

Inslaw: one scandal that won't disappear

by Jeffrey Steinberg

Last November, during his confirmation hearing as attorney general, William Barr announced the appointment of a retired federal judge, Nicholas J. Bua, to conduct a special investigation into the Inslaw affair.

Inslaw is the Washington-based computer software firm that was driven into Chapter 11 bankruptcy in the mid-1980s as the result of what several federal judges ruled was "trickery, fraud and deceit" by the Department of Justice. Inslaw charges that a crew of senior Reagan administration officials, led by Attorney General Edwin Meese, conspired with private businessman Dr. Earl Brian, the CIA, and others to bankrupt the computer firm in order to steal a valuable piece of software called PROMIS, a data-tracking system ideal for use by criminal prosecutors and intelligence agencies alike. The Justice Department alone planned to let out nearly \$1 billion worth of contracts for just such a software system during the Reagan years.

After nearly a decade of legal battles, congressional hearings, and media probes, last year, the U.S. Court of Appeals threw out Inslaw's multimillion-dollar judgment against Justice on purely technical grounds. The U.S. Supreme Court refused to take up the case, sending Inslaw's lawyers back to square one.

Despite the court's action, the Inslaw scandal continued to grow, fueled by an aggressive probe by the House Judiciary Committee, which last year turned into a donnybrook between committee chairman Rep. Jack Brooks (D-Tex.) and then-Attorney General Richard Thornburgh. Thornburgh's effort to withhold hundreds of pages of crucial evidence about Justice Department duplicity in the Inslaw bankruptcy and alleged theft of PROMIS was a big contributing factor in his eventual "retirement" as attorney general and his defeat by Sen. Harris Wofford in a special Senate election in Pennsylvania last autumn. It was the heat of the Brooks-Thornburgh brawl and the sting of the Thornburgh electoral loss that prompted incoming Attorney General Barr to make the conciliatory gesture of appointing Judge Bua as his special investigator in the Inslaw caper. For months the Bua probe seemed to be going nowhere, prompting charges that Barr was engineering a bureaucratic coverup.

Now, once again, the Inslaw affair is showing signs of resurfacing as a major scandal. According to one well-placed Washington source, the Bua probe has indeed turned up evidence of serious misconduct—possibly criminal—on the

part of some longtime Justice Department officials. And the scandal, according to this source, extends beyond just the Inslaw case to other politically motivated "dirty tricks" run out of the Justice Department. On Jan. 28, Nicholas Bua traveled from Chicago, where he is directing the probe out of his law firm (with the help of three assistant U.S. attorneys and a team of FBI agents), to Washington to meet with Attorney General Barr. At that meeting, he asked for and received the okay to subpoena witnesses before special grand juries that will convene in at least three cities.

The Canadian connection

One possible source of the renewed action around the Inslaw case is evidence that surfaced late last year indicating that stolen copies of the PROMIS software were illegally sold to the Canadian government.

First, Inslaw received an official communiqué from the Canadian government requesting technical data about the PROMIS software, which the memo said was being used in over 900 Royal Canadian Mounted Police (RCMP) stations, and in a smaller number of offices of the Canadian Security and Intelligence Service (CSIS), Canada's CIA. Inslaw never sold PROMIS to the Canadians. Inslaw had, however, amassed a series of affidavits from current and former U.S. and Israeli intelligence assets who claimed first-hand knowledge of sales of pirated copies of PROMIS by Dr. Earl Brian to a number of foreign governments, including Canada. The source of the alleged pirated PROMIS software was the U.S. Department of Justice. The Canadian government tried to correct the gaffe by claiming that the letter to Inslaw was a technical error and that Canada was not using PROMIS. However, efforts by Inslaw to obtain documents relating to PROMIS under the Canadian equivalent of the Freedom of Information Act turned up 28 pages of material that were withheld on the grounds of "national security . . . the conduct of international affairs, the defense of Canada or any state allied or associated with Canada."

Charles Greenwell, an Ottawa television investigative journalist, aired a report on Feb. 13 citing an RCMP source that the classified documents exposed how the PROMIS software had been obtained by the RCMP and CSIS. One week later, another Canadian journalist, Eric Reguly of the *Financial Post*, reported that his paper had been contacted by an Ottawa man who had been interviewed for a computer job with CSIS and had been specifically queried about whether he had ever worked with the PROMIS software. He was told that PROMIS was being used by CSIS.

The Inslaw story becomes more and more complex as time passes. However, Inslaw President William Hamilton's pursuit of every thread of evidence appears to be turning up new leads. Sometime soon, the House Judiciary Committee will issue its final report on its Inslaw probe. The expectation is that Brooks will call for the appointment of a special prosecutor, independent of the Justice Department.