

# National News

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## Giuliani squashes tax fraud bonanza

A federal grand jury convened by U.S. Attorney for the Southern District of New York Rudolph Giuliani has handed down indictments against three men in one of the largest illegal tax shelter conspiracy cases in history. The defendants, Charles A. Atkins and Ernest Grunebaum of the Securities Groups, and William S. Hack of the Kale Holding Corp., were charged in a 31-count indictment with using "rigged and fraudulent transactions" in government securities to arrange tax losses for investors, amounting in total to \$350 million.

While investors—some of the biggest names in the "entertainment industry"—are not being charged in the scheme, they do stand to lose not only what they claimed as tax losses, but also penalties and interest, amounting to millions of dollars each. "I wouldn't lose a lot of sleep sympathizing over the problems that they have," said Giuliani.

Among the investors were TV producer Norman Lear, a founder of People for the American Way (PAW), a Hollywood group involved in political "dirty tricks" against Lyndon LaRouche and associates, in coordination with the Anti-Defamation League (ADL); CBS chief Laurence Tisch and his brother Postmaster General Preston Tisch; the late Andy Warhol; actors Lorne Green, Michael Landon, and Sidney Poitier; and Lazard Frères senior partner Michael David-Weill, who had reported \$4.4 million tax losses in the fraudulent scheme.

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## Boston police will recruit homosexuals

The Boston police will actively recruit "gay" and lesbian officers, according to a report in the *Boston Globe* on March 20. A police spokesman said that the department would advertise in newspapers that cater to homosexuals and would be "happy to attend any

functions on recruitment."

The decision was made in response to a demand by the Boston Lesbian and Gay Alliance. The Alliance also sought record-keeping of homophobic violence, after documenting 135 cases of what they charge was "verbal and physical abuse" against homosexuals, including five allegedly by police. They say the absence of homosexual officers in Boston's 1,800-member police department exacerbates "distrust."

No reactions have yet been recorded from the Boston police, but recent developments in Washington, D.C. indicate that there may be trouble ahead for the new program. Police officers who donned surgical masks and gloves before raiding a homosexual "after-hours club" in the nation's capital on March 14 were called "insensitive" by Police Chief Maurice Turner, after representatives of the "gay community" protested. The president of the Gay and Lesbian Activist Alliance said the raid represented an upsurge in "homophobia" and violence against homosexuals.

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## Pacific forces in no shape to fight a war

Admiral Ronald J. Hays, commander of U.S. forces in the Pacific region, testified before the Defense Policy Panel of the House Armed Services Committee on March 18, that the United States and its Pacific allies are ill prepared to fight and win a conventional war.

"Even though impressive gains have been realized in the past few years," he said, "staying power remains a serious conventional war-fighting concern. We need more war reserve stocks of modern munitions to gain and maintain air superiority and secure our lines of communication. We lack adequate quantities of repair parts, particularly those that feed our high-technology systems."

"Of course," he added, "having large stores of supplies and repair parts means little unless we can move them when and where needed. . . . Our allies are in no better shape to sustain war fighting. Most have

less than adequate logistics, transportation and service support structure."

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## Pope sets intervention into U.S. Church

Pope John Paul II held meetings at the Vatican at the end of March with 18 U.S. bishops, in preparation for his September trip to 10 American cities. This is the first time that the pontiff has received both written and verbal briefings from bishops before visiting their cities.

One of the bishops in the delegation, Archbishop Patrick Flores of San Antonio, told AP before he left for Rome that he has been assigned to brief the Pope on the concerns of Hispanics in the United States, the social work of the church, and the training of seminarians. "We are pointing to the problems of drug abuse, problems of alcohol, the problems of violence that are affecting the Hispanic community, as well as affecting members of other communities of the United States," he said.

The issues involved in the Vatican's ongoing effort to discipline the U.S. Catholic Church, were highlighted by Archbishop Pio Laghi, Vatican ambassador to the United States, in a speech Feb. 18 at Seton Hall University in New Jersey. According to reports published in the *Wanderer* on March 5, he insisted that the Vatican and local bishops have a role in running Catholic colleges to ensure orthodox teaching, even if this results in loss of federal funds. "We cannot give up Catholicity to get federal funds. We have to stick to principles. We have to pay a price to keep Catholicity," Laghi said. "It is precisely the role of the Catholic university to overcome pluralism and indifference, and to point out the absolute values that are the essence and the honor of the human mind 'created in the image of God.'"

The speech drew an angry response from Fr. Thomas Fitzgerald, president of St. Louis University. He charged that Archbishop Laghi's "lack of pastoral sensitivity is shocking. He recognizes neither the financial burdens already borne by the American Catholic community or the strong impact

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American Catholic educational leaders are having on all higher education in this country."

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## Bush takes a new 'flexible' line on debt

Vice-President George Bush called for a "new wave of flexibility" from the World Bank and other international financial institutions in response to the debt crisis of developing democracies in Central and South America.

"With large debt payments, these countries simply don't have the money to spend on needed investment and social programs," Bush said at a meeting with Texas newspaper editors on March 23. "What is called for is a new wave of flexibility from banks, international financial institutions, and governments," he said. "Debt is a tremendous problem that weakens these new democracies and also prevents them from buying our products, which in turn would, frankly, help our trade deficit."

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## LaRouche campaign comes to Iowa

Lyndon LaRouche's presidential campaign was officially launched in Iowa March 16-20, in a tour of the state by top campaign spokesman Webster Tarpley. Tarpley predicts "30-35% support for LaRouche" in the February 1988 Iowa caucuses, and told the press, "We're here to stay and we're here to win."

In a state devastated by the collapse of agriculture, the media's coverage of the LaRouche campaign differed sharply from the slanders of the liberal Establishment press. Tarpley's press conferences in Des Moines, Davenport, and Cedar Rapids were well attended, and received factual coverage.

The *Quad Cities' Times* reported: "Webster Tarpley, LaRouche advance man, stressed the three dominant issues of the

Presidential campaign of Lyndon LaRouche. Tarpley stated that AIDS is a species-threatening disease, and that LaRouche is calling for mandatory testing, screening and quarantine for those infected with the AIDS virus. Tarpley stressed that the second most important issue is the economic depression. Reagan's economic recovery is a big lie. Unemployment is 25-30%. LaRouche is calling for a crash program to develop the SDI, in order to counter the Soviet Union's own Strategic Defense Initiative. Tarpley stated that the 'Soviets are hell-bent on world domination!'"

The *Cedar Rapids Gazette* emphasized that LaRouche is calling for a moratorium on farm foreclosures and a massive government lending program to bail out U.S. farmers.

On radio talk shows, Tarpley elaborated the LaRouche program for reviving agriculture, and denounced the food cartel companies—Cargill, Continental, Bunge, André, et al.—for strangling the productive capabilities of the independent family farmer. On a Sioux City radio show, the first caller demanded of Tarpley, "What about Ralston Purina? You forgot Ralston Purina!"

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## Senator Wallop wants a fourth armed service

Senator Malcolm Wallop (R-Wyo.) plans to introduce a bill that would create a fourth armed service, the U.S. Defense Force, to oversee the deployment of anti-missile defenses, reports the March 23 *Washington Times*. "We need a service dedicated totally to the mission of defending the United States against the ballistic missile threat," the paper quotes Rep. Jack Kemp (R-N.Y.), who will manage the bill in the House.

The bill would exempt the new organization from many Defense Department procurement regulations, which its authors say have produced cost overruns and program delays. It also mandates advanced development and eventual deployment of several SDI systems now being studied by the Pentagon.

## Briefly

● **RUDOLPH GIULIANI**, the U.S. Attorney in New York City, been offered the chairmanship of the Securities and Exchange Commission, according to the *New York Times* on March 26.

● **JOSEPH BIDEN**, the Democratic senator from Delaware and putative presidential hopeful, accused the Reagan administration of seeking a broad interpretation of the 1972 ABM Treaty in the belief "that we can in fact seek and gain nuclear superiority in a way that will enable us to somehow change the way the Soviets do business."

● **200 DEMOCRATS** from New York's Westchester County and some national Democratic Party figures met on March 21 to form the Harriman Society, in honor of Averell Harriman, the deceased patriarch of the party's pro-Moscow wing. Among those attending were Pamela Harriman, Arthur Schlesinger, Ted Sorensen, and McGeorge Bundy. The society's president, J. Edward Meyer, said that the group will raise money for presidential candidates.

● **HENRY KISSINGER** and Cyrus Vance on March 24 announced the formation of a new bipartisan organization aimed at improving U.S.-Chinese relations. Kissinger told a news conference that the American-China Society will not attempt to influence U.S. policy, but will sponsor studies on current issues. He cautioned against misreading the new repressive measures carried out by the Chinese government in the wake of student demonstrations.

● **STEVEN SOLARZ**, the Democratic congressman from New York, has introduced a bill calling for suspension of all U.S. aid to Panama during fiscal years 1987 and 1988, unless the U.S. President could certify that "clean elections" had taken place in that country. Solarz played an instrumental role in the overthrow of Philippines President Marcos.