

# The traitors' cabal within the Department of Justice

by Jeffrey Steinberg

A collection of left-wing radicals in liberal Republican clothing has transformed Attorney General Edwin Meese's Justice Department into Moscow's most prominent asset in her drive to unilaterally disarm the United States and bust up the Western alliance.

When hordes of FBI agents invaded the Pentagon and offices of scores of America's largest defense contractors on June 14, 1988, a more than two-year effort, consolidated with the Senate's confirmation of William Weld and Stephen Trott to top posts in the DoJ, entered a new public phase of activation.

Long before FBI agents, deployed by U.S. Attorney Henry Hudson of the Eastern District of Virginia, cordoned off Pentagon corridors and began carting off boxes of defense procurement documents, the defense-busters at Justice had already succeeded in:

- Teaming up with Soviet prosecutors in deporting from the United States one of America's most prominent defense scientists, Dr. Arthur Rudolph, on patently false charges that he was guilty of wartime atrocities while a scientist at the German weapons center at Peenemünde. Rudolph's spring 1984 deportation to West Germany, at a point that he was serving as a consultant on the U.S. Strategic Defense Initiative, terrified and demoralized the entire community of German-American scientists, who have been the backbone of America's space and defense program since the early 1950s.

After an exhaustive three-year investigation by West German prosecutors, Rudolph was granted West German citizenship on the grounds that there was no evidence to support the charges of the U.S. Justice Department's Office of Special Investigations (OSI). The OSI had relied heavily on information provided by Soviet intelligence. In fact, Rudolph's name had been originally submitted to the Justice Department and to Congress for investigation as a Nazi war criminal by Charles R. Allen, Jr., a longtime Communist Party figure and the head of the U.S.-East German Friendship Society.

- Dismantling the Pentagon's secret special warfare units,

which had been created in the aftermath of the failed Iran hostage rescue missions of 1980. Top officials of the U.S. Army's Special Operations Division were targeted, beginning in late 1983, by the same Justice Department crew behind the June 14 Pentagon raid. Hounded for years on charges of procurement fraud, overspending, "sole source contracting," etc., Col. James Longhofer (USA) and others of America's most qualified and patriotic irregular warfare professionals, were subjected to criminal prosecutions, court martial, media abuse, and, in a few cases, jail terms.

The result? Pentagon units specially trained in hostage rescue assaults, counterterrorist operations, and anti-spetsnaz intelligence programs were systematically dismantled, creating the vacuum that was filled, with disastrous consequences, by the Ollie North-Bill Casey "Enterprise." Parenthetically, the same Justice Department prosecutors who so zealously targeted the Special Operations Division, blocked prosecutions in 1983 against Irangate figures Gen. Richard Secord, Theodore G. Shackley, Thomas Clines, and Eric Von Marbod.

- Gutting NASA, through yet another unjustified prosecution, in this case against Dr. James Beggs, the administrator of the National Aeronautics and Space Administration (NASA), and a number of executives of his former employer, General Dynamics. On June 19, 1987, the Department of Justice was forced to drop all charges against Beggs and his codefendants, but not before Beggs had been forced to resign from NASA.

## Weld: 'my private agenda'

On Aug. 14, 1986, the U.S. Senate Judiciary Committee held confirmation hearings on the nomination of William Weld, then U.S. Attorney in Boston, as head of the Criminal Division of the Justice Department, and Stephen Trott, then Criminal Division head, as Deputy Associate Attorney General, the number-three post in the department. Only the National Democratic Policy Committee (NDPC), a political action committee associated with Democratic Party figure

Lyndon H. LaRouche, Jr., opposed the Weld nomination.

The hearings turned into a love fest between the two nominally conservative GOP lawmakers and such defense cutters as Senators Charles Grassley (R-Iowa) and Edward Kennedy (D-Mass.). Both Weld and Trott vowed that one of the cornerstones of their tenure at Justice would be an all-out assault against the Defense Department and its major contractors.

It is worth republishing here excerpts from Weld's confirmation hearings, to underscore the fact that he made no secret of his intention, even then, to launch the present wild assault on defense procurement. The Criminal Division nominee could scarcely contain himself from placing defense procurement prosecutions above major narcotics trafficking and violent crimes on his "personal agenda" for the division:

"Two areas which I expect to address personally, and focus on, are the areas of public corruption and white collar crime. . . . We have been active in the area of defense procurement fraud. . . . As the Senator knows, these cases are labor intensive for the attorneys and the investigators. We have had in my district . . . six of those cases, two or three of which have gone to trial. They have all been convictions. They are in different areas of defense procurement fraud. Several have been failure-to-test cases, where the company does not test a product that it says it is going to under the terms of its contract. Those are some of the most serious defense procurement fraud cases, I think, because they introduce a safety element.

"I am happy to say, that when we recently convicted a Massachusetts company and two of its officers for failure to perform required tests on semiconductor chips which are used in space and weapons applications, the two officers received prison terms of five years and three years, respectively, and those are fairly good sentences, in my district, for a white collar case. In another case of just the last couple of weeks, involving failure to test the flash suppressor which goes at the end of the gun barrel of the M-16 rifle, and helps prevent the soldier from being exposed to sniper fire, again, an 18-month prison term was imposed by the judge.

"The four types of cases with which I am familiar, Senator [Grassley], are failure to test, product substitution—I tell you I am going to give you product 'A' and I give you product 'B,' which was made in the Far East and is much cheaper for me to secure—and labor mischarging. These are the most complex of all to investigate, because they are massive paper cases.

"I have a cost-plus contract and I have a fixed-price contract, and I take overhead that really should go into my fixed price contract where I am running up against the ceiling, and I shove it over to the cost-plus, so that Uncle Sam and the taxpayers can pay for that, even though it is a separate contract and it should not be in there.

"And the fourth area is defective pricing, and this applies not just to the defense area. This is a government fraud

priority. . . .

"I think there is merit in [the] suggestion of specialists in this area to be out in the field. As Mr. Trott indicated, in major U.S. Attorney's offices, that is de facto already the case. . . . We have a major frauds unit. I suppose that is probably even more true in Los Angeles, and probably equally true in San Francisco, which are also districts with a big defense presence. . . . It seems to me that something like that might have merit, additional Assistant U.S. Attorney positions who would have—who would be charged, be under the direct supervision of the United States Attorney, but they would be sent to districts with major defense contractor presences, and they would be charged with prosecuting defense contracting cases . . . a placement of specialists around the country would have great merit. . . .

"What I would do would be to spend as much time as I possibly could—and as I say, white collar and public corruption are my private agenda items. . . .

"But these are the areas that I know I am going to spend personal time on. I want to sit down with the military investigative services, say: What can we do with agent training to help these people be really fraud agents? Do you want us to place Assistant U.S. Attorneys around the country who will do only defense cases? What is your inventory? What will the market bear?"

Criticizing the Justice Department's failure to seek out major defense prosecution cases, Weld concluded his testimony by vowing to take to the offensive:

"I would start with a definition of the problem and try to look where the big defense contractors are, and if there are no fraud referrals in those areas, I would say maybe that there is something we need to tinker with. . . . I think that vigorous enforcement in the area of defense procurement fraud actually helps the military, because if the public and the Congress does not believe the money is being well spent, those military budgets are going to shrink."

Weld was not one to mince words. According to recent *New York Times* press accounts, the top-secret Justice Department defense procurement probe that led directly to the June 14 Pentagon invasion was launched by Weld in September 1986, within days of his Senate confirmation.

## Who's Who?

Weld's apparent preference for Pentagon prosecutions over major narcotics cases is deeply engrained. The product of a wealthy Wall Street investment house family whose early fortune derived from the China clipper ship trade, Weld personally invested tens of thousands of dollars in the late 1960s Boston counterculture weekly the *Real Paper*, which was New England's leading voice for anti-war activism and the drug-rock counterculture. More recently, Weld reportedly has personally invested in several Canadian motion picture ventures, including one being filmed in the People's Republic of China in partnership with the People's Liberation Army.

Some of his alleged Canadian partners in these epic film projects have been cited as funding conduits for Greenpeace, a Canadian-based environmentalist group that recently disrupted French neutron bomb test sites in the Pacific Ocean.

Weld's appointment to the U.S. Attorney's post came after he was soundly defeated in a 1978 bid to be elected state Attorney General of Massachusetts. During that campaign, one among a small list of financial backers was Canadian whisky magnate Edgar Bronfman, long suspected of being involved in international drug operations, and, next to Armand Hammer, one of North America's leading proponents of increased trade with the Soviet Union, in exchange for arms reductions and liberalization of emigration laws affecting Soviet Jews.

At the root of the National Democratic Policy Committee's singular opposition to the Weld appointment to the Criminal Division was his February 1985 handling of the Bank of Boston case, in which the bank was caught by Treasury Department auditors laundering over \$1.2 billion in cash to overseas bank accounts, without filing required documentation. Treasury Department officials, including Assistant Secretary for Enforcement John Walker, all but accused the Bank of Boston of laundering bigtime drug money. The principal bank receiving the transfers was the Geneva-based *Crédit Suisse*, a longtime partner of the Weld family's *White Weld Investments*, and a bank known among Swiss financial investigators as crime boss Meyer Lansky's favorite hot money hole. Not surprisingly, *Crédit Suisse* handled most of the secret accounts for Gen. Richard Secord and his colleagues during the Iran-Contra project.

In a plea bargain that may go down as the sweetheart deal of the century, the Bank of Boston was fined a puny \$500,000, and over 1,200 separate possible felony counts of criminal fraud were reduced to a one-count guilty plea. No officials of the bank were named in the indictment or in the plea agreement.

Nine months later, when Jonathan Jay Pollard was arrested and charged with spying for a secret Israeli intelligence unit, LEKEM, it was discovered that the finances of the spy ring, which Defense Department officials believe was ultimately passing U.S. military secrets to the Soviet Union, came through a pair of accounts at the Bank of Boston in the name of a Boston attorney, Harold Katz.

While burying potentially the most serious case of big-time money laundering by a major American bank, Weld had earlier resorted to what the First Circuit Court of Appeals denounced as tactics bordering on "Soviet guilt by analogy," in going after the Boston Democratic Party machine and local New England defense contractors. "We cannot engage in unprincipled interpretation of the law unless we foment lawlessness instead of compliance," the appellate court stated, in throwing out Weld's conviction of Thomas Anzalone, an aide to Boston Mayor Kevin White.

Similar words could have equally applied to Weld's

witchhunt, begun in January 1985, against a string of small defense contractors in the greater Boston area. In one of the six cases cited by Weld at his confirmation, the Waltham Screw Company of Keene, New Hampshire was indicted for failure to comply with quality control standards in their manufacturing of flash suppressors for M-16 rifles. In a plant employing fewer than a dozen workers, Weld's office had one Waltham worker wired for sound, while a van loaded with electronic equipment waited outside the plant for weeks on end. A spliced-together tape of conversations solicited by the informant was Weld's main piece of evidence in a case that reeked of political entrapment. Weld was sharpening his teeth for bigger game.

If William Weld was misread by Reaganites, including Attorney General Meese, as a "good old boy" conservative, Weld's senior at DoJ headquarters, Stephen Trott, must have been an even bigger shocker to some of his California GOP patrons. Even before Weld had begun to entertain thoughts of a high-powered job in D.C., Trott was going after some of America's leading defense companies and pioneers of the space program. It was Trott's Criminal Division that launched and then revived the attack against NASA's Dr. Beggs and General Dynamics.

Trott was an early 1960s fixture in the Communist Party U.S.A.-dominated folk music scene, as a member of the Highwaymen singing group. Many of the Highwaymen's most successful songs were recorded under the direction of Sanga Music, a company owned by Communist Party fellow traveler Harry Leventhal. Leventhal's other famous clients included Pete Seeger and Woody and Arlo Guthrie. Through Leventhal, the Highwaymen became the property of United Artists, then run by Arthur Krim, a Hollywood organized crime-linked figure.

According to some sources, it was through Arthur and Mathilde Krim, both of whom were cronies of Armand Hammer, that Trott, after Harvard Law School, fell under the patronage of John Van de Kamp, the left-liberal California Attorney General and Hammer intimate. Given Hammer's role in recent years in shuttling Soviet-manufactured documents to the Justice Department's Office of Special Investigations to facilitate Nazi-hunting prosecutions like the Rudolph case, it is not surprising that Trott told senators considering his confirmation as Deputy Associate Attorney General that OSI, along with defense contract fraud, headed his list of departmental priorities.

## **The man from EATSCO**

In the wake of an unsuccessful power play to oust Attorney General Meese earlier this spring, Weld and his close ally, Associate Attorney General Arnold Burns, were themselves forced to resign from the department. While publicly chastising Meese for his sleazy handling of the Wedtech case and other matters, Weld and Burns seem to have been caught up in a very nasty scandal that may yet implicate them both

in the Pollard spy scandal.

Just prior to his January 1986 appointment as number-two man at the Justice Department, New York City corporate attorney Arnold Burns had been involved in a string of offshore tax shelters which were apparently a revolving door for funds going to Israeli spy networks directly linked to Pollard and LEKEM. (Burns's law firm represents Sterling National Bank, the semi-official bank of the Pollard-linked Anti-Defamation League and a notorious haven for New York City mob money.) When the head of the Tax Fraud Section of the Justice Department, Roger Olson, received the file from the Internal Revenue Service for possible prosecution, he immediately turned it over to his boss, Weld, for consideration as a special prosecutor's matter. Weld quashed the investigation, according to reports published in the *Washington Times*. At the first opportunity, Weld and Burns had the tax unit chief fired.

When Weld and Burns fell, the main burden for carrying on the defense-bashing program fell on Theodore S. Greenberg. Greenberg moved over to the main Justice Department from the Alexandria, Virginia U.S. Attorney's office, four months before the Pentagon raid. At Justice, Greenberg conveniently took charge of the Defense Procurement Fraud Unit in the Fraud Section of the Criminal Division—the unit that Weld and Trott had reinforced, along the lines of their confirmation promises.

### **'The Enterprise'**

In Alexandria, Greenberg had earned his stripes by overseeing the aggressive coverup of the EATSCO case, which was a crucial precursor to the Irangate scandal of 1986. As *EIR* has reported, Egyptian American Transport Services Company, according to recently declassified CIA documents, was the precursor to "the Enterprise" of General Secord, Tom Clines, convicted Libyan gunrunner Edwin Wilson, Pentagon bureaucrat Eric Von Marbod, and, allegedly, ex-CIA covert operations executive Ted Shackley. Ostensibly a freight-forwarding company set up to handle the billions of dollars in arms sales to Egypt following the Camp David accords, EATSCO appears to have been caught up in bigtime skimming of Pentagon funds.

When, as a spinoff of the Ed Wilson prosecution, honest DoJ officials and maritime auditors fell onto a \$71 million Pentagon payment to EATSCO, Mark Richard, a top department official allied with Weld and Trott, called in Greenberg, from the Alexandria U.S. Attorney's office, to bury the Clines-Secord-Shackley probe. By spring 1982, while Wilson remained a top-priority target of prosecutors, Greenberg quietly settled the EATSCO affair, through a series of plea agreements and penny-ante fines anticipating Weld's own later handling of the Bank of Boston case. With a clean bill of health from Greenberg, Tom Clines, the most visible of the ex-CIA figures caught up in the EATSCO affair, was free to move on to become Secord's chief arms procurer in the

Iran-Contra debacle.

Greenberg, for his part, went on to lead an assault on the Enterprise's main competition for control over America's counterterrorism program, the U.S. Army's Special Operations Division (SOD), an elite group of paramilitary and military intelligence professionals. Beginning in December 1983, just months after he had overseen the EATSCO coverup, Greenberg went to work at SOD and a particular sub-program codenamed "Yellow Fruit." According to a recent book-length account by Stephen Emerson of Greenberg's assault on the Pentagon's irregular warfare command, just before Christmas 1983, Greenberg led a raid on an SOD front company office, thus inaugurating a two-year probe that ended with a 1,670-page top secret Partial Prosecutors Memorandum, written by Greenberg, filling nine volumes. By November 1985, when the main case, against Army Lt. Col. Dale Duncan, finally went to trial, the only remaining charge was that Duncan had failed to account for a \$796 airline ticket to Honduras. The Fourth Circuit Court of Appeals subsequently threw out Duncan's conviction on even that Mickey Mouse charge. However, Special Operations Division was torn asunder and ultimately disbanded by Greenberg's "bull in a china shop" probe.

Yet another one of the faceless "permanent bureaucrats" at the Justice Department who have helped steer "Operation Ill Wind," as the DoJ codenamed the Pentagon procurement probe, is Mark Richard, a deputy head of the Criminal Division in charge of international liaison and of overseeing all prosecutions involving sensitive national security matters that might fall under the Classified Information Procedures Act.

While functioning as a backstop for all the Weld-Trott-Greenberg assaults upon the military, Richard has also been the principal figure at Justice advocating open channels of cooperation and exchange with counterparts in the Soviet bloc. Thus, Richard used the OSI prosecutions against Dr. Rudolph, the late Karl Linneas, and Austrian President Kurt Waldheim, to establish precedents in law for the use of Soviet evidence in American judicial proceedings.

### **The Bush factor**

When the FBI raided the Pentagon, Attorney General Meese was reportedly inundated with calls from angry generals and admirals demanding to know "what the hell was going on." For Meese, in the twilight of his government career, the answer was simple. From the day that Weld and Trott took their seats at main Justice and launched "Operation Ill Wind," Meese was himself on the target list, and was, apparently, kept totally in the dark.

For Vice President George Bush—who championed Weld's appointment to the DoJ, and who had, at least up until the Weld-Burns resignations, apparently planned to bring Weld, as well as ex-Navy Secretary John Lehman, a major target of "Ill Wind," into his own administration if elected in November—the questions are just beginning.