

Democrats: GOP is full of corruption

By Ira R. Allen
 United Press International

WASHINGTON — The Democrats have launched a broadside attack against the Reagan administration, releasing a new television commercial depicting "more scandal-tainted officials than we've seen since Richard Nixon and Watergate."

While White House spokesman Larry Speakes declined to repeat his challenge of last week that reporters compare the misdeeds of the Reagan administration with those of his predecessors, the Democratic Congressional Campaign Committee showed an ad opening with a color picture of President Reagan, followed by black-and-white "mug shots" of eight top officials.

A voice recites: "Sweetheart loans. Hidden financial deals. Abuse of privilege. Secret gifts. Insider stock trading. Mineral-rights giveaways. Blacklists. Perjury. More scandal-tainted officials than we've seen since Richard Nixon and Watergate. This is moral leadership?"

Rep. Tony Coelho (D., Calif.), committee chairman, said the collection of more than 50 cases of questionable conduct by Reagan aides had "the potential of doing significant damage to the President's re-election efforts ... because his is an administration that worships greed."

"They believe that the profits of greed will trickle down," he said.

Coelho said the ads would start running this week in the Washington area and would be placed in various regions of the country later.

Earlier, Speakes said he did not know whether the charges of improper conduct would hurt the Republicans. "It depends on what the Democrats want to do with it," said Speakes, who last week said the number of cases was not "inordinate."

Coelho said that the current investigation of White House counselor Edwin Meese 3d's finances and his role in the theft of 1980 Democratic campaign information was a catalyst for the ad campaign. But he also said that he had been harping on what Democrats call "the sleaze factor" for almost a year.

The officials pictured in the ad are Meese, CIA Director William J. Casey, who was embroiled in the Carter briefing-papers case and was found to have acquired stock in companies doing business with the CIA; former Veterans Administrator Robert P. Nimmo, who used public money to refurbish his office; former national security adviser Richard V. Allen, who resigned over conflict-of-interest charges after he accepted two wristwatches from Japanese friends; former national security staff member Thomas C. Reed; former Secretary of the Interior James G. Watt; U.S. Information Agency Director Charles Z. Wick, and former toxic-waste chief Rita M. Lavelle, who was found guilty of lying to Congress.

A list of others is printed on the screen over Reagan's portrait: former Assistant Agriculture Secretary John B. Crowell Jr., former Deputy Commerce Secretary Guy W. Fiske, former EPA chief Anne McGill Burford, former Assistant Secretary of State James L. Malone, former Assistant Housing and Urban Development Secretary Emanuel S. Savas, former Food and Drug Commissioner Arthur Hull Hayes, former Housing and Urban Development Undersecretary Donald I. Hovde and former assistant EPA chief James W. Sanderson.

Asked about a possible backlash from the unsubtle, negative tone of the ad, Coelho said, "I don't think the truth is negative campaigning. We're talking about moral leadership."



William J. Casey
 in briefing-papers flap

BY LAURENCE McQUILLAN

FILE ONLY *DCE*

Walter Mondale today said his constant attacks on Gary Hart are justified questioning of his rival's stands on major issues, but Republican National Chairman Frank Fahrenkopf criticized the Democratic primary feuding.

In Washington, Fahrenkopf issued a statement condemning a Democratic advertisement attacking President Reagan and his aides. He also criticized the Democratic contenders for bickering among themselves on the campaign trail.

"Voters demand a higher standard than the Democrats recently have evidenced," he said, adding that he does not think the public will tolerate "the recent attempt by the Democrats to sling mud on President Reagan and the Republican Party."

The House Democratic Campaign Committee is running an ad showing mugshots of Reagan administration officials, including attorney general nominee Edwin Meese and CIA Director William Casey, who have been accused of improprieties.

"It is interesting to note that for all the Democrats' self-proclaimed interest in compassion for society as a whole, they feel absolutely no hesitation from engaging in character assassination at the individual level," Fahrenkopf said.

"This lack of decorum is not only aimed at Republicans," he said. "The Democratic campaign for president has been dominated by personal attacks by one candidate against the other."

EXCERPTED

The Meese case: law and politics

PRESIDENTIAL counselor Edwin Meese III should seriously consider withdrawing his name from consideration for US Attorney General.

This is said with compassion for Mr. Meese, a loyal and close aide to Mr. Reagan for many years, and without prejudging the outcome of a special counsel's inquiry into various allegations against Mr. Meese. The allegations fall generally into four categories: that Mr. Meese or his wife received loans or financial assistance which were not properly reported, that job appointments may have been influenced by the loans, that Carter campaign documents circulated through his hands, and that he received a military reserve promotion he did not merit. Much of this questioned activity occurred before the Reagan administration's official startup.

Mr. Meese is caught between two processes, the legal and the political. The legal, with the Justice Department's asking a three-judge federal panel to name a special prosecutor to conduct a broad investigation, will necessarily move forward to conclusions on the charges. Judgment on all or most of the questions should properly come through this process. The American system's presumption of innocence should be kept in mind.

The political course of Mr. Meese's case follows a different set of forces. As a practical matter, administrations closely watch the public reaction when a nominee or a member of the team gets into trouble. This is no less true even when a president vigorously continues to back the individual, as Mr. Reagan has Ed Meese. A time comes for what is rather callously called "damage control" — when an administration tries to preserve its political capital and cut its losses.

Perhaps if Mr. Meese's qualifications for the office were more pronounced and if the set of circumstances he finds himself caught in did not suggest a vulnerable if not culpable approach to responsibilities, Mr. Reagan could be expected to insist Meese tough it out in the political as well as legal arena. Even if more time remained before the presidential campaign heated up, the administration could invest more time in the Meese nomination.

As it is, the nomination has become a lightning rod for rehearsing the list of Reagan administration appointees who have come under clouds, from National Security Adviser Richard V. Allen and CIA chief William J. Casey to Deputy Defense Secretary W. Paul Thayer. Of the dozen or more accused of various improprieties, only Rita M. Lavelle, head of the Environmental Protection Agency's hazardous waste cleanup fund, was found guilty, and then of perjury. This line of attack now mercilessly focuses on Ed Meese.

The overriding responsibility of President Reagan in this matter is to ensure that the Justice Department be headed by an individual not only loyal to him, but able to command confidence on his own that he is qualified to run the highest law-enforcement office in the nation. The current attorney general, William French Smith, wants out. His staff is resigning. The department cannot drift until after the election or to the end of this term.

Mr. Meese can still rightly seek vindication of his reputation if he steps out of line for the appointment at this time.

U.S. Aides Say Iraqis Made Use Of a Nerve Gas Assert Lab Gear Came From West Germans

By SEYMOUR M. HERSH

Special to The New York Times

WASHINGTON, March 29 — United States intelligence officials say they have obtained what they believe to be incontrovertible evidence that Iraq has used nerve gas in its war with Iran and is nearing completion of extensive sites for the mass production of the lethal chemical warfare agent.

Pentagon, State Department and intelligence officials said in interviews this week that the evidence included documentation that Iraq has been buying laboratory equipment from a West German company, purchases that are believed to be linked to Iraq's nerve gas production plans.

The intelligence also shows, the officials said, that Iraq has as many as five dispersed sites for the storage, production and assembly of nerve gas weapons. Without intervention, these officials said, Iraq is estimated to be weeks or months away from the ability to mount major chemical attacks against Iran's far more numerous troops.

Deep Underground Bunkers

Each of the sites, the officials said, has been built in deep underground bunkers, heavily fortified by concrete, that are reported to be six stories below the surface. Officials said the Iraqi concern appeared to be protection from an air attack.

Neither the White House nor the State Department would formally comment today on the intelligence information.

If full-scale chemical war develops, one senior American official said, "the genie is out of the bottle." He added: "Arms control is down the drain. And we've got our forces completely at risk." The official warned that because of the nature of chemical weapons, huge doses of which can be transported

in small canisters, it would be virtually impossible to effectively monitor the spread of such weapons to other countries.

In 1969 the United States reaffirmed its renunciation of the first use of chemical warfare, and it later reduced its preparations to defend against a chemical war. The United States has accused Iraq of using chemical weapons in the war with Iran, but Baghdad has denied the charge.

A senior official said this week that the Joint Chiefs of Staff had been asked to provide what he termed a "preliminary look" at the feasibility of an American air strike on the fortified sites, but concluded there were not enough American aircraft in appropriate locations.

This official went on to say that there were many in the Government who, recalling the successful Israeli air attack in 1981 on what was determined to be an Iraqi nuclear plant, would like to see the Israeli Air Force attack again. Some sensitive high-level conversations on the issue between the United States and Israel have already taken place, the official added.

This information could not be confirmed, although many American officials, in interviews, volunteered their personal judgment that such an attack would be one welcome solution to the problem.

A senior State Department official described his frustration over the issue. "It's not lack of knowledge at high levels," he said. "It's been in all the high-rollers' briefing books. The Iraqis appear to be ready to do anything. The question is what do we do? Should we cast a major air strike? That's a big move." The official acknowledged hearing "speculation" that the Israelis might be "ready to move," but added that such talk was in his view only talk.

The intelligence, which was provided from sources depicted as being "better than on-site," has been repeatedly and forcefully presented to President Reagan in the last week, the officials said, with the White House not yet providing any policy guidance.

Officials said that on three occasions within the week the Central Intelligence Agency, to dramatize its concern over the intelligence, had emphasized, or "red lined," the relevant information on Iraq's chemical war abilities in the President's daily intelligence brief, one of the most highly classified documents in the Government. This information is prepared overnight by the C.I.A. and presented early each morning to the President.

Praise for C.I.A. Director

One official, reflecting the frustration of many in the intelligence field, praised William J. Casey, the Director of Central Intelligence, for having "the guts to stand up and fight," adding, "He's given the correct information to the White House and it's up to them."

The State Department said on March 5 that the United States had concluded that the available evidence indicated that lethal chemical weapons were being used by Iraq against Iran, in violation of the Geneva Protocol of 1925, which Iraq agreed to adhere to in 1931. At the time of the statement an Administration official said the chemical weapon being used by the Iraqis seemed to be mustard gas, a blistering agent. At that time Iran accused the Iraqis of using nerve gas and nitrogen mustard, but the Administration said there was no evidence Iraq had used nerve gas.

One reason for hesitation over the issue, a White House official acknowledged, is the traditional concern of intelligence officials for the protection of "sources and methods." The specific information about the extent of Iraqi nerve gas development is said to have been derived from unusually sensitive sources.

A major diplomatic complication confronts the Administration, officials say. American intelligence agencies have identified Karl Kolb, a scientific and technical supply company in Dreieich, West Germany, as being responsible for the sale and shipping of sophisticated laboratory equipment that, intelligence officials say, has been used — apparently without the company's knowledge — to aid the Iraqi Government in its clandestine ability to develop a nerve gas. Sales of equipment considered by American officials to be essential to the Iraqi effort were said to have taken place over a period of at least two years, with the chemical company obtaining all of the required export licenses from the West German Government before shipment.

Evidence Presented to Bonn

Sometime within the last month, officials said, intelligence officials obtained evidence directly linking the company's shipments to Iraqi development of nerve gas.

The C.I.A. relayed some of its information and its concern directly to the United States Embassy in Bonn, an official said, which in turn made a diplomatic representation to the West German Government. The official American

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FILE ONLY DCI

BY JOEY LEDFORD
WASHINGTON

Sen. Sam Nunn predicted Thursday that whoever is elected president in November will "spend the next two years asking the American people to sacrifice" to deal with massive budget deficits.

Nunn's comments came during a wide-ranging discussion of the issues with Georgia reporters in his Capitol Hill office.

The Georgia Democrat said the current odds favor President Reagan in his bid for re-election "given a constant economy." But Reagan's \$200 billion budget deficits are spelling disaster for the future, he said.

"I think we're playing Russian roulette with the American economy," he said. "And Congress has given the appearance of giving enough bullets to fill the other chambers."

Reagan, charged Nunn, "doesn't have any plan" to deal with the deficits. And both sides, including his Democratic colleagues, "are misleading the American public on the deficits."

Nunn said the Democratic presidential candidates are fooling themselves if they think they can deal with budget deficits by cutting only defense.

"It may be good politics to ignore this issue in an election year, but it's poor government," Nunn said of Reagan.

"The next president is going to spend two years asking the American people to sacrifice," he said. "We're going to have some real disillusionment next year."

Nunn said he had no preference among the Democratic candidates, quipping that he is "still thinking about giving a full endorsement to (Sen. John) Glenn."

The Georgian also said American budget deficits pose a serious threat to the Third World, which has credit problems of its own.

"The U.S. deficits are sewing the seeds of revolution ... in some of the very countries that our military budget is designed to protect," he said. Communist takeovers could occur because of "economic reasons."

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Nunn conceded cuts will have to be made in defense, but said the American public isn't aware that Congress ended up giving Reagan increases of only 3 to 4 percent in the military budget last year.

The senator said he is "leaning against" the nomination of Edwin Meese as attorney general because of the "habit of President Reagan to appoint people who have been running his campaigns to the most sensitive positions in government."

He likened the Meese nomination to that of William Casey, another former Reagan campaign manager, as head of the Central Intelligence Agency.

Nunn also said he would probably co-sponsor legislation to open military spare parts contracts to small and medium-sized firms. He also supports the \$60 million aid package for El Salvador.

Nunn reiterated that he has no interest in being a presidential running mate and also said he would turn down the job of secretary of defense should a Democratic president come calling.

"I wouldn't give up the Senate for any cabinet position," he said.

Candidates spar on foreign policy

From Inquirer Wire Services

NEW YORK — The Middle East and Central America were the dominant issues in the presidential campaign yesterday as the three Democratic candidates prepared for a nationally televised debate last night.

The debate came just six days before the New York primary, which, with its 252 convention delegates, is the biggest prize so far in the topsy-turvy race.

Walter F. Mondale, Sen. Gary Hart and the Rev. Jesse Jackson were meeting in a debate sponsored by CBS television and moderated by Dan Rather.

In campaigning since last Tuesday's Connecticut primary, Hart has called his landslide victory there a signal that "voters reject a foreign policy of continued military presence in Central America, with the possibility of the loss of American lives." He contends that Mondale has "missed the lesson of Vietnam" that the U.S. cannot resolve foreign policy matters through military involvement.

Hours before the debate, Hart had a private meeting with French President Francois Mitterrand in New York. The session was requested by Mitterrand, who is wrapping up his week-long visit to the United States.

In a speech to a Wall Street audience, Hart denounced the Reagan administration as "one of the worst

in this nation's history in terms of presidential leadership demanding those who serve in high public office to meet the highest standards of ethics and commitment to public stewardship."

"We have had for 36 months a systematic message come out of Washington from the highest levels of public office, and that message is personal greed: Take what you can, however you can, in whatever way you can," he said. "I think it is time we had people serving in the public interest and not their own private interest."

Hart called on Reagan to withdraw the nomination of White House counselor Edwin Meese 3d to be attorney general. Meese's nomination has raised questions in Congress about his financial and other dealings.

That theme of ethical misconduct was hit even harder by the Democratic Party, which yesterday released a new television commercial depicting the Reagan administration as containing "more scandal-tainted officials than we've seen since Richard Nixon and Watergate."

White House spokesman Larry Speakes declined to repeat his challenge of last week that reporters compare misdeeds in the Reagan administration with those of its predecessors.

The Democratic Congressional Campaign Committee showed an ad opening with a color picture of President Reagan followed by black-and-white "mug shots" of eight top officials.

A voice recited: "Sweetheart loans. Hidden financial deals. Abuse of privilege. Secret gifts. Insider stock trading. Mineral rights giveaways. Blacklists. Perjury. More scandal-tainted officials than we've seen since Richard Nixon and Watergate. This is moral leadership?"

Rep. Tony Coelho (D., Calif.), campaign committee chairman, said the collection of more than 50 cases of questionable conduct by Reagan aides has "the potential of doing significant damage to the President's re-election efforts ... because his is an administration that worships greed."

"They believe that the profits of greed will trickle down," he said.

Coelho said that the current investigation of Meese's finances and role in receiving documents from the 1980 Democratic campaign was a catalyst for the ad campaign, but that he has harped on what Democrats call "the sleaze factor" for almost a year.

The officials pictured in the ad are Meese, CIA director William J. Casey, former Veterans Administrator Robert Nimmo, former national security adviser Richard V. Allen, former national security staff member Thomas Reed, former Interior Secretary James G. Watt, U.S. Information Agency Director Charles Wick and former toxic waste chief Rita Lavelle. A list of others is printed on the screen over Reagan's portrait.

ARTICLE APPEARS
ON PAGE C-17

NEW YORK DAILY NEWS
29 March 1984

FILE ONLY - *Dei*

Dem ads aim at Reagan's 'sleazy' aides

By HARRISON RAINIE

Washington (News Bureau)—Congressional Democrats yesterday unveiled a TV campaign commercial that seeks to exploit what former Vice President Walter Mondale called "the sleaze factor" of the Reagan administration.

The 30-second ad, which will be aired only in the Washington area at first, charges the administration is "riddled with scandal" while President Reagan offers only part-time leadership.

It reviews allegations about Attorney General-designate Edwin Meese's "sweetheart loans" and the misdeeds of six of President Reagan's other aides, and concludes: "More scandal-tainted officials than we've seen since Richard Nixon and Watergate. This is moral leadership?"

Rep. Tony Coelho (D-Calif.), head of the Democratic-Congressional Committee, said the "sleaze" ad was designed to make Reagan accountable for the actions of his subordinates. Reagan's "is an administration that worships greed, whether you're talking about the Reagan tax policy, the Reagan budget policy or the Reagan ethics policy," Coelho said.

COELHO SAID more than 50 administration officials had been charged with official misconduct, abuse of privilege, financial improprieties or other types of unethical behavior.

In the ad, past and present adminis-

tration officials are shown in snapshots with their names listed underneath as an announcer recites allegations against each. Besides Meese, others mentioned in the ad include:

- **CIA chief William Casey**, whose stock-trading activities in 1982 and refusal until recently to put his multimillion-dollar holdings in a blind trust have raised eyebrows.

- **Richard V. Allen**, former national security adviser, who resigned after it was disclosed he had accepted gifts of watches and \$1,000 in cash from Japanese reporters and failed to disclose them.

- **Thomas Reed**, who resigned from the National Security Council after he acknowledged he parlayed a \$3,125 investment into a \$427,000 profit, reportedly because of illegal insider stock trading.

- **Charles Z. Wick**, long-time friend of Reagan and head of the U.S. Information Agency whose staff developed "blacklists" of liberals who should not be allowed to speak or appear in USIA programs overseas.

- **Rita Lavelle**, former Environmental Protection Agency official recently convicted of lying to Congress.

ARTICLE APPEARED
ON PAGE A-14

WASHINGTON POST
29 March 1984

FILE ONLY - 20

Democrats Attack Administration for 'Worshiping Greed'

By Ira R. Allen
United Press International

The Democrats yesterday launched a broadside attack on an administration that "worships greed," releasing a new television commercial depicting "more scandal-tainted officials than we've seen since Richard Nixon and Watergate."

While White House spokesman Larry Speakes declined to repeat his challenge of last week that reporters compare Reagan administration misdeeds with those of predecessors, the Democratic Congressional Campaign Committee showed an ad opening with a color picture of President Reagan followed by black-and-white "mug shots" of eight top officials.

A voice recites: "Sweetheart loans. Hidden financial deals. Abuse of privilege. Secret gifts. Insider stock trading. Mineral rights giveaways. Blacklists. Perjury. More scandal-tainted officials than we've seen since Richard Nixon and Watergate. This is moral leadership?"

The announcement of the new ads coincided with similar attacks on the administration from two of the three candidates seeking the 1984 Democratic presidential nomination.

Sen. Gary Hart (D-Colo.) picked up the theme while campaigning in New York.

"We have had for 36 months a systematic message come out of Washington from the highest levels of public office and that message is personal greed: Take what you can, however you can, in whatever way you can," he said. He added that the administration has been "one of the worst in this nation's history" in the area of ethical conduct.

Also in New York, former vice president Walter F. Mondale charged that Reagan, more than any other modern president, "has turned his back" on the problems of working people and the vulnerable. "If you finally become hungry, he calls you 'hustlers.' If you're homeless, it's because you like it that way," he said.

Rep. Tony Coelho (D-Calif.), chairman of the Democratic campaign committee, said the new ads

will start running this week in the Washington area and will be placed in various regions of the country later.

He said the collection of more than 50 cases of questionable conduct by Reagan aides has "the potential of doing significant damage to the president's reelection efforts . . . because his is an administration that worships greed."

"They believe that the profits of greed will trickle down," he said.

Coelho said the investigation of White House counselor Edwin Meese III's finances and role in the theft of 1980 Democratic campaign information was a catalyst for the ad campaign, but that he has harped on what Democrats call "the sleaze factor" for almost a year.

The officials pictured in the ad are Meese, CIA Director William J. Casey, former Veterans Administrator Robert Nimmo, former national security affairs adviser Richard V. Allen, former national security staff member Thomas Reed, former interior secretary James G. Watt, U.S. Information Agency Director Charles Z. Wick and former toxic waste cleanup chief Rita M. Lavelle.

A list of others is printed on the screen over Reagan's portrait: former assistant agriculture secretary John Crowell, former deputy commerce secretary Guy Fiske, former Environmental Protection Agency chief Anne M. Burford, former assistant secretary of state James Malone, former assistant housing and urban development secretary Emanuel Savas, former food and drug commissioner Arthur Hull Hayes, former housing and urban development secretary Donald Hovde and former assistant EPA chief James Sanderson.

Earlier, Speakes said he did not know whether charges of improper conduct would hurt the Republicans. "It depends on what the Democrats want to do with it," said Speakes, who last week said the number of cases is not "inordinate."

House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.) said, however, "I would say it's going to be an issue. We're not trying to make it an issue. The American people make the issues."

CAMPAIGN '84/
DEMOCRATS

PLANTE: This is political hardball. DEMOCRATIC PARTY COMMERCIAL (Voice of Announcer): He said he'd bring a new morality to government, but look at the list of charges. (Photo: Edwin Meese) Sweetheart loans, (Photo: William Casey) hidden financial deals, (Photo: Robert Nimmo) abuse of privilege. (Photos: Richard Allen, Thomas Reed)

PLANTE: A new commercial from the Democrats, inspired by Ed Meese's problems, trying to make ethics a campaign issue in 1984 by attacking the Reagan administration's record of appointments. VOICE OF ANNOUNCER: This is moral leadership? Vote Democratic.

PLANTE: Gary Hart and Walter Mondale, fighting for the chance to oppose Ronald Reagan, have both taken up the issue when they haven't been battering each other. GARY HART (Democratic Presidential Candidate): Day by day, with every new scandal, the president pursues his policy of making the world safe for hypocrisy. WALTER MONDALE (Democratic Presidential Candidate): Almost every couple of weeks, another rotten apple falls out of the tree, and it's just, it's kind of what I call the 'sleeze factor' that's going on here.

PLANTE: It isn't just Ed Meese. There are more than 40 Reagan administration appointees whose ethics have been the subject of controversy. Those who have resigned include Richard Allen, national security adviser, who said he forgot to turn in gifts of cash; Anne Burford, Environmental Protection administrator, who allegedly played industry favorites in toxic waste cleanup; Michael *Cardena, Small Business administrator, for alleged improper grants. He was later cleared. J. Lynn Helms, Federal Aviation administrator, while under investigation for improper business practices before he came to government; Matthew *Geld, deputy director of the CIA, because of stock deals before he took office; Rita Lavelle, assistant administrator of the EPA, convicted of perjury; Robert D. Nimmo, head of the Veterans Administration, because of government funds used to decorate his office; Thomas Reed, deputy at the National Security Council, accused of insider stock trading before taking office; Paul Thayer, deputy secretary of defense, who is fighting charges of insider stock trading. Other Reagan appointees have remained in office following allegations of improper conduct. William Casey, CIA director, traded millions of dollars in stock while in office, now has placed his assets in a blind trust. Charles Wick, U.S. Information Agency head, secretly taped his telephone conversations for a time, at first denied it; he later apologized. And now Ed Meese. Not that this

Continued

WASHINGTON POST
27 March 1984*James J. Kilpatrick*

Meese's Hard-Luck Story

It has become a truism in our town that perception isn't everything. To paraphrase a famous football coach, it's become the only thing. There are times when reality hardly matters, and that's where we are right now in the tribulations of presidential counselor Ed Meese. A perception has grown that Meese, the president's nominee for attorney general, is a wheeler-dealer.

That perception, in my judgment, is wrong. The reality, unless I am sorely mistaken, is that Meese is an able and decent human being, devoted to his president, who has suffered unduly from 1) a piece of hard luck and 2) an oversight in filling out a certain form.

If reality governed our public affairs, Meese ought to be speedily confirmed. Absent the most compelling reasons, a president—any president—is entitled to confirmation of his Cabinet nominees. But because perception counts so heavily, my unhappy thought is that Meese ought to withdraw his name. He has become the fourth embarrassment to the Reagan White House, and four is too many.

The piece of hard luck involved Meese's heavily mortgaged home in California. He put the house on the market after the 1980 election, when it was apparent that he would be moving to Washington, and the house didn't sell. Meese is not a wealthy man. The move strained all his resources. He had to acquire a second home near the capital. He ran 15 months behind in payments on one house and four months behind on the other. This would have drawn little attention but for one thing: two officials of the mortgage company got government jobs. Edwin Gray became chairman of the Federal Home Loan Bank Board, and Gordon Luce served as an alternate delegate to the United Nations.

The oversight involved Meese's failure to report an interest-free loan of \$15,000 to his wife in 1980. The loan came from Edwin Thomas, who later was named regional director of the General Services Administration in San Francisco.

There were two other matters. Meese borrowed \$60,000 from a California trust headed by John McKean. The loan was unsecured; he paid no interest on it for nearly two years. In July 1981 McKean was named to the board of governors of the Postal Service. Sale of Meese's house in California involved an old friend, Thomas Barrack, who ostensibly lost money on the deal. Barrack wound up with a job in the Interior Department.

This cynical city perceives a pattern. No one has stopped to inquire if these several appointees were qualified for their positions. No one has bothered to recall that in every political situation, friends of friends naturally are preferred for patronage. This is the way the system works. There is nothing crooked about it.

I am not at all disturbed by the loans and jobs. As for the undisclosed loan to Ursula Meese, I find it hard to understand why Meese failed to report it, but 18 years in Washington have taught me something of the almost unbearable strains of life at the highest levels of the White House. It was a mistake, but it was not a mistake of sufficient magnitude to justify rejection of his nomination.

Nevertheless, games must be played by the rules, and politics is a body-contact sport. Reagan's administration already has suffered from a CIA director with a fondness for playing the market, a national security director with a faulty memory of ten \$100 bills, and an attorney general with an eye-popping bonus from old friends in California. The realities may well be that Bill Casey is a shrewd investor, that Dick Allen really did forget the "thank-you money" from his Japanese friends, and that William French Smith had earned the generous payment. It is the perception that counts.

Reagan has enough heavy baggage to carry into the coming campaign. He surely does not need the burden of a long and distasteful battle for confirmation of Ed Meese as attorney general. It may be unfair—it surely will be painful—but no wise man ever said that life is fair. Step aside, Ed, and let the president name a clean-as-a-hound's-tooth nominee, such as William Webster of the FBI, in your place.

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Officials' Limousines Encounter

By Howard Kurtz and Pete Earley
Washington Post Staff Writers

Attorney General William French Smith's repayment of \$11,000 for his wife's use of a government limousine puts him at the top of a growing list of senior Reagan administration officials who have run into problems with one of the government's favorite perks.

Defense Secretary Caspar W. Weinberger and Treasury Secretary Donald T. Regan are among those who have allowed their spouses to use government cars for such personal reasons as trips to restaurants, museums, luncheons, art galleries and social events.

Cabinet officers are among the 190 federal officials who received door-to-door chauffeur service to their homes in 1982 at a cost of \$3.4 million, according to a survey by Sen. William Proxmire (D-Wis.), a frequent critic of the practice. Hundreds of other officials can call on their agency's carpool for official trips, but not for commuting.

"It's a real status symbol when an official comes into his neighborhood with a chauffeur and gets out of his car," Proxmire has said. "When we try to take the limousine away, they just buck like steers. I think they'd rather lose a billion-dollar program than a limousine."

In addition to Smith, whose repayment was disclosed yesterday, these officials have been criticized for questionable use of government cars:

- Regan's wife, Ann, has used a government car on 75 occasions over a 20-month period, mostly for personal reasons.

According to government records, Ann Regan's regular driver, James Tippet, has picked her up at her Virginia home or the Treasury Building and taken her to such places as the F Street Club, Kennedy Center, Smithsonian Institu-

Potholes

tion, Corcoran Gallery, Woodrow Wilson House, Dumbarton House, Sulgrave Club, National Airport and the Washington Hilton, Shoreham and Mayflower hotels. On one afternoon, the records show, the driver was instructed to wait while Ann Regan finished lunch at Maison Blanche.

A Treasury Department spokesman said yesterday he did not know whether Regan had repaid the government for his wife's use of the car.

- Weinberger last year repaid \$205 after the Federal Times dis-

closed that his wife and other family members made 20 trips in Pentagon cars over a six-month period to visit libraries, tourist attractions and, in one case, a beauty parlor. Eleven other defense officials had to repay \$386, including one official who had a government car dispatched to pick up his babysitter.

- Donald I. Hovde, while undersecretary of the Housing and Urban Development Department, repaid \$3,100 for improperly using a government car and driver to commute from his McLean home and for personal errands.

Hovde's car and driver were used to take his wife downtown, his neighbors to the Kennedy Center, his daughter to school and his parents on a sightseeing trip to the Capitol. Hovde, now a member of the Federal Home Loan Bank Board, also used the Buick LeSabre to attend a wedding, pick up a suit, visit his car dealer, pick up laundry and dine at private homes and restaurants.

- Nancy Harvey Steorts, chairman of the Consumer Product Safety Commission, used a government driver to take her on at least five trips to the hairdresser, deposit

money in her bank, pick up dresses and draperies at downtown stores and drive her daughter to the White House to visit friends, according to the driver, Michael A. Hager, who no longer works for Steorts. Hager said that friends also chipped in to buy him a suit after Steorts ordered him to get a chauffeur's uniform and hat or risk being fired. Steorts declined to comment at the time.

- Former Veterans Administration head Robert P. Nimmo repaid \$6,441 for using his chauffeur to drive him to and from his Virginia home. He also agreed to terminate a \$708-a-month lease for a 1982 Buick Electra that he had requested in place of the compact cars provided for most agency heads. The controversy helped lead to Nimmo's resignation in 1982.

The busiest car, according to Proxmire's 1982 survey, was used by CIA Director William J. Casey, whose driver got \$26,000 in overtime pay on top of his \$20,000 salary.

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ON PAGE 28

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FILE ONLY

Medal, Man, Mission: Cherne and the Refugees

By JOSEPH P. DUGGAN

In a White House ceremony today, President Reagan will honor 14 people with the nation's highest civilian award, the Medal of Freedom. Among the recipients will be Leo Cherne: economist, sculptor, whiz kid of industrial mobilization during World War II, executive director of the Research Institute of America, honorary chairman of Freedom House and, for the past 30 years, chairman of the International Rescue Committee.

Mr. Cherne is a lion of courage and commitment to human freedom, which is another way of saying that he is unexceptional. He is simply characteristic of the thousands of brave and brilliant women and men who have served in the IRC during its half-century of operation.

The IRC was formed as America's response to Albert Einstein's foresight in organizing aid for the first refugees from Hitler's Germany. From its inception, the IRC has been non-ideological and nonsectarian. Its aims have been to recognize major threats to life and liberty in various parts of the world and to help victims of persecution escape.

From the beginning, IRC officials, even field officers in war zones or under conditions of severest political repression—in Vichy France, for instance—have had to contend not only with the menace of the oppressors at hand but also with the determination of many victims not to believe what was happening to them and around them.

That was the experience of Varian Fry, the young New York literary editor chosen by the IRC in 1940 to assemble and operate an underground railway for refugees through Marseilles. Fry's activities, reminiscent of Raoul Wallenberg's courageous operations to rescue Jews in Budapest, are described in Aaron Levenstein's "Escape to Freedom: The Story of the International

Rescue Committee," Greenwood Press, 1983.

"Not the least of Fry's difficulties," Mr. Levenstein writes, "was the unwillingness of many among the refugees to believe the Nazis would really descend to the ultimate depths of inhumanity. The German Social Democratic leaders Rudolph Breitscheid and Rudolph Hilferding argued that their world-wide reputations as political leaders in pre-Nazi Germany would protect them. Repeatedly, they deferred their departure despite Fry's anguished pleas. When sympathetic Vichy police got word to Fry that the Gestapo was coming for the two men, they agreed to go. But it was too late—they died in Nazi hands."

And the story has been repeated, in Berlin, Phnom Penh, Kabul, Budapest and Saigon, among other places. The will to disbelieve in totalitarian evil has claimed many victims. Despite this, the IRC has performed some near-miracles of massive rescue.

For example, the committee operates the Joint Voluntary Agency in coordination with the American Embassy in Thailand, processing refugees from Vietnam, Cambodia and Laos who pass through Thailand on their way to the U.S. Had it not been for the public pleadings of Leo Cherne and IRC Vice Chairman Bayard Rustin, through their Citizens Commission on Indo-Chinese Refugees, the already belated American response in 1980 to the Cambodian holocaust and mass exodus might have been delayed further; hundreds of thousands more deaths might have occurred. The Citizens Commission also spoke out effectively against the suggestion that some "boat people" were mere "economic" immigrants and thus ineligible for asylum. Messrs. Cherne and Rustin reminded the world of the 1980s that "economic migrants" was a euphemism Hitler used in his campaign to have the world

disbelieve the gravity of the plight of fleeing German Jews.

Diplomats may have declared peace at certain times and places during the past half-century, but the IRC never has had respite from the commitment to aid victims of war, civil conflict, displacement and persecution. The IRC, in the person of Mr. Cherne, was present in Budapest during the 1956 uprising; and when the Soviet Union in 1968 invaded another "ally"—Czechoslovakia—Mr. Cherne and William J. Casey, then the IRC's president, boldly entered that country and assessed the situation. Finally, they were stopped by Soviet tanks outside Bratislava and were "permitted" to drive back to Vienna.

Today, IRC medical units are aiding the three million Afghan refugees in Pakistan. Mr. Levenstein, the IRC's historian, is not reluctant to describe the world refugee rate as "communism's fever chart," but the committee also aids victims of rightist or ideologically indeterminate dictatorships. As sub-Saharan Africa has suffered the various post-colonial pangs of tribal conflict, home-grown tyranny and Marxist revolution abetted by Cuban expeditionary forces, the IRC has been on hand to aid refugees.

The IRC is an organization, like the United Nations High Commissioner for Refugees, that wishes it could lose its *raison d'être*. But unless the coming decades are an exception to the terrible patterns of human pain that have marked our century, the IRC will labor on, with laborers of the character of the "unexceptional" Mr. Cherne.

Mr. Duggan writes speeches for U.N. Ambassador Jeane J. Kirkpatrick. Formerly, he was Ambassador Kirkpatrick's adviser on refugee affairs.

Haig Says He Urged Pressure on Cubans Over Salvador in '81

By BERNARD GWERTZMAN

Special to The New York Times

WASHINGTON, March 24 — Former Secretary of State Alexander M. Haig Jr. says in his forthcoming memoirs that he advocated bringing maximum political, economic and military pressure to bear on Cuba in 1981 "to force the issue early" in El Salvador, even if it brought a Soviet response.

In excerpts from the memoirs, Mr. Haig said, however, that his call for forcefulness found no support in the highest councils of the Reagan Administration. He named Vice President Bush, Defense Secretary Caspar W. Weinberger, William J. Casey, the director of the Central Intelligence Agency and the senior White House advisers, Edwin Meese 3d, James A. Baker, Michael K. Deaver and Richard V. Allen, then the national security adviser, as all fearing "another Vietnam."

"I was virtually alone in the other camp, which favored giving military and economic aid to El Salvador while bringing the overwhelming economic strength and political influence of the U.S., together with the reality of its military power, to bear on Cuba in order to treat the problem at its source," he said.

"In my view that the potential strategic gain from this combination of measures far outweighed the risks, and that the U.S. could contain any Soviet countermeasures, I was isolated," he said.

Mr. Haig said the other top officials were so concerned that "another Vietnam" would sap public support for the Reagan Administration's domestic program that they opposed his proposal and preferred modest aid to El Salvador and covert action in the region. He was not explicit in his memoirs on what specific actions he had in mind toward Cuba.

Mr. Haig, whose resignation was ac-

cepted by President Reagan in June 1982, has written "Caveat: Realism, Reagan and Foreign Policy," which will be published in a month by Macmillan. Time magazine will publish the first of two installments of excerpts on Sunday.

During the first six months of the Administration, despite his lack of support, Mr. Haig nevertheless began a highly publicized campaign to focus attention on Cuban and Soviet support, through Nicaragua, for insurgents in El Salvador. He said in the memoirs that this had the effect of alarming Fidel Castro's Cuban Government and of leading to a brief tapering off in supplies to the Salvadoran guerrillas.

Mr. Haig's point, which he makes in the memoirs, and which he made privately at the time, was that a more forceful Administration policy instead of the modest program that was eventually approved, would have led to an early resolution of the problem.

The memoirs contain sharp criticism and unflattering remarks about almost every member of the Reagan hierarchy, particularly the White House advisers, Mr. Meese, Mr. Baker and Mr. Deaver. The style is straightforward and terse. A publishing source said that the book had been ghost-written by Charles McCarry, the author of "Tears of Autumn" and other novels dealing with espionage themes.

Mr. Haig said he was stunned on the day after Mr. Reagan's inauguration to hear at a meeting at the White House that many of Mr. Reagan's aides wanted to cancel the agreement that had just been negotiated on returning frozen Iranian funds for the release of the American hostages in Iran. The hostages had been freed on Inauguration Day.

"This amazing proposition won the support of many in the room," he said. "Insofar as Jim Baker's reaction could be interpreted, he appeared to be in sympathy. So did Deaver. The President did not seem to be surprised by the suggestion; evidently he was prepared, in his remarkable equanimity, to listen to the most audacious ideas. I had to

say that I was appalled that such a cynical action could even be considered."

Mr. Haig said he had told the group it was a pledge of American honor to return the money. The President, he said, made no statement, just listened. In the end, Mr. Reagan agreed that it should be honored.

The former Secretary said he had been so deeply worried about Communist subversion in Central America that his first meeting with Anatoly F. Dobrynin, the Soviet Ambassador, was devoted largely to that subject.

"I raised with him the question of transshipment of Soviet arms through Nicaragua to the insurgents in El Salvador," Mr. Haig said. Mr. Dobrynin responded, "All lies," he said. "Photographs don't lie," I replied."

He said that Mr. Dobrynin commented that this was not the way to start a new relationship.

"How, he asked, should the U.S. and the Soviet Union begin to develop a dialogue?" Mr. Haig went on.

"I said, 'It is not acceptable to talk peace while acting differently,'" Mr. Haig said.

Mr. Dobrynin, the memoir continues, said that "it would be very unfortunate if the Soviet leadership formed the impression that the Reagan Administration was hostile to the U.S.S.R. because first impressions often persisted."

Mr. Haig said he responded that the United States was not hostile, but "offended by Soviet excesses." He said that he constantly raised "our concern with Cuba's role as a Soviet proxy."

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ASSOCIATED PRESS

FILE ONLY

MONDALE SAYS THERE'S A 'SLEAZE FACTOR' IN REAGAN ADMINISTRATION
LOS ANGELES

Walter Mondale, on a money-raising swing through through Southern California, says there is a "sleaze factor" in President Reagan's administration and vows to "establish a standard America can be proud of again."

"For nearly three years, almost every couple of weeks, another rotten apple is falling out of a tree," Mondale said at a \$100 per person fund-raising event Wednesday night.

Buoyed by his Illinois Democratic presidential primary victory Tuesday over rivals Sen. Gary Hart of Colorado and the Rev. Jesse Jackson, Mondale cited a string of controversies surrounding Reagan's administration.

He listed last year's turmoil in the Environmental Protection Agency, the current furor over the nomination of presidential counselor Edwin Meese for attorney general, the sale of federal lands at "fire-sale prices," and CIA director William S. Casey's much-criticized ties to Wall Street.

"It's what I call the sleaze factor," he said. "The one thing that's consistent is nothing but silence from the White House."

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EXCERPTED

MEESE
BY JUDI HASSON
WASHINGTON

The Justice Department began an investigation Monday into a \$15,000 interest-free loan Edwin Meese failed to report, and a key Democratic senator urged President Reagan to withdraw the "tainted" nomination of Meese as attorney general.

"I believe the president would be better off if he solicited someone who was not shrouded in controversy," said Sen. Dennis DeConcini of Arizona, a moderate Democratic member of the Republican-controlled Senate Judiciary Committee.

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DeConcini spoke with reporters after meeting with Reagan at the White House on another topic. When asked how badly Meese has been tainted, he replied, "I wouldn't say tainted beyond repair, but tainted, yes."

The senator also said Reagan has made "some outstanding appointments," but also has "made some lousy ones."

"The ones who are lousy are usually shrouded in controversy," DeConcini said, citing CIA Director William Casey and Charles Wick, head of the U.S. Information Agency.

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EXCERPTED

19 March 1984

Inside Look at Those Elite Religious Groups

Their ranks are small, but a handful of key societies count as members some of the most influential Americans.

While the Rev. Jerry Falwell's Moral Majority draws most of the public attention, other religious groups are quietly trying to influence the nation's elite.

Their names are unfamiliar to most Americans—the Knights of Malta, Opus Dei, Moral Re-Armament, the Christian Reconstructionists. Yet their principles, which include strict adherence to Christian values, are the guiding force in the lives of some of the most powerful people in the U.S.

Despite coming from different faiths, members share a common belief that a small number of dedicated people can indeed change the world.

Still, these groups aren't without their detractors. Outsiders often question the recruiting methods and veil of secrecy surrounding some of these organizations. Critics contend, too, that these societies are as much bastions of conservative politics as they are religious in nature.

Oldest of these groups is the Knights of Malta, a Roman Catholic organization that dates back to the time of the Crusades when members fought Moslems in the Holy Land. With headquarters in Rome, the group is recognized by some 40 countries as the world's only landless sovereign nation. In that role, the Knights mint coins, print stamps and issue passports to their diplomats.

American network. The U.S. membership of about 1,000—70 percent men—accounts for one tenth of the worldwide total. Nearly all are prominent in business, government or professional life and include such well-known figures as Chrysler Chairman Lee Iacocca and Central Intelligence Agency Director William Casey. At least two U.S. senators also are members: Republicans Jeremiah Denton of Alabama and Pete Domenici of New Mexico.

Other members active in conservative politics include former Secretary of State Alexander Haig, former Treasury Secretary William Simon and columnist William F. Buckley.

The president

can branch is J. Peter Grace, chairman of the W. R. Grace Company, which provides a national focus for the organization by including seven other Knights on its board.

The main purpose of the Knights is to honor distinguished Catholics and raise money for charity, especially hospitals. But the close personal ties among members contribute to what some observers call a potent old-boy network of influential decision makers dedicated to thwarting Communism. The annual induction ceremony for new members at St. Patrick's Cathedral in New York City is the only function of the U.S. chapter open to nonmembers.

Because many Knights and recipients of the order's honors have worked in or around the CIA, critics sometimes suggest a link between the two. But members deny any connection, noting that the pattern of conservative members with overseas ties emerges naturally from the order's role as an international defender of the church.

Pope John Paul II also has praised the work of the Knights in a special proclamation, just as he has another sometimes controversial group called Opus Dei—Latin for "the work of God."

Founded in 1928 by a Spanish priest, Josemaria Escrivá de Balaguer y Albás, the group's central tenet is that all human work should be done "with the greatest perfection possible" to "help shape the world in a Christian manner."

By JAMES MANN with KATHLEEN PHILLIPS

EXCERPTED

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ON PAGE B-4

WASHINGTON POST FILE ONLY -dc/
16 March 1984

FitzGerald's Shamrock Shebang

By Donnie Radcliffe

Reprinted from yesterday's late editions

George McGovern came within an Irish country mile of endorsing Gary Hart Wednesday night—sort of.

"I know Gary," McGovern said of his old campaign manager. "I think he'd make a good president."

Sen. Edward M. Kennedy was more circumspect when it came to such talk: "I think we need new people in this party—people who are supporting Jesse Jackson, Gary Hart, Fritz Mondale, George McGovern, any of the others."

McGovern was one of Wednesday night's brightest stars at a gathering of Irish Americans for a sumptuous dinner given by Irish Prime Minister Garret FitzGerald for Vice President Bush, who admits to being Texan but not Irish.

The former senator from South Dakota, who bowed out of the race for president early Wednesday after coming in third in Tuesday's Massachusetts primary, drew almost everyone's attention. Bush was one of the first to commend McGovern on the race he ran. "You look like it didn't hurt you any," Bush told him. "My God, you look in fighting trim."

The way McGovern explained it later: "He said I handled myself with grace and dignity."

And as for how McGovern felt the night after the night before: "I feel great. I really do. You know, I've won a lot of campaigns, but I never felt any better about the ones I won than I have this one."

"I said exactly what I had on my mind—some bought it and some didn't. But it gives you a good feeling to say what you think," said McGovern.

"You can't come in second, third or fourth too many times without realizing you're not going to go the course. I made my statement, I got a fair hearing, the press was kind to me, and I have no complaints."

On his erstwhile campaign foe, Gary Hart, McGovern said, "I must say, he doesn't seem to have made any mistakes so far. He understands modern campaigning, knows what it's all about, and works well with the media."

Kennedy, one of several Kennedys in the crowd of about 250 at the Shoreham Hotel, called the Hart-

Mondale scramble "good news for the Democrats" because it promotes interest in the party and the issues.

Asked whether he thought Gary Hart resembles John F. Kennedy or any of the Kennedys, the senator snapped: "Well, I'm not going to talk about something like that."

Besides the "Super Tuesday" talk, there was blarney about Ireland and the Irish. "This glittery occasion started out as a very modest idea," said Irish Ambassador Tadhg O'Sullivan. "We thought there'd be 30 to 40 of the taoiseach's [prime minister] close friends, but we underestimated his friends." Those friends included all of the town's best-known Irish names, like Moynihan, Cochran, Casey, Donovan, Clark, Kirkland, Shultz and Kissinger.

One of the town's top Irishmen, House Speaker Thomas P. (Tip) O'Neill, didn't make it. But here's what some who did had to say:

Henry Kissinger: "My wife's north Irish and last year I told FitzGerald's predecessor she was Irish, but from the wrong part. He said, 'There is no wrong part.'"

Barbara Bush: "Everybody's Irish at heart."

Labor Secretary Ray Donovan, a third-generation Irishman: "When we visit there, everybody seems to look like us."

CIA Director William Casey teasingly said Secretary of State George Shultz was "just lucky" to be married to an Irishwoman.

Shultz told of a trip to Ireland during the Nixon administration and a stop at Dromoland Castle. A man taking them around asked Helena Shultz what her maiden name was. When she said O'Brien, he said this was her ancestral home. "There must have been a hundred portraits of O'Briens hanging on the castle walls," Shultz said. So after greeting FitzGerald here, he told him on the way into town that his wife was Irish. The prime minister, Shultz said, replied, "Gee, that makes me feel badly. I'm only 6 percent."

FitzGerald, who was accompanied by his wife, Joan, later explained that his family name was Norman, that some of his family were Ulster Scots, some were Germans and only a great-grandmother on his mother's side was Irish.

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ON PAGE C-6

WASHINGTON POST
15 March 1984

Casey Pushes CIA Aide For Seat on U.S. Court

By Al Kamen

Washington Post Staff Writer

CIA Director William J. Casey has asked President Reagan to nominate CIA general counsel Stanley Sporkin to a seat on the U.S. District Court here, administration sources said yesterday.

In addition, Casey has either written or called senior White House and Justice Department officials urging Sporkin's nomination to the seat vacated earlier this year by Judge June L. Green, according to one source. "Casey's pushing him hard," that source said, adding that Casey's efforts began more than a month ago.

A spokesman at the CIA said neither Casey nor Sporkin, who has made no secret of his desire to be a federal judge, would comment.

Sporkin rose to prominence here as the highly visible and often controversial head of enforcement at the Securities and Exchange Commission in the late 1970s before going to the CIA to work for Casey, a long-time friend.

The possibility of the 52-year-old Sporkin's nomination to the federal bench already has sparked a lobbying campaign against him among some detractors who criticize him for being overzealous in enforcing federal securities laws.

One GOP attorney said yesterday that he was organizing opposition among GOP leaders in the business and legal community who he hoped would oppose the possible nomination because of Sporkin's enforcement decisions. A Reagan transition team report, reflecting some of the opposition to Sporkin, had recommended that Sporkin be replaced.

Sporkin saved Casey from Water-

gate disaster in the early 1970s by advising Casey, then SEC chairman, to ignore pressure from the Nixon White House to head off the agency's investigation of Robert Vesco. Sporkin was picked by Casey in April 1981 to be the CIA's top legal officer.

Sporkin, whose name was synonymous with tough securities law enforcement, waged a famous campaign against questionable foreign payments in the '70s when some 600 companies made voluntary disclosures rather than face criminal action at a later time.

His influence with Casey has made him a key policymaker at the agency, although at times he has been criticized for spending considerable time defending Casey's personal business practices.

The administration's screening committee for potential candidates for the federal bench is expected to make a recommendation in a few weeks for the opening.

Other candidates for the judgeship include former assistant U.S. attorney Alexia Morrison, who is now in the enforcement division at the SEC; Washington attorney Stephen Trimble, and D.C. Superior Court Judge George E. Revercomb.

Although the White House has been under considerable pressure as the election approaches to appoint a woman to replace Green, one informed source said he doubted that pressure would preclude nomination of a qualified male.

Sources would not say yesterday whether Sporkin was the leading candidate for the job. One source called Sporkin "a viable candidate."

Gavin Esler CIA mischief in Hawaii

Investors lose a fortune in firm operated by the CIA

Gavin Esler tells the story of a CIA operation in Hawaii which could serve as a storyline for an episode in *Hawaii Five-O*, except that there is no scope for its square-jawed hero, Police Chief Steve McGarrett, to make everything all right.

Like any other upmarket financial consultancy, the Hawaiian firm of Bishop, Baldwin, Rewald, Dillingham and Wong had a company photograph taken. In the front row sit the chairman, Ron Rewald, and the president Sunny Wong. Mr Bishop, Mr Baldwin and Mr Dillingham are not in the picture because they do not exist. These are what Hawaiians call 'kamaaina' names—old-established family names in the islands used as part of the company name to give it spurious credibility.

Bishop Baldwin, which collapsed into bankruptcy last August, with \$22 million of investors' money allegedly gone missing, could have been a simple swindle: the chairman, Rewald, cheating naive investors. Instead, it was a major CIA intelligence front—what CIA Central Cover Staff at headquarters in Langley, Virginia, would call a 'proprietary'. It was a functioning company of some 40 or 50 people engaged in legitimate business activities to provide a cover for around ten CIA agents. How the operation fell apart and come to be mistaken for a confidence trick is a tale of lies and deceit which reveals how the new CIA under its director, William Casey, operates, and how covert operations are organised not, as is widely assumed, mainly through American embassies, but through private businesses.

Newsnight has uncovered hundreds of pages of documents and tape-recordings relating to Bishop Baldwin which show how it was used to spy on the President of the Philippines. Approved For Release 2005/11/28 : CIA-RDP91-00901R000400050001-1
high-technology plans from Japan and sell arms

clandestinely to Taiwan. The story links together three CIA station chiefs, an American four- and a three-star general and one of the ten richest bankers in the world, a Filipino called Enrique Zobel. On the sidelines are 400 investors who provided the cover for CIA operations and have now lost their money.

Ron Rewald came to Hawaii in 1977, from Milwaukee, Wisconsin, with a bankruptcy behind him and a conviction on a minor charge. He had one qualification: in the 1960s he had played a minor role in illegal CIA spying on American students involved in protests against the Vietnam War. By 1983 he was being entertained by generals and CIA station chiefs, running a fleet of limousines and playing polo with sultans and princes.

The transformation began in 1978, when Rewald and Wong set up Bishop Baldwin in luxurious offices in the heart of Honolulu's business district—Rewald even had an indoor waterfall behind his desk. In a sworn affidavit Rewald says that to complete the cover the CIA wrote a phoney history for the company, saying that it had operated in Hawaii since

'territory days'—before Hawaii became the 50th state in 1959. The CIA also printed a false degree certificate for Rewald to hang on his office wall, and ensured he was listed as an 'old boy' in university records. Such was the CIA fiction, but, inevitably, the truth was even stranger.

Bishop Baldwin's staff sound like extras from a James Bond film. Jack Kindschi, listed in promotional literature as an 'outstanding consultant'



Jack Kindschi with Ron Rewald

Continued

ARTICLE APPEARED
ON PAGE C-1WASHINGTON TIMES
15 March 1984

Under Bill Casey, the CIA is back in business

ARNOLD BEICHMAN

William J. Casey, a tall, erudite man in his early 70s, has been director of Central Intelligence since the Reagan administration took office. During the last three years, it has been a rare day that his reputation and character have not been attacked, sometimes from the right, most often from the left.

The attacks have focused largely on financial matters which occurred long before he took his present post and most recently, the so-called "Briefinggate" affair involving Carter strategy documents allegedly obtained by Reagan election officials during the 1980 campaign. While no crime has ever been spelled out, ethical violations have been charged. So Mr. Casey, who enjoys Cabinet status, has been a storm center since 1981, accused of all manner of devilry having to do with everything except what kind of director of Central Intelligence he has been and how his intelligence fared under his direction.

This short report, based on an informal study, will argue that Mr. Casey has done the best job of any CIA director in the past decade. In one sense, he took on the job at a time when the prestige of the CIA was so low there was no way to go but up. Mr. Casey's predecessor, Admiral Stansfield Turner, rightly or wrongly, had a low opinion of the agency he was assigned to administer by President Carter. The United States and its allies paid the price of poor intelligence and, most important, insufficient and even unreliable national estimates so essential for decision-making policy executives. In addition, before Mr. Turner's appointment, there had been a revolving door sequence of CIA directors — William Colby, James Schlesinger and finally George Bush, now vice president, all in one year, an event hardly calculated to restore confidence within the organization.

Under Mr. Casey, a number of im-

portant steps to rebuild U.S. intelligence have been undertaken under the continuing scrutiny of two congressional select committees on intelligence to which Mr. Casey must report regularly, particularly about any proposed covert actions approved by the president. In other words, CIA secrets must be shared

with some 30 congressmen in both houses and their congressional staffs, a risky but now legalized procedure. Thus far, congressional oversight has worked fairly well, according to all reports. Whether the accountability system will continue to work in future congresses as the composition of the Select

Committees changes, is another matter.

Under Mr. Casey, the intelligence budget "has gone way the hell up," as one knowledgeable source puts it. In fact, the overall total for intelligence is at the highest level it has ever been, having risen steadily each of the past three years. Since the budgetary totals are classified, no statistical comparisons can be made. However, to have been able to obtain increased appropriations means that the congressional committees are sufficiently satisfied with CIA activities.

Second, the CIA is back in the covert-action business, an area from which it had virtually withdrawn during the Turner directorship. Covert action is a form of intelligence activity intended to effectuate by secret means the aims of U.S. foreign policy. Overt action encompasses diplomatic activity and negotiations and, when these break down, war itself. An example of covert action would occur if Britain, targeted by Libyan terrorists, were to seek out and support Libyan exile dissidents in order to help overthrow the directing genius of contemporary terrorism, Libya's dictator, Col. Muammar Qaddafi.

Third, there has been a large increase in the number of national estimates sent to intelligence consumers, from the president on down. The whole point of intelligence-gathering — clandestine collection and covert action — is to put together the information collected in some logical order so that recommendations for actions

can be made and meaningful policy decisions undertaken. Analysis and estimates are the third — and perhaps most crucial — ingredient of an intelligence system.

Fourth, there has been a massive attempt to rebuild human intelligence — HUMINT — resources. In the pre-Casey period, great reliance was placed on ELINT — electronic intelligence-gathering by "spy-in-the-sky" technology. While much of the instrumentation is ingenious and even startling in its capabilities, the instruments themselves lack one essential attribute: They cannot look inside a man's head — say, a member of the Soviet Politburo — to determine what Soviet policymakers plan to do. HUMINT was once part of the answer and it is now being restored to its essential place in the intelligence panoply.

Fifth, an attempt has been made to rebuild the last and perhaps the most important ingredient in the intelligence schema — counterintelligence. This ingredient is the guard set up by any intelligence agency to prevent the enemy "mole" or even the double agent, from penetrating the inner sanctum.

Kim Philby, the British-born Soviet agent, ran British counterintelligence until he became suspect and resigned. Therefore, during the time he was in charge of British CI, British intelligence existed only in name. The various congressional investigations of CIA and their repercussions within CIA during the mid-1970s led to a wholesale dismantling of CI a decade ago. Whether or not CI has been successfully rebuilt, no one can

Gavin Esler—CIA mischief in Hawaii—

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Bishop Baldwin, which collapsed into bankruptcy last August, with \$22 million of investors' money allegedly gone missing, could have been a simple swindle: the chairman, Rewald, cheating naive investors. Instead, it was a major CIA intelligence front—what CIA Central Cover Staff at headquarters in Langley, Virginia, would call a 'proprietary'. It was a functioning company of some 40 or 50 people engaged in legitimate business activities to provide a cover for around ten CIA agents. How the operation fell apart and come to be mistaken for a confidence trick is a tale of lies and deceit which reveals how the new CIA under its director, William Casey, operates, and how covert operations are organised not, as is widely assumed, mainly through American embassies, but through private businesses.

Newsnight has uncovered hundreds of pages of documents and tape-recordings relating to Bishop Baldwin which show how it was used to spy on the President of the Philippines, steal high-technology plans from Japan and sell arms

clandestinely to Taiwan. The story links together three CIA station chiefs, an American four- and a three-star general and one of the ten richest bankers in the world, a Filipino called Enrique Zobel. On the sidelines are 400 investors who provided the cover for CIA operations and have now lost their money.

Ron Rewald came to Hawaii in 1977, from Milwaukee, Wisconsin, with a bankruptcy behind him and a conviction on a minor charge. He had one qualification: in the 1960s he had played a minor role in illegal CIA spying on American students involved in protests against the Vietnam War. By 1983 he was being entertained by generals and CIA station chiefs, running a fleet of limousines and playing polo with sultans and princes.

The transformation began in 1978, when Rewald and Wong set up Bishop Baldwin in luxurious offices in the heart of Honolulu's business district—Rewald even had an indoor waterfall behind his desk. In a sworn affidavit Rewald says that to complete the cover the CIA wrote a phoney history for the company, saying that it had operated in Hawaii since 'territory days'—before Hawaii became the 50th state in 1959. The CIA also printed a false degree certificate for Rewald to hang on his office wall, and ensured he was listed as an 'old boy' in university records. Such was the CIA fiction, but, inevitably, the truth was even stranger.

Bishop Baldwin's staff sound like extras from a James Bond film. Jack Kindschi, listed in promotional literature as an 'outstanding consultant',



Jack Kindschi with Ron Rewald

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400050001-1

13 March 1984

NICARAGUA/
U.S.

JENNINGS: Some other news now. President Reagan may get his way on aid to those forces fighting the government of Nicaragua. The Senate Intelligence Committee today got a closed-door briefing from CIA Director William Casey and then voted to approve \$21 million in emergency aid for the contras.

12 March 1984

Apparent Bungling Bodes Ill for Administration Latin Aid Request

By Joanne Omang
Washington Post Staff Writer

The Reagan administration appeared to bungle its Central American policy so badly on Capitol Hill last week that both critics and supporters are saying it must be part of a clever plot.

With the track record of victory this White House has on the budget, on unpopular program cuts, on so many things, they say, it just could not be that inept.

Admittedly, this was only a tactical skirmish, but the way it was handled bodes ill for important battles scheduled this week over the administration's request for \$1.2 billion in economic and military aid to the region, according to key Republicans.

It was a total rout: the Senate Appropriations Committee, controlled by Republicans, refused President Reagan's personal request to tack \$21 million for rebels in Nicaragua onto one bill and postponed until Tuesday his request to add \$93 million for El Salvador to another.

Nobody in the administration thought to notify the chairmen of three vitally concerned committees, two of them friendly Republicans, until the day before the vote. Nobody lined up the usual allies, and the whole thing looked like a sneak end-run play. The reaction, especially from Republicans, was amazingly blunt.

"You really screwed up," Sen. Pete V. Domenici (R-N.M.) told a State Department

official. Secretary of State George P. Shultz apologized to Sen. Barry Goldwater (R-Ariz.), chairman of the intelligence committee.

The episode was so badly handled that it signals incompetence, callousness and/or laziness in the White House, a top Senate Republican aide said. The episode "will cost them dearly on their overall Central American policy," he said.

Other sources said the administration's "insensitivities" will allow lukewarm supporters of its overall \$8.9 billion aid plan for the region "to jump ship." Some sources say they think there are political motives behind the administration actions.

"They haven't made any progress on the

ground [in Central America] in 3½ years and so they come up here with a wacko idea they know will bomb, and Reagan can then go into the elections saying the policy failure is all the fault of Congress," a liberal Senate committee staff opponent theorized.

"Now they can say they've tried Congress and it didn't work, so they can go ahead with the emergency declaration" to obtain aid funding through a legislative loophole, said a moderate Republican member of Congress who is an administration critic on this issue.

The loophole would allow up to \$250 million in military aid to be provided upon a presidential declaration of crisis, with no repayment required for 120 days.

Those citing political motives noted that last week President Reagan said it would not be "responsible" to vote against his aid requests, and Defense Undersecretary Fred C. Ikle warned that an aid cutoff would unleash a bloodbath by El Salvador's right-wing death squads.

State Department officials, asked what they would do if Congress refused to cooperate, did not rule out seeking the money through reprogramming or a crisis declaration.

CIA-backed Nicaraguan rebel representatives in Washington were undismayed by the Appropriations Committee veto. "It was over procedure, not substance," said Bosco Matamoros of the Nicaraguan Democratic

Force (FDN), the largest rebel group. "We are confident the aid will be coming."

One thing is clear: the administration badly wants more money from Congress. Less clear is why there is suddenly so much urgency.

Officials began warning in January that El Salvador's armed forces were beginning to hoard their dwindling supplies, unsure whether Congress would provide more. Immediate aid is needed to help ensure a peaceful vote in the Salvadoran elections that begin March 25, they argued.

But only \$11 million of the proposed \$93 million emergency aid is for ammunition and \$16 million for spare parts, according to a State Department fact sheet for Senate members. The rest is for new helicopters, additional training and troop maneuvers.

"That's no emergency. They're just afraid they won't get another nickel after the elections," said a key liberal Senate aide.

If right-wing former major Roberto D'Aubuisson is elected president, the aide said, members of Congress who believe D'Aubuisson is linked to death squads are likely to move to cut off all aid immediately. But, the source added, if D'Aubuisson's chief rival, former President Napoleon Duarte, is elected, stiff right-wing opposition to him could lead to a military coup that could also result in an aid cutoff.

"Either way the election means trouble, and the White House wants

that money before then," the aide said. An advocate of the Salvadoran government cause agreed. "We didn't want to try for anything before the 25th," he said.

"To get it looks like intervention, and to lose it looks like we're being abandoned. It won't help."

Similarly unclear was the sudden emergency need in Nicaragua.

Matamoros said his group learned of the push only the day before the vote. "For the moment we have enough supplies and equipment, but we have to plan on a longer-term basis. If they say we need \$21 million, I'm sure that's what we need," he said.

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12 March 1984

The Calendar

Tuesday

Strategic Awards: William J. Casey, head of the Central Intelligence Agency, and Senator Sam Nunn, Democrat of Georgia, are to be among those receiving commendations from the International Strategic Studies Association. 8 P.M., Sheraton Washington.

ARTICLE APPEARED
ON PAGE 13BOSTON GLOBE
12 March 1984

FILE ONLY



'Too bad, Bert - you came to Washington just a few years too soon.'

ARTICLE ~~APPEAR~~
ON PAGE A-1WASHINGTON POST
9 March 1984

STAT

STAT

Panel Votes Down Funds Request for Nicaragua Rebels

By Joanne Omang
and Margaret Shapiro
Washington Post Staff Writers

The Senate Appropriations Committee, led by its Republican chairman, yesterday refused to grant President Reagan's emergency request for an additional \$21 million in covert U.S. military aid to rebel forces in Nicaragua, insisting that the administration go through normal Senate channels to get its money. The vote was 15 to 14.

At the suggestion of Chairman Mark O. Hatfield (R-Ore.), the committee also put off until next week the administration's emergency request for an additional \$93 million in military aid to El Salvador in its battle against leftist guerrillas.

Acknowledging the failure of what several Republicans called a disastrous effort to bypass congressional authorizing committees, Secretary of State George P. Shultz apologized to members of the Senate Intelligence Committee during a closed session and acknowledged that the move had been "self-defeating," Sen. Daniel Patrick Moynihan (D-N.Y.), the committee's vice chairman, said later.

Saving he was also speaking for committee Chairman Barry Goldwater (R-Ariz.), Moynihan added that committee members did not blame

Shultz, who appeared before the panel with CIA Director William J. Casey. "We made clear to him that we were perfectly aware it was a decision made in the White House," Moynihan said. "But there is no question that they will now proceed as they should have in the first place."

The committee provided \$24 million for covert aid to the Nicaraguan rebels last year, explicitly telling the administration it would have to make a formal request for more money.

In a related development in the House, most Democratic members of the Foreign Affairs Committee reached tentative agreement on the terms under which they would agree to provide additional military aid to El Salvador in 1985. If they approve the proposal in a party caucus next week, the full committee will consider it.

Administration officials said they had not intended to offend anyone but had belatedly realized that no regular funding measures were scheduled to be considered in Congress until May or June, by which time both the Salvadoran army and the rebels in Nicaragua would allegedly be short of funds and equipment.

Repeatedly warned by members of Congress not to try to get the money by reprogramming it from other projects or using legislative loopholes, administration strategists decided this week to try to attach their emergency aid requests as amendments to two emergency measures certain to pass Congress quickly—one would provide \$150 million in food aid to 18 drought-stricken nations in Africa and the other would send the states \$200 million to help with low-income citizens' winter energy bills.

"We want the matter considered by Congress promptly," White House spokesman Larry Speakes said before the Senate panel's vote yesterday. "We attach national importance to the situation in El Salvador."

A White House statement later said the \$21 million for the Nicaraguan rebels was "necessary to continue certain activities of the Central Intelligence Agency which the president has determined are important to the national security of the United States."

The president asked Majority Whip Ted Stevens (R-Alaska) and Sen. Robert W. Kasten Jr. (R-Wis.) to submit the amendments.

The idea backfired.

"If the entire administration policy for Central America is handled as poorly as this was handled, it is doomed," said Budget Committee Chairman Pete V. Domenici (R-N.M.), also a member of the Appropriations Committee. He said he was "embarrassed" to learn that Hatfield had not been told of the plan until Wednesday afternoon and that the Intelligence panel, which normally reviews all covert-aid financing, had not been consulted. The administration "should have been much more forthright," he said.

Sen. Warren B. Rudman (R-N.H.), who provided the key Republican vote dooming the admin-

CONTINUED

SENATE UNIT BARS NEW FUNDS TO AID NICARAGUA REBELS

SETBACK TO REAGAN SEEN

Request for \$21 Million More
Was Added at Last Minute
to a Domestic Measure

By PHILIP TAUBMAN
Special to The New York Times

WASHINGTON, March 8 — A key Senate committee today rejected a proposal by President Reagan that would have nearly doubled aid this year to the Nicaraguan insurgents.

The Republican-controlled panel, the Senate Appropriations Committee, said it had been inadequately consulted about the increase.

In what was viewed as a setback for the Administration, the committee voted 15 to 14 against providing \$21 million in additional funds for the Nicaraguan rebel forces, which have been financed through the Central Intelligence Agency. Earlier this year Congress approved \$24 million.

Added to Home-Energy Aid Bill

The President's request was presented in the form of an amendment to a bill providing \$200 million in additional financing for a home-energy program for low-income citizens.

Two Republicans — Senator Mark O. Hatfield of Oregon, the panel's chairman, and Senator Pete V. Domenici of New Mexico — criticized the Administration for presenting the amendment as a last-minute, emergency request that would have cut short full consideration.

Mr. Hatfield, who voted against the amendment, called the procedure "a very poor job of management." Mr. Domenici, who voted in favor, said the Administration "handled this as poorly as anything I have seen in 11 years." He said that, if future Central American aid requests were handled in a similar way, they "will be doomed."

Administration Feared Debate

Senator Hatfield said that he had not been notified about the C.I.A. financing amendment until Wednesday afternoon. Administration officials, acknowledging that the issue had not been handled smoothly, said the request was rushed to the committee because of fear that normal consideration might drag on for months.

The committee did not consider a related request to provide \$93 million in emergency military aid to El Salvador.

Larry Speakes, the White House spokesman, said that Mr. Reagan, fearful of "a deteriorating situation in Central America," was unwilling to wait for a longer-term aid package before sending additional military assistance to El Salvador. Administration officials asserted that the Salvadoran military needed a quick infusion of aid because of shortages of arms and ammunition.

They said that, without the aid, the Salvadoran Government would be unable to provide security for presidential elections later this month.

The Senate majority whip, Ted Stevens, Republican of Alaska, gave a similar rationale to the committee for increased aid to the Nicaraguan rebels. Senator Stevens, who offered the amendment to the home-energy assistance bill, said the present aid pipeline to the rebels runs out by late spring.

The committee vote, which may be reconsidered in floor debate later this month, seemed to be a reflection of irritation with the tactics used by the White House rather than substantive opposition.

After a peppery debate and procedural maneuvering, a majority of the committee agreed that linking the last-minute request to the domestic bill would delay, if not imperil, assistance to low-income citizens.

Senator Warren H. Rudman, a New Hampshire Republican who supports the Administration's policy in Central America, voted against the amendment because he said it would complicate consideration of the domestic measure and delay payments to "cold people in my state."

The committee postponed until next week consideration of a bill that would add provide \$150 million in food aid to African nations. That bill may now serve as the vehicle for both the additional financing for the Nicaraguan rebels and the additional aid to the Salvadoran military.

Mr. Stevens said the African bill might collapse if more than one Central American amendment were added. Echoing White House officials, he said the African bill and the domestic energy aid program were the only two measures already approved by the House that could be enacted swiftly enough to provided the needed Central American aid before June.

The issue of the Nicaraguan rebels spilled over into the Senate Intelligence Committee, where Secretary of State George P. Shultz and William J. Casey, the Director of Central Intelligence, also asked for additional financing.

Senator Daniel Patrick Moynihan, the New York Democrat who is committee vice chairman, later said that Mr. Shultz had apologized for the fact the committee was not consulted before the request was submitted to the Appropriations Committee. Mr. Moynihan quoted Mr. Shultz as having said that the failure to consult was "not only wrong as procedure but self-defeating."

Mr. Moynihan said his committee was prepared to consider additional financing requests for the Nicaraguan rebels, but he added that such additional money was not urgently needed.

White House Rebuffed in Bid to Tack Aid To Nicaragua Onto Fuel Assistance Bill

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Senate Appropriations Committee, after often-bitter debate, narrowly defeated a Reagan administration request to add \$21 million in covert aid for anti-Sandinista insurgents in Nicaragua.

The 15-14 roll call vote represented an embarrassing loss for the White House, which had mounted an intense lobbying campaign in an effort to add the money as an amendment to an otherwise noncontroversial spending bill providing \$200 million for low-income fuel assistance.

The administration's tactics cost it critical support, and despite President Reagan's personal commitment to the measure, the White House lost three Republican votes on the committee, including Chairman Mark Hatfield. Sen. Warren Rudman (R., N.H.), who had been expected to vote with the administration, in the end opposed the amendment because he saw it jeopardizing the fuel aid needed by his state. Among Southern Democrats, who traditionally support the White House, there was resentment toward what many saw as heavy-handed tactics.

The issue is certain to be raised again on the floor or in committee. But mindful of the mood yesterday, the White House decided against pressing for a second amendment seeking \$93 million in military aid for El Salvador. The appropriation for those funds would have been added to a separate bill providing food aid to drought-stricken countries in Africa. But at the urging of Mr. Hatfield, all action was delayed until Tuesday.

Under current law, the Central Intelligence Agency has as much as \$24 million to finance covert operations in Nicaragua, but these funds are expected to be exhausted at the current rate of spending by May or June. Until yesterday, the administration hadn't submitted a supplemental request itself. Also, by going first to the Appropriations Committee, it offended important supporters on intelligence committees responsible for overseeing CIA operations and funding.

CIA Director William Casey and Secretary of State George Shultz met privately with the full Senate Intelligence Committee in the afternoon, but none of three Democrats sitting on both the Intelligence and Appropriations panels later supported the funding yesterday.

According to Republican sources, Mr. Shultz repeatedly apologized to the senators in the 2½-hour session, but the administration never reversed itself and some aides appeared stunned when informed that the

measure had lost in the Appropriations Committee.

The confusion was alternately blamed on the State Department and the White House by senior senators, but Mr. Reagan had personally endorsed the move and asked Mr. Stevens to proceed. "Whoever at the White House thought up this strategy," said a high-ranking Intelligence panel source, "should be transferred to the Glenn campaign."

"I think it is tragic to have the poor and destitute of the U.S. held hostage by this amendment," said Sen. Daniel Inouye (D., Hawaii), a member of both panels. While Mr. Reagan picked up some support by making personal calls, only two Democrats—Sen. Bennett Johnston of Louisiana, and Sen. Dennis DeConcini of Arizona—voted for the funds.

The divisions were most evident on the Republican side, however. The exchanges between Sen. Hatfield of Oregon and Sen. Ted Stevens of Alaska were among the most bitter seen in the committee in recent years. Mr. Stevens, as the GOP Majority Whip and chairman of the defense subcommittee, had sought first to postpone all action until next week; but Mr. Hatfield successfully forced the matter to a head after sharp wrangling.

The resentment was sharpest toward State Department and White House officials who crowded into the meeting room. Budget Chairman Pete Domenici (R., N.M.) said the matter had been handled "as poorly as anything I have seen." In the hallway outside, he addressed a silent State Department official more bluntly. "You really screwed up," he said.

The fuel-aid bill passed the House earlier this week, and by its vote yesterday, the Senate committee cleared the measure for a quick final approval by Congress. But with the Senate bogged down in debate over a proposed school prayer amendment to the Constitution, the floor situation is unclear, and the fight yesterday could be replayed if the administration feels it can reverse the outcome.

The whole strategy of adding the Nicaragua amendment to the fuel bill is based on the assumption that Democratic leaders in the House can't afford to let that bill die. But Mr. Rudman took the opposite view, and Speaker Thomas O'Neill, whose home state Massachusetts is a major recipient of fuel aid, said he opposed the "back door" approach chosen by the president.

There was sharp criticism of the notion of attaching either Central America amendment to the two humanitarian bills. "Reagan would rather starve Africans so he could shoot Latin Americans," one leadership aide said.

The administration, for its part, still describes the operation as "covert," but there has been little secrecy about where the money would go. The formal request simply asks for \$21 million for "activities of" the CIA, but in contrast with previous years, there was no hesitation by committee members to say the money was destined for Nicaragua.

THE WHITE HOUSE

Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

March 8, 1984

Mr. Speakes' Office

9:18 A.M. EST

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WASHINGTON POST
8 March 1984

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Reagan Will Seek Accelerated Aid For El Salvador

By Joanne Omang
and Walter Pincus
Washington Post Staff Writers

The Reagan administration, unwilling to wait while Congress debates its new aid plan for Central America, will ask a Senate committee today for \$93 million in accelerated military assistance for El Salvador and may request another \$17 million for covert aid to rebel forces in Nicaragua, according to congressional sources.

The highly controversial funding request for El Salvador will come in the form of an amendment to an emergency funding bill giving food aid to drought-stricken African nations that is before the Senate Appropriations Committee, the congressional sources said.

The parallel request for more aid to Nicaraguan rebels is under "active consideration" at the White House, the sources said, but they added that reaction from bypassed Senate Intelligence Committee leaders, including Chairman Barry Goldwater (R-Ariz.) and ranking minority member, Daniel Patrick Moynihan (D-N.Y.), has been so negative that the idea may be reconsidered.

News of the new effort to move the Latin aid requests through Congress came as, separately, members of a House subcommittee balked at providing a proposed \$8.7 million for Army and Air Force "contingency facilities" in Honduras, which would be part of a planned overall 50 percent increase in Pentagon construction worldwide.

Documents obtained by The Washington Post describe the facilities as a barracks and hangar for a U.S. Army aviation unit and cement storage igloos for large quantities of ammunition, bombs and rockets.

In a remark that appeared to sum up the mood of many members, Rep. William V. (Bill) Alexander Jr. (D-Ark.) of the House Appropriations subcommittee told Pentagon officials that no funds will be forthcoming for Honduras until the administration submits a much-delayed report outlining construction plans for that country.

"We in the Congress and the American people are literally in the dark about what our government is doing in Central America," he said.

Both proposals are also certain to anger House Foreign Affairs Committee Democrats who failed again yesterday to reach agreement on the overall Central America aid plan.

Determined to produce a foreign aid bill this year, Chairman Dante B. Fascell (D-Fla.) has sought to soften recent conditions put on the aid by a subcommittee "from very, very, very tough down to just tough," a committee aide said. The committee is expected to act today.

Administration officials have been warning for weeks that the \$45 million appropriated for 1984 military aid to El Salvador is running out quickly.

With Salvadoran presidential elections due to begin March 25, the officials said that they expect a major, leftist guerrilla offensive and fear that Salvadoran armed forces, wor-

ried about diminishing supplies of weapons and ammunition, will be unwilling to respond adequately.

The administration has asked for \$178 million in additional 1984 funds for El Salvador and \$132.5 million for 1985, but no bill is expected to emerge until June or July.

A White House official, explaining the effort to seek emergency funding, said, "We would hate to lose El Salvador for the want of a nail."

The administration is similarly running out of funds for Nicaraguan rebels. After long, bitter debate, Congress appropriated \$24 million last year for covert 1984 aid to the "contras," knowing that the aid would run out in May or June and explicitly demanding approval of additional funds by the intelligence committees.

CIA Director William J. Casey and Secretary of State George P. Shultz are to appear today before the Senate Intelligence Committee to discuss additional money. But news of the tentative plan to evade the committee changed the agenda.

"To say Goldwater was angry is putting it very mildly, and Moynihan was even worse," a source close to the committee said.

An emergency administration proposal for the Nicaraguans may come during a closed Appropriations Committee session and would seek to attach the \$17 million addition to a bill providing money to states to help pay low-income users' utility bills. That measure and one aiding Africa are considered hard to oppose.

CONTINUED

TANGLED TALE

The CIA played a devious but leading role in the rise and fall of Bishop, Baldwin

Ron Rewald's defunct consulting firm was a front in the most embarrassing tradition.

It's beginning to look like Honolulu bankruptcy trustee Thomas Hayes took on more than he bargained for when, court appointment in hand, he first strode into the offices of Bishop, Baldwin, Rewald, Dillingham & Wong, Inc.

That was early last August and Hayes' takeover of the Honolulu investment counseling firm with the staccato name capped a landslide of events that in less than a week had



Ron Rewald

toppled the company from prominence to ruin.

On July 29, a local television station aired a report that Bishop, Baldwin

was under investigation by state consumer protection authorities and hinted that the firm's chairman, 43-year-old Ronald R. Rewald, may not be the classy investment wizard that most everyone thought him to be.

The next day, Rewald was found in a Waikiki hotel room with his wrists slashed. Rushed to a hospital, he quickly recovered from what the police said was an attempted suicide.

But while Rewald was still in the hospital, the investment empire he'd formed just five years before came unglued. After a half-hearted attempt at business as usual, Rewald's partner, Sunlin "Sunny" Wong, promptly resigned as company president and declared his willingness to cooperate with any and all of the state and federal investigators suddenly gathering on Bishop, Baldwin's doorstep. The dapper, 34-year-old Wong was quickly followed in his hasty exit by many of the 30 or more attorneys, accountants and others that Bishop, Baldwin had brought on board as well-paid professional "consultants."

On August 4, a Honolulu federal court declared Bishop, Baldwin involuntarily bankrupt and froze its assets, along with those of the company's still-hospitalized leader, Ron Rewald.

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happened to their money was that it had been spent, not on the high-yielding investments that had attracted the depositors but on a cornucopia of business and personal expenses that, said Hayes, had emptied the company's coffers.

Rewald, declared Hayes to a stunned Honolulu business community, had run an elaborate scam. His words were echoed by the bankruptcy judge, who labelled Bishop, Baldwin a "Ponzi scheme" wherein investor funds were siphoned off for ulterior purposes and paid back only as necessary to keep up the pretence of legitimate investments.

To no one's surprise, Rewald was arrested on his release from the hospital on theft charges from two investors. One of them was John C. "Jack" Kindschi, a former Bishop, Baldwin consultant and close associate of Rewald's. Kindschi had been one of Rewald's first visitors in the hospital. Before he joined Bishop, Baldwin in 1981, he was the Honolulu section chief for the Central Intelligence Agency. Bishop, Baldwin's records carried Kindschi as a \$185,000 investor in the company. They also revealed that on the day of Rewald's attempted suicide he withdrew \$140,000 from his account.

Subsequent disclosures show that prior to his "retirement" from the CIA, the 56-year-old Kindschi had written personal checks to Bishop, Baldwin and three associated companies totalling about \$2,000. The checks, all

Continued

Upfront

Jane Doe Versus An Unnamed Agency

The relationships between employer and employee can have their difficult moments, but some are thornier than others.

Take the case of *Jane Doe v. United States of America; and A Certain Unnamed Federal Agency; and The Highest Executive Officer of a Certain Unnamed Federal Agency*.

Jane Doe, whose real name we may never know, is not one of those spies who quit the agency to expose some abuse or other. Quite the contrary. Jane Doe wants nothing more than to continue her budding career as a foreign agent.

Her complaint is that the Unnamed Federal Agency bumped her from an undercover assignment overseas to a desk job in Washington because she passed along information from an overseas contact that alleged misuse of official funds and other improprieties by a station officer and the station chief in her previous assignment.

Using the name Jane Doe so as not to blow her cover, she is suing to resume her former activities as a covert officer.

From the onset of the brouhaha to the first filing in U.S. District Court took twenty months. Part of the difficulty was getting clearance for her attorneys. Without such clearances and Agency approval, Jane Doe was not authorized to acknowledge her place of employment to her lawyers or to divulge any information about the job dispute.



Illustration by: Ken Sherbo

As her complaint tells it in U.S. District Court records, Jane Doe, with a degree in Russian studies from a "West Coast University," started work as a typist for the Agency in 1971 and four years later was chosen for training as an undercover agent. For the next five years she had assignments in and out of the country, eventually gaining a promotion to the rank of "undercover intelligence officer" and a temporary eighteen-month assignment overseas. It was on return from that assignment while preparing for a new mission that her troubles started.

When asked by a senior staff employee about her previous assignment, Jane Doe related what she had heard from the overseas contact, making clear, according to her complaint, "that her information was based only on hearsay and rumor and that she had no personal knowledge of any improprieties or wrongdoing." From there the information went to higher authorities and ultimately to Claire George, the Assistant Deputy Director of Operations, who, it is alleged, told

Jane Doe "that it was her 'duty' to convey to him the suspicions that had been communicated to her while overseas." She did so. In September of 1981, the complaint alleges the Assistant Deputy Director told Jane Doe he had personally travelled overseas, that the chief of the overseas location had conducted an investigation into the allegations regarding himself and Jane Doe's former supervisor, and that the conclusion was that Jane Doe's statements had not been verified. Her overseas assignment was cancelled; she was placed on administrative leave and ordered to take a "fitness for duty" examination.

Shortly after she was placed on administrative leave, Jane Doe discovered that the agency had sent her household effects to what would have been her new assignment. Her car and other personal belongings remained in her former overseas location. She had already rented her house in the Washington area and was unable to break the lease. She and her husband were without a car for four months, without their per-

sonal possessions for six months, and when they tried to get a lodging allowance were unable to do so, the complaint contends.

Two agency inspectors examined the case, but eventually Jane Doe got a slip telling her she was "excess to the needs" of the Agency's undercover operations. That is, she could continue working as an analyst in Washington but her days as a spy were over.

The Agency, for its part, contends that the matter is an internal personnel decision, that Jane Doe has been transferred, not fired, and that she has lost neither grade nor pay. They argue that the case should be dropped on grounds that airing internal workings of the agency would expose national intelligence secrets.

Her lawyers at Howrey & Simon have declined to discuss the case publicly. It is the firm that did volunteer work defending Ernest Fitzgerald, the whistleblower.

But the Pentagon is not the Central Intelligence Agency—yes, the CIA is finally on the books as the defendant in the case. After extensive negotiations and a court conference, Jane Doe was allowed to acknowledge her place of employment and supply information about the dispute to her lawyers. She then moved for a voluntary dismissal of the original complaint.

The case is back in court as *Jane Doe v. Central Intelligence Agency, et al.* The *et al* names Claire George and director William J. Casey along with four other CIA officials as defendants.

—Cynthia Jabs