

ARTICLE APPEARED
ON PAGE 819

THE WASHINGTON POST
14 October 1981

JACK ANDERSON

Renegade Agent May Have Bugged Army Meetings

A federal grand jury is looking into allegations that renegade CIA agent Edwin Wilson may have bugged meetings of the Army Materiel Command to get information for Control Data Corp., one of the world's biggest computer firms.

A corporate executive admits having met with Wilson and hired him as a consultant, but denies the company requested or knew about any bugging of the Army's procurement arm. Control Data's vice president for government and military marketing, L. Taylor Kincannon, said the purpose of hiring Wilson was to use his "great contacts" to unload some outdated computers on Third World countries.

Wilson and Kincannon were brought together at lunch on May 12, 1976, by Paul Cyr, a former Army Materiel Command official. Also present was Wilson's assistant, Kevin Mulcahy, who has become a witness for the prosecution.

According to notes of the luncheon meeting, Kincannon agreed "to secure and forward inventory of surplus Control Data hardware available for immediate sale." Wilson was to be paid a minimum of \$1,200 a

month in consultant fees, peanuts to a \$7 billion-a-year company like Control Data.

Kincannon insists that the Wilson contract was "to sell obsolete equipment to Third World countries" and nothing else. But Mulcahy has told investigators that the point of the contract was to get inside information on the Army's bidding and procurement plans. This was to be accomplished with bugging devices.

The "consulting agreement" itself, obtained by my associate Dale Van Atta, describes Wilson's job in a single sentence: "Performance of work shall include consulting services in the area of Department of Defense programs." No mention of dumping old computers on Third World nations.

In mid-July, Mulcahy says, Wilson ordered him to bill Control Data. When Mulcahy observed that they hadn't done anything to sell the company's computers, Wilson said they had indeed, they were about to bug the Materiel Command for the company. He sent Mulcahy to a meeting where the bugging was to be arranged.

The meeting took place in the Texaco station at Bailey's Crossroads, a few miles from Washington in suburban Virginia, at 7:30 a.m. The gas station proprietor's brother, Douglas Schlachter, was in charge. (He has since been secretly indicted in another Wilson caper and is hiding out in Burundi.)

The key participant, though, was a Pentagon employe who was in his 40s, thin, bespectacled, nervous. He worked in the contracts section of the Army Materiel Command. After some discussion, he agreed to carry a tiny transmitter into his office and meetings. He insisted that the bug must be hidden either in his briefcase or in his glasses.

After the meeting, Wilson's sidekick and fellow fugitive, ex-CIA agent Frank Terpil, arranged for the purchase of custom-made transmitter crystals through a Yugoslav contact in London named Iva. The two of them had done some electronic eavesdropping for the Playboy Club there to make sure dealers in the casino weren't skimming the house's take. (Terpil also discussed with Playboy officials a plan to construct a floating casino off Bahrain. Rich Arabs would be transported to the emporium in speedboats.)

Control Data's contract with Wilson was finally terminated in April, 1979, after the company had paid him at least \$43,000 but closer to \$100,000. Kincannon acknowledged that Wilson "never generated any business" for the company, which "never sold any equipment through him." Wilson was "very close to selling one terminal that we had," said Kincannon, who blames himself only for keeping such an unproductive consultant on the payroll for three years.