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SELLING OUT

How an Ex-C.I.A. Agent Made Millions Working for Qaddafi

By **PETER MAAS**

LIKE MOST PEOPLE, I first read about Edwin P. Wilson in the newspapers in 1981. He was said to be a former operative for the Central Intelligence Agency who had placed himself in the service of the Libyan dictator and godfather of international terrorism, Col. Muammar el-Qaddafi.

In these accounts, Wilson was portrayed as a mysterious figure, sort of a Great Gatsby of the espionage world. What especially caught my eye was that he owned a huge estate called Mt. Airy Farms in the fashionable northern Virginia hunt country — an estate, I would learn, that abutted those of neighbors like the tycoon Paul Mellon, Virginia's Senator John Warner and his then-wife Elizabeth Taylor and Jack Kent Cooke, the multimillionaire owner of the Washington Redskins.

Wilson had acquired the estate while still in the United States intelligence service, and I wondered how this could be. I knew that C.I.A. pay grades were the same as those for other Federal agencies and departments. Then I discovered that the most Wilson had ever gotten in salary from the C.I.A. was $25,000 a year, and that his salary in his later employment with an ultrasecret Navy spy operation known as Task Force 157 never rose higher than $32,000 annually.

Just a decade before, I had begun work on "Serpico," the story of the brave officer who had exposed pervasive corruption in the New York City Police Department. Even in those bad days, a cop who suddenly bought a house on a couple of acres in the suburbs with a pool, say, or a tennis court would have at least attracted some raised eyebrows. At least some questions would have been asked.

All told, Wilson's net worth was more than $15 million, including approximately $1 million in numbered Swiss bank accounts and South African gold. Yet nobody in the dark, sensitive, security-conscious circles in which Wilson moved seemed to care how any of this had been made possible.

The C.I.A. remained silent about Wilson, where he had come from, what his role in the agency had been. But as his name continued to be embarrassingly coupled with the C.I.A. in headline after headline, other stories, attributed to unnamed intelligence sources, started appearing — in the news media and then in a book by a Washington author, Joseph C. Goulden — that dismissed Wilson as a fringe player whose low-level agency contract was subject to renewal every couple of years. According to these accounts, Wilson had been recognized early on as a rotten apple and had been promptly tossed out.

When I began researching "Manhunt," about the eventual pursuit and capture of Wilson, who by then had become an international fugitive, it was crucial to know what his true role in the C.I.A. had been, how he had operated in its ranks, and to determine what circumstances within the agency itself had apparently allowed him to slip so easily and so profitably into his terrorist activities. Did he have confederates? Was he an aberration?

Although my previous investigative work had led me into areas of organized crime as well as law-enforcement and political corruption, my sole connection with the spy business had been when I was a reporter and the C.I.A. tried to recruit me in hopes of using my journalistic credentials for its own purposes.

Still, I had developed trusted sources over the years, and through them I met others who enabled me to gain access to classified documents that detailed Wilson's intelligence career. These included career summaries and evaluations from the C.I.A. and the Office of Naval Intelligence, as well as reports by the Federal Bureau of Investigation; the Bureau of Alcohol, Tobacco and Firearms; the Defense Investigative Service, and the C.I.A.'s Office of the Inspector General.

Through these documents, and through dozens of interviews with people who had worked or dealt with Wilson, I discovered that he had in fact been a highly valued agent who had not been fired at all, but rather had left the C.I.A. because he wanted to. Even more astonishing, I learned that for a long period of time both the C.I.A. and the F.B.I. had a very good idea of what Wilson was up to in Libya and had done essentially nothing to stop him.

Far from hindering his activities, in fact, the traditions and procedures of the intelligence community were in many ways Wilson's greatest asset, even after the true nature of his dealings was disclosed. Although the personal characteristics that were to shape Wilson's career were evident even before he joined the C.I.A., the agency afforded him the opportunity to act upon those traits, especially when he got into covert paramilitary operations. There he learned the fine art of falsification, of creating dummy business entities, of moving funds through the international banking system so they couldn't be traced.

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Wilson became adept at manipulating the agency's internal practices for his own benefit — its reverence for achieving results regardless of the means required, and its "compartmented" structure, which forbids intelligence officers to inquire into each other's activities. And when he started getting bad press notices, he skillfully exploited the "us-versus-them" syndrome that so characterizes the agency in the face of outside criticism — in the same way the police banded together in a conspiracy of silence during the Serpico revelations, despite clear evidence of massive corruption.

To this extent, Wilson's story invites alarming questions about the ongoing potential for abuses within the C.I.A. and other American intelligence organizations. The ease with which Wilson was able to misuse his intelligence training and connections for private gain, and his success in winning the cooperation and complicity of other officials who were eager to cash in on their influence, raise the likelihood that his case was no aberration. The inability or unwillingness of the C.I.A. and other intelligence agencies to police themselves threatens to insure that Wilson's dangerous brand of espionage and entrepreneurship will pose a continuing threat to the integrity of the intelligence community — and to American lives and interests abroad.

EDWIN WILSON WAS born into a dirt-poor family in Idaho in 1928. In high school, he was a member of the Future Farmers of America. Still a teen-ager, he shipped out as a sailor in the merchant marine in the Pacific. He worked his way through the University of Portland, a Catholic school run by the Holy Cross order. It was, he told me, the first time he had seen men wearing "dresses." As a Marine Corps lieutenant, he arrived in Korea after the fighting was over, but tore up his knee so badly leading a patrol along the demilitarized zone that he was informed that he would be discharged with a 10 percent disability.

Hitching a ride on a Navy plane to Washington in an effort to save his commission, Wilson began telling a civilian passenger next to him about his past. The man said that if things didn't work out with the Marines, Wilson ought to give some thought to the C.I.A. The agency might be in the market for someone like him, the man said, without identifying himself, and he gave Wilson a contact number and name to call.

Wilson filled out a personal history statement; underwent a battery of medical and psychological tests, scoring well as the kind of adaptive, self-reliant, action-oriented personality the C.I.A. especially prizes, and waited while a lengthy security check determined that he was "a person of good character, of the highest integrity, opposed to Communist ideals and loyal to the U.S." Finally, he passed an exhaustive polygraph examination designed to ferret out what intimate secrets might still remain hidden, and formally joined the C.I.A. on Oct. 27, 1955.

In early 1956, he stood with other C.I.A. officers at a remote Air Force base in the Nevada desert north of Las Vegas, listening as the legendary director of the C.I.A., Allen Dulles, told the officers that they were embarking on a mission that would revolutionize the gathering of intelligence, and forever change its nature.

Behind Dulles as he spoke, so ungainly on the ground with its long, drooping wings, was what the Russians would come to call the "Black Lady of Espionage" — the high-altitude U-2 spy plane, whose existence was then the agency's most closely held secret.

Wilson had been assigned to the C.I.A.'s Office of Security as a member of a special 60-man detachment that would guard the U-2 planes and keep tabs on the pilots, the support crews and their families. Since he would be going overseas, he was given a fake identity as an international representative for Maritime Survey Associates, with a mail-drop address at 80 Boylston Street, Boston, Mass.

Four U-2's were based near Adana on the southern coast of Turkey, and Wilson went with them. Among the pilots he watched over was Francis Gary Powers, whom the Russians would manage to shoot down in May 1960.

In January 1959, newly married, Wilson was transferred to the C.I.A.'s Washington field office. For a time, he guarded a K.G.B. defector who exposed one of the most important Russian spies the United States ever nabbed, Col. Rudolf Abel. There was a nice irony to this; Abel would eventually be traded back to the Soviet Union for the captured U-2 pilot, Gary Powers.

The C.I.A. at this time was engaged in widespread illegal domestic mail intercepts and wiretaps, and one day while tapping the phone of a foreign affairs specialist for Newsweek magazine, Wilson found himself recording a call with Vice President Richard M. Nixon. It was a heady experience for Wilson. "You'll never guess who I was listening to today," he said to his wife.

Although Wilson was later reported to have played a role in the Bay of Pigs invasion, he was actually an undercover graduate student at Cornell University — in its School of Industrial and Labor Relations — when the ill-fated landing took place. He knew that, for a man of his ambitions, the office of security was a dead end. What he coveted — and got — was entry into the clandestine services, especially the international organizations division, which ran labor operations, penetrated student groups and infiltrated the media under a famous C.I.A. figure, Cord Meyer.

His status in the agency also changed. Agents working under deep cover were placed on contract. This gave the C.I.A. an opportunity for "plausible denial" if questions were raised about whether the operative was an employee. And it gave the agency a way to beat budgetary staff limits, which didn't apply to contract personnel.

Many of these contracts were for a specific time or task, but Wilson's was a "permanent career contract," subjecting him only to the same performance scrutiny that every staff officer received and providing him with the same medical and pension benefits. Barring across-the-board budget cutbacks, he was in the C.I.A. as long as he wished.

With his merchant marine background and newly acquired academic credentials, Wilson got a job as the European representative of the Seafarers International Union of North America, and with his wife and two young sons settled in a small village in the Netherlands just outside Antwerp, one of the Continent's busiest ports.

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For his other life, in the C.I.A., he monitored cargoes being shipped out of Antwerp for Castro's Cuba; he set up a network of informants to identify key Communists on the Antwerp docks, and on a sophomoric level that gave him great glee, he would make life miserable for visiting Soviet-bloc labor delegations by seeing to it that the toilets in their hotel rooms were plugged and that pests like ants and roaches were let loose in them.

Six feet five and rawboned, with enormous hands, hands that could easily break your neck, he also took on hazardous side assignments, packing a pistol, for instance, on trips to Marseilles for agency payoffs to Corsican mobsters to keep Communist dockworkers in line.

From the first, money preoccupied him. Although he was being paid by both the union and the agency, he wrote a bitter letter of protest to the union president, Paul Hall, about the cancellation of an agreement that allowed him to take $25 per week out of expenses as a salary supplement. Wilson needed it, he said, "because of foreign taxes."

After a year abroad, the C.I.A. brought him to Washington and found him a job in the international department of the A.F.L.-C.I.O., which functioned for organized labor in America as a kind of miniature Department of State. He was dispatched to Latin America to help fight left-wing union organizing drives. Then he went to the Far East. In 1963, he was in Saigon when the President of South Vietnam, Ngo Dinh Diem, was overthrown and assassinated. An important Vietnamese labor leader and supporter of Diem, who the C.I.A. thought might be turned into a collaborator to serve its interests, wound up in jail. The agency wished to hide its hand, even from embassy officials, so Wilson, as the A.F.L.-C.I.O.'s representative on the spot, was ordered to get the man out. He went right to the top, demanding and receiving an audience with Ambassador Henry Cabot Lodge, and promptly obtained the man's release.

Then, in the summer of 1964, the C.I.A. sent Wilson down a path that dramatically altered his life professionally and personally. He was assigned to Special Operations, which combined some of the activities of his old division with covert paramilitary operations around the globe. The groundwork for his new role was painstakingly laid. With the blessings of the agency, the A.F.L.-C.I.O. recommended him as an advance man in Hubert H. Humphrey's candidacy for Vice President.

After the election, Wilson told a key Humphrey campaign official, a Washington lawyer named Martin McNamara, that he wanted to start up his own freight-forwarding business, and McNamara agreed to do the legal paperwork. So if anyone looked into the history of Wilson's firm, it would appear quite aboveboard. It actually was a C.I.A. "proprietary" — one of the front companies the agency financed to disguise its black arts. Special Operations had a logistics branch for land, sea and air support, and Wilson would be in charge of the maritime end of things.

McNamara wouldn't see Wilson again for some time, and when he did, he spotted him in a Washington restaurant lunching with a superstar lobbyist and public relations man — Robert Keith Gray. "Well, well," McNamara remembers thinking, "Ed Wilson's really moving into the big time."

Gray had been appointments secretary to President Dwight D. Eisenhower. He would go on to form his own firm, Gray & Company, with an unforgettable address: "The Powerhouse, Washington, D.C." In the 1980 Reagan campaign, he would play a key advisory role, reporting directly to campaign manager William J. Casey, who was himself to become director of the C.I.A.

At the time McNamara saw Wilson with Gray, Wilson was on the verge of forming another C.I.A. proprietary called Consultants International. Years later, when Wilson began cropping up regularly in the headlines, it was discovered that Gray was listed on the firm's board of directors. But Gray told reporters that being on the board was news to him, that he barely knew Wilson.

When I interviewed Gray, he insisted that he and Wilson had merely been "elevator buddies," referring to the fact that they once had offices in the same building.

But this was not quite the case. I obtained classified intelligence documents that showed Wilson and Gray had had a close relationship for at least nine years, during which they had contact "professionally about two or three times a month." Once they had even made a two-week trip together to Taiwan while Wilson was on an agency mission. Gray had also sponsored Wilson's membership in the chic George Towne Club, where he rubbed shoulders with such other members as Tongsun Park, the notorious South Korean wheeler-dealer who was at the center of a Congressional influence-buying scandal in the late 1970's.

Best of all for Wilson, his C.I.A. controller, or case officer, in his new clandestine job was Thomas G. Clines, who had joined the agency in 1949. Clines was always short of cash and every so often he would touch Wilson for a loan, $50 here, $100 there. After all, Wilson had the expense account from his proprietary — and Clines was the one who wrote up his evaluation reports.

[Clines would go on to become the C.I.A.'s director of training. While he was still in the C.I.A., according to confidential Federal investigative records, Clines was negotiating a private $650,000 contract with the Nicaraguan tyrant, Anastasio Somoza, to create a "search and destroy" apparatus against Somoza's enemies. Unfortunately for Clines, Somoza was forced into exile before the deal could be concluded.]

Wilson's job was to ship in cargoes wherever the C.I.A. wanted its participation untraceable, in Latin America, Africa, the Middle East and Southeast Asia. He sent incendiary, crowd dispersion and harassment devices to Chile, Brazil and Venezuela. Arms to the Dominican Republic when a Castro-like takeover was feared. Advanced communications gear to Morocco. Weapons of all kinds to Angola.

A whole range of high-tech electronic equipment went to Iran. Weapons for a C.I.A.-backed coup in Indonesia. Military parts and supplies to Taiwan and the Philippines. Logistical support for the so-called "secret war" the C.I.A. had begun to wage in Laos. He also arranged for boats, flotillas of them if required, such as the ones used in continuing raids against Cuba.

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In many of the countries receiving agency consignments, he hustled other business. The C.I.A. was delighted — such activities only deepened Wilson's cover. Wilson would nudge up the true costs of these transactions, even those ordered by the C.I.A. There was minimal auditing and little thought given to what he was doing so long as he delivered the goods. And if the Internal Revenue Service nosed around, the fact that he was running a covert C.I.A. operation took care of that. For Wilson, being in the C.I.A. was like putting on a magic coat that forever made him invisible and invincible.

He was ostensibly earning $25,000 from the agency when he began negotiating for the first major acquisition in what would become his Mt. Airy Farms showplace.

But suddenly the smooth road Wilson was traveling got very rocky. President Nixon, always paranoid about the C.I.A., had ordered a complete budgetary review and many of the proprietaries, including Wilson's, had to go.

The C.I.A. wanted to retrain him as a staff case officer and send him to Vietnam where American involvement was at its critical stage. But that meant no more fat subsidies, no more freedom to wheel and deal on the side, no prospect of gentleman farming in Virginia.

Almost at once, though, Wilson was back in business, with Task Force 157, an espionage unit so secret that hardly anyone in the Office of Naval Intelligence knew about it. Among its missions was placing agents in foreign ports to monitor Soviet shipping and launching a series of extremely sophisticated oceanic spying operations. To cloak these activities, the task force decided to make regular use of proprietaries and went to the C.I.A. for advice in setting them up. The task force executive officer at the time recalled the word that came back from C.I.A. headquarters in Langley, Va.: "Ed Wilson is the man you need."

If the C.I.A.'s auditing of expenses was minimal, the Navy's was virtually nonexistent in a project totally unprepared to deal with someone like Wilson. In a covert arrangement with the Shah of Iran, he acquired a trawler which was to fly the Iranian flag, cruising the Persian Gulf to scan for nuclear weapons the Soviet Union might be bringing into countries friendly to Moscow, principally Iraq, and to ascertain the nuclear capability of the Soviet fleet in the Indian Ocean. He also handled the shipment of all the sensitive gear that was installed in the trawler. For his part in the venture, Wilson charged — and got from the Navy with practically no substantiation — $500,000.

His most highly classified assignment was to measure the earth's gravitational pull in the Mediterranean off North Africa so that a missile — one from a submarine, say — could be fired accurately. The cover story for the small freighter Wilson bought was that the ship was searching for undersea oil deposits. After the months-long survey was completed, Wilson received a lot of kudos from his superiors. He also made a lot of money. He had seen to it that the oil exploration part of the secret project was completed, and he sold the data to several petroleum companies.

Meanwhile, he continued to enlarge his Mt. Airy holdings, eventually possessing 2,338 acres of lush, rolling, white-fenced land upon which show horses roamed and Black Angus cattle grazed. A long, curving driveway led up to the three-story main house. The basement contained a poolroom, a sauna and a steam bath, and on the ground floor, in addition to the paneled living and dining rooms and library, there was a huge kitchen lined with handcrafted cherry-wood cabinets. Of the kitchen, an appraiser familiar with stately residences in the area said, "To be honest, I have not seen a kitchen as elaborately finished as this one is."

Wilson kept a perpetual open house. Former Vice President Humphrey would come on occasion, as would Congressmen like Silvio O. Conte of Massachusetts, John M. Murphy of New York, Charles Wilson of Texas and John D. Dingell of Michigan; Senators like Strom Thurmond of South Carolina and John Stennis of Mississippi — all there to enjoy the elaborate barbecues, the riding, hunting and fishing. But the people Wilson most wanted to charm and seduce were Capitol Hill aides, anonymous admirals and generals, civil service employees at the highest Government grades, GS-17 and GS-18. No one was more important to him than a GS-18. Politicians and political appointees could come and go, but, as permanent Government employees, GS-18's stayed on, savvy insiders, executing policy if not indeed forming it.

Others gathered at Mt. Airy as well. One was Wilson's old case officer, Thomas Clines. Another was Theodore G. Shackley, who had been in charge of C.I.A. stations in Miami, Laos and South Vietnam, and who was widely considered to be a sure-fire candidate for the C.I.A.'s directorship some day. A third was a decorated Air Force officer, Richard Secord, who as a general was to become chief Middle East arms-sales adviser to Secretary of Defense Caspar W. Weinberger. Still a fourth was Erich F. von Marbod, who, after a distinguished Pentagon career, would be appointed director of the United States Defense Security Assistance Agency.

They shared a special camaraderie. Clines had worked for Shackley in Miami and Laos. In Laos, Secord had been an ace spotter-pilot in the C.I.A.'s secret war against the Communist Pathet Lao. And in Vietnam, von Marbod and Shackley had been in close contact. As they relaxed around Wilson's pool at Mt. Airy, they all saw that he could do something they couldn't — which was to make money. Soon they had another common bond; all four would be listed in Wilson's secret code book of names when he began his terrorist operations for Colonel Qaddafi.

THE FIRST MENTION of Wilson in the press was in 1977 when a story in The Washington Post erroneously linked him to the bomb murder of Orlando Letelier, the former Chilean Ambassador who had become a leading critic of the military dictatorship that overthrew his Government. The story identified Wilson as an ex-C.I.A. operative and also noted that he reportedly had links with Qaddafi's Libya.

But what caught the eye of Adm. Stansfield Turner, President Carter's newly appointed C.I.A. director, was that Wilson "may have had contact with one or more current C.I.A. employees."

When he arrived at C.I.A. headquarters in Langley after seeing The Post's article, Turner demanded to know who Wilson's contacts were. To his chagrin, just about everybody, it appeared, except him, knew about them. One was William Weisenburger, whose job was to acquire exotic equipment for the agency and who had supplied Wilson with 10 miniature detonators of the most advanced design. The second C.I.A. man, Patry E. Loomis, while operating under deep commercial cover in the Far East, had been discovered only a few months earlier working for Wilson on the side.

Weisenburger, Turner was told, had already received a reprimand and Loomis would probably get the same treatment. "That's pretty mild, isn't it?" Turner asked. "Shouldn't we be getting rid of them?"

But to his amazement, Turner found a solid wall of opposition — from his top deputy, who was a longtime C.I.A. professional; from the chief of the clandestine services and, most surprisingly,

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from the C.I.A.'s inspector general. Weisenburger had simply been duped into doing a favor for an old friend and Loomis was just moonlighting, not unheard-of among agency personnel. It wasn't such a big deal. C.I.A. relationships were complex. This wasn't the Navy.

Turner, however, was looking for a way to make his presence felt. The day of the freewheeling covert "cowboys," as he put it, was over, and he ordered the firing of both Loomis and Weisenburger. He convened 500 C.I.A. officials in the "bubble," the auditorium at the agency's Langley headquarters, and advised them that Wilson was persona non grata. He then sent a "book cable," a C.I.A. message to agency stations around the world, warning them not to have any dealings with Wilson. Wilson, Turner said, had been abusing his past affiliations with the agency and he ordered agency employees to report back to Langley any approaches Wilson may have made.

As Turner probed further, he learned of Wilson's close ties to Ted Shackley and Tom Clines. By now, Shackley, as the No. 2 man in the C.I.A.'s Directorate of Operations, occupied one of the agency's most sensitive positions. Turner also knew that if Gerald Ford had defeated Carter in the 1976 Presidential elections, Shackley would probably be sitting in *his* chair.

In a private meeting, Shackley told Turner that his connection with Wilson was purely social, that while he had spent weekends at Mt. Airy, it was mainly because his wife and Wilson's were such good friends. He had never spoken to Wilson about the slightest professional matter. Turner didn't believe him, but the most he felt he could do at the time was to take Shackley out of clandestine operations and appoint him deputy head of the National Intelligence Tasking Center, whose mission, to coordinate intelligence gathering, sounded more important than it really was.

Turner found Clines even less credible. During the investigation of Patry Loomis, Clines had been spotted at a table with Loomis and Wilson in a coffee shop not far from Langley. Clines claimed it was a happenstance encounter. He had, he said, dropped in for a solitary breakfast, seen the two men and sat with them. Since the inspector general, who came out of the clandestine branch himself, had exonerated Clines of any purposeful wrongdoing, Turner's hands were pretty much tied.

In gathering information for my book, I asked Turner if he had taken any action at all against Clines. He recalled with some satisfaction that he had determined at least to remove Clines from the Washington scene and ordered him assigned to a "small Caribbean nation."

"Which one?" I inquired.

"I can't tell you. It's classified."

I told Turner that I thought I had a record of every post Clines had served with the C.I.A. and no Caribbean nation was mentioned, but still he said, "I'm sorry. I can't help you."

I then told one of my agency sources about my encounter with Turner. "Oh, right," he said. "It was Jamaica. Except Clines never went."

"He never went?"

"No."

Clines had been removed as head of the C.I.A.'s office of training all right, but he ended up in an equally sensitive spot as the agency's Pentagon liaison. And Turner still didn't know about it. It was a perfect illustration of how "the Company" could run rings around a director when it felt like it, even a director who was a former Rhodes scholar fresh from commanding North Atlantic Treaty Organization forces in southern Europe.

Eventually, on bulletin boards at C.I.A. headquarters, anonymous notices went up likening Turner to Captain Queeg.

EDWIN WILSON first met Frank E. Terpil at a 1975 Christmas party for current and former intelligence operatives in Bethesda, Md. Terpil was a C.I.A. communications man who had been phased out under a cloud, suspected, among other things, of using diplomatic pouches to smuggle contraband.

Terpil obviously knew plenty about Wilson and told him that he had a really good hook into Libya through Qaddafi's first cousin, Sayed Qaddafadam, who was handling military procurement out of the Libyan Embassy in London. His connection, Terpil said, was "this Pennsylvania guy," Joseph McElroy, one of the earliest entrepreneurs to cash in on the money-flush oil nations in Africa and the Middle East. McElroy began supplying everything from Pampers to pistols. Gradually, his best customer became Libya; and Pampers yielded, more and more, to pistols. Terpil had just helped McElroy bring 50 handguns to the London embassy, but now McElroy wanted out.

[In 1984, the world was treated on television and in the press to the picture of a young British policewoman sprawled mortally wounded on the street, cut down by a fusillade of shots from Libya's London embassy during an anti-Qaddafi demonstration. Britain broke diplomatic relations with Libya and after an 11-day standoff, the Libyans in the embassy were forced to leave the country. A search of the embassy then turned up several American guns with discharged chambers and, although it was never announced publicly, they were traced by the Bureau of Alcohol, Tobacco and Firearms to the shipment Terpil had helped deliver.]

In the fall of 1976, Wilson and Terpil set up a bomb factory for the Libyans about 25 miles south of Tripoli. He supplied a variety of explosives and programmable detonators, along with a cadre of instructors that included an ex-C.I.A. explosives man, then two technicians on leave from a secret Navy weapons testing facility and two Army bomb disposal experts whose services had often been used by the United States Secret Service on Presidential security details. Years later, when one of the Army men, a sergeant, was questioned by Federal authorities, he said, tears sliding down his face, "I don't know why I did it. I guess it was the money."

Wilson also got an inkling of the riches in store for him. His principal contact was Maj. Abdullah Hajazzi of Libyan military intelligence. For his first payment of $350,000 — in cash — Wilson dispatched an employee, Douglas M. Schlachter, to Hajazzi's headquarters. Schlachter was ushered into a vault-lined room and a drawer was pulled out packed with $100 bills.

When it was learned that the money was for deposit in Switzerland, Schlachter was asked if Swiss francs wouldn't be more convenient, and when he said he guessed so, another drawer was opened filled with them, and then he was shown other drawers loaded with French francs, German marks and British pounds. "You see," he was told, "we have whatever you want."

[Hajazzi now is Libya's liaison with the infamous Abu Nidal Palestinian terrorist group, which is believed to have been responsible for the wholesale slaughter of passengers at airports in Rome and Vienna. Most recently, the group was implicated in this month's bombing of a T.W.A. flight to Athens — and a related terrorist faction claimed responsibility for the March 31 Mexican airliner crash that left 166 dead.]

The initial cash payments caused an almost immediate split between Wilson and Terpil when Wilson discovered that his partner was skimming. As much as 10 percent of each payment was found to be missing by the time the money reached Switzerland. Wilson told Hajazzi that Terpil claimed the missing money went for bribes he had to pay to Libyan officials, among them Hajazzi, and Terpil was ordered out of the country.

What the Libyans most yearned for was American-made composition C-4, a whitish, puttylike explosive of enormous power which was under the strictest export controls. Its main ingredient,

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called RDX, is unmatched in destructive potential save for nuclear weapons. Commercially, explosives made of RDX were in demand for demolition projects because of their malleability and the way their force could be directed.

These same features made RDX a favorite for terrorists, who could use it to blow up a building (preferably in Israel), or a car, or to turn ordinary household items — an ashtray, a lamp, a radio — into instruments of death.

The versatility of RDX didn't stop there. It could be manufactured in sheets, usually a foot wide and a quarter-inch thick. The sheets were pliable and could be cut to any desired size or shape. A classic terrorist tactic was to mail such an explosive in an envelope wired to a miniature detonator. When the recipient opened the envelope flap, he or she was torn apart.

If Wilson could supply C-4, Hajazzi told him, the sky was the limit on other contracts. And on April 2, 1977, 500 pounds of C-4, hidden in cans of DAP glazing compound, left Los Angeles aboard a Lufthansa flight bound for Frankfurt where it was transferred to another flight destined for Tripoli.

Exactly six months later, on Oct. 2, a chartered DC-8 took off from Houston laden with a staggering 21 tons of C-4 hidden in cans labeled as oil drilling mud. It was the biggest private shipment of the explosive in history and it was going to the center for world terrorism, Qaddafi's Libya, on orders from Edwin P. Wilson.

Once Hajazzi was able to finger a chunk of C-4 at the bomb factory Wilson was operating, to smile at the prospect of the bodies it would dismember, he was as good as his word about additional contracts. For $8 million a year, Wilson was asked to supply restricted parts for Qaddafi's fleet of American-made C-130 military transport planes and, for another $1.2 million, American and British pilots to fly them.

He received an order for long-range surveillance vans designed for desert patrols and equipped with day/night vision TV cameras that had an image-intensification tube whose unregulated export was forbidden by Federal law. In between social events, Wilson demonstrated one of the cameras for Libyan intelligence officers right at Mt. Airy Farms.

He entered into an agreement to provide veterans of the United States Special Forces, Green Berets, to train commando teams. The Libyans paid $100,000 per Green Beret; Wilson in turn recruited each of them for half as much.

The Berets were a natural choice for Wilson. For years, the C.I.A. had been using Special Forces men on covert missions that required military expertise. And the way he would frame it, this would appear to be just another officially sanctioned operation.

The first batch of former Green Berets — four of them, toting war bags — were met by Wilson in Switzerland, in Zurich airport's international zone. He took them to a coffee shop. They would later recall how impressed they were by him; he was their kind of guy. Tough, down-to-earth, authoritative. He told them they were going into Libya. "I want you to ingratiate yourselves with those people. Get in tight with them, whatever it requires."

One of the Green Berets had participated in many C.I.A. missions in Southeast Asia that included the assassination of suspected Vietcong sympathizers and secret search-and-destroy attacks in Cambodia. He remembers thinking that this sounded like an infiltration mission. There would be no signed contracts, Wilson said. "If I welsh, you'll come looking to kill me. If you welsh, I'll be coming after you. That's our contract. You got any questions?"

"Who are we working for?"

"Me," said Wilson, and they appreciated how professionally cryptic his response was. Nothing more than necessary. No elaborate explanations. No pep talks. And the truth was that this was no weirder than dozens of agency ventures they had known about in the past.

Before Wilson was through, he would bring in more than 100 ex-Berets, Marine black-belt karate masters and pilot instructors for Libya's American-made Chinook cargo- and troop-carrying helicopters. He then contracted to outfit one of Qaddafi's pet projects — a 3,500-man mobile strike force — from combat boots to heavy machine guns. The weaponry alone added up to $23 million.

By bringing in a Pentagon intelligence analyst, Wilson was able to supply Hajazzi with a variety of top-secret documents including contingency plans for the Army's 82d Airborne Division in case of trouble in the Middle East. And when Hajazzi asked for a few American guns to be delivered to Libyan embassies here and there, Wilson threw them in at no extra charge.

[During 1979 and 1980, 11 anti-Qaddafi Libyans were murdered in Europe. One of them, newly married with an infant daughter and living in West Germany, was shot in the back while exiting from an underpass at the Bonn railroad station. The weapon, a .357 Magnum, was recovered and traced back to Fayetteville, N.C., where it had been purchased by a former Green Beret working for Wilson.]

On Jan. 11, 1979, Thomas Clines met in Geneva with Wilson's attorney, Edward Coughlin. Clines had resigned from the C.I.A. and Shackley would do so shortly. Clines had set up a company specializing in security and was about to form another one to be incorporated in Bermuda. In both firms, Clines was the president and Shackley would be listed as a consultant.

In Geneva, Clines presented Coughlin with a handwritten summary of a loan proposal. Among its points was that a Liberian corporation "not identified with Wilson" would transfer money to a custodial account in Bermuda.

"If I understand correctly," Coughlin wrote Wilson in a Jan. 18 memo, "it is proposed that an offshore corporation be organized with, eventually, five equal shareholders. Four of these 20 percent shareholders are individual U.S. citizens, and the fifth would be a foreign corporation, not controlled by U.S. persons."

In February, $500,000 was sent to Bermuda in two installments. Later, Wilson confided to his mistress, Roberta J. Barnes, whose code name in the Wilson organization was "Wonder Woman," that his unnamed partners were Clines, Shackley, the Pentagon's Erich von Marbod and Air Force General Secord. The $500,000, he said, was "seed money" for a company that would make millions shipping American arms to Egypt.

Egypt, as a result of the Camp David peace accords, was going to get boatloads of military aid worth roughly $1 billion a year, and, in an unparalleled move, Washington agreed to advance the money to ship these armaments. For anybody in the freight-forwarding business who could get a lock on the contract, the bonanza would be extraordinary.

Von Marbod — "Redhead" in Wilson's code book — had the job of making sure the arms sales got off to a fast, smooth start. Unexpectedly, though, an Egyptian named Hussein K. Salem showed up with a letter signed by Egypt's Defense Minister authorizing him to handle the shipments. Von Marbod refused on the grounds that Salem had no visible track record as a freight forwarder. Then Salem formed a corporate partnership with Clines called the Egyptian American Transport and Services Corporation, or Eatsco for short. Like magic, an exclusive contract with Eatsco was approved.

By the spring of 1980, Wilson was an indicted fugitive and thus unable to operate from his usual bases in the United States, Britain and Switzerland. Holed up in Libya, he sent a former Green Beret to warn Clines that he wanted his $500,000 back — or else. And eventually he was repaid.

[The same Green Beret, Eugene A. Tafoya, was dispatched by Wilson on a request from Hajazzi to assassinate a dissident Libyan student in Colorado. The student, although blinded in one eye, survived. Tafoya was apprehended and sentenced to two years' imprisonment for

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assault and criminal conspiracy. In explaining why Tafoya had escaped conviction on charges of attempted murder, one juror cited confusion over Tafoya's claim that he had been working for the C.I.A.]

Roberta Barnes later repeated to Federal authorities what Wilson had told her. But there was, as they say, "no smoking gun" — no evidence of a criminal conflict of interest that would stand up in court. Clines said that his unnamed American partners didn't exist; they were simply "John Does" required for the filing of incorporation papers. Shackley said that he didn't know any of the details of what Clines was doing. Von Marbod's denial of wrongdoing was absolute. The same went for Secord. On Dec. 1, 1981, von Marbod ended a brilliant Defense Department career, citing narcolepsy. Secord also cut short his military career, resigning in 1983.

The Egyptian Government, for its part, exhibited little doubt that Edwin P. Wilson — a man now being publicly identified with Libya, Egypt's bitterest foe in the Arab world — had been involved with Eatsco, and Hussein Salem was ordered to cut all relations with Clines.

On top of everything else, United States Government auditors finally determined that Eatsco, during the period when Clines was still a visible partner, had fraudulently billed the Pentagon for some $8 million. In a plea bargain, Clines got off with $110,000 in corporate fines and received a letter informing him that no further indictments against him were contemplated. While it was also announced that Salem had paid more than $3 million in claims and fines, United States-Egyptian relations were at a tender stage following the assassination of President Anwar el-Sadat, and I discovered that, in a sealed court agreement, the $3 million was immediately credited back to Egypt.

IT IS MORE THAN conceivable that Wilson himself would be at large today aiding Qaddafi had it not been for a young assistant United States attorney in Washington named E. Lawrence Barcella Jr.

While Wilson was operating unrestrained in Libya, the F.B.I. conducted a 14-month investigation into his activities and in a report dated Nov. 17, 1977, concluded, with Justice Department concurrence, that he had committed no prosecutable crimes.

By accident, Barcella read the report and with growing indignation began to consider its implications. If Wilson could get away without punishment, how many others might soon be involved in the same sort of activity — or perhaps were involved already?

Often in the face of official indifference, Barcella began a relentless pursuit of Wilson that lasted for nearly four years over three continents — in America, Britain, West Germany, Switzerland, Libya and, finally, the Dominican Republic. It was like a Western, the lawman after the outlaw, one on one, toward a final confrontation. The chase was personal in every sense of the word. The two men met secretly in Italy in a temporary truce. They corresponded and talked over international telephone lines, each trying to outwit the other.

Barcella's marriage would be severely strained, his life disrupted in countless ways, vacation wiped out. Saturday became just another workday, taking him away from his young daughter upon whom he doted. He began waking up in the middle of the night, wondering where Wilson was at that moment, what he was thinking, what he was plotting.

A friend of Barcella's had seen the movie "Butch Cassidy and the Sundance Kid" on television. In the movie, the principals, having robbed one train too many, are tracked down by a dogged sheriff whose trademark hat is a white skimmer. Wherever the two outlaws go, despite every stratagem they can devise, they always find themselves on some hilltop, looking back in growing amazement, alarm and anger at a shimmering white dot — the sheriff's skimmer — following them in the distance. It was known that one of Wilson's favorite pastimes in his Tripoli villa was watching taped movies. "Boy," said Barcella's friend, "if he's got that picture in his library, it'll really give him the willies."

Using an international confidence man as a go-between, Barcella at last devised a plan to entice Wilson out of his Libyan sanctuary. After 10 months of tense maneuvering, Wilson was lured to the Dominican Republic, where, by prearrangement, he was denied entry and placed on a flight to the United States.

On June 15, 1982, Wilson, still unable to comprehend quite what had happened to him, was arraigned in Federal court in Brooklyn. In a series of trials that followed, he was sentenced to 32 years in prison on a variety of weapons-smuggling charges.

Still, in custody, Wilson tried to strike back. Believing that he was hiring the services of the Aryan Brotherhood, a vicious gang of killers operating both inside and outside prison, he made a down payment to kill Barcella, as well as another prosecutor and several key prosecution witnesses. The promised price on Barcella's head was $250,000. But a prison informant was a party to the plot, and Wilson was subsequently convicted on multiple counts of conspiracy to commit murder, bringing his total sentence to 52 years. He could not reasonably expect consideration for parole for about 18 years.

What has not been disclosed is that Wilson tried again to do away with Barcella. While he was being held at the Metropolitan Correctional Center in New York City, he met another inmate, William J. Arico, a professional Mafia hit man. Arico was awaiting extradition to Italy for an assassination he had carried out there while in the employ of the Italian financial swindler, Michele Sindona.

Arico was planning an escape and Wilson arranged to give him $50,000 in cash. The money, in English pounds, was passed to Arico's wife in a hotel at London's Heathrow Airport.

Along with two accomplices, Arico attempted an escape down sheets tied together from an upper floor of the center. The first man landed safely and Arico had just six feet to go when the third, an overweight Cuban drug dealer, caught his belt buckle in the sheets after coming out a window and plummeted on top of Arico, surviving himself, but crushing Arico to death in the process.

AFTER WILSON'S ARrest, there was a flurry of soul-searching in the C.I.A. about how best to prevent a repetition of his sort of activity. As this and other newspapers have noted, there appears to be a new kind of intelligence traitor — operatives who, like Wilson, are motivated by greed rather than ideology, and who, as Barcella notes, "are patriots until cash gets in the way."

Given the agency's present structure, with its continued emphasis on covert operations, and with secrecy and "compartmentalization" more in vogue than ever, many of the elements that permitted Wilson to launch his career with terrorists remain difficult to change. But even modest proposals — to require, for instance, that former members of the intelligence community register any relationships with foreign governments, companies or individuals — have gone by the boards.

When I asked Stanley Sporkin, the C.I.A.'s general counsel who recently resigned to become a Federal judge, what happened to such reforms, he insisted that he knew of no organized opposition to them. "There were just more important things to focus on," he said.

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In the meantime, Lawrence Barcella, in conjunction with the criminal division of the Justice Department, has been conducting grand jury investigations concerning the hijackers of T.W.A. Flight 847 last summer and the cruise ship Achille Lauro last fall in the hope, however slim, that they will be apprehended. And whenever terrorist bombs go off — in a Paris delicatessen, for instance, or a London department store, or on this month's T.W.A. flight, where plastic explosives are thought to have been used — he thinks of that huge store of C-4 that Wilson brought to Qaddafi's Libya in 1977.

It has a shelf life of 20 years. ■

Peter Maas is the author of "The Valachi Papers" and "Serpico," among other works. This article is adapted from "Manhunt," to be published next month by Random House.

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