

U.S. Attorney Weld's war on defense

by John Scot

Boston U.S. Attorney William Weld, already notorious for his baseless prosecutions, will use his position as head of the Justice Department's Criminal Division, should his nomination be confirmed, to conduct a massive "Watergating" campaign against America's defense industries. This is now absolutely clear, based on Weld's stated "environmentalist peacenik" sympathies, his record in office, and sources close to his office.

Over the last two years, in order to advance his political career, Weld fabricated a case of defense procurement fraud against a tiny New Hampshire machining company, Waltham Screw Co., according to a source close to Weld's office, who asserted that court records substantiate these charges.

These disclosures give new significance to Weld's promise before the Senate Judiciary Committee Aug. 13 to "take personal responsibility" for "vigorous enforcement in the area of defense procurement fraud." Weld told the committee that "white collar and public corruption are my private agenda items," and called for new positions of Assistant U.S. Attorney for Defense Fraud to be created in every U.S. Attorney's office.

Back in March, Weld announced that he was going to devote much of the resources of the U.S. Attorney's office in Boston to "prosecutions of environmental polluters." In response to a hostile question, he was provoked into stating: "I am an environmentalist terrorist. I was on the board of trustees of several environmental groups." Before the Senate committee, he as much as admitted that he was going after defense industries because they are defense industries, not because they are engaged in wrong-doing. Weld promised to "start with a definition of the problem: look at where the big defense contractors are, and see if there's fraud in those [geographical] areas."

Fabricating the evidence

Weld's record establishes that, should he find no "fraud in those areas," he will create it. For example, Weld bragged before the Senate Judiciary Committee on Aug. 13 about his "success" in jailing managers from two defense contractors in New England, including Waltham Screw Co. plant manager George Olmsted, who is serving an 18-month prison term. Waltham Screw, a company with six employees, and manager Olmsted were charged with conspiracy to manufacture and deliver defective flash suppressors for the M-16 rifle.

In point of fact, Weld's undercover operation created the crime. Weld built his case on tape recordings of plant shop floor conversations picked up from a microphone planted on a disgruntled Waltham employee, and on batches of defective parts produced by the company. Weld's informant was the company's own production inspector, and to ensure that evidence would exist for the U.S. Attorney's case, the inspector/informant refused to inspect batches of flash suppressors that later became evidence in the case, according to the source. (Flash suppressors are installed on the end of the barrel of the M-16 to prevent detection of the rifleman when the gun is fired at night.)

After treating the Bank of Boston with a "slap on the wrist" for laundering billions in drug money, Weld unleashed incredible rage and effort against an apparently innocent small machining company.

The rationale for Weld's giving investigations of defense companies a high priority is simply because there is an arms buildup going on. In one interview, Weld's subordinate, Assistant U.S. Attorney Richard Stearns, declared that defense procurement fraud is "one of three key areas of prosecution [in the Boston office] . . . including narcotics." He said that his office is now "focusing attention on companies hiding costs of fixed-price contracts in research and development and other overhead categories." Stearns explained the density of recent cases, with the remark that "fraud follows the dollars. There has been a big arms buildup over the past five years."

This would imply that fraud would concentrate among firms wanting to get into defense to make a fast buck. However, all the cases investigated to date involve companies that have been defense contractors for decades, particularly Waltham Screw, which began producing for the military during the Korean War.

To "get" the case against Waltham Screw, during a period of two months, Weld's agents sat in a van in a parking lot near the plant, recording conversations picked up by the hidden microphone. Sections of tape with comments like, "To hell with it, just do it that way," were patched together to produce plausible sequences of dialogue to substantiate the conspiracy charge, backed up by the parts that the informant refused to inspect, according to the source. The jury in the case was directed to focus on listening to the tapes provided by the U.S. Attorney's office, and disregarded the

substantial counterarguments presented by the company during the trial. Furthermore, the judge threatened to hold the jury over if it did not rule immediately following the end of the trial.

Weld's office has indicted six defense contractors since January 1985. The companies include Hybrid Components, which produced microchips for the Patriot anti-aircraft missile, space laser technology, and the B-1 bomber; Murdock Webbing, which has produced aircraft-restraining webbing for aircraft carriers since World War II; Gibson Motor and Machine Services, now bankrupt; and Aster Engineering, which produces components for military aircraft engines.

Unlike Waltham, most of the companies chose not to fight the indictments. For companies as small as these, the handing down of an indictment from the Justice Department is an overwhelming attack, because they do not have the resources to fight the federal government. Hybrid Components, Murdock Webbing, and Gibson Motor all tried to plea bargain with the prosecutor. As a result, there is little in the public record to help concerned citizens determine whether they were guilty or innocent. The case involving Aster Engineering is expected to come to trial in November.

Documentation

The questions Weld must answer now

On Aug. 14, the Senate Judiciary Committee announced that it had canceled its planned vote on the nomination of William Weld, U.S. Attorney in Boston, to the post of head of the Criminal Division of the Justice Department. The vote on the Weld confirmation is now expected to come up on Sept. 10. On Aug. 13, Warren J. Hamerman, chairman of the National Democratic Policy Committee, testified before the committee, urging them to reject the Weld nomination on the grounds that it would deal a mortal blow to President Reagan's War on Drugs, given evidence of Weld's "conflict of interest" in the handling of the Bank of Boston money-laundering case, and his record of abusing his office for selective persecution of political opponents.

The last issue of EIR presented Hamerman's written testimony to the committee. Below is the addendum to that testimony, also submitted on Aug. 13, which is the list of suggested questions concerning areas of investigation the National Democratic Policy Committee wishes to be pursued by the Senate Judiciary Committee. With each group of ques-

tions, reference material has been supplied to the Committee, which documents the information and leads therein.

I. Money laundering and the Bank of Boston case

FACT: William Weld let the First National Bank of Boston off the prosecutorial hook with a mere \$500,000 fine, which the Bank's annual report says had little effect. This amounts to 1/20 of one percent of the illegal transactions.

Contrary to common belief, William Weld never prosecuted the Bank of Boston for any violations of the law that pertained to the Angiulos' organized crime money laundering.

Between 1979 and 1983, the Bank of Boston sold \$7,372,343 in cashiers checks to various members of the Angiulo organized crime family. These domestic transactions were never mentioned, at least publicly, when the bank was indicted. The government centered its case on international transactions.

William Weld is financially tied to the Bank of Boston through Crédit Suisse, one of the banks which was transferring large amounts of cash that went unreported under the provisions of the Bank Secrecy Act. Crédit Suisse purchased parts of White, Weld Securities, the company founded and owned by his father, David Weld.

A. Is it not the case that the Bank of Boston was found to have engaged in 1,163 currency transactions totaling \$1,218,682,281 (over \$1.2 billion) without reporting them under the Bank Secrecy Act?

B. On what basis was the decision made to prosecute the Bank of Boston for only one felony count for these violations, each one of which would be a felony?

C. Did your office request records from Crédit Suisse, Zurich; Bank Leu, Zurich; Union Bank of Switzerland, Zurich; Swiss Bank Corp., Basel; Barclays Bank International, New York; Bank of Boston SA, Luxembourg; Die Erste Oesterreichische, Vienna; Canadian Imperial Bank of Commerce, Ottawa, Canada; or Standard Chartered Bank Limited, New York, all of which exchanged unreported money with Bank of Boston? If not, why not?

D. Why did you fail to pursue the line of questions that might have revealed where the large amount of cash in small denominations from these Swiss banks originated?

(In other words, a competent investigation would have extended to Switzerland to attempt to prove that the money originated from drug-linked accounts. Another U.S. Attorney, Rudolph Giuliani of the Southern District of New York, has had tremendous success in getting Bank Leumi to open its records in a case of insider-trading within the last month.)

E. Between 1979 and 1983, the Bank of Boston sold \$7,372,343 in cashiers checks to various members of the Angiulo family, including 163 checks for \$2,163,457 in cash. Did you determine the origin of this money when you prosecuted Gennaro Angiulo? Why were these transactions not