felt intimidated and that all the Grand Jury's questions asked of him were designed to discredit Owen.

Shawnetta Moore, Dan King, James Christopher Davis and Mike Holmes have reputedly been intimidated by law enforcement officers.

The reports of feeling intimidated were common among victims/witnesses who were interrogated by OPD, NSP, and FBI. As a result some victim/witnesses refused to testify.

On December 14, representatives of the FBI and the State Patrol contacted the Foster Care Review Board, and began to question the children's reliability and credibility even though one of them had passed four polygraph tests administered by the State Patrol.

Other names can be obtained from the Franklin Senate Investigation Committee.

ALLEGATION

8. Paul Bonacci has new information about the Johnny Gosch kidnapping case in Des Moines, Iowa, yet law enforcement officers refuse to interview him or to consider further investigation of the matter. Parents of the victim advise that based on their interview with Bonacci they are confident he is telling the truth.

DOCUMENTATION

Documentation concerning this along with transcripts of interviews with Mr. Bonacci were furnished to you by Mr. John W. DeCamp on 5/7/91. (See attached letter.)

This information was also furnished to the following individuals and agencies:

Nebraska Department of Social Services
Douglas County Attorney
Omaha Police Department
Nebraska Foster Care Review Board
Nebraska Legislature Health and Welfare Committee
Nebraska Legislature Judiciary Committee
Douglas County Sheriff's office
U.S. Attorney for State of Nebraska
Nebraska Leadership Conference
Dr. Beverly Mead, Creighton University
Dr. Judienne Densen-Gerber
Dr. Lilly Stroller, Immanuel Medical Center
Judge Patrick Mullen/Douglas County District Court

In answer to your questions:

1. Mr. Bonacci disclosed this information to private investigator Roy Stephens on 1/19/91.
2. His transcribed interview was furnished to you on 5/7/91.
3. There has been no response from any of the agencies, including yours. After the information was developed by Mr. Stephens there was a delay until Mr. and Mrs. Gosch could travel from Des Moines to Lincoln and discuss the matter with Bonacci.
4. The Gosches released the following statement after their interview with Bonacci:
 - Bonacci's statements were credible.
 - He has information about details of the case that have never been made public.

- Information developed by Mr. Stephens indicate a child sex ring of four men planned and carried out the abduction of their son.
5. Bonacci claims he participated in the abduction of Johnny Gosch who was taken for child pornography.
 6. Noreen Gosch, Johnny Gosch's mother, said that Bonacci knows "some incredible things about the case".
 7. Mrs. Gosch stated "there were photos taken of Johnny prior to the kidnapping. We know because a woman reported it to police. We're convinced Bonacci saw those photos. He accurately described the location which is not far from our home. He described many things about the photos which we have never talked about."

Lt. Garry Scott who is in charge of the investigation for the West Des Moines police said the Gosch family has shared some of the information with investigators. He said police have no plans for interviewing Bonacci. "We are aware of what's going on. We're not going to re-invent the wheel. This has been investigated in Nebraska. When things need investigating here, they will be investigated."

The above information appeared in the Lincoln Star in March 1991.

Bonacci claims that during his 5th grade year at Carter Lake School, he met a man named Emilio while at a park near Carter Lake. There was a 13 year old boy name B---- with him, who told Paul that Emilio kidnapped young boys and sold them to men for use in kiddie porn, snuff films, or for personal sexual use. "Emilio told me how much fun I could have going with him and B----." Emilio told Bonacci that he could get rich and then showed him a bag with a lot of money in it.

Emilio was described as Mexican with a slight accent. He was about 5'9", 190 pounds with a mustache and a beard. He had brown eyes, black, curly short hair and a tattoo of a naked lady on his left arm. He had a scar from a knife wound under the tattoo. Bonacci later went with Emilio to Des Moines in September of 1982 when he was 15. Bonacci claims he was present when Emilio abducted a 12-year-old paperboy, Johnny Gosch.

Paul Bonacci was later to see Emilio in California while on a trip for Larry King in 1984. Emilio tried to get him to go with him to help "snag" kids so they could be sold near Las Vegas for \$5,000 to men who would use them as sex slaves. He saw him once in '86 but not since then.

There has been no contact with Mr. Bonacci concerning this matter by either Iowa or Nebraska authorities.

The above can be confirmed from a review of information in your files (see John DeCamp's letter of 5/7/91) and an interview with Mr. and Mrs. Gosch.

ALLEGATION

9. In February 1990 Robert Fenner, General Counsel for the National Credit Union Association, was advised by the FBI not to cooperate with the Franklin Credit Committee's investigator, Gary Caradori.

DOCUMENTATION

This information can be documented from the Senate Franklin Committee files.

ALLEGATION

10. On March 9, 1990 the FBI attempted to entrap Owen by taping an arranged phone call from Boner to her.

DOCUMENTATION

On March 9, the FBI arranged for Boner to phone Owen from their office to try to entrap her while taping the conversation. The tape was played in court. Owen kept telling Boner to just "tell the truth" but the media reports made it sound like Boner was telling that to Owen.

Miss Owen claims the tape has been altered.

This can be verified by examination of the tape by an expert. The tape is available at the office of the Senate Legislative Committee.

ALLEGATION

11. A deposition by former Omaha Chief of Police Robert Wadman disappeared during the Owen trial.

DOCUMENTATION

A deposition by Attorney Jerry Spence taken from Robert Wadman in a 1980 lawsuit had been introduced into evidence by the defense. It was important because it proved that Wadman had lied about not carrying a gun since 1973. When the jury requested that evidence during their deliberations, a 40 minute search was made of the Evidence Room. The evidence had disappeared and was not available.

School records for Dan King were introduced as evidence in the trial. The records showed that King was enrolled in school at Grandview, Texas for 16 weeks during the fall of 1983. During this 16 week period he missed 8 weeks plus the holidays. Out of 16 weeks he was only in school for 5 weeks. When the jury requested these records during deliberation it was learned that they had disappeared.

This can be documented from a review of court records. If the records have now reappeared the incidents can be verified through the Franklin Senate Investigative Committee.

ALLEGATION

12. Wadman lied under oath claiming he was not carrying a gun during the period Owen says she was involved with him.

DOCUMENTATION

One of the counts on which Owen was indicted for perjury concerned Wadman showing her a gun. Wadman testified that he had not carried a gun since '73. Attorney Jerry Spence was taking a deposition from Wadman in 1980 in connection with a Utah lawsuit. He asked Wadman if he were carrying a gun to which Wadman replied "yes". Wadman lied to the Grand Jury!

This can be documented by reviewing court transcripts and the Spence deposition.

MISCELLANEOUS

In addition to the above I have learned that the Legislative Committee gave videotaped interviews of Troy Boner, Alisha Owen and Dan King to the FBI and Nebraska State Patrol.

The FBI synopsisized the interviews in a 45 page document. The purpose of the synopsis was to brief judges and the Attorney General's office. I have been informed that there was information in the synopsis that was not in the tape.

Troy Boner's tape, which had been in the control of the FBI, was played to the Grand Jury. I have been informed that the tape was altered. Miss Owen claims that everything Boner said that corroborated her statements were deleted. In one instance there was no break in the tape yet Boner's shirt was different from the previous scene.

These tapes are available for review at the Senate Investigative office.

I have been informed that in the spring of 1984 Troy Boner, Larry King, Larry the Kid, Dan King, a fat man from a French restaurant, a pilot named David Hughes, Alisha Owen and a 10- to 13-year-old boy made a trip to Los Angeles. The boy cried during the trip from Omaha to Los Angeles. The boy did not make the return trip to Omaha.

Troy Boner and Danny King were never polygraphed as reported by the Lincoln Star and the Omaha World-Herald. None of the kids were except Lisa Webb. And she passed. Paul Bonacci is willing to take one. Miss Owen was polygraphed and passed.

Karen Orminston, Gary Caradori's associate, took a polygraph test. She wanted to refute the charges that Caradori had scripted or led the witnesses. She passed.

I trust you will give these matters the attention they obviously deserve.

DeCamp Legal Services, P.C.
Leg Public Relations · Lobbying
Executive Bldg. · Suite 300
521 So. 14th
Lincoln, NE 68508

John W. DeCamp
Attorney at Law

Phone: (402) 477-3974
Fax: (402) 477-4487

Nebraska Department of Social Services
Douglas County Attorney
Omaha Police Department
Nebraska Foster Care Review Board 7 MAY 1991
Nebraska State Attorney General
Nebraska Legislature Health and Welfare Committee
Nebraska Legislature Judiciary Committee
Douglas County Sheriff's office
U.S. Attorney for State of Nebraska
Nebraska Leadership Conference
Dr. Beverly Mead, Creighton University
Dr. Judienne Densen-Gerber
Dr. Lilly Stoller, Immanuel Medical Center
Judge Patrick Mullen/Douglas Co. Dist Crt

Dear people:

Nebraska Revised statutes 28-711 impose specific duties, with criminal penalty for those who fail to follow the mandates of the law, upon all individuals having "reasonable cause to believe that a child has been subjected to abuse or neglect...."

I believe that under this law I have an obligation to provide information I have received from an individual named Paul Bonacci to the proper authorities for appropriate action. Further, Mr. Bonacci himself has, as he has in the past when he first provided information to public officials, made it clear to me that he also wants to comply with all terms of the child abuse laws of the state of Nebraska.

The information has come to me as a result of agreeing to act as attorney for Mr. Bonacci in conjunction with indictments issued against him by the Douglas County Franklin Grand Jury for allegedly lying to the Grand Jury about certain aspects of child abuse he had either witnessed or been a victim of.

Mr. Bonacci has been diagnosed by at least two court appointed psychiatrists as having multiple personality syndrome or disassociative behavior syndrome, which is a form of mental illness but which is not insanity. A third legislatively ordered psychiatrist nationally recognized for her specializing in multiple personality syndrome has also

thoroughly examined the young man.

As I understand it from all of them, they have concluded that the ailment Mr. Bonacci suffers is a direct consequence of very serious trauma caused by child abuse over a prolonged period of time. Another characteristic the Court ordered psychiatrist Mead of Omaha and Legislatively ordered nationally recognized psychiatrist Dr. Densen-Gerber have identified as a characteristic of this MPD syndrome is that the individual characteristically tells the truth about the abuse. At least the truth so far as they know it or perceive or understand it. The records of the third psychiatrist are sealed by Judge Mullen, but I presume law enforcement or proper investigative authorities would have the ability to obtain these results which I am not at liberty to discuss here as per Judge Mullen's order.

Both of these highly competent psychiatrists mentioned have repeatedly examined this young man and concluded that they believe his complex tale of abuse is essentially accurate and that this individual, Paul Bonacci, is accurately reporting what he experienced.

However, each of them have also repeatedly emphasized the fact that BECAUSE OF THE MULTIPLE PERSONALITY FACTOR the true story of abuse and individuals involved in the abuse CAN ONLY BE UNDERSTOOD IF ONE PIECES TOGETHER OR CREATES A COMPOSITE OF THE STORIES TOLD BY THE VARIOUS PERSONALITIES.

Needless to say, this was not done at the time of the Grand Jury investigation and the purpose of this letter is NOT TO DEAL WITH MR. BONACCI'S CRIMINAL INDICTMENTS OR ANY GRAND JURY MATTERS. I FEEL COMPLETELY COMFORTABLE IN SAYING THAT THESE MATTERS WILL BE HANDLED IN THE COURTS AND, HOPEFULLY, DUE PROCESS WILL OCCUR AND JUSTICE WILL OCCUR.

It is the purpose of this letter, however, to now provide, as per the above cited Nebraska law, information from Mr. Bonacci which has been obtained relative to child abuse of the past--involving not only Mr. Bonacci but a host of others--which information IS THE COMPOSITE OF HIS STORY OF CHILD ABUSE AS PRESENTED BY THE VARIOUS PERSONALITIES. This is the first time this composite has been available and is being provided to authorities immediately upon transcription.

Mr. Bonacci has agreed that he wants to comply with Nebraska law and wants this information presented for investigation and examination as required by law. Further, he wants it made available so that the situation can be corrected so that others do not experience what he has been a victim of.

For the protection of other individuals identified in the transcripts provided with this letter, I have taken the liberty of obliterating the names of certain individuals

whose name, because of national attention, would be immediately recognizable and would put those individuals at risk for their life.

However, there is no intent to keep this information from law enforcement. Quite the contrary. There is every intent to share this information along with a wealth of other information received from Mr. Bonacci. In the interest of protecting others, however, we would provide this information only under controlled circumstances to authorities specifically conducting the investigations as required by law.

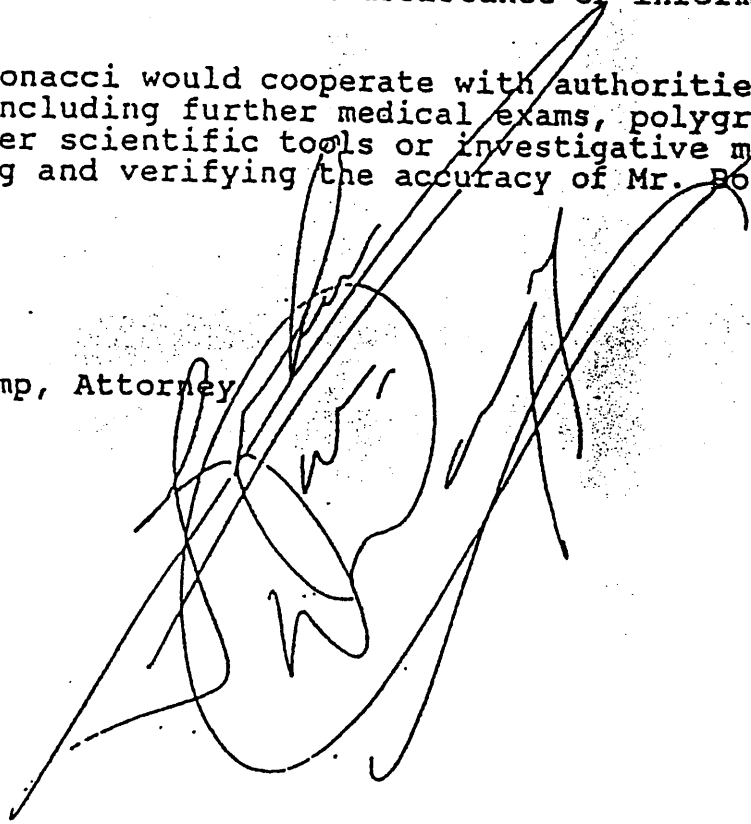
Again, as stated, the purpose of this letter and this transcript of many hours of tapes which reflect the gradual piecing together of the Bonacci abuse story via the different personalities is simply to comply with Nebraska Child Abuse laws.

There is a second package of tapes which are being transcribed at this time. The moment they are available, I will provide them to the proper authorities for further investigation.

Paul Bonacci has instructed me that he does not want to see these abuses occur to others. Towards that end, and of course in compliance with Nebraska law, he feels this information should go to the proper law enforcement authorities and any other proper entities who can assist in stopping child abuse activity. In accordance with those instructions, I am making this information available to you and will provide whatever other assistance or information you request.

Finally, Mr. Bonacci would cooperate with authorities in any way possible including further medical exams, polygraph exams or use of other scientific tools or investigative methods for determining and verifying the accuracy of Mr. Bonacci's stories.

John W. De Camp, Attorney



**ALLEGATIONS AND DOCUMENTATION
CONCERNING POSSIBLE COVERUP**

Copies of the above documents were forwarded early 1992 to:

- William Barr, U.S. Attorney General, Washington, D.C.
- Judge William Sessions, Director, F.B.I., Washington, D.C.
- Ron Labners, U.S. Attorney, Omaha, Nebraska
- Governor Ben Nelson, Lincoln, Nebraska
- F.B.I., Omaha, Nebraska
- F.B.I., Los Angeles, California

March 11, 1992

Mr. William Barr
U. S. Department of Justice
10th and Constitution Avenue NW
Washington, D.C. 20530

Dear Mr. Barr:

The enclosed report contains information which indicates that FBI personnel have been in violation of the Obstruction of Justice Statute.

This report also contains information concerning the Johnny Gosch kidnapping case in Des Moines, Iowa. There appears to be an organized kidnapping ring operating in this country within the jurisdiction of the FBI that is not receiving the proper attention. I would appreciate your checking into this matter.

Cordially,

TED L. GUNDERSON & ASSOCIATES, INC.

Ted L. Gunderson

Ted L. Gunderson
Private Investigator

TLG/sej

Encl. (1)

CC: FBI - Omaha, NE
FBI - Los Angeles, CA
Senator Schmidt - NE
Attorney John DeCamp - NE
Governor Ben Nelson - NE



U.S. Department of Justice

Criminal Division

Office of the Assistant Attorney General

Washington, D.C. 20530

APR 20 1992

Mr. Ted L. Gunderson
Ted L. Gunderson and Associates
International Security Consulting
and Investigations
2210 Wilshire Boulevard
Suite 422
Santa Monica, California 90403

Dear Mr. Gunderson:

The letter and enclosures that you recently sent to Attorney General Barr have been referred to this office.

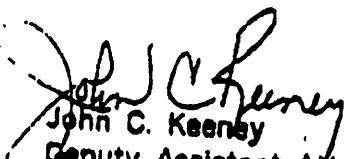
Your letter alleges that personnel of the Federal Bureau of Investigation (FBI) have obstructed justice and states that you have information concerning kidnapping within the jurisdiction of the FBI.

Having reviewed your enclosures, however, there is no evidence of misconduct by FBI personnel that would justify your charge of obstruction of justice.

If you have any new evidence about kidnapping, please provide it to your local office of the FBI.

Sincerely,

Robert S. Mueller, III
Assistant Attorney General

by 
John C. Keeney
Deputy Assistant Attorney General
Criminal Division

May 26, 1992

Mr. Robert S. Mueller, III
Assistant Attorney General
U.S. Department of Justice
Criminal Division
Washington, DC 20530

Re: Your letter dated April 20, 1992

Dear Mr. Mueller:

Thank you for reviewing the material I sent you March 11, 1992.

I did not state that FBI personnel were in violation of the Obstruction of Justice statute. I only advised that there was an indication of this. I thought you would want to at least check into the matter. I am sorry to learn you do not feel it deserves further attention.

I have enclosed the book *The Franklin Cover-up*, by former Nebraska State Senator John W. DeCamp. Your attention is directed to Chapter 14, "Cover-up Phase III: The FBI," which makes additional allegations of FBI misconduct and possible violations of the Obstruction of Justice statute.

Sincerely,



Ted L. Gunderson

TLG:te
Encl.

TED L. GUNDERSON AND ASSOCIATES • International Security Consulting and Investigation
2210 Wilshire Blvd. • Suite 422 • Santa Monica, CA 90403 • 310/854-5171

March 11, 1992

Judge William Sessions
Director of F.B.I.
F.B.I. Headquarters
Washington, D.C. 20535

Dear Judge Sessions:

The enclosed report contains information which indicates that FBI personnel have been in violation of the Obstruction of Justice Statute.

This report also contains information concerning the Johnny Gosch kidnapping case in Des Moines, Iowa. There appears to be an organized kidnapping ring operating in this country within the jurisdiction of the FBI that is not receiving the proper attention. I would appreciate your checking into this matter.

Cordially,

TED L GUNDERSON & ASSOCIATES, INC.

Ted L. Gunderson
Private Investigator

TLG/sej

Encl. (1)

CC: FBI - OMAHA, NE
FBI - LOS ANGELES, CA
SENATOR SCHMIDT - NE
ATTORNEY JOHN DECAMP - NE
GOVERNOR BEN NELSON - NE

TED L. GUNDERSON AND ASSOCIATES • International Security Consulting and Investigations
2210 Wilshire Blvd. • Suite 422 • Santa Monica, CA 90403 • 310/854-5171

April 6, 1992

Honorable Ron Lahners
U.S. Dept. Of Justice
P.O. Box 1228 ITS
Omaha, NE. 68101

Dear Mr. Lahners:

The enclosed report contains information which indicates that the FBI personnel have been in violation of the Obstruction of Justice Statute.

This report also contains information concerning the Johnny Gosch kidnapping case in Des Moines, Iowa. There appears to be an organized kidnapping ring operating in this country within the jurisdiction of the FBI that is not receiving the proper attention. I would appreciate your checking into this matter.

Cordially,

TED L. GUNDERSON & ASSOCIATES

Ted L. Gunderson
Private Investigator

TLG/dm

Encl. (1)

CC: FBI - Omaha, NE
FBI - Los Angeles, CA
U.S. Dept of Justice, Washington, D.C.
Governor Ben Nelson, NE

March 23, 1992

Special Agent In Charge
215 North 17th Street
Omaha, NE 68102

Dear Sir:

On March 11, 1992, I wrote to William Barr U.S. Department of Justice in an effort to draw his attention to the Obstruction of Justice Statute which I believe is being violated in the State of Nebraska and what appears to be an organized kidnapping ring operating within this nation.

On January 3, 1992 I wrote to Nebraska Attorney General Don Stenberg alerting him to possible misconduct by various law enforcement agencies in the State of Nebraska. Mr. Stenberg responded on January 28, 1992 through one of his assistants and the documents enclosed are in response to Mr. Stenberg's letter.

I am sending copies to you because the evidence clearly shows that there is a problem in Nebraska and a national problem that must be cleaned up if the citizens of this country are to enjoy justice and safety. As a leader in your community I felt sure that you would want to be informed.

If you have questions or comments please contact me at your earliest convenience.

Cordially,

TED L. GUNDERSON & ASSOCIATES, INC.

Ted L. Gunderson
Private Investigator

Documentation of Coverup by FBI

Chapter 14 of the book

The Franklin Coverup

by Former Nebraska State Senator John DeCamp

(For a copy of this book, send \$9.70, check or money order, to A.W.T. Inc., P.O. Box 85461, Lincoln, NE 68501. The book contains numerous references to President George Bush.)

CHAPTER 14

COVER-UP PHASE III: THE FBI

In a deposition taken October 13, 1989, John Stevens Berry, counsel for the Franklin committee, was grilling OPD Chief Wadman about the lack of OPD follow-up on the child abuse when it was first reported. In exasperation, Wadman replied:

The tough thing with this, Mr. Berry, is that we have the FBI who conducts an investigation and basically says the same things that we have said. If the FBI, are they now linked to this cover-up in some way? Should the Justice Department be investigated as somehow or another assisting in this "cover-up?"

Wadman said it, but in this case it's true. The Justice Department, acting through the FBI and the U.S. Attorney's Office in Omaha, emerges from the record of the Franklin investigations not so much as a party to the cover-up, but as its coordinator. Rigging grand juries, harrassment of witnesses, incitement to perjury and tampering with evidence—federal personnel were seen to apply all of those techniques in the Franklin case.

In a case full of reported trips across state lines for sexual exploitation purposes, involving prominent persons from the national political parties, where was the Federal Bureau of Investigation? It was running interference, and worse.

Maybe Senator Schmit and I got the message in its purest form, when we met with Omaha FBI head Nick O'Hara in his

COVER-UP PHASE III: THE FBI

office in early 1989. O'Hara, who kept Wadman's picture on his desk, threatened, "You f--- with Bob Wadman, you f--- with the FBI!"

There was a hint of trouble from the Bureau already in the summer of 1988, as OPD Officer Irl Carmean recollected in a memo to Deputy Chief Charlie Parker, dated December 20, 1988. A fellow officer had just reminded Carmean of a meeting back in July or August, where

Lt. [Bill] Goodrich spoke of the Larry King investigation and stated that he (Goodrich) had been in contact with a federal agency that was also investigating King. To the best of Officer Berney's recollection, Lt. Goodrich said that the federal agency was concerned that our child pornography/abuse investigation might hamper their investigation. Officer Berney told me that although he wasn't sure, it was either directly stated or he (Berney) got the impression that we were to either "slow down or back off" in our investigation so as not to impede the federal case.

In 1988 and 1989, according to testimony to the Legislature's Franklin committee, the FBI claimed to be interested in Franklin money issues, but not child abuse. Dennis Carlson of the Foster Care Review Board testified to the Franklin committee, citing state Assistant Attorney General William Howland, that U.S. Attorney Tom Thalken had said "that the federal authorities were investigating Mr. King. . . . But he said basically their investigation was confined to the money issues, and they were not specifically investigating allegations of child abuse."

Howland's part-time investigator, Vlahoulis, told the Franklin committee that it was his impression the FBI had information on private charter flights, something Gary Caradori would confirm in a dramatic way.

Moreover, as advertised in a May 12, 1990 article in the *World-Herald*, the FBI had been looking at Franklin since 1987, for over a year before it was closed! The FBI men could hardly have been unaware of the Franklin ambiance, not to mention the bedroom in the new addition, and the evidence shows that they were not. It was reported in the *Lincoln Journal*

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in December 1988, as summarized by Jerry Lowe for the Franklin committee, that "an ex-employee who is not identified said that when FCU shut down, FBI agents immediately began asking questions regarding child pornography, drugs and the lifestyle of Larry King."

Caradori's notes of March 14, 1990 record that on the day of the federal agents' raid, he was told by a member of the accounting firm that was auditing Franklin, that

a large amount of pornographic material was taken out of the credit union, including videos and photographs depicting sexual acts. I was told that if Friedrichs* or any of the other people working for the CPA firm that was contracted by the government would say anything, that they would automatically lose their jobs.

That evidence was never made available to the Franklin committee, nor its existence publicly acknowledged by the FBI. All warrants concerning the raid were sealed by U.S. Magistrate Richard Kopf.

. . . .

The Douglas County grand jury proclaimed on July 23, 1990, that the allegations and evidence of Franklin-linked child abuse were a "carefully crafted hoax." Its report implied that the perpetrators were Alisha Owen, journalist Michael Casey, and the late Gary Caradori. According to testimony of Alisha Owen and her parents before the Franklin committee, the FBI had this line already in March of 1990, *before the grand jury even started sitting.*

Alisha testified to the Franklin committee on June 11, 1990, before promulgation of the grand jury report, that her former lawyer Pam Vuchetich had come to see her in the spring,

giving a proposal from the FBI that if I recanted my story then nothing would happen to me, I could possibly get out of prison and no charges would ever be brought against me. Such as, if I recanted my story, they wouldn't charge me with perjury, they wouldn't charge me with lying, they would just drop the

whole thing, they would write letters to the judge asking for my sentence reduction so I could get out of prison. And if—and in this deal I would have to say that Gary Caradori and Mike Casey came to me, they set this whole thing up, they told me what to say, we got scripts, we were promised monetary values. And I would be taken care of.

On June 21, 1990, Donna and Alvin Owen told the Franklin committee about that incident.

DONNA OWEN: My concern is that Pam came to us and said that the FBI wanted Alisha to say this, to drop it.

SENATOR LYNCH: You testified that your husband was there?

ALVIN OWEN: Sitting in the living room, I remember.

SENATOR LYNCH: You heard her say that? . . . Did she tell you who in the FBI made that deal, made that offer to her?

DONNA OWEN: Mickey Mott. . . .

SENATOR LYNCH: Was Mickey Mott—was there anybody else with this Mickey Mott?

DONNA OWEN: He works closely with Rick Culver and John Pankoron.

SENATOR LYNCH: Okay. Well, for the record, do you remember the date at which time she told you about the FBI deal when your husband was present?

DONNA OWEN: This would have been on Tuesday, I believe. If Tuesday is April 25, then it would have been Tuesday, April 25, 1990. It would have all—that was brought up then, but it was also brought up earlier, in March. Because at that time, I called Senator Labeledz and I said, do you realize that this is what is happening and I want to tell you this because I think when all is said and done it's not going to just be this man Mike Casey, they are going to say that Gary Caradori was in on it and that members of the legislative committee were in on it. And she was very concerned and she immediately went to get Senator Schmit and I talked with him about it also. And that would have been in March.

SENATOR SCHMIT: I recall that.

In order for the FBI to claim that all of the Franklin committee's evidence was a hoax, they had to break one or more of the witnesses Caradori had taped. Troy Boner and Danny King recanted; what happened with Troy shows the hand of the FBI.

On the evening of July 11, 1990, the day her husband crashed to his death, Sandie Caradori received several phone calls from Troy Boner. She wrote up her notes on the calls:

I need to preface this writing by explaining that in the course of the Franklin Credit Union investigation, many calls were received at our home from Troy Boner. I was familiar with the individual's voice and can be 100% assured that I did, in fact, receive the telephone calls from him.

In the early evening of Wednesday, July 11, 1990, several telephone calls were received at our home by an individual identifying himself as "Troy." Different individuals answered the telephone and took the message from him. I was either talking to other visitors at our home or in no shape to come to the telephone. In any event, if necessary I can supply names of the parties who can attest to the fact that a "Troy" called for me during that evening.

Later in the evening, Troy again called and I was able to go to the telephone. It should be noted that I did not initiate the call, nor did I know what, if anything, he wanted to speak to me about.

The following is a synopsis of the conversation:

sc: This is Sandie Caradori. . . . Troy, what do you want to say?

TB: First, you have to be careful.

sc: Troy, that is the least of my worries. How are you?

TB: I am so sorry. I am so sorry. He shouldn't have died.

sc: What are you saying Troy? What are you trying to tell me.

TB: Gary wasn't lying. He didn't tell me what to say. What I told him was the truth. (He spoke rapidly as if fighting

back tears.) They made me take it back. They threatened me.

sc: Troy, you should tell someone. . . . Do you want me to call Senator Schmit? You need to come out with the truth once and for all. Troy, what has happened?

TB: You don't understand, they threatened me. They made me take it back. I was so scared.

(At this point I felt I needed someone else to hear this so I asked Troy to tell what he had just told me to our son, Sean.)

sc: Troy, I want you to talk to Sean, Gary's 16-year old son. Please tell him, alright?

TB: Yeah, sure.

SEAN: Yeah, man what do you want?

I, along with the ten to 15 other people in our kitchen/family room heard Sean's portion of the conversation as follows:

SEAN: Okay buddy, you need to do it for my Dad, man. Okay . . . Okay . . .

I got back on the telephone and told him I would try to contact Senator Schmit or Karen [Ormiston]. He said he'd be at [phone number] but only for a short time. He said he was going to be "on the move" or something to that effect. He further stated, "I'll go to anyone who'll listen. I'll go without my lawyer. I'm gonna come clean."

He then asked if I would talk with his mother. She wanted to talk. I said, "Of course."

Troy's mother's voice was familiar. She had called our house several times for Gary. . . . Troy's mother related the following:

MRS. BONER: Mrs. Caradori, I am so sorry. I'm so sorry. This is such a tragedy. I knew something happened to Troy. He got so scared just before he changed his story. They were threatening him. I knew he shouldn't have backed away from the truth. . . .

Troy then got back on the telephone and I repeatedly asked that he would promise me that he would come through for me, for Gary, and for A.J. He said, "I promise . . .

tomorrow. . . . To anyone who will listen . . . the FBI, the news—anyone.”

The next day I did not hear anything on the television or the radio and I really felt that Troy had probably backed away. That evening he called me again. He said, “Sandie, I tried, I tried. I went to Mickey Mott and (FBI agents). They laughed at me. They said they spent too much time and money on this case now for me to change my story. I also went to Frank Brown [Channel 7 TV] but he said he didn’t want to take a statement because of my Grand Jury testimony.”

. . . .

The next day, Sandie Caradori arrived at the offices of her husband’s firm for the first time since his death, to find two FBI agents already there, with a subpoena for all of Caracorp’s records. Mrs. Caradori recalled:

I was extremely upset because the timing certainly left much to be desired. I opened the closed door and noted two FBI agents, Karen Ormiston, and our security director, Joe Hebenstreit. They were all seated in the office. I said, “I don’t think I need to introduce myself. What are you doing here? I can’t believe this.”

The smaller individual stammered a bit and looked at Karen and said, “Who . . . who is this?” “She’s Gary’s widow.” He then halfway stood up and extended his hand as if to shake mine and expressed his/their sympathy. The whole ordeal was extremely unprofessional. He then looked over his shoulder at the other agent, gave him a smirk, and shook his head. He identified himself as Mickey Mott. . . . I then asked them directly whether Troy Boner had tried to speak with them on the previous day. Mr. Mott said, “I can’t confirm or deny that.” I indicated that I did deserve an answer. Mr. Mott then said, “Yeah, he came to the office but we can’t waste our time with him. He has lost all credibility.”

Troy Boner did attempt to come clean. He went not only to the FBI office, but to Senator Schmit’s—and then pretended he had not. The *World-Herald* reported July 27, 1990:

8

State Senators Loran Schmit of Bellwood and Bert Labeledz of Omaha said Troy Boner told blatant lies when he said he did not come to Schmit’s office last week and when he said he didn’t recant what he told a Douglas County grand jury. . . . Schmit said at least eight people were in his office last week when Boner, in essence, recanted his recantation and said that what he had originally told Caradori was the truth.

Six of the eight appeared at a press conference Thursday including four—Schmit, Sen. Labeledz, Caradori associate R.J. Nebe and Jody Gittins, an attorney who works in Schmit’s office—who said they heard Boner’s comments directly. . . . The six at the press conference Thursday said Boner was in Schmit’s office both July 16 and July 17, the day of Caradori’s funeral.

Under pressure, Boner reasserted that what he told Gary Caradori was not true. His new lawyer, Marc Delman, insisted that his client *had* lied to Caradori. A specialist in child abuse cases when he worked in the Douglas County Attorney’s Office, Delman was now better known for defending pornographers. Since Boner was penniless, many people in Omaha wondered if Alan Baer or another patron had given him the money to hire Delman.

. . . .

On Sept. 25, 1990, a federal grand jury returned findings almost identical to those of the Douglas County jury:

There is no credible evidence for us to believe that funds of individuals connected with the Franklin Community Federal Credit Union were involved in the sexual exploitation of minors, the interstate transportation of minors, the interstate transportation of minors for sexual purposes or the trafficking in controlled substances.

All of the big shots named in the Caradori investigation were cleared:

There is no credible evidence for us to believe that any prominent individuals in the Omaha community were in-

volved in any ring of organized activity to sexually exploit minors, transport minors in interstate commerce for sexual purposes, or to traffic in controlled substances.

Alisha Owen was indicted again, on eight counts of perjury.

The FBI, as Boner said, had threatened Boner into recanting his videotaped statement, which enabled the Douglas jury to return its "carefully crafted hoax" verdict, and set the pattern for the federal grand jury. Federal officials in charge of the latter, in particular Assistant U.S. Attorney Thomas Thalken, attempted to terrorize Alisha Owen into recanting as well.

In testimony to the Franklin committee on June 21, 1990, Owen told about her experience with the federal grand jury, in an exchange with committee counsel.

BERRY: Now, I do not want to know what questions were asked and what answers you gave. But you told me earlier that your life hasn't been easy and the worst three days of your life were in front of the county grand jury. Was the federal grand jury a more pleasant experience or—

OWEN: Well, now I have to clarify that statement. No longer—the worst three days of my life were not in front of the county grand jury but they were in front of the federal grand jury. . . .

Imagine if you were woken up at 5:00 in the morning, told to take a shower and get dressed. You were not told where you were going. I mean, if somebody came to your home at 5:00, did not tell you where you were going, they had the authority to drag you out of bed. After you got dressed you were then taken outside your home and wrapped in chains and driven two hours to another city, all—you were still not told where you are going and what is actually happening. Officially you are not told.

Then once you get to this other city, you're put into an actual cage. I mean, I have seen kennels look nicer than where I was held. And five minutes before 9:00, you are given a subpoena telling you that you have to testify at 9:00 in front of a grand jury. Now, that—I mean that in itself is suspect. Okay. Especially if you are the witness. I might be able to understand it if you are the perpetrator. . . .

I am in a room and it's a cage, okay, it's—it really is a

cage like a zoo cage. The whole front is just a cage. And there is a hallway and there is—there is an open door so I can hear what's going on in the hallway because it's just a cage, there is no sound barrier. I heard Mr. Thalken repeatedly and repeatedly in a very disrespectful—what I consider dis—I wouldn't talk to anybody like that, disrespectful tone, saying things repeatedly, over and over, if she gets up there and she doesn't tell the truth I'm going to charge her with perjury. Over and over and over and over again. I have not heard the word perjury so many times in my entire life than that day. . . . He was saying this to my attorney, saying I'm going to put her on the stand and if she doesn't, you know, if she doesn't tell the truth I'm going to charge her with perjury. . . .

Alisha's attorney Henry Rosenthal confirmed her account:

Well, I don't know Tom Thalken. . . . He came at me like a little grizzly bear. . . . And he had a finger about two inches from my nose and kept yelling about perjury. And I didn't even know what he was talking about. Over and over about this and that and this and that. I said, let me tell you, if you think you have got any evidence of perjury when she's done, please charge her, just please do that. And that's—every time there was a recess, yelling about perjury. . . . This was before the evidence even started.

Long before Thalken's behavior in dealing with Owen, his name had surfaced in Gary Caradori's investigation, as an alleged pedophile who frequented adult book stores in Council Bluffs, Iowa. Moreover, a confidential informant told Caradori, that Thalken was key to the cover-up in progress. In a February 22, 1990 report, Caradori transcribed an interview with this confidential informant.

OC: Are the federal people still putting me down, have you heard? I mean they want me off this case.

CI: Well, they don't want anybody to get too close to it. . . . This thing is way bigger than Nebraska. . . . You get one of those dominoes to fall I think it could reach to the White House and back so fast. That's why it's just almost hopeless.

GC: What have you heard that they're doing [sic] to do to try to squash this case?

CI: Well, their ace in the hole is the assistant prosecutor.

GC: Thalken.

CI: Yeah. And the term was a year ago, finger in the dike.

. . .

Rosenthal was Alisha's second lawyer. He succeeded Pamela Vuchetich, who had conveyed to Alisha the FBI's offer of a deal, from Vuchetich's friend Mickey Mott. In her Franklin committee testimony of June 11, 1990, Owen reported another incident involving Vuchetich and the FBI, which appeared to be an attempt to craft some evidence of the "carefully crafted hoax":

They had Troy call me in the beginning of March. He called me in the afternoon and I got on the phone. . . . Pam had told me that Troy had recanted his statement about Danny. She never told me he recanted his statement about me. And you know, maybe I was naive, maybe I was just dumb, but I never once thought he could do that because, I mean, I had all this evidence, you know, and I mean, I'm the one that—you know, that told them about Troy and others. It never dawned on me that he would ever do that, recant about Danny.

So we—I got on the phone and I—one of the first things I asked him was, why are you doing this to Danny, he's one of your best friends, how could you do this, what are you doing? And he said, something, Alisha, I'm scared. And his voice—the FBI has this tape. His voice is just really scared.

And I know Troy sleeps until 4:00 or 5:00 at night, so I started to think oh, my God, he's in Omaha for a week, it's 3:00, 2:30 in the afternoon, somebody must be at his house making him do this. And I thought this must be a taped phone conversation. I was—I was literally scared. I thought either they sat down a lot of money in front of him or else somebody has got a gun to his head making him say this. I

mean, I never thought—it never dawned on me the FBI would be so, you know, devious as to try and do something like that.

So I asked him, why are you doing this? And he—and he said, Alisha, I'm scared, I don't know what to do, tell me what to do. And then he asked me, quote, unquote, do you think we're going to get any money? And I—I stopped for a second and I said, I don't give a damn about any money, you know, just tell the truth. That's what I said, quote, unquote. Excuse my French. But I just—just tell the truth. He said, what should I do? And I said, just tell the truth.

And he kept trying to make these leading statements, Alisha, what should I do? And that's when I realized at that point in time that whoever was listening was probably law enforcement, trying to do entrapping statements. . . . And after I got off the phone, I tried to get hold of Pam. Well, Pam is sitting down in the FBI's office with them making that call. Tried to get hold of Pam, Pam is not around. So I was upset enough and I was worried enough that possibly somebody was sitting there with a gun that I called Gary. And I thought, okay, if anybody is going to be able to do anything or know anything, Gary will know or he'll be able to find out.

I called Gary. And Gary said, Alisha, Troy is sitting down at the FBI's office right now. So okay, I knew that the FBI was the one that prompted him to that call. . . . So Gary told me that it was the FBI. And Gary said to me at that time, Alisha, maybe you should start wondering why your attorney is spending so much time with the FBI.

Against Alisha Owen's specific instructions, she reported, Vuchetich turned over to the FBI a file that Alisha maintained on acquaintances from her past. Vuchetich had suggested she assemble this information. In it were the names of some people, like former boyfriends, who could be expected to be bitter toward her.

Alisha Owen told the Franklin committee, that the FBI also directly advised her to tell a lie—to say that she had lied on the videotapes.

SENATOR SCHMITT: In other words, they advised you to say that you had lied on the tapes?

ALISHA OWEN: Uh-huh.

SENATOR LABEDZ: The FBI?

OWEN: The FBI had advised me that I should say that not everything on the tapes is true, just a blanket statement, and say not everything on the tapes is true, and that I should forget all about the tapes because they can come back to hurt me.

SCHMITT: I want to interrupt there because that is almost an identical statement that we heard in the press made by Troy, that not everything on the tapes was true.

OWEN: That's what they told me to say. . . . And there were times when they tried to get me to say that Gary Caradori was withholding evidence from them, there were times when they—they basically really rammed Gary into the ground.

Caradori wrote in his daily notes of April 20, 1990:

At approximately 1415, this writer received a telephone call from Alisha Owen. She talked about the FBI hinting to her that if she changed her story that they would insure that they would "go after" this writer and Mike Casey for "fabricating" an investigation. She informed me that she had not fabricated any part of any story and that she was sticking to the story she told me, and that she wished me well. For my own protection, I tape recorded the telephone conversation which lasted approximately 30 minutes.

According to an associate of Caradori, Franklin committee counsel John Stevens Berry alerted Caradori that he should get a lawyer, since he would likely be indicted.

. . .

Alisha was not the only witness the FBI was reported to have harassed or told to lie. At a Franklin committee session on June 22, 1990, Senator Labedz related her discussion with former Franklin employee Noel Seltzer:

One of the most important things that I thought he told me was the fact that when they first went into the investigation of Larry King, he was talked to by the FBI and he told them mostly everything that he told me about the sexual abuse and so forth. And then he said he was told by the FBI, we're going to advise you it's best for you that you keep your mouth shut. And I said, say that again, and he repeated it so I could write it down.

Gary Caradori interviewed a victim-witness named Terry Muller*. In his daily report of April 20, 1990, Caradori wrote:

Further this writer received a telephone call from Sue Tompkins*, sister of Terry Muller. Briefly, Sue told this writer that the FBI and a member of the State Patrol were harassing her brother and trying to get him to talk about things that he just didn't know about. She stated that her brother is extremely scared. He wants to tell the truth, however, he felt extremely uncomfortable with the FBI and State Patrol investigators. She stated that a Phillips and FBI Agent Coulter were very harsh with her brother.

On May 4, 1990, Caradori added:

Following this meeting, this writer placed a telephone call to Sue Tompkins, who is the sister of Terry Muller. She advised me that Terry had retained an attorney to protect him from the FBI. I told her that I wished him well and hoped that everything worked out for him.

Caradori's investigative notes for February 19, 1990 record his talk with Joanie Gregory, a Department of Social Services social worker who screened families applying for foster care licenses:

Approximately 2.5 years ago she was inspecting the home of Jarrett and Barbara Webb for a renewal of their license. She felt the environment was not right and wrote a letter to DSS in Lincoln. She received no response. After a couple of months, she wrote a letter to the Omaha Police Department regarding this same situation with the Webbs. She was then contacted by the FBI. In the meantime she had tried to do some research on her own, but evidently files were missing.

To this writer's knowledge, a letter was not written to the FBI. The FBI informed Joanie Gregory that it would probably be in her best interests if she "forgot this information."

Caradori recorded in his notes for December 1, 1989:

At approximately 4:00 PM Senator Schmit arrived at [committee counsel] Steve Berry's office, during which time he advised me that within the last 48 hours the FBI were scrutinizing several of his businesses such as his gambling machines in southeastern Nebraska and other related matters.

On his own bitter experience with the Bureau, Caradori commented to the Franklin committee, on June 22, 1990.

CARADORI: I think the [Douglas Co.] grand jury is being misled information.

SEN. LYNCH: By who, can you tell?

CARADORI: I think they are being misled by the influence of the State Patrol investigator and various people in the FBI.

BERRY: Do you think the FBI and the State Patrol are deliberately misleading the grand jury?

CARADORI: I do, but I can't—you know, I have nothing to base it on. You know, the people . . . in law enforcement say, we checked every lead you got, every lead that you have and it's nothing. And it's like, you know, all the work that you have done is not worth a damn. . . . [T]he most frustrating thing in this whole case, and no sense dwelling on it, has been that you produce a work product, not every lead is going to be in gold but you produce a work product and then one of the aspects of your investigation is the State Patrol and right away it goes to them, goes to the FBI and—and then they just tear you apart. And yeah, it's been really frustrating. . . .

SEN. LYNCH: So the impression that we talked about being left with the grand jury wasn't an impression that this committee or witnesses that we had or any staff in addition to you, our counsel, misled us with information, but the fact that information we developed that we shared with the FBI and the police department was in fact used by them to—

CARADORI: Work against us.

SEN. LYNCH: Discredit us.

CARADORI: I go on record and say I—I didn't want to give them our data. . . .

BERRY: Mr. Creager and I, and following our advice the chairman and the committee members, have instructed you that everything you have must be turned over to both the grand juries, federal and county, you feel that sometimes your investigative effort has been sabotaged, is that—is that the source of your frustration?

CARADORI: That's right.

The legislative investigator found that the FBI interfered with material even before he got to it. One afternoon in late 1989, Caradori and Karen Ormiston spent several hours at YNR Airlines in Sioux City, Iowa, photocopying flight manifests of Larry King's charter flights. At other airlines, staffers had already confirmed to Caradori, that King took underage boys and girls with him on charter flights. At YNR, children's names were listed for the flights—proof that King was transporting children around the country as the Webb girls, Alisha Owen, Paul Bonacci, and others had charged.

The owner of YNR made a phone call, and prevented Caradori from leaving with the records, some of which had yellow FBI tabs attached to them. Since the Franklin committee had only limited, in-state subpoena power, Caradori requested the NCUA to subpoena the records, turn them over to him, and not mention this to the FBI. NCUA general counsel Robert Fenner agreed.

Caradori never got the records, but someone else apparently did. Caradori told a friend, that he saw some of the FBI stickers from YNR, in a notebook carried by FBI agent Mickey Mott. The FBI maintained that there was no proof whatsoever that King had transported children; the Douglas County grand jury lamented, that it was a pity charter companies did not keep flight manifests, so no trips could be verified.

In a September 25, 1990 letter to Senator Schmit, Ormiston summed up the FBI's activities:

There must be some kind of provision which allows the State of Nebraska to retain its information so that there is not a probable cover-up when this stuff is turned over to the federal level. It is my sincere hope that the federal agencies cannot just walk all over the state agencies, especially since we have given them everything we have yet we have been allowed to see nothing that they have. This in itself has not only prolonged the investigation, but it has also been a major factor in that the FBI does seem to get to our leads since they do have a lot of manpower. I do feel that the leads turned over to the FBI have effectively been stonewalled as it pertains to this investigation.

• • •

The FBI's eagerness to discredit the victim-witnesses may be based on more than just an institutional commitment to protect former Omaha FBI chief Nick O'Hara's friend Chief Wadman, or Assistant U.S. Attorney Thalken, or higher-ups in Washington. A look at life inside the Bureau, including its Omaha branch, shows why.

In August 1990, black FBI agent Donald Rochon settled his suit against the FBI for racial discrimination. A highly decorated veteran of the Los Angeles Police Department, Rochon joined the FBI in the early 1980s. According to the settlement, Rochon, who worked in the Omaha FBI office in 1983 and 1984, will receive more than \$1 million over his lifetime, and have his \$500,000 in legal expenses paid.

In his suit, Rochon charged Omaha FBI personnel with sexual perversion. Some of the details are recorded in a "Motion of the [U.S.] Attorney General for Summary Judgment as to Plaintiff's [Rochon] 'Chicago Claims,'" filed on September 13, 1989 in Washington, D.C. After his Omaha assignment, Rochon had moved to Chicago, where the harassment continued.

Subhead II of that motion, "The Sexual Deviance Complaint and Investigation," reads in part:

In response to his telephonic complaint, a signed sworn statement was taken from Rochon on July 3, 1984. In his

statement, Rochon described a series of acts or events which he alleged were evidence of sexual deviance by SA (Special Agent) Dillon and other SAs assigned to the Omaha office. Specifically, Rochon alleged that he had "personally observed" Dillon "French kissing" SA Agent Terry J. Bohle, a male, at a going-away party for SA Bohle, and that he likewise had "personally witnessed" Dillon "exposing himself in the Omaha office during a regular work day to numerous Omaha employees, both male and female." In addition, Rochon said that he had heard reports that Dillon had allowed Bohle to urinate into his mouth and to "urinate into a beer bottle, [from] which he subsequently drank;" and that Dillon had been observed "picking out the deodorant block in [the] men's urinal and placing this block in his mouth." Rochon further alleged that Dillon appeared preoccupied with homosexual sex, kept homosexual pornography at his desk, and had frequently spoken in the office of homosexual acts.

Another agent backed up Rochon's account of Dillon's allowing Bohle to urinate into his mouth. In an official response, Dillon protested that SA Bohle only "accidentally" did urinate on him on one occasion. He added that he, Dillon, had not exposed his penis in the office, as Rochon charged, but merely his buttocks. The Bureau defended Dillon's possession of pornographic homosexual literature, as necessary for his investigation of homosexual prostitution. But Rochon's claims of discrimination and harassment were so well substantiated, that the FBI chose to settle.

In October 1983, the FBI announced it had investigated a male prostitution ring in Omaha. Apparently one of the agents on the case was none other than SA Dillon. U.S. Attorney Ron Lahners commented privately at the time, "This thing is so big and involves so many prominent people around this state." The investigation was expected to bring high-level indictments, but never did. One Nebraska insider said recently, "There is no doubt that the pedophile networks investigated in 1983 overlapped those of Larry King; in fact King himself was probably looked at at that time."

Special agent Dillon, who was investigating homosexual prostitution in those years, was "real close to some priests at

■ THE FRANKLIN COVER-UP

Boys Town," according to a law enforcement source who knew Dillon then. Years later, Caradori received allegations that some priests associated with Boys Town, in particular Father Pat Henry and Father Fiala, were pedophiles; Father Henry was sent to Bolivia when child abuse scandals surfaced at Boys Town in the mid-1980s.

Donald Rochon was a successful agent, part of whose responsibility while in Omaha was to find missing children. He once was commended for finding a kidnapped girl within one day of beginning work on the case. Inevitably, as a black agent, he would have developed ties in the black community in north Omaha, where Larry King's pedophilia was notorious. Many of the boys King used as prostitutes were black, and were recruited from Boys Town, where the alleged pervert SA Dillon seemed to have friends. Would it have been just a matter of time until Rochon found himself investigating SA Dillon, and others in Dillon's clique? One thing was established for certain by Rochon's court documents: Dillon was the ringleader of the harassment operation which drove Rochon from Omaha, and most of the rest of the Omaha FBI office covered up for Dillon.

Letters of Response from the FBI
and the U.S. Attorney General



Washington, D.C. 20530

JUL 6 1992

Mr. Ted L. Gunderson
Ted L. Gunderson and Associates
International Security Consulting
and Investigations
2210 Wilshire Boulevard
Suite 422
Santa Monica, California 90403

Dear Mr. Gunderson:

The letter and book that you recently sent to Assistant Attorney General Mueller have been referred to this office.

The Public Integrity Section is responsible for prosecuting public officials who are shown to have violated federal criminal law. The Section can initiate an investigation only in those instances where it receives specific and sufficient information that federal criminal laws have been violated by public officials or certain other persons.

Based upon the information that you have provided, there is not sufficient evidence indicating that such a violation of federal criminal law has been committed.

Thank you for bringing this matter to our attention.

Sincerely,

William A. Keefer
Deputy Chief
Public Integrity Section
Criminal Division



U.S. Department of Justice

Federal Bureau of Investigation

Washington, D. C. 20535

July 13, 1992

Mr. Ted L. Gunderson
Ted L. Gunderson and Associates, Inc.
Suite 422
2210 Wilshire Blvd.
Santa Monica, California 90403

Dear Mr. Gunderson:

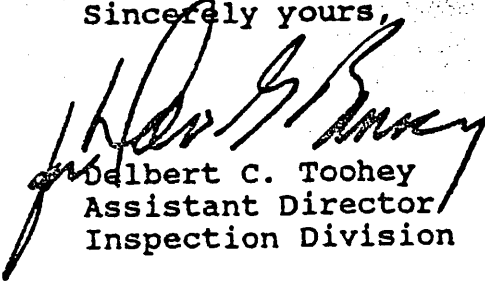
This letter will acknowledge receipt of your March 14, 1992, letter to Director William S. Sessions, which has been forwarded to the Office of Professional Responsibility (OPR), FBI Headquarters (FBIHQ), Washington, D. C.

As you are aware, OPR has the responsibility of investigating all allegations of serious misconduct or criminality on the part of FBI employees.

OPR has reviewed your letter of March 14, 1992, as well as the enclosed information and has determined your allegations lack specificity. Should you have information relative to the specific, verifiable acts of serious misconduct or criminal behavior on the part of FBI employees, I would encourage you to provide this information so that it may be reviewed by OPR.

Thank you for your interest in providing this information for review.

Sincerely yours,


Delbert C. Toohy
Assistant Director
Inspection Division

FILED
U.S. DISTRICT COURT
DISTRICT OF NEBRASKA
99 FEB 22 AM 8:14

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA

PAUL A. BONACCI,)
) 4:CV91-3037 GARY D. MCFARLAND
)) CLERK
Plaintiff,)
)
vs.) MEMORANDUM OF DECISION
)
LAWRENCE E. KING,)
)
Defendant.)

On February 27, 1998, I found that default judgment should be entered against the defendant Lawrence E. King in favor of the plaintiff, Paul A. Bonacci. A trial on the issue of the damages due the plaintiff by that defendant was had on February 5, 1999.

Two counts are alleged against the defendant King in the complaint. Count V alleges a conspiracy with public officers to deprive the plaintiff of his civil rights, designed to continue to subject the plaintiff to emotional abuse and to prevent him from informing authorities of criminal conduct. Count VIII charges battery, false imprisonment, infliction of emotional distress, negligence and conspiracy to deprive the plaintiff of civil rights. Between December 1980 and 1988, the complaint alleges, the defendant King continually subjected the plaintiff to repeated sexual assaults, false imprisonments, infliction of extreme emotional distress, organized and directed satanic rituals, forced the plaintiff to "scavenge" for children to be a part of the defendant King's sexual abuse and pornography ring, forced the plaintiff to engage in numerous sexual contacts with the defendant King and others and participate in deviate sexual games and masochistic orgies with other minor children. The defendant King's default has made those allegations true as to him. The issue now is the relief to be granted monetarily.

The now uncontradicted evidence is that the plaintiff has suffered much. He has suffered burns, broken fingers, beatings of the head and face and other indignities by the wrongful actions of the defendant King. In addition to the misery of going through the experiences just related over a period of eight years, the plaintiff has suffered the lingering results to the present time. He is a victim of multiple personality disorder, involving as many as fourteen distinct personalities aside from his primary personality. He has given up a desired military career and received threats on his life. He suffers from sleeplessness, has bad dreams, has difficulty in holding a job, is fearful that others are following him, fears getting killed, has depressing flashbacks, and is verbally violent on occasion, all in connection with the multiple personality disorder and caused by the wrongful activities of the defendant King.

Almost certainly the defendant King has little remaining financial resources, but a fair judgment to compensate the plaintiff is necessary. For the sixteen years since the abuse of the plaintiff began I conclude that a fair compensation for the damages he has suffered is \$800,000. A punitive award also is justified, but the amount needs to be limited because of the small effect

DeCamp Legal Services, P.C.

Legal - Public Relations - Lobbying
414 So. 11th Street
Lincoln, NE 68508

Phone: (402) 477-3974
Fax: (402) 477-4487
E-Mail: staff@decamplegal.com


Attorneys at Law
John W. DeCamp
John E. Beltzer
Antonio E. Bendezu
Steven A. Montag
Of Counsel:
Richard J. Mahlin

February 25, 1999

To Whom It Concerns:

The trial on February 5, 1999 resulted in a million dollar judgement. I believe that judgement, completely independent of the Default Judgement in the case because the singular issue was damages, makes it clear that the evidence presented was credible and Judge Urbom acted on that basis and to send a message to a number of individuals (both clean and dirty) who were a part of the Franklin saga. I believe the U.S. Attorney has no choice but to either CHARGE THE WITNESSES WITH PERJURY HAVING TESTIFIED UNDER OATH IN A FEDERAL COURT ON VERY MATERIAL MATTERS (From Murder to Bribery to Perjury to the most vile corruption involving young people) OR, THE U.S. ATTORNEY HAS AN OBLIGATION TO INVESTIGATE FURTHER INTO THE FRANKLIN SAGA AND REOPEN MATTERS. This time there ARE PICTURES. This time RUSTY NELSON exists and testified completely contrary to Chief Wadman's testimony under oath to the legislature. This time Noreen Gosch validated the credibility and story of Paul Bonacci...and a lot, lot more. At a minimum, some Federal or State authority (Whether it is a Judge, Attorney General, Prosecutor, etc.) has an obligation to re-open particularly the Alisha Owen case. If my witnesses in Court on February 5, 1999 are telling the truth then Alisha Owen is also. If Alisha Owen is LYING, as a jury said, then my witnesses are lying. It appears to me to put the U.S. Attorney and Nebraska Attorney General and Judicial System on the horns of a dilemma - and failure to act would, to me at least, appear to be deliberate obstruction of justice at a minimum.

Respectfully,


John W. DeCamp
DeCamp Legal Services

that such a judgment would have on the defendant King, given his financial condition and his presence now in prison. I deem a punitive award of \$200,000 to be adequate.

Dated February 19, 1999.

BY THE COURT

A handwritten signature in cursive script, appearing to read "Martin R. Albarr", written over a horizontal line.

United States Senior District Judge

FILED
U.S. DISTRICT COURT
DISTRICT OF NEBRASKA

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEBRASKA

99 FEB 22 AM 8:15

PAUL A. BONACCI,

Plaintiff,

vs.

LAWRENCE E. KING,

Defendant.

) 4:CV91-3037


) GARY D. MCFARLAND
) CLERK

) JUDGMENT

IT IS ORDERED that the plaintiff shall have judgment against the defendant Lawrence E. King in the amount of \$1,000,000 and taxable court costs in accordance with the Memorandum of Decision of today, together with interest at the rate of 4.5% percent per annum.

Dated February 19, 1999.

BY THE COURT


United States Senior District Judge

Satanic, Occult, Ritualistic Crime: A Law Enforcement Perspective

By KENNETH V. LANNING, Supervisory Special Agent, Behavioral Science Instruction and Research Unit, FBI Academy, Quantico, Virginia

Note: This article was completed after the killings in Matamoros, Mexico, became known in April 1989. There is nothing known to the author about this case that changes the opinions and recommendations set forth in this article.

The belief that there is a connection between satanism and crime is certainly not new. In fact, one of the oldest theories of crime causation is demonology. Concern about satanic or occult activity has peaked from time to time throughout history. Concern in the late 1970s focused primarily on "unexplained" deaths and mutilations of animals, and in recent years has focused on child sexual abuse and the alleged human sacrifice of missing children. In 1999, it will probably focus on the impending "end of the world."

Today, satanism and a wide variety of other terms are used interchangeably in reference to certain crimes. This discussion will analyze the nature of "satanic, occult, ritualistic" crime and focus on appropriate law enforcement responses to it.

Recently a flood of law enforcement seminars and conferences have dealt with satanic and ritualistic crime. These training conferences have various titles, such as "Occult in Crime," "Satanic Cults," "Ritualistic Crime Seminar," "Satanic Influences in Homicide," "Occult Crimes, Satanism and Teen Suicide" and "Ritualistic Abuse of Children."

The typical conference runs from one to three days and many of them include the same presenters and instructors. A wide variety of topics are usually discussed during this training, either as individual presentations by different instructors or grouped together by one or more instructors. Typical topics covered include the following:

1. Historical overview of satanism, witchcraft and paganism from ancient to modern times.
2. Nature and influence of fantasy role-playing games, such as Dungeons and Dragons.
3. Lyrics, symbolism and influence of rock and roll, Heavy Metal and Black Metal music.

4. Teenage "stoner" gangs, their symbols and their vandalism.

5. Teenage suicide by adolescents dabbling in the occult.

6. Crimes committed by self-styled satanic practitioners, including grave and church desecrations and robberies, animal mutilations and even murders.

7. Ritualistic abuse of children as part of bizarre ceremonies and human sacrifices.

8. Organized, traditional or multigenerational satanic groups involved in organized conspiracies, such as taking over day care centers, infiltrating police departments and trafficking in human sacrifice victims.

9. The "Big Conspiracy" theory, which implies that satanists are responsible for such things as Adolph Hitler, World War II, abortion, pornography, Watergate and Iranagate, and have infiltrated the Department of Justice, the Pentagon and the White House.

During the conferences, these nine areas are linked together through the liberal use of the word "satanism" and some common symbolism (pentagrams, 666, demons, etc.). The implication often is that all are part of a continuum of behavior, a single problem or some common conspiracy. The information presented is a mixture of fact, theory, opinion, fantasy and paranoia, and because some of it can be proven or corroborated (desecration of cemeteries, vandalism, etc.), the implication is that it is all true and documented. The distinctions among the different areas are blurred even if, occasionally, a presenter tries to make them. This is complicated by the fact that almost any discussion of satanism and witchcraft is interpreted in the light of the religious beliefs of those in the audience. Faith, not logic and reason, governs the religious beliefs of most people. As a result, some normally skeptical law enforcement officers accept the information disseminated at these conferences without critically evaluating it or questioning the sources. Nothing said at such conferences will change the religious beliefs of the attendees. Such conferences illustrate the ambiguity and wide variety of terms involved in this issue.

Definitions

The words satanic, occult and ritualistic are often used interchangeably. It is difficult to precisely define Satanism (with a capital S), and no attempt will be made to do so here. However, it is important to realize how the word satanism (with a small s) is used by many people. Simply put, for some people satanism is any religious belief system other than their own. The Ayatollah Khomeini referred to the United States as the "Great Satan." In the British Parliament, a Protestant leader called Pope the anti-Christ. In her book, *Preparations for War*, Rebecca Brown, M.D., has a chapter entitled "Is Roman Catholic Witchcraft?" Dr. Brown also lists among the "doorways" to satanic power or demon infestation the following: fortune tellers, horoscopes, fraternal oaths, vegetarianism, yoga, self-hypnosis, relaxation tapes, acupuncture, biofeedback, fantasy role-playing games, astrology, homosexuality, pornography, jiu-jitsu, karate and rock music. Dr. Brown states that rock music "was a carefully marketed plan by none other than Satan himself." The ideas expressed in this book may seem extreme and even humorous. This book, however, has been recommended as a serious reference in law enforcement training material on this topic.

In books, lectures, handout material and conversations, the author has heard all of the following referred to as satanism:

- Church of Satan
- Ordo Templi Orientis
- Temple of Set
- Demonology
- Witchcraft
- Paganism
- Santeria
- Voodoo
- Rosicrucians
- Freemasonry
- Knights Templar
- Stoner Gangs
- Heavy Metal Music
- Rock Music
- KKK
- Nazis
- Scientology
- Unification Church
- The Way

150

Fajrneh
 Religious Cults
 New Age
 Astrology
 Channeling
 Transcendental Meditation
 Holistic Medicine
 Buddhism
 Hinduism
 Mormonism
 Islam
 Orthodox Church
 Roman Catholicism

At law enforcement training conferences, witchcraft, santeria, paganism and the occult are frequently referred to as forms of satanism. It may be a matter of definition, but these things are not necessarily the same as traditional Satanism. The worship of lunar goddesses and nature and the practice of fertility rituals is not satanism. Santeria is a combination of 17th century Roman Catholicism and African paganism.

Occult means simply "hidden." All unreported or unsolved crimes might be regarded as occult, but in this context the term refers to the action or influence of supernatural powers, some secret knowledge of them or an interest in paranormal phenomena. Occult does not imply satanism, evil, wrongdoing or crime. Indeed, historically the principal crimes deserving of consideration as "occult crimes" are the frauds perpetrated by fortune tellers and "psychics" who, for a fee, arrange visitations with dead loved ones and commit other financial crimes against the gullible.

Many individuals define satanism from a totally Christian perspective, using this word to describe the power of evil in the world. With this definition, any crimes, especially those which are particularly bizarre, repulsive or cruel, can be viewed as satanic in nature. Yet, it is just as difficult to precisely define satanism as it is to precisely define Christianity or any complex spiritual belief system.

What is Ritualistic Crime?

The biggest confusion, however, is over the word ritualistic. During law enforcement training conferences on this topic, ritualistic almost always comes to mean satanic or at least spiritual. Ritual can refer to a prescribed religious ceremony, but in its broader meaning refers to any customarily repeated act or series of acts. The need to repeat these acts can be cultural, sexual or psychological, as well as spiritual.

Cultural rituals could include such things as what a family eats on Thanksgiving Day or when and how presents are opened at Christmas. The initiation ceremonies of fraternities, sororities, gangs and other social clubs are other examples of cultural rituals.

Since 1972, the author has lectured about sexual ritualism, which is nothing

or series of acts in a certain manner because of a sexual need. In order to become aroused and/or gratified, a person must engage in the act in a certain way. This sexual ritualism can include such things as the physical characteristics, age or gender of the victim, the particular sequence of acts, the bringing or taking of specific objects and the use of certain words or phrases.

This is more than the concept of M.O. (method of operation) known to most police officers. M.O. is something done by an offender because it works. Sexual ritual is something done by an offender because of a need. Deviant acts, such as urinating on, defecating on or even eviscerating a victim, are far more likely to be the result of sexual ritualism than religious or "satanic" ritualism.

From a criminal investigative perspective, two other forms of ritualism must be recognized. The *Diagnostic and Statistical Manual of Mental Disorders (DSM-III-R)* defines obsessive-compulsive disorder (OCD) as "repetitive, purposeful and intentional behaviors that are performed in response to an obsession, or according to certain rules or in a stereotyped fashion." Such compulsive behavior frequently involves rituals. Although such behavior usually involves noncriminal activity such as excessive hand washing or checking that doors are locked, occasionally compulsive ritualism can be part of criminal activity. Certain gamblers or firesetters, for example, are thought by some authorities to be motivated in part through such compulsions. Ritual can also stem from psychotic hallucinations and delusions. A crime can be committed in a precise manner because a voice told the offender to do it that way or because a divine mission required it.

To make this more confusing, cultural, religious, sexual and psychological ritualism can overlap. Some psychotic people are preoccupied with religious delusions and hear the voice of God or Satan telling them to do things of a religious nature. Offenders who feel little, if any, guilt over their crimes may need little justification for their antisocial behavior. As human beings, however, they may have fears, concerns and anxiety over getting away with their criminal acts. It is difficult to pray to God for success in doing things that are against His commandments. A negative spiritual belief system may fulfill their human need for assistance from and belief in a greater power or to deal with their superstitions. Compulsive ritualism (e.g., excessive cleanliness or fear of disease) can be introduced into sexual behavior. Even many "normal" people have a need for order and predictability and therefore may engage in family or work rituals. Under stress or in times of

increase.

Ritualistic crime may fulfill the cultural, spiritual, sexual and psychological needs of an offender. Crimes may be ritualistically motivated or may have ritualistic elements. The ritual behavior may also fulfill basic criminal needs to manipulate victims, get rid of rivals, send a message to enemies and intimidate co-conspirators. The leaders of a group may want to play upon the beliefs and superstitions of those around them and try to convince accomplices and enemies that they—the leaders—have special or "supernatural" powers.

The important point for the criminal investigator is to realize that most ritualistic criminal behavior is not motivated simply by satanic or religious ceremonies. At some conferences, presenters have attempted to make an issue of distinguishing between "ritual," "ritualized" and "ritualistic" abuse of children. These subtle distinctions, however, seem to be of no significant value to the criminal investigator.

What is Ritualistic Abuse of Children?

This is not an easy question to answer. Most people today use the term to refer to abuse of children that is part of some evil spiritual belief system, which almost by definition must be satanic.

Dr. Lawrence Pazder, author of *Michelle Remembers*, defines ritualized abuse of children as "repeated physical, emotional, mental and spiritual assaults combined with a systematic use of symbols and secret ceremonies designed to turn a child against itself, family, society and God." He also states that "the sexual assault has ritualistic meaning and is not for sexual gratification."

This definition may have value for academics, sociologists and therapists, but it creates potential problems for law enforcement. Certain acts engaged in with children (kissing, touching, appearing naked, etc.) may be criminal if performed for sexual gratification. If the ritualistic acts were in fact performed for spiritual indoctrination, potential prosecution can be jeopardized, particularly if the acts can be defended as constitutionally protected religious expression. The mutilation of a baby's genitals for sadistic sexual pleasure is a crime. The circumcision of a baby's genitals for religious reasons is most likely not a crime. The intent of the acts is important for criminal prosecution.

The author has been unable to precisely define ritualistic abuse and prefers not to use the term. It is confusing, misleading and counterproductive. Certain observations, however, are important for investigative understanding.

Not all spiritually motivated ritualistic activity is satanic. Santeria, witchcraft, voodoo and most religious cults are not satanism. In fact, most spiritually or religiously based abuse of children has

physical and psychological rather than sexual in nature. If a distinction needs to be made between satanic and non-satanic child abuse, the indicators for that distinction must be related to specific satanic symbols, artifacts or doctrine, rather than the mere presence of any ritualistic element.

Not all such ritualistic activity with a child is a crime. Almost all parents with religious beliefs indoctrinate their children into that belief system. Is circumcision for religious reasons child abuse? Does having a child kneel on a hard floor reciting the rosary constitute child abuse? Does having a child chant a satanic prayer or attend a black mass constitute child abuse? Does a religious belief in corporal punishment constitute child abuse? Does group care of children in a commune or cult constitute child abuse? Does the fact that any acts in question were performed with parental permission affect the nature of the crime? Many ritualistic acts, whether satanic or not, are simply not crimes.

When a victim describes and investigation corroborates what sounds like ritualistic activity, several possibilities must be considered. The ritualistic activity may be part of the excessive religiosity of a mentally ill, psychotic offender. It may be a misunderstood part of sexual ritualism. The ritualistic activity may be incidental to any real abuse. The offender may be involved in ritualistic activity with a child and also may be abusing a child, but one may have little or nothing to do with the other.

The offender may be deliberately engaging in ritualistic activity with a child as part of child abuse. The motivation, however, may not be to indoctrinate the child into a belief system, but to lower the inhibitions of, to control and manipulate, and/or to confuse the child. In all the turmoil over this issue, it would be a very effective strategy for any child molester to deliberately introduce ritualistic elements to his crime to confuse the child and therefore the criminal justice system.

The ritualistic activity and the child abuse may be integral parts of some spiritual belief system. In that case, the greatest risk is to the children of the practitioners. But this is true of all cults, not just satanic cults. A high potential of abuse exists for any children raised in a group isolated from the mainstream of society, especially if the group has a

charismatic leader whose orders are unquestioned and blindly obeyed by the members. Sex, money and power are most often the main motivations of the leaders of such cults.

Some would answer that it is the offender's spiritual beliefs or membership in a cult or "church." If that is the criteria, why not label the crimes committed by Protestants, Catholics and Jews in the same way? Are the atrocities of Jim Jones, in Guyana, Christian crimes?

Some would answer that it is the presence of certain symbols in the possession or home of the perpetrator.

What does it mean then to find a crucifix, Bible, rosary, etc., in the possession or home of a bank robber, embezzler, child molester or murderer? If different criminals possess the same symbols, are they necessarily part of one big conspiracy?

Others would answer that it is the presence of certain symbols such as pentagrams, inverted crosses and 666 at the crime scene. What does it mean, then, to find a cross spray-painted on a wall or carved into the body of a victim? What does it mean for a perpetrator to leave a Bible tied to his murder victim? What about the possibility that an offender deliberately left such symbols to make it look like a "satanic" crime?

Some would argue that it is the bizarreness or cruelty of the crime: body mutilation, amputation, drinking of blood, eating of flesh, use of urine or feces. Does this mean that all individuals involved in lust murder, sadism, vampirism, cannibalism, urophilia and coprophilia are satanists or occult practitioners? What does this say about the bizarre crimes of psychotic killers such as Ed Gein or Richard Trenton Chase, both of whom mutilated their victims as part of their psychotic delusions?

A few might even answer that it is the fact that the crime was committed on a date with satanic or occult significance (Halloween, May Eve, etc.) or the fact that the perpetrator claims that Satan told him to commit the crime. What does this mean for crimes committed on Thanksgiving or Christmas? What does this say about crimes committed by perpetrators who claim that God or Jesus told them to do it? One note of interest is the fact that in handout and reference material collected by the author, the number of dates with satanic or occult significance ranges from 8 to 110. This is compounded by the fact that it is sometimes stated that satanists can celebrate these holidays on several days on either side of the official date or that the birthdays of practitioners can also be holidays. The exact names and exact dates of the holidays and the meaning of symbols listed may also vary depending on who prepared the material. The handout material is often distributed without identifying the author or documenting the original source of the information. It is then frequently photocopied by attendees and passed on to other police officers with no one really knowing its validity or origin.

...a more crime and child abuse has been committed by zealots in the name of God, Jesus and Mohammed than has ever been committed in the name of Satan.

Most, however, would probably answer that what makes a crime satanic, occult or ritualistic is the motivation for the crime. It is a crime that is spiritually motivated by a religious belief system. How then do we label the following true crimes?

- Parents defy a court order and send their children to an unlicensed Christian school.

- Parents refuse to send their children to any school because they are waiting for the second coming of Christ.

- Parents beat their child to death because he or she will not follow their Christian beliefs.

- Parents violate child labor laws because they believe the Bible requires such work.

- Individuals bomb an abortion clinic or kidnap the doctor because their religious belief system says abortion is murder.

- A child molester reads the Bible to his victims in order to justify his sex acts with them.

- Parents refuse life-saving medical treatment for a child because of their religious beliefs.

- Parents starve and beat their child to death because their minister said the child was possessed by demonic spirits.

Some people would argue that the Christians who committed the above crimes misunderstood and distorted their religion, while satanists who commit crimes are following theirs. But who decides what constitutes a misinterpretation of a religious belief system? The individuals who committed the above-described crimes, however misguided, believed that they were following their religion as they understood it. Religion was and is used to justify such behavior as the Crusades, the Inquisition, Apartheid, segregation, and violence in Northern Ireland, India and Lebanon.

believe? In this country, we cannot even agree on what Christians believe. At many law enforcement conferences, *The Satanic Bible* is used for this, and it is often contrasted or compared with the Christian Bible. *The Satanic Bible* is, in essence, a 150-page paperback book written by one man in 1969. To compare it to a book written by over 30 authors over a period of thousands of years is ridiculous, even ignoring the possibility of divine revelation in the Christian Bible. What satanists believe certainly isn't limited to other peoples' interpretation of a few books. More importantly, it is subject to some degree of interpretation by individual believers, just as Christianity is.

The fact is that far more crime and child abuse has been committed by zealots in the name of God, Jesus and Mohammed than has ever been committed in the name of Satan. Many people don't like that statement, but few can argue with it.

Although defining a crime as satanic, occult or ritualistic would probably involve a combination of the criteria set forth above, the author has been unable to clearly define such a crime. Each potential definition presents a different set of problems when measured against an objective, rational and constitutional perspective. Each offender in a group may have a different motivation for the crime. The author has discovered that the facts of so called "satanic crimes" are often significantly different from what is described at law enforcement training conferences or in the media. The actual involvement of satanism or the occult in these cases usually turns out to be secondary, insignificant or nonexistent.

The Law Enforcement Perspective

The perspective from which one looks at satanic, occult or ritualistic crime is extremely important. Sociologists, therapists, religious leaders, parents and just plain citizens each have their own valid concerns and views about this issue. This discussion, however, will deal only with the law enforcement perspective.

The law enforcement perspective must focus on crime, recognizing that the fact that an activity is "satanic" does not necessarily mean it is a crime or that it is not a legitimate religious practice protected by the First Amendment. Within the personal religious belief system of a law enforcement officer, Christianity may be good and satanism evil. Under the

Constitution, however, both are neutral.

This is an important but difficult concept for many law enforcement officers to accept. They are paid to uphold the Constitution and enforce the penal code, not the Ten Commandments. The apparently increasing numbers of teenagers and some adults dabbling in satanism and the occult may be cause for concern for parents, school officials and society. What law enforcement can or should do about it is another matter entirely. Police interference with free exercise of constitutional rights potentially creates major problems and conflicts.

What is the justification for law enforcement officers giving presentations on satanism and the occult to citizen groups, PTAs or school assemblies? Is it public relations, a safety program or crime prevention? If it is crime prevention, how much crime can be linked to satanic or occult activity, and what do such presentations do to prevent the crime? Law enforcement agencies should carefully consider the legal implications and justification for such presentations. Is the fact that satanism or the occult is or can be a negative influence on some people enough justification for such law enforcement efforts?

When an emotional issue, such as the sexual abuse of children, is combined with an even more emotional issue, such as people's religious beliefs, it is difficult to maintain objectivity and remember the law enforcement perspective. Some police officers may even feel that all crime is caused by evil, all evil is caused by Satan and, therefore, all crime is satanic crime. This may be a valid religious perspective, but it is of no relevance to the investigation of crime for purposes of prosecution.

Many of the police officers who lecture on satanic or occult crime do not even investigate such cases. Their presentations are more a reflection of their personal religious beliefs than documented investigative information. They are absolutely entitled to their beliefs, but introducing themselves as current or former police officers and then speaking as religious advocates causes confusion. As difficult as it might be, police officers must separate the religious and law enforcement perspectives when they are lecturing or investigating in their official capacities as law enforcement officers. Many law enforcement officers begin their presentations by stating that they are not addressing or judging anyone's religious beliefs, and then proceed to do exactly that.

Some police officers have resigned rather than curtail or limit their involvement in this issue as ordered by their

superiors. Perhaps such officers deserve credit for recognizing that they could no longer keep the perspectives separate.

Law enforcement officers who believe that the investigation of satanic/occult crime puts them in conflict with supernatural forces of evil should probably not be assigned to these cases. If, however, such officers must be or are assigned, they will need the power of their own spiritual belief system in order to deal with the superstition and religious implications of these cases. The religious beliefs of officers should provide spiritual strength and support for them, but should not affect the objectivity and professionalism of the investigation.

The law enforcement perspective requires avoiding the paranoia that has crept into this issue and into some of the law enforcement training conferences. Paranoid belief systems are characterized by the gradual development of intricate, complex and elaborate systems of thinking based on and often proceeding logically from misinterpretation of actual events. Paranoia typically involves hypervigilance over the perceived threat, the belief that danger awaits around every corner and the willingness to take up the challenge and do something about it. Another very important aspect of this paranoia is the belief that those who do

Law enforcement officers must be objective fact finders. It is not their job to believe children or other complainants; it is their job to listen.

not recognize the threat are evil and corrupt. In this extreme view, one is either with them or against them.

Concern over satanic crime and ritualistic abuse of children is highly polarizing. After one presentation on this topic, a student wrote in a critique that the author was obviously an "agnostic cultist." Some zealots even use the term "clean" to refer to law enforcement officers who have not been infiltrated by the satanists. If some police officers or military personnel practice satanism or paganism, does that mean that law enforcement and the military have been infiltrated? The word "infiltrated" is used only when talking about an unpopular belief system. Protestants, Catholics and Jews are no longer thought of as "infil-

trating the police and military, but not long ago Jews were thought by many to have done so.

Overzealousness and exaggeration motivated by the religious fervor of those involved in law enforcement training is more acceptable than that motivated by ego or profit. There are those who are deliberately distorting and hyping this issue for personal notoriety and profit. Satanic and occult crime has become a growth industry. Speaking fees, books, video and audio tapes, prevention material and television and radio appearances all bring egoistic and financial rewards.

Law enforcement officers must be objective fact finders. It is not their job to believe children or other complainants. It is their job to listen. The law enforcement perspective can't ignore the lack of physical evidence (no bodies or even hairs, fibers or fluids left by violent murders), the difficulty in successfully committing a large-scale conspiracy crime (the more people involved in any crime conspiracy, the harder it is to get away with it), and human nature (intra-group conflicts resulting in individual self-serving disclosures would be bound to occur in any group involved in organized kidnapping, baby breeding and human sacrifice). If and when members of a destructive cult commit murders, they are bound to make mistakes, leave evidence and eventually make admissions in order to brag about their crimes or to reduce their legal liability. The discovery of the murders in Matamoros, Mexico, in April 1999 and the results of the subsequent investigation are good examples of these dynamics.

Bizarre crime and evil can occur without organized satanic activity. The law enforcement perspective requires that we distinguish between what we know and what we're not sure of.

The facts are

- Some individuals believe in and are involved in satanism and the occult.
- Some of these individuals commit crime.
- Some groups of individuals share these beliefs and involvement in satanism and the occult.
- Some members of these groups commit crime together.

The unanswered questions are

- What is the connection between the belief system and the crimes committed?
- Is there an organized conspiracy of satanic and occult believers responsible for interrelated serious crime (e.g., molestation, murder)?

After all the hype and hysteria is put aside, the realization sets in that most satanic/occult activity involves the commission of no crimes, and that which does

usually involves the commission of relatively minor crimes such as trespassing, vandalism, cruelty to animals or petty thievery. The law enforcement problems most often linked to satanic or occult activity are vandalism, desecration of churches and cemeteries, thefts from churches and cemeteries, teenage gangs, animal mutilations, teenage suicide, child abuse, kidnapping, and murder and human sacrifice.

Valid evidence shows some "connection" between satanism and the occult and the first six problems set forth above. The "connection" to the last three problems is far more uncertain.

Even where there seems to be a "connection," the nature of the connection needs to be explored. It is easy to blame involvement in satanism and the occult for behaviors that have complex motivations. A teenager's excessive involvement in satanism and the occult is usually a *symptom* of a problem and not the *cause* of a problem. Blaming satanism for a teenager's vandalism, theft, suicide or even act of murder is like blaming a criminal's offenses on his tattoos: both are often signs of the same rebelliousness and lack of self-esteem that contribute to the commission of crimes.

The law enforcement investigator must objectively evaluate the legal significance of any criminal's spiritual beliefs. In most cases, including those involving satanists, it will have little or no legal significance. If a crime is committed as part of a spiritual belief system, it should make no difference which belief system it is. The crime is the same whether a child is abused or murdered as part of a Christian, Hare Krishna, Moslem or any other belief system. Crimes generally are not labeled with the name of the perpetrator's religion. Why then are the crimes of child molesters, rapists, sadists and murderers who happen to be involved in satanism and the occult labeled as satanic or occult crimes? If criminals use a spiritual belief system to rationalize and justify or to facilitate and enhance their criminal activity, should the focus of law enforcement be on the belief system or on the criminal activity?

Several documented murders have been committed by individuals involved in one way or another in satanism or the occult. In some of these murders, the perpetrator has even introduced elements of the occult (e.g., satanic symbols at the crime scene). Does that automatically make these satanic murders? It is the author's opinion that the answer is no. Ritualistic murders committed by serial killers or sexual sadists are not necessarily satanic or occult murders. Ritualistic murders committed by psy-

no more satanic murders than murders committed by psychotic killers who hear the voice of Jesus are Christian murders.

Rather, a satanic murder can be defined as one committed by two or more individuals who rationally plan the crime and whose primary motivation is to fulfill a prescribed satanic ritual calling for the murder. By this definition, the author has been unable to identify even one documented satanic murder in the United States. Although such murders may have and can occur, they appear to be few in number. In addition, the commission of such killings would probably be the beginning of the end for such a group. It is highly unlikely that they could continue to kill several people every year, year after year, and not be discovered.

A brief typology of satanic and occult practitioners is helpful in evaluating what relationship, if any, such practices have to crimes under investigation. The following typology is adapted from the investigative experience of Officer Sandi Gallant of the San Francisco Police Department, who began to study the criminal aspects of occult activity long before it became popular. No typology is perfect, but the author uses this typology because it is simple and offers investigative insights. Most practitioners fall into one of three categories, any of which can be practiced alone or in groups.

1. *Youth Subculture.* Most teenagers involved in fantasy role-playing games, heavy metal music or satanism and the occult are going through a stage of adolescent development and commit no significant crimes. The teenagers who have more serious problems are usually those from dysfunctional families or those who have poor communication within their families. These troubled teenagers turn to satanism and the occult to overcome a sense of alienation, to obtain power or to justify their antisocial behavior. For these teenagers, it is the symbolism, not the spirituality, that is important. It is either the psychopathic or the oddball, loner teenager who is most likely to get into serious trouble. Extreme involvement in the occult is a symptom of a problem, not the cause. This is not to deny, however, that satanism and the occult are negative influences for a troubled teenager. But to hysterically warn teenagers to avoid this "mysterious, powerful and dangerous" thing called satanism will drive many teenagers right to it. Some rebellious teenagers will do whatever will most shock and outrage society in order to flaunt their rejection of adult norms.

2. *Dabblers (Self-styled).* For these practitioners, there is little or no spiritual motivation. They mix satanism, witchcraft and paganism. Symbols mean what-

ever they want it to mean. Molesters, rapists, drug dealers and murderers may dabble in the occult and may commit their crimes in a ceremonial or ritualistic way. This category has the potential to be the most dangerous, and most of the "satanic" killers fall into this category. Their involvement in satanism and the occult is a symptom of a problem and a rationalization and justification of antisocial behavior. Satanic/occult practices (as well as those of other spiritual belief systems) can be used as a mechanism to facilitate criminal objectives.

3. *Traditional (Orthodox, Multigenerational)*. These are the true believers. They are usually wary of outsiders. Because of this and constitutional issues, such groups are difficult for law enforcement to penetrate. Although there is much we don't know about these groups, as of now there is little or no hard evidence that they are involved in serious, organized criminal activity. In addition, instead of being self-perpetuating master crime conspirators, true believers probably have a similar problem with their teenagers rebelling against their belief system.

Many police officers ask what to look for during the search of the scene of suspected satanic activity. The answer is simple: look for evidence of a crime. A pentagram is no more criminally significant than a crucifix unless it corroborates a crime or a criminal conspiracy. If a victim's description of the location or the instruments of the crime includes a pentagram, then the pentagram would be evidence. But the same would be true if the description included a crucifix.

There is no way any one law enforcement officer can become knowledgeable about all the symbols and rituals of every spiritual belief system that might become part of a criminal investigation. The officer needs only to be trained to recognize the possible investigative significance of such signs, symbols and rituals. Knowledgeable religious scholars, academics and other true experts in the community can be consulted if a more detailed analysis is necessary. Any analysis, however, may have only limited application, especially to cases involving teenagers, dabblers and other self-styled practitioners. The fact is, signs, symbols and rituals can mean anything that practitioners want them to mean *and/or* anything that observers interpret them to mean. The meaning of symbols can also change over time, place and circumstance. Is a swastika spray-painted on a wall an ancient symbol of prosperity and good fortune, a recent symbol of Nazism and anti-Semitism, or a current symbol of paranoia and adolescent defiance? The peace sign, which in the 1960s was a familiar antiwar symbol, is now supposed to be a satanic symbol.

Despite what is sometimes said or suggested at law enforcement training conferences, police have no authority to seize any satanic or occult paraphernalia they might see during a search. A legally valid reason must exist for doing so. It is not the job of law enforcement to

prevent satanists from engaging in noncriminal teaching, rituals or other activities.

Conclusions

There must be a middle ground in this issue. Concern about satanic or occult activity should not be a big joke limited to religious fanatics. On the other hand, law enforcement is not now locked in a life-and-death struggle against the supernatural forces of ancient evil. Law enforcement officers need to know something about satanism and the occult in order to properly evaluate their possible connections to and motivations for criminal activity. They must know when and how beliefs, symbols and paraphernalia can be used to corroborate criminal activity. From a community relations perspective, they must also learn to respect spiritual beliefs that may be different or unpopular but not illegal. The focus must be on the objective investigation of violations of criminal statutes.

Until hard evidence is obtained and corroborated, the American people should not be frightened into believing that babies are being bred and eaten, that 50,000 missing children are being murdered in human sacrifices or that satanists are taking over America's day care centers. No one can prove with absolute certainty that such activity has not occurred. However, the burden of proof, as it would be in a criminal prosecution, is on those who claim that it *has* occurred. As law enforcement agencies evaluate and decide what they can or should do about satanic and occult activity in their communities, they might also consider how to deal with the hype and hysteria of the "anti-satanists." The overreaction to the problem can clearly be worse than the problem. An unjustified crusade against those perceived as satanists could result in wasted resources, unwarranted damage to reputations and disruption of civil liberties.

In general, the law enforcement perspective can best be maintained by investigators repeatedly asking themselves what they would do if the acts in question were part of Protestant, Catholic or Jewish activity. If a law enforcement agency wants to evaluate the group spiritual framework within which a crime is committed, it is more appropriate, accurate and objective to refer to such crimes as cult crimes rather than as satanic, occult or ritualistic crimes. The "Sects, Cults and Deviant Movements" seminar put on by the Institute of Police Technology and Management at the University of North Florida in Jacksonville, Florida, is a good example of this more objective, broad-based approach. Satanic cults have no more law enforcement significance than many other potentially destructive cults that exist in this country. ★

FBI's Lanning sides with Satan, says former top bureau official

Former FBI official Ted Gunderson, in an interview to *EIR* editors Jeffrey Steinberg and Carol White, warned about the spreading plague of satanism and satanic-related crime and sharply criticized the bureau for covering up the crisis. A full text of the interview will be published in the July 1990 issue of *EIR*'s counterintelligence newsletter *Investigative Leads*.

Prior to his retirement from the FBI on March 30, 1979, Gunderson had spent 28 years with the bureau, ending his career as the senior special agent-in-charge of the Los Angeles Field Division, directing 700 employees and an annual budget of \$22.5 million. Immediately following his retirement, he was appointed by then-Attorney General Griffin Bell to direct the security arrangements for the Pan-American Games in San Juan, Puerto Rico. Returning to Los Angeles, he set up a private firm, International Security Consultants.

Among the first investigations Gunderson undertook with ISC involved a former Green Beret officer, Dr. Jeffrey McDonald, who was accused of murdering his wife and children in Fayetteville, North Carolina in 1970. McDonald contends that his family was murdered by a satanic cult similar to the Manson Family, which had carried out their grisly murders on the West Coast just months before the McDonald murders.

As the result of his work for attorneys representing Dr. McDonald, Gunderson became increasingly aware of the existence of a nationwide satanic underworld engaged in drug trafficking, pornography, ritualistic murders, and other crimes. For the last decade, Gunderson has developed an expertise in the field. More recently he has been involved in investigating alleged ritualistic sexual abuse of students at the McMartin Day School in Manhattan Beach, California, and similar allegations of satanic cult-related crimes in Washington State. (In the McMartin case, a jury acquitted the two defendants on 52 counts of the indictment in January 1990, but failed to reach a verdict on 13 of the counts; a second trial is expected to take place on those charges.) In 1983, Gunderson, along with investigative journalist Maury Terry, author of *The Ultimate Evil*, helped develop critical evidence in the ritualistic murder of Broadway impresario Roy Radin.

Gunderson has appeared on nationwide television shows,

including the Geraldo Rivera show, probing the satanic crime threat. He has recently written a book-length guide for locating missing persons, titled *How To Locate Anyone Anywhere Without Leaving Home*, which is available from Ted L. Gunderson Associates, P.O. Box 5080, Long Beach, California 90805 for \$10, shipping and handling included.

The FBI suppressed evidence

In his interview with *EIR*, Gunderson was particularly critical of the role that his former agency has played in recent years in suppressing evidence of a burgeoning nationwide satanic criminal structure. He focused much of his harshest criticism on FBI Special Agent Kenneth Lanning, the current head of the bureau's Behavioral Science unit at the FBI Training Academy in Quantico, Virginia.

Since the discovery of a satanic burial site on a drug plantation near Matamoros, Mexico last spring, Lanning has written a number of articles denying the existence of a satanic problem in the United States, blaming the widespread concern over ritualistic crimes on religious fundamentalists, overzealous investigators, and quacks. Two of Lanning's harshest attacks on the idea of satanic ritualistic crimes appeared in the October 1989 issue of *Police Chief* magazine and in a special report published in December 1989 by the National Center For Missing and Exploited Children. Lanning has written that more people have been killed in the names of Jesus and Mohammed than in the name of Satan.

To which Gunderson responds:

"In my opinion, other than Aleister Crowley, Anton LaVey, and Michael Aquino [all well-known satanists active in the United States this century], Ken Lanning is probably the most effective and foremost speaker for the satanic movement in this country, today or any time in the past."

Based on his own experiences probing the McDonald, McMartin, and other cases, Gunderson is certain that a nationwide satanic underground exists in the United States.

"My investigations over a 10-year period have led me to the exact opposite conclusions than those of Ken Lanning. There is every indication that there is a loose-knit satanic cult network operating in the U.S. It is probably a combination

of: a high-level group of people linked to kiddy porn, prostitution, drug trafficking and other criminal activity internationally. This more organized structure filters down to independent groups of satanists probably not tied directly to the first network. These local groups also engage in drug trafficking, ritualistic activities like animal and human sacrifices. And below them, we encounter high school-age kids who go to the occult shops and buy the satanic literature and set up their own local independent groups. From hundreds of interviews that I have personally conducted in every part of the country, I encounter a persistent pattern everywhere. All the stories fit the same mold: animal and baby sacrifices, the use of candles and other ritualistic props, robes, chanting, etc. All of these victim-survivors, from children to adults, are all telling the same basic story.

"In the McMartin case, for example, before any criminal charges were filed against anyone, 460 complaints were filed with the Manhattan Beach police. Are we to believe that 460 families fed their children the same story of ritualistic sexual abuse, animal sacrifices, etc.? This is a suburban, affluent area, middle class and up—not the kind of people inclined toward the belief in satanic conspiracies."

How many children are really missing?

Gunderson attacked Lanning's recent claims that the number of documented cases of missing children in the United States last year was under 100, with the majority of those cases being teenagers fleeing rotten home environments:

"The FBI has an accurate count of the number of automobiles stolen every year. It knows the number of homicides, rapes, and robberies. But the FBI has no idea of the number of children who disappear every year. They simply do not ask for the statistics. Every month every major police department in the United States files its uniform crime statistics with the FBI. It would be simple for the bureau to add one more column to the statistics and get a breakdown of every reported case of missing children. But they don't do it. They have no scientific basis for making any estimates about the number of missing children—not to even mention children who are kidnaped for ritualistic purposes and, in some cases, murdered. I am convinced that the FBI does not ask for these statistics because they do not want to see them. They would be confronted with an instant public outcry for action, because the figures would show a major social problem. That problem would demand action.

"Up until several years ago, there was a built-in prejudice among even local police and prosecutors against investigating ritualistic crimes. I have interviewed parents who went to the police with detailed accounts from their children having been sexually abused. As soon as the investigations began to get into areas of ritualistic activities the probes would be shut down. I don't think that this was due to satanist penetration of law enforcement in every instance. I think that there was a built-in prejudice.

"Fortunately, in the past few years, a number of local police investigators in different parts of the country have seriously taken up the issue of satanic crime. In some cases, these officers have developed their expertise on their own time. Now, however, local police are more conscious of the growing menace represented by satanic related crime, ritualistic violence, etc. But the problem is national. Many of the crimes we are talking about—interstate transporting of pornographic material, kidnaping, interstate drug trafficking, etc.—are federal crimes. A federal clearing house for intelligence on satanic-related crime is urgently needed.

"I have evidence chiseled in stone showing that the U.S. Army and the Department of Justice covered up that satanic angle and framed up Dr. McDonald. The McDonald case could have exposed a major heroin-smuggling operation out of Vietnam involving highly placed Army officials running drugs into the U.S. in the body cavities of dead GIs."

Rather than creating such a capability to assist the work being done by local police and many private groups, the FBI is consciously attempting to bury the entire issue and drive local police into dropping their own efforts.

"I am convinced that we are confronted with a serious satanic penetration of every level of society, government at every level.

"I was first exposed to this problem of penetration when I investigated the McDonald case. Within 10 months of being hired, I had obtained a signed affidavit from Helene Stokeley, a member of the satanic cult that carried out the murders of the McDonald family. Yet an overzealous prosecutor ignored that evidence and proceeded to prosecute Dr. McDonald. I have evidence chiseled in stone showing that the U.S. Army and the Department of Justice covered up that satanic angle and framed up Dr. McDonald. Why? Among other things the McDonald case could have exposed a major heroin-smuggling operation out of Vietnam involving highly placed Army officials running drugs into the U.S. in the body cavities of dead American GIs—green body bags loaded with heroin. Elements of this story even came out publicly in the Jan. 1, 1973 issue of *Time* magazine. But that was just the tip of the iceberg. When the McDonald case goes into a retrial—as I am confident it will—there will be definite information about the cover-up—the drug angle and the corruption of the prosecution."

SEATTLE POLICE DEPARTMENT MEMORANDUM

TO: VICE SECTION PERSONNEL

DATE 1-24-89

FROM: Captain P.A. Munter *PAM*

PAGE 1 OF 1

SUBJECT: Information on Satanism - CONFIDENTIAL

It has come to my attention that some time ago the Vice Section became involved in an investigation that had "Satanic" (devil worship) overtones. That investigation has since been closed and the file has been sent to the Criminal Information Section (Intelligence) for storage, etc.

Be advised that effective immediately:

1. Vice Section Personnel are not to seek or accept the role of "Department Expert" on the subject of Satanism;
2. No files, books, pictures, or other printed material are to be kept on the subject;
3. Any Satanic information that comes to our attention as part of a legitimate prostitution, sexual abuse of children, or other case will be promptly and thoroughly screened with a supervisor;
4. Any other Satanic type information that comes to our attention will be promptly forwarded to the Criminal Information Section for their review, screening and/or filing.

The type of information at issue is specifically regulated by City Ordinance SMC 14.12 (The "Intelligence Ordinance" - See Your SMC/RCW green binder).

Criminal Information Section Personnel are trained and experienced at handling the many and specific provisions of the ordinance. They are available to assist us if this type of information becomes a question during the course of a Vice Investigation.

See me or a supervisor if you have any questions about this directive.

cc: Major B.A. Thompson
Lt. Adams, C.I.S.
Leo Poort
All Vice Section Personnel

4/4/99

Obituaries

CIA's Gottlieb Ran LSD Mind Control Testing

■ Scientist, who died at 80, oversaw invention of devices for assassination and gave 'acid' to human guinea pigs.

By ELAINE WOO
TIMES STAFF WRITER

James Bond had Q, the scientific wizard who supplied 007 with dazzling gadgets to deploy against enemy agents. The Central Intelligence Agency had Sidney Gottlieb, a Bronx-born biochemist with a PhD from Caltech whose job as head of the agency's technical services division was to concoct the tools of espionage: disappearing inks, poison darts, toxic handkerchiefs.

Gottlieb once mailed a lethal handkerchief to an Iraqi colonel and personally ferried deadly bacteria to the Congo to kill Prime Minister Patrice Lumumba. It wasn't his potions that eventually did in the two targets, but Gottlieb, once described by a colleague as the ultimate "good soldier," soldiered on.

Poisons and darts were not his sole preoccupation during 22 years with the CIA. He labored for years on a project to unlock and control the mysterious powers of lysergic acid diethylamide, or LSD. Could it be a potent spy weapon to weaken the minds of unwilling targets?

In the 1950s and 1960s, answering that question was one of Gottlieb's missions in MKULTRA, the code name for the agency's secret experiments to probe the effects of mind-altering drugs. Chief among them was LSD, discovered by Dr. Albert Hofman, a Swiss chemist, in 1943.

By the early 1950s, the CIA, fearful of LSD falling into Soviet hands, had cornered the market on the drug, which in minute doses could produce overwhelming sensations ranging from kaleidoscopic acuity to temporary insanity. The agency also started to fund research, covertly funneling hundreds of thousands of dollars to academics in prestigious institutions around the country who tried the drug themselves and reported the results to Gottlieb.



Associated Press

Sidney Gottlieb in 1977.

Gottlieb and his associates in MKULTRA also took LSD "trips," although the concept of tripping would not enter the American lexicon for another decade. They laced coffee with LSD and served it to each other without warning, then observed each other's reactions. Later Gottlieb expanded the field tests to subjects outside the agency—drug addicts, prostitutes, prisoners, mental patients—people who were unlikely to complain and even less likely to be believed if they did. Among the dosed were hookers and their clients in a CIA-sponsored brothel in San Francisco, later the epicenter of the LSD explosion.

One human guinea pig was subjected to an astounding 77-day trip. Some subjects suffered chronic mental problems after being dosed. One person—an Army germ warfare researcher—sank into dark depression and paranoia, leaping to his death from the 10th floor of a New York hotel several days after being slipped an LSD Mickey Finn at a CIA retreat. The CIA covered up its role in his demise for two decades, and barely reprimanded Gottlieb.

In the early 1960s, Gottlieb was promoted to the highest deputy post in the technical services operation. By 1967, he had risen to the top of the division, guided by his longtime CIA mentor, Director Richard Helms. At that time, LSD

was not a secret anymore. While the CIA was still examining the drug's possibilities as a means of mind control, many young Americans were dropping the hallucinogen as a vehicle of mind expansion and recreation. America was tuning in, turning on and dropping out, thanks, in part, to the CIA's activism in the '50s in the name of national security.

It was not until 1972 that Gottlieb called a halt to the experiments with psychedelics, concluding in a memo that they were "too unpredictable in their effects on individual human beings . . . to be operationally useful."

He retired the same year, spending the next few decades in eclectic pursuits that defied the stereotype of the spy. He went to India with his wife to volunteer at a hospital for lepers. A stutterer since childhood, he got a master's degree in speech therapy. He raised goats on a Virginia farm. And he practiced folk dancing, a lifelong passion despite the handicap of a clubfoot.

A malignant, real-life Q, or an eccentric genius whose intentions were honorable and just?

Gottlieb led the agency in 149 mind control experiments, of which about 25 were conducted on unwitting subjects. According to the survivor of one victim, the way Gottlieb duped American citizens was nothing but despicable.

Less black and white in his assessment is John Marks, author of the definitive book on the CIA's mind control programs, "The Search for the Manchurian Candidate." Marks sees Gottlieb as an unabashed patriot who nonetheless "crossed the same ethical lines we hanged German doctors in World War II for."

There is also the view of former CIA psychologist John Gittinger, who says his close friend was a gentle man whose actions were widely misunderstood. The agency's LSD experiments bloomed in the era of Josef Stalin and Sen. Joseph McCarthy, and "during that time of Cold War," Gittinger said recently from his home in Norman, Okla., "the attitude we had and the agency had was we were still fighting a war. And when you are fighting a war, you do things you might not ordinarily do."

Gottlieb died on March 7 in Washington, Va. He was 80. His family did not divulge the cause of his death.

JAN 7, 1999

Louis J. West; Psychiatrist, Rights Activist

By MYRNA OLIVER
TIMES STAFF WRITER

Dr. Louis Jolyon "Jolly" West, an internationally known psychiatrist, civil rights activist and expert on alcoholism, drug abuse and cults, has died. He was 74.

West, who headed the department of psychiatry and the Neuropsychiatric Institute at UCLA for 20 years, died Saturday of cancer at his Los Angeles home.

Although he partially retired in 1989, West had remained active in research and mentoring students. He was frequently sought out by the news media to offer insight into such cults as Heaven's Gate, which staged a mass suicide in San Diego County in 1997.

West also served frequently as a court-appointed expert psychiatrist. He examined such defendants as Jack Ruby—killer of President John F. Kennedy's assassin, Lee Harvey Oswald—and Patricia Hearst, the Symbionese Liberation Army kidnapping victim turned bank robber.

Ruby, West said, suffered from "major mental illness apparently precipitated by the stress of [his] trial and its aftermath." West's opinion forestalled Ruby's death sentence, and the convicted murderer died of cancer in prison.

West was one of four psychiatrists named to examine Hearst before her 1976 trial in San Francisco. The panel found her sane and able to stand trial but, in West's words, "psychologically damaged as a result of torture by the SLA."

The doctors urged that she be treated for mental illness before the trial, a recommendation ignored by the court. West said in a San Diego speech after her conviction: "The government finished the destruction of her life started by an anti-government group." President Jimmy Carter commuted Hearst's prison sentence in 1979.

West studied torture and brainwashing during the Korean War.



Los Angeles Times

Dr. Louis Jolyon West in 1983

when he was an Air Force doctor at Lackland Air Force Base in Texas. Asked to determine why American prisoners of war had falsely confessed to engaging in germ warfare, West determined that guilt could be instilled by solitary confinement and prolonged sleeplessness as well as by physical abuse.

He continued his studies of brainwashing over the years, along with his work in post-traumatic stress syndrome, alcohol and drug abuse, pain, sleep problems, dreams and hypnosis.

"What happens in coerced confinement," West once told The Times, explaining the behavior of cult members and kidnapping victims, "can be called the three Ds—debility, dread and dependency. A prisoner is debilitated by inactivity, by sleep loss or, worse, by physical harm. He is filled with dread by constant threats of pain or death or harm to his family. He is rendered completely dependent upon his captors for information, food, shelter, life."

Always active in civil rights, from the American South to South Africa, West was the first white psychiatrist to go to South Africa to testify on behalf of black prisoners—and Afrikaner Auret Van Heerden—during the attempt to end apartheid. In 1966 he was a member of the White House Conference on Civil Rights, and he worked for years to abolish capital punishment.

"Everybody makes a difference," West said about activism while speaking to The Times in 1985. "You can fight city hall. You can change the world. It might not seem like much of a change at the time, but you have the power as an individual to do a great deal."

Born to Russian Jewish immigrants in Madison, Wis., West grew up in poverty. But his mother, who gave him the middle name Jolyon after reading "The Forsyte Saga," convinced him that he was destined to do great things.

West studied at the University of Wisconsin and enlisted in the Army during World War II, determined to fight Hitler. Instead, the Army sent him to study medicine, a profession he had never considered, at the University of Iowa. He completed his training at the University of Minnesota.

West was named head of psychiatry at the University of Oklahoma School of Medicine in 1954 and remained there until he was hired by UCLA 15 years later. In 1974, Oklahoma named its university facility for alcohol-related studies the Louis Jolyon West House.

He served as director of the American Assembly on Public Policy Issues Related to Alcohol Abuse and Alcoholism in 1984 in New York and edited its report. He also headed UCLA's Alcohol Research Center.

West wrote several books and scores of articles on psychiatry, was a trustee of the American Psychiatric Assn. and served as a consultant

Please see WEST, A19

WEST

Continued from A18
to the Air Force, the space (the U.S. Information Agency, Aerospace Medical Center, other government organizations). Among his many honors were Leo J. Ryan Award from National Cult Awareness Network. Survivors include his wife, more than 60 years, Kathryn Kirk West, a son, John, two daughters, Anne West and Mary West, and a sister, Nancy West of St. Paul, Minn.

Funeral services will be pre-



FINDERS



An Actual treasury department report describing a world wide network of child kidnappers involved in Satanism and sexual exploitation of children. See how the CIA has covered it all up under National Security.

YOU MUST READ THIS!!
Your Own Children are at stake!!

MISSING: 100,000 Children a Year

The figures are estimates. But the few known facts are appalling: thousands are murdered annually, the number of missing children is rising and *no one* is keeping an accurate count

Condensed from KIWANIS MAGAZINE
GARY TURBAK

ABOUT 8:30 A.M. on January 7, 1980, Katheleen Mancil drove her daughter Marian Batson to school in Inverness, Fla. "See you tonight," Katheleen called

about 25 miles from the school. She had joined the swelling ranks of children simply labeled MISSING. Sheila and Katherine Lyon, ages 13 and 11, journeyed to a suburban



1. Jason Manuel Tomassi, W. Va., Missing: 1016179 Age: 1; 2. David Marcus Tomassi, W. Va., Missing: 1016179 Age: 2; 3. Rene Dawn Wild, Pa., Missing: 815178 Age: 8; 4. Matthew Lawrence Lopez, Colo., Missing: 3117181 Age: 6; 5. Adrian Van Tibon, R.I., Missing: 3127181 Age: 7;

as the petite, blue-eyed 16-year-old stepped from the car.

But she did not see Marian that night. Or the next. Or the next.

No one remembers seeing Marian after she left her mother's car. The day after her disappearance, her purse was found in a trash can

shopping center on March 25, 1975, and were never seen again. In early October 1980, two-year-old Brandy Barlow vanished from her front yard. The list goes on.

Probably the most publicized missing-child case of late has been that of six-year-old Etan Patz. On

May 25, 1979, Etan walked alone for the first time to his Manhattan school-bus stop and has not been seen since. Methodical searches with bloodhounds, helicopters, psychics, and phalanxes of police have failed to turn up any clues.

These are not isolated cases. Everyone close to the missing-child problem agrees that it is a large one—and growing. Statistics, however, are tough to come by. Boundaries between runaways, parental kidnap victims and children stolen by strangers tend to blur.

The best estimates are that about a million American youngsters leave home each year, with 90 percent returning in two weeks. Approximately 100,000 children are thus unaccounted for. Add another

Yet no single U.S. agency concerns itself exclusively with missing children on a national scale. Automobiles, handguns and silverware can be registered, traced and recovered more easily than children. "Our priorities are mixed up," says Ken Wooden, director of the National Coalition for Children's Justice. "If someone steals a car, he can be traced and caught because we have a computer system for tracing stolen cars. But children apparently aren't that important to us."

Each missing-child case has its own poignant drama and irony. In July 1976, 12-year-old Dee Scofield disappeared while running an errand at a Florida shopping center. Two days later, a classmate reportedly saw Dee looking out a van



6. Tamara Farrow Buck, Minn., Missing: 214181 Age: 5; 7. Jamie Marie Duke, Mo., Missing: 2122181 Age: 5; 8. Ryan Nicole Burton, Texas, Missing: 916181 Age: 3; 9. Kristie Michelle Morris, Ala., Missing: 5115181 Age: 5; 10. Rebecca Ruth Chipps, N.J., Missing: 911178 Age: 4;

25,000 to 100,000 stolen by divorced or separated parents, and the total becomes significant. "Kids who just disappear present a big problem that people had better start opening their eyes to," says Det. Sgt. Dick Ruffino of the Bergen County, New Jersey, Sheriff's Office.

window, desperately forming the word "help" over and over with her lips. Dee Scofield has never been found.

On October 18, 1981, Jimmy Rogers, 14, left his Hanson, Mass., home for a friend's house. He may have hitched a ride. He has not

been seen or heard from since.

"Child snatching, kidnapping and the ugly things that happen to these kids are so horrendous that people refuse to deal with them," explains Stan Patz, father of missing Etan. "Trying to handle cases like ours on a local level is a tremendous impediment. We need a centralized, national clearinghouse with information about which children are missing and how they can be identified."

But most cases fall to local police, against whom some parents of missing children raise a litany of complaints. Because so many children do run away from home, police label most missing kids runaways. And unless the child is very young or evidence of foul play exists, police

course, occurs when the child is not a runaway and could possibly have been helped if immediate action had been taken.

On the morning after Christmas, 1974, 13-year-old Janna Hanson went to a friend's house. A short time later, Doreen Hanson drove by to pick up her daughter; Janna wasn't there. Doreen immediately went to the police, but they wouldn't search for 24 hours.

When police did finally begin an investigation, it was too late. Janna's body was found after several months, and evidence indicated she had been murdered on December 26.

Parents also complain bitterly about the FBI's refusal to help find missing children. The FBI becomes involved in a missing-child case



11. Shannon E. Zelber, N.Y., Missing: 111182 Age: 11; 12. Michelle Lee Oglesby, Calif., Missing: 10122181 Age: 10; 13. Tamela Lynn Hall, W.Va., Missing: 11112180 Age: 9; 14. Taj Narbonne, Mass., Missing: 3131181 Age: 9; 15. Etan Patz, N.Y., Missing: 5125179 Age: 6;

commonly will not act on a missing-child report for 24 hours. The reason: sheer work volume. A surfeit of violent crimes—most with injured victims and plenty of evidence—takes priority over the "maybe" crime of a missing youngster.

The heart-rending tragedy, of

only when there's proof of a kidnapping—such as a ransom note—or evidence that the child was taken across state lines.

"The first-time disappearance of a minor should be prima facie evidence that a kidnapping has taken place," says John Clinkscales, whose

son Kyle disappeared six years ago. "The FBI could then become immediately involved, and there might be a chance of finding some of these children. We need help."

And answers. Parents always ask the inevitable: *Why? Why would someone steal a child? Why my child?* There are many answers, yet no answers.

A million couples a year divorce in the United States, and many of these cases result in child snatchings. For love, hate, spite or revenge, one parent steals a child from the other.

In December 1974, Gloria Yerkovich said good-bye to her four-year-old Joanna as the girl left to spend the weekend with her father. She didn't want to go, but

school, grow up and lead a more or less normal life.

When a stranger steals a child, anything can happen. Parents of missing children hope that their child will end up in a loving, caring family, perhaps through black-market adoption. The cruel truth is that a missing child stands a fair chance of being murdered. Each year an estimated 2500 children in the United States disappear and later are found murdered.

While the abduction and murder of a child is a senseless, psychotic act, many children are used for much more calculated reasons. Says Ken Wooden, "Kids are constantly being sought for the lucrative child-prostitution business. Most police departments and public officials

aren't doing anything about it."

If fear about what may be happening to a missing child is the parents' primary emotion, frustration is the second. Of-



16. Sabrina Raynell Drake, Okla., Missing: 8/15/80 Age: 6;
 17. Tommy (Landau) Perlstein, N.Y., Missing: 12/26/81 Age: 9;
 18. Marian Wavie Batson, Fla., Missing: 1/7/80 Age: 16;
 19. James W. Rogers, Mass., Missing: 10/18/81 Age: 14.

a court order had said she must.

Joanna never returned. The separation that was to last a weekend has stretched to 7½ years.

Despicable as parental kidnapping is, these children may be more fortunate than others. At least there's a chance they will go to

ten, little more is done once local police exhaust all leads. Teleprinted missing-child reports from one city do not carry a high priority in another. Verbal descriptions alone are often useless.

Out of desperation, parents turn to posting fliers and driving by

parks and other areas frequented by children. "It's a totally helpless feeling," says Stan Patz. "There's just nothing more we can do."

In the past few years, however, various groups have been formed—usually by parents or relatives of missing children—to advise and comfort distraught parents. One such organization is Child Find, Inc., Box 277, New Paltz, N.Y. 12561. It maintains a toll-free number (800-431-5005) to be used by children searching for their parents or parents trying to identify missing children. Another organization is SEARCH, which publishes *The National Runaway/Missing Persons Report*, a magazine containing photos, descriptions and personal data that can help identify the missing. The report is distributed about every three months to 22,000 agencies and individuals in law enforcement, security, medicine and social service. SEARCH's address is 560 Sylvan Ave., Englewood Cliffs, N. J. 07632. (All correspondence should include a stamped, self-addressed envelope.) Phone: 201-567-4040.

But such efforts are not likely to solve the problem overnight. At present, hope is a parent's most sustaining weapon.

For some families, that hope does not cease even after a child's body is found. Says Doreen Hanson: "After our daughter's remains were discovered, we still kept searching, at least in our minds. For weeks after, I would see a girl on the street who resembled my daughter and I would hope in my heart that it was Janna.

"No one on the outside can understand the trauma taking place in a family that has a child missing. The frustration, the not knowing, the agony are beyond explanation."

If you have information regarding children Nos. 1-17, contact Child Find, Inc. (800-431-5005); No. 18, contact Dee Scofield Awareness Program, Inc. (813-839-5025 or 813-681-4357); No. 19, Hanson, Mass., Police Dept. (617-294-8081).

→ For information on reprints of this article, see page 199 ←



The following organizations are also interested in the missing-child problem:

Find Me Inc., P.O. Box 1612, LaGrange, Ga. 30241; National Coalition for Children's Justice, 1214 Evergreen Rd., Yardley, Pa. 19067; Dee Scofield Awareness Program, Inc., 4418 Bay Court Ave., Tampa, Fla. 33611; Family and Friends of Missing Persons and Violent Crime Victims, P.O. Box 21444, Seattle, Wash. 98111

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE

REPORT OF INVESTIGATION

4700-01 (37), P&PM (Special Agent Memorandum)

1. TECS ACCESS CODE	C-3		
2. PAGE	1	PAGES	OF 3
3. CASE NUMBER			

TITLE

"FINDERS"

CASE STATUS		<input type="checkbox"/> Initial Report	<input type="checkbox"/> Interim Report	<input type="checkbox"/> Disc. Finding	<input checked="" type="checkbox"/> Open & Close	<input type="checkbox"/> Index & File	<input type="checkbox"/> Closing Report
REPORT DATE	7. DATE ASSIGNED	8. CLASS	9. PROGRAM CODE	10. REPORT NO			
021287	021287	II	700	one			
RELATED CASE FILE NUMBERS							

UNDEVELOPED LEADS TO
None

TYPE OF REPORT					
<input type="checkbox"/> Tort	<input type="checkbox"/> Search Warrant Executions	<input type="checkbox"/> Penalty Case Report	<input type="checkbox"/> Memorandum of Interview	<input type="checkbox"/> Initial Source Documentation	<input type="checkbox"/> Source Debrief
<input type="checkbox"/> Investigative Findings	<input type="checkbox"/> Subpoena Service	<input type="checkbox"/> Surveillance Report	<input type="checkbox"/> Background	<input type="checkbox"/> Request for Confidential	<input checked="" type="checkbox"/> Other assistance to local LE

SYNOPSIS

This office was contacted by the Tallahassee Police Department on February 5, 1987, who requested assistance in attempting to identify two adult males and six minor children, all taken into custody the previous day. The men, arrested and charged with multiple counts of child abuse, were being very evasive with police in the questions being asked of them pursuant the children and their condition.

This agent contacted SS/A, Bob Harrold, RAC/Reston, Virginia, and requested telephone numbers and names of police persons in area police departments in an attempt to follow-up on two leads which were a Virginia license number and that the children had commented about living in a Washington, D.C., commune.

Subsequently, this office received a telephone call from the Washington, D.C. Metropolitan Police Department inquiring about the men and children. This office put the MPD and the TPD in contact with each other.

15. DISTRIBUTION		16. SIGNATURE (Type Name & Title)		19. TELEPHONE NUMBER	
SAC/RAC	RAC/JX; SAC/TA; RAC/DC	Walter F. Kreitlow II Special Agent		965-7608	
CASCR	ARCIEI SE	17. APPROVED (Type Name & Title)		20. TYPIST'S INITIALS	
40 DIV	DE:SD:G:P RIB SE	Fredric D. Haiduk Resident Agent in Charge		400A	
OTHER	CPPU copy Original	18. ORIGIN OFFICE		dtv	
		Office of Enforcement 227 N. Bronough St, Rm 6045 Tallahassee, Fl 32301		1126	



REPORT OF INVESTIGATION
CONTINUATION

4700-01 (37), F&PM (Some of Agent Handbooks)

1. PAGE	PAGES	
2	OF	3
2. CASE NUMBER		
3. REPORT NUMBER		
one		

DETAILS OF INVESTIGATION:

On Thursday, February 5, 1987, this office was contacted via telephone, by sergeant, JoAnn VanMETER of the Tallahassee Police Department, Juvenile Division. Sgt. VanMETER requested assistance in identifying two adult males and six minor children ages 7 years to 2 years.

The adult males were tentatively identified by TPD as Michael HOULIHAN and Douglas AMMERMAN, both of Washington, D.C., who were arrested the previous day on charges of child abuse.

The police had received an anonymous telephone call relative two well-dressed white men wearing suits and ties in Myers Park, (Tallahassee), apparently watching six dirty and unkempt children in the playground area. HOULIHAN and AMMERMAN were near a 1980 Blue Dodge van bearing Virginia license number XHW-557, the inside of which was later described as foul-smelling filled with maps, books, letters, with a mattress situated to the rear of the van which appeared as if it were used as a bed, and the overall appearance of the van gave the impression that all eight persons were living in it.

The children were covered with insect bites, were very dirty, most of the children were not wearing underwear and all the children had not been bathed in many days.

The men were arrested and charged with multiple counts of child abuse and lodged in the Leon County Jail. Once in custody the men were somewhat evasive in their answers to the police regarding the children and stated only that they both were the children's teachers and that all were enroute to Mexico to establish a school for brilliant children.

The children tentatively were identified as Mary HOULIHAN, white female, age 7; Max LIVINGSTON, white male, age 6; Benjamin FRANKLIN, white male, age 4; HoneyBee EVANS, white female, age 3; B.B., white male, age 2; and John Paul HOULIHAN, white male, age 2. The children initially indicated that they lived in tents in a commune in the Washington, D.C., area and were going to Mexico to go to a school for smart kids.

This office contacted the Office of the RAC/DC and spoke with SS/A, Bob Harrold. This agent requested telephone numbers and names of police persons in area departments that might be aware of said activities described by the children and to follow-up on the leads which were the Virginia license number and a check on the men's names with local law enforcement.



REPORT OF INVESTIGATION
CONTINUATION

4200-01 (3-77) (F&PM (Special Agent Handbook))

1. PAGE	PAGES
3	OF 3
2. CASE NUMBER	
3. REPORT NUMBER	
one	

A short time later this office was contacted by Detective, Jim Bradley of the Washington, D.C., Metropolitan Police Department. Bradley indicated that the case here in Tallahassee appeared to be strongly related to a case he was currently working in the Washington, D.C. area.

He stated that the actions of the two men in custody in Tallahassee relative the children just might give his case enough probable cause for search warrants to search premises occupied by a cult group called the FINDERS.

This agent directed Bradley to telephone TPD and discuss with police directly any activities forthcoming relative the instant case.

At this time it was determined that there was no Customs violations found to exist and therefore, this case is being closed pending receipt of additional information.

ACTION TO BE TAKEN BY LESD/TECS: Create a permanent DRR/TECS record.

IDENTIFYING DATA/TECS-FIN QUERIES:

AMMERMAN, Douglas Edward (F-23B attached)	SUBSTANTIATED	NCIC: Negative TECS: " CMIR: " CTR: " FBA: Negative PAIRS: Negative
HOWELL, James Michael (CF-23B attached)	SUBSTANTIATED	NCIC: Negative TECS: " CMIR: " CTR: Negative FBA: " PAIRS: Negative
"FINDERS" (CF-23B attached)	ALLEGED	NCIC: NEGATIVE TECS: NEGATIVE CMIR: " CTR: " FBA: " PAIRS: "


1.108

460

MEMO TO FILE

To : Resident Agent in Charge

Date: 02/07/87

From : Special Agent 

Subject: Customs cooperation/interest in
Tallahassee/Washington MPD child abuse investigation.

On Thursday, 2/5/87, the duty agent, SS/A Bob Harrold, received a call from SS/A Walter Krietlow, USCS, Tallahassee, Florida. SS/A Krietlow was seeking assistance in contacting an appropriate local police agency to coordinate a child abuse investigation in with the Tallahassee Police Department. SS/A Krietlow further requested assistance in checking some names, addresses and a vehicle through the Customs Child Pornography Unit data base, and stated there was some suspicion of the subjects being involved in supplying children for the production of child pornography. Further, he was informed by the Tallahassee Police Department that the children may have been enroute to Mexico from the Washington, D.C. area. The possibility of Customs interest in the investigation due to possible violations of the Child Protection Act of 1984, and the alleged nexus with the U.S./Mexican border were discussed and agreed upon. SS/A Krietlow related the following background information. SS/A Krietlow was contacted by the Tallahassee Police Department for assistance in identifying six children and two adults taken into custody in the Tallahassee area. U.S. Customs was contacted because the police officers involved suspected the adults of being involved in child pornography and knew the Customs Service to have a network of child pornography investigators, and of the existence of the Child Pornography and Protection Unit. SS/A Krietlow stated the two adults were well dressed white males. They had custody of six white children (boys and girls), ages three to six years. The children were observed to be poorly dressed, bruised, dirty, and behaving like animals in a public park in Tallahassee. The police were notified by a concerned citizen and all eight persons were taken into custody. The subjects were living out of a white 1979 Dodge van, Virginia license no. XHW 557. Upon being taken into custody, the adult white males refused to cooperate, one of whom produced a "business" card with a name on one side and a statement on the other. The statement indicated that the bearer knew his constitutional rights to remain silent and that he intended to do so. Upon interviewing the children, the police officers found that they could not adequately identify themselves or their custodians. Further, they stated they were enroute to Mexico to attend a school for "smart kids." SS/A Krietlow was further advised the children were unaware of the function and purpose of telephones, televisions and toilets, and that the children had stated they were not allowed to live indoors and were only given food as a reward.

After receiving the request from Tallahassee, SS/A Harrold contacted me while I was on official business at Customs Headquarters. He requested that I conduct computer checks on the Customs Child Pornography Unit data base. The checks were to be conducted on the names, addresses, and a vehicle provided by SS/A Krietlow. After conducting the computer checks, I made direct contact with SS/A Krietlow to inform him that all the checks were negative. At that time I was informed by SS/A Krietlow that the Tallahassee police had discovered large quantities of records, to include computer discs and a U.S. passport in the van. From some of these records the police had obtained tentative identification of the two adults, and partial identification of the children. Furthermore, the two Washington, D.C. addresses had been discovered through these documents, one of which was verified through the vehicle registration. I advised SS/A Krietlow I was leaving Headquarters and he would be receiving a response to the remainder of his request from SS/A Harrold. I then left as stated and proceeded to conduct other business in the District.

A short time later, at approximately 11:30 a.m., SS/A Harrold contacted me by radio, and advised me that a Detective Jim Bradley of the Washington, D.C. Metropolitan Police Department (MPD) was interested in the information provided by SS/A Krietlow, was in contact with Tallahassee, and would very probably be conducting search warrants in the area later in the day. He also informed me that U.S. Customs was invited to participate due to the continuing possibility of violations of law enforced by the Customs Service. As I was already in Washington, I terminated my other business and proceeded to make contact with Detective Bradley, Intelligence Division, MPD.

Upon contacting Detective Bradley, I learned that he had initiated an investigation on the two addresses provided by the Tallahassee Police Dept. during December of 1986. An informant had given him information regarding a cult, known as the "Finders" operating various businesses out of a warehouse located at 1307 4th St., N.E., and were supposed to be housing children at 3918/3920 W St., N.W. The information was specific in describing "blood rituals" and sexual orgies involving children, and an as yet unsolved murder in which the Finders may be involved. With the information provided by the informant, Detective Bradley was able to match some of the children in Tallahassee with names of children known alleged to be in the custody of the Finders. Furthermore, Bradley was able to match the tentative ID of the adults with known members of the Finders. I stood by while Bradley consulted with AUSA Harry Benner and obtained search warrants for the two premises. I advised acting RAC SS/A Tim Holloran of my intention to accompany MPD on the execution of the warrants, received his permission, and was joined by SS/A Harrold. SS/A Harrold accompanied the team which went to 1307 4th St, and I went to 3918/20 W St.

During the execution of the warrant at 3918/20 W St., I was

able to observe and access the entire building. I saw large quantities of children's clothing and toys. The clothing consisting of diapers and clothes in the toddler to pre-school range. No children were found on the premises. There were several subjects on the premises. Only one was deemed to be connected with the Finders. The rest were renting living space from this individual. He was identified as Stuart Miles SILVERSTONE, DOB/061941, U.S. Passport No. 010958991. SILVERSTONE was located in a room equipped with several computers, printers, and numerous documents. cursory examination of the documents revealed detailed instructions for obtaining children for unspecified purposes. The instructions included the impregnation of female members of the community known as Finders, purchasing children, trading, and kidnapping. There were telex messages using MCI account numbers between a computer terminal believed to be located in the same room, and others located across the country and in foreign locations. One such telex specifically ordered the purchase of two children in Hong Kong to be arranged through a contact in the Chinese Embassy there. Another telex expressed an interest in "bank secrecy" situations. Other documents identified interests in high-tech transfers to the United Kingdom, numerous properties under the control of the Finders, a keen interest in terrorism, explosives, and the evasion of law enforcement. Also found in the "computer room" was a detailed summary of the events surrounding the arrest and taking into custody of the two adults and six children in Tallahassee, Florida on the previous night. There were also a set of instructions which appeared to be broadcast via a computer network which advised participants to move "the children" and keep them moving through different jurisdictions, and instructions on how to avoid police attention.

One of the residents was identified as a Chinese National. Due to the telex discovered referencing the Chinese Embassy in Hong Kong, he was fully identified for future reference: WANG/Gengxin, DOB/092747, POB/Tianjin, People's Republic of China Passport No. 324999, entered the U.S. on January 22, 1987, admitted until December 31, 1987. He is in the U.S. as a graduate student in the Anatomy Department of Georgetown University. His Visa was issued on November 10, 1986, in London, England, number 00143.

During the course of the evening, I contacted Sector 4 to initiate a TECS check on SILVERSTONE, and initiate an archives check on him for the last four years. I also contacted SS/A Holloran to keep him advised of the proceedings and asked for and received permission to contact SS/A John Sullivan of the CPPU to query some names through the CPPU data base. SS/A Holloran told me he would call Southeast Region Headquarters to keep them posted on the proceedings as well. I later contacted SS/A Sullivan for the stated purpose, and in the discussion that followed, I gave him some background on the purpose of the request. I advised him that the information was not for dissemination at Headquarters, that Region was being notified,

and that Region would probably contact Headquarters later if deemed necessary. SS/A Sullivan assured me that the information would go no further until official notification was made by Region. No positive matches were obtained from the CPPU data base. I was later joined at the W Street address by SS/A Harrold. SS/A Harrold advised me that there were extremely large quantities of documents and computer equipment at the warehouse, and that MPD was posting officers inside the building there and sealing the building until morning, in which a second warrant for that premises would be obtained and executed. SS/A Harrold also advised me that the news media had been notified and had been waiting for the execution of the warrant at the 4th Street address. Detective Bradley later stated that the MPD Public Information Officer had been contacted by a Tallahassee reporter. When it became apparent the PIO had no information on the search warrants, the reporter contacted local media representatives and a check of public records containing the affidavits for the search warrants disclosed the locations and purpose of the warrants. Detective Bradley surmised that someone on the Tallahassee Police Department was the original source of information for the press. I advised SS/A Holloran of the involvement of the press, and he stated that he would, in turn, relay the information to Region. SS/A Harrold and I assisted in the transport of the evidence seized pursuant to the warrant and cleared MPD after the press left the area.

On Friday, 2/6/87, I met Detective Bradley at the warehouse on 4th Street, N.E. I duly advised my acting group supervisor, SS/A Don Bludworth. I was again granted unlimited access to the premises. I was able to observe numerous documents which described explicit sexual conduct between the members of the community known as finders. I also saw a large collection of photographs of unidentified persons. Some of the photographs were nudes, believed to be of members of finders. There were numerous photos of children, some nude, at least one of which was a photo of a child "on display" and appearing to accent the child's genitals. I was only able to examine a very small amount of the photos at this time. However, one of the officers presented me with a photo album for my review. The album contained a series of photos of adults and children dressed in white sheets participating in a "blood ritual." The ritual centered around the execution of at least two goats. The photos portrayed the execution, disembowelment, skinning and dismemberment of the goats at the hands of the children. This included the removal of the testes of a male goat, the discovery of a female goat's "womb" and the "baby goats" inside the womb, and the presentation of a goats head to one of the children.

Further inspection of the premises disclosed numerous files relating to activities of the organization in different parts of the world. Locations I observed are as follows: London, Germany, the Bahamas, Japan, Hong Kong, Malaysia, Africa, Costa Rica, and "Europe." There was also a file identified as

"Palestinian." Other files were identified by member name or "project" name. The projects appearing to be operated for commercial purposes under front names for the Finders. There was one file entitled "Pentagon Break-In," and others which referred to members operating in foreign countries. Not observed by me but related by an MPD officer, were intelligence files on private families not related to the Finders. The process undertaken appears to have been a systematic response to local newspaper advertisements for babysitters, tutors, etc. A member of the Finders would respond and gather as much information as possible about the habits, identity, occupation, etc., of the family. The use to which this information was to be put is still unknown. There was also a large amount of data collected on various child care organizations.

The warehouse contained a large library, two kitchens, a sauna, hot-tub, and a "video room." The video room seemed to be set up as an indoctrination center. It also appeared that the organization had the capability to produce its own videos. There were what appeared to be training areas for children and what appeared to be an altar set up in a residential area of the warehouse. Many jars of urine and feces were located in this area.

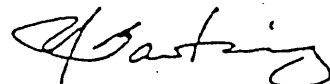
I should also mention that both premises were equipped with satellite dish antennas.

I discussed the course of action to be taken by MPD with Detective Bradley. He stated he was only interested in making the child abuse case(s). I was assured that all of the evidence would be available to U.S. Customs in furtherance of any investigative/criminal action pursued. MPD personnel were to begin around the clock review and sorting of the evidence until completed. Customs will have access after this is accomplished. This will include several U.S. Passports discovered during the search.

Upon leaving the 4th Street premises, I encountered a news media representative and was asked the reason behind U.S. Customs involvement in the investigation. I advised the reporter that I could not discuss anything and referred her to the RAC/DC. I left immediately thereafter.

There is no further information available at this time. It should take three to five days for all the information to be sorted, reviewed, logged by the MPD. I will maintain contact with Detective Bradley until the evidence is again accessible.

Respectfully submitted,



Ramon J. Martinez
Special Agent, USCS



DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE

REPORT OF INVESTIGATION

1700-01 (37), P&PW (Source Agent Handbook)

1. FILE ACCESS CODE	C-3
2. PAGE	1 OF 2
3. CASE NUMBER	

4. TITLE

FINDERS

5. CASE STATUS

Initial Report
 Interim Report
 Open/Pending
 Open & Close
 Index & File
 Ongoing Report

6. REPORT DATE

04/13/87

7. DATE ASSIGNED

02/05/87

8. CLASS

1

9. PROGRAM CODE

700

10. REPORT NO

1

11. RELATED CASE FILE NUMBERS

12. UNDEVELOPED LEADS TO

None

13. TYPE OF REPORT

Tort
 Search Warrant Executions
 Penalty Civil Report
 Memorandum of Interview
 Initial Source Documentation
 Source Debrief
 Investigative Findings
 Subpoena Service
 Surveillance Report
 Background
 Request for Considered
 Other

~~XXXXXXXXXX~~

On Thursday, February 5, 1987, Senior Special Agent Harrold and I assisted the Washington, D.C. Metropolitan Police Department (MPD) with two search warrants involving the possible sexual exploitation of children. During the course of the search warrants, numerous documents were discovered which appeared to be concerned with international trafficking in children, high tech transfer to the United Kingdom, and international transfer of currency.

15. DISTRIBUTION		16. SIGNATURE (Type Name & Title)	
SAC/RAC SAC/VA Beach RAC/Tallahassee		 Ramon J. Martinez, Special Agent	
CUSCA	ARCIE SE	17. APPROVED (Type Name & Title)	
HO DIV E:EO:SD:G	RIB SE	 LYNNWOOD ROUNTREE, Resident Agent in Charge	
HO INT -:I:S	FILE RAC/DC	18. ORIGIN OFFICE Resident Agent in Charge 174	19. TELEPHONE NUMBER 407



REPORT OF INVESTIGATION
CONTINUATION

4700-01 (37), P&PM (Some of Agent Handwritten)

1. PAGE	PAGES
2	OF 2
2. CASE NUMBER	
3. REPORT NUMBER	1

DETAILS OF INVESTIGATION:

On March 31, 1987, I contacted Detective James Bradley of the Washington, D.C. Metropolitan Police Department (MPD). I was to meet with Detective Bradley to review the documents seized pursuant to two search warrants executed in February 1987. The meeting was to take place on April 2 or 3, 1987.

On April 2, 1987, I arrived at MPD at approximately 9:00 a.m. Detective Bradley was not available. I spoke to a third party who was willing to discuss the case with me on a strictly "off the record" basis.

I was advised that all the passport data had been turned over to the State Department for their investigation. The State Department in turn, advised MPD that all travel and use of the passports by the holders of the passports was within the law and no action would be taken. This included travel to Moscow, North Korea, and North Vietnam from the late 1950's to mid 1970's.

The individual further advised me of circumstances which indicated that the investigation into the activity of the PINDERS had become a CIA internal matter. The MPD report has been classified secret and was not available for review. I was advised that the FBI had withdrawn from the investigation several weeks prior and that the FBI Foreign Counter Intelligence Division had directed MPD not to advise the FBI Washington Field Office of anything that had transpired.

No further information will be available. No further action will be taken.

ACTION TO BE TAKEN BY LESD/TECS:

No action to be taken on the basis of this report.

THE FINDERS - CIA Front established in the 1960's

It has TOP CLEARANCE and PROTECTION in its

ASSIGNED task of kidnapping and torture-programming young children throughout the U.S. Members are specially trained GOVERNMENT KIDNAPERS known to be sexual degenerates who involve the kidnapped children in satanic sex orgies and bloody rituals as well as murders of other children and slaughter of animals. They use a fleet of unmarked vans to grab TARGETED children from parks and schoolyards. In doing so they use children within their organization as decoys to attract the victims close to the vans where they are grabbed by the adults. They then drug the children and transport them to a series of safe houses for safe keeping. They are then used in their ceremonies, for body parts, sex slaves and some are auctioned off at various locations in the northern hemisphere. In the past they have been auctioned off near a location to Las Vegas Nevada and Toronto Canada. Marion David [redacted] the leader of the cult is an identified homosexual and pedophile and a CIA officer. His son was an employee of a CIA proprietary firm, Air America, which was notorious for smuggling drugs, destined for the U.S., out of the Golden Triangle into Saigon during the Viet Nam war.

• The Finders ~ a CIA front formed during the 1960s it has top clearance and protection in its assigned task of kidnapping and torture-programming young children across the U.S. The special trained Government kidnapers are known to be sexual degenerates who involve the children in Satanic sex orgies and "bloody rituals," as well as the murders of other children and the slaughter of animals. [As revealed in the Media during Feb 1987, following the arrest of two of these men in Tallahassee, Florida with 6 kidnapped & disoriented children: "A subsequent search of a Finders-related warehouse in Washington, DC by police and U.S. Customs Service agents revealed a computer room, documents recording high-tech bank transfers, explosives, and a set of instructions advising cult members on moving children through jurisdictions around the country..."] The Finders use a fleet of unmarked vans to grab targeted children from parks and schoolyards. They then drug the children and transport them to a series of "safe houses" for special training.

• Marion David Pettie ~ the leader of The Finders and he is an identified homosexual pedophile and officer (whose own son was an employee of a proprietary firm), Air America, which was notorious for its smuggling of drugs out of the Golden Triangle into Saigon during the Vietnam War - destined for the U.S.

Through a glass, very darkly

Cops, spies and a very odd investigation

The case is almost seven years old now, but matters surrounding a mysterious group known as the Finders keep growing curiously and curiously.

In early February 1987, an anonymous tipster in Tallahassee, Fla., made a phone call to police. Two "well-dressed men" seemed to be "supervising" six disheveled and hungry children in a local park, the caller said. The cops went after the case like bloodhounds—at least at first. The two men were identified as members of the Finders. They were charged with child abuse in Florida. In Washington, D.C., police and U.S. Customs Service agents raided a duplex apartment building and a warehouse connected to the group. Among the evidence seized: detailed instructions on obtaining children for unknown purposes and several photographs of nude children. According to a Customs Service memorandum obtained by *U.S. News*, one photo appeared "to accent the child's genitals."

The more the police learned about the Finders, the more bizarre they seemed. There were suggestions of child abuse. Satanism, dealing in pornography and ritualistic animal slaughter.

None of the allegations was ever proved, however. The child abuse charges against the two men in Tallahassee were dropped: all six of the children were eventually returned to their mothers, though in the case of two, conditions were attached by a court. In Washington, D.C., police began backing away from the Finders investigation. The group's practices, the police said, were eccentric—not illegal.

Questions. Today, things appear to have changed yet again. The Justice Department has begun a new investigation into the Finders and into the group's activities. It is also reviewing the 1987 investigation into the group to determine whether that probe was closed improperly. Justice officials will not elaborate, except to say the investigation is "ongoing" and that it involves "unresolved matters" in relation to the Finders.

One of the unresolved questions in-

volves allegations that the Finders are somehow linked to the Central Intelligence Agency. Customs Service documents reveal that in 1987, when Customs agents sought to examine the evidence gathered by Washington, D.C., police, they were told that the Finders investigation "had become a CIA internal matter." The police report on the case had



February 1987. D.C. police seize evidence.

been classified secret. Even now, Tallahassee police complain about the handling of the Finders investigation by D.C. police. "They dropped this case," one Tallahassee investigator says, "like a hot rock." D.C. police will not comment on the matter. As for the CIA, ranking officials describe allegations about links between the intelligence agency and the Finders as "hogwash"—perhaps the result of a simple mix-up with D.C. police. The only connection, according to the CIA: A firm that provided computer training to CIA officers also employed several members of the Finders.

The many unanswered questions about the Finders case now have Democratic Rep. Charlie Rose of North Carolina, chairman of the House Administration Committee, and Florida's Rep. Tom Lewis, a Republican, more than a little exercised. "Could our own government have something to do with this Finders organization and turned their backs on these children? That's what all the evidence points to," says Lewis. "And there's a lot of evidence. I can tell you this: We've got a lot of people scrambling, and that wouldn't be happening if there was nothing here."

Perhaps. But the Finders say there is nothing there—at least nothing illegal. The Finders have never been involved in child abuse, pornography, Satanism, animal slaughter or anything of the kind, says the group's leader, Marion David Pettie. Pettie, too, says the group has never been connected to the CIA.

In an interview with *U.S. News*, Pettie described the Finders as a communal, holistic-living and learning arrangement. The group numbers some 20 members, Pettie says; they do freelance journalism, research and "competitor intelligence" for a variety of mostly foreign clients. The Finders work for no foreign governments, Pettie says. Their duplex, in a residential Northwest Washington neighborhood, is decorated with global maps and bulletin boards. Residents of Culpeper, Va., 90 minutes from Washington, say the Finders have operated an office there, too, from time to time. That office contained computer terminals and clocks reflecting different time zones around the world.

CIA officials say they referred all matters concerning the Finders and the police investigation to the FBI's Foreign Counterintelligence Division. FBI officials will not comment. Law enforcement sources say some of the Finders are listed in the FBI's classified counterintelligence files.

None of this fazes Pettie. He says the CIA's interest in the Finders may stem from the fact that his late wife once worked for the agency and that his son worked for a CIA proprietary firm, Air America. Overall, says Pettie, "we're a zero security threat. When you don't do much of anything, and you don't explain, people start rumors about you." To judge from the latest case, some of the rumors can last an awfully long time. ■

BY GORDON WITKIN AND PETER CARY
WITH ANCEL MARTINEZ

Members of satanic cult 'gave children away'

TALLAHASSEE, Fla. (UPI) — Police said six filthy and confused young children, taken from two men charged with child abuse, had been given away by their parents as part of a satanic cult ritual.

Authorities in Tallahassee and Washington were trying today to learn the identities of the six children, locate their parents and learn more about an unidentified "satanic cult" apparently based in Washington.

Meanwhile, two men who identified themselves as Michael Houlihan and Doug Ammerman — names police believe are phony — were being held in lieu of \$100,000 bond on child abuse charges.

The men were arrested in a city park Wednesday after someone called police about two well-dressed men in a blue van watching over six "filthy" children.

"It is our belief these kids were not kidnapped, but that their parents gave them away because one of the rites of passage into this satanic organization is that you have to give up your rights to your

children, and that the leaders of this organization can do what they want to with your children," police spokesman Scott Hunt said Friday.

"I believe what you're going to find when this all shakes down is that the kids' parents belong to this organization."

"Until we can figure out where everything is, we can't say a whole lot," said Walt Ferguson, a police spokesman in Washington.

The Washington Post reported today that the U.S. Customs Service is helping with the investigation and that pictures found at a Washington, D.C., warehouse linked to the group include those of children engaged in what appeared to be "cult rituals."

The newspaper said the group was known as The Finders and was made up of about 40 people who lived in the District of Columbia and a farm in rural Virginia, the remains of a popular 1960s hippie refuge that evolved into a satanist society.

Hunt said a 6-year-old girl in the group showed signs of sexual abuse.

The children — four boys and two girls ranging in age from 2 to 6 — were put in state custody.

Merrill Moody of the state health department said the youngsters were "confused," but were doing well and will remain in state care until relatives can be found who are able to provide "a safe and healthy home."

Hunt said the children, who had not bathed in days and were covered with scratches and insect bites, told police they had not eaten in 24 hours. He said they had "bizarre" names like "Benjamin Franklin," "Honey Bee" and "B.B."

A check of the Virginia license plate on the van of the two men showed it belonged to a man matching Houlihan's description, but with a different name, Hunt said.

The men initially told police they were taking the youths to Mexico to begin a school for "brilliant" children. When they could not explain the children's condition or name their parents, Hunt said, the men refused to answer further questions.

The children told police they had not seen their mothers since before Christmas. One girl said the men fed them mostly fruit and all of them had been sleeping in the van or in a tent.

to cult accused of abuse

Justice probes links to Finders

By Paul M. Rodriguez
THE WASHINGTON TIMES

A Justice Department special task force is investigating whether the CIA used a cult called the Finders as a front organization to provide computer training to intelligence agents in the 1980s.

The task force is also trying to determine whether the CIA — in an effort to hide any links with the Finders — impeded local law enforcement probes of the Washington-area communal group for child abuse in 1987.

"The central question being asked is: Did the CIA have an association with this group and did it try to shut down their [state and local officials'] investigations of child abuse for purposes of protecting one or more of its operations?" said a senior federal law enforcement official familiar with the probe.

A senior CIA official yesterday denied that the agency was involved with the Finders or tried to impede police probes of the cult.

"Most days we expect our share of unusual questions, but this one is clear off the wall," a CIA spokesman told The Washington Times.

"Any claim that we obstructed justice in this case is nuts," the spokesman said.

"In fact," he said, reading from a prepared statement, "we cooperated with law enforcement authorities when questions arose in 1987."

A Washington computer-training company that employed Finders members said it trained CIA personnel, but the firm's president denied it was owned by the Finders. He said he was unaware of any use of the training for covert activities.

Justice Department officials have declined to discuss what, if anything, their probe has uncovered. "We are still in the review process," a senior official said.

The Finders, a group that has dwindled from about 40 members to fewer than a dozen, made front-page

see CIA, page A21

CIA From page A1

news in February 1987 when two of its members were arrested in Tallahassee, Fla., on charges of child abuse.

The case received close media scrutiny partly because of accusations that the group was involved in satanic rituals, but the charges were dismissed by a Florida judge.

The Justice Department formed the task force in mid-November after several members of Congress received copies of previously confidential U.S. Customs Service records suggesting a cover-up in the Finders case to protect the CIA.

The Times has obtained these customs records and documents from both federal and local law enforcement agencies and the intelligence community that chronicle the investigation of the Finders.

One of the key documents that have prompted the Justice Department and members of Congress to question what happened six years ago is a report dated April 13, 1987, that was written by a junior Customs Service agent who was on the original team that raided Finders' prop-

erty in Washington and Virginia. "The investigation into the activity of the Finders had become a CIA internal matter. . . . [The Metropolitan Police Department] report has been classified Secret and not available for review," the agent wrote in his memo to superiors.

"I was advised that the FBI had withdrawn from the investigation several weeks prior and that the FBI Foreign Counter Intelligence Division had directed MPP not to advise the FBI Washington Field Office of anything that had transpired," the memo says.

"No further information will be available. No further action will be taken."

Other Customs Service documents and records from the FBI and Metropolitan Police provide indications that the CIA had links to the Finders or at least to some of the group's members.

A Metropolitan Police document dated Feb. 19, 1987, quotes a CIA agent as confirming that his agency was sending its personnel to "Finders Corp., Future Enterprises, for training in computer operations."

And a later Customs Service report says that the CIA "admitted to owning the Finders organization as a front for a domestic computer

training operation but that it had 'gone bad'."

A senior Customs Service official confirmed the content of the memos and said the agency "only had a small role in the case."

A CIA official who asked not to be named confirmed that the agency had sent personnel for computer training to a company called Future Enterprises Inc.

But he cautioned, "I'm not sure if that was a Finders organization" as suggested by the Metropolitan Police and Customs Service reports.

Joseph Marinich, the president of Future Enterprises Inc., said he once had a contract to train CIA employees in computers.

But he denied that he or his firm had any involvement with the Finders or acted as a front company for the cult on behalf of the CIA. "I'm shocked and appalled that our company's name exists in any" law enforcement files.

Mr. Marinich said that when the news reports on the Finders broke in February 1987, he discovered that his tax accountant, R. Gardner Terrell, was a member of the group.

"It was a total surprise to us," and Mr. Terrell's employment was ended, Mr. Marinich said.

Mr. Terrell, who left the Finders a

few years ago and no longer lives in the Washington area, could not be reached. But a friend confirmed that he worked for Future Enterprises while a member of the Finders.

Current and former members of the group said Mr. Terrell's work for Future Enterprises was separate from the group's other activities.

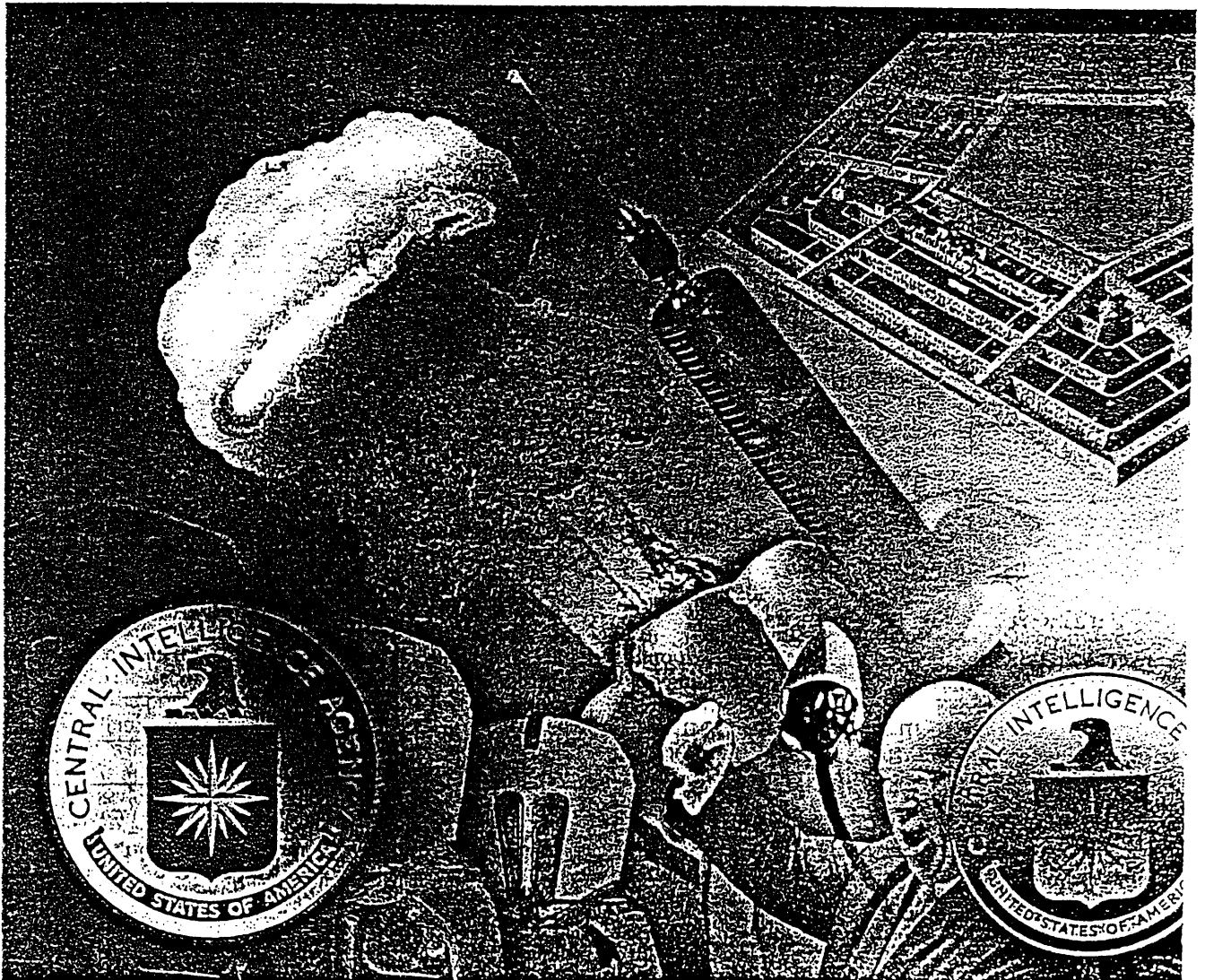
Current members of the Finders said they did not have any interest in Future Enterprises and denied working for the CIA or any other intelligence organization.

"I guess you could say we're odd," said Steve Usdin, a freelance writer associated with the Finders. "But we're not criminal."

U.S. GOVERNMENT EXPERIMENTS ON CITIZENS

THE COLD WAR EXPERIMENTS

Radiation tests were only one small part of a vast research program that used thousands of Americans as guinea pigs



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On June 1, 1951, top military and intelligence officials of the United States, Canada and Great Britain, alarmed by frightening reports of communist success at "intervention in the individual mind," summoned a small group of eminent psychologists to a secret meeting at the Ritz-Carlton Hotel in Montreal. The Soviets had gotten Hungary's Jozsef Cardinal Mindszenty, an outspoken anti-communist, to confess to espionage, and they also seemed to be able to indoctrinate political enemies and even control the thoughts of entire populations. The researchers were convinced that the communists' success must be the fruit of some mysterious and sinister scientific breakthroughs. By the following September, U.S. government scientists, spurred on by reports that

American prisoners of war were being brainwashed in North Korea, were proposing an urgent, top-secret research program on behavior modification. Drugs, hypnosis, electroshock, lobotomy—all were to be studied as part of a vast U.S. effort to close the mind-control gap.

**U.S. NEWS
INVESTIGATIVE
REPORT**

New revelations that government cold war experiments exposed thousands of Americans to radiation have prompted fresh congressional inquiries, including a hearing

last week on tests conducted on retarded children in Massachusetts. A Department of Energy hot line set up to handle calls from possible subjects of the tests has been swamped. But the radiation experiments are only one facet of a vast cold war research program that used thousands of Americans as guinea pigs.

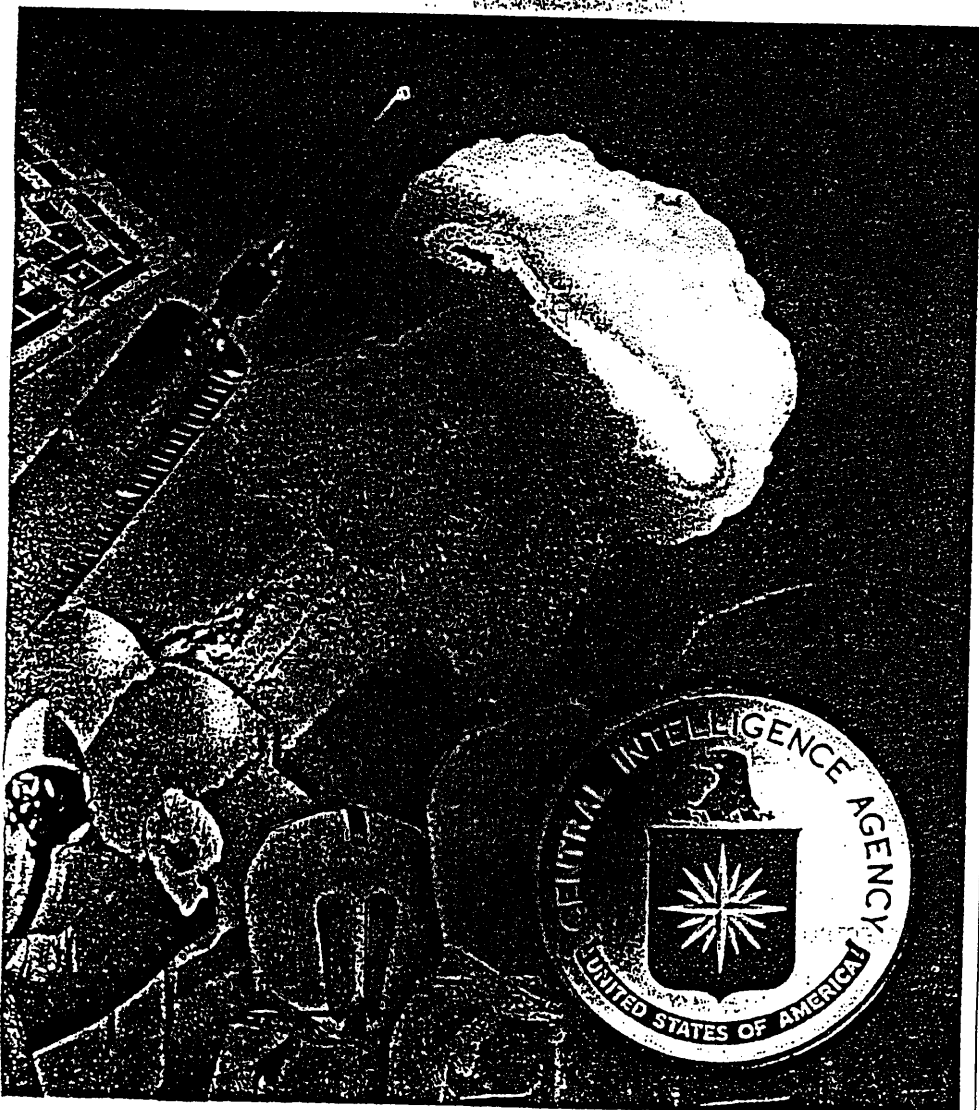
From the end of World War II well into the 1970s, the Atomic Energy Commission, the Defense Department, the military services, the CIA and other agencies used prisoners, drug addicts, mental patients, college students, soldiers, even bar patrons, in a vast range of government-run experiments to test the effects of everything from radiation, LSD and nerve gas to intense electric shocks and prolonged "sensory deprivation." Some of the human guinea pigs knew what they were getting into; many others did not. Still others did not even know they were being experimented on. But in the life-and-death struggle with communism, America could not afford to leave any scientific avenue unexplored.

With the cold war safely over, Energy Secretary Hazel O'Leary has ordered the declassification of millions of pages of documents on the radiation experiments, and the administration is now considering compensating the hundreds of subjects of these odd and sometimes gruesome atomic tests. But the government has long ignored thousands of other cold war victims, rebuffing their requests for compensation and refusing to admit its responsibility for injuries they suffered. And the Clinton administration shows no sign of softening that hard line. "We're not looking for drugs," says cabinet secretary Christine Varney. "At least initially, we need to keep our focus limited to human radiation."

In Clinton's court. Now, the only hope for thousands who were injured or who were experimented on without their informed consent is that President Clinton or Congress will take action to compensate the forgotten casualties of the cold war. Continued secrecy and legal roadblocks erected by the government have made it virtually impossible for victims of these cold war human experiments to sue the government successfully, legal experts say.

Despite the administration's reluctance, Congress may be moving to seek justice for all the government's cold war victims. "It's not just radiation we're talking about," says Democratic Sen. John Glenn of Ohio, a former Marine and astronaut who is holding hearings on the subject this week. "Any place government experimenting caused a problem we should make every effort to notify the people and follow up. We ought to set up some sort of review and compensation for people who were really hurt."

Many of the stories of people whose lives were destroyed by mind-altering drugs, electroshock "treatments" and other military and CIA experiments in-



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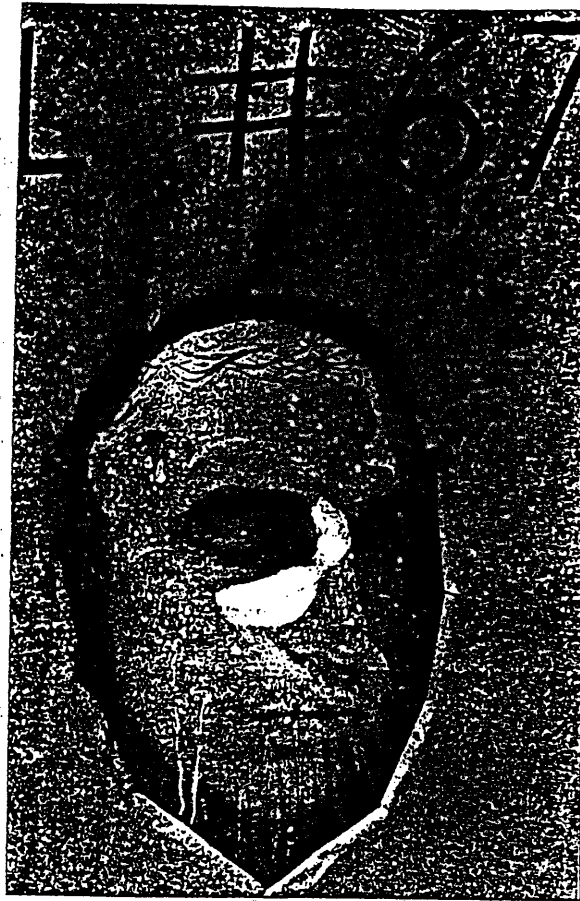
SPECIAL REPORT

volving toxic chemicals or behavior modification have been known for almost 20 years. But *U.S. News* has discovered that only a handful were ever compensated—or even told what was done to them. “There has essentially been no legitimate follow-up, despite the CIA’s promise to track down victims and see what has happened to them,” says Alan Schefflin, a professor at Santa Clara University Law School and an authority on cold war mind-control research. “It’s just one of the many broken promises.” A CIA spokesman last week said the agency is searching its files for radiation tests but has no plans to revisit other human experimentation.

MKULTRA. Most victims have never been informed by the government of the nature of the experiments they were subjected to or, in some cases, even the fact that they were subjects. In a 1977 Senate hearing, then CIA Director Stansfield Turner said he found the experiments “abhorrent” and promised that the CIA would find and notify the people used in the tests. Turner last week insisted that “they found every-one they possibly could find.” But internal memos and depositions taken from CIA officials in a lawsuit against the agency in the 1980s reveal that of the hundreds of experimental subjects used in the CIA’s mind-control program, code-named MKULTRA, only 14 were ever notified and only one was compensated—for \$15,000.

The 14 all had been given LSD surreptitiously by CIA agents in San Francisco in an attempt to test the drug in an “operationally realistic” setting. One of the victims, *U.S. News* discovered, was a San Francisco nightclub singer, Ruth Kelley, now deceased. In the early 1960s, according to a deposition from a CIA official who was assigned in the 1980s to track down MKULTRA victims, LSD was slipped into Kelley’s drink just before her act at a club called The Black Sheep. The agents who had drugged her “felt the LSD definitely took some effect during her act,” testified Frank Laubinger, the official in charge of the notification program. One agent went to the bar the next day, and reported that she was fine, though another recalled that she had to be hospitalized.

Most of the MKULTRA documents were destroyed in 1973 on order of then



EYE IRRITANTS BEING TESTED ON A U.S. SOLDIER
IN A 1969 CHEMICAL WEAPONS EXPERIMENT

CIA Director Richard Helms, and the records that remain do not contain the names of human subjects used in most of the tests. But they do clearly suggest that hundreds of people were subjected to experiments funded by the CIA and carried out at universities, prisons, mental hospitals and drug rehabilitation centers. Even so, according to Laubinger’s 1983 deposition, “it was decided that there were no subjects that required notification other than those in the [San Francis-

IN A CIA-FUNDED EXPERIMENT, RITA
ZIMMERMAN, WHO HAD SOUGHT
TREATMENT FOR ALCOHOLISM, WAS
“DEPATTERNED” WITH 30
ELECTROSHOCK
SESSIONS FOLLOWED
BY 56 DAYS OF DRUG-
INDUCED SLEEP.



co] project,” and the CIA made no effort to search university records or conduct personal interviews to find other victims. Alan Turner, in his 1983 deposition, conceded that “a disappointing small number” were notified and defended the agency’s continued refusal to declassify the names of the researchers and universities involved. “I don’t think that we have been necessarily the way,” Turner said. “Not in the religious society we live in.” In 1983 the agency successfully appealed to the Supreme Court to block release of that information.

One of the grisliest CIA-funded experiments—and one of the few that have led to successful lawsuits against the government—involved the work of a Canadian psychiatrist, Dr. D. E. Cameron. In the 1950s, Cameron developed a method to treat schizophrenics using what he called “patterning” and “psychic conditioning.” According to a grant application he submitted in 1957 to the Society for the Investigation of Human Ecology, a CIA-funded front set up to support behavior control research, the procedure consisted of “breaking down ongoing patterns of the patient’s behavior by means of particular intensive electroshocks (depatterning)” —and in some cases with repeated doses of LSD.

was followed with “intensive repetitive (16 hours a day for six or seven days)” tape-recorded message, during which time “the patient is kept in partial sensory isolation.” Cameron’s application proposed trying a variety of drugs, including the paralytic curare, as part of a technique of “inactivating the patient.”

The 56-day sleep. The analogy of brainwashing was obvious to the CIA, which provided a \$60,000 grant through the human-ecology society. Nine of Cameron’s former patients, who sought treatment for depression, alcoholism and other problems at the A Memorial Institute at McGill University, where Cameron was director, filed lawsuit against the CIA in 1979. One patient, Rita Zimmerman, was “depatterned” with 30 electroshock sessions followed by 56 days of drug-induced sleep. It left her incontinent; others suffered permanent brain damage. Their jobs or otherwise deteriorated. The case, *Orlikow v. U.S.*, was settled in 1983 for \$750,000. (Cameron died in 1967.)

A more typical experience of those seeking recompense is that of Air F

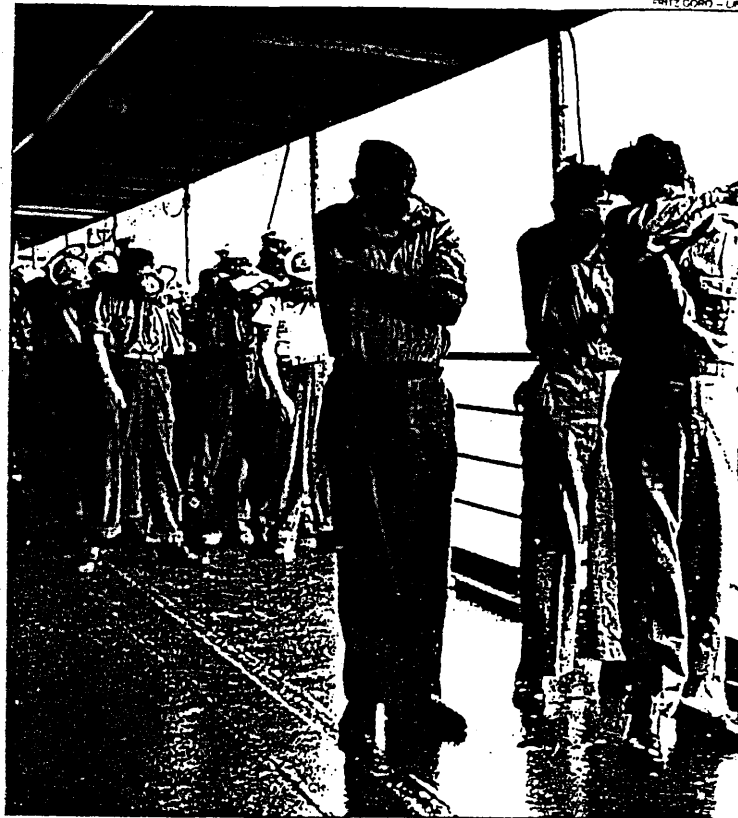
■ SPECIAL REPORT

officer Lloyd Gamble, who volunteered in 1957 to take part in a test at the Army Chemical Warfare Laboratories in Edgewood, Md. He told *U.S. News* that he was informed he would be testing gas masks and protective gear. Instead, he learned in 1975, he and 1,000 other soldiers were given LSD. "If they had told me of the risks, I never would have done it," he says now. "It was outrageous." He says after the test he was simply "turned loose to drive from Aberdeen to Delaware" while under the influence of LSD. "I didn't even remember having been there."

Gamble began suffering blackouts, periods of deep depression, acute anxiety and violent behavior. He attempted suicide in 1960, lost his top-secret clearance and finally took early retirement in 1968. When he belatedly learned he had been given LSD, he sought recompense. The Justice Department rejected his request because the statute of limitations had expired; the Veterans' Administration denied disability payments, saying there was no evidence of permanent injury.

The Defense Department says Gamble signed a "volunteer's participation agreement" and that he received two LSD doses. Gamble and others were told that "they would receive a chemical compound, the effects of which would be similar to those experienced from being intoxicated by alcoholic beverages." Democratic Rep. Leslie Byrne of Virginia is sponsoring a bill that seeks \$253,488 for Gamble; DOD opposes the bill, saying there is "insufficient factual basis" for compensation. Such "private bills" usually are difficult to pass in the face of executive branch opposition.

Unreasonable men? Other cases filed by prisoners or soldiers who were given a variety of drugs have been dismissed by judges who have ruled that although the subjects did not learn until the 1970s exactly what had been done to them, the side effects and flashbacks they experienced immediately after the tests should have prompted "a reasonable man to seek legal advice" at the time.



LEARNING TO FIGHT ON THE NUCLEAR BATTLEFIELD, SAILORS COVER THEIR EYES AS AN ATOMIC BOMB IS DETONATED.

"The failure to notify and promptly compensate the people who were victimized by these cold war excesses is inexcusable," argues James Turner, one of the lawyers in the *Orlikow* case. But he says the courts and the agencies now have made it virtually impossible for a victim to succeed in a legal claim. "Records are gone, key witnesses have died, people have moved; in the drug-testing cases, people are damaged in other ways, which undermines their credibility."

The justifications offered for these tests cover everything from cloak-and-dagger schemes to discredit foreign poli-

AIR FORCE OFFICER LLOYD GAMBLE
WAS TOLD HE WOULD BE TESTING
GAS MASKS AND PROTECTIVE GEAR.
INSTEAD, THE ARMY GAVE HIM —
ALONG WITH A THOUSAND OTHER
SOLDIERS — LSD.



the way along was the ingrained lie on the part of [CIA] agents that the Soviets were 10 feet tall, that there were huge programs going on in the Soviet Union to influence behavior." Gittinger, a CIA psychologist who saw the Human Ecology society's relations, told *U.S. News*.

A classified 1952 study by the U.S. government's Psychological Strategy Board laid out an entire agenda for behavior control research. Calling communist brain-washing "a serious threat to kind," scientists urged that drugs, electric shock and other techniques be employed in "clinical studies . . . done in a remote situation." The report mused about the potential of lobotomy, arguing that "if it were possible to perform such a procedure on members of the Politburo, the U.S.S.R. would never be a problem to us," though it noted that the "detectability" of the surgical operation made its use problematic.

Although there is no evidence that lobotomy experiments were ever performed, many other bizarre and intrusive procedures were. In 1955, the Army reported research at Tulane University in which mental patients had electrodes implanted in their brains to measur-

ticians to training military personnel. The Army proposed as many as 100 soldiers to BZ, a powerful hallucinogen then under development as a chemical weapon. The drug attacks the nervous system, causing dizziness, vomiting, and immobility. Thousands more also participated in the Army Medical Volunteer program, testing nerve vaccines and antidotes.

Talkative. The early behavior-control experiments were part of a Navy project called Operation CHATTER, which was seeking "speech-reducing drugs" for use in interrogating "enemy subversive personnel." The project was eventually abandoned because the drugs "had such a bitter taste it was not possible to keep the human subject from knowing" they had been drugged.

But by 1952, undaunted by such setbacks, psychological research was booming. "On the problems we had

SPECIAL REPORT

LSD and other drugs. In other experiments, volunteers were kept in sensory-deprivation chambers for as long as 131 hours and bombarded with white noise and taped messages until they began hallucinating. The goal: to see if they could be "converted" to new beliefs.

As recently as 1972, *U.S. News* found, the Air Force was supporting research by Dr. Amedeo Marrazzi, who is now dead, in which psychiatric patients at the University of Missouri Institute of Psychiatry and the University of Minnesota Hospital—including an 18-year-old girl who subsequently went into a catatonic state for three days—were given LSD to study "ego strength."

Gittinger concedes that some of the research was quite naive. "We were trying to learn about subliminal perception and all the silly things people were believing in at that time," he says. One study even tried to see if extrasensory perception could be developed by "training" subjects with electric shocks when they got the wrong answer. But "most of it was exciting and interesting and stimulating, and quite necessary as it happens, during that period of time," Gittinger insists.

Another former CIA official, Sidney Gottlieb, who directed the MKULTRA



U.S. OFFICIALS FEARED BOTH A LOSS OF MILITARY CAPABILITY ABROAD AND THE "RISK OF EMBARRASSMENT" AT HOME IF WORD OF HUMAN EXPERIMENTS LEAKED OUT.

behavior-control program almost from its inception, refused to discuss his work when a *U.S. News* reporter visited him last week at his home. He said the CIA was only trying to encourage basic work in behavioral science. But he added that after his retirement in 1973, he went back to school, practiced for 19 years as a

speech pathologist and now works with AIDS and cancer patients at a hospital. He said he has devoted the years since he left the CIA "trying to get on the side of the angels instead of the devils."

BY STEPHEN BUDIANSKY, ERICA E. GORDON
AND TED GEST

SEEKING JUSTICE

Welcome to the maze

The calls come day and night, so many that the Department of Energy has 36 operators standing by. What the 12,000 callers to the department's hot line want to know is whether they might be able to collect under Energy Secretary Hazel O'Leary's vow to compensate unwitting participants in the U.S. government's cold-war radiation experiments.

Answers will be months or more in coming. But most callers probably have little chance of success, and even those who can prove injuries may

have to wait years for a check. Despite O'Leary's soothing words, Washington has been notoriously tightfisted about opening the Treasury to damage claims. That is especially true when a disputed program is defended on national security grounds.

Not enough. The best recent guide is the case of the "downwinders" from several Western states who blamed cancer and other ailments on radiation from atmospheric nuclear tests in the 1950s. After litigation failed, Utah Sen. Orrin Hatch spent more than

a decade winning federal aid for the victims. More than \$100 million has been paid out, but critics say the maximum \$50,000 benefit for each victim is far too modest even to cover medical expenses.

Victims of radiation tests may be facing the same fate. The Clinton administration may decide that fiscal austerity permits only symbolic payments. "We should do what we can to make amends," says one official. "But it may be just as significant to explain to families what happened to Uncle Fred." In any case, legislation is more promising than litigation because the law strictly limits damage cases against the government.

Those who believe they

have been injured by federally sponsored scientific or technical experiments may call the Energy Department hot line at (800) 493-2998. Veterans should call a different number, (800) 327-0365. Callers may be referred to other government agencies.

If they seem to meet the initial guidelines, callers should be ready for a 15-to-30-minute phone interview, and they will be asked to submit a letter and supporting documents to back their claims. Then the wait begins. But in the sad history of federal compensation programs, many beneficiaries have died before the bureaucrats got to their claims.

BY TED GEST

CONCEPTS

CIA Experiments with Mind Control on Children

by Jon Rappoport

The CIA mind-control apparatus has been well-known since 1975, when 10 large boxes of documents were released pursuant to Freedom of Information Act requests.

Several good books were then written on the subject of the CIA program known as MK-ULTRA. Officially spanning ten years from 1952-62, MK-ULTRA involved the use of LSD on unwitting military and civilian subjects in the United States. LSD and more powerful compounds were given under duress as brain washing and truth-serum drugs. The program's aim was to find drugs which would irresistibly bring out deep confessions or wipe a subject's mind clean and program him or her as "a robot agent."

In experimental test situations, people were given acid without their knowledge, then interrogated under bright lights with doctors sitting in the background taking notes. Threats would be made. The test subjects were told that their LSD "downer trips" would be extended indefinitely if they refused to reveal their closely-guarded military secrets. The people being interrogated in this way were CIA employees, U.S. military personnel and, abroad, agents suspected of working for the other side in the Cold War. Long-term severe debilitation and several documented deaths resulted. Much, much more could be said about MK-ULTRA.

None of this prepared people for the explosive testimony made on March 15, 1995, in Washington, D.C., before the President's Committee on Radiation, however. In unpublished sessions, New Orleans therapist Valerie Wolf introduced two of her patients who had uncovered memories of being part of extensive CIA brainwashing programs as young children (in one case, starting at age seven). Their brainwashing included torture, rape, electroshock, powerful drugs, hypnosis and death threats. According to their testimony, the CIA then induced amnesia to prevent their recalling these terrifying sessions.



Both Wolf and her patients stated that they recovered the memories of this CIA program without regression or hypnosis techniques. In other words, these patients spontaneously discovered this information about themselves and their pasts.

Although the committee was mainly concerned with radiation, they permitted Valerie and her patients to testify because, astonishingly, several doctors who had administered the mind-control experiments had also been identified by other Americans secretly exposed to radiation. Apparently there was a crossover. Prominent names surfaced in the March 15 testimony: Richard Helms, former head of the CIA, Dr. Sidney Gottlieb, who ran MK-ULTRA and Dr. John Gittinger,

Gottlieb's protégé. These men and others were directly accused of participating in grisly mind-control efforts on children.

Predictably, this testimony received *no* media attention.

I now have it all, including many pages submitted to the committee that will likely never be released as part of their final report. Only a small percentage of the pages were read aloud at the hearing. Included are corroborating statements from other therapists around the country and several of their patients. I have now released all of this testimony as a book, *U.S. Government Mind-Control Experiments: On Children*.

When the sickening shock starts to wear off, deeply disturbing questions flood one's mind: Just what was this CIA program? How extensive was it? What was its purpose?

From what I have been able to discover so far, many American children, as well as children from Mexico and South America, were used over a period of about 40 years, starting around 1948. In fact, the program may still be going on. Doctors and agents who administered it wanted to obtain control over the minds of these children, ostensibly to create superagents who wouldn't remember even what missions they

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carried out, because of hypnotically induced amnesia (which could be removed by their controllers and re-installed at will).'

Children were trained as sex agents, for example, with the job of blackmailing prominent Americans—primarily politicians, businessmen and educators. A great deal of filming was done for this purpose. Eventually, people from the inner core of the CIA program filmed each other, and some of the centers where children were used as sex agents got out of control and turned into CIA-operated sex rings.

Some children were considered expendable and simply murdered.

One person who states that he was in this program as a child said, off the record

"They tried out their brainwashing techniques on the kids from Mexico and South America. They were considered expendable. But on another echelon of the program, they went after the best and the brightest American kids. Making perfect agents to combat the Soviets wasn't, I don't think, their ultimate objective. I can't remember what that was."

At this point, I made a suggestion:

"Well, if they were choosing the best and brightest, maybe they figured these kids would one day rise to important positions in the society, and they wanted to gain long-term control over them, so they would be under their thumb, so they could tap them at will—a way of controlling the future society."

"Maybe," he said. "The Nazis gained control over the intelligentsia in Germany. That was a very key step in their dominance. That was the first thing they did"

"This smells very much like a Nazi program in the U.S.," I said. "I don't mean all the controllers were German, but the style of it, the insanity."

He said, "They brought over a lot of Nazi doctors after the war and not just to build rockets—for a lot of projects."

Other people who said that they had been used as children in the program remember that doctors with German accents were definitely present at the sessions.

One therapist, who shared this information informally with colleagues around the country, states that, so far, the oldest person she has heard of who was in the program is now 52; the youngest is now nine.

Since a number of people who were brainwashed, tortured and drugged in these experiments try to resolve their experiences in therapy, psychiatrists and other professional therapists are hearing these stories. They are told, for example, that CIA controllers sometimes dressed up in Satanic costumes to further traumatize the children, also providing a cover that wouldn't be believed if the children ever talked.

It is worth noting that there is a movement to discredit these "recovered" memories, and the most prominent group, the False Memory Syndrome Foundation (FMSF), has several board members with CIA or military-intelligence connections. One of them is the prominent Dr. Louis "Lolly" West of

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at the university in the 1970s. His center's specialty would have been psychosurgery, a horrendous melting of brain connections supposedly to curb people's "violent tendencies."

FMSF maintains that a person always remembers abuse done to him or her, and therefore any new recovery of it in therapy is false and must have been fabricated through misleading suggestions by the therapist. While it is certainly true that such inducement happens in therapy, the blanket statement that all recovered memory is invented is unsubstantiated.

In a written statement to Dr. Wolf that was included in her testimony to the president's committee, well-known researcher and psychiatrist, Colin Ross said,

Published articles in my files include descriptions of administration of 50 mcg of LSD to children age 5-10 years on a daily basis for days, weeks, months, and in a few cases even years. Neurosurgeons at Tulane, Yale, and Harvard did extensive research on brain electrode implants with intelligence funding, and combined brain implants with large numbers of drugs including hallucinogens.

Ross based his report on his more than 20 years of investigating CIA mind control.

Chris De Nicola, one of Dr. Wolf's patients who testified before the president's committee, named her controller as a Dr. Greene—name reported by several other mind-control subjects. It may well be that this name was a cover used by a various CIA and military-contracted experimenter-torturer. Here is a quote from her testimony:

[Dr. Greene] used me in radiation experiments both for the purpose of determining the effects of radiation on various parts of my body and to terrorize me as an additional trauma in the mind control experiments. [She was eight years old.]

The rest of the experiments took place in Tucson, Arizona, out in the desert. I was taught how to pick locks, be secretive, use my photographic memory to remember things and a technique to withhold information by repeating numbers to myself. [She is obviously talking about being trained as an agent.]

Dr. Greene moved on to wanting me to kill dolls that looked like real children. I stabbed a doll with a spear once after being severely tortured, but the next time I refused. He used many torture techniques but as I got older I resisted more

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He often tied me down in a cage which was near his office. Between 1972 and 1976 he and his assistants were sometimes careless and left the cage unlocked. Whenever physically I would sneak into his office and found files with reports and addresses of CIA and military personnel. Included in these files were project, subproject, subject and experiment names with code numbers for radiation and mind-control experiments which I have submitted in my written documentation. I was caught twice and Dr. Greene tortured me ruthlessly with electric shock, drugs, spinning me on a table, putting shots in my stomach, in my back, dislocating my joints and hypnosis techniques to make me feel crazy and suicidal.

Is there a precedent for this kind of sadistic treatment by CIA and military personnel? Indeed there is. Here is a quote from the introduction to my book, U.S. Government Mind-Control Experiments On Children. It contains information from reliable published sources, such as The Search for the Manchurian Candidate, by John Marks, Acid Dreams, by Martin Lee and The Mind Manipulators, by Alan Schefflin. In part, these authors derived their information on the CIA and MK-ULTRA from the ten boxes of information released suddenly in 1975 by the agency in response to Freedom of Information Act requests:

Dr. Robert Heath of Tulane University, as early as 1955, working for the Army, gave patients LSD while he had electrodes implanted deep inside their brains.

Canadian researcher, Dr. Ewan Cameron, under long-term CIA contract, attempted to depattern and reprogram his psychiatric patients' personalities wholesale. He started with 15 to 65 days of "sleep therapy" during which a patient was kept under nearly 24 hours a day, through the administration of cocktails of Thorazine, Nembutal, Seconal, Veronal, and Phenergan. Throughout this sleep period, the patient would be awakened two or three times a day for electroshock treatments, given at an intensity 20-40 times the "normal" convulsion-producing strength.

In the mid-1950s, Paul Hoch, M.D., a man who would become Commissioner of Mental Hygiene for the state of New York, then a laborer in the field for the CIA, gave a "pseudoneurotic schizophrenic" patient mescaline. The patient had a not-unfamiliar heaven-and-hell journey on the compound. But Hoch followed this up with a transorbital leucotomy. Hoch also gave a patient LSD, and a local anesthetic, and then proceeded to remove pieces of cerebral cortex, asking at various moments whether the patient's perceptions were changing.

Claudia Mullin, the other of Dr. Wolf's patients who testified before the President's Committee on Radiation, said her experiences with CIA mind-control experiences began when she was seven years old:

In 1958, I was to be tested, they told me, by some important

any of their questions. Then, since the test might hurt, I would be given shots, x-rays, and a few jolts of electricity. I was instructed not to look at anyone's face too hard and to ignore names, as this was "a very secret project" but to be brave and all those things would help me forget.

A Dr. John Gittinger tested me and Dr. Cameron gave me the shocks and Dr. Greene the x-rays. By the time I left to go home, just like every time from then on, I would recall nothing of my tests or the different doctors. I would only remember whatever explanations Dr. Robert G. Heath [of Tulane Medical School] gave me for the odd bruises, needle marks, burns on my head and fingers and even the genital soreness. I had no reason to believe otherwise. Already, they had begun to control my mind!

The next year, I was sent to a place in Maryland called Deep Creek Cabins to learn how to "sexually please men." Also, I was taught how to coerce them into talking about themselves. It was Richard Helms (Deputy Director of the CIA), Dr. Gottlieb, Captain George White and Morse Allen who all planned on filming as many high government and agency officials and heads of academic institutions and foundations as possible. I was to become a regular little "spy" for them after that summer, eventually entrapping many unwitting men, including themselves, all with the use of a hidden camera. I was only nine when this kind of sexual humiliation began.

Captain George White was a notorious agent for the CIA. He set up a brothel in San Francisco in the 1960s and, using hidden cameras, filmed men having sex with prostitutes. The men's drinks were "spiked" with LSD. In 1950, Morse Allen, another important CIA man, was appointed head of Project BLUEBIRD, another CIA mind-control program.

Ms. Mullin states that she was adopted when she was two years old. By the time she reached seven she had already been abused extensively by her mother. Her mother apparently turned her over for "testing" to CIA-connected people, and Claudia then entered a 27-year period of what can only be called enslavement. Claudia states that she has been monitored, that she is still monitored and watched by agency-related people, including a medical doctor. Now living in New Orleans, she has given information to local police authorities about her situation. In her testimony to the president's committee, Claudia remarked,

Although the process of recalling these atrocities is certainly not an easy task, nor is it without some danger to myself and my family... I feel the risk is worth taking.

Claudia's therapist, Dr. Wolf, has written to the president's committee,

To the best of my knowledge, [Claudia] has read nothing about mind control or CIA covert operations. Since she decided to listen carefully and remember as much as she could about conversations among the researchers, her memories are extraordinarily complete. I have sent written copies of

Manipulators, for validation and he has confirmed that she has knowledge of events and people that are not published anywhere, that some of her memories contain new information and that some are already known and published. Some of her memories have been confirmed by family members. She has also shown me old scrapbooks where she wrote notes to remember what was happening to her and hid the notes under pictures in the scrapbook.

I spoke with Alan Schefflin in May of this year. He said he had found one piece of information Claudia had mentioned in her recollections that had no precedent in published material. It involved a connection between two government researchers.

This is just the tip of the iceberg on the 130 pages of testimony given before the President's Committee on Radiation, and it is also just the beginning of a history that will undoubtedly widen in the coming months and years. Dr. Wolf told me that when word got around she was going to testify before the president's committee, she was contacted by about 40 therapists "in just the 10 days leading up to my trip to Washington." The therapists had heard similar CIA mind-control stories from their own patients. Many of these professionals are afraid to go on the record about their patients' stories, as censure from their professional societies is a reality. The political mood these days is not conducive to granting an aura of credibility to revelations of CIA brainwashing.

So what else is new?

Jon Rappoport is a distinguished investigative reporter and the author of AIDS, INC. He can be found inhabiting the late-night airwaves of KPFK radio in Los Angeles and lecturing at the Hardware Humanitarian House in Santa Monica, California.

Notes:

1. See "From The Inside Out" *Perceptions* March-April 1995, p.58.
2. Paddington Press, New York, 1978
3. W.W. Norton New York, 1978

LSD experiment costs U.S. 750G

WASHINGTON (AP) — The government has tentatively settled a lawsuit charging the CIA used nine Canadians as human guinea pigs in mind-control research, including heavy doses of LSD, lawyers said yesterday.

Sources who asked to remain anonymous said the CIA agreed to pay the plaintiffs a total of \$750,000.

The suit cited psychological and emotional damage from treatment in the late 1950s at McGill University's Allan Memorial Institute.