

Defrauding America

Trojan Horse Corruption

Volume One



Rodney Stich

Other Books by the Author
And Former Federal Agent

Drugging America
Blowback, 9/11, and Cover-Ups
Unfriendly Skies: 20th & 21st Centuries
Iraq, Lies, Cover-Ups, and Consequences
Subverting America—External and Internal “Terrorists”
Lawyers and Judges: American Trojan Horses
Terrorism Against America: External & “Internal” Terrorists

Copyright 2005 by Rodney Stich and Silverpeak Enterprises

Silverpeak Enterprises, a Nevada Corporation, a Nevada corporation,
PO Box 5, Alamo, CA 94507 and PO Box 10587, Reno, NV 89510.

All rights reserved. Short segments of this book may be reproduced by
a newspaper, magazine, reviewer, or on the Internet, making reference
to the book and the author.

Library of Congress Catalog Card Number: pending

Stich, Rodney—Author

Defrauding America, Vol. One.

ISBN: 978-0-932438-18-8

Silverpeak Enterprises, a Nevada Corporation, a Nevada corporation,
PO Box 5, Alamo, CA 94507 and PO Box 10587, Reno, NV 89510.

Titles by Rodney Stich with ISBN for print books:

Blowback, 9/11, and Cover-ups, 1st ed. [978-0-932438-15-7]

Defrauding America, 4th ed. Vol. 4th ed [978-0-932438-18-8]

Defrauding America, 4th ed. Vol. Two, 4th ed [978-0-932438-19-5]

Drugging America, 2nd ed. [978-0-932438-11-9]

Iraq, Lies, Cover-ups, and Consequences, [978-0-932438-20-1]

Lawyers and Judges—American Trojan Horses, [978-0-932438-16-4]

Subverting America: External & “Internal Terrorists,” Vol. 1 [978-0-932438-21-8]

Subverting America: External & “Internal Terrorists,” Vol. 2 [978-0-932438-22-5]

Terrorism Against America, 1st ed. [978-0-932438-23-2]

Unfriendly Skies: 20th & 21st Centuries, 4th Edition, [978-0-932438-06-5]

Each book is available in E-book and print format.

These books will be periodically amended and expanded.

This edition: May 2005

10 9 8 7 6 5 4 3 2 1

Defrauding America

Volume One

Table of Contents

Chapters	Pages
1. Introduction to Corruption in Government Offices	1
2. Beginning Legal and Judicial Tactics to Obstruct Justice	13
3. Early Cover-Ups by Federal Judges	23
4. Judicial Corruption In Chapter 11 Courts	33
5. Continuing Tactics Obstructing Justice	59
6. Blatant Due Process Violations and Cover-Ups	81
7. Protected Insiders Looting HUD	93
8. Protected Insiders Looting Savings and Loans	107
9. October Surprise: Insiders Rewarding Terrorism	139
10. Gunther Russbacher: Early CIA Intelligence Source	149
11. October Surprise Cover-Ups	183
12. Iran-Contra and Drug Smuggling	213
13. CIA's Sordid History Subverting America	241
14. CIA's Nugan Hand Bank and Drug Smuggling.....	271
15. BBRDW, CIA, and Secret Bank Accounts	277
16. Inslaw and Crimes at Justice	311
17. BCCI, Bank of Crooks and Criminals	341
18. Drug Smuggling by CIA and Other Insiders	365
19. FBI and Other Whistleblowers	481
20. Anatomy of a CIA Proprietary Airline	511
21. Ramifications of Trojan Horse Corruption in Government.....	531
Index	541

Rodney Stich has a long history of insider activities that provided him the training and the opportunity to discover vast areas of misconduct in government offices. These experiences have put him into close contact with dozens of other former and present government agents and other insiders who also discovered corruption in government. Between their several hundred years of combined experience, exposed to criminal and even subversive activities in government, many of their findings are revealed in the books that Rodney Stich has written. The purpose of these books has been to inform those people who want to be informed, and reveal to them the hardcore misconduct that is inflicting great harm upon national security and the lives of countless numbers of people. Further, to motivate enough people to show long-overdue outrage, to show courage, and to show long-over patriotic reaction.

Aviation Background Started Before the Pearl harbor Attack

The author's background in aviation started while he was in the U.S. navy prior to the December 7, 1941, attack on Pearl Harbor. He had joined the navy at the age of 17 and after training he became a radioman on a PBY Catalina seaplane. He was based temporarily on Midway Island before the Japanese attack that was a major turning point in the war. He was selected for pilot training and received his Navy wings first as a Naval Aviation Pilot (enlisted pilot) and then as a Naval aviator (commissioned officer).

He became an instructor in advanced PBY training at Jacksonville, Florida and then training as a Patrol Plane Commander in the Navy PB4Y-1 (Liberator) and PB4Y-2 (Privateer). Stich was the youngest Navy Patrol Plane Commander during World War II. Stich received his wings at the Pensacola Naval Air Station at approximately the same time that George Bush senior received his Navy wings at Corpus Christi.

Worldwide Commercial Airline Experience

After World War II, Stich flew for the airlines flying captain in domestic and international operations. He was checked out as captain on virtually every type of plane flown by U.S. airlines, including the double-deck Boeing Stratocruiser, Lockheed Super Constellation, DC-4, DC-3, Martin 202, Convair 340, Curtis C-46, Lockheed Electra, DC-8, and Convair 880.

He was one of the first pilots licensed by Japan, holding Japanese pilot license number 170. He was also one of the first captains for Japan Airlines, during which time his copilots were former Japanese military pilots from World War II.

The *Saturday Evening Post* had written a series of three articles in 1950 about the pilots at his primary airline, Transocean Airlines. The articles were titled, "The Daring Young Men Of Transocean Airlines."

In those days, flying overseas, especially in the Middle East, were pioneering experiences, encountering situations that no airline pilot today encounters. In one instance, in 1953, he found himself at the center of a revolution in Iran, which he later learned was engineered by the CIA. He flew Muslim pilgrims to Mecca and Medina on the Hajj during the Muslim holy period. He may have been the only pilot to take pilgrims to Medina, where he landed in the desert outside of the holy city. He resided in Jerusalem, Ramallah, Beirut, Tehran, and Abadan, visited Palestine refugee

Ramallah, Beirut, Tehran, and Abadan, visited Palestine refugee camps, and associated with the residents who were, in those days, friendly to the Americans.

He had his share of inflight emergencies, including engine failures, engine fires, sudden closing of virtually all airports at his destination, serious icing problems on the North Atlantic, sudden shortage of fuel when the headwinds over long over-water flights became more adverse than forecast.

Aviation Safety Agent for Federal Government

Eventually he left airline flying and became a federal aviation safety agent for the Federal Aviation Administration (FAA). He was responsible for conducting flight checks of airline pilots, evaluating their competency, issuing government ratings, evaluating safety matters and preparing reports on safety problems and recommended corrective actions.

Assignment To Halt Worst Series of Air Disasters in U.S. History

Eventually, the federal government gave him the assignment to correct the conditions causing the worst series of airline crashes in the nation's history. It was here that he discovered the deadly politics of air safety and corruption in government offices. To circumvent the blocks preventing the federal government from carrying out its aviation safety responsibilities, Stich exercised legal remedies in ways that had never before been done. He acted as an independent counsel, conducting hearings to obtain testimony and additional evidence that showed the deep-seated culture in the government's aviation safety offices that enabled countless numbers of preventable aviation tragedies to occur. The events of September 11, 2001, would be one day's consequences of these serious matters.

Unable to correct the deep-seated corruption, Stich left government services and then engaged in other activities seeking to bring to justice the corruption to light. Like a magnet, these activities caused other former and present government agents and insiders to provide him with additional information and evidence of corruption in government offices far beyond the aviation field. These were agents from the CIA, DEA, DIA, FBI, Customs, Secret Service, drug smugglers, and organized crime figures.

Trojan Horse Corruption and David Versus Battles

The magnitude of the corrupt and Trojan horse-like criminal and subversive activities, and the harm resulting from them, caused Stich to spend the remainder of his life fighting the escalating corruption in the three branches of government. No other government agent, or whistleblower, revealing hardcore corruption in government offices, had suffered such great harm, as he engaged in years of escalating David versus Goliath battles to protect national interests and halt the harm being inflicted upon the people.

Over 3,000 Radio and Television Appearances Since 1978

He has appeared as guest and expert on over 3,000 radio and television shows since 1978, throughout the United States and in Canada, Mexico, and Europe. He published numerous books, including multiple editions of *Unfriendly Skies*, *Defrauding America*, *Drugging America*, *Terrorism Against America*, and *Lawyers and Judges—America's Trojan Horses*.

In addition, Stich was a successful entrepreneur, having acquired and developed over \$10 million in real estate properties.

The detailed information in these books reveal a pattern of deep-seated corruption in the three branches of government that played key roles in the success of the terrorists on September 11, 2001, and is responsible for many areas of human tragedies, including the sham imprisonment of tens of thousands of men and women. That corruption is another form of terrorism that continues to inflict far more harm upon America and its people in a Trojan horse fashion.

This information he provides in these books can be the most valuable tool to fight the escalating destruction of the United States, its values, its institutions, and its people.

Fighting the vast deep-seated corruption in government offices by himself, Stich has paid a heavy personal and financial price for seeking to protect important national interests.

For more information put "Rodney Stich" into Internet search engines such as www.google.com. For more information about his various books, go to

www.defraudingamerica.com and www.unfriendlyskies.com.



INTRODUCTION

This greatly enlarged explosive edition of *Defrauding America* exposes an alarming degree of government corruption that is undermining national security and inflicting great harm upon America and the American public. It helps to show how 19 hijackers were able to seize four airliners, after 40 years of fatal hijackings that occurred despite the government's knowledge of how to prevent these tragic events.

Defrauding America is one of the most explosive books on the market, revealing the alarming high-level government corruption that is secretly destroying the foundation upon which the United States has survived. The book provides insight into how efforts can be taken to reduce the threat of government misconduct upon your business, your family, and yourself.

A coalition of government agents and deep-cover operatives (FBI, CIA, DEA, ONI and others) reveal government corruption that they discovered during their official duties, or in which they were ordered to participate. The book is authored by former federal investigator Rodney Stich, who has written three editions of *Unfriendly Skies*, three editions of *Defrauding America*, and one edition of *Disavow*. The serious misconduct was first discovered by the author while he was a federal inspector and investigator with the Federal Aviation Administration, responsible for air safety at the world's largest airline. Aggressive investigations over a 30-year period revealed far more corruption implicating people in control of key government offices. The book is a classic.

Detailed Among the Book's Contents

- How U.S. leaders secretly funded and assisted Iraq's military buildup in the 1980s, which has returned to haunt the United States in the 21st century.
- How government personnel blocked the reporting of criminal activities in key government offices that constitute the primary blame for the success of 19 hijackers on September 11, 2001.
- Other threats and sources of even greater harm to Americans: decades of CIA drug trafficking into the United States and involving national leaders, some still in key government positions.
- The truth behind the downing of TWA Flight 800 and Pan Am Flight 103, reflecting the endemic disinformation fed to the American public.
- Role played by the CIA in various scams, including looting savings and loans, HUD, Afghanistan, drug smuggling, subverting foreign governments.
- Judicial corruption throughout the federal courts, including Chapter 11, and the documented attacks upon government whistleblowers, which played a key role in the success of 19 hijackers on 9-11.
- October Surprise and its cover-up, including paying Iranian terrorists to delay the release of 52 American hostages held captive in Iran, and massive military buildup of Iran's armed forces.

- Washington-ordered assassination of America POWs, as shown by secret documents and statements from those covert operatives involved in the operations (contrary to denials by CNN-Time).
- The criminal activities by U.S. leaders in the Iran-Contra scandal, covered up by members of Congress, Justice Department lawyers, and the media.
- Inslaw, one of many scandals, involving Justice Department lawyers and federal judges.
- Tactics used to prevent the American public from learning of corruption in government offices, including sham prosecution of government agents and citizens by Justice Department lawyers and federal judges.
- Killings and mysterious deaths of people exposing corruption in high places.
- Pattern of cover-ups by government check and balance, including the nation's top law enforcement agency, Congress, federal judges, and the establishment media, and how the lives of millions of Americans are tragically affected. Includes massive corruption in the three branches of government that made possible the events of September 11, 2001.
- CIA funding of secret bank accounts for U.S. "leaders."
- Shows the worsening lying by U.S. leaders.

Dozens of former and present government agents provide the facts and supporting documents that fill this 700+ page encyclopedia of government corruption. The nature of the detailed corruption within government and the complicity by most of the media must be understood before the reader can understand the truth behind many covert and overt government actions. Without this knowledge and understanding, the public is at the mercy of an increasingly corrupt system.

Defrauding America is a must-read to understand past, present, and future crimes against Americans, the role played by Congress and most of the media by their cover-ups. Everyone is at risk of suffering the consequences. The purpose of this book is to inform and motivate that small percentage of Americans who care.

Introduction to Corruption In Government Offices

These pages detail and document corruption that I, as a former government investigator and then private investigator, and a large number of former CIA and other deep-cover operatives, have experienced or discovered during the past 30 years. This corruption, adversely affecting the national security and the lives of many Americans, has been kept from the American people by virtually every government and non-government check and balance. The intent of this and other books that I have written¹ has been to inform the public of extremely serious and harmful misconduct with the hope that the public will respond with some form of meaningful action and meet their responsibility under our form of government.

I first discovered serious corruption associated with a series of brutal airline disasters that were occurring on programs for which I held federal air safety responsibilities as a federal air safety inspector-investigator for the Federal Aviation Administration (FAA). A major air disaster was occurring on programs for which I had safety responsibilities on an average of every six months, and continued for many years. To this date, not a single one of the guilty parties ever suffered the slightest consequence for their corrupt role.

Because of these tragedies and the arrogance of those who held a key role in making them possible I started exercising government and non-government remedies. The more that I tried, the more I discovered about the extent of corruption in the three branches of government. It turned into a David versus Goliath battle against powerful elements in government. Without that government experience in an area where the consequences were especially brutal, I would probably be as illiterate about the extent and the consequences of government corruption as most of the public.

Extensive Aviation Background

My ability to recognize the relationship between airline crashes and the behind-the-scene problems that caused or made them possible arose from a combination of unusual aviation experiences that commenced in the U.S.

¹ Multiple editions of *Unfriendly Skies*, *Defrauding America*, *Drugging America*, *Terrorism Against America*, and *Disavow*.

Navy in 1941, before the December 7, 1941, bombing of Pearl Harbor.

Discovering the Politics of Air Safety

Where I really learned about highly technical air safety matters and the politics of air safety was after I became an air carrier operations inspector for the Federal Aviation Administration. My first assignment was to the FAA Los Angeles District Office. I joined the FAA shortly after the FAA was legislated into being following a spectacular midair collision over the Grand Canyon when a United Airlines DC-7 crashed into a TWA Constellation, causing the deaths of everyone on board. At this time I had many FAA-issued licenses and very extensive aviation experience.

Among my safety related responsibilities were conducting flight checks of airline pilots and issuing ratings enabling them to fly that particular aircraft in airline operations. There were problems in the Los Angeles office due to the internal culture within the FAA that continues to this day, but there were more serious problems at another location with one politically connected airline experiencing an unprecedented number of crashes than all other airlines combined.

After an initial assignment to the Los Angeles district office, I was asked to volunteer for a crash-plagued program that experienced more air disasters than all the other airlines combined. The corruption that I discovered from that assignment, and concern about the many people who were killed as a result of the deliberate misconduct, started me on years of attempting to expose and bring to justice extremely serious corruption involving federal officials. I constantly discovered other areas of corruption that if someone had told me earlier about it I would have thought them to be paranoid.

The problems that I discovered had already been discovered by other FAA inspectors. Some had transferred to other assignments when their lawful duties were blocked and they were subject to threats by airline and FAA management. My predecessor, who was persistent in seeking to correct the serious safety problems, was ordered transferred to a meaningless assignment in Puerto Rico.

People who also suffered from the politics of air safety were the flight crewmembers, some of whom were denied the legally required and industry accepted training, and subjected to aircraft that had inadequate safeguards. By denying training to pilots and lowering competency requirements, that particular airline saved considerable money. The people responsible for this situation received the benefits that went along with that conduct.

There were other aspects to this misconduct. Government required records were falsified to fraudulently indicate that training was given when the training and competency checks were not accomplished. These were criminal acts, and in light of the repeated crashes associated with the air safety fraud the implications were extremely serious. Almost every crash experienced by that airline was due to pilot competency problems originating from training program violations.

Compounding these problems, FAA management in the local district office, in the Los Angeles regional office, and in Washington, knew of the violations and their relationship to the continuing crashes that covered a period

from 1960 to 1978. I experienced, as did other inspectors, harassment, intimidation, threats, and adverse personnel actions for trying to report and correct serious safety problems and violations.

FAA management repeatedly removed and destroyed inspector's official reports of these safety and criminal violations. Whenever I discovered this occurrence I filed copies of the originals, which simply enraged management.

When weak captains were scheduled for flight checks to be performed by FAA-approved company check airmen, and I made it known that I would be observing the check, as FAA inspectors were required to do, I would be ordered by FAA management not to show up.

I arrived on this tragedy-plagued program shortly after it experienced the world's worst air disaster in which a DC-8 crashed into the heart of New York City. That senseless tragedy was followed within a few months by another senseless crash at Denver. Both were the result of serious misconduct by the FAA and airline management.

At that time, FAA inspectors like myself were outraged at the massive safety problems at the airline and FAA actions blocking inspectors from performing our duties. One outspoken and concerned inspector, Frank Harrell, took the extraordinary step of circumventing the Denver district office and Los Angeles regional office and went to Washington, complaining to both high-level FAA and National Transportation Safety Board personnel. (The NTSB at that time was known as the Civil Aeronautics Board Bureau of Air Safety.)

Typical of the culture in the FAA and NTSB, nothing was done in response to these reports. Years later, after many other crashes occurred in that same program due to the same combination of corrupt acts, I also went to the same high-level officials, unaware that they already knew of the serious problems.

Since we inspectors had the technical ability and authority under federal law to establish the existence of these safety problems and safety violations on the part of the government, the actions taken against us, including the threats and adverse job actions, were extremely serious. Especially so in light of the many people who continued to die in related air disasters.

In response to these serious problems, some inspectors transferred to other assignments where the airlines were more cooperative and in compliance with the law. A very few, like myself, sought to do something about the serious tragedy-related problems, paying a heavy price in the process.

The really "smart" inspectors, and there were plenty of those, simply looked the other way, did not report the problems, and even covered up for them. They gained promotions and higher pay, including outstanding performance awards with their financial bonuses. Of course, people paid the consequences, as many were cremated or dismembered alive, experiencing the horror that accompanies air disasters.

Among the problems that I encountered and reported included:

- Violation of federal air safety training requirements, denying to flight-deck crewmembers the legally required training and competency checks, and then falsifying records to indicate that these requirements were ac-

complished.

- FAA-approved company check airmen with an anything-goes safety standard, allowing the airline to eliminate the need for corrective training of pilots and flight engineers who needed additional training. When FAA inspectors, who monitored such checks, reported the safety problems, as they were required to do, FAA and airline management threatened and harassed them.
- Removing FAA inspectors from company-conducted flight checks of known weak pilots. Under law, it was the inspectors' responsibility to evaluate the checks.
- Refusing to take corrective action when inspectors reported that the airline was falsifying records, was not conducting important safety training and competency checks of flight crewmembers.
- Refusing to take action on the flight engineer training program and chaotic competency standards of many of the flight engineers.
- Refusing to take action on my reports that the important emergency evacuation training, which was required by law to be accomplished every 12 months, was being accomplished only every three years, and the records falsified to indicate compliance.
- Refusing to correct a dangerous instrument deficiency until over 100 people were killed in a single crash near Los Angeles.
- Refusing to provide required corrective training to specific pilots who I reported as having dangerous piloting habits. In one instance, due to the same piloting deficiency that I had reported of a specific pilot, 32 people were cremated alive at Salt Lake City several months after I made the report. That same pilot had been denied the corrective training that was required by federal law. FAA management and the airline had a relationship that played a causative and permissive role in many air disasters over a 20-year period.

Silencing Federal Inspectors

When I arrived in the Denver office to take over the new assignment, one of the inspectors who knew of the problems and who was disturbed by them, but who lacked the courage to fight FAA management, clued me in on the many problems. I was surprised when he would motion for me to talk in some remote location of the FAA building, or we would go outside the building, to discuss the serious problems at that airline and within the FAA.

The following is a very brief list of the crashes and deaths associated with misconduct in areas for which I had aviation safety responsibilities:

- UAL Douglas DC-7 ramming a TWA Constellation over the Grand Canyon, June 30, 1956. This crash resulted in the formation of the FAA in 1958.
- UAL DC-8 crash into New York City (December 16, 1960), for 18 years the world's worst. The crash was precipitated by extremely poor and dangerous piloting technique. And this problem was caused by the airline denying to the crew the legally required training, which was covered up by FAA management.
- UAL Douglas DC-8 crash at Denver on July 11, 1961, due to poor

knowledge by the entire crew of the reverse operating system. This and other UAL crashes resulted from the continuing pattern of company and FAA misconduct.

- UAL Boeing 727 crash Salt Lake City (November 11, 1965). This was caused by poor knowledge and dangerous piloting technique by the entire crew. This consisted of a dangerous approach technique that I had observed on an earlier flight check of that same captain. I also reported that certain check pilots at United Airlines had a similar problem. I had repeatedly reported that the flight engineer training program was the worst that I had ever seen and that the competency checks of the engineers was a sham. In that tragedy the flight engineer failed to shut off the fuel valves and fuel booster pumps, allowing fuel to be pumped out of the aircraft through broken fuel lines. (This same problem exists today, as many aircraft, including the huge Boeing 747-400, do not have flight engineers.) The final nail-in-the-coffin for the cremated passengers was the deliberate refusal of airline management to provide the mandatory emergency evacuation training, resulting in the crew poorly performing evacuation of the passengers. United Airlines falsified important records to cover up for these safety violations. This was a criminal act that resulted in many deaths.
- UAL Boeing 737 crash into Chicago due to poor piloting performance, continuing to show the consequences of UAL and FAA management misconduct existing behind 20 years of fatal crashes.
- UAL Douglas DC-8 crash near Salt Lake City due to poor piloting performance, compounded by the alcohol-impaired flight engineer.
- UAL Boeing 727 crash into the Pacific near Santa Monica, caused by several factors: known poor engineer training and competency; illegal dispatch of the aircraft with one generator inoperative and a second generator malfunctioning; absence of backup-powered flight instruments, a known dangerous condition which I had earlier reported.
- UAL Douglas DC-8 crash into Portland as all four engines ran out of fuel due to poor knowledge by the flight crew of the aircraft systems.
- UAL Douglas DC-8 crash at Detroit due to poor piloting technique.
- UAL Boeing 727 crash into Lake Michigan due to known altitude awareness problem that I had repeatedly identified and tried to correct. I was ordered by FAA management to disregard this problem that had already resulted in several major air disasters and near-crashes.
- Many other crashes and incidents.

Typical of the toll in human misery arising from FAA misconduct was the refusal to correct the cargo door problem on the DC-10 that caused the loss of nearly 400 persons, and other crashes with similar misconduct.

Washington Sent a Hatchet Man to Halt My Reports

FAA management used various tactics to stop my reporting and attempted corrective actions that were required by federal law. But instead of halting my reports, the retaliation caused me to increase my inspection and reporting of the tragedy-riddled misconduct. I had tried to work within the system, making office reports, and filing reports with the regional office, making high-level regional management aware of the serious problems, to

no avail.

Showing that this was not a local FAA culture problem, Washington sent a replacement manager to take over the Denver district office, and he spent a major part of his workday seeking to halt my reporting and corrective activities by a pattern of harassment, threats, and job actions.

Acting as an Independent Prosecutor

As the crashes continued to occur from the same basic problems, and pressure increased to silence me, I exercised an internal procedure to force a hearing upon the FAA during which I acted as a form of special prosecutor producing testimony and evidence supporting my charges of FAA corruption.

During these proceedings, FAA management engaged in perjury, subornation of perjury, fraud, using legal arguments to deny the existence of the safety and criminal violations that were already established in the FAA records. Many more people would experience the horror preceding their deaths in subsequent crashes caused by or allowed to occur by these criminal acts.

This hearing lasted over four months and produced over 4000 pages of hearing transcript and documents. During the hearing I was opposed by the FAA legal staff, high-level management, and an lawyer who was on the FAA administrator's staff. During this hearing I discovered still other documents, including an inspection report that I did not even know existed that provided more evidence of serious misconduct relating to the New York City and other crashes.

More Crashes and Deaths During the Hearing

During the hearing several other air disasters occurred in my area of responsibility, making it even more obvious how the public pays for the corruption at the airline and within the FAA that I was exposing.

Long before the hearing had started, I had talked by telephone and sent letters to high-level officials in the CAB Bureau of Aviation Safety, detailing the air safety and criminal violations, associating them with prior air disasters, and warned of still more crashes that could be expected.

Under law, the NTSB is required to investigate any air safety problems brought to their attention. But here we had much more than air safety oversight; we had criminal misconduct that could be directly linked to specific air disasters, and to expose this would expose what would probably be the world's worst aviation scandal.

Complicity by Political NTSB Board Members

I reminded the NTSB of the obvious, that if they did not immediately received my evidence of criminal misconduct within the FAA and at United Airlines, and conduct an investigation, that the problems would undoubtedly bring about more of the same air disasters. Instead of intervening, they engaged in a cover-up and obstruction of justice. The FAA engaged in a blatant deception during the proceedings to cover up for the serious problems that I and other inspectors had documented, openly engaging in perjury, subornation of perjury, fraud, legal chicanery, I again contacted high-level NTSB officials in Washington, advising them of what was being done, and of the

probable consequences in continuing crashes.

Deja Vu Crashes, Again and Again

During the four-month hearing and cover-up several, more crashes occurred, due to the same basic problems that I had reported, and which were associated with prior air disasters. The NTSB then had to rush to the accident scenes to investigate the crashes caused by the serious safety problems and criminal violations that I and other inspectors had earlier brought to their attention. The NTSB then had to omit this information from their final accident report.

To protect their own contributing role in these crashes, the final NTSB accident reports prepared by the politically appointed Board members omitted the serious misconduct that other inspectors and I had brought to their attention. Under federal law, this constitutes a false report, and fraudulently misrepresents the report's conclusion. The NTSB reported the direct causes of the crashes, but omitted the misconduct that made the direct causes possible. These falsified NTSB reports then tragically permitted the unlawful and unsafe conduct to continue.

Cover-Up by Every Check and Balance

As the misconduct, cover-ups, and crashes continued, I sought imaginative ways to circumvent the high-level government blocks. I had gone to various divisions of the U.S. Department of Justice with my evidence, including the FBI, various U.S. Attorneys, and the Department of Justice in Washington. I encountered a cover-up and obstruction of justice wherever I went. I sought to circumvent the Justice Department cover-up by appearing before a federal grand jury in Denver, where I quickly discovered the power of the U.S. Attorney. As the Wall Street Journal frequently writes, the grand jury would indict a ham sandwich if requested by the U.S. Attorney. Likewise, most grand juries would not act on their own to render an indictment if the U.S. Attorney did not want an indictment to be handed down.

Whenever it was appropriate I would notify the print and broadcast media of my charges when a major air disaster was front-page news. Even though the crashes occurred in my area of federal responsibilities, and I had federal authority to make these determinations, along with hard evidence, not a single media source would receive my statements and evidence. Over the years I found this media cover-up to be standard operating procedure.

Exhausting Judicial Remedies

Under a federal criminal statute² a federal judge is required by federal law to receive evidence of a federal crime from any person seeking to make such report. It is also a felony if any person who knows of a federal crime does not promptly report it to a federal judge or other federal officer. Since people in control of the U.S. Department of Justice refused to receive my evidence and were themselves implicated through cover-ups and obstruction

² Title 18 U.S.C. § 4 (misprision of felony). "Whoever, having knowledge of the actual commission of a felony cognizable by a court of the United States, conceals and does not as soon as possible make known the same to some judge or other person in civil or military authority under the United States, shall be fined not more than \$500 or imprisoned not more than three years, or both."

of justice, I exercised this right and this responsibility under Title 18 USC Section 4.

I filed the first action³ in the U.S. District Court at San Francisco, seeking to report the corruption within the Federal Aviation Administration. The federal district judge sympathized with my position, but in accordance with the opposing brief filed by the Department of Justice, dismissed my action. I then appealed the refusal of the court to receive this evidence. During oral arguments before the Ninth Circuit Court of Appeals in San Francisco, the three-judge panel argued that this was a matter for Congress and not the courts. I argued otherwise, stating that under Title 18 U.S.C. § 4 any federal judge had the statutory responsibility to receive evidence of a federal crime that was presented to them. Also, that a federal judge had the responsibility⁴ to order a federal agency to halt unlawful actions. Again the action was dismissed, and again, the dismissal caused the deeply entrenched problems to continue, as well as the resulting crashes and deaths.

I filed a similar action following the 1978 PSA San Diego crash, which was at that time the world's worst air disaster, taking the title away from the New York City crash that occurred on the program for which I had air safety responsibilities. In the PSA crash, the NTSB covered up for the all-night partying and drinking by the airline crew. The hangover effects of this partying resulted early the next morning in a horrible tragedy into a residential area of San Diego.

Following a long-established pattern, the NTSB covered up for the underlying cause of the crash. I then petitioned the NTSB to receive my evidence relating to the all-night partying, which they wrongfully refused to receive. I then filed an action with the district court at San Francisco (*Stich v. National Transportation Safety Board*, 685 F.2d 446 (9th Cir. 1982).) seeking to have the court order the NTSB to receive my evidence and that of a witness who could testify to the partying.

Shortly after I filed the action, Assistant U.S. Attorney George Stoll called and stated to me over the phone that he was supporting my position and was recommending to his superiors in Washington that this be done. That relatively new AUSA with the Justice Department was unaware of the prior Justice Department involvement and cover-ups. He did not realize that supporting my position could expose the air safety and Justice Department scandal that already existed. That AUSA then filed a motion to have my action dismissed, which the judge (and former Justice Department lawyer) did.

I also filed a friend-of-the-court brief associated with litigation against Douglas for a very brutal DC-10 crash near Paris, which required that I obtain the approval of the various lead lawyers involved in the litigation. I re-

³ *Stich v. United States, et al.*, 554 F.2d 1070 (9th Cir.) (table), *cert. denied*, 434 U.S. 920 (1977)(addressed hard-core air safety misconduct, violations of federal air safety laws, threats against government inspectors not to report safety violations and misconduct);

⁴ Title 28 U.S.C. § 1361. Action to compel an officer of the United States to perform his duty. The district courts shall have original jurisdiction of any action in the nature of mandamus to compel an officer or employee of the United States or any agency thereof to perform a duty owed to the plaintiff.

ceived this approval, but again the district judge dismissed my attempt to provide evidence.

Going Direct to the People

Still harboring the fantasy that the public wanted to hear about the corruption, I decided to circumvent the government and media blocks that I encountered by publishing the first edition of *Unfriendly Skies*, which went to print in 1978, immediately after the PSA San Diego crash occurred. Publishing the book and appearing as guest and air safety expert on radio and television shows, I felt the truth would come out and the public would demand an investigation. I also use to believe in Santa Claus and the Easter Bunny!

There is much more to this air-disaster-related corruption, and I strongly recommend that anyone really interested in how government operates, how government corruption continues year after year, and how this corruption results in tragedies, read the third edition of *Unfriendly Skies*. Between *Unfriendly Skies* and *Defrauding America*, the reader will learn more about government corruption, as seen by insiders, than found virtually anywhere else.

Were it not for the people responsible for the pattern of air safety and criminal acts and related air disasters I would never have been motivated to become a crusader or activist against corrupt government, and I would never have discovered the endemic corruption detailed and documented within these pages. In a perverse way, these producers of tragedies can be “thanked” for making possible the discovery of even worse corruption and the tragic consequences suffered by many Americans.

The examples given in this book are highlights of events, and only a small part of what I and other federal investigators, and other insiders, discovered. The criminal activities and the harm suffered by Americans, have and are occurring in part because of the breakdown in checks and balances, the refusal of Americans to become informed, and massive indifference that became so very clear to me during the past 30 years. These first few pages have detailed and documented the corruption within the government of the United States that led to the deaths of many people, and still affects safety in air travel—including the events of September 11, 2001.



Bodies being removed from the United Airlines crash, the program for which author Rodney Stich had federal air safety responsibilities.



Stephen Baltz, who survived the crash, died several days later.

The same culture of corruption within the FAA that was responsible for this great air disaster into New York City became implicated in many others, including several on the infamous day of September 11, 2001.

Tactics by Lawyers and Judges to Obstruct Justice

My escalating exposure actions threatened many powerful people. The 1978 and 1980 editions of *Unfriendly Skies* had been published. I appeared as guest on hundreds of radio and television shows and had filed federal lawsuits against the FAA and NTSB, all of which were focusing attention on serious corruption in government. The people and groups threatened by my exposure activities included officials within the Federal Aviation Administration; the National Transportation Safety Board; U.S. Department of Transportation; members of Congress; federal judges, including the Justices of the U.S. Supreme Court, and management at United Airlines. Those who could do the greatest harm to me, however, were Justice Department officials and federal judges, and their influence with state law firms and judges. I had yet to discover other areas of government corruption far worse than I had already discovered.

The importance of describing what was done to silence me is that it shows the control over state agencies by federal officials and the type of actions that can be taken to silence government agents and obstruct justice, all of which makes possible the infliction of great harm upon the American people.

Inadvertently Giving the Clue

I inadvertently gave my adversaries the clue as to how to stop my exposure activities. During several radio and television appearances the hosts asked me, "Aren't you afraid of what they might do to you?" The question implied physical harm, but I sidestepped it, saying, "As long as they can't get to my money, I'm OK." I felt there was *no way* that my adversaries could get the assets that funded my exposure activities.

At the beginning of the 1980s, the market value of my real estate properties was close to ten million dollars, and my net worth was over six million dollars. Foolishly, instead of enjoying life and these assets, I continued my air safety activist activities trying to expose the government corruption that continued to play a role in air tragedies. I was the only person with the evidence and the willingness to fight the powerful thugs involved in this scandal, and perhaps foolishly, felt I had an obligation as a citizen.

Start of a Bizarre Judicial Proceeding

It took money to continue the activist activities, and I had already inad-

vertently given the clue to my adversaries that my exposure activities were funded by my assets. A bizarre scheme commenced in late 1982 via a sham lawsuit that had been structured to immediately separate me from my assets, and eventually to take them away from me. Those who carried out the scheme had to have assurances, either specifically or from knowledge of widespread corruption in the judicial branch, that every check and balance in the California and federal courts would protect the scheme and the perpetrators. However, though it was costly for me, it provided me the opportunity to discover a pattern of corruption far beyond what I could have imagined at that time. Even though I already knew of very serious corruption in the three branches of government, I felt there was a limit.

To commence and continue the sham lawsuit required repeated violations of blocks of California and federal statutory and case law, as well as constitutional protections. The sham action and the voiding of all state and federal remedies and protections caused the loss of assets that funded my exposure activities.

There are two basic ways to judicially strip a person of his or her assets almost immediately. One is through probate proceedings, but this requires that the person be dead. The other way is through divorce proceedings, seizing the assets on the basis that they are community property. I had been divorced since 1966, and five divorce judgments established that fact.⁵ In California where I resided, the 1966 judgment had been entered as a local judgment in the Superior Court, Contra Costa County. Under California and federal law, the judgments were final and conclusive of our divorced status and property rights. The California and 1966 judgments were entered as local judgments in the courts of Nevada, Oklahoma, and Texas. In addition, my former wife, residing in Texas, had been declaring herself divorced for the past two decades, buying and selling real estate as a divorced woman. She applied for higher Social Security payments on the basis of the 1966 divorce judgment, which the federal government recognized when they raised her Social Security benefits. It was safe to say that I was legally divorced.

The Bizarre Judicial Scheme

In December 1982, several months after the Supreme Court Justices dismissed my action against the NTSB the San Francisco law firm of Friedman, Sloan and Ross,⁶ with ties to the CIA, filed a version of a SLAPP lawsuit against me. These are lawsuits retaliating against a person for speaking out about some wrongdoing or objectionable proposal. These SLAPP lawsuits are usually filed by financially powerful firms against a person with limited finances to defend. In my case, the lawsuit was intended to strip me of the assets that funded my exposure activities. Or put another way, to ob-

⁵ It is common practice, and provided by law (Uniform Divorce Judgment Recognition Act), for original divorce judgments to be entered as local judgments in subsequent states of residence to establish personal and property rights when exercising the constitutional right to change residence and have previously adjudicated rights recognized by the new state of residence.

⁶ I later learned they carried out covert activities for the Justice Department and Central Intelligence Agency, and were members of the ADL and the ACLU.

struct justice.

The lawsuit was filed in Superior Court, Solano County, Fairfield, California, allegedly seeking a divorce and a claim upon my \$10 million in real estate assets (that funded my exposure activities). The lawsuit alleged that I was married to a Texas client in Duncanville, Texas and that she wanted a termination of that marriage.

For the prior 16 years she had repeatedly declared herself divorced in her real estate transactions and personal affairs, ever since she willingly participated in a bilateral consent divorce preceding that was followed by a termination of the marriage and settlement of all property issues.

Using the pretense of the marital relationship, the Friedman law firm claimed that my assets were community property and filed dozens of lis pendens against my real estate holdings, which halted important segments of my real estate activities. When loans came due for renewal, I was unable to renew them, and I lost valuable properties.

The Friedman law firm claimed that all of my properties were community property, even though they had been acquired years after the 1964 Colorado separation and after the 1966 divorce which adjudicated all property rights. Under law, these properties were not community. Even if there had been a marriage, California judges lacked jurisdiction over separate property in a marriage dissolution action under clearly stated statutes. Building upon the sham divorce proceeding, the Friedman law firm filed lis pendens on all of my properties, preventing necessary such necessary activities as refinancing loans coming due on various properties.

Massive and Unprecedented Violations of Law

The lawsuit was filed under the California Family Law Act, which grant state judges limited jurisdiction. It clearly prohibits attacks upon prior divorce judgments.⁷ Orders rendered by a judge who lacks personal or subject matter jurisdiction are void, and also subjects the judge to lawsuits under the Civil Rights Act.⁸ For the next eight years, commencing in 1982, California judges rendered orders that inflicted great personal and financial harm upon me, despite the fact that they lacked jurisdiction under California law while concurrently violating blocks of state and federal laws.

California Law Prohibited the Lawsuit

Technically, jurisdiction could have been obtained to file a lawsuit under declaratory judgment statutes to determine whether the parties were married

⁷ Rules of Court 1201(c) (limits jurisdiction to three causes of action—dissolution of existing marriage, legal separation from existing marriage, nullity of marriage); Rule 1211 (limited to parties that are married to each other); Rule 1212 (prohibiting stating cause of action or claim for relief other than that provided by Rules of Court, including causes especially stated in Rule 1281 petition for dissolution of marriage form); Rule 1215 (limiting Pleadings to those stated in Rule 1281, which does not state attacks upon prior judgments or previously litigated personal and property rights); Rule 1222 (jurisdiction limited to altering existing marital status); Rule 1229 (jurisdiction limited to the causes of action in Rule 1281 petition form and Rule 1282 answer form, which does not list the causes of action attacking prior divorce judgments or relitigating the exercise of jurisdiction basis); Rule 1230(a)(2) (addresses, with C.C.P. § 418.10(a)(1) the court's absence of personal jurisdiction under the Family law Act when there is a prior divorce judgment).

⁸ Title 42 U.S.C. §§ 1983-1986; *Dennis v. Sparks* (1980) 449 U.S. 24.

or not.⁹ But to do that would have prevented immediate seizure of my assets.

In addition, California statutory law prohibits collateral attacks upon *any* prior divorce judgment in any cause of action. The statutes and related case law¹⁰ require mandatory recognition of each of the prior divorce judgments. California Supreme Court decisions prohibited attacks upon prior divorce judgments.¹¹

Lawyers¹² for the Friedman law firm argued that all five divorce judgments were void on the basis that I did not intend to reside forever in the jurisdiction that rendered the 1966 divorce judgment. But that argument had been declared unconstitutional by the U.S. Supreme Court in the 1940s. The Friedman lawyers spent months arguing what my mental thoughts must have been about permanently residing in the 1966 court's jurisdiction. A person getting a divorce does not have to pledge that he or she will reside forever in that jurisdiction. This is the lie that I had to fight during six years of litigation in California courts. Further, the statute of limitations prohibited an attack upon prior judgments three years after they are rendered. Any one of these dozens of state protections barred the action, in addition to the absence

⁹ Code of Civil Procedure § 1060. To Ascertain Status or Construe Writing. Any person...who desires a declaration of his rights or duties with respect to another, or in respect to, in, over or upon property...may, in case of actual controversy relating to the legal rights and duties of the respective parties, bring an original action in the superior court for a declaration of his rights...

¹⁰ Mandatory divorce judgment recognition statutes (Civil Code §§ 4554, 5004, 5164; Code of Civil Procedure §§ 1699(b), 1713.3, 1908, 1913, 1915 (effective when the 1966 judgment was rendered and for nine years thereafter); Evidence Code §§ 666, 665, 622; (statute of limitations, Civil Code §§ 880.020, 880.250; Code of Civil Procedure §§ 318, 338, 343; Statute of limitations: Code of Civil Procedure 318, 338, 343; Civil Code §§ 880.020, 880.250; mandatory requirement to recognize that the prior court acted in the lawful exercise of its jurisdiction when the judgment is under attack two decades after its exercise of jurisdiction, and the acceptance of the benefits by both parties: Evidence Code §§ 666, 665, 622.

¹¹ Prohibiting attacks upon prior divorce judgments on refusal to recognize residence, or for any other basis: *Rediker v. Rediker* (1950) 35 Cal.2d 796 ("it must be presumed that the foreign court had jurisdiction and that its recital thereof is true...is not subject to collateral attack on a showing of error in the exercise of that jurisdiction...The validity of a divorce decree cannot be contested by a party who ... aided another to procure the decree."); *Scott v. Scott* (1958) 51 C.2d 249 ("There should be no implication ... that would preclude contacts with the foreign country other than domicile as a basis of jurisdiction." Section 1915 of the Code of Civil Procedure provides: "A final judgment of any other tribunal of a foreign country have jurisdiction, according to the laws of such country, to pronounce the judgment, shall have the same effect as in the country where rendered, and also the same effect as final judgments rendered in this state [which are final and conclusive of the rights and obligations of the parties--C.C. § 4554]"; *Spellens v. Spellens* (1957) 498 C.2d 210 ("The principle of estoppel is applicable [when] the divorce decree was alleged to be invalid for lack of jurisdiction ... The validity of a divorce decree cannot be contested by a party ... who aided another to procure the decree ..."); *Whealton v. Whealton* (1967) 67 C.2d 656 ("When both parties to a divorce action are before the court ... it is questionable whether domicile is an indispensable prerequisite for jurisdiction. ... the prerequisite of domicile may be easily avoided at the trial by parties wishing to invoke the jurisdiction of a court, with little fear in most instances that the judgment will be less effective than if a valid domicile in fact existed.").

¹² Jeffrey S. Ross; Lawrence A. Gibbs; Neil Popovic; Carolyn E. Moore; Christopher A. Goelz.

of jurisdiction under California law.

Violating Federal and California Law

In addition to California law barring the sham action, overriding federal law barred the action. Federal statutory and case law, and constitutional safeguards, protect people who change their state of residence from having their prior divorce judgments and personal and property rights voided by a judge in some other state court. The constitution provides that a person cannot suffer loss of previously adjudicated or acquired personal and property rights when the person changes residence to another state. Federally protected rights barred the refusal to recognize residence as a basis for exercising personal jurisdiction in a divorce action. This was settled almost fifty years ago by the U.S. Supreme Court when California judges refused to recognize Nevada divorce judgments obtained after six weeks residence.¹³

Federal law, especially the constitutional and statutory Full Faith and Credit doctrine, requires state judges to recognize the judicial acts of another state. This requirement applied to the prior divorce judgments and the property settlement.¹⁴ California statutes also have a full faith and credit mandatory recognition requirement.¹⁵ These protections required that the California judges recognize the California, Nevada, Oklahoma, and Texas divorce judgments. The sham lawsuit also violated fundamental constitutional rights and protections.¹⁶

“Remarrying” Long-Divorced Persons

The California judges held that they had the right to remarry people who had been divorced for decades; to invalidate subsequent marriages; to void prior property settlements adjudicated in other states and jurisdictions, and to order property acquired years after a prior divorce to be community property with the prior spouse.

Three judges¹⁷ in the California Court of Appeal upheld these decisions, as did the judges in the California Supreme Court. Their published decision established the right of California judges to void divorce judgments and property rights adjudicated decades earlier, contrary to federal and state statutory and constitutional protections. The person initiating these attacks need not even reside in California, as long as a former spouse resides in the state. Using the published decision as precedence, California judges can order the former spouse to pay your lawyer fees for a new “divorce,” and pay

¹³ *Vanderbilt v. Vanderbilt* (1957) 354 U.S. 416 (requiring the recognition of *ex parte* divorce judgments); *Estin v. Estin* 334 U.S. 541 (1948)(requiring the recognition of prior divorce judgments); *Sherrer v. Sherrer* (1948) 334 U.S. 343; *Coe v. Coe* (1948) 334 U.S. 378 (requiring the recognition of prior divorce judgments); *Perrin v. Perrin*, 408 F.2d 107 (3rd Cir. 1969) (prohibiting denying recognition to prior judgments when exercised on residence, including one day’s residence).

¹⁴ Article IV, Section 1, and title 28 U.S.C. § 1738.

¹⁵ Civil Code Section 5004.

¹⁶ Right to unabridged interstate travel, arising in the Privileges and Immunities Clause, Article IV, Section 2, and in the Fourteenth Amendment (right to change residence without losing rights adjudicated and acquired in prior jurisdictions); Fourteenth Amendment, relating to due process and equal protection, giving all persons the right to obtain a divorce, and adjudication of personal and property rights; laws respecting property rights.

¹⁷ Judges Harry W. Low; Donald B. King; Zerne P. Haning.

support at the same time. At the present time, until that published decision is overturned, the same scenario that happened to me can happen to anyone who has been previously divorced.

Suspending Appellate Remedies

The appellate court remedy for a judge's refusal to dismiss an action following a motion to quash is to file a petition for writ of mandamus with the California Court of Appeal. Then, if denied, file a petition for hearing with the California Supreme Court.¹⁸ If the lower court lacks jurisdiction, the upper court *must* grant the petition.¹⁹ Even though the lower court judges clearly lacked jurisdiction, the California court of appeal judges denied the petition for relief. The California Supreme Court justices also upheld the violations of state and federal laws and constitutional protections.

The remedy under California law to vacate an order to pay money is by appeal, and I appealed. The appeal was heard by Court of Appeal judges, Donald King, Harry Low,²⁰ and Zerme Haning, all appointed by former California governor Jerry Brown. Media articles reported the judges paid bribe money for the judicial appointments. These judges rendered a published decision²¹ upholding the violations of state and federal law. That decision was published and is case law in the State of California today. I appealed that decision to the California Supreme Court and, when the violations were approved by California's highest court, I appealed to the U.S. Supreme Court. The issues were of utmost importance to thousands of people who were subjected to the same constitutional outrages inflicted upon me. None provided any relief.

This was a major constitutional setback, something like returning to the fifties when blacks were required to sit in the back of buses in the South. But it was upheld by the California Court of Appeal and the California Supreme Court. The decision was unconstitutional. As long as that decision stands, others risk the same fate I suffered. This little-noticed decision affects everyone who exercises a constitutionally protected right to change residence to California, making them fair game for losing their personal and property rights; making their wives adulteresses, and making their children bastards.

Retaliation for Exercising Legal Defenses

The Court of Appeal judges held in their published decision that it was frivolous for me to exercise my remedies under California law (motion to quash, petition for writ, and appeal). The decision held that I should have willingly submitted to the jurisdiction of the California judges (who under law had no jurisdiction under the Family Law Act to attack prior divorce judgments); that I should have agreed to be remarried; that I should have agreed to undergo another divorce proceeding, and have the properties and

¹⁸ California Code of Civil Procedure § 418.10(b).

¹⁹ Code of Civil Procedure § 1086.

²⁰ In 2000, California named Low head of the scandal-plagued Department of Insurance, proclaiming his history of respect for the law!

²¹ *In re Marriage of Stich*, 164 Cal. App. 64 (1985).

assets I acquired during two decades of divorced status divided with Friedman's Texas client and the Friedman law firm (on the basis of the contingency agreement between Friedman and their client).

Based upon this published decision and the holding that it was frivolous for me to object, the three appellate judges ordered me to pay \$50,000 lawyer fees and financial sanctions. This order was shortly followed by another order that I pay \$170,000 lawyer fees to the Friedman law firm.

“They can't do that!”

Many lawyers stated to me that the California judges couldn't do what they were doing. I agreed, but they were doing it anyhow. I had not yet recognized that the California lawsuit was a scheme involving federal and state personnel to strip me of the assets I relied upon to fund my exposure activities.

Dozens of Illegal Lis Pendens

The illegally filed lis pendens halted my real estate activities. Valuable property was lost when mortgages came due and I could not renew them. These losses included my mountaintop home that had over a quarter-million-dollar equity in it. Everything I worked for was being lost. Even on the eve of losing valuable properties due to mortgage foreclosures caused by the lis pendens, the Friedman firm and their lawyers refused to allow the existing loans to be refinanced.

I had legal counsel,²² but they were either grossly incompetent or they deliberately sabotaged my defenses. I had to terminate them and proceed in pro se status, representing myself. None of my legal counsel argued current California law. They argued fifty-year-old case law from the days of segregated bussing, toilets, and eating establishments that had been superseded for decades. None of them knew federal law, which under the Federal Supremacy Clause of the United States Constitution takes precedence over state law. To get the law argued, I had to file my own briefs. But in pro per status, due process almost always goes out the window as state and federal judges side with their lawyer cohorts.

While under constant judicial attack and suffering severe personal and financial losses due to the sham action, my doctor advised that I must immediately undergo open-heart surgery, which I did, receiving six coronary bypasses (April 1985). Before I left for surgery, I notified the California Court of Appeal judges, King, Low, and Haning, of the hospitalization, and requested they delay their decision on the appeal of the May 10, 1983, order until after I got out of intensive care. Otherwise, I would not have time to request a rehearing from the California Supreme Court judges for the expected unfavorable decision.

I was barely out of intensive care and had just arrived home, when the Court of Appeal judges rendered their decision. Several lawyer friends described the decision as the closest thing to a poison-pen letter that they had ever seen. I rushed to prepare a petition for hearing to the California Supreme Court. But the Supreme Court judges had protected the civil right violations since 1983. There wasn't much hope, as the judicial Ponzi scheme

²² Douglas Page; Maurice Moyal.

protected the renegade judges.

The published decision fabricated facts out of whole cloth. It refused to address any of the California or federal laws that I raised in defense. Contrary to California and federal statutes and constitutional protections, the decision held that California judges could void prior divorce judgments of any party moving to California; could remarry the parties who had been long ago divorced; could order a person (who may have subsequently remarried) to financially pay lawyers on both sides during the “divorce” action; could seize properties and businesses that had been acquired years after the prior divorce, and to convey half of it to a former spouse (even if remarried). They held they had the power to destroy, in this bizarre fashion, the personal lives and possessions of innocent people.

The published decision eulogized the Friedman law firm who filed the action that was prohibited by law. The decision eulogized my ex-wife who openly committed fraud and perjury by simultaneously declaring herself married to me in the California action while declaring herself divorced from me in her resident state of Texas. The published decision approved the rendering of orders inflicting great harm upon people without having jurisdiction under California law to even conduct hearings once the prior divorce judgments were presented to them.

Despite the absence of jurisdiction, the absence of any marriage, the absence of any contact between the former spouses for many years, despite the blocks of state and federal law barring the action, California judges continued to render orders inflicting great financial and personal harm upon me.

California appellate judges (Harry Low, Donald King, Zerme Haning) used all types of schemes to block my appeal remedies. They refused to receive my appeal briefs; they misstated the facts and the law; they ordered me to pay huge fines for filing appeals and oppositions; they threatened to impose additional fines if I exercised any of the judicial remedies available under law. In one instance they ordered me to pay over \$250,000 in fines to the Friedman law firm for having filed appeals and oppositions, which were rights guaranteed by the statutes and constitution of the state of California.

Bench Warrant for My Arrest

The judicial outrages didn’t stop. When I lacked access to my funds to pay the \$170,000 to the Friedman law firm that was ordered by Judge William Jensen, Peterson sentenced me to jail. (California governor George Deukmejian later promoted Peterson to the appellate courts.)

Despite the unconstitutionality of the cause of action, its prohibition under California statutory law, despite the absence of jurisdiction under the Family Law Act, California judges²³ repeatedly protected and rewarded the Friedman law firm. The California judges blocked every attempt to defend against the bizarre action. Something was radically wrong. To support the violations of blocks of law, the California judges blocked every procedural defense.

²³ Judges Dwight Ely, Michael McInnis, William Jensen, John DeRonde, Richard Harris, William Peterson.

Retaliation for Exercising Federal Remedies

Another scheme was concocted to put me in jail. Jensen ordered me to appear in court on May 9, 1986, a date that he knew I was calendared to be in federal court at Sacramento. That action was a Civil Rights action I filed against Jensen on the basis of violating my rights under state and federal laws and causing me harm. Jensen retaliated against me for having exercised these rights by ordering me to appear in court to show why I should not be held in contempt for failure to pay the judgments, which he knew I couldn't pay.

I filed papers in the Solano County court notifying Jensen that I physically could not appear on that date (which he already knew). I also stated my inability to pay the money orders since the Friedman law firm, with his help, had tied up all my funds with the *lis pendens* upon my properties and assets. I again reminded him of the absence of jurisdiction and the wholesale numbers of California and federal laws that barred the attack upon the five prior judgments. I also advised Jensen that an lawyer would appear for me at that hearing (which met the requirements of California law).

Despite all this, Jensen held me in contempt of court for not being present, and issued a bench warrant for my arrest. Since I resided in Nevada, this bench warrant kept me from appearing in California for the next year and a half. Seeking relief from the bench warrant, I submitted petitions for relief to the California Court of Appeal and the California Supreme Court. The Ponzi-like scheme of judge protecting judge continued, and relief was denied.

Sham Divorce Judgment

Without my knowledge, the Friedman law firm and California Judge Dennis Bunting conducted a hearing on July 28, 1988, to terminate the non-existing marriage and order the taking of my properties. During the hearing Judge Bunting rendered a judgment that described the cause of action as a dissolution of marriage action (even though there hadn't been a marriage for over twenty years, depriving the judge of jurisdiction under the Family Law Act proceeding). Having "established" that Friedman's Texas client was married to me, Bunting then rendered an order holding that all my assets were community properties. All of my properties met the legal definition of separate properties since they were acquired years after the 1964 separation and 1966 divorce.

The same order required me to pay \$2500 monthly spousal support for the remainder of my life (contradicting the five existing divorce judgments showing there were no spousal support obligations).

There were now six divorce judgments. Five showed me divorced since 1966; showed all properties were separate; and held that neither party had any spousal support rights or obligations. Then we had the sixth judgment rendered twenty-two years later by California judges lacking jurisdiction under California law; lacking jurisdiction under federal law; lacking jurisdiction over properties legally classified as separate; violating dozens of California and federal statutes, constitutional protections, and other laws; in a cause of action barred by forty five years of U.S. Supreme Court decisions.

Federal statutes provide that a person can obtain a declaratory judgment from a federal judge, declaring his personal and property rights and the validity of the five prior divorce judgments, when these rights are under attack. There is no other place to go but into federal court when judgments from another state are attacked by a state judge. But to render a decision would unravel the scheme concocted against me, expose the civil and constitutional violations, and the criminal conspiracy under which they were perpetrated. To this day, my constitutional and statutory rights to have a ruling holding these judgments and the related personal and property rights declared valid have been unlawfully and unconstitutionally refused to me by at least a dozen federal judges.

I filed a notice of appeal with the California Court of Appeal in San Francisco, which was heard by the same justices that had aided and abetted these violations of law for the past seven years: Justices Donald King, Harry Low, and Zerne Haning. This three-judge panel rendered a decision (July 22, 1990) approving the judgment. They approved the judgment that under law was a void judgment and which violated numerous federal protections, such as the Civil Rights Act. Worse, they placed a frivolous label on my appeal, ordered me to pay \$65,000 sanctions to the Friedman law firm for filing the appeal, and ordered me to pay \$20,000 sanctions to the State of California! I then filed an appeal with the California Supreme Court, which also had protected the massive judicial violations since 1983. The entire court approved these judicial violations.

It was several years before I recognized what was behind the sham California action. Once the judicial scheme started rendering the unlawful orders, it became necessary for each succeeding judge to protect the prior acts and people involved in the scheme. This daisy-chain scenario then occurred, time and time again.

These judicial attacks, seeking to block the exposure of criminal activities in government affecting major national issues, would continue the tragic consequences suffered by many people, and continue the harm upon major national interests.

The efforts to block the exposure of corruption in the government's aviation safety offices would knowingly have deadly consequences, and these would continue for many years. The worst one-day's consequences occurred on September 11, 2001.

Early Cover-Ups by Federal Judges

Any one of the many violations of California and federal law inflicted upon me in the sham California action invoked mandatory federal court jurisdiction. For six years California judges and the Friedman law firm had been violating important civil and constitutional rights, which were escalating. Federal statutory and case law and the Constitution guaranteed declaratory judgment and injunctive relief, and financial damages, for any citizen undergoing these violations.

In their positions of trust, federal judges are paid and have the mandatory duty to provide federal court access and relief.²⁴ In addition to the statutory right to federal court access and relief the First Amendment to the Constitution²⁵ provides additional safeguards so that no one suffers as I suffered.

When a divorced person exercises his or her constitutional right to change residence, judges in another state must recognize his or her previously adjudicated personal and property rights in a divorce. That person cannot be subjected to another divorce preceding twenty or thirty years later, invalidating subsequent marriages, as was done to me in the sham California action. In the bizarre action taken against me, one of the remedies arose under the Declaratory Judgment Act and statutes. These remedies required²⁶ a federal judge to declare the validity of each of the five prior divorce judgments and the validity of my divorced status and property rights.

The refusal by California judges to recognize any of the prior judgments entered in five different states (including California) and refusal to recognize property rights established in those divorce judgments and acquired as a separated and divorced person, invokes federal remedies. In my case, to declare these rights, the U.S. District Judge must first apply federal law that requires recognition of the judgments, and then secondarily apply state law if it conforms to federal law. In my case, any one of over a dozen state and federal doctrines of law, constitutional rights, and statutes required the California judges to recognize the rights established in the five judgments. They

²⁴ Title 28 U.S.C. § 1331. Federal question. The federal courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.

²⁵ The First Amendment to the Constitution provides that “Congress shall make no law...abridging the [right] to petition the Government for a redress of grievances.”

²⁶ Title 28 U.S.C. Section 2201 to declare federally protected rights.

refused to do so, and even imposed financial sanctions upon me for exercising procedural defense remedies against the grotesque violations of long-established protections.

Because California judges inflicted great financial and personal harm upon me through their violations of my civil and constitutional rights, there were additional federal statutes insuring that I have access to federal court. These remedies also provided jurisdiction to obtain financial damages against the state judges and the Friedman law firm. This relief arises under the Civil Rights Act, among other statutes, which is embodied in Title 42 Section 1983.²⁷

When two or more people act to do a certain thing, it is called a conspiracy. It was obvious that the various lawyers in the Friedman, Sloan and Ross law firm and the California judges were acting together to inflict great harm upon me through repeated violations of state and federal law. This conspiracy violated another section of the Civil Rights Act, Title 42 U.S.C. § 1985.²⁸

If any person knows that your civil rights are being violated and they have the power to prevent or aid in the prevention of these violations, and they don't do so, other federal statutes provide federal court jurisdiction and relief. This cause of action arises under Title 42 U.S.C. Section 1986²⁹ and

²⁷ Title 42 U.S.C. Section 1983: Every person who, under color or any statute, ordinance, regulation, custom or usage, of any State or Territory, subjects...any citizen of the United States ... to the deprivation of any rights, privileges or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress.

²⁸ Title 42 U.S.C. Section 1985 Conspiracy to interfere with civil rights—Preventing officer from performing duties. (1) If two or more persons...conspire to prevent...any person from accepting or holding any office, trust, or place of confidence under the United States, or from discharging any duties thereof; or to injure him in his person or property on account of his lawful discharge of the duties of his office, or while engaged in the lawful discharge thereof, or to injure his property so as to molest, interrupt, hinder, or impede him in the discharge of his official duties. (2) If two or more persons conspire...for the purpose of depriving, either directly or indirectly, any person...of the equal protection of the laws, or of equal privileges and immunities under the laws...in any case of conspiracy set forth in this section, if one or more persons engaged therein do, or cause to be done, any act in furtherance of the object of such conspiracy, whereby another is injured in his person or property, or deprived of having and exercising any right or privilege of a citizen of the United States, the party so injured or deprived may have an action for the recovery of damages occasioned by such injury or deprivation, against any one or more of the conspirators.

²⁹ Title 42 U.S.C. Section 1986. Action for neglect to prevent conspiracy. Every person who, having knowledge that any of the wrongs conspired to be done, and mentioned in the preceding section [42 USCS § 1985], are about to be committed, and having power to prevent or aid in preventing the commission of the same, neglects or refuses to do so, if such wrongful act be committed, shall be liable to the party injured, or his legal representatives, for all damages caused by such wrongful act, which such person by reasonable diligence could have prevented; and such damages may be recovered in an action on the case; and any number of persons guilty of such wrongful neglect or refusal may be joined as defendants in the action, and if the death of any party be caused by any such wrongful act and neglect, the legal representatives of the deceased shall have such action therefore, and may recover not exceeding five thousand dollars damages therein, for the benefit of the widow of the deceased, if there be one, and if there be no widow, then for the benefit of the next of kin of the deceased. But

Title 28 U.S.C. Section 1343.³⁰

Under certain conditions, this conspiracy creates still another federal cause of action under the RICO statutes (Racketeer Influenced and Corrupt Organization Act)³¹.

When federal officials violate a person's civil rights, they are said to be acting under color of federal law. They can be sued. These federal personnel include federal judges, federal trustees, or other federal employees. The authority is the *Bivens* doctrine,³² which is federal case law applying the Civil Rights Act to violations by federal personnel.

Mandatory Duty to Provide Relief

I filed the first federal action (January 10, 1984) in the United States District Court in the Eastern District of California at Sacramento.³³ Although I had years of legal experience working with lawyers and in filing federal actions against the FAA and NTSB, and could have filed this lawsuit in pro se, I hired Sacramento lawyer James Reed to file the action. He had experience with civil rights as a law schoolteacher at McGeorge School of Law in Sacramento.

The lawsuit sought (a) a declaratory judgment to declare my divorced status and property rights, as established in the five divorce judgments and under federal and state law; (b) injunctive relief to halt the orders rendered by the California judges who were acting without jurisdiction under California law and violating blocks of state and federal law, and (c) financial damages.

The federal lawsuit raised issues that had been settled in the 1940s by the U.S. Supreme Court. It sought to declare my constitutional right³⁴ to

no action under the provisions of this section shall be sustained which is not commenced within one year after the cause of action has accrued.

³⁰ Title 28 U.S.C. Section 1343

(a) The district court shall have original jurisdiction of any civil action authorized by law to be commenced by any person:

(1) To recover damages for injury to his person or property, or because of the deprivation of any right or privilege of a citizen of the United States, by any act done in furtherance of any conspiracy mentioned in section 1985 of Title 42;

(2) To recover damages from any person who fails to prevent or to aid in preventing any wrongs mentioned in section 1985 of Title 42 which he had knowledge were about to occur and power to prevent;

(3) To redress the deprivation, under color of any State law, statute, ordinance, regulation, custom or usage, of any right, privilege or immunity secured by the Constitution of the United States or by any Act of Congress providing for equal rights of citizens or of all persons within the jurisdiction of the United States;

(4) To recover damages or to secure equitable or other relief under any Act of Congress providing for the protection of civil rights, including the right to vote.

³¹ Title 18 United States Code Sections 1961 and 1962.

³² *Bivens v. Six Unknown Agents*, 403 U.S. 388 (1971).

³³ January 10, 1984. *Stich v. California Superior Court*; Dwight Ely, Judge; Friedman, Sloan and Ross, C-84-0048 RAR.

³⁴ Under Title 28 U.S.C. §§ 2201, 2202. Among the constitutional rights violated were the rights and protections in the Fourteenth Amendment due process, equal protection, property, liberty, freedom rights; Privileges and Immunity Clause rights under Article IV, § 1, and under the 14th Amendment (depriving right to obtain divorce on universally recognized residence basis, and right to change residence); right to unabridged interstate travel, without los-

change residence without being remarried to a person from whom I was divorced decades earlier. It sought to protect the considerable real estate that I had acquired since the 1966 divorce and which was the primary target of the sham action. The lawsuit sought financial damages against the California judges and the Friedman law firm. In the same year, the U.S. Supreme Court clarified the right to sue state judges who violate state or federal law or who act without jurisdiction.³⁵ The court clerk assigned the lawsuit to Judge Raul Ramirez.

The Start of the Federal Due Process Gridlock

The Friedman law firm and California Judge Dwight Ely filed a motion to dismiss the federal declaratory judgment and civil rights action on the grounds that the California action was a divorce action and, therefore, the federal courts must abstain. The mere fact that I was subject to a divorce action when federal law established that I had been divorced for almost two decades constituted violations of federally protected rights. These violations invoked mandatory federal court jurisdiction. Many federal laws, and over two dozen California statutes and Rules of Court had been violated, constituting major federal causes of action. Further, even if I had been legally married, federal court jurisdiction over civil rights violations does not cease when federally protected rights are violated.

Repetition of the Frivolous Tactic

The standard tactic used by the California judges when I exercised my legal procedural remedies was to place a frivolous label on it and call me a vexatious litigant. The frivolous labels were then used to order me to pay huge financial sanctions to the Friedman law firm, who initiated the civil right violations.

U.S. District Judge Raul Ramirez unlawfully dismissed my action, refusing to render a declaratory judgment addressing the validity of the five divorce judgments, or my personal and property rights. Ramirez sought to support his order of dismissal on the argument that the California action was a domestic relations action for which federal courts should abstain. That was a misstatement of the law and facts. First, the Civil Rights Act protections apply to all actions regardless of the label placed upon the suit. Second, I was exercising my rights under the Declaratory Judgment Act to have a federal court declare as valid the prior divorce judgments and the personal and property rights stated in them. Federal law, in addition to state law, required that these judgments and these rights be recognized. Third, the divorce label was a farce as I had been legally divorced for the past two decades. It would

ing rights and privileges acquired in prior jurisdictions of residence; Article IV, § 1 (Full Faith and Credit Clause, and Title 28 U.S.C. § 1738, requiring recognition of the personal and property rights in the California divorce judgment, its entry for recognition as local judgments in the courts of Nevada, Oklahoma, and Texas.

³⁵ *Pulliam v. Allen*, 104 S.Ct 1970 (1984). Followed by other federal decisions: *Harlow v. Fitzgerald*, 457 U.S. 800 (1982); *Dykes v. Hoseman*, 743 F.2d 1488 (11th Cir. 1984). In *Dykes v. Hoseman*, 743 F.2d 1488 (11th Cir. 1984), the Eleventh Circuit federal district court held that a state judge could be sued for money damages when he renders orders without either personal or subject matter jurisdiction.

not have been much more bizarre to have placed a probate label on the action, ignoring the fact that I was still alive.

Ramirez compounded his refusal to act by ordering me to pay the Friedman law firm \$10,000 for having sought declaratory and injunctive relief remedies. If an lawyer files a frivolous action, it is the lawyer who is ordered to pay, and not the client. But it was I who was the target of the judicial attacks, and this became obvious over the years. Ramirez violated still another federal statute. It is a federal crime to inflict harm upon anyone for having exercised rights and protections under the laws and Constitution of the United States.³⁶

Definition of a Frivolous Action

The United States Supreme Court and other federal decisions defined the term frivolous as any complaint, appeal, or any other motion from which there is not an arguable point. The U.S. Supreme Court held that they are not frivolous if “any of the legal points [are] arguable on their merits...” *Haines v. Kerner* 404 U.S. 519, 521-522 (1972). Obviously, my federal complaint exercising the right to have my personal and property status declared under federal and state law was not frivolous, and the validity of five divorce judgments, was not frivolous. Nor was it frivolous to seek injunctive relief against the repeated violations of state and federal law by California judges acting without jurisdiction under California law. This judicial charade was repeated time and time again, as the pack of renegade federal judges engaged in a Ponzi-like scheme protecting the scheme and the perpetrators.

Protection Against Wrongful Dismissal

Federal law prohibits dismissing an action if the complaint states a single federal cause of action. The law requires that the allegations stated in the complaint be recognized as true for the purpose of determining whether a federal cause of action is stated.³⁷ If any *single* federal cause of action is *alleged*, the case cannot be dismissed and the District Judge must exercise his duty to provide a federal court forum.

These and many other protections to which all Americans are entitled were repeatedly violated during a ten-year-period by a daisy chain of federal judges, including Justices of the U.S. Supreme Court.

Suspension of Appeal Remedies

In response to Ramirez’s dismissal, I filed a timely notice of appeal with the U.S. Court of Appeals at San Francisco, the same appellate court that had wrongfully dismissed my lawsuits against the FAA and NTSB in 1974 and 1980. These unlawful dismissals continued the practices that

³⁶ Title 18 U.S.C. § 241. Conspiracy against rights of citizens. If two or more persons conspire to injure, oppress, threaten, or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same;...They shall be fined...or imprisoned...or both.

³⁷ *Dennis v. Sparks* 449 U.S. 24 (1980)(a section 1983 complaint should not be dismissed unless it appears that the plaintiff can prove no set of facts which would entitle him to relief...For the purposes of testing sufficiency of the complaint, the allegations of the complaint must be accepted as true.); *Gardener v. Toilet Goods Assn.*, 387 U.S. 167, 172 (1967). (An action, “especially under the Civil Rights Act, should not be dismissed at the pleadings stage unless it appears to a certainty that plaintiffs are entitled to no relief under any state of the facts, which could be proved in support of their claims.”)

played key roles in subsequent air disasters. In those earlier actions I exercised the mandatory responsibilities under federal criminal statutes to report safety and criminal violations to a federal court. By their refusal to receive my testimony and evidence, these same federal judges blocked the reporting of serious crimes and became co-conspirators in the criminal acts I sought to expose.

Federal appellate law requires the Court of Appeals to vacate the order of dismissal and the frivolous holding, if the complaint alleges at least one federal cause of action for which federal courts can grant relief. And the allegations stated in the complaint far exceeded that test. For the purpose of this test, all allegations must be accepted as true.³⁸

The Court of Appeals judges denied my appeal, upholding the violations by the U.S. District Court Judge and upholding the pattern of civil and constitutional violations in the state court. They also upheld the \$10,000 financial sanctions ordered by Judge Ramirez³⁹ in retaliation for exercising defenses guaranteed under the Constitution and laws of the United States. I then sought relief by filing petitions for writ of certiorari with the Justices of the United States Supreme Court. Even they had been implicated in the judicial cover-up associated with the air safety corruption. They also protected the scheme.

The Ninth Circuit Court of Appeals and the U.S. Supreme Court dismissed my federal actions seeking relief. Their acts approved the unlawful denial of a federal court forum, the violations of federal law, the unlawful dismissal of the action, and the obvious conspiracy to commit these acts. These higher federal courts gave the California judges and the Friedman law firm carte blanche approval to escalate their attacks upon me, which then occurred. The *lis pendens* that were placed upon all of my properties prevented the normal replacement of mortgages as they came due, and I lost valuable properties. My personal life and my business were in shambles.

California Judge J. Clinton Peterson⁴⁰ sentenced me to jail for five days in 1987, charging me with contempt of court when I failed to pay a money judgment to the Friedman law firm. That same judge had tied up all my assets, leaving me without funds to pay any judgment, valid or not.

Repeatedly Seeking Relief

As the California judges rendered additional orders, inflicting greater harm upon me, which were new federal causes of action, I filed additional federal lawsuits seeking to halt the escalating harm arising from the unlawful and unconstitutional acts. In every instance, federal judges protected the

³⁸ “In our view, a decision to give less than full independent *de novo* review to the state law determinations of the district courts would be an abdication of our appellate responsibility. Every party is entitled to a full, considered, and impartial review of the decision of the trial court.” *Matter of McLinn*, 739 F.2d 1395 (9th Cir 1983).

³⁹ Ramirez left the federal bench in 1992 and went with the Sacramento law firm of Orrick, Herrington & Sutcliffe. In 1996 he left to become a private judge in mediation services, calling himself Ramirez Arbitration & Mediation Services.

⁴⁰ Superior Court located at Fairfield, California. He was later promoted to a Court of Appeal judge.

hard-core civil and constitutional violations occurring in the sham California action, while simultaneously protecting those committing the offenses.⁴¹ I filed numerous petitions with the Justices of the U.S. Supreme Court, making the Justices aware of the pattern of judicially inflicted civil and constitutional violations.

Sham Oaths to Uphold the Law and Constitution

All federal judges, including the justices of the U.S. Supreme Court, take an oath to uphold the laws and Constitution of the United States. The oath is as follows:

I, [name of judge], do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic, that I will bear true faith and allegiance to the same, that I take this obligation freely, without any mental reservations or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

Many judges would be impeached if the law were applied as written.

Recognizing the Judicial Conspiracy

I had been too close to the action to see the overall scheme. I recognized the pattern of judicial misconduct but had not associated it with a scheme to silence my reporting of the government corruption. Gradually, it became clear. The California lawsuit was engineered by powerful interests in the federal branches of government, using the Friedman law firm as a front and obtaining the cooperation of California judges in the conspiracy. It was apparently never anticipated, when the scheme was hatched, that I would exercise federal remedies. And when I did, federal judges had to protect the scheme and the lawyers and judges carrying it out. (At a later date, I discovered that the Friedman law firm was either a CIA proprietary or a CIA cut-out.)

Once I recognized this relationship, I identified it in my federal briefs and simultaneously identified the criminal activities I first discovered as a federal investigator. I filed a federal action combining the causes of action relating to the ongoing California action, and simultaneously demanded that I be allowed to present testimony and evidence relating to the criminal activities. This action, filed in the U.S. District Court at Sacramento,⁴² was assigned to Judge Milton Schwartz.

“Mr. Stich, these allegations are very serious.”

During the first hearing before Judge Milton Schwartz on May 9, 1986, the judge admitted the gravity of the allegations. “Mr. Stich,” he stated, “these allegations are very serious. If you wish, I will continue the hearing and give you time to hire legal counsel.” But no legal counsel would touch the case; it was too sensitive. Besides, the cost to pursue the case against powerful federal personnel, who have the unlimited federal funds of the U.S. Treasury behind them, would run into the hundreds of thousands of dollars. And my adversaries would be the judges and Justice Department lawyers who control access to justice. Also, as I would later learn, virtually

⁴¹ Federal Judges Marilyn Petal, Samuel Conti, Charles Legge.

⁴² E.D. Cal. Nr. C 86-0210 MLS.

no lawyer would sacrifice his legal career by exposing the misconduct in the courts and the Justice Department.

Rapid Changes in Position

Within a month after Judge Schwartz admitted the gravity of the allegations stated in the complaint, the Friedman law firm and the California judges filed a motion to dismiss the complaint. Despite the multiple federal causes of actions alleged in the complaint, despite the gravity of the criminal acts that Schwartz admitted during the previous hearing, Schwartz ordered my lawsuit dismissed and ordered me to pay financial sanctions for having exercised these federal remedies.

The dismissal openly violated federal law that bars dismissing lawsuits that state a federal cause of action. Mine stated many causes of actions. Further, I was reporting federal crimes to a federal court for which federal criminal statutes required Schwartz to receive details and evidence.

Judge Schwartz continued the judicial tactics of the California and federal judges, ordering me to pay financial sanctions to the Friedman law firm for having exercised procedural remedies necessary to halt the harm I was suffering and the violations of statutory and constitutional protections.

The total financial sanctions that federal judges ordered me to pay the Friedman law firm now exceeded \$150,000. It is a federal violation to inflict harm upon anyone in retaliation for having exercised rights and protections under the laws and Constitution of the United States. (Title 18 USC § 241.)

Schwartz compounded these unlawful actions by rendering an unlawful and unconstitutional order forever barring me access to the federal court and forever voiding for me the protections in federal statutes.⁴³ Neither he, nor any other judge, had authority to suspend the protections under our form of government.

The Legal Basis for an Injunctive Order

The basis for rendering injunctive orders is to protect a party during litigation that is suffering great and irreparable harm. But the injunctive order rendered by Judge Schwartz protected the parties *committing* the harm and deprived me, the victim, of protection intended by federal statutes.

I filed a timely notice of appeal of the dismissal and the injunctive order with the Ninth Circuit Court of Appeals at San Francisco. Instead of vacating the dismissal and injunctive order, the judges in the Court of Appeals upheld the right of a federal judge to block the reporting of federal crimes, upheld the suspension of constitutional and statutory protections, and upheld the civil rights violations inflicted upon me. Again, I sought relief from the Justices of the Supreme Court via an emergency petition and petition for writ of certiorari. And again they upheld the unconstitutional acts by the judges over whom they had supervisory responsibilities.

In response to these new attacks, I filed federal actions against the judges of the California Supreme Court and the California Court of Appeal.

⁴³ The May 30, 1986 injunctive order stated in part: IT IS HEREBY ORDERED that plaintiff, Rodney F. Stich, is *barred from filing any action or actions in any United States District Court, or in any state court,*...

The basis for this filing was that they aided and abetted the civil rights violations committed against me. Concurrently, I again sought to have my rights declared in the five judgments which were being violated, as well as demanding that my testimony be received concerning the criminal activities I discovered. The action was assigned to U.S. District Judge Marilyn Patel,⁴⁴ who promptly dismissed it *sua sponte*, without any hearing (March 5, 1987), violating still other federal laws.

She ordered me to pay financial sanctions and then rendered an order barring me for life from federal court access. Therefore, for all practical purposes, the judges were voiding, for me, the rights and protections under our form of government, and making possible the continued judicial attacks upon my freedoms and possessions. This obviously unlawful and unconstitutional judicial order was necessary to protect the state and federal judges who were cooperating in the scheme to block my reporting of government corruption that included federal judges and Justice Department lawyers. Patel ordered the court clerk to refuse any filing that I submitted, which violated additional protections in federal statutes and constitutional law. After every dismissal by a federal judge (and the Supreme Court justices) the Friedman law firm and the California judges increased the frequency and severity of their violations against me, inflicting immense personal and property harm. I had to do something, and under our form of government I had rights that these renegade judges could not legally void.

Prima Facie Evidence Breakdown of Rights

These acts were prima facie evidence of the destruction of constitutional rights and the criminalizing of the federal courts by renegade judges. The involvement of many federal judges, including the entire Ninth Circuit Court of Appeals and the Justices of the U.S. Supreme Court, revealed the enormity of the judicial corruption and its deep entrenchment in the United States.

If any single person can suffer these outrages, or lose their constitutional rights and protections, all U.S. Citizens can suffer the same. If any federal judge can inflict such great harm upon one individual, in clear violation of law, they are capable of inflicting the harm upon anyone else targeted by either that judge or the system of which he is a member.

These corrupt judicial acts are only part of what they did to me, and reflect what can happen to anyone else, regardless of the protections under the laws and Constitution of the United States.

The judicial and Justice Department cover-ups and retaliation made possible the continuation of the corruption that I sought to expose. This cover-up played a role in decades of air disasters made possible by continuation of air safety problems, including the corrupt culture inside the FAA and NTSB. The cover-ups, obstruction of justice, and retaliation also made possible crimes against the American people that have yet to be revealed in these pages.

⁴⁴ N.D. Cal. Nr. C-86-6046 MHP.

Judicial Corruption in Chapter 11 Courts

This chapter focuses upon still another form of corruption that inflicts enormous harm upon the American people, and which was used in an effort to silence me.

The sham California lawsuit and the refusal by California and federal judges to provide relief from the judicial civil right violations were inflicting serious financial harm upon my real estate business. Mortgage loans that periodically came due could not be refinanced because of the *lis pendens* the Friedman law firm had placed on my properties. Valuable properties with hundreds of thousands of dollars in equities were lost. Other loans were coming due and I had to do something to circumvent the judicial scheme misusing the courts to destroy me financially. The Friedman law firm refused to allow the existing loans to be replaced with comparable loans, even though the properties they claimed their Texas client owned with me as community property would be lost. Their intent was to destroy me financially.

Exercising Chapter 11 Remedies for Civil Rights Violations

Chapter 11 is intended to provide time for people with net worth to pay a particular financial obligation and to remain in control of their business and other assets. I had no financial problems. My problems consisted of the deluge of civil right violations judicially inflicted and the concurrent voiding, for me, the state and federal protections that would have halted the attacks in their track. Taking the plain language of Chapter 11 at its word, I exercised Chapter 11 protections for these violations, which was probably the only time in history this was done. This approach was unorthodox, exercising Chapter 11 courts to force federal judges to provide declaratory and injunctive relief to which I was entitled and long overdue. I filed two cases in May of 1987. One was a *personal* Chapter 11 filing and the other was for my *corporation*, Western Diablo Enterprises.

My plan was to bring the block of civil right violations to the attention of the Chapter 11 judges and have the *lis pendens* associated with the sham California action dismissed. The idea had merit, but unknown to me at that time, the judicial corruption didn't stop at the state level, or at the federal district and appellate levels. It was even worse in the Chapter 11 courts. I discovered an entirely new area of corruption that had a devastating influ-

ence upon thousands of American citizens who fell victim to tentacles of the same corruption.

Because of the media cover-up of the bankruptcy court corruption, I had no warning of the endemic corruption in the Chapter 11 courts. I hired a San Francisco area lawyer to file a personal and a corporate Chapter 11 case for me, and he in turn hired Las Vegas lawyer, Joshua Landish.⁴⁵ The cases were filed in Las Vegas where I owned a condominium.

The intent of filing the two Chapter 11 cases was to have federal judges declare my personal and property rights legally established in the five divorce judgments by applying federal law; and to have the related lis pendens removed. The cases were assigned to federal Judge Robert Jones. Instead of providing relief, Judge Jones protected the Friedman law firm and the California judges who committed the civil right violations. He was duty-bound to halt these violations. Jones duplicated the tactics of the U.S. District Judges, and refused to address the violations of my federally protected rights by the Friedman law firm and California judges.

However, Judge Jones did provide some relief initially. During a September 11, 1987, hearing, he rendered an order refusing to accept jurisdiction over the two cases, ordered the removal of the lis pendens, and stated he was dismissing the two Chapter 11 filings. He delayed executing the order dismissing the cases for sixty days, permitting me time to refinance the mortgages that came due.

On the basis of the verbal order lifting the lis pendens, I obtained a firm refinancing commitment to pay off the \$550,000 in mortgages that had come due⁴⁶ and felt a sigh of relief that part of my problems were now addressed. But my relief was short-lived. Someone apparently got to Judge Jones after his September 11 decision.

Sabotage by My Own Lawyers

Las Vegas lawyer Joshua Landish, hired to protect my assets, proceeded to sabotage me. He did not notify me that there was a court hearing on September 28, 1987, for the personal bankruptcy case. This hearing was on a motion by lawyer Estelle Mannis (Oakland, CA) for mortgage holder Robil, Inc., and Superior Home Loans, both of Hayward, California, to obtain relief from the automatic stay so they could foreclose on several of my properties.⁴⁷ They filed this motion immediately after Judge Jones rendered a decision refusing to accept jurisdiction and ordering removal of the lis pendens, permitting me to refinance the mortgage and pay it off.

Disregarding the absence of jurisdiction to hear the motion because of the refusal to accept jurisdiction, that hearing to remove the automatic stay had to be limited to *that issue* and to the *personal* Chapter 11 case, which contained only a small part of the \$10 million in assets. Nothing could be addressed concerning the *corporate* filing that contained most of the \$10

⁴⁵ Joshua Landish of Las Vegas, Nevada. I also hired Las Vegas lawyer Earl Hawley for another corporation, and his conduct was almost as bad as that of Landish.

⁴⁶ Superior Home Loans-Robil, Inc., Hayward, California.

⁴⁷ Held by Superior Home Loans and Robil, Inc. of Hayward, California.

million in assets. Judge Jones' decision refusing to accept jurisdiction had not been vacated (even to this date). There was no jurisdiction to render any further order, except to carry out the dismissal. Robil knew that I would be able to refinance and pay off the mortgage loan due to them. They apparently wanted to foreclose and gain the benefit of the large equities behind the mortgage loans that they had on the properties.

Unknown to me, the lawyer I hired to protect my interests, Joshua Landish, met secretly with my adversaries and planned to request Judge Jones to order seizure of my assets and conduct a fire-sale liquidation. In this way, Landish's legal fees would be much higher than if he simply acted to protect my interests.

The official video tapes and transcript of the court proceedings indicated that upon the start of the September 28, 1987 hearing, Landish requested Judge Jones to vacate his earlier order providing me relief. Landish requested that Judge Jones order the seizure of my business, my home, my assets, in both the personal and the corporate cases. This lawyer sabotage was gross misconduct by the lawyer hired to prevent that seizure, and violated my constitutional and statutory rights to a hearing to defend against the seizure of my life's assets.

Unlawfully Seizing My Assets

Federal statutory law⁴⁸ requires certain safeguards before judges can strip a person of his or her assets. There must be a noticed hearing to permit the party to defend against the taking of his or her property. There must be a legally recognized reason for taking and destroying the assets. Due process rights must be protected. Each of these requirements was openly violated, and was approved by every appellate court up to and including the U.S. Supreme Court, despite the obvious unlawful and unconstitutional violations.

Chapter 11 law provides that the only authority for seizing a person's properties through appointment of a trustee are (a) gross mismanagement; or (b) major dishonesty, and (c) that creditors must be at risk. There are other protections against seizure, but these are the main ones. Creditors must be at risk. But in my case, all creditors were protected by mortgages on the properties that were worth far more than the loan balances. The request for appointment of a trustee must be made by a creditor. My lawyer was not a creditor.

I couldn't be accused of mismanagement. It was my hard work and efforts that caused the assets to grow from starting capital of five hundred dollars twenty years earlier to ten million dollars at the time of filing for Chapter 11 relief. There was no dishonesty, and none was alleged. None of the creditors requested the appointment of a trustee; it was my own lawyer.

“Stich is going to be very unhappy when he hears about this.”

Disregarding the numerous protections under the Constitution and federal law, Judge Jones rendered two orders seizing my life's assets. One order seized the Chapter 11 assets in the personal Chapter 11 case (which was on the calendar solely on a motion to remove the automatic stay on several mortgages). The second order seized the assets in the corporate Chapter 11

⁴⁸ Title 11 U.S.C. Section 1104.

case, which wasn't on the court calendar and for which there was no notice given. They were both rendered after a prior order refusing to accept jurisdiction was announced. Under federal law these were void or voidable orders. The manner in which it was done met federal case law definition of a conspiracy between Judge Jones, the lawyers, and the trustee. The official court audio tape and reporter's transcript show Judge Robert Jones remarking after ordering the seizure of my assets: "Mr. Stich is going to be very unhappy when he hears about this." Having just lost my life's assets, this would be somewhat of an understatement!

Immediately after rendering the order seizing my assets, Judge Jones was confronted with another problem. The five lawyers who were my adversaries at that hearing (including Landish) presented him with the written order of abstention that Jones rendered at the previous September 11th hearing. He now had to sign an order refusing to accept jurisdiction *after* he had just verbally rendered an order seizing the assets.

Judge Jones got around this problem by signing the abstention order and then signing the orders seizing my assets on October 8, 1987, stating on the orders that there was a hearing on that date. But there was no hearing on that date. The clerk's docket sheet, the reporter's transcript, and other court records proved that there was no hearing on that date. Judge Jones was lying to protect the corrupt seizure of my assets and the scheme against me.

Lawyer Landish withheld from me knowledge that Judge Jones ordered the seizure of my assets, including my business, my home, my many properties in California and Nevada, and my bank accounts. Unless notices of appeal were filed within ten days, I would lose the right to have those orders vacated. When I accidentally discovered that Judge Jones had rendered the order, but unaware that it was Landish who requested the seizure, I instructed the lawyer to file a notice of appeal. Landish agreed to do so, but never did it. Finally, I filed my own notice, and discharged Landish on November 10, 1987 for sabotaging my case.

Even though Friedman had no claim to my assets, in response to a motion by the Friedman group, Judge Jones transferred the Chapter 11 cases from Las Vegas to Oakland, California, at Friedman's request.

Turning Assets Over to a Known Embezzler

Before Judge Jones transferred the cases to Oakland, he appointed trustee Charles Duck to seize my assets. Duck had been repeatedly charged by other victims of Chapter 11 courts as having looted their assets after federal judges appointed him trustee. Duck ordered me off my business properties, which I had founded and developed over the past twenty years. He stopped making mortgage payments on most of the ten million dollars in properties and canceled my refinancing commitments, which would have corrected the problem for which I had sought Chapter 11 relief. Duck diverted the \$60,000 per month income to his own use, canceled 30-year mortgages and replaced them with 3-year mortgages, incurring huge fees for churning the loans. Over one million dollars disappeared almost immediately, with no trace of the missing money.

United States Trustee Anthony Sousa and United States Lawyer Joseph

Russoniello, both of whom headed divisions of the Justice Department, with offices at San Francisco, refused to investigate Duck's embezzlement and looting of my assets. Duck's refusal to make mortgage payments caused dozens of mortgages to foreclose, losing valuable properties I had acquired over the years.

Expanding Judicial Due Process Violations

After my assets were seized, and while the looting of assets escalated, Judge Edward Jellen started rendering orders in 1988, barring me from filing appeals or oppositions. These orders forced me to remain mute while my life's assets were corruptly seized and destroyed. Jellen had no more authority than the district judges to void the rights and protections under the Constitution and laws of the United States. I filed appeals, and I filed oppositions. Without authority, Judge Jellen ordered the court clerk to *unfile* them.

Even though lawyer Landish had sabotaged my defenses and had committed acts justifying disbarment, Judge Jellen took my assets to pay him a large legal fee. Every party who played a role in the corrupt seizure and looting of my assets was judicially protected and rewarded through liquidation of my assets. Any claim against me was automatically approved and my objections ignored.

The actions of the Friedman law firm that caused me years of grief, and the judgments of the California courts that were rendered without jurisdiction and in violation of law in the sham divorce action, were approved and paid. Even my ex-wife, who played a key role in the criminal conspiracy, was paid huge amounts out of the assets. I myself was forced to live on \$1000 a month while millions were looted.

The remedy in law for these corrupt acts was to file federal actions, but these had to be filed in the same federal courts that perpetrated the gross civil right violations.

Many victims of Chapter 11 corruption reported the judicial crimes to higher federal courts, to the U.S. Attorney in San Francisco, and to members of the Senate and House. None provided any help, despite their oversight duty to investigate. United States Trustee Anthony Sousa—an employee of the same Justice Department that misused the Chapter 11 courts—arrived in the San Francisco area in 1988, with the duty to prevent corruption in the bankruptcy courts. I brought to his attention the specifics of the corruption in my case that revealed the pattern of criminality. He also refused to perform his duty, and protected the enormously profitable racketeering enterprise.

Gregg Eichler, assistant U.S. Trustee in the San Francisco area, tried to expose the corruption in Chapter 11 courts. Eichler discovered massive looting of assets by judge-appointed trustee Charles Duck, the same person whose corrupt acts I reported to the U.S. District and Appellate Courts in the Ninth Circuit and then to U.S. Supreme Court Justices. Eichler also discovered that federal judges were implicated in the corruption.

Going after Duck threatened to expose the judicial involvement in the epidemic corruption and threatened to expose the nationwide aspect of this corruption in Chapter 11 courts.

Eichler discovered that Duck had embezzled over two million dollars in

just the few cases investigated, and there were hundreds more to go, including mine, in which the losses exceeded that amount. Tens of millions of dollars of assets were destroyed and the people, stripped of these assets by the gang of Justice Department and judicial officers, were put into a state of poverty.

“Largest embezzlement ever...”

After Eichler examined only a few cases handled by Duck, he prepared a report to U.S. Trustee Anthony Sousa, who had known of the misconduct and did nothing. Director of the U.S. Trustee program, Thomas Stanton, stated in a press release: “We believe this is the largest embezzlement ever charged against a court-appointed bankruptcy trustee.” Stanton feigned shock at the publicity over Chapter 11 corruption that was partly of his own making. But the evaluation of the enormity of the corruption was made after only three of the hundreds of cases handled by Duck were examined. They never got to mine, and judicial actions were taken to be sure this never occurred.

Duck’s corruption was known for years to the federal judges, to Justice Department lawyers, and to the establishment media. They all protected him and the system. Duck could not have operated without the aid and protection of these people, and especially the federal judges who assisted and financially benefited from the scheme.

Slapping the Wrist in the Nation’s

Worst Reported Chapter 11 Corruption

Duck had looted hundreds of cases that he handled over the years, but was only charged with two counts of fraud out of possibly hundreds. The arrest and imprisonment of Duck seemingly justified ending all further investigations into Chapter 11 corruption. But Eichler was intent on continuing his investigation and filing charges against federal judges.

For almost two years prior to Duck’s admission that he embezzled huge sums of money, I reported the rampant criminal activities by Duck and federal judges, via petitions and appeals, to every level of the federal courts, up to and including the Supreme Court. I sought relief, but found instead that every level of the federal judiciary, including the Supreme Court Justices, were aiding and abetting this multi-billion-dollar-a-year racketeering enterprise. I reported the corrupt seizure and looting of my assets and the many other civil, constitutional, and criminal violations that were rampant in Chapter 11 courts to virtually every government and non-government check and balance. But no one acted.

After U.S. trustee Souza was forced to remove Duck from my Chapter 11 cases, he appointed another trustee, Jerome Robertson, who continued the looting started by Duck. Other cases belonging to Duck were assigned to trustee June Haley of Santa Rosa. Within a year she also was charged with looting assets from Chapter 11 cases, a fact that was obvious all along to the judges.

U.S. Attorney Russoniello stated to the press on September 25, 1989,

the Justice Department approval of a plea bargain with Duck and his lawyer. Duck's lawyer, Peter Robinson, informed the press⁴⁹ that Duck agreed to cooperate with authorities as part of a plea bargain to include his guilty pleas. In exchange, federal prosecutors would seek a short prison term for Duck.

Duck, who embezzled tens of millions of dollars from thousands of people who had exercised the statutory protections of Chapter 11 and 13, was sentenced on January 18, 1990, by District Judge William Swarzer to a lenient sentence. Duck was ordered to pay only a \$5,000 fine and sentenced to twenty-seven months in the jail of his choice, the federal correctional camp at Sheridan, Oregon. Duck moved his family to nearby Lake Oswego to reduce the inconvenience to himself. Justice Department personnel made no effort to trace the assets looted from the hundreds of other cases handled by Duck, including mine.

The two charges filed against Duck for embezzlement were for over \$2,000,000 embezzled from estates, which was only a fraction of what he stole. He embezzled that much from my assets alone, plus what he looted out of the hundreds of other cases.

After Duck was charged with embezzlement, U.S. Trustee Sousa instructed him to turn over the records on my cases to the next trustee. No effort was made to make him comply. At that stage there appeared to be at least a million dollars missing from my cases, and nothing was done to charge Duck with theft. Duck refused to turn over the records, claiming the Fifth Amendment right to avoid self-incrimination.⁵⁰ The Justice Department protected his position and did nothing to prosecute Duck for looting my personal and corporate assets.

The same assistant U.S. Attorney who had protected Duck, Peter Robinson, resigned from the Justice Department and entered private practice, taking as one of his first clients, Charles Duck. Robinson was an Assistant U.S. Attorney in the San Francisco office from 1984 through 1988, when Duck's fraudulent activities were repeatedly brought to the U.S. Attorney's attention. Although Duck refused to turn over the records, his lawyer, Peter Robinson, argued before U.S. District Judge Stanley Wiegel⁵¹ that his client cooperated extensively with the U.S. trustee.

Duck's looting of my assets, following the unlawful seizure of the two estates, raised serious federal causes of actions. Duck's embezzlement was well known to the federal judges and Justice Department. I filed a federal lawsuit against Duck in federal court, describing the criminal activities perpetrated by Duck and Chapter 11 judges. Just as they had done for the prior fifteen years, Justice Department lawyers moved to dismiss each of my actions, seeking to protect Duck and the multi-billion-dollar-a-year racketeering enterprise. These motions to dismiss occurred even after Duck admitted his embezzlement. If the Justice Department had not obtained dismissal of

⁴⁹ *San Ramon Times*, September 28, 1989.

⁵⁰ *The Recorder*, May 15, 1989.

⁵¹ One of the judges covering up for the FAA and NTSB misconduct in my early federal cases.

my cases against Duck, the risk existed that other Chapter 11 corruption would have been exposed.

Immediately after the U.S. Attorney announced the plea bargain, Duck and his lawyer made unusual efforts in statements to the press falsely stating that no one else was involved. These statements protected the corrupt judges and the corrupt system. These repeated assurances were quoted in the press:

No one else really knew what he was doing. Duck was on his own on this. He offered to take a polygraph test because the FBI had questions about others being involved. They're satisfied no one else was involved.

Entering a plea bargain before completing the investigation into Duck's criminal acts had several results. It protected Duck from further criminal charges and it served as a tenuous excuse to call off further investigation into the epidemic Chapter 11 corruption.

Firing the Non-cooperative Federal Agent

In early 1990, Justice Department officials in Washington reduced the funding for the United States Trustee at San Francisco, reducing the chance that the massive judicial and Justice Department corruption in the bankruptcy courts would be exposed. This reduced funding was used as an excuse to fire Eichler on January 24, 1990. Eichler was about to expose the involvement of federal judges in the Chapter 11 corruption, and his firing prevented exposing what was one of America's biggest racketeering enterprises.

Just as in the savings and loan debacle, the Justice Department and the United States Trustee made no effort to look for the multi-million dollar theft from my estates or the others. They made no effort to get the records of my estate from Duck. They ignored the criminal acts committed by Chapter 11 judges. They protected Duck against the criminal acts committed in my estate. As is revealed in later pages, Chapter 11 courts are a major racketeering enterprise, looting billions of dollars a year from the assets of people exercising the statutory protections of Chapters 11 or 13.

Revolving Door and Obstruction of Justice

Justice Department lawyers knew for years of the criminal activity in Chapters 11 and 13 proceedings. They not only refused to protect the victims but they aided and abetted the perpetrators, including Duck. U.S. Attorney Russoniello resigned on April 1, 1990, returning to his former San Francisco law firm of Cooley, Goddard, Castro, Huddleson and Tatum. This is the same firm who represented the government, including Charles Duck, in previous actions filed against them by defrauded citizens. This relationship appears to be *another* reason Russoniello refused to take any significant action against Duck and the corruption in Chapter 11 while Russoniello was U.S. Attorney.

Seeking Relief from Supreme Court Justices

Seeking to halt the court's approval of Duck's looting of my assets, I brought the judicial corruption to the attention of the U.S. Supreme Court Justices by letters and by legal filings. The Justices had supervisory responsibilities over the federal judges and the lawyers engaging in the corruption. This practice could not exist if the Justices exercised their duties and re-

sponsibilities. Supreme Court Rule 17 (changed to Rule 10 in 1990) states that the Supreme Court Justices *will assume jurisdiction* of a petition brought to the Court when the acts of a lower court requires. Rule 17/10 articulates the Supreme Court's supervision responsibilities. The Rules say in part: "[intervention is required when necessary to] exercise this Court's *power of supervision.*"

My petition for writ of certiorari exposed a pattern of corruption by federal judges and officers of the court who were under the supervisory responsibilities of the Justices in the U.S. Supreme Court. In every case the Supreme Court Justices stonewalled me, refused to file the petition, or refused to provide relief. I even accompanied my petition with a demand under the federal crime reporting statute, Title 18 U.S.C. Section 4, demanding to report to a federal judge the criminal acts that I uncovered. As a former federal investigator holding federal authority to make these determinations, my charges had extra validity. I explained that federal judges over whom they had supervisory responsibilities perpetrated the criminal acts. The responsibility to receive this testimony and evidence was even violated by the Justices of the U.S. Supreme Court.

Decades of Felony Cover-Ups by Supreme Court Justices

The allegations of judicial corruption were so serious that the Justices of the Supreme Court had responsibility to act regardless of how the message was conveyed. Federal criminal statute Title 18 U.S.C. Section 4 requires that a party learning of federal offenses report them to a federal judge or other official. Many times I followed this procedure in my petitions to the Supreme Court Justices. Each time they blocked me from reporting the crimes inflicting great harm upon the United States by refusing to receive my supporting evidence. They compounded this obstruction of justice by refusing to provide relief from the harm I was experiencing as a result of the criminal acts of federal judges over whom they had responsibilities. The Supreme Court Justices also had vicarious liability responsibilities over the corrupt actions of the judges under them, and the Justices share criminal responsibility for the criminal acts that could only occur with their complicity.

Justice Department Lawyers Protected

Every Segment of the Criminal Activities

I filed several federal lawsuits against Duck and the law firm of Goldberg, Stinnett, & McDonald⁵² (whose assistance made Duck's activities possible) and against the subsequent trustee, Jerome Robertson. The civil actions addressed criminal acts that Duck already admitted, seeking damages from him and the government on the basis of these acts, as well as injunctive relief for the return of my assets. Federal judges dismissed every action I filed. In one action,⁵³ U.S. District Judge Eugene Lynch ordered on October 3, 1989 that the action I filed be unfiled, without the lawful requirement of a hearing and in violation of Constitutional and statutory rights and protections. This judicial dismissal protected Duck and Chapter 11 judicial corrup-

⁵² Changed in late 1993 to Goldberg, Stinnett, Meyers & Davis.

⁵³ Stich v. Charles Duck, Trustee, Merle C. Meyers, Goldberg, Stinnett & McDonald, Does 1 through 100, Defendants. C-89-150-Misc EFL

tion, of which Duck was a part.

Preventing Exposure of a Major Criminal Enterprise

In another action filed in the U.S. District Court in the District of Columbia (No. C 89-2974) Judge Stanley Sporkin dismissed the action against Duck without a hearing, again protecting Duck and the system of judicial corruption. Sporkin's dismissal had an interesting aspect to it. Sporkin was formerly counsel for the Central Intelligence Agency, and as later pages will show, the CIA was heavily involved in Chapter 11 corruption, benefiting from the looting of assets.

Department of Justice lawyers and officials also intervened to protect Duck and the system by filing motions with the court to dismiss my actions. An action that I filed against Duck in the Superior Court of the State of California in Alameda County at Oakland, California was wrongfully dismissed by Judge Edward Jellen of Oakland without a hearing. He had a sordid history of protecting the criminality exposed in these pages. The entire federal judicial system and Justice Department lawyers were protecting Duck whenever the need arose.

After Duck admitted his embezzlement, Judge Jellen ordered that over \$100,000 of my assets be paid to Duck and his San Francisco law firm of Goldberg, Stinnett and McDonald for services that consisted of looting my assets. By March 1990, Judge Jellen ordered over a quarter million dollars taken from my assets to pay legal fees incurred solely to protect the trustees and their law firm involved in the seizure and looting of my assets. Simultaneously, Judge Jellen deprived me of funds from my own assets to pay for my legal assistance, dental and medical bills. While six million of my equity assets were corruptly seized and looted, Judge Jellen forced me to live on \$12,000 a year for housing, food, and the other necessities. (In 1994, even this was eliminated, causing me to subsist on my Social Security income.)

Further, Jellen refused to provide money for me to hire legal counsel, while he simultaneously authorized hundreds of thousands of dollars to be taken from my assets to pay lawyer fees for the Friedman law firm, and for the woman in Texas who falsely claimed she was my wife. Additionally, Jellen rendered an order barring me from filing appeals and oppositions, stating that an lawyer could only do this. His withholding of money to pay an lawyer insured that I could not obtain legal representation.

Decades of Chapter 11 Corruption

Public pressure forced Congress to change the Chapter 11 statutes for greater protection of the public against judicial corruption, causing Congress to pass the Bankruptcy Reform Act of 1978, creating the office of the U.S. Trustee. The trustee was charged with the responsibility of preventing fraud and corruption. But the changes providing protection in law were openly violated in spirit and specifics by Chapter 11 judges, with the cooperation of higher federal courts. These U.S. Trustees, arms of the Justice Department, usually lawyers, protected the system instead of the people. Justice Department officials routinely forced people into Chapter 7, 11, or 13, as part of schemes to silence whistleblowers, as will be seen in later pages.

The public outrage and pleas for help continued. Except for minor investigations and cover-ups, Congress again refused to investigate the

vestigations and cover-ups, Congress again refused to investigate the corruption. When the public pressure again reached a crescendo, Congress went through the motions and changed the law, passing the Bankruptcy Act of 1986.⁵⁴ The legislative history of that Act addressed the past judicial misconduct in guarded terms, and gave the impression that the new legislation addressed the corruption. The legislative history⁵⁵ reemphasized that the U.S. Trustee was to prevent corruption:

The U.S. Trustees were given important oversight and watchdog responsibilities to ensure honesty and fairness in the administration of bankruptcy cases and to prevent and ferret out fraud....in carrying out critical watchdog responsibilities, such as preventing fraud and other abuses and in monitoring debtors-in-possession in Chapter 11 reorganization cases.

Members of Congress knew that the rampant corruption in Chapter 11 courts, as did Department of Justice officials. Justice Department lawyers protected those committing the multi-billion-dollar-a-year racketeering enterprise. Congress knew that Justice Department officials misused Chapter 11 proceedings through their control over the U.S. Trustees. The Chapter 11 judicial racketeering activities continued as before. The media kept the lid on the scandal, insuring its continuation, and insuring that their readers pay the price. Thousands of people are victimized every year.

By law, the U.S. Trustee had the responsibility to *prevent* corruption, as well as the Civil Rights Division of the Justice Department. For two years I made U.S. Trustee Anthony Sousa aware of the corruption that continued without letup. If anything changed, it was for the worse. After Duck was imprisoned in November 1989, Sousa refused to provide relief from what Duck had done to my assets, and appointed another lawyer as trustee, who then continued looting my assets as Duck had done.

The new trustee, Jerome Robertson, immediately accelerated the harm done to my estates that Duck had started. Within a few months, Robertson and his retained law firm of Murray and Murray had requested and obtained court approval to take over \$250,000 from my assets for legal fees to do things that I routinely did when I controlled my business.

When the U.S. Trustee refused to prevent these corrupt acts, I filed a lawsuit against him—and his boss, the Department of Justice, in the U.S. District Court, District of Columbia.⁵⁶ Again, federal judges protected the system of which they were a part. District of Columbia judge Stanley Sporkin dismissed the action on January 17, 1990, without a hearing, and despite the law barring dismissal when the complaint stated federal cause of actions.

Examples of Other Victims

In one case, the Department of Justice forced a publishing company into bankruptcy. The company was set up for the purpose of spreading political ideas, and the Justice Department lawyers did not like the exposures. Presi-

⁵⁴ Public Law 99-554.

⁵⁵ House Report No. 99-764.

⁵⁶ *Stich v. Stanton*; U.S. Trustee Anthony Sousa; Richard Thornburgh; U.S.

dential candidate Lyndon LaRouche informed the public of corruption by federal officials via the publications *Campaigner Publications*, *Caucus Distributors*, and *Fusion Energy Foundation*.

Without a hearing, the Justice Department obtained an ex parte order forcing the company into bankruptcy. The company argued that the law required three parties to force a person or company into bankruptcy, and sought to have the seizure overturned, without success. The Justice Department used its United States Trustee Division and its control over private trustees and federal judges to force the company into Chapter 7 liquidation.

Then Justice Department officials secured indictments against LaRouche and six associates for mail fraud on the basis that the companies did not repay earlier loans. LaRouche argued that the loans could not be paid back because Justice Department officials forced the company into bankruptcy. The Justice Department lawyers obtained a fifteen-year prison term for the 67-year-old LaRouche.

Fortunately, LaRouche had friends outside of prison willing to fight for him. While LaRouche and his associates were in prison, District Judge Martin Bostetter ruled in a 106-page decision on October 25, 1989, that the Justice Department's seizure of the assets and the involuntary bankruptcy action were illegal and a fraud upon the court.

In another case, the husband-and-wife publishing house of *Stein & Day* was induced by lawyers to seek relief in Chapter 11 when a major customer refused to pay a large bill owed to them. Their 26-year-old business had run a small but respectable operation that published about 100 books a year. Their business was good and they were otherwise financially strong. Seeking a time delay in paying pending bills, the primary reason for Chapter 11, owner Sol Stein filed Chapter 11 on the advice of his lawyer.

Following the standard script, instead of providing time to pay bills, the Chapter 11 judge seized and then looted the assets of this once profitable company. The husband-and-wife team experienced corruption by the bankruptcy courts that if committed by an ordinary citizen would result in criminal prosecution and imprisonment. Stein lost everything he accumulated for the past three decades. Incensed, he wrote about the judicial Chapter 11 corruption in the book *A Feast for Lawyers*, subtitled *Inside Chapter 11: An Exposé*. Even though Stein recognized only a small part of the criminality in Chapter 11 and 13 courts, he described these courts as inhabited by hacks, vultures and scoundrels, who feed on productive companies and people.

In another of thousands of examples, Chapter 11 judges and officers of the court (trustees) stripped San Diego resident Samuel Shen of millions of dollars of assets he acquired from hard work after emigrating from Hong Kong in 1959. Shen was so badly affected by the trauma inflicted upon him that he was committed to a mental institution for thirty days. As other victims had done, with many succeeding, Shen tried to commit suicide several times. He lost his family, who didn't have the character to support him during these troubling times.⁵⁷

⁵⁷ *San Diego Tribune*, July 10, 1989.

Shen's 1982 Chapter 11 filing showed assets of ten million dollars with liabilities of two and a half million. Everything was almost free and clear. The Chapters 11 and 13 racketeering activities, protected by every level of the federal judiciary, including the U.S. Supreme Court justices, financially destroyed him. Over seven million dollars in assets were looted by the judge-appointed trustee, the trustee's law firm, and whatever hidden interests Judge Herbert Katz may have had in dummy corporations. There were some who claimed Katz was part of a Jewish Mafia that had stolen hundreds of millions of dollars of assets from people who naively sought relief in Chapter 11.

Real estate investor Jay Sobrinia of San Diego was another typical case. He encountered a sudden cancellation of a verbal permanent loan commitment from his bank. When the bank construction loan came due, the same bank that had promised permanent financing commenced foreclosure on the expensive house. If the bank had been successful, it would have made a windfall profit. This was a common tactic with Bank of America during the depression years and in recent times.

Sobrinia's lawyer, who had close ties to the Chapter 11 courts, advised him to file Chapter 11 and get a stay of the foreclosure to permit him time to obtain permanent financing. On the lawyer's assurance, Sobrinia then put his entire one million equity estate into Chapter 11. Despite federal statutory law barring seizure of the assets (except when dishonesty or gross mismanagement exists), the Chapter 11 judge ordered Sobrinia's assets seized and turned over to a trustee. The routine destruction of the assets then began, enriching the lawyers, law firms, and corporations that are part of this racketeering enterprise. Sobrinia's million-dollar-equity estate was stolen.

These sad tales are repeated thousands of times, reflecting the theft of billions of dollars a year by pious-appearing federal judges that play a key role in the theft of more money than stolen by many organized crime activities.

The legal and judicial fraternities at every level are a part of the Chapters 11 and 13 racketeering activities. They include federal judges, Justices of the U.S. Supreme Court, lawyers and officials in the Justice Department, trustees, and law firms. In addition, those who aid and abet these crimes by their duplicity of silence include members of Congress and the establishment media. Their victims include many older people who are left destitute, and who are no match for this gang of thugs.

One of Many Other Victims

Another victim who told me of the experiences he had with crooked federal judges, trustees and law firms was John Hamilton of Cuero, Texas. He owned a 1,800-acre ranch until he was targeted by the bankruptcy club, and then financially destroyed. Earlier, he had been invited to White House functions as a result of his charitable work.

Hamilton and his wife had obtained a loan of \$475,000 on their ranch that was worth almost \$4 million, the proceeds of which had been used to build a commercial building. For the next ten years the Hamiltons made payments on the loan, which had a ten-year due date. They expected the bank to renew the loan when its term was up, as is standard practice. Over

\$300,000 had been paid on the \$475,000 loan during the ten years, leaving a balance due of \$184,000. Instead of renewing the note, the bank⁵⁸ called the loan. Under advice of legal counsel, the Hamiltons filed Chapter 12⁵⁹ to gain time to refinance the loan that was only about one twentieth of the property value.

These are the types of filings that are targeted by the “bankruptcy club” members consisting of judges, trustees and law firms. By law, the Hamiltons should have kept control of their assets. But if the law was followed, the assets could not be seized and looted. As is widespread throughout the country, the practice then was for an unlawful seizure of the assets and subsequent liquidation, enriching the criminal enterprise.

U.S. Bankruptcy Judge Richard Schmidt ordered the seizure of the Hamilton’s ranch and placed Trustee Gary Knostman in control of the assets, a kiss of death for their life’s assets. The trustee hired a closely aligned law firm, and between them and their coterie managed to financially destroy the Hamiltons, showing the consequences of trusting the statutory protections to the crooked federal judges and their band of thieves.

With the seizure of the Hamilton’s assets, there was no money to pay for legal counsel, and they had to appear without an lawyer, insuring the rapid loss of their life’s assets. Eventually the Hamiltons did obtain lawyers, all of whom assisted in the loss of the assets.

These are only a few of the thousands of cases every year in which honest Americans are stripped of their assets after exercising in good faith the statutory protection of Chapter 11 or 12. They trusted their government, unaware that epidemic corruption in the highest level has taken over many federal offices, including the federal courts. Their plight and the thriving criminality in bankruptcy courts are well known to members of Congress who have oversight responsibilities; to the media, with its obligation to report criminality in government; to the checks and balances, every one of which aids and abets the ongoing racketeering enterprise.

Congressman Jack Brooks (D-TX), chairman of the House Economic and Commercial Law Subcommittee, knew about the rampant criminality as a result of having received reports from hundreds of victims in Congressional hearings, and from my reports. Brooks stated:⁶⁰

I would tell members, if you’ve gone broke, go into bankruptcy. But if you’ve got any money at all, don’t take bankruptcy, fight it out. They’ll take it all.

But the statutes provide that Americans can file under Chapter 11, 12, or 13, to get a time delay in paying their debts, and that they will remain in control of their assets. Brooks admitted that the assets were taken, and he certainly knew the rampant criminality by federal judges, trustees, and law firms. He protected the system of crooks that prey upon the American public.

⁵⁸ Bank of Victoria.

⁵⁹ Chapter 12 Farmers and Ranchers Bankruptcy.

⁶⁰ *Houston Chronicle*, Nov. 7, 1991.

A bankruptcy lawyer, Lawrence A. Beck of San Antonio, reported⁶¹ what many lawyers have admitted or known:

Unfortunately, most individual debtors who enter bankruptcy with significant assets eventually conclude that they have become trapped in a crooked, dishonest system which is run for the benefit of the panel trustee and his hand-picked lawyer, and which is supervised by [crooked] bureaucrats.

This is the type of criminality that creates the epidemic criminal mindset in the United States. The trustee program was established by Congress in 1986, and is run by the U.S. Department of Justice to insure honesty in the trustee program and the courts. Before the last page is reached in this book, the criminality by Justice Department lawyers in almost any Justice Department activity should be obvious.

Standard Tactic to Protect Corrupt Federal Judges and System

Hamilton described the killing of two lawyers who had knowledge of the criminal activities in Texas Chapter 11 courts. He described the death of a bankruptcy trustee, Jane Ford, in June 1993, by a shotgun blast to her head. Her death made her twelve-year-old son an orphan. Ford reportedly played a key role in the bankruptcy corruption, but eventually the massive theft from bankruptcy estates, carried out with judicial approval and complicity, and the outrage of victimized citizens, caused indictments to be handed down against her. Seeking to reduce her prison sentence, she announced her intention to expose the criminal enterprise in the Texas bankruptcy courts. She suffered a fate similar to others who announced their intentions to expose federal officials and judges. She ended up dead, a fate suffered by many others described in later pages.

Standard Cooperation on the Local Level

And in a scenario similar to others, the local police and coroner ruled her death a suicide.

Hamilton described another bankruptcy-related killing, in which lawyer John Scott was murdered near Austin, Texas, as his charges of bankruptcy corruption started to expose the looting of assets involving federal judges, trustees and law firms.

Giving Themselves Immunity from Their Crimes

Federal judges of the Ninth Circuit⁶² held that the private trustees, including embezzler Charles Duck who committed the worst reported trustee fraud, were officers of the court, and were therefore immune from liability! These federal held that a citizen has no claim against an officer of the court (i.e., trustee, lawyer, judge, or one of their employees) arising from the acts of that federal official, even though the acts are criminal and inflict enormous harm upon an innocent person. They held in effect that officers of the court could inflict any type of outrage upon the public, and the public has no remedy!

One of the many people victimized by the judicial corruption was Thomas Read of Connecticut. Read obtained a Connecticut judgment against

⁶¹ *ibid.*

⁶² Ninth Circuit Bankruptcy Appellate Panel.

Duck, but bankruptcy Judge Alan Jaroslovsky of Santa Rosa, who had protected Duck's criminal activities, issued an injunction forever barring Read from enforcing the judgment. Read argued that the injunctive order exceeded the judge's authority and filed an appeal with the Ninth Circuit Bankruptcy Appellate Panel (composed of Chapter 11 judges!). The appellate panel rendered a published decision holding that:⁶³

Judicial immunity not only protects judges against suit from acts done within their jurisdiction, but also spreads outward to shield related public servants, including trustees in bankruptcy."

This circuit has adopted a...rationale stating that a trustee or an official acting under the authority of the bankruptcy judge is entitled to derived judicial immunity because he is performing an integral part of the judicial process....a trustee, who obtains court approval for actions under the supervision of the bankruptcy judge, is entitled to derived immunity.

It is well settled that the trustee in bankruptcy is an officer of the appointing court. Courts other than the appointing court have no jurisdiction to entertain suits against the trustee, without leave from the appointing court, for acts done in an official capacity and within his authority as an officer of the court....It is...axiomatic that the Trustee, "as a trustee in bankruptcy [and] as an official acting under the authority of the bankruptcy judge, is entitled to derived judicial immunity because he is performing an integral part of the judicial process."

Sound policy also mandates immunizing the trustee. The possibility that we would hold trustees personally liable for judgments rendered against them in their representative capacity would invariably lessen the vigor with which trustees pursue their obligations. Immunity is essential because, as Judge Learned Hand noted, "to submit all officials, the innocent as well as the guilty, to the burden of a trial and to the inevitable danger of its outcome, would dampen the ardor of all but the most resolute, or the most irresponsible, in the unflinching discharge of their duties....Accordingly, we hold that the trustee [Charles Duck], acting under the authority of the court, is entitled to derived judicial immunity.

Fraud, violation of statutory and constitutional protections are not within the authorized duties of a judge. But this fact has been conveniently ignored by federal judges protecting themselves against the many forms of judicial misconduct in which they are involved.

As the judicial involvement in the Chapter 11 corruption surfaced, the Ninth Circuit Court of Appeals rendered a judgment⁶⁴ protecting judges against responsibility for their criminal acts. The Ninth Circuit rendered the decision holding that regardless of any criminal conduct committed against the public or an individual by a judge or person acting on his behalf, such as a trustee, the public had no remedy against the judges or anyone acting with the judges. The need for these self-protective and unconstitutional decisions

⁶³ September 27, 1989.

⁶⁴ *Ashelman v. Pope*, 793 F.2d 1072 (9th Cir. 1986).

is rapidly increasing as federal judges are heavily implicated in some of the worst criminal activities ever exposed in the history of the United States.

Justices of the U.S. Supreme Court enlarged upon the protection against their own criminal acts. The Supreme Court Justices held in *Stump v. Sparkman*⁶⁵ that a judge could deliberately commit unlawful, unconstitutional, and corrupt acts upon a citizen, destroy personal and property rights, and be immune from financial liability. This decision was repeatedly stated by U.S. District Judge Marilyn Patel, San Francisco (as I sought relief against California and federal judges).

The Constitution and statutes disagree with judge-made law. Federal civil rights statutes and constitutional rights to seek relief clearly do not provide immunity to federal judges when they violate clear and settled civil and constitutional rights, or against corrupt or criminal acts and who inflict harm upon any member of the American public.

In *Stump v. Sparkman* the judge entered into a conspiracy, ordering a young girl permanently sterilized. The Supreme Court held that the girl had no remedy against the judge, as the public's welfare requires that a judge be free to exercise his duties without fear of the consequences.

The Corrupt System Protects Its Own

I filed an administrative claim with the Administrative Office of the United States Courts, addressing the judicial misconduct (necessary before filing a lawsuit against the United States government under the federal Tort Claims Act). The claim was based upon the looting of my assets by trustee Charles Duck. The Justice Department denied my claim on October 17, 1989, stating the "claim may not be settled under authority of the Federal Tort Claims Act because that act specifically excludes claims arising from the performance of a discretionary function." In the mindset of Justice Department lawyers and federal judges, Duck's criminal activities were a "discretionary function!"

Secret Justice Department Memorandum

An assistant U.S. Attorney in the San Francisco office, Michael Howard, wrote a July 11, 1990 report describing the criminal corruption by federal officials in Chapter 11 courts in the Northern District of California, stating in part:

Subject: Alan Jaroslovsky, bankruptcy judge; Charles Duck, former trustee in bankruptcy, convicted; Philip Arnot, Harvey Hoffman, Timothy J. Walsh, Malcolm Biserka, Ruth Harrell, lawyers for numerous trustees in bankruptcy; Susan Euker, Jeff Walk, trustees in bankruptcy; Goldberg, Stinnett and McDonald, law firm that specializes in bankruptcies, primarily Carol Stinnett; David McKim, lawyer at law; San Francisco lawyer Monseur, first name unknown; Robert and Harrison, law firm in many bankruptcy cases, and primarily Mr. Cook, Esquire; William Kelly, Esquire, lawyer for Graham and James law firm in San Francisco; Peter Robinson, private lawyer, former Assistant U.S. Attorney.

Why Referral to Public Integrity Section: U.S. Attorney's manual, Chapter 3 states in part, most government corruption cases are both

⁶⁵ 435 U.S. at 362.

sensitive and of intense public interest. It is particularly important that the appearance of fairness and impartiality always be present [by prosecuting such cases].

Considering the possible involvement of bankruptcy court judges, a former U.S. Attorney, and the magnitude of the investigation necessary, it is possible that the U.S. Attorney's office does not have the resources available to investigate the widespread corruption and cronyism which presently exist in the bankruptcy courts. To thoroughly investigate the present quagmire, there is the need for a virtual full-time prosecutor to clean up the system.

Main justice would probably have the resources to provide the prosecutors and the investigators necessary to fulfill the present need to clean up the system. I don't believe we have any criminal assistants who have the time to take on such a case as this, for such investigation. Offenses indicated so far: Information provided to me to date indicates that one or more of the above-named subjects have engaged in one or more of the following felonies: (A) Perjury. Submitted false, forged, or altered documents to the courts. (B) Obstruction of justice; (C) Churning of Chapter 11 estates for the exclusive financial advantage of the trustees and the trustees' lawyers. (D) Failure to provide accurate financial accounts and reports to the courts. Most of the problems appear to arise in Chapter 11 [where there are assets].

Justice Department lawyers sequestered the report, took no action on the judicial corruption (in which they were themselves involved), and reprimanded the Assistant U.S. Attorney who wrote it. The few concerned Justice Department investigators who sought to expose government corruption faced the same problem that I and other FAA inspectors faced.

Media Cover-Up

The media was fully aware of the gravity of the Chapter 11 corruption, its nationwide extent, and the pattern of criminality that made many of their own readers, victims. The media either didn't report any of the findings by its investigative reporters or, as in most cases, reported the peripheral and minor aspects of the corruption, portraying the acts in a more innocent manner. The *San Francisco Daily Journal* wrote in an October 4, 1990, article that Haley's "pattern of alleged wrongdoing is strikingly similar to that uncovered against her friend and mentor, Charles Duck, who has admitted embezzling \$2.5 million from bankruptcy estates under his control."

Occasionally, the media hinted at the problem, but never identified it in a way that the public would react in outrage. The *Journal* had months of articles describing the Chapter 11 corruption, using such headlines as *Bankruptcy Courts, A System in Crisis; The Road to Ruin*. It avoided the heart of the matter, which was the epidemic corruption by a coalition of crooked federal judges, trustees, and powerful law firms, and the cover-up by Justice Department officials.

The few newspapers that addressed Chapter 11 corruption reported Duck's embezzlement as the worst by a trustee in the nation's history. And this assessment was given without considering the total amount of what he

actually embezzled. Obviously, Duck did not operate in a vacuum, especially with the vocal complaints of his victims. He needed the protection of federal judges to continue his criminal activities. I notified over a dozen magazines and newspapers⁶⁶ of the misconduct from 1988 through 1990, a year and a half before signs of Chapter 11 corruption was exposed. They all ignored my reports of Duck's corruption.

Damage Control for Duck

Justice Department's prison authorities, where Duck was confined, provided him with unusually lenient conditions. His prison duties were made pleasant, and he was allowed to use prison automobiles for unescorted travel into town where his family was staying. After being released from prison, a large San Francisco law firm hired him as a full time consultant, despite the crimes that he had committed. A law firm is not going to risk unnecessarily alienating federal judges and the Justice Department by hiring a major criminal unless it is with the tacit approval of these government entities.

Reporter Linda Martin of the *San Francisco Examiner* spent over two months investigating the corruption, interviewing many of those victimized by the "bankruptcy club." During the end of January 1990, Martin revealed to Mrs. McCullough, a California resident and activist against corrupt government that the *Examiner* refused to print the main part of the judicial corruption, causing her to quit the newspaper.

While several San Francisco Bay Area newspapers publicized the Chapter 11 corruption, the mass-media papers kept the lid on the scandal. Reporter Bill Wallace for the *San Francisco Chronicle* explained to one inquirer, Virginia McCullough (September 4, 1990), that the reason they had not contacted me on the Chapter 11 corruption was that I incorporated other areas of government corruption into the discussion. A corollary to that would be a reporter ignoring an informant's description of a murder that took place because the informant also reported another murder. Another reporter for the *Chronicle* gave a different excuse to another inquirer months earlier in answer to a question why the *Chronicle* did not print anything about the air safety corruption that I had earlier reported. His reply: "Stich wouldn't give us any facts."

Reporters Bill Wallace and Jeff Paline had come to my home, looked at the volumes of material I had, and went to the federal district courts at Sacramento and San Francisco, examining the papers that I filed describing the corruption in detail. I gave them copies of my earlier book, which explained the serious corruption in detail. All questions presented to me were answered. Nothing was withheld. It was my belief they were under instructions to sequester any mention of the matter in their news stories.

It took a determined effort to keep the scandal hidden, not only in the San Francisco area, but also throughout the United States. The number of people financially destroyed by blatant corruption, outright violations of federal statutory and case law, the number of complaints to the Justice Department, to higher federal courts, to members of Congress, reached epi-

⁶⁶ Wall Street Journal; San Francisco Examiner; San Francisco Chronicle; Business Week; Newsweek;

demic proportions. All covered up.

Most of the mass media knew of the corruption and refused to report it. A scandal affecting thousands of people a year could not have escaped the media's attention. By their cover-up, the media deceived their readers, some of whom lost their life's assets by being unaware of the racketeering activities in Chapter 11 courts. Members of the U.S. Senate and House knew of the corruption, as their constituents pleaded with them to investigate and provide help. The legal fraternity in Congress protected the legal fraternity in the Chapter 11 corruption and made possible the financial destruction of their own constituents.

There were a few exceptions. The *Indianapolis Star* published numerous reports on the Chapter 11 racketeering enterprises, commencing in 1987. In a April 19, 1987 article the system was described as follows:

The [Chapter 11] court system is burdened with cronyism, political favors and conflicts of interest while a "club" of bankruptcy lawyers reaps the largest fees....Critics—including other lawyers—use the harshest terms. One described the system as incestuous....subverts the judicial system....Direct and indirect financial relationships between three judges and lawyers or others to whom they award fees....Forged, fraudulent or misleading documents...fraud...At stake is the fate of thousands of economically distressed companies and people, as well as the financial interests of hundreds of thousands of companies and individuals.

Congress Belatedly Feigns an Interest

As a result of the exposures, one Chapter 11 judge in Indianapolis was sentenced to prison, very possibly to diffuse further investigation. However, the system continued to flourish, and the maverick U.S. Trustee whose effort put the judge into prison was terminated by the Justice Department. Two small-town papers near San Francisco, the *Napa Sentinel* and the *Santa Rosa Press Democrat*, ran articles on the Chapter 11 corruption. But the major newspapers, including the *San Francisco Chronicle*, the *Wall Street Journal*, and others, kept the scheme going by not reporting it to their readers.

The articles by the *Napa Sentinel* and the *Santa Rosa Press Democrat* linked the Chapter 11 corruption with numerous drug enterprises, to federal judges, judge-appointed trustees, the Department of Justice, and to the CIA.

For years, constituents of California Congressman Don Edwards had pleaded with him for help, as they were victimized and financially destroyed by the Chapter 11 racketeering activities. Edwards was known as the "father of the Bankruptcy Code." Lawyers in the Chapter 11 club praised Edwards for the law that so enriched their lives. Edwards had Congressional oversight jurisdiction over the scandal-plagued system, and he also chaired the House Judiciary Committee's subcommittee on (would you believe?) Civil and Constitutional rights, which were openly violated for all to see.

Another in the Pattern of Congressional Cover-Ups

I had repeatedly reported to Congressman Edwards since 1965 the federal air safety and criminal violations related to a series of airline crashes

and the corruption by federal officials, including the Justice Department. From 1988 through 1990, I repeatedly made Edwards aware of the rampant corruption and the specific criminal acts, by Chapter 11 judges and their closely-knit trustees, law firms, and corporations. I reported the shocking pattern of civil and constitutional violations committed by federal judges and Justice Department lawyers and asked him to help. Instead, he aided and abetted the acts by covering up. Not even once did he respond.

In recent years, Congressional jurisdiction over Chapter 11 was transferred from Edward's subcommittee to Representative Jack Brooks of Texas. The same cover-up tactics followed. I had repeatedly notified both of them of the hard-core criminal activities that I had discovered, starting in the mid-1960s.

Brooks did criticize President Bush and the Justice Department⁶⁷ for not appointing an executive director to head the U.S. trustee system, which had been vacant for a year at that time. My subsequent 18-page petition to every United States senator by certified mail on April 1, 1991, detailed and documented the ongoing criminal acts, which were crimes against the United States and the American people. Not a single senator made a meaningful response. Several years later, Congressman Brooks was still "investigating" Chapter 11 corruption, while thousands of American citizens were defrauded of their life's assets.

One of Many Murders To Protect Corruption In Government

Throughout these pages appear the names of some who threatened to expose the criminal activities implicating federal officials, and who conveniently ended up dead. One of those victims was San Francisco lawyer Dexter Jacobson. Jacobson was preparing to file several lawsuits against key law firms implicated in the Chapter 11 corruption in the San Francisco area. The San Francisco legal paper, *Daily Journal*, had publicized Jacobson's impending filings, along with the evidence he intended to present to the San Francisco office of the Federal Bureau of Investigation on Monday and Tuesday, August 20 and 21, 1990. His evidence implicated Chapter 11 judges, trustees, powerful law firms and powerful corporations, including Bank of America.

Jacobson and I had exchanged information on the corruption in the Chapter 11 courts several months earlier. He didn't know about the Justice Department involvement in the Chapter 11 corruption, and I did not have time to bring this to his attention.

Two days prior to Jacobson's meeting scheduled with the FBI, his body was found in nearby Sausalito with a bullet hole in his head. Jacobson's death acted to protect Justice Department officials, federal judges, and powerful law firms made rich by the Chapter 11 looting, and other members of the "bankruptcy club."

Several Northern California newspapers⁶⁸ linked Jacobson's death to the corruption in Chapter 11 courts. Jacobson was the only lawyer willing to speak out, as the others either took advantage of the system or kept the lid

⁶⁷ San Francisco *Daily Journal*, November 2, 1990.

⁶⁸ *Daily Journal*, *Napa Sentinel*, *Santa Rosa Press Democrat*.

on it, protecting the legal fraternity from public scrutiny. Many of the lawyers feared retaliation from the judges and trustees who can withhold hefty legal fees. Trustees appoint lawyers to “represent” the estates, and favored lawyers who play the game can be handsomely rewarded.

Jacobson did not practice in the Chapter 11 courts and therefore did not risk the judicial and financial retaliation faced by lawyers who specialize in these areas. Jacobson specialized in real estate and business law, mostly in California and federal district courts. Jacobson’s murder ended the threat of exposure faced by Justice Department lawyers, judges, law firms, and private lawyers.

Limited Media Attention Protected The Corrupt Judicial System

Typical of the media stories after Jacobson’s killing included that of the McClatchy News Service (November 24, 1990):

“Everybody around here is 100 percent convinced that it was a hit,” [quoting Santa Rosa bankruptcy lawyer David Chandler]. Jacobson was about to drop a bombshell lawsuit into the burgeoning Northern California bankruptcy court scandal, naming trustees and high-powered lawyers, and was about to take his evidence to the FBI and the Justice Department....

“We both talked about the safety of the documents and we both talked about the safety of each other,” recalls Sosnowski [referring to his meeting with lawyer Dexter Jacobson who was representing the formerly defrauded Chapter 11 party]. “We are dealing with some very tough people. They’re making big money.”...The killing sent a shudder of apprehension through the legal profession. When an examiner concluded in 1988 that Duck had engaged in serious misconduct in the Sosnowski case, and suggested further investigation, Santa Rosa Bankruptcy Judge Alan Jaroslovsky ordered the 49-page report sealed.

The January 1991 issue of *California Lawyer* magazine ran a nine-page article entitled, “Who Killed Dexter Jacobson?” Reference was made to key parts of the Chapter 11 corruption that had appeared in other publications, including:

Jacobson planned to file a civil complaint...that would charge some of San Francisco’s top lawyers with involvement in the nation’s most costly bankruptcy trustee fraud and embezzlement scandal....Jacobson’s secretary, Ginny Morrison, recalls her boss saying shortly before his death that filing the suit was a “dangerous” move.... “He said he was going up against some powerful people, and that this would be on the front page of every newspaper in the country.”...lawyers in...tightly knit bankruptcy community were aware of Duck’s schemes, and probably had participated in them. Dexter Jacobson was one of the first people willing to investigate that possibility..

The final drafts of [Jacobson’s] lawsuits have disappeared from Jacobson’s house, his office, his car, and from the hard drive of his computer. On the day of his death, Jacobson had planned to meet with FBI Agent Eddie Freyer,...Jacobson was overwhelming his opponents with

his meticulous research and questioning. "There is not much doubt in my mind it's tied in with this bankruptcy stuff," one federal source says.

Cover-Up by Local Police

The Sausalito police department and the FBI refused to contact me when I advised them in 1990 that Jacobson and I had exchanged information on the Chapter 11 corruption shortly before he was killed. My information may or may not have been helpful, but an investigation into Jacobson's murder demanded that I be contacted to determine what was discussed between Jacobson and myself. But to bring me into the investigation risked exposing a still bigger scandal.

Another lawyer was murdered as he was trying to expose the Chapter 11 corruption. Lawyer Gary Ray Pinnell, who had been vocal in fighting the corruption within the Chapter 11 system in Texas, was slain in San Antonio, Texas on February 11, 1991. The San Antonio *Texas Express* (March 14, 1991) reported that Pinnell was preparing to turn evidence over to the FBI but was killed before he was able to do so. In both cases Justice Department officials, including the FBI, would have been exposed if these lawyers had succeeded in attracting public attention.

A man was killed in Las Vegas as he was about to testify about an alleged scheme taking the properties of Karin Huffer and her husband, implicating Valley Bank of Nevada (now Bank of America) and the same Chapter 11 judge who corruptly seized my assets, Judge Robert Jones. None of these who died, who were about to present evidence of Chapter 11 judicial corruption to the FBI, realized their evidence threatened Justice Department officials and federal judges, up to and including the Justices of the U.S. Supreme Court.

While these deaths were occurring, the same Justice Department officials and federal judges, who would be implicated by an exposure, were seeking to silence me by repeatedly charging me with criminal contempt of court⁶⁹ for seeking to report these criminal activities through federal filings. More about this later.

Criminal Contempt for Reporting Crimes

I had been vocal in exposing the criminality in Chapter 11 courts, and especially that of trustee Charles Duck. In an attempt to silence me, federal Judge Edward Jellen of Oakland charged me with criminal contempt for filing appeals and oppositions to the seizure and looting of my assets. Jellen denied me the right to testify in my own defense, denied me a jury trial, denied me legal counsel, and then sentenced me to prison for objecting to the seizure of my assets. U.S. District Judge Samuel Conti approved the prison sentence, and it was sent to U.S. Attorney Russoniello for further action.

Several months after federal judges seized my assets and started liquidating them, other federal judges sentenced me to prison for having filed notices of appeal and oppositions to the seizure and looting of my life's assets. Those acts were criminal in nature, violating specific criminal statutes.⁷⁰

⁶⁹ Charges were filed on December 10, 1990 in the U.S. District Court, San Francisco, number CR 90-0636 VRW.

⁷⁰ Including Title 18 U.S.C. § 241 and §§ 1512, 1513.

While I was in prison, federal Judge Edward Jellen (Oakland, California) ordered fire-sale liquidation of my assets. While I was in prison, trustee Charles Duck unlawfully ordered my mail diverted to his office and opened.⁷¹ Postmaster Dennis Hughes in Alamo, California, where I resided, stated to me (after I was released from prison on the first contempt of court charge) that many federal officials came to the post office checking on my mail, and that he expected to be subpoenaed because of the serious irregularities.

The reason for rendering these unlawful orders barring me access to the federal courts was that I had numerous claims against federal officials and judges (and the California judges who cooperated in the scheme to silence me). If federal relief remedies were not denied to me, the escalating corruption and the judicial and legal participants in the scheme would be exposed.

When the initial scheme involving the sham California action backfired, and federal judges involved themselves in the complicity when I exercised federal protections, the number of judicial and legal personnel implicated in the attacks upon me greatly escalated. With each escalation there were new federal causes of action permitting me to sue for damages. The only way to stop that was to render unlawful and unconstitutional denying to me the right to court access and relief. These orders voided, for me, the protection of the laws and Constitution of the United States. More about this in later pages.

In later pages, a more complex web of intrigue is presented, showing other reasons why Justice Department lawyers and federal judges blocked all defenses exercised by the victims, and showing how the CIA has infiltrated all segments of U.S. society, misusing government offices, defrauding American citizens and the United States as a whole. Numerous trustees and judges have been identified to me by deep cover CIA operatives as being deeply involved in corrupt CIA activities, especially Charles Duck and Judge Robert Jones, both of who brought about the destruction of my life's assets.

Discovery of Additional Criminal Activities Throughout Chapter 11 Courts

From 1987 to the present I discovered, both in my own case and from reports I received from CIA sources and other victims, that the criminal seizure and looting of assets in bankruptcy courts was epidemic. The criminal acts involved the federal judiciary, including federal judges, trustees, lawyers, law firms, Justice Department lawyers, and CIA personnel.

Demanding Bribes to Get Out of Chapter 7

As my knowledge of this corruption broadened, I discovered other versions of enriching the participants. In Chapter 11 proceedings, for instance, as was described earlier, the incentive was to steal the assets that exceeded the liabilities. But I later discovered from victims that, even when there is no equity in a person's Chapter 7 filing, money is extracted to discharge the case and allow the person to resume a normal life.

⁷¹ Title 18 U.S.C. §§ 1702, 1703.

Pat Class of Denver and lawyer Andrew Quiat described to me another form of extortion. The law provides that a person with liabilities exceeding their assets may file Chapter 7 to completely wipe out their indebtedness, allowing them to basically start all over again. In Chapter 7 proceedings, where the debtor has the potential of making sizeable income in post-Chapter 7 proceedings, the trustees and judges often demand hidden money to be discharged, even though all issues have been adjudicated.

Pat Class described how she was forced into Chapter 7 in the Denver-area and then refused a discharge from bankruptcy by the trustee she paid the trustee money under the table. Pat and lawyer Quiat told me of a case in the Denver courts where the trustee demanded, and received, \$1.5 million under the table before a Chapter 7 discharge was granted by the judge.

A CIA contact that had extensive dealings with federal judges in several circuits throughout the United States gave me specific data on the corruption in the San Francisco and Chicago-area bankruptcy courts. More is said about this in later pages. It became clear that the bankruptcy courts serve as one of America's biggest financial frauds inflicted upon the American public. Media cover-up makes this fraud possible.

Example of Fraud-Related Grief

Over the years many people have contacted me who had suffered enormous, often life-long harm as a result of crooked judges and lawyers operating with impunity in Chapter 11, 12, and 13 proceedings. Many of the victims have committed suicide. In September 1994, the story of one of these victims reached me.

Before committing suicide on July 12, 1994, in Sonoma, California, near San Francisco, 57-year-old Claire Ann Day wrote a twenty-page suicide note, detailing in it the corrupt acts by bankruptcy judge Alan Jaroslovsky and lawyers working with the judge, as it affected her daughter, Mary. I had heard many stories about this judge's involvement in the crooked bankruptcy courts. One of my CIA contacts stated that Jaroslovsky was a former officer in the U.S. Navy and a part of naval intelligence, and that he was a CIA asset. The CIA was one of the groups involved in the looting of bankruptcy court assets, and this information about the judge fit in with other information.

The suicide note stated in part:

To: Whomever reads this plea for justice

I pray that someone of conscience reads these pages, comprehends the far-reaching implications of what has happened to my family, and take action to prevent this from ever happening again in Sonoma County or anywhere else in this country dedicated to "liberty and justice for all." I do not have the time or propensity to adequately chronicle this good v. evil, David v. Goliath battle, before I die. For every word contained herein are 100,000 missing words.

She doused herself with gasoline and lit a match. A puff of black smoke mushroomed from her body as she ignited the flammable fluid. A neighbor, Bill Anderson, rushed to her, putting his jacket around her to put out the flames. A helicopter rushed Day to the hospital, but she died the next day. A blackened outline of her contorted body was burned into the grass.

Media Cover-Up

This woman's painful and horrible sacrifice sought to focus attention on the corrupt judges and legal fraternity, but it was in vain. The San Francisco-area newspapers omitted any reference to her immolation. Years ago the immolation of a Vietnamese protester was pictured throughout the United States. But a similar immolation in the United States would have exposed the corruption in U.S. courts and very possibly the role played by many in the legal fraternity and the CIA in this massive judicially-centered racketeering enterprise. And San Francisco is one of the hubs of corruption described within these pages.

Sonoma County Fire Department Assistant Chief Allyn Lee said, "None of us had ever seen a more severely burned person who had survived."

Anderson said, "It's so sad when things like this happen. I keep thinking how ironic it is. I just fought for my life in the hospital for four months, and then someone just gives up their life." Anderson had fought a life-threatening illness. The horror of the woman's death caused the county to provide crisis counseling for the people who saw the tragedy.

The System Protects Its Own

As stated earlier, Charlie Duck still had powerful connections to the system, causing a San Francisco law firm to put him on their payroll in 1995. This would be highly unlikely of a convicted felon accused of the nation's worse bankruptcy fraud unless the plea bargain was for damage-control to prevent further investigations into the corrupt bankruptcy courts. Duck still had his former judicial and CIA connections, making it understandable why the San Francisco law firm coveted his membership.

Continuing Tactics Obstructing Justice

There is real danger to anyone reporting corrupt government personnel or corrupt covert operations. The most important tool in the hands of the American public to combat corruption involving federal officials is federal criminal statute Title 18 U.S.C. § 4. The clear wording says:

Whoever, having knowledge of the actual commission of a felony cognizable by a court of the United States, conceals and does not as soon as possible make known the same to some judge (or other person in civil or military authority under the United States), shall be fined...or imprisoned not more than three years, or both.

Implicit in that statute is that federal judges must receive evidence of a federal crime that is offered to them by anyone having knowledge of the federal offense. As the reader learns about the various criminal activities detailed and documented in these pages, the question may arise as to why I haven't used that statute to produce evidence of the crimes.

I had first used that statute in 1976 seeking to produce evidence to a U.S. District Court judge⁷² in San Francisco of the criminal activities within the Federal Aviation Administration (and at United Airlines), associated with several major air disasters.

Later pages show that I exercised the responsibility of that major crime-reporting statute seeking to produce evidence that I had obtained relating to criminal acts by government officials and judges in the bankruptcy courts, in CIA drug trafficking, and other corrupt and criminal offenses against the United States and the American people.

In every single instance, federal judges blocked me from producing my evidence, something that they had no authority to block. Even worse, they eventually retaliated against me for seeking to comply with that law. If they had not blocked my reporting of these criminal activities, life in the United States would be quite different. Hundreds, if not thousands, of people who know about these criminal activities, including the many CIA operatives

⁷²*Stich v. United States, et al.*, 554 F.2d 1070 (9th Cir.) (table), cert. denied, 434 U.S. 920 (1977); *Stich v. National Transportation Safety Board*, 685 F.2d 446 (9th Cir.) (table), cert. denied, 459 U.S. 861 (1982); *Flanagan v. McDonnell Douglas Corporation and United States of America*, Civil Action 74-808-PH, MDL 172, Central District California.

who would expose the crimes of the agency if they could, would be exercising that protection.

Early in 1987, in an attempt to thwart my exposure activities, federal judges and Justice Department lawyers commenced charging me with criminal contempt of court in retaliation for reporting the criminal acts I had discovered, and for exercising federal remedies seeking to halt the harm inflicted through the sham California lawsuit. They actually sought to put me in prison for exercising federal crime-reporting responsibilities under Title 18 U.S.C. § 4, and for exercising federal defenses against the acts taken to silence me.

The sham California lawsuit had not gone as planned. My exercise of federal remedies was unanticipated, and federal judges had to openly protect the scheme and the participants by unlawfully dismissing many federal lawsuits. These judicial acts raised additional federal causes of actions, for which additional federal remedies existed. It was a perpetual motion scenario as federal judges violated federal law, blocked my exercise of federal remedies, raising additional federal causes of action. The more that was done to me, the greater the number of court remedies that arose.

The method used by this daisy chain of judicial obstruction of justice was to render a pattern of unlawful and unconstitutional orders barring me from federal court access and voiding all relevant constitutional and statutory protections.

Several months earlier, in late 1987, this same group seized my life's assets, including my real estate investments (motels, apartments, land, rental houses, and my home). The first of a series of orders was rendered, making me a man without a country insofar as the protections of law and Constitution were concerned. Judge Milton Schwartz rendered the first of many orders blocking my access to federal court. This order barred me from reporting federal crimes to a federal court, as required to be reported by federal crime-reporting statutes such as Title 18 U.S.C. § 4. If I did not report the criminal activities to a federal court or other federal tribunal, I would be guilty of a federal crime. Since I obviously couldn't report the crimes to the same Justice Department officials who had been deeply involved in the criminality, the only avenue open was to report the crimes to a federal court. As a citizen concerned about criminality in government, I also had the *right*, in addition to the responsibility, to submit the reports to a federal court.

From 1974 to this day, I haven't had my day in court on any of the issues raised in any of the federal filings. Every federal judge who received my federal filings blocked my right to have a federal court declare the validity of the five judgments and the important personal and property rights established by those judgments. I was suffering serious personal and financial harm by their refusal to perform a mandatory duty.

In 1986, U.S. District Judge Milton Schwartz at Sacramento rendered an order dismissing my attempts to obtain federal relief from the violations of federally protected rights inflicted against me in the California courts. In that order, he barred me from ever filing any federal action seeking relief or reporting the federal crimes. This order was then followed by an escalation

of previous acts by California judges and the Friedman law firm.

Exercising rights and responsibilities under federal law, I filed two lawsuits in the United States District Court in the District of Columbia,⁷³ naming as defendants the FAA, NTSB, the Justice Department, and Judge Milton Schwartz. In these lawsuits I sought to give testimony and evidence about the criminal acts I had uncovered; to obtain an order halting the violations of federally protected rights; to declare my rights in the five divorce judgments. These were being violated in the sham California “divorce” action and to declare as void the order voiding for me the many protections under the laws and Constitution of the United States. Each of these issues constituted a major federal cause of action requiring the U.S. District Judge to perform his duty.

U.S. Attorney David Levi and U.S. District Judge Milton Schwartz retaliated against me for having filed this action. Schwartz issued a March 1987 Order-To-Show-Cause (OSC) for me to appear in federal court at Sacramento on April 23, 1987, to explain why I should not be held in *civil* contempt for filing the federal lawsuits. Schwartz argued that I was in contempt of court for filing the federal action when his May 30, 1986 injunctive order permanently barred me from federal court access.

Two days before I was to appear, Judge Schwartz’s senior law clerk, Jo Anne Speers, telephoned me at my Nevada residence, devoting at least fifteen minutes convincing me not to personally appear, but to appear by legal counsel. “But the order requires that I personally appear,” I stated. Ms. Speers answered, “I talked to Judge Schwartz, and it was decided that you do not have to personally appear.” I later learned that Schwartz’ law clerk was lying and setting me up.

I told Speers that I didn’t have a lawyer, and she replied I should get any lawyer to appear for me, and that he didn’t have to know anything about the case. That last statement didn’t make any sense at all.

The reason for avoiding a personal appearance was that California Judge William Jensen had issued a bench warrant for my arrest, which was still in effect. Every time there was an appearance calendared for me, the Friedman group alerted the Solano County sheriff’s office. Sheriff deputies waited to arrest me.

“They’re setting you up!”

I stated to a friend in Reno, Laura Link (who formerly practiced law in California), what Judge Schwartz’s law clerk had stated. “They’re setting you up,” Laura stated. “Oh, come on,” I responded, “I know they’re a bunch of bastards, but they wouldn’t do anything that obvious.” Like most of the public, I was naive about the dirty tricks of federal judges and Justice Department lawyers.

I made some quick phone calls and Sacramento lawyer Joel Pegg agreed to appear for me. But when Pegg appeared on April 23rd, as Judge Schwartz’s law clerk suggested, Judge Schwartz already had a multi-page order prepared, charging me with *criminal* contempt for not personally appearing. Schwartz and his law clerk had set me up. Schwartz then ordered

⁷³ No. 86-2523; 86-2214.

me to appear in federal court on May 7, 1987, on a charge of *criminal* contempt, and warned that if I did not appear, a federal bench warrant would be issued for my arrest.

Arraigned on Criminal Contempt of Court Charges

I appeared on May 7th with lawyer Joel Pegg and was promptly arraigned, based on a criminal “information” filed by U.S. Attorney David Levi. (It is called an indictment when a grand jury is involved, and criminal information when the Justice Department prepares an indictment on its own.) The Justice Department charged me with a three-count criminal indictment; one for each of the lawsuits in which I sought to report, via federal filings as provided by Title 18 U.S.C. § 4, the criminal activities I discovered, and for seeking relief from the judicial acts taken to silence me.

Federal marshals marched me to magistrate Esther Hix, where I was officially charged with the purported offense of criminal contempt of court. I hadn’t realized that reporting federal crimes was an imprisonable offense. Justice Department lawyers sought to have me imprisoned in the federal penitentiary for 18 months. These acts were federal crimes. They inflicted harm upon me for having exercised rights and protections under the Constitution and laws of the United States and for having sought to report federal crimes committed by federal personnel.

High Flight Risk?

Assistant United States lawyer Peter Nowinski sought to deny me my freedom pending trial, arguing that my offenses made me a high flight risk, and that I had a record of not appearing in court. Magistrate Esther Hix asked why I was considered “a flight risk.”

“He failed to appear before Judge Schwartz on April 23rd, 1987,” replied assistant U.S. Attorney Novinski. This was the hearing at which Judge Schwartz’s law clerk stressed I should not personally appear and at which I appeared by legal counsel. The assistant U. S. Lawyer then argued that I failed to appear before California Judge William Jensen in Fairfield on May 9, 1986. That was the date when I appeared before Judge Schwartz, and could not physically be in two places at the same time. I had an lawyer appear for me in the California court at Fairfield, as permitted by law.

The United States Lawyer continued his lying to the court: “The government also has information that Mr. Stich kidnapped a grandchild from Texas and threatened his wife, with whom he was litigating, that she would never see the child again, if she did not terminate the litigation.”

That was a fabrication. One of my three daughters, Linda, moved to California from Texas, taking her two children with her. It was those children that I was supposed to have kidnapped. I had not communicated in any manner with my former wife for years, and certainly made no threats. Nor did I know my daughter was moving from Texas until she arrived. I would discover as years went by that it is normal practice for Justice Department lawyers to fabricate whatever lie is necessary to obtain a conviction and to support whatever order they want rendered.

Magistrate Esther Hix read my rights to me, as if I were a criminal, and warned me of the consequences if I tried to flee. For the prior fifteen years I

had tried to appear before federal courts to present evidence, and to now imply I might flee was a preposterous statement.

I was treated like a hard-core criminal in retaliation for reporting the crimes in which federal judges and Justice Department officials were implicated. After arraignment, and after signing a stipulation agreeing to a trial before a U.S. Magistrate, I was released on bail. I had to post a \$25,000 bond to insure that I would appear in court. I was then booked and my fingerprints and picture taken, like a common criminal. Unknown to me, there was still more trouble waiting.

Friedman Alerted the California Authorities

Waiting to arrest me and take me to Solano County jail were two sheriff's deputies from Solano County with a bench warrant for my arrest, rendered by California Judge William Jensen. Fortunately I had bail money handy, which I paid to the deputies. The deputies were apparently alerted either by the Friedman law firm, California Judge William Jensen, U.S. District Judge Milton Schwartz, or all of them together. At another time during a 1987 hearing in the California action, the Friedman law firm notified the Solano County sheriff's office that I would appear carrying a gun. This was part of the pattern of dirty tricks pulled throughout the eight years of litigation by the Friedman law firm. I was frisked for concealed weapons when I appeared in court.

Trying to retain some semblance of sanity, I had to occasionally joke about all of this. Because the Friedman law firm was heavily Jewish, as were most of the federal judges and Justice Department prosecutors that I encountered, I asked Laura Link: "Do you suppose if I told these bastards I was not of German descent, but of Austrian descent, they would pull back?" She responded, "That won't do any good. Austria was once part of Germany." This conversation was in a light vein, but as I discovered other patterns of corruption far beyond what I had discovered up to this date, I found an inordinate involvement of Jewish lawyers and the Mossad in these corrupt activities. As shown in later pages, the Mossad is involved in many of the criminal activities that inflict great harm upon the American people.

All of this commenced after my exposure activities threatened powerful people in key government and judicial positions, and United Airlines, and following a sham lawsuit that was absolutely barred by large numbers of state and federal laws and constitutional protections.

Kangaroo Trial

To avoid a Kangaroo Court trial, it was important that I receive a jury trial on the criminal contempt charge. Otherwise, I would be prosecuted by the Justice Department and tried by federal judges, who were the two groups most threatened by my exposure activities. The constitutional right to an unbiased tribunal would obviously be lacking.

During my initial arraignment, lawyer Pegg instructed me to sign a waiver to permit a trial before a U.S. Magistrate instead of a district court judge. That was a dumb thing to do, as the part-time federal magistrate was employed and retained only so long as he or she pleased my adversaries in the Justice Department and the federal judges. The saving grace was that the waiver contained a stipulation that I would receive a jury trial.

The Sixth and Seventh Amendments to the U.S. Constitution guarantee the right to a jury trial and also a trial before a fair and impartial jury. However, federal judges have ignored this constitutional protection for years, and the U.S. Supreme Court Justices have held that in federal court the right to a jury does not exist if incarceration does not exceed six months. Federal judges euphemistically call this long incarceration a petty offense. There is nothing petty about six months in prison, especially while a person's business, properties, home, assets, and maybe family, are lost.

U.S. Attorney David Levi sought to have me imprisoned for 18 months; six months for each of the three federal actions that were filed. Before the commencement of the trial, my lawyer reminded Magistrate John Moulds that a jury trial had been stipulated earlier. Assistant U.S. Attorney David Flynn responded that I wasn't entitled to a jury trial on the basis that he was lowering his requested prison term to six months from the originally requested 18 months. But that reduction in prison sentence had nothing to do with the written stipulation for a jury trial, which arose when I signed a waiver to proceed before a U.S. Magistrate.

Like every other right to which I was entitled during the past several years that right was violated. Magistrate Moulds denied me a jury trial, and the trial commenced without a jury. (September 16, 1987.) I had notified several of the news services and numerous radio and television stations in the San Francisco and Sacramento area of the government attempt to railroad me to prison for reporting the criminal activities that I had uncovered. Not a single one showed up.

Lawyer Pegg raised arguments that held I couldn't be found guilty, but omitted the hard-core constitutional violations associated with Judge Schwartz's injunctive order; the set-up by Judge Schwartz and his law clerk that converted the civil contempt into criminal contempt; the felonious⁷⁴ nature of inflicting harm upon a person for exercising rights and protections under law, and the felonious nature⁷⁵ of inflicting harm upon a person for attempting to report federal crimes.

"I find you guilty"!

Guilty of what? Trying to report federal crimes of his associates! Magistrate Moulds concluded the trial by declaring I was guilty as charged, setting a November 4, 1987, sentencing date. Lawyer Pegg then abandoned me,

⁷⁴ Title 18 U.S.C. § 241. Conspiracy against rights of citizens.

⁷⁵ Title 18 U.S.C. § 1512. Tampering with a witness, victim, or an informant

(b) Whoever knowingly uses intimidation or physical force, or threatens another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to (1) influence, delay or prevent the testimony of any person in an official proceeding: shall be fined ... or imprisoned ... or both. [1988 amended reading]

Title 18 U.S.C. § 1513. Retaliating against a witness, victim, or an informant. (a) Whoever knowingly engages in any conduct and thereby causes bodily injury to another person or damages the tangible property of another person, or threatens to do so, with intent to retaliate against any person for—(1) the attendance of a witness or party at an official proceeding, or any testimony given or any record, document, or other object produced by a witness in an official proceeding; or (2) any information relating to the commission or possible commission of a Federal offense ...

making no effort to submit briefs for reconsideration as provided by law⁷⁶ or for filing notice of appeals and appeal briefs. I felt that he did not wish to offend federal judges or the Justice Department, people with whom he would deal throughout his legal career.

Several months earlier, I was forced to seek refuge in Chapter 11 to protect my assets against the events taking place in the California courts; this matter has been addressed in a previous chapter. When Magistrate Moulds held me guilty of criminal contempt of court, Judge Robert Jones used this decision as the basis for seizing my assets of \$10 million. While in prison, these assets were looted and destroyed. My world was tumbling down upon me, a terrible price to pay for having exerted efforts to expose the escalating corruption within the federal government. I often thought that, if I had never taken the United Airlines assignment, and had not reported the pattern of hard-core air safety and criminal violations, my entire life would have been very different.

Rampant Constitutional Violations

After Pegg abandoned me,⁷⁷ I filed post-trial motions in *pro se* status, raising numerous defenses, none of which lawyer Pegg had raised, including:

1. The underlying injunctive order, voiding for me access to federal court and the statutory and Constitutional protections, was unlawful and unconstitutional.

2. It constitutes a federal crime to retaliate against a citizen for having exercised the right to federal court access, seeking declaratory and injunctive relief from the pattern of civil right violations judicially inflicted. The prosecution and judgment holding me guilty constituted a criminal act under Title 18 U.S.C. § 241.

3. It constitutes federal crimes under Title 18 U.S.C. §§ 1512 and 1513 to prosecute and hold a person guilty of an imprisonable offense in retaliation for having reported federal crimes or having sought to do so.

4. I would have been guilty of a federal crime under Title 18 U.S.C. § 4 if I had *not* reported the federal crimes, which I sought to report through the federal filings that were used as the basis for the criminal contempt of court charges. It complied, and was then charged with criminal contempt of court.

5. The injunctive order barring me from federal court reversed the federal criteria for rendering such an order, which is intended to protect a person suffering great and irreparable harm, and not to deprive the person suffering this harm, the relief available under law.

6. The underlying injunctive order fraudulently sought support by placing a “frivolous label” on the underlying lawsuit (86-0210 MLS). The major federal causes of actions stated in that action couldn’t possibly meet the legal definition of a “frivolous action.”

7. Federal case law provides that a person cannot be charged with

⁷⁶ Motion to alter or amend, Federal Rule of Criminal Procedure 60.

⁷⁷ While Pegg was abandoning me, my other lawyer, Joshua Landish, was sabotaging me in Chapter 11 courts by secretly dealing with my adversaries and then requesting the court to seize my assets and begin a fire sale liquidation.

criminal contempt for exercising a right that would otherwise be lost and that, if I did not file the action, I would lose my right to relief.

8. A federal judge lacks authority to force a person, who knows of federal crimes, to violate federal crime-reporting statutes by remaining silent.

9. A party cannot be punished for contempt when the injunctive order is on appeal. Judge Schwartz admitted this fact in an order he rendered on November 13, 1987:

This court lacks jurisdiction to entertain the motion for contempt since the underlying judgment in this case rendered by this Court is currently on appeal. The Ninth Circuit follows the general rule with some exceptions not relevant here, that the filing of a proper and timely notice of appeal divests the district court of jurisdiction over those matters that are not on appeal or subject to the appeal.

Making reference to the verbal order, Judge Schwartz made a written order on December 9, 1987, making reference to the applicable federal law,⁷⁸ stating in part:

The Court denies the Motion of Defendants, Jensen and Superior Court of Solano County for an Order Adjudging Plaintiff in Contempt,...because it is this Court's conclusion that it lacks jurisdiction to entertain the motion since the underlying judgment in this case rendered by this Court is currently on appeal.

This holding and the law cited made the contempt proceedings before magistrate Moulds illegal and without jurisdiction. But Moulds continued the contempt proceedings and ordered me incarcerated on November 4, 1987. Under federal law I had a statutory *right* to a stay of imprisonment pending appeal if the appeal raised any arguable issues of fact or law.⁷⁹ I obviously had many arguable issues.

But Moulds refused to grant me bail, arguing that he did not think the Court of Appeals would vacate his judgment. Federal case law⁸⁰ made it plain that bail cannot be denied on the belief by the judge who rendered the judgment that his decision would be upheld. Otherwise, granting bail would depend upon the judge rendering the judgment believing his judgment would be overturned on appeal.

I filed a motion for stay of prison sentence with District Judge Raul Ramirez, pending appeal of the judgment and sentence. Ironically, it was Judge Ramirez's unlawful dismissal of the first federal action seeking relief in 1984 that made possible the escalation of the judicial civil right violations against me. Ramirez also denied bail, holding that he didn't think the judgment would be overturned.

Supreme Court Justice Anthony Kennedy as Co-Conspirator

Shortly before Christmas 1987, the Ninth Circuit Court of Appeals at San Francisco rendered a decision on my appeal of the sentence. The three

⁷⁸ *Donovan v. Mazaola*, 761 F.2d 1411, 1414, 1415 (9th Cir. 1985); *Matter of Thorp*, 655 F.2d 997, 999 (9th Cir. 1981).

⁷⁹ Title 28 United States Code section 3143.

⁸⁰ *U.S. v. Hurst*, 424 F. Supp. 318 (9th Cir. 1978).

judges, James R. Browning, Alex Kozinski, and Pamela Rymer, turned down my appeal without addressing a single one of the many defenses that I raised. Incredibly, they approved each and every judicial violation inflicted upon me by the California and federal judges. They approved the judicial voiding of all federal remedies.

They approved the imprisonment that constituted prima facie evidence of felony retaliation for trying to report the federal crimes that I had discovered. They approved the obstruction of justice tactics, and the many other wrongful judicial acts. The implications of this judicial mindset were extremely serious. Without addressing a single issue that I raised in the appeal briefs, which they should have done, the Court of Appeals judges simply stated: "The judgment is affirmed."

I quickly filed a petition for writ of certiorari with the United States Supreme Court. In my written arguments, I raised the pattern of judicial suspension of civil rights and the criminal implications by Ninth Circuit judges, their obstruction of justice, their felony persecution of whistleblowers, and reminded the Supreme Court Justices of their supervisory responsibilities over these judges. Aiding and abetting these acts by judges over whom they had supervisory responsibilities, the Supreme Court Justices upheld this misconduct, becoming co-conspirators with the criminal acts that I sought to expose.

I was ordered to turn myself in on January 14, 1988; I had to act fast. Over the Christmas holidays I prepared a petition to Ninth Circuit Court of Appeals Justice Anthony Kennedy (before he became a Justice of the United States Supreme Court). I worked feverishly on Christmas Day to finish the petition for submission to Kennedy the following Monday. Kennedy had testified at great lengths during his televised Senate confirmation hearing for appointment to the Supreme Court, expressing repeated concerns for due process, constitutional safeguards, respect for privacy. Kennedy denied me relief. His conduct violated numerous criminal statutes, including obstruction of justice, aiding and abetting, accessory before and after the fact, misprision of felonies, fraud, conspiracy, and other crimes. The same applies to the other judges described within these pages.

Judge Kennedy was already involved in the corruption I sought to expose. He was on the appellate panel that heard my appeal of the district court's dismissal of the 1974 federal action against the Federal Aviation Administration. Kennedy knew the consequences of cover-up, as several major air tragedies associated with the air safety corruption followed his decision upholding the district court's dismissal of my action. That action sought to report to a federal court the federal crimes I discovered, as a federal investigator, at United Airlines and within the FAA that were associated with a series of air disasters.

After Justice Anthony Kennedy denied the emergency request, I filed a second motion for stay-pending-appeal with Judge Ramirez. When I appeared before Ramirez on February 16, 1988 on the motion, he delayed rendering a decision, continuing the matter until March 4th, 1988, the date I was to be imprisoned. I asked Ramirez to grant a continuance of the incarceration date to permit me to request a stay of the prison sentence pending

appeal from the United States Court of Appeals, if he denied my motion. Ramirez assured me that I could request a stay from him on March 4th, implying that he would stay the sentence.

I was at a serious disadvantage by appearing without legal counsel. The Justice Department and federal judges seized all my assets (as discussed in earlier pages), and I was without funds to hire legal counsel. I was entitled to appointment of legal counsel, which I requested. Judge Ramirez appointed federal public defender Carl Larson to represent me. But instead of representing me, Larson acted as damage control for the corrupt judges and Justice Department. Every action he took was to protect the system of corrupt judges and Justice Department lawyers and defeat my remedies in law. I discovered over the next five years that this type of legal representation by court-appointed federal defenders (protection of government corruption) occurs in almost every instance.

Larson made no effort to prepare a defense to the multitude of issues that made the guilty verdict a gross miscarriage of justice. He took the position that I was guilty and advised me to prepare for prison. He refused to request a stay of prison sentence pending appeal, a statutory right in federal law. He refused to file any post-conviction motions or to file an appeal. He protected the corrupt system, and became criminally implicated himself.

When Larson learned that I was to appear as a guest on a talk show on government corruption, he became furious and ordered me not to appear. I, of course, ignored him. I finally dismissed Larson and appeared in pro se status so as to file my own briefs raising the important defense issues. Larson refused to raise any of them, protecting the federal judges and Justice Department lawyers with whom he would be working throughout his legal career.

“Bailiff, do your job!”

I appeared before Judge Ramirez at the March 4, 1988 hearing without benefit of legal counsel, expecting to receive a stay of the prison sentence pending appeal. Instead, Ramirez denied my request and ordered, “Bailiff, do your job.” Two husky marshals seized me and led me to a dirty prison cell in the basement of the federal building, where I was stripped of all my belongings. Handcuffs and leg irons were put on me.

The U.S. Marshals led me to a van in leg irons and handcuffs and transported me to a county jail at Yuba City, California, in what would be one of several prisons for the next two months. Driving up to Yuba City, I passed the motel that I owned, Tahitian Gardens. Staying at the motel was my friend Edith Armstrong, whom I hadn’t been able to visit for the past two years because of California Judge William Jensen’s bench warrant for my arrest.

No matter how bad life became, it always seemed to get worse, at least for the first month of my imprisonment. Twenty-four hours a day you sit, eat, sleep on a thin, filthy mattress, if you are lucky to have one, and eat under filthy conditions. Life becomes meaningless. I was shocked that this could be happening in America. Life continued to get worse for me.

There was also another possible reason for my incarceration. I was re-

covering from open-heart surgery in which I received six coronary bypasses, and any stress could constrict them and result in a heart attack and possibly death. My death would seemingly end the threat of exposure to those implicated in the various segments of the criminal activities described within these pages. There was no one else with the evidence and the willingness to continue the fight.

While I was in prison and unable to defend myself, the Friedman law firm obtained from California judges on July 28, 1988, at Fairfield, a sham divorce judgment that stripped me of the properties that I had acquired during 22 years of divorced status. This order was rendered even though there was no legal marriage and no jurisdiction.

Debate With ACLU While in Prison

My contact with the outside world while in the Sutter County jail was by mail and a telephone in the crowded cellblock. Each prisoner was limited to a scheduled fifteen-minute call. During a late evening phone call from the prison cell, a friend advised that she arranged an appearance for me on radio station KOH in Reno, hosted by Fred Taft. I was to phone the station collect the following morning, and would be on the air for an hour.

In the meantime, Taft arranged that the executive director of the Nevada ACLU, Shelley Chase, would be on the show. On an earlier show, my friend revealed how the ACLU had refused to help me defend against the onslaught of civil right violations, while soliciting money from the public to uphold these protections. Ironically, the Friedman law firm was a key member of the San Francisco ACLU.

I told my friend that it was highly questionable whether I could be on the talk show since I was confined in prison, in a crowded cell, with 16 other prisoners, and limited to a single 15-minute telephone conversation. I explained the situation to the other prisoners, some of whom were bank robbers and drug dealers, explaining that I had the opportunity to debate with the ACLU. The prisoners encouraged me to get on the show. Everyone waived their scheduled telephone schedule so I could make the one-hour talk show possible. Of course, the prison officials knew nothing about it. If they had, they would have put an immediate stop to it.

There were some unusual sounds during the show. Clanking of cellblock doors, screaming of prisoners, and a fight ensuing a few feet from the telephone. During this talk show, Chase defended and upheld the civil right violations perpetrated by Justice Department lawyers and the California and federal judges. This is the same ACLU to whom I reported for the prior twenty years the ongoing criminal activities that were implicated in a series of air disasters.

Host Fred Taft expressed outrage over the government conduct on two prior shows, relating the government abuse of his cousin by the IRS and his subsequent imprisonment on a tax charge. But during this show Taft changed his colors. He upheld the ACLU's position, causing me to wonder if the station had been pressured by government officials to support the actions taken against me.

Start of Diesel Therapy

After spending several weeks in the bleak conditions of the Sutter

County jail, I went on the “ Diesel therapy” route, being transferred from prison to prison. I was transferred to the infamous old Sacramento County jail, where filth, overcrowding, and inhuman conditions took on a new meaning. I wondered how it compared to the infamous Devil’s Island Prison. During the frequent changes in prison, I once found myself in a cell with 12 bunks, occupied by over 30 people, with hardly room to sit down. It resembled a cage with animals packed tightly together.

You spend every minute of the day or night sitting or sleeping on the concrete floor, unless you are lucky enough to have a thin mattress for sleeping. The stench of the dirty mattresses was sometimes unbearable. In the Sacramento jail, the open toilet was positioned along a glass wall with constant passing of male and female guards, without any screening or privacy. Many of the prisoners looked as if they hadn’t washed or changed their clothes in weeks. They resembled something out of a horror story. Food came in unsanitary containers that resembled feeding time in a dog kennel.

Silencing Techniques in Prison

Diesel therapy is one of many tricks used by the Justice Department to break a prisoner, keep him from his legal counsel, *if* he had counsel, and keep him from communicating with his family or friends. It is common practice in the federal prison system to move prisoners from prison to prison for weeks at a time, the prisoner being “lost” for all practical purposes. After Judge Ramirez ordered my incarceration, he sought to keep me in the county jails where there was no access to legal facilities, thus keeping me from filing legal papers to obtain my release.

Brutality of Prison

Prison has its own peculiar sounds. The constant slamming of heavy metal doors, night screams, fights in the cells, living, eating, and existing like caged animals. Many prisoners respond accordingly. There is no privacy. Prisoners sleep in crowded inhumane conditions, often within a few feet of a dirty, seat-less toilet used by dozens of occupants. Modesty doesn’t exist.

Anyone who hasn’t been in prison doesn’t know the degradation and the humiliation that goes with it. The first thing that happens is that you are handcuffed, a chain put around your waist and connected to leg irons.

Prisoners are stripped of all belongings, including their watch, rings, and identification, and then put into holding cells. The filthy toilet conditions indoctrinate you to what is yet to come. Fingerprints and mug shots are repeatedly taken at every new jail or prison, and you are stripped naked and subjected to embarrassing body-cavity examinations. Smelly and overcrowded prison cells become routine. The smell of urine and God knows what else is overpowering. One’s appetite is easily lost.

Broken, Lonely, Dying Men

Under these conditions, broken, lonely, and dying men are found in the medium and high-security prisons. Torn from their families, some for twenty and thirty years, or forever, their lives literally come to an end. There are no hopes, no plans, nothing. In the cases of those framed by the Justice Department lawyers, it is especially pathetic that this could happen in the so-

called land of liberty and justice!

I looked at the scribbling on prison walls made by deranged, dejected, and morbid prisoners. Despite the overcrowding, it is terribly lonely, and all meaning to life appears lost. For many, all hope was gone. Under these conditions, a day or a week seems forever. It gave me an entirely different perspective of people in prison and of those who have corrupted our government. Many of these people in prison were railroaded by corrupt Justice Department prosecutors and prosecuted for offenses far less onerous than committed by those making the charges and sentencing them to prison.

Personal Cost to Me of United Airlines and FAA Corruption

My entire life passed before me. I thought of those I loved, and those few people who helped me. I thought of those who didn't seem to care. I thought of the lawyers I hired to defend me, who then conspired with my judicial and Justice Department adversaries. I sometimes wondered what part United Airlines officials played in these events, thinking of how General Motors secretly went after Ralph Nader when he wrote the book, *Unsafe At Any Speed*.

“My God, this can't be!”

Many times I thought to myself: “My God, how can this be happening to me! This can't be!” I couldn't believe that what started out with discovering deadly air safety and criminal violations at United Airlines could have such devastating consequences for me. I thought of people who perished in some of the airline crashes closely connected to the corruption I had first found in the aviation arena, and I wondered who suffered the most. I was still better off and had the chance to fight on while, for air disaster victims, it was all over.

How could I be in prison for refusing to commit the crime of cover-up? Where was the media, the so-called protectors against government tyranny? Where was Congress? I sent out hundreds of flyers before leaving for prison, notifying these parties that had a check and balance responsibility. I appealed to the ACLU, the Ralph Nader group, civil rights groups, and other checks and balances. Every single one refused to help, choosing instead to aid and abet the criminal subversion of our government.

It was all so incomprehensible. I had been financially well off. I had a good life. I had a reputation throughout the United States as an air safety activist, and suddenly I found myself in prison and stripped of the assets I worked for the past twenty years to acquire, all because I felt a sense of responsibility. How stupid I was! I kept thinking that this must be a dream and I'll wake up, and it will all be over. But that never happened.

Prison life is especially hard on older persons. Medical care that exists in theory is incredibly bad in practice. Heart attacks receive virtually no priority, and a dying person suffering a heart attack can linger for hours before being taken to medical facilities. Often it is too late. Older persons have various medical problems that prison life aggravates, and they become prey to young bullying inmates.

Element That Find Prison Satisfying

There is a certain element in society that finds prison life, especially in federal prison, satisfactory. They need not worry about housing or food and

have the company of others either like them, or others that they can prey upon. This is the type of individual that will never cease his criminal ways because of the possibility of imprisonment.

Suicide

Sometimes I just wanted to die. The strain of all this was getting to me. Flung into prison, things looked bleak. Everything was accumulating. The years of judicial persecution, the loss of my home, my business, my assets, the humiliation, the character assassination, the loss of privacy, and the hopelessness. There is only so much a person can stand. It caused me to think more than once of ending it all. I had been through World War II as a Navy pilot in the Pacific; I had flown for almost fifty years, experiencing all types of aircraft emergencies; I had been caught in Iranian revolutions. All of these stressful conditions put together did not equal the fear that I now experienced. God bless America, where millions of naive Americans recite "with liberty and justice for all," as if it existed!

I looked at the plastic bags used for laundry and other purposes and thought how peaceful things could suddenly become if I slipped me over my head, ending the misery. The primary things preventing me from doing such a thing was the hope that I could expose the corruption in government and somehow motivate the American people to exercise their responsibilities. What a dreamer I must have been.

Justice Department Corruption

While in prison, I learned about other areas of corruption by Justice Department personnel and the harm inflicted upon the American people. I had already seen this misconduct for years, but I discovered areas beyond my earlier comprehension. I found many people in federal prisons who were either falsely convicted or who suffered longer prison terms because of lying by Justice Department lawyers. These lawyers are given bonuses for a high conviction rate, motivating this sordid group to send innocent people to prison. Justice means nothing to them, as they seek a high conviction rate, guilty or not.

There are many persons in prison for non-violent crimes who are there because of a lying U.S. Attorney. I got a taste of this lying several times as the U.S. Attorney objected to my release pending appeal, and to incarcerate me for longer periods of time. I heard many stories from inmates who admitted the crimes they committed, but related the fraudulent planting of evidence by Justice Department lawyers that resulted in far greater punishment.

Traveling in Chains

From the old Sacramento County jail, I was transported in chains to several other prisons. For as long as twelve hours at a time, I was chained and shackled, unable to properly feed myself or to use the toilet. I ate in the back of crowded prison wagons, stopping at fast-food places for hamburgers. For toilet facilities, we stopped at service stations and were paraded before the public in chains and leg irons. People probably wondered what type of heinous crime we had committed.

Eventually I reached Terminal Island Federal Prison at Long Beach. Approaching the prison, I could see the tourist attractions that I had visited dur-

ing happier times. I used to visit these same areas when I appeared on radio and television shows as an air safety activist. To stop these activities the government-funded corruption had me in the same areas, now in chains. How times had changed.

The federal prison at Terminal Island reminded me of pictures I had seen as a child of Sing Sing and Alcatraz. Standing at the bottom of the four story building in unit "J1," all I could see was cell block after cell block four stories high. It was an eerie sight.

After a couple of weeks at the harsh Terminal Island prison, I was transferred to the Federal Prison Camp at Lompoc, California, where some of the nation's prominent government officials were confined, including former U. S. Attorney General John Mitchell, Wall Street financier Ivan Boesky, and others. Boesky and I worked together on several prison details while I was at Lompoc. The living conditions there were markedly different, but I was still suffering the humiliation, the loss of my liberties, and other protected rights that the public takes for granted.

During these prison stays I met numerous people who were formerly employed by the Central Intelligence Agency as operatives or contract agents who described to me the inner workings of this so-called intelligence-gathering agency. I learned about the CIA's looting of America's financial institutions, about the CIA's drug trafficking within the United States, and other criminal activities. These former CIA people had no ax to grind as they described the work they had been ordered to do and how they were silenced by Justice Department prosecutors and federal judges. Much more about this in later pages.

At the Lompoc Federal Prison Camp legal supplies were available, making it possible for me to file legal briefs and contact members of Congress. None answered. I should have known. I had reported the air disaster related criminal acts to them for the past twenty-five years with no response.

While I was in prison, the court appointed another lawyer to represent me, Sacramento lawyer Clifford Tedmon. He was as bad as every other one I had. He wouldn't file any papers to obtain my release pending appeal. I filed my own motion for release pending appeal on April 13, 1988, addressed to the Ninth Circuit Court of Appeals at San Francisco.

At the same time, Reno talk show host Fred Taft called in on the nationally syndicated Owen Spann show in San Francisco and reported my predicament. It is very possible that the federal judges hearing my motion heard this talk show. The next day (April 16, 1988), the Court of Appeals ordered me released pending a decision on my appeal.

But the Justice Department's Bureau of Prisons refused to release me. I didn't even know of the release order until four days later, when I called Tedmon from inside the prison camp at Lompoc, and he was surprised that I had not been released. I then went to the prison authorities and they stated they couldn't find me. Can you comprehend a prison with checks of the occupants occurring seven times a day, unable to find me?

Immediately after the Court of Appeals rendered the order for my release, Justice Department lawyers submitted a motion seeking to void the order. The Justice Department lawyers again misstated the law, arguing that

the Court of Appeals lacked jurisdiction to order my release. They argued that I had not filed a notice of appeal of the March 4, 1988 order by Judge Ramirez denying my motion for release pending appeal and that the court lacked jurisdiction to release me.

But the law clearly stated that only one appeal need be filed, which I had done. With that filing, the Court of Appeals had jurisdiction to render any order associated with the appeal, including an order releasing me. Justice Department lawyers were apparently desperate to keep me in prison. I posed the threat of exposing them if I were appeared as guest on radio and television shows. (By then, radio and television stations and their hosts were already avoiding guests exposing government corruption.

Warm Letters from Concerned Citizens

Waiting for me at home was a letter, similar to many others I had received over the years, that was heart warming. Oddly enough, it was from a former United Airlines management official. The letter stated in part: "Many times I've thought about Rodney Stich and his identification with John the Baptist crying in the desert, but you do make a difference and without you whistle blowers our world gets completely out of synch, so don't ever give up, because you do make a tremendous difference!"

Constant Bad News

The freedom didn't last long. On February 26, 1990, I received a notice from the Ninth Circuit Court of Appeals turning down my appeal, upholding each of the unlawful and unconstitutional acts that I brought to their attention. I quickly filed a petition for rehearing with each and every judge in the U.S. Court of Appeals in the Ninth Circuit, called an *en banc* request, and each and every one of them denied my petition.

Seeking Relief from Supreme Court

I quickly filed a petition for writ of certiorari with the U.S. Supreme Court, seeking to halt my imprisonment. And again these nine Justices approved the pattern of corrupt activities perpetrated by judges over whom they had supervisory responsibilities. They refused to grant relief, thereby upholding the pattern of criminal and civil rights violations perpetrated by judges over whom they had supervisory responsibilities.

Public Indifference to These Crimes

While waiting to hear about my appeal, I appeared as guest on many radio shows, explaining the corruption that I found and which I sought to report and correct, under the authority of several federal statutes. I brought out the outrageous nature and judicial civil rights violations, and the implications of sending a concerned citizen to prison for having sought to report serious federal crimes.

Back to Prison On July 22, 1990

On July 22, 1990, I again appeared before U.S. District Judge Raul Ramirez for a hearing. I attempted to discover ahead of time the nature of the hearing from Ramirez's law clerk but was told they didn't know. This was a lie. When I appeared before Ramirez, he ordered the U.S. Marshal to seize me. The Marshal put handcuffs and leg irons on me and transported me first to the Sacramento County jail, followed by several weeks of transfer from

prison to prison in the western part of the United States.

The Jacobson Murder

Immediately prior to this second incarceration, a San Francisco lawyer, Dexter Jacobson, with whom I had previously discussed the Chapter 11 corruption, was killed. Jacobson was to present evidence to FBI agents in San Francisco on August 20, 1990, relating to corruption that he had discovered among Chapter 11 judges, trustees, and law firms. This is discussed in more detail in other pages.

Solitary Confinement

An activist in the San Francisco Bay Area, Virginia McCullough, notified the California prison authorities that I might meet the same fate as Jacobson. This warning caused me to be placed in solitary confinement for six weeks. It is difficult to convey to someone who has never been imprisoned how difficult it is to be in solitary confinement for weeks at a time.

Solitary confinement is being locked into a small dimly lit cell, unable to talk to anyone for days at a time, with your meals slipped into a slot in the door. Rarely is there any reading material. A person in these conditions must sit and stare for hours and days at a time. In my case, this was particularly distressing. I had a full life, I was a multi-millionaire, had two airplanes, a luxurious home, a house at Lake Tahoe, for which I worked hard, and now corrupt government employees were taking it all. The same systems in government entrusted to protect these outrages were perpetrating them, and then retaliating against me for exercising lawful defenses.

It is difficult to express the horror of such an experience without suffering through it, day after day, for what is now fourteen years, and continuing.

The same group of judges and Justice Department lawyers who fraudulently imprisoned me were concurrently looting my life's assets, converting me from a multi-millionaire to a state of poverty. My business, my home, my assets, were all being distributed among those who helped inflict upon me the pattern of government-financed civil right and criminal violations. This horror and the criminal misconduct that it represented were possible because of the criminal aiding and abetting by the Justices of the Supreme Court, the entire Senate, much of the House, and the establishment media.

During this second period of imprisonment, I was eventually transferred to the Federal Prison Camp at Boron, California, where I met several former CIA contract agents who made me aware of a much larger pattern of criminal activities in areas of government to which I had not been exposed.

If my efforts ever succeed in waking up the American public and motivating them to act, then this imprisonment may have a redeeming value.

Hundreds of hours of face-to-face conversations with these former CIA people provided evidence about government corruption that enlarged upon what I found as a federal and then private investigator, and victim. Without the benefit of these CIA contacts, I would never have discovered the links between the various criminal enterprises run by federal officials. These contacts helped explain the corruption that I had discovered in the federal courts and in the Justice Department.

I was to have been released on November 23, 1990, after serving the six-month prison sentence. But Justice Department prosecutors and federal

judges had not finished their dirty work on me. Two weeks before I was to be released, U.S. District Judge Marilyn Patel in San Francisco signed an order keeping me in prison and transporting me to the federal prison at Pleasanton, California. The charge? I had filed a federal action⁸¹ in Chicago seeking relief from the corrupt seizure of my assets by Ninth Circuit judges and trustees, and reporting the criminal activities I discovered in Ninth Circuit Chapter 11 courts.

I had named Chapter 11 embezzler Charles Duck as one of the defendants. Patel held that the exercise of these federally protected rights constituted criminal contempt of court. She had me incarcerated without a hearing, and without any jurisdiction over me. She sought jurisdiction on the basis of a civil action that I had filed against California court of appeal judges in 1986, which she unlawfully dismissed in 1987. Once an action is dismissed, the judge has no jurisdiction over the parties. But this didn't bother Patel any more than the other judicial outrages bothered the Ninth Circuit Court of Appeal judges or the numerous District Judges that had become implicated in the criminal activities.

While subjecting me to the harsh prison conditions, Oakland, California federal Judge Edward Jellen ordered my home put up for sale, and this was carried out by trustee Jerome Robertson (Los Altos, California) and his Palo Alto, California law firm of Murray and Murray. They gained access to my home, and over 500 floppy disks on which I had sensitive records were either erased, or erased and valueless files substituted. These files contained information about the corruption described within these pages, legal briefs to be filed, and years of legal research that addressed the judicial and Justice Department corruption that I encountered.

**A Fortuitous Encounter That Backfired on the Scheme
To Block My Reporting of Criminal Activities**

Leaving Lompoc in chains, I was again on the prison circuit diesel therapy, going from prison to prison, until I eventually ended up at the Federal Correctional Center at Dublin, California. I arrived at Dublin simultaneously with a high-ranking deep-cover CIA operative, Gunther Russbacher. This meeting started a relationship that made me privy to government corruption far beyond what I had already discovered.

Russbacher held a high covert position within the Central Intelligence Agency and was a warehouse full of insider information about corruption that is beyond the wildest imagination of the average uninformed American citizen. Russbacher and I hit it off well, possibly because we were both pilots and both of us had received our Navy wings at Pensacola, Florida.

On December 10, 1990, I appeared in U.S. District Court at San Francisco and was charged by U.S. Attorney Anthony Russoniello with criminal contempt of court,⁸² based upon the charges initiated by Judge Patel, and arising from the action I filed in Chicago. A lawyer practicing in Berkeley, California was assigned to defend me. He promptly followed the standard

⁸¹ U.S. District Court, Chicago, CV 90-2548.

⁸² *USA v. Stich*, N.D. Cal. No. 90-0636 VRW.

pattern of sabotaging my defenses, refusing to file any papers in my defense and refusing to return phone calls. This is typical of court-appointed (or even hired) lawyers when Justice Department employees and federal judges have a strong interest in finding the defendant guilty. The case was assigned to Judge Vaughn Walker, who proceeded to protect the criminal activities that I had uncovered.

I was released on bail but limited in my travels to a small section of the state of California and to Nevada. Five years later, in 1995, I was still confined to this small area while waiting a non-jury trial on the charge of criminal contempt of court for having sought to report criminal activities in the bankruptcy courts and seeking relief through a 1990 federal lawsuit.

In May 1991, after discovering additional government corruption described in the following pages, I filed a declaration in my action putting the court on notice of these criminal activities. I attached to my declaration partial transcripts of sworn declarations given to me by deep-cover CIA operative Gunther Russbacher, describing the criminal activities related to a scandal known as October Surprise. The filing of that declaration appeared to halt further judicial and Justice Department retaliation against me.

Other Lawyers Took Advantage of the Judicial Attacks

California lawyers, aware of the suspension of my legal rights, zeroed in like vultures to strip my assets clean. Two California lawyers, Maurice Moyal and Edward Weiss, and California Judge Edward Flier took advantage of the judicial attacks and the voiding of my legal remedies and access to the courts. Knowing that I was to be incarcerated on July 22, 1990, the lawyers calendared a hearing in the Superior Court, Contra Costa County to have my cross-complaint against them dismissed and to obtain a default judgment against me for \$500,000. They knew I could not appear to defend myself.

After I was released, I filed a complaint against the lawyers and the judge for fraud and other causes of action and sought to have the default judgment vacated. The developing judicial scandal was known throughout the California judicial system, and it was important that I never prevail in the courts. Otherwise, it was possible that the lid on this can of worms would be pried open. Further, Moyal, and Weiss had played a role in helping to inflict financial and other harms upon me, and any lawyer assisting in the underlying attacks upon me were protected by the system composed of state and federal judges and the legal fraternity. Contra Costa County Judge Ellen James at Martinez dismissed my action, continuing the ten-year-pattern of judicial gridlock. I filed an appeal, and it was assigned to the same three judges in the California Court of Appeals who played a key role throughout the corruption in the California courts.

But this wasn't all. Without any hearing, U.S. District Judge Vaughn Walker, playing a key role in the latest attempt to have me imprisoned for exposing the escalating criminal activities, rendered an order⁸³ in a federal case that he opened on his own initiative. In this order, Walker ordered me to pay financial sanctions to the lawyers who had assisted in the attacks against

⁸³ Stich v. State of California, C-93-0027- MISC-VRW.

me, Moyal and Weiss, and then entered an order barring the clerk of the court from filing any federal actions presented by me until such actions met the approval of “a Judge of this court.”

Anyone can do anything they want to me, in gross violation of state or federal law, and I am totally stripped of the defenses under our form of government. Anyone who thinks these corrupt judicial acts do not affect them should awaken to reality. The U.S. Department of Justice has a Civil Rights Division whose responsibilities are to uphold and protect the civil rights as articulated in the Constitution and laws of the United States. Obviously, they have corrupted their role and misused their power to cover up for epidemic corruption within the government of the United States.

Federal judges have a sworn duty to uphold the laws and Constitution of the United States. Their actions, as described in these pages, are clearly to destroy these protections. If they can do this to me, they can do it to you, and they are doing it to many other people. They get away with it because of the orchestrated cover-up and disinformation of the establishment media. There isn’t much time left for the American public to wake up and rebel against this judicial and Justice Department tyranny.

Man Without a Country

In the fictional story written by Edward Everett Hale, *The Man Without A County*, the fictional Philip Nolan was stripped of his constitutional rights and protections. An army colonel, acting as a military court, sentenced him to banishment from the United States, imprisoning him for life on a naval vessel.⁸⁴ The suspension of my civil and constitutional rights—in the effort to silence me—was perhaps even worse than that suffered by Nolan.

I lost every relevant right and protection under the laws and Constitution of the United States and of the state of California. Those paid and entrusted to uphold the law viciously persecuted me for exercising the defenses in law. I was stripped of my life’s assets, my ability to earn income—and my ability to expose the sordid government-funded misconduct that played a key role in many air tragedies.

After each violation of my protected rights occurred, I exercised the remedies provided by law, seeking relief. Each time I did, federal judges dismissed my actions without a hearing or trial in gross violation of constitutional due process and equal protection, and in gross violation of specific statutory and case law. Every time I sought relief from destruction of my personal and property rights arising from some violation of law, federal judges called me a frivolous and vexatious litigant for objecting to the outrages committed by the litany of lawyers from the Justice Department

⁸⁴ The fictional Philip Nolan, an army officer, was tried with numerous other officers for cooperating with the unauthorized military exploits of military commander Aaron Burr. Before sentencing, each officer was asked to make a statement. Nolan, tired of the military life and dirty politics, stated: “Damn the United States! I wish I may never hear of the United States again.” The military officer acting as judge (fictional Colonel Morgan) ordered Nolan placed on a U.S. Navy ship, never to see or set foot on the United States again, or to hear the words, “United States.” Constitutional freedoms and protections were ignored during this fictional novel. The officers in charge of him during fifty years knew him as “the man without a country.”

rages committed by the litany of lawyers from the Justice Department and federal judges. Thereafter, the previous frivolous and vexatious decisions were used to dismiss subsequent actions.

Absence of Any Public Concern

Prior to going to prison for having exercised statutory and constitutional defenses, and attempting to expose government corruption that was inflicting great harm upon the American public, I appeared as guest on many radio shows, describing the government tactics to silence me. I also wrote letters to many members of Congress. Not a single person came to my rescue, despite the gravity of the implications and the responsibility of many to have intervened.

Lawyers, who had the training and the opportunity to protect constitutional safeguards, did nothing. Members of Congress with an oversight responsibility did nothing. It started proving to me what a fool I had been to show concern and a sense of responsibility.

Remember the Prime Motive for These Acts

It is important for the reader to understand that these actions against me, misusing government offices and government power, were intended to halt my exposure of criminal activities that I and a group of other government agents had discovered. The first area of corruption that I discovered was in the government's aviation safety offices, which had caused and made possible some of the nation's worst preventable airline disasters. Further, that aviation disasters yet to occur were made possible by their actions against me. In addition, the criminal activities that we had discovered and sought to report, which caused the attacks upon me to increase, were inflicting even greater harm upon national security and then lives of people in areas other than the aviation environment.

Major Point—Resulting in Many Deaths—Must Be Recognized

It is of utmost importance that the reason for these attacks upon me must be recognized. Not because they were inflicted upon me. Rather, why they were inflicted. They were inflicted to halt my exposure of corruption and criminal activities in government offices, starting with the deep-seated corruption in the government's aviation safety offices.

It has already been seen how the underlying corruption—and cover-ups—resulted in many deaths. But these hundreds, and even thousands of preventable deaths over the years, paled in comparison with the deaths that would occur at a later date, on September 11, 2001, as the conditions associated with the corruption and the cover-ups made possible the seizure of four airliners by 19 hijackers on that fateful day. Along with these deaths were the many other peripheral consequences that could otherwise have been prevented.

Blatant Due Process Violations and Cover-Ups

I was judicially denied all legal and constitutional due process and access to justice, which was outrageously unlawful and unconstitutional. I felt that I had to make a judicial record by filing federal actions against those from whom federal law gave me a cause of action. I filed the actions on the basis that federal filings were examined by the media, and in this way there was a chance that the media would report these charges. (Instead, the media covered up.) There were several reasons for filing.

Federal law provides that any person in the United States can file a federal lawsuit seeking a declaratory judgment to establish his personal and property rights when they are under attack, as mine were in the sham California action. Federal law also provides that a person can file a lawsuit seeking injunctive relief to halt judicial actions by state judges who violate federally protected rights. Federal law also provides for seeking damages against those who violate these federally protected rights.⁸⁵ In addition, federal criminal law requires a person to report federal offenses to a federal court or other federal tribunal to avoid being charged with the crime of misprision of a felony.

Every action I filed contained multiple federal causes of action involving violations of rights protected under the Constitution and laws of the United States. Any one of these violated rights invoked mandatory federal court jurisdiction. But the judicial gridlock was everywhere, aiding and abetting the scheme to block my reporting of the serious government corruption and blocking my defenses against the sham California action.

Imaginative Use of Law

Realizing that I might never recover from the persecution, I sought to put on notice those who had responsibilities to prevent the criminal activities, including members of Congress who had a duty to act and who, instead, engaged in various forms of criminal cover-up and obstruction of justice.

A federal statute, Title 28 U.S.C. § 1343, permits any person who has suffered harm due to violation of his civil rights to sue another person who

⁸⁵ Federal statutes Title 28 U.S.C. §§ 1331, 1343, 2201, 2202; Title 18 U.S.C. §§ 1961 and 1962, the RICO Act; directly under the U.S. Constitution, including the First, Fifth and Fourteenth Amendments; as a *Biven's* claim; and Title 42 U.S.C. §§ 1983, 1985, 1986.

knew about the violations and who could have prevented or assisted in preventing them. Members of Congress, for instance, knew about the violations and the harm being inflicted and, under the clear wording of the statute they were liable under federal statutes.

Filing Lawsuits Partly to Make Record of Charges and Responses

I filed two lawsuits against certain members of the U.S. Senate and House⁸⁶ on the basis of section 1343, seeking not only relief but also to draw attention to the government corruption. The defendants knew of the violations of my civil and constitutional rights and had a far greater responsibility than an ordinary citizen to prevent and report the criminal activities. Under federal law, they incurred liability for themselves, and those who were federal employees incurred liability on the part of the federal government under the Federal Tort Claims Act. Another purpose of the lawsuits was to put into a judicial record their responses to the charges I made against them.

They Admitted Their Cover-up

In response to the filing of these actions, the Senate legal counsel filed a motion to dismiss my complaint on February 27, 1989. The motion to dismiss *admitted* that the defendant senators and representatives knew of my allegations and knew of the consequences of the criminal acts I brought to their attention. Under federal pleading practice, any allegation in the complaint that is not denied is deemed admitted as true.⁸⁷ The defendants admitted the truth of the charges in my complaint concerning government corruption and that they had knowledge of my charges.

These members of Congress based their defense on one issue: that, regardless of any wrong they may have committed, they were immune from the consequences of their acts under the Speech or Debate Clause of the United States Constitution. Put this response in perspective. Visualize an air disaster scene and the corruption that led to a series of airline crashes that I had repeatedly brought to their attention. These members of Congress knew about the criminal acts making the crashes possible, they had a duty to act, and they refused to do so. They admitted this. Their only defense was that they were immune from the consequences. The same conditions exist with other government corruption that has yet to be described.

Implications of Congressional Position

The response of the senators and congressmen had serious implications. No longer could these members of the Senate and House argue they did not

⁸⁶ In U.S. District Court in District of Columbia: No. 89-0170 SS. Stich v. [Senators] Edward Kennedy, Strom Thurmond, Ernest Hollings, Albert Gore, Pete Wilson, Joseph Biden; [Representatives] Jack Brooks, John Conyers, Peter Rodino, Harley Staggers, and Henry Gonzalez; In District Court at Reno: Stich v. U.S. Senator Alan Cranston from California, and U.S. Representatives George Miller, Fortney Stark, Norman Mineta, Don Edwards, and Daniel Lundgren, No. 89-85. February 10, 1989. U.S. District Court at Reno, Nevada, under the provisions of Title 28 U.S.C. Sections 1331, and 1343, and Title 42 U.S.C. Sections 1983, 1985, 1986.

⁸⁷ Federal Rule of Civil Procedure 8(d): Effect of Failure to Deny. Averments in a pleading to which a responsive pleading is required, other than those as to the amount of damages, are admitted when not denied in the responsive pleading. Averments in a pleading to which no responsive pleading is required or permitted shall be taken as denied or avoided.

know of the corruption that I brought to their attention and for which I sought to produce testimony and evidence. All they could now argue was that regardless of their inactions—which made possible the consequences of the criminal activities and consequences that I made known to them—they could not be sued. They filed a motion to dismiss, which I of course opposed.

I opposed the motion to dismiss by stating case law showing that the immunity of the Speech or Debate Clause only applied to actions taken on the floor of the Senate and House relating to passage or non-passage of legislation. I recited case law⁸⁸ that held the clause did not protect illegal or unconstitutional conduct. I also argued law prohibiting dismissal of lawsuits that state federal causes of action, and that the allegations in the complaint must be accepted as true for the purpose of determining whether federal causes of action were stated in the complaint.

Unprecedented Secrecy

In addition to seeking dismissal of the action that I filed, the defendant senators and representatives requested that the judge remove all evidence from the court records that the lawsuit was ever filed. The intent of this motion was to prevent the American public from learning about the complaint and about their response.

This request was unprecedented, and also barred by law. The court filings were public records, protected by the public's right to know. Their destruction would violate federal law. Further, federal law, including Rule of Civil Procedure 60, permits a party to file a motion, years later, to reinstate an action. This right, however, becomes valueless if the record is destroyed.

Even though I raised federal causes of action that under federal rules of court, case law, statutory law, and constitutional due process prevented dismissal, U.S. District Judge Stanley Sporkin rendered an order on May 8, 1989, granting the motion to dismiss, and to destroy all evidence of the filing:

On consideration of the motion of defendants to dismiss plaintiff's amended complaint, the entire record, and this court's opinion in this case, it is ORDERED that the defendants' motion be and hereby is granted and the amended complaint is dismissed with prejudice.

I immediately filed a Notice of Appeal of that order. (Appeal No. 89-00170.) The senators and representatives then filed a motion with the Court of Appeals requesting that my appeal be dismissed without allowing me to present appeal briefs. The Court of Appeals judges promptly came to their rescue and granted the request. The decision stated in part:

*United States Court of Appeals
For the District of Columbia*

⁸⁸ Miller v. Transamerican Press, 709 F.2d 524 (9th Cir. 1983); Kilbourn v. Thompson, 103 U.S. 168, 204 (1881); Eastland v. United States Servicemen's Fund 421 U.S. 491, 502. (1975).

No. 89-5163

Rodney F. Stich
Appellant

v.

Edward Kennedy, et al.,
Appellees

On Appeal From the United States District Court
For the District of Columbia

Motion of Senate Appellees For Summary Affirmance

The six senators named as defendants in this action, Edward M. Kennedy, Strom Thurmond, Ernest F. Hollings, Albert Gore, Jr., Pete Wilson, and Joseph R. Biden, Jr., move for summary affirmance of the district court's order of May 8, 1989 (Tab A), dismissing the amended complaint in this case with prejudice....

Plaintiff alleges that the Congressional defendants⁸⁹ "have responsibilities and the power to prevent and aid in the prevention, of violations of these rights and privileges...." *Id.*, par 6, at 3. He states that he "notified members of the Senate and the House of the constitutional violations, and submitted petitions under the First Amendment and other safeguards for relief." *Id.*, § 27, at 12. He asserts that "defendants misused their positions of trust and power, refusing to provide the relief to prevent the violation of rights and privileges suffered by plaintiff," *id.*, par 34, at 14, and that the defendants "actually joined the conspiracy by remaining silent," *id.*, par 36, at 14.⁹⁰

In a Memorandum Opinion filed on March 29, 1989, (Tab B), the district court dismissed plaintiff's complaint with prejudice. The court first held that the suit was barred by the Speech or Debate Clause, Article I, section 6, clause 1, of the Constitution, because "[t]he acts and omissions complained of by the plaintiff clearly fall within the legitimate legislative sphere protected by the Speech or Debate Clause." Memorandum Opinion at 3. The court also held that the action failed to state a claim under the First Amendment upon which relief can be granted under Fed. R. Civ. P. 12(b)(6), because "[w]hile the plaintiff's right to petition Congress is guaranteed by the First Amendment, a member of Congress is not required to 'listen or re-

⁸⁹ In addition to the six Senate defendants, plaintiff named as defendants in this action five present or former Members of the House of Representatives: Jack Brooks, John Conyers, Jr., Peter W. Rodino, Jr., Harley Staggers, Jr., and Henry B. Gonzalez.

⁹⁰ Plaintiff has also filed a substantially identical action in the District of Nevada against Senator Alan Cranston and several other present or former Members of the House. A motion to dismiss that complaint is currently pending. *Stich v. Cranston, et al.*, CV-N-89-85-ECR.

spond to individuals' communications on public issues.' Minnesota State Board for Community Colleges v. Knight, 465 U.S. 271, 285 (1984)." Memorandum Opinion at 3.

Judge Stanley Sporkin, one of the judges on the Court of Appeals who rendered that decision, was formerly general counsel to the Central Intelligence Agency and directly involved in several of the criminal activities described in later pages.

Addressing the Media Cover-Up

I used the same federal statutes and case law to address the cover-up of the corruption by the media. I reported the pattern of corruption to key segments of the media since 1965, including the *Wall Street Journal*, the *Washington Post*, the *New York Times*, and others. They had the ability, and the responsibility, to make these serious charges known to the public.

That action was filed in the United States District Court at San Jose, California,⁹¹ naming these newspapers as defendants, along with the *San Francisco Chronicle*, which became implicated at a later date. The filing of this lawsuit made a judicial record of the charges. This lawsuit was subsequently assigned to Judge Robert Aguilar.

Shortly thereafter, Justice Department prosecutors charged Aguilar with using his office as a racketeering enterprise to obstruct justice on the basis of minor and far-fetched allegations. The specific acts that Aguilar allegedly committed were mild compared to the criminal acts committed by Justice Department personnel. Aguilar had made the mistake of opposing and rendering decisions unfavorable to Justice Department prosecutors in a number of cases.

Many people felt that the Justice Department prosecutors were retaliating against Aguilar because of his opposition, and that Justice Department prosecutors wanted to send a warning to other judges who might become uncooperative.

My lawsuit that included charges of Justice Department misconduct was then removed from Aguilar and assigned to another judge.

The *Wall Street Journal* and its managing editor, Norman Pearlstein, filed a reply (June 15, 1989), requesting that the federal complaint be dismissed. They responded, as did members of Congress, stating that they knew of the charges; they did not dispute the relationship between the misconduct and the consequences. They argued that they were immune from liability, based upon the First Amendment to the United States Constitution. They argued that they did not have to print what any person requested them to print.

But I wasn't requesting the news media to print what *I* wanted printed. I expected them to exercise their responsibilities under federal law to report, in whatever fashion they wanted, the charges and evidence of government corruption that I brought to their attention. They had a responsibility under

⁹¹ Number C 89 20262 WAI.

federal law⁹² to aid in the prevention of the corruption that was brought to their attention. Even though the lawsuit against them was newsworthy and raised issues of national concern, none of the media printed a single word about it.

The responsibility of the media under the First Amendment was articulated in a Supreme Court decision relating to the Pentagon Papers and the publication of their contents in the *New York Times*. Supreme Court Justice Hugo Black stated:

Only a free and unrestrained press can effectively expose deception in government. And paramount among the responsibilities of a free press is the duty to prevent any part of the government from deceiving the people...The New York Times, the Washington Post and other newspapers should be commended for serving the purpose that the Founding Fathers saw so clearly. In revealing the workings of government...the newspapers did precisely that which the founders hoped and trusted they would do.

The district judge dismissed my complaint without a hearing, despite the fact it stated numerous federal causes of action. I didn't appeal the complaint as I accomplished the primary goal of making a judicial record of the media's complicity and their responses.

Culpability of Supreme Court Justices

The same laws that made members of Congress and the media liable and culpable under federal statutes applied even more so to the Justices of the United States Supreme Court. The Justices had covered up the pattern of criminal behavior by federal judges, the Chapter 11 judges, and private trustees such as embezzler Charles Duck, all of whom were officers of the court over whom the Justices had supervisory responsibilities.⁹³ Like a police chief protecting rampant criminal behavior of their police officers committed against citizens, the Supreme Court Justices protected the criminal behavior of those over whom they had supervisory responsibilities. Because of their positions of trust, the Justices were guiltier of criminal acts for such crimes as misprision of felonies, cover-up, accessory after the fact, conspiracy, obstruction of justice, and others.

Since the Supreme Court justices had the responsibility to prevent the commission of these corrupt acts by judges over whom they had supervisory responsibilities, they were liable. I filed a lawsuit against them⁹⁴ in the U.S.

⁹² They also have a responsibility under Title 28 U.S.C. § 1343 to aid in the prevention of civil right violations that come to their attention. With their ability and responsibility to report federal offenses, they could have aided in the violations of my civil rights, by publishing information on the offenses.

⁹³ Rule 17.1(a) of the U.S. Supreme Court. Responsibility to intervene exists when a lower court "has so far departed from the accepted and usual course of judicial proceedings, or so far sanctioned such a departure by a lower court, as to call for an exercise of this Court's power of supervision."

⁹⁴ William Rehnquist; Antonin Scalia; Sandra O'Connor; Anthony Kennedy; Thurgood Marshall; William Brennan; John Stevens; Byron White; Henry Blackmun.

District Court in the District of Columbia.⁹⁵ They were, of course, employees of the U.S. government, acting under color of federal law, so I also named the government of the United States as a defendant.

This was probably the first time in history that Supreme Court Justices were sued for civil, constitutional, and RICO violations. The arguments raised in the complaint were based on solid facts and law. But it was bizarre that a person was forced to resort to suing the Justices of the nation's highest court to report federal crimes and seek relief from judicial violations of federally protected rights.

The media could easily verify the truthfulness of the serious allegations made in the complaint. Every major news service monitors the filing of complaints in federal courts. But again, the media kept the lid on this unusual filing and the gravity of the charges made in the complaint.

Refusing to Respond

Federal law provides for service by certified mail. If the defendants don't respond by returning the acknowledgment-of-service form, personal service is then required, and the defendants must pay for such personal service. Despite their position as Supreme Court Justices, they refused to return the acknowledgement of service. I then had the Supreme Court justices personally served (June 17, 1989).

I filed a 28-page amended complaint on March 14, 1989, stating in part: *This suit addresses the wrongful acts and omissions by the defendants, relating to (a) an ongoing, air safety/air disaster scandal, and related air tragedies; (b) upon which has been superimposed a government and judicial scandal of cover-up; (c) government and judicial scheme misusing government powers to destroy plaintiff's freedoms, liberties, property rights, privacy, in an effort to halt his exposure activities.*

Defendants knew of these wrongdoings, and participated in them. The defendants also had the power to prevent them and refused to do so, aiding and abetting those committing the violations. Defendants knew that plaintiff would suffer great and irreparable harm from massive violations of rights and privileges under the laws and constitution of the United States and of the State of California; and knew that by such refusal to act, the misconduct causing and permitting the prior loss of life in fraud-related air tragedies would continue, with continuing loss of life. The defendants willingly sacrificed the lives that were lost, protecting their own vested interests, their own cover-up, and the guilty parties involved in what has become the world's worst air-safety air-disaster scandal, upon which has been superimposed the nation's worst government and judicial scandal.

Defendants are liable to plaintiff as a result of their wrongful acts. (Title 28 U.S.C. § 1343 and 42 U.S.C. § 1986.) Self-proclaimed qualified judicial immunity does not deprive a citizen of the United States of the rights and privileges under the laws and Constitution of these United States, including the right to redress of the harms suffered from judicial misconduct. The federal government has incurred a liability

⁹⁵ Filed February 17, 1989, No. 89-0470 SS; amended complaint filed March 14, 1989.

from defendants' wrongful acts.

It is argued that the many persons who perished, and who suffered in airline tragedies caused and made possible by the misconduct of federal officials, have a cause of action against defendants, and against the federal government.

The specifics in subsequent pages of the complaint related to knowledge by the Justices of the government corruption; the repeated violations of civil and constitutional rights in the sham California action; the cover-up of the civil and constitutional violations by Ninth Circuit judges; the false imprisonment for exercising constitutionally protected rights; the Chapter 11 racketeering activities; the seizure of my multi-million dollar assets without any hearing, without cause, and under corrupt conditions, that reflected the corrupt mentality in Ninth Circuit courts.

Justice Department lawyers filed a motion to dismiss my complaint (August 17, 1989), admitting that the Justices knew of my allegations and that they failed to act. Their response did not deny the truthfulness of the charges or the resulting harm, and under federal law my charges must then be accepted as true. The primary defense raised in the motion was that the Justices of the U.S. Supreme Court "enjoy absolute immunity from plaintiff's claims."

The motion to dismiss was riddled with false statements of facts and law, and with trivial matters. The Justices argued that the complaint should be dismissed because "Rule 8 (a)...requires that a complaint be a short and plain statement." After arguing that the complaint was too long (there is no page limit in federal complaints), the justices then argued that the allegations were not specific enough! The justices argued that the complaint did not "state facts with particularity in his complaint that demonstrate who did what to whom and why." The complaint stated very clearly what the Supreme Court justices had done. A complaint does not have to *prove* the allegations, but make reference to them so the defendants know the nature of the alleged wrongful acts.

The justices argued that the complaint stated "unbelievable allegations." The charges were certainly unusual, but not unusual to anyone who knows of the covert activities of the Justice Department, the CIA, and everyday shenanigans occurring within the legal process. Under federal law, the allegations made in a complaint must be recognized as true for the purpose of preventing dismissal of the action. Taking judicial notice of legal proceedings in the California and federal courts supported many of the facts stated in the complaint.

The Supreme Court justices sought to have the action dismissed by making reference to the California action, referring to it as a matrimonial action. The very fact that I was in the seventh year of a so-called matrimonial action, when five divorce judgments showed me as divorced for the past twenty-four years, raised serious federal causes of action. The California action was riddled with a pattern of civil and constitutional violations that were major federal causes of action, raising federal court jurisdiction. On the pretext of that sham divorce action my life's assets, used to expose govern-

ment corruption, were seized.

The justices argued that the statute of limitations prevented lawsuits against them, but never stated how the *ongoing* wrongful acts could have imposed a statute of limitations defense.

The justices then argued that the allegations were already adjudicated and dismissed by other federal courts. Not one of the federal actions had ever been heard on the merits, and never once did I have my day in court. Nothing had ever been adjudicated. Further, the justices were never named in any lawsuit, so obviously the matters could not have been adjudicated. The Supreme Court justices argued:

The nine justices of the Supreme Court are entitled to absolute judicial immunity from plaintiff's claims. A judge will not be deprived of immunity because the action he took was...done maliciously, or was in excess of his authority.

The criminal statutes, such as misprision of a felony, and civil rights statutes, do not state a judge is immune when he violates either civil or constitutional rights, or violates criminal statutes. The Supreme Court Justices knew of the pattern of federal offenses committed against me and against the United States, and refused to take any action to halt the criminal acts committed by federal judges and Justice Department lawyers over whom they had supervisory responsibilities.

Under a *Bivens* claim, the rights and protections of the Civil Rights Act relating to wrongful acts taken under color of *state* law extend to federal officials who violate statutory and constitutional rights. The Constitution of the United States provides for redress of wrongdoings by government actors and says nothing about judges being immune. The Justices were contradicting their own decision in *Pulliam v. Allen* 466 U.S. 522 (1984). The Supreme Court held:

[T]here is little support in the common law for a rule of judicial immunity that prevents injunctive relief against a judge. There is even less support for a conclusion that Congress intended to limit the injunctive relief available under § 1983 in a way that would prevent federal injunctive relief against a state judge. In Pierson v. Ray, 386 US 547, 18 L Ed 2d 288, 87 S Ct 1213 (1967), the Court found no indication of affirmative Congressional intent to insulate judges from the reach of the remedy Congress provided in § 1983. [N]othing in the legislative history of § 1983 or in this Court's subsequent interpretations of that statute supports a conclusion that Congress intended to insulate judges from prospective collateral injunctive relief.

Congress enacted § 1983 and its predecessor, § 2 of the Civil Rights Act of 1866, 14 Stat 27, to provide an independent avenue for protection of federal constitutional rights. The remedy was considered necessary because "state courts were being used to harass and injure individuals, either because the state courts were powerless to stop deprivations or were in league with those who were bent upon abrogation of federally protected rights." Mitchum v Foster, 407 US 225, 240,...every member of Congress who spoke to the issue assumed that judges would be liable under § 1983).

Subsequent interpretations of the Civil Rights Acts by this Court acknowledge Congress' intent to reach unconstitutional actions by all state actors, including judges....Judicial immunity is no bar to the award of lawyer's fees under 42 U.S.C. § 1988.

Of primary importance of the lawsuit against the justices of the United States Supreme Court was that it put them firmly on notice of the serious corruption perpetrated by federal officials, including federal judges, federal trustees, and Justice Department lawyers, all of whom look to them for guidance.

District of Columbia Judge Stanley Sporkin came to the Justices' rescue. He rendered a *sua sponte* dismissal (January 17, 1990). Again, he violated federal law barring dismissal of a lawsuit that stated federal causes of action.

Holding Themselves Immune from Legal Liabilities

All of the defendants (members of Congress, news media, Justices of the U.S. Supreme Court) responded in similar fashion. They admitted knowing of my charges, that they did nothing in response to them, claiming they were immune from the consequences. Their position was that they could engage in outright criminal acts of cover-up, misprision of felonies, and obstruction of justice, and be immune from the consequences.

While Ronald Reagan was president, I notified the office of the President of the misconduct described in these pages. No response. In 1988, while Vice President George Bush was campaigning for the presidency, he promised to get tough with criminals. I assumed he included those within government. After Bush became president and continued to articulate his concern for government ethics and crime, I made him aware of the corruption committed by federal officials over whom he had responsibilities. I sent him a May 1989 certified letter and an attachment describing the criminal acts within government, including the Justice Department and the federal judiciary. The White House responded by advising me that the matter had been turned over to the Department of Justice, even though I charged the Justice Department with committing many of the criminal acts. So much for that!

Bush and I were both Naval aviators during World War II. We both got our Navy wings at the same time. We both flew in the Pacific theater of operations. He flew single-engine TBF aircraft, while I instructed in PBY seaplanes and flew as Patrol Plane Commander in four-engine patrol planes (Privateers and Liberators). Even though his piloting experience was very limited and long outdated, Bush surely recognized the consequences of air safety violations, even though sophisticated air safety matters were not part of single-engine operations in a relatively unsophisticated visual flight operations.

When Bush became a junior senator from Texas in the United States Senate, he led a group of junior senators purportedly pushing for ethics in the Congress. The *National Observer* stated of Bush:

A little-noted event that took place on the floor of the House of Representatives early last week, two days before the House voted to bar Adam

Clayton Powell from his seat in the 90th Congress With the House chamber nearly empty, freshman Republicans spent an hour philosophizing about Congressional ethics. The seminar of sorts had been organized by a young congressman from Houston, George Bush, 43,...The discussion was remarkable in that Mr. Bush had quietly convinced his rookie colleagues of an almost revolutionary proposition. Although freshmen are traditionally expected to sit back unobtrusively while learning from their elders on matters of legislation and procedure, he contended, the question of ethics is another matter entirely.

“True, we lack experience in the House,” he told his young colleagues, “but we bring to this problem a fresh look. We feel totally uninhibited by tradition in this sensitive [Congressional ethics] area, because we think we heard the unmistakable clear voice of the people saying on Nov. 8, ‘Go there and do something to restore respect for the House.’” “Their proposal is so starry-eyed in its idealism that it looks as if it could have come out of a political-science class on good government Mr. Powell’s [denial of his House seat and] fate was decided by an Ivy League Texan and a freshman philosophy class.

Bush seems to have forgotten his professed idealism, or else it was a farce. Later pages will show Bush being involved with the CIA in major scandals of enormous consequences to the United States. If these offenses are true, it is obvious why Bush did not respond to my reports of government corruption.

These bizarre and convoluted scandals took me into uncharted waters. My imaginative use of the law was proper, but it was bizarre that the conditions existed that made the unorthodox lawsuits necessary. The fact that the media kept the lid on each of them is another indication of how the media censors the news to protect some of the worst scandals in the United States.

In area of aviation where I had uncovered deep-seated corruption, the attacks upon me assisted in keeping these matters protected, with tragic consequences in crashes related to the corruption—which continues to this date.

Protected Insiders Looting HUD

As my activities became known, I started receiving information and evidence from present and former employees and assets of the Central Intelligence Agency, the Drug Enforcement Administration, the FBI, and other government entities. During literally thousands of hours of deposition-like questioning, they provided me details and documentation on government corruption that expanded on what I had already discovered while a government and private investigator and as a victim. For various reasons these people either volunteered the information to me, or they were willing to answer my questions relating to activities in which they actually participated or that they knew about.

A scheme that defrauded the American public of many billions of dollars had its roots in the Department of Housing and Urban Development (HUD). This scheme involved influence peddling and self-dealing by government officials, bribes by corporations, over-billing, political payoffs, fraud, favoritism, kickbacks, and work that was never performed. This area of criminality cost the American taxpayer many billions of dollars in the 1970s and 1980s. The *Wall Street Journal* called the corruption a “system of spoils and favoritism.” To carry out the looting of government funds, former government regulators were hired for their insider connections to obtain contracts that could otherwise not be obtained. That was the HUD scandal.

The HUD program was legislated to fund the rehabilitation of housing, especially for the elderly. Hundreds of millions of dollars, if not billions, were looted through the HUD program. In the 1980s, during the Reagan-Bush administrations, the fraud in the HUD program was epidemic and is continuing to some extent today. The American taxpayers must pay billions of dollars to support the criminal activities in the HUD program.

A major segment of the HUD fraud was centered in the Denver area and committed by a group of closely related people and companies, who had close ties to the Reagan and Bush administrations. Numerous HUD officials left government to work for the Denver group that defrauded the American people of billions of dollars, much of which is hidden away in either off-shore financial institutions or in secret locations throughout the United States. Philip Winn was one of the kingpins in the Denver group. He was a

former HUD Assistant Secretary who joined the MDC group in Denver and became a key player in the HUD and savings and loan scandals.

Numerous HUD officials left government service and received high paying jobs with an interrelated group in Denver. This group included, among others: MDC Holdings; Richmond Homes; Silverado Bank Savings & Loan; Aurora Bank; M & L Business Machines; Leonard Millman; Larry Mizel; David Mandarich (president of MDC Holdings); Ken Good; Bill Walters; Neil Bush; Silverado's President Michael Wise; James Metz, major stockholder in Silverado; and dozens of subsidiaries and related companies, limited partnerships, trusts.

It was learned that Leonard Millman, Larry Mizel, and Philip Winn, all members of the ADL, were partners in these schemes, as was Philip Abrams, former HUD under-secretaries.

Federal regulators involved in the HUD scam included HUD Secretary Samuel Pierce, former Assistant Secretary Thomas Demery; Deborah Gore Dean and Lance Wilson, former executive assistants to Pierce. All except Pierce have been indicted. A number of former HUD officials pleaded guilty to various federal crimes. Dean, an executive assistant to the Reagan Administration's Housing Secretary, was indicted on 13 criminal charges of fraud, perjury, submitting false statements to Congress, and conspiring to steer valuable housing grants to favored developers and consultants.

The group made huge financial contributions to various politicians, including the Reagan-Bush team and the Bill Clinton group. One of the key participants in the fraud, Philip Winn, used part of the money looted from the HUD and savings and loan programs to bribe politicians, especially in the Reagan-Bush presidencies. In return, Winn was appointed U.S. Ambassador to Switzerland and got the protection of the Justice Department through U.S. Attorney Michael Norton, who had secret participation in several of the Denver area real estate projects.

Justice Department officials, with thousands of investigators throughout the United States, knew of the corruption and did very little. What little they did was usually to prosecute either innocent people or those who played a minor role in the massive criminality. Lawyers, developers, banks, members of the Senate and House were the recipients of the money defrauded from HUD. Consultants, for instance, with political connections, reaped huge fees of as much as \$400,000 for a few phone calls or visits to HUD officials or phone calls to powerful members of Congress.

Rampant political favoritism and influence peddling were part of the HUD scandal, combined with payment of millions of dollars for improvements that were never made. Former HUD personnel acted in collusion with present HUD officials in the fraudulent activities. One of the schemes was buying HUD properties for no-money-down, placing second loans on them for improvements that were never made, and then defaulting on the loans while receiving the rental income.

In 1982, the HUD inspector general made a report to Congress, reporting that insiders, including former HUD officials, were defrauding HUD of hundreds of millions of dollars, especially in the Section 8, and particularly

sections 224D, 223F, and 202 elderly housing. Congress did not act until six years later when media publicity forced it to conduct an investigation. In 1988, Arlen Adams was appointed Special Prosecutor for HUD, and during subsequent investigations confirmed that developers with the aid of present and former HUD officials were receiving Section 8 rehabilitation units, grossly overcharging the government, often billing for work that was never accomplished. Simultaneously, the group bilking the government was contributing heavily to the Reagan-Bush team. In March 1989, HUD hearings were triggered by exposure of huge financial donations by the Winn Group and Richmond Homes in Denver.

Turning Prosecution over to the Bad Guys

In November 1989, Congress asked U.S. Attorney General Richard Thornburgh to recommend to the Court of Appeals in Washington the appointment of a Special Prosecutor. He stalled until March 1990, when Congressional pressure forced him to act. Thornburgh had already blocked the appointment of a Special Prosecutor into Inslaw, October Surprise, and eventually BCCI and BNL. U.S. Attorney Generals Edwin Meese, Richard Thornburgh, and William Barr knew about each of the criminal activities described within these pages, and either aided and abetted them directly, or indirectly, by blocking investigation and prosecution. A corollary to that would be the Mafia controlling the highest law enforcement agency in this country.

Statute of Limitations

One of the reasons for stalling prosecution was to allow the statute of limitations to expire, protecting the widespread criminality in the Denver area HUD and savings and loan corruption, and in turn protecting the part played by the Justice Department, the CIA, and many federal and White House officials.

In another investigation, a report was issued by the Committee on Government Operations stating, "The Winn Group did not obtain units from HUD on merit alone, but rather from inside favoritism at HUD."

Political Payoffs

Key figures in the Denver-based HUD and savings and loan group, Winn and Mizel, contributed heavily to California Congressman's Tom Lantos' Congressional race in 1982. (I had repeatedly reported the corruption that I found to Congressman Lantos, and in typical fashion, he verbally addressed the problem while simultaneously protecting it.)

Part of Taxpayer Liabilities

Congressional staff investigators discovered thousands of apartments were obtained by the group for rehabilitation, costing the American taxpayer over \$100,000 each, when the cost for comparable privately financed units would be approximately \$20,000. Congressional investigators discovered that U.S. Attorney Michael Norton owned five large apartment complexes with the Winn Group being investigated.

It was discovered that former FBI Special Agent in charge, Bob Pence, who retired in 1992, had been receiving bribes, along with U.S. Attorney Michael Norton and the head of the Internal Revenue Service's CID unit. Some of these bribes were laundered through M&L Business Machine Company in Denver.

Standard Congressional Cover-Up

When the scandal exposed California Congressman Tony Coelho and Texas Congressman Jim Wright, they took early retirement, defusing the pending investigations. The media and the public did not address the huge losses inflicted upon the American taxpayer. Instead, after key Congressmen such as Wright of Texas and Coelho of California were forced to retire so as to discontinue further investigation, their constituents showed little concern about the criminality and huge financial losses to be paid by taxpayers. Their concern was the loss of a powerful Congressman who produced pork barrel benefits for their constituents. Little was said of the huge multi-billion dollar debt inflicted upon the public. If it had been left to the constituents of Congressmen Jim Wright or Coelho, the enormous financial losses would be ignored as long as the voters received benefits from their corrupt Congressmen.

California Representative Tom Lantos (D-Cal.) led a Congressional investigation into the HUD matter, calling it

Influence peddling of the tawdriest kind. The scandal at HUD is one of the most complex national scandals that we have seen in decades. There is a degree of mismanagement, fraud, abuse, waste, influence peddling that we have just barely begun to touch.

Representative Charles Schumer, a subcommittee member, said: "Like picking up a large stone only to discover that bugs and slime have grown in the darkness. This investigation has exposed the corruption which flourished unchecked under Secretary Pierce's HUD."

In addition to causing Wright and Coelho to resign (with liberal retirement benefits), Congress tried to stonewall an investigation into HUD by blocking confirmation of HUD appointees expressing intent to expose the HUD scandal. After Jack Kemp took over HUD and stated his intent to prosecute those involved, Congress blocked confirmation of Kemp's management team. When the Department of Justice started an investigation into HUD, members of Congress then investigated the Justice Department, threatening to cut back its funding. The Justice Department investigation stopped.

Referring to Congressman Wright's blocking of an investigation into HUD corruption, a *Wall Street Journal* editorial (April 17, 1989) stated:

What is most disturbing...is the obvious pattern of so many violations extending over so many years....the brazenness is amazing. Obviously, Mr. Wright felt assured there was no prospect that he ever would be called to account for his actions....When Congress is so powerful it can intimidate the Justice Department from another Abscam case, who should be surprised at corruption?

Shades of the Savings and Loan Debacle

Investigations showed that House speaker Jim Wright obstructed investigation of the HUD corruption while accepting \$145,000 in unreported gifts. The House Committee investigating Wright's dealings with the HUD scandal quickly dropped the investigation after some House members reminded them that an investigation would implicate many other members of

Congress. After pressuring Jim Wright to resign on the relatively minor charge of ethics violations, the media attention to the HUD scandal ended. The guilty parties went free; the missing billions of dollars of looted money was never found; and the stage was set for more looting of the American taxpayer.

Justice Department Stonewalling

In typical fashion, after congressional members asked the politically appointed U.S. Attorney General to investigate their allegations, Thornburgh accused them of introducing partisan politics into the HUD investigations. Representative Charles Schumer of New York replied at a news conference:

There's ample evidence of wrongdoing at HUD, but there's stonewalling at the top. And the only way to get to the bottom of the mess at HUD is through the appointment of an independent counsel. Instead of attacking us, the Attorney General should be focusing on making sure that high-ranking officials at HUD don't get away with breaking the law.

Representative Schumer characterized the Attorney General's objections as a "political response." A more correct characterization would probably be felony cover-up, obstruction of justice, and misprision of felony.

Another time-honored way that Congress (and the Justice Department) stonewalls sensitive investigations is to withhold funding needed to conduct the investigation. Congress threatens to withhold funding from the Justice Department to dissuade Justice officials from investigating their members. Justice Department officials stonewalled the investigation of Chapter 11 judicial corruption, as it stonewalled every scandal I can think of for the last 50 years. It was also done to halt further FBI investigations of Congressional wrongdoings in Abscam. As the FBI's continuing investigations into the conduct of Congressmen became too threatening, members of Congress responded by dragging Justice Department officials in for grueling oversight hearings. It became clear to Justice Department officials that the budget for the Justice Department was in danger if the probes into Congressional wrongdoings did not cease.

Congress Finally Conducted an "Investigation"

Eventually, Congress was forced to conduct an "investigation." A House committee stated in a report that the Department of Housing and Urban Development was "enveloped by influence-peddling, favoritism, abuse, greed, fraud, embezzlement and theft."

Samuel Pierce, Secretary of HUD from 1981 to 1988, refused to cooperate in the HUD investigation, repeatedly invoking his Fifth Amendment privilege against self-incrimination. The House Committee report stated that Pierce gave misleading testimony and that he probably "lied and committed perjury during his testimony on May 25, 1989."

Appointing an Independent Prosecutor

After Congress covered up the HUD scandal, an independent prosecutor was appointed, who then had to set up an office and hire lawyers to investigate, many of whom had no investigative experience.

The Independent Prosecutor found that HUD officials unlawfully allocated federal funds to developers and consultants with whom they had private financial relations, receiving bribes, and other favors. Silvio J. DeBar-

tolomeis, a former deputy Assistant Secretary of HUD, pled guilty to three criminal charges,⁹⁶ including conspiring to mislead Congress and HUD's own regional offices concerning a HUD rent subsidy program; and to receiving an illegal salary supplement consisting of a \$20,000 loan arranged by developer Phillip Winn. DeBartolomeis was charged with defrauding HUD's Section 8 rehabilitation program, which enriched developers based in the Denver area.

Indicting the Small Fry

Media attention forced Justice Department prosecutors to file charges in the HUD corruption, years after the criminal acts were known. But the indictments were selective. The power brokers, with whom U.S. Attorney Michael Norton was in partnership, escaped prosecution, or were charged with minor offenses. Evidence was conveniently lost. Federal judges dismissed some charges before the jury could begin deliberation. The system works, for insiders!

The indictments omitted charging the Denver area developers who donated large sums of money to political figures, who had close ties with the CIA, and who contributed large financial contributions or bribes to White House officials and other politicians.

Among the HUD officials who were directly involved in the looting of HUD was HUD Deputy Assistant Secretary, DuBois Gilliam, who pleaded guilty (May 1989) to receiving over \$100,000 in payoffs and gifts to approve HUD grants for various developers.

During the investigation it was disclosed that HUD Secretary Samuel Pierce received over 1,700 formal requests from congressmen and senators requesting support for specific projects. These same members of Congress were receiving political contributions from individuals for whom they sought HUD favoritism.

Eventually, Winn pled guilty to preparing a false receipt for another HUD official that was submitted to HUD investigators. But these charges were chicken feed compared to what Winn and his buddies actually perpetrated. My inside sources stated that over \$167 million paid by HUD to the Winn group for rehabilitating HUD housing was never spent for that purpose, and money sequestered in secret locations.

A nine-count felony indictment was made against a former assistant to ex-Senator Edward Brooke⁹⁷ for allegedly lying to the FBI and a federal grand jury, which were looking into Brooke's role in the HUD influence-peddling scandal. Charges against Deborah Gore Dean included improperly steering funds to clients of former Attorney General John Mitchell after Mitchell was released from his Watergate prison term.

A federal jury in Washington, D.C. on October 26, 1993, convicted former HUD aide Deborah Dean, a central figure in the HUD scandal, of being instrumental in funneling millions of dollars to housing projects that en-

⁹⁶ *Oakland Tribune*, October 15, 1992.

⁹⁷ Brooke was a lawyer and consultant for businessmen seeking help with HUD on federally subsidized housing projects in the 1980s.

riched politically connected Republicans.

Group of HUD Whistleblowers

I became a confidant to several former CIA operatives, private investigators, and insiders, who were heavily involved in the Denver-area operations, and through them, discovered some of the inner workings of the corrupt operations. One of the investigators and insiders, Stewart Webb, was a former son-in-law of Leonard Millman. During four years of marriage from 1981 to 1985, Webb became privy to many of the procedures used to loot billions of dollars from the HUD and savings and loan programs in the Denver area.

Following the divorce, Webb expanded on what he had learned as an insider. Through aggressive investigations, Webb discovered the paper trail of the looted money, including thousands of documents he obtained in recorders' offices throughout the United States. Webb was able to document major schemes implicating the Denver group in various financial scandals. Webb discovered the trail to offshore bank accounts and trusts, and their secret locations.

Describing some of the key players in the Denver area looting of HUD and the savings and loans, Webb stated that among the top players were nationally known and politically connected powerhouses such as Carl Lindner, Larry Mizel, Philip Winn, Albert Rose, George Riter and many others. He described how many HUD officials left Washington and joined the Denver-based group, and how their prior Washington connections made the looting possible.

Other insiders, including high-ranking covert CIA personnel, gave additional data to me. Gunther Russbacher, for instance, operated numerous CIA proprietaries having secret dealings with the Denver group, including money laundering, looting of the HUD and savings and loan programs, and other activities.

Webb initially contacted me on September 17, 1991, advising me of corrupt dealings in the HUD and savings and loan program by his former father-in-law and many of the people and groups that worked with him, including MDC Holdings and dozens of limited partnerships, trusts, and subsidiaries. Webb also told me about the large numbers of federal officials who were in the schemes.

Webb appeared as guest on numerous radio shows, some with investigative reporter Margie Sloan, naming the corporations, the complex paper trail, and the individuals involved. He discovered that the U.S. Attorney in Denver, Michael Norton, was deeply implicated with the group, sharing secret ownership of valuable properties. Webb discovered that the corrupt Denver group gave large financial contributions to Norton when Norton ran for Congress in the early 1980s. This discovery helped explain one of the reasons why Justice Department officials never prosecuted the key figures in the HUD and savings and loan debacle.

Webb reported that he found that the Winn and MDC group owned over 10,000 units in Colorado, Utah, Nevada, Oklahoma, South Dakota, North Dakota, and another 10,000 units in the area controlled by the Texas regional office of HUD.

Webb and IRS agent Walker in the Denver office frequently exchanged information that they found in HUD-related crimes. In June 1991, Walker told Webb that he could no longer talk to him about the matter, and when Webb asked, "Is [President] Bush covering this thing up?" Walker replied, "Yes," and then hung up.

Webb stated that his investigation showed that U.S. Attorney Michael Norton was connected to Mizel, a major player in the Denver-area HUD and savings and loan corruption, and that Mizel was Finance Chairman for Norton's unsuccessful Congressional campaign.

Without success, Webb tried to have a Colorado District Lawyer in Denver and the U.S. Attorney in Colorado receive his evidence.

Protect Their Flanks

Despite the large sums donated to Michael Norton's campaign for a senate seat, he lost. But the Reagan-Bush team appointed Norton U.S. Attorney in Denver, thereby protecting White House and other federal officials from investigation and prosecution in the HUD corruption.

Justice Department Retaliation

Webb's appearances on many radio talk shows were apparently causing concern in the Justice Department and in the Denver area. Working with Webb's former father-in-law, U.S. Attorney Michael Norton charged Webb with making harassing and threatening phone calls to his former father-in-law, Leonard Millman. Although the language could have been cleaner, the threats were nothing more than a determination to expose the HUD and savings and loan corruption in which his former father-in-law was involved, which threatened to expose the U.S. Attorney's involvement in the criminal activities.

After Webb heard of the warrant for his arrest, he went underground for the next year, surfacing only to appear as a guest on radio shows in Denver and throughout the United States. For some of the shows he called me collect, and I would then relay his call to the radio station. I had no knowledge of Webb's whereabouts, and didn't want to know.

Arresting an Irritating Whistleblower

In September 1992, shortly after Webb had talked to Ross Perot by phone and revealed his location in Houston, the FBI arrested Webb. Justice Department prosecutors demanded that Webb be denied release pending trial, an almost unheard of demand in a case involving harassing phone calls. Justice Department officials were trying to silence Webb and keep him off talk shows, especially before the 1992 presidential elections.

I advised Webb that he had the opportunity to get additional information on the HUD and savings and loan scandal by talking to other inmates at the federal prison who were former CIA operatives and insiders in the HUD and savings and loan scandal. It was and is standard practice of Justice Department officials to cause the imprisonment of these people in order to silence or discredit them. By entering prison, a writer or investigator has an inside track to information that he would not otherwise have. Sure enough, Webb did discover numerous inmates who gave him additional information, helping to fill in the gaps. While detained in the Federal Correctional Institution

at Littleton, near Denver, Webb made contact with a group of former CIA contract agents who were deeply involved with the Denver area group.

Another Source of Information

One of these contacts was a former CIA operative named Trenton Parker, who played key roles in numerous covert CIA operations from 1964 until he fell from grace in the late 1980s. Webb and Trenton shared a prison cell in December 1992, until Parker was released pending trial, which was to start in April 1993. Parker had seen some of the material I had sent to Webb and contacted me after being released. This relationship produced secret and sensitive material and added to the mosaic establishing the complex intrigue and corruption described in these pages.

The confidential status report establishing Trenton's highly secret status in the intelligence community prevented Justice Department and CIA personnel from denying his high rank and status. Additionally, Parker gave me information, including briefs that he filed in the U.S. District Court in Denver that depicted criminal activities by the CIA.

Another insider who contacted me in February 1993 was one of the fall guys in the HUD scandal, Don Austin. He gave me insider information on the role played by federal officials and the Denver group in looting the HUD program. Austin headed groups of investors buying HUD properties and operated under the name of Nitusa.

Austin described to me how Justice Department officials protected present and former HUD officials who were self-dealing in violation of federal law and were involved in massive fraud, especially in the Denver area. He described how people associated with the savings and loan industry, who had done no wrong, were being prosecuted to make it appear to the public that the Justice Department was punishing those responsible for the huge HUD fraud.

Austin further revealed how his assets were seized by Justice Department prosecutors under the forfeiture laws, depriving him of money to hire legal counsel to defend against the charges brought by the them. He described how his court-appointed lawyer was incompetent in the complex area involved in the charges. In desperation, Austin discharged the lawyer and appeared in pro se, representing himself, and was then overwhelmed by the top guns of the Justice Department.

Austin was a successful real estate investor who worked with the HUD Administration to rehabilitate and sell hundreds of HUD properties. Justice Department officials, under U.S. Attorney Michael Norton, charged Austin with federal offenses and obtained a twenty-one year prison sentence against him. While Norton was covering up for the multi-billion dollar looting of the HUD and savings and loan people with whom he had been financially involved in Denver, he charged Austin with falsifying HUD applications.

The alleged falsification of HUD purchase and loan agreements consisted of minor technicalities, such as showing in the cash-down block the value of notes and deeds of trust. It was standard practice to do this and then, on an accompanying HUD form and title company closing documents, the actual form of the down payment was shown. On the form there was no other way to show the down payment other than as cash. Actually, cash is

almost never given, as the standard practice is to give checks, money orders, other properties, or notes and deeds of trust as down payment.

HUD officials and companies acting on their behalf approved the purchase applications submitted by Austin, knew the form of down payment being made, and approved the form of payment on behalf of HUD. But when it came time to prosecute HUD related corruption, Norton protected the kingpins of the racketeering enterprise. He selected scapegoats, and Austin was one of them.

Justice Department lawyers wanted to indict Austin because former and present HUD officials, who had purchased many of the properties through Austin, had defaulted on almost all of the units after bleeding them dry. These HUD officials were involved with others implicated in huge HUD and savings and loan fraud. To indict those guilty of this fraud risked blowing the lid on the multi-billion-dollar racket that implicated people like Neil Bush, George Bush, powerful Denver area and Washington politicians and powerful money figures who routinely bribed the politicians.

Austin learned there was a grant from HUD awarding Justice Department lawyers bonuses for the number of criminal counts filed against defendants, encouraging false charges to be filed.

Lawyer Sabotage

Austin related to me the practice of lawyers demanding huge sums of money up front to defend him. After receiving the money, they sabotaged his case. This scenario had been told to me countless times, and I experienced it myself many times. It appears to be standard practice by lawyers preying upon people who are unaware of these corrupt practices. Every CIA whistleblower I had contacted, including Gunther Russbacher, Ron Rewald, Michael Riconosciuto, Stewart Webb, and others, encountered the same scenario. Every one of them had strong words describing the sordid conduct of the lawyers that they encountered.

Austin's sophisticated lady friend, Pat Class, described the ugly nature of the lawyers she encountered while trying to help Austin. She told of the many instances she paid ten, twenty, and thirty thousand dollars to lawyers up front, who then did not perform any legal services.

In telephone conversations and writings, Austin described the mechanics of what he had uncovered in the HUD fraud. Austin operated a company called Nitsua, dealing in purchasing and reselling HUD properties. He also told how he and others purchased and paid for HUD insurance, which was kept by the HUD representatives and not applied to their accounts. He described the self-dealing by HUD personnel, including Grady Maples, Regional Director for HUD, and by Gail Calhoun, head of the Denver HUD office. Maples had a major ownership interest in Falcon Development, which in turn acquired the properties that were subsequently looted.

Austin described how drug forfeiture and other forfeiture money was being distributed to federal judges and Justice Department prosecutors, something like the Chapter 11 operations. Even the U.S. Marshals were implicated, as they were involved in the seizure of assets.

Austin related one of many transactions in which the Maples Group

purchased an apartment complex and then placed secondary financing on it through Greenwood Industrial Bank, owned by a close associate, Bob Hard, one of Maples partners. Rents were collected but no payments were made on the HUD and Greenwood loans.

Also indicted with Austin was James Grandgeorge, who reportedly had been wrongfully convicted but who had offered to pay U.S. Attorney Michael Norton money under the table to get his conviction or his sentence vacated. This plan went haywire after U.S. Attorney General Janet Reno fired Norton in April 1993.

Protecting the Operation and the Hierarchy

Following the pattern in other scandals involving federal officials, Justice Department prosecutors fabricated charges against innocent people such as Austin. In this way, Justice Department lawyers shifted the blame from those involved in the corruption, including federal officials, former federal officials, and powerful financial figures who orchestrated devastating financial harms upon the American people. Several examples follow, based upon information given by insiders who came to me for help.

Another person set up by Justice Department prosecutors was Paul Jenkins from Utah. Jenkins was one of the owners of six savings and loans in Texas who experienced problems with loans that went bad when the Texas economy slumped in the late 1980s. He arranged with U.S. Homes to purchase all the notes held by the savings and loans that had been taken over by the government at full face value, which would have kept anyone from losing money. But government personnel refused to allow this for several reasons. One, it would diminish the justification for seizing some of the savings and loans and eliminate the criminal charges filed against some of the lower echelon people being prosecuted in the savings and loan debacle.

During the first trial, Jenkins was cleared of the charges against him. Justice Department prosecutors then filed new charges. Jenkins said that he paid over a half million dollars up front to a Texas lawyer, Barefoot Sanders, only to have this lawyer abandon him the next day, keeping the money for himself. Jenkins then paid money, up front, to another lawyer from Texas, Racehorse Haines, and again Jenkins was abandoned. During the second trial, Haines abandoned his client, causing Jenkins, without funds, to rely upon a federal defender. Federal "defenders" have a history of protecting their cohorts in the Justice Department and on the federal bench.

Political Contributions

The illegal political contributions provided to Norton by the Denver group, when he ran for Congress in 1982, were reportedly funded by extorting money from suppliers and their employees. These funds were reimbursed through fraudulent billings later paid by HUD in the rehabilitation program. When these political contributions were publicized and prosecution commenced, Norton had to recuse himself as federal prosecutor. He covered his rear by appointing a special prosecutor, U.S. Attorney Marvin Collins from Texas, for damage control. Federal judges cooperated in keeping the lid on the scandals and protecting key players from prosecution.

Those who made political contributions were the contractors and suppliers to the Denver group, including MDC Holdings, Richmond Homes, and

other subsidiaries, some of which went to Michael Norton. The higher-ups, who demanded the contributions, were either not charged or, after being charged, the charges were either dropped or favorable plea bargains were made. The kingpins responsible for the illegal contributions, Leonard Millman, Larry Mizel, and others, went unpunished.

CIA Involvement

As is described later, the CIA, using code names for various operations, had numerous financial companies that played key roles in looting of the HUD program and savings and loan institutions. Different CIA divisions or directorates ran parallel operations, using code names for the HUD and savings and loan operations. These code names included Operation Cyclops and Operation Gold Bug.

Denver Airport

My CIA contacts operating covert CIA corporations in the United States described the massive fraud involving the new Denver International Airport. They elaborated upon the tactics involved in the promotion and development of the airport, including influence peddling, pay-offs, phony billings, phony land-swaps, sham loans, and other forms of fraud. Denver Mayor Federico Pena reportedly received a large bribe for promoting the airport. He was reported by my CIA contacts as conspiring with the key players in the Denver-area HUD and savings and loan corruption, including James Metz (Silverado's Chairman); Michael Wise (Silverado's President); Charles Keating (who cooperated in phony land-swaps and sham loans); Bill Walters and Ken Good (who defaulted on tens of millions of dollars in loans obtained through the help of Neil Bush); Phil Winn (indicted for bribing HUD officials); Larry Mizel; Norman Brownstein (lawyer for Mizel and the MDC crowd and Pena's law partner).

Brownstein allegedly helped hide hundreds of millions of dollars of money looted from various fraudulent schemes of this group, some of the money hidden in trusts filed in remote locations, as described in later pages. Brownstein was portrayed by Senator Ted Kennedy (D-MA) as "the Senate's 101st member." Brownstein sat on the board of MDC Holdings and represented companies run by some of the biggest crooks in the HUD and savings and loan areas.

Payment of Bribe Money?

Former CIA operative Trenton Parker told me what other CIA sources had also reported, that former Denver Mayor Federico Pena was paid \$1.5 million by Leonard Millman to get voter approval for the new Denver Airport. Parker stated that Mayor Pena's office was bugged by the CIA Pegasus group, and that the audio tape shows Millman walking into Pena's office, stating: "OK, here's the million and a half god-damn dollars; now we want the f... airport to go through. Now, get off your butts and get this thing going."

As in every other known pattern of criminality involving federal officials, hard-core criminality related to the HUD scandals was ignored. For instance, Stewart Webb learned that thousands of remodeled units and homes owned by the government were secretly removed from government records

by the group consisting of former HUD officials and then sold, making it very profitable for those involved.

While HUD's internal checks and balances, and Justice Department prosecutors, refused to prosecute HUD corruption perpetrated by HUD officials, they did prosecute members of the public. For instance, in 1994, these same "checks and balances" sought to imprison people who objected to the placement of undesirable housing in their midst. In Berkeley, California, for instance, HUD used federal resources to investigate, intimidate, and threaten with federal prison those people who objected to the placement of housing for drug abusers and the mentally disturbed in their neighborhood.

HUD lawyers investigated for seven months and threatened to charge people with violating federal housing discrimination laws. Nearby neighbors, Richard Graham, Alexandra White, and Joseph Deringer, were threatened with \$50,000 in fines and a prison sentence for objecting to the HUD housing plans. HUD charged that the neighbors engaged in "coercion, intimidation and interference" against the potential tenants of the planned housing.

HUD Mortgage Insurance Scam

Another aspect of the HUD scams dealt with insurance premiums. People buying properties with mortgages provided by HUD paid mortgage insurance premiums up front for the life of the loan, amounting to several thousands dollars on each HUD transaction. Formerly, the buyer of HUD properties paid their insurance premiums on a monthly basis with their mortgage payments. But in 1983, the same Congress that passed legislation making the looting of savings and loans possible, passed legislation known as "HURRA" (Housing and Urban-Rural Recovery Act), pushed by Philip Winn, one of Denver's high flyers, requiring the mortgage insurance premiums to be paid up front.

CIA asset Gunther Russbacher described to me how this worked, as he saw when he headed Red Hill Savings and Loan. He said that this was another of the many CIA scams that defrauded the American people of many millions of dollars. It is probable that the CIA involvement in this scam is what kept the Justice Department from prosecuting those guilty of the mortgage premium insurance fraud. Russbacher described how the scam worked:

They were using reinsurance companies with policy premiums that were never paid. Money was paid for the reinsurance but it was never paid [to the reinsurers]. The policy money, the premiums, were never paid in to where the policies were active. American International Groups was one of the big ones [involved in the scam]. Transatlantic Holdings was involved, as well as Transpacific Holdings. Maurice Greenberg, a close associate of Denver's Leonard Millman, headed some of these companies. Dublin International Insurance was part of AI [American International]. We insured Putnam and Company.

Upon close of escrow, the insurance premiums were to be sent to brokerage companies that would then order the mortgage insurance. Among the companies involved in these activities was the American International Group, headquartered in New York. AIG was at the head of hundreds of companies

and trusts throughout the world, and reportedly headed by Maurice Greenberg, a close friend of Denver-based Leonard Millman. AIG owned other companies involved in these activities, including Transatlantic Holdings and Putnam Reinsurance, which are in the reinsurance business.

The HUD mortgages for which up-front mortgage insurance premiums were paid were put into “pools” of mortgage loans with Government National Mortgage Association (GNMA), which are then sold off on the secondary market to investors. The up-front insurance premiums were reportedly never sent to the companies that were to provide the insurance protection. When there were large and unexpected numbers of foreclosures during the 1980s, the mortgage insurance did not exist to pay for the large losses.

Protected Insiders Looting Savings and Loans

Congress and the Reagan Administration deregulated the savings and loan industry through the Garn-St Germain Act of 1982, which was signed into law by President Ronald Reagan on October 15, 1982. As he signed the far-reaching bill, Reagan announced that it was “the most important legislation for financial institutions in 50 years.” He added: “I think we’ve hit the jackpot.” If he meant the jackpot reference for the Mafia, the CIA, and a host of crooks, he was absolutely right. Even the famous bank robber, Willie Sutton, never envisioned such riches.

I had considerable real estate at that time, including motels, hotels, truck stops, golf courses, apartments, and land, and knew the financial frauds that would follow deregulation. It didn’t take any great expertise to predict the consequences, and surely members of Congress and the industry recognized that fact even sooner than I.

Developers, Mafia figures and crooks, started buying small savings and loans in out-of-the-way-places. In that manner they gained access to the Treasury of the United States, permitting them to engage in self-dealings, sham transactions, and massive fraud against the American taxpayer. Deregulation and the concurrent fraud were financially fabulous for many people, fueling massive growth in the real estate industry during the 1980s. The public picked up the price tab in the 1990s, and they would pay for decades, well into the next century. The losses, much of which was outright theft, exceeded the cost of World War II. Never in the history of the United States had such a massive financial debacle occurred, making the American taxpayer the victim of the biggest scam in the nation’s history.

The crooks that held the controlling interests in savings and loan associations paid themselves extravagant salaries, with virtually unlimited expense accounts that bled their companies dry. They made loans to themselves or corporations they owned or controlled and had a fabulous lifestyle that couldn’t possibly be supported by the income of the savings and loans they acquired.

Many sordid details of the savings and loan debacle have never been revealed by the mass media. Crooks, with the help of politicians, Justice Department officials and CIA renegades, stripped the American people of hundreds of billions of dollars. The American economy will eventually feel the

effects of this theft, adversely affecting the American people.

Warning Flags Presaging Deregulation

It was no secret to members of Congress what would happen if the savings and loans were deregulated. The consequences of relaxing safeguards were seen elsewhere. For instance, the danger of brokered deposits was evident when serious problems arose in California during the 1960s when these deposits were allowed to reach a high percentage of a financial institution's deposits, threatening its solvency. Sudden withdrawal of such large sums of money deposited as a block could easily make the institution insolvent. To correct this problem, regulators ordered a cap of five percent of an institution's total brokered deposits. This restriction remained from 1963 until the limit on brokered deposits was removed in 1982 by the Depository Institutions Deregulation Committee, chaired by Treasury Secretary Donald Regan. This change was enormously profitable to financial institutions dealing in such deposits, including Regan's prior employer before he joined the Reagan administration.

Brokered deposits consisted of blocks of \$100,000 deposits from individual depositors, which was the limit for federal insurance guarantees.⁹⁸ By dealing in brokered deposits the banks were able to increase their capital and engage in huge fraudulent schemes. The danger arose from the high interest rates and fees needed to acquire them, and these costs were greater than what could be earned by lending the money for safe real estate investments.

Just prior to voting for deregulating the savings and loans, the nation's worst bank failure occurred, which was caused by eliminating safeguards and permitting brokered deposits. The Oklahoma City financial institution, Penn Square Bank, failed in 1982 and brought giant Continental Illinois National Bank and Trust Company in Chicago to the brink of failure, as well as other lending institutions that had placed large sums of money into Penn Square Bank.

The American taxpayers had to bail out Continental Illinois to the tune of \$4.5 billion (plus the interest that is still being paid on the payout). This amount was in addition to the payments made to the insured depositors at Penn Square. It was the largest federal bailout in the nation's history, and showed the dangers of deregulation and brokered deposits and what could be expected with the subsequent signing of the deregulation act.

Penn Square offered the deposit brokers higher interest rates and substantial brokerage commissions for funds placed with the financial institution, causing brokers to place millions of dollars into the bank on any given day. But the rates and the fees that Penn Square had to pay for these deposits required making loans on high-risk investments. Further, the continual losses due to high costs of the funds and the inadequacy of returns on these funds required a continuing infusion of money to continue the Ponzi-like scheme.

Common sense and the history of failures made obvious what would

⁹⁸ Over strong protests from people who knew what would happen, the federal deposit guarantee was raised from the previous \$5,000.

happen when Congress voted for deregulation. But many of those who voted for deregulating the savings and loans were recipients of large financial contributions (i.e., bribes).

With brokered deposits there was no money available to make normal home loans; the spread was too much between the rate that homeowners could pay and the rate the savings and loans had to pay for the brokered funds.

The primary problem of deregulation came when the lending institution engaged in self-dealing, land-flips, sham loans, and many other devices used to carry out the massive fraud. All this was obvious to anyone close to the industry, as were members of Congress. But the immediate financial benefits to those voting for deregulation, the law firms and public relations firms, easily took precedence over the harm inflicted upon the United States and the American people, and this attitude prevails throughout these pages.

Every Common-sense Warning Sign Ignored

Some of the practices that could be expected to occur, and which did occur after deregulation, included:

1. Inflating the value of properties through land flips, whereby a parcel of land was “resold” numerous times, sometimes on the same day. Each time the new “buyer” paid a higher price. In that way, a borrower could indicate the land was worth far more than it actually was and obtain a larger loan than the property was worth. Oftentimes no payments would be made on the loan after receiving the loan proceeds, and the property allowed to go into foreclosure. The borrower then walked away with the difference between the purchase price of the property and the loan proceeds. In many cases this constituted millions of dollars
2. Making a loan to a controlled or a dummy corporation far beyond the value of the property, and then let the loan go into default, at which time it would be abandoned.
3. Making a loan that was not intended to be repaid to a controlled corporation. Then when the loan and interest payments are due, make a larger loan on the property to “pay off” the prior loan and accumulated interest, thus showing a sham profit. The loan would be shown as a performing loan on the books rather than a loan in default.
4. Swapping bad loans between cooperating financial institutions and showing the loans as performing loans on the books.
5. Spending lavishly on aircraft, vacation homes, trips, and other expensive life styles and charging it to business expenses. An honestly operated business would not incur such charges when the business was operating in the red.
6. Paying inordinately high salaries to themselves and providing themselves with bonuses when bad non-performing loans are renewed or traded for other bad loans with cooperating institutions.
7. Making sham loans on greatly overvalued real estate owned or controlled by the lending institution, with borrowers never intending to repay the loans.
8. Hiring former federal regulators at exorbitant salaries for their influence-peddling abilities and knowledge, to assist in circumventing regulatory

protections.

9. Paying many millions of dollars in bribes to members of Congress to block actions by federal regulators, and block corrective legislation.

Typical Land Flip

A typical example of the fraud associated with land flips was a tract of property northeast of Denver where the new Denver airport was supposed to be located. The original parcel of land, called the Little Buckeroo Ranch, was purchased for \$1 million and then flipped over several times in dummy land sales, fraudulently showing its value as \$5 million. The Denver group involved in this scam obtained a \$5 million non-recourse loan on the property and then defaulted when it was discovered the airport would be built elsewhere. They made a \$4 million profit on the deal. People involved in that one example were heavily involved in the HUD and savings and loan fraud in the Denver area and had close ties to the Central Intelligence Agency.

Financing the Looting

To generate the hundreds of millions of dollars to fund these scams, the parties operating savings and loans needed a steady supply of money, far more than could be expected from local depositors. The answer was in brokered deposits. Money brokers pooled \$100,000 deposits from different sources and deposited the funds into whatever savings and loan offered the highest interest and paid the highest brokerage fee.

The deposited funds would either be used for high-risk loans or, as was often the case, to fund sham transactions in which there was no intention to repay the loans. The loss of several hundred *billion* dollars that will be paid by the American taxpayer required more than simply poor judgment. There was no risk to the con artists, as the American taxpayers were insuring the money.

Brokers would often offer deposits to a savings and loan on condition that the institution make one or more loans on a given piece of real estate. The loan amount would often be made in excess of the value of the property used for security, or made without any security. The institution making the loan may or may not realize that the loan would never be repaid.

There were many variations of these scams. All could be foreseen, and all had occurred in isolated cases the decade before deregulation.

The Expected Commenced Immediately

The expected started happening immediately. Among the first was Vernon Savings and Loan in Texas, which failed in 1984, involving brokered deposits, land flips, inflated mortgages, and huge personal expenses billed to the financial institutions. Loans that would never have been made with the former safeguards were made to insiders and friends who scratched each other's backs as they made themselves rich.

Ed Gray was sworn in on May 1, 1983, to head the Federal Home Loan Bank Board (FHLBB), and promptly discovered the seriousness of the massive fraud. He tried correcting the problem by returning the restriction on brokered deposits to the previous five percent, thereby halting the primary problem. But those who used the brokered deposits descended upon Con-

gress, handing out money insured by the American taxpayer and succeeding in blocking this change. Treasury Secretary Regan, whose former employer profited by the brokered deposits, and many others, sought to discredit Gray as some sort of wacko.

Finally, the discrediting campaign succeeded, and Gray was replaced by Danny Wall, an aide to Senator Jake Garn, Chairman of the Senate Banking Committee. Wall then obstructed corrective action to keep the massive fraud scheme in operation, while simultaneously keeping the money flowing to members of Congress that kept federal investigators at bay. Wall protected Lincoln Savings and Loan from the San Francisco regulatory board that had planned to shut down the corruption-plagued institution, removing Lincoln from the jurisdiction of the regulators who had uncovered the corruption.

In an unprecedented action, Wall transferred regulatory jurisdiction of Lincoln to Washington, and Lincoln continued its corrupt practices of looting assets of U.S. taxpayers and individual investors. One act was to offer bonds of bankrupted American Continental Corporation, Lincoln's parent corporation, to its depositors, falsely claiming they were government-protected. Thousands of elderly people with no other source of income lost their life's savings through this scheme, made possible by Washington and California politicians. These tactics also increased the immediate cost to the American taxpayer to approximately \$2 billion plus the triple or so amount that will be paid in interest before the debt is paid off, if it ever is.

Virtually everyone who played the game, who looked the other way, or who blocked corrective action, profited. Members of Congress, including the Keating-Five, received bribes for blocking corrective action by federal inspectors. The media received advertising dollars from large numbers of real estate developments built under a cloud of fraud. The crooks in the savings and loans and others acting with them profited. Everyone knew the American taxpayer would foot the bills. Another group of losers, given very little attention, were the stockholders. Many of them invested their life's savings in the savings and loans, and these savings were usually lost.

Simultaneously, Lincoln's President, Charles Keating,⁹⁹ paid \$839,000 of taxpayer's money to various election committees to reelect Cranston,¹⁰⁰ and hundreds of thousands more to the senators known as the "Keating Five:" Senators Alan Cranston, senior member on the House Banking Committee; Dennis DeConcini; John McCain; John Glenn; and Donald Riegle. I had notified each of them of the criminal activities I had uncovered, and demanded they receive testimony and evidence that my CIA and DEA whistleblowers and I were ready to present. They refused to respond.

Members of Congress sought to continue the cover-up to the end. In June 1989 Congress quietly rejected a request for \$36.8 million to hire investigators to accelerate the investigation and prosecution of corrupt savings

⁹⁹ Charlie Keating was chairman of American Continental Corporation, a major land developer in Arizona. American Continental acquired Lincoln Savings & Loan Association of Irvine, California. Keating became its chief executive officer. Lincoln was then used as a private bank for Keating's own investments, many of them highly questionable.

¹⁰⁰ *San Francisco Examiner*, October 8, 1989.

and loan officials.

Significant amounts of the looted funds were given to members of Congress as political contributions or under the table, like paying off the cops to operate a criminal enterprise.

In 1986 the Keating-Five senators applied pressure upon Washington regulators to prevent government investigators from taking actions against Keating's Lincoln Savings and Loan (after the group received huge financial donations from Keating). This Congressional obstruction of the regulatory function of the U.S. government increased the costs to taxpayers far in excess of *two hundred billion* dollars for the entire industry. The taxpayers also must pay for the bribes paid to politicians on the California and federal levels and to the former government officials who became high salaried employees of Lincoln.

California's Senator Alan Cranston obstructed the actions of the regulators who sought to prevent others from losing money, including elderly and retired people who invested in the uninsured bonds issued by Keating's enterprises. This obstructive action interrupted the regulatory process, delaying the government takeover of Lincoln Savings and Loan, as it continued selling worthless, uninsured securities to the public.

Even Alan Greenspan, then a private consultant and later chairman of the Federal Reserve Board, sent a letter seeking to block corrective actions, falsely claiming Lincoln was in good financial shape and had good lending practices. This was preposterous. Lincoln's primary assets were grossly inflated desert land. Lincoln had a practice of lending money to closely related investors or their own real estate enterprises, often without any credit check and without collateral.

Eventually the losses were too great to ignore. A new agency was formed to clean up the mess. But the same parties who blocked prior corrective action wanted Wall installed as its head, fighting to retain the head of the regulatory agency that helped continue the escalating corruption. Senator Cranston and Representative Donald Riegle fought hard to have Danny Wall confirmed as head of the new agency without a confirmation hearing, avoiding senate questioning of the debacle that unfolded while he held responsibility to prevent such fraud.

Congress' response to the nation's greatest financial debacle consisted of carefully avoiding charging any of their members, including the Keating-Five, with any crimes. They wrung their hands trying to decide whether any of the senators who received huge amounts of money from the crooks, and who blocked corrective attempts by federal regulators, violated ethics. Using this standard on many people sent to federal prison for far less federal offenses would greatly reduce the prison population.

You Rat on Me and I'll Rat on You

Cranston had earlier warned the entire United States Senate that, if the Ethics Committee moved to censure him for his role in the savings and loan scandal, he would blow the whistle on the role played by other senators in the savings and loan matter. As the "investigating" committee considered whether to censor Cranston for ethics violations, Senator Jeff Bingaman dis-

qualified himself, requiring appointment of another senator, which in turn required weeks for the replacement to review the evidence. Bingaman had disqualified himself after “suddenly” discovering, after three years, that a conflict of interest existed: his wife worked for a law firm that once represented two of Cranston’s staff members whose legal bill had not been paid. That move took the heat off the ethics committee until media attention focused elsewhere.

Congress repeatedly refused to provide money to shut down the hemorrhaging savings and loans, which then permitted the looting to go on, as well as continuing the political contributions from the insolvent institutions. Congressman Gonzalez stated¹⁰¹ that the White House and federal officials could simply have placed the looted and failed “institutions under government conservatorship.” But Congressman Gonzalez complained to federal regulators in late 1992 that “Regulators can put failing institutions under government conservatorship now, with or without any new funding. This should save the taxpayers the costs of further depletion of the institutions’ assets.” The refusal to shut down the fraud-racked savings and loans escalated the losses.

Usual Cover-Ups

Investigators, trying to blow the whistle on rampant corruption, testified to the House Banking Committee in October 1989 that Washington officials repeatedly overruled or restricted their investigation of corruption-riddled Lincoln Savings and Loan (as they had done after I started exposing hardcore government corruption in the aviation field starting in the mid-1960s).

Admitting to Paying for Influence

Keating admitted giving over five million dollars in political contributions to influence members of the U.S. House and the Senate and state politicians in California and Arizona. Cranston and the four other senators pressured regulators to back off from shutting down Lincoln Savings and Loan, inflicting even greater losses upon the American taxpayer.

Keating wasn’t hesitant about stating the effects he expected when he paid bribes to members of Congress, stating several times to the press:

*One question, among many raised in recent weeks, had to do with whether my financial support in any way influenced several political figures to take up my cause. I want to say in the most forceful way I can; I certainly hope so.*¹⁰²

Despite the huge losses incurred by these practices, Keating paid himself and his family over \$34 million in the three years before its demise, even though losses during this time were destroying the corporation.

Representative Henry Gonzalez of Texas initially protected the system by using his post as chairman of the House Banking Committee to obstruct an investigation into questionable banking practices in his home district. Gonzalez pushed an amendment to protect First National Bank of San Antonio and other financial subsidiaries from the regulatory actions of the Federal Deposit Insurance Corporation. But as the savings and loan scandal

¹⁰¹ *Wall Street Journal*, October 26, 1992, letter to the editor by Congressman Gonzalez.

¹⁰² *New York Times* November 9, 1989.

shot out from under the media blackout Gonzalez, head of the House committee¹⁰³ with oversight responsibilities for the savings and loan industry under the Office of Thrift Supervision (OTS),¹⁰⁴ focused attention on the savings and loan problems.

“Honesty Doesn’t Pay.”

The *Dallas Morning News* reported a conversation by an anonymous Texas state legislator, who said he had to take bribes from the HUD and savings and loan crowd because he needed the money to maintain his life style on a legislator’s salary. He reportedly stated: “It’s hard to be pious because in all honesty I could use the money. Honesty doesn’t pay.”

My CIA contacts described a well-publicized area of the savings and loan corruption in Dallas apartment units along Interstate 30, running east to Lake Ray Hubbard. Hundreds of apartments were built for which there was no demand, no rentals, and no sales. Money was made through land flips and shoddy construction. Some apartment buildings were shown as completed even though the plumbing and other necessities had not been installed. Covert CIA proprietary operations were involved in this scheme that defrauded the American public.

California Involvement in Corruption

Corrupt California politics made the Lincoln debacle possible. The California General Services Department (and the California Department of Savings and Loans) obstructed the investigation of Lincoln’s corrupt practices, rendering administrative decisions resulting in the loss of almost a quarter billion dollars in savings of the elderly.

In California, Chapter 11¹⁰⁵ judicial corruption was especially acute. California was the state producing numerous lawyers and prosecutors that played a key role in some of the scandals described within these pages. The Justice Department’s scheme to silence me used California lawyers, law firms, and state judges, augmented by California-based U.S. district court judges and justices. In this way they joined the conspiracy of criminality I sought to expose.

Many on the Reagan-Bush team were from California, including Earl Brian (of Inslaw fame), Edwin Meese (the U.S. Attorney involved in many of the scandals described within these pages), J. Lowell Jensen (part of the Inslaw scandal yet to be described), and Senator Alan Cranston.

Numerous California officials and friends of California Governor George Deukmejian, mostly lawyers, were heavily involved in these scandals. A Keating enterprise, TCS, made political contributions totaling \$48,000 to Deukmejian’s campaigns. Keating paid over \$189,000 to Deukmejian, in addition to the nearly one million given to California Senator

¹⁰³ Gonzalez moved up to the chairmanship of the House Banking Committee in 1989 after his predecessor, Fernand St. Germain (Rhode Island) lost his re-election bid because of investigations into his cozy deals with Savings and Loan lobbyists.

¹⁰⁴ Successor agency to the Federal Home Loan Bank Board (FHLBB).

¹⁰⁵ Reference to Chapter 11 should be considered reference to other bankruptcy chapters, especially Chapter 13.

Cranston's interests. Over 23,000 California investors were seriously harmed, as they purchased \$250 million in uninsured bonds (most investors thought they were government insured) after California regulators approved their sales, knowing the corporation was insolvent. Many of these elderly people lost their life savings and their sole means of financial support.

In November 1984 Lawrence Taggart, while a California Savings and Loan Commissioner, rendered official decisions allowing Lincoln to continue its fraudulent schemes, causing thousands of investors to lose their life savings. On December 7, 1984, three days before a crucial deadline that nobody was supposed to know about except highest-level federal regulators, Taggart gave Lincoln approval to move almost a billion dollars to its subsidiaries. Taggart then left to become a director of TCS. But records showed Taggart was already hired by TCS at that time. On January 1, 1985, Taggart left his California position, responsible for regulating savings and loans, to work full-time as TCS's highest salaried executive. Additionally, he was to receive half of the after-tax profits earned by the consulting department he headed, and other perks. Three weeks later, Lincoln bought \$2.89 million worth of TCS common stock.¹⁰⁶

Barbara Thomas, a former SEC commissioner, reportedly called the SEC to act as a character witness for Keating during its investigation. Gonzalez said his staff's investigation revealed that Ms. Thomas had received a \$250,000 loan from Mr. Keating with unusual payback provisions, suggesting a *quid pro quo* arrangement.

Jack Atchison of the auditing firm of Arthur Young & Company was primarily responsible for auditing Lincoln Savings and Loan and submitting the reports to the government. Atchison sent several letters to three senators saying that Lincoln was a sound institution and that federal regulators were harassing Lincoln executives. Atchison then left his employment with the accounting firm and went to work for Lincoln at a salary exceeding \$900,000 a year. The salary far exceeded what the position justified. It was surely another of hundreds of *quid pro quo* agreements in exchange for the sham report showing Lincoln as being solvent and in good financial condition, when actually it was not.

A California Department of Corporations lawyer-regulator issued a strong warning about uninsured bonds sold in Lincoln's offices. But California officials kept the warning quiet, making possible the sale of worthless bonds to thousands of California investors.

California Assemblyman Patrick Nolan received large financial contributions from Keating after Nolan sponsored legislation removing investment restrictions on state-chartered institutions. More dirty California politics followed. In 1983 I notified Governor Deukmejian, California Attorney General Van De Camp, and numerous state legislators, of the involvement of state judges in seeking to silence my exposure of criminal activities. Instead of investigating the charges and taking corrective action, they protected the judges after I filed civil rights actions in federal court.

¹⁰⁶ TCS was losing \$70,000 a month and was basically insolvent, paying \$2.89 million for a 24 percent ownership of a company with less than \$100,000 of solvency.

California officials denied state examiners and legislative investigators access to records, stating there was high danger of asbestos contamination where the records were stored. Possibly twenty years residence in the building might constitute a danger, but certainly not ten minutes to pick up the files! The building owner denied there was any danger:¹⁰⁷ “They [the records] could have been picked up any time in the last 200 days. They knew there was no problem [of asbestos].”

Assemblywoman Delaine Eastin of the California House Banking Committee stated that subpoenas would be necessary in the Lincoln case to obtain the records from the California Department of Corporations and the California Department of Savings and Loans. Officials under Governor Deukmejian refused to turn over the records, knowing that they contained evidence of California politicians’ involvement in the savings and loan scandal. California and Arizona committees conducted interim hearings dealing mostly in trivia, in that way protecting California officials implicated in the savings and loan scandal.

Both U.S. senators from California, Alan Cranston and Pete Wilson, received money from Keating to block the actions by federal regulators. Wilson received over \$75,000 from Keating and received large financial contributions within two months of his election to the U.S. Senate, holding the record for the amount of political contributions in 1990, according to the *San Francisco Chronicle* and *San Francisco Examiner*.

Part of the money, often the life’s savings and means of economic survival, lost by investors, went to bribe U.S. senators and representatives who were protecting the crooks in the savings and loans. Widows, retired persons, many of them elderly, testified before a House Banking Committee on November 14, 1989, that they lost their entire life’s savings, blaming California Senator Alan Cranston and other members of Congress for their losses. Many, unaware they were uninsured, invested their life’s savings in the over \$300 million in junk bonds after Cranston and other members of Congress blocked the actions of government inspectors and regulators.

What should have been golden years for thousands of retirees, especially in California, turned into abject poverty, compliments of California regulators and members of Congress, who took bribes to prevent exposure and closure of the corrupt practices of Lincoln Savings and Loan, Keating, and others.

A Few Exceptions

There were a few members of Congress who spoke out on the rampant criminality in the deregulated savings and loan scandal. Representative Jim Leach told a panel of journalists (May 1989), “You have the opportunity to hold your Legislative Branch accountable, and perhaps bring it down.” Referring to the cover-up by the government regulatory agency that permitted the corruption to continue, Leach stated: “This Bank Board did the opposite of making timely warnings. It tried to put people to sleep while a fire was raging.”

¹⁰⁷ San Francisco Chronicle November 1, 1989.

Lawyer Joseph Cotchett of Burlingame, California, representing many of the elderly who were swindled in the Lincoln bonds, described the obstructionist tactics by California officials: "And now we have reached the 1,000th coincidence in this case."

Can the Money be Recovered?

Federal Deposit Insurance Corporation's Chairman L. William Seidman told of the hopelessness of recovering the huge losses. He warned that the amount of money recovered from anyone found guilty of self-dealing and other insider abuses would be small. "The money is long gone, spent," Mr. Seidman said. "We cannot expect any substantial recovery from criminal abuse."

But it could be traced if they wanted to, as I found through CIA and other sources where many of the trusts were located. Whatever the actual immediate figure is, \$250 to \$500 billion, these figures exceed many times the total amount looted from publicized savings and loans.

My CIA and other contacts, who had key roles in the HUD and savings and loan scandals and some yet to be exposed, helped move the money to secret offshore and domestic banks, trusts, limited partnerships and other financial vehicles. They told me where some of the funds could be located. In later pages, some of these locations are identified.

Heavy CIA Involvement

Several well-documented books¹⁰⁸ have been written of the savings and loan debacle. One thing that most of them missed, which I would not have known except for becoming a confidant to several CIA operatives, was the major role played by the CIA in the looting of America's financial institutions. Among the CIA-related savings and loans listed in these books as being part of the looting but not identified as CIA proprietaries were Silverado Bank Savings & Loan (Denver); Aurora Bank (Denver); Indian Springs State Bank (Kansas City, Mo); Red Hill Savings and Loan; and Hill Financial in Red Hill, Pennsylvania. These authors also failed to discover that many of the other savings and loans were often cutouts for the CIA.

Silverado Bank Savings and Loan

Much has been written about Denver's Silverado Bank Savings & Loan and its most prominent director, Neil Bush, the son of George Bush. But much has remained secret about Silverado. One of the best-kept secrets was that Silverado was a covert CIA operation; that it funded many covert CIA assets; and that many of the huge financial losses were the direct result of CIA activities. It is ironical that Silverado, a CIA proprietary, had as one of its directors the son of former director of the CIA, George Bush. Because of heavy CIA involvement in Silverado, and for other reasons to be covered, Justice Department prosecutors protected the Silverado gang against meaningful prosecution.

Neil Bush played a key role in Silverado's misconduct, receiving only a token reaction from government agencies that kept a lid on Silverado's criminal activities. Interest payments on money borrowed by the United States to pay off the original \$2 billion looted from Silverado may cause the

¹⁰⁸ *Inside Job*, Stephen Pizzo, Paul Muolo & Mary Fricker; *Daisy Chain*, James O'Shea.

cost to the taxpayer to exceed \$6 billion, assuming these debts are ever paid off. It required over two hundred sham loans of one million dollars each, not repaid, for these losses to occur. Neil Bush, like Oliver North in the Contra affair, displayed a look of innocence when questioned about his role in this huge financial fraud.

Neil Bush, while in a position of trust on the board of directors, borrowed over \$2 million from Silverado, part of which went into a dry hole drilling for oil in an unlikely location. Most of the money went for his salary and personal expenses. He was not so stupid as not to realize the money would never be repaid if that hole did not produce oil. He drilled this hole where it was known there was no oil. But the drilling served as justification for paying himself a large salary and lots of perks, which the ever-benevolent American taxpayers now must pay well into the next century. Bush made no payments on the money he borrowed and no charges were filed by the Justice Department beholden to his father, President George Bush. It paid to have Justice Department personnel in your back pocket.

Two borrowers from Silverado who were partners with Neil Bush, Ken Good and Bill Walters, got away with \$130 million in loans from Silverado that were never repaid. Some of this money went to Michael Norton, who later protected them from prosecution when Norton became U.S. Attorney. The Mafia never had it so good.

When the lending institution failed, the taxpayers were stuck with the tab plus associated costs, including interest on the money borrowed to finance this portion of the national debt. The borrowers in the sham transaction, who had good political connections, often purchased the property at pennies on the dollar from the government after the savings and loans were taken over. Before the taxpayer finishes paying, the cost will probably triple. The infamous Silverado Bank Savings & Loan in Denver was one of the key lending institutions involved in these types of scams.

Media Cover-Up

Investigative reporters for the establishment media in the United States knew for years about the financial debacle, but kept the lid on the scandal. To remove the lid would have financially affected them, as major advertisers would have eliminated their advertisements. In Denver, for example, three newspapers received considerable income from the advertisements of the group heavily involved in the HUD and savings and loan fraud: *Rocky Mountain News*; *Denver Post*, and *Westword*.

Taxpayers' Bill: Over \$200 Billion—and They Never Complained!

The greatest financial debacle ever inflicted in the history of civilization is causing American taxpayers to be saddled with a debt that has been estimated as high as 200 *billion* dollars, including interest, an amount far exceeding America's cost of fighting World War II. Probably this large indebtedness will never be paid off. And this is only the savings and loan fraud. Many other corrupt financial scams are pulled on the American public, including HUD, Chapter 11, and others yet to be described. This fraud, and the missing money which no one has sought, requires the American people to pay huge tax increases, and threatens the continuation of basic social pro-

grams.

Very little attention has been given to the losses suffered by those people who owned stock in the savings and loans, including the retired people who had their entire savings in worthless stocks that no longer provided dividend income.

Where Were the FBI, Justice Department and Other Federal Checks and Balances?

A good question would be: Where were the hundreds of FBI and Justice Department investigators during this massive fraud inflicted upon the American people? The criminal activities were too extensive for them not to know of their existence. With its many connections within the United States, one could also ask where the CIA was during all this? The fact is, they did know. Later pages will help to explain how these criminal enterprises are linked together, and how people in control of our checks and balances were implicated in them.

A California banking investigator, Richard Newsom, testified that he went to the FBI in July 1988, after he found evidence of serious criminal activities in the savings and loan industry. He testified that he had found that the parent company of Lincoln Savings and Loan funneled over \$800,000 to Senator Alan Cranston, and that "the stuff was too hot." The FBI and Department of Justice refused to take any action on the reported corruption. As is shown throughout these pages, the Justice Department's lawyers, including their FBI Division, are most noted among insiders as being heavily involved in hard-core obstruction of justice when federal officials are implicated.

Justice Department Protection of Kingpins And Wrist Slapping of Their Underlings

James Metz, listed as a majority owner of Silverado Savings & Loan, pled guilty (October 16, 1992) to taking \$100,000 of savings and loan funds for personal use, and received a six-month sentence in a half-way house. This sentence permitted him to work as president of Richmond Homes and be home during the day, requiring only that he sleep at the location at Colfax and Fillmore Streets in Denver. This token judgment ignored the two billion dollars looted with his help from Silverado. My CIA contacts stated Metz was one of many CIA assets in the Denver area.

David Mandarich was indicted for illegal contributions, of which Michael Norton, U.S. Attorney in Denver, was the major recipient. Since Norton was the primary recipient of the money, he had to stand aside and have Marvin Collins, U.S. Attorney from Texas, act as special prosecutor (directed by Norton) to prosecute the case. Mandarich took the fall for the many other big names but was protected by U.S. Attorney Collins, who deliberately presented a weak case to the jury. U.S. District Judge Richard Matsch then assisted in the cover-up by dismissing the charges.

Justice Department prosecutors waited until the statute of limitations had run out for charging Neil Bush and others of the Denver gang before filing nominal charges against Silverado's James Metz and Michael Wise. Corruption and cover-up in the Denver area was orchestrated by U.S. Attorney Michael Norton and Assistant U.S. Attorney Gregory Graff in Denver. In-

investigation of key players would have implicated the CIA and risked exposing White House and other politicians involved in the savings and loan crimes (among others yet to be described).

Coming Down Hard on Scapegoats

Many of those charged and prosecuted by Justice Department lawyers in the savings and loan fraud were outside directors of savings and loans, in honorary positions with no knowledge of or control in the institution's activities. By seeking to put these people in prison, Justice Department prosecutors were protecting the kingpins that continued to inflict great financial harm upon the American public. By indicting these people, the prosecutors misled the public into thinking that justice was being done.

The Fraud Didn't Stop

The fraud by the Denver group inflicted billions of dollars in direct losses upon the American people. But it didn't end there. The same Denver group and others, who brought about the collapse of the savings and loan industry by their corrupt activities, used their Washington influence to buy back properties and other assets from Resolution Trust Corporation at ten and twenty cents on the dollar. They made money bringing down the savings and loans and made money buying the assets back, with the help of the same Washington gang. MDC bought from the RTC \$750 million in loans that they had obtained from Silverado for \$150 million, making a \$600 million profit, and defrauding Silverado out of \$600 million. This was not mentioned in the investigation of that savings and loan.

Central Intelligence Agency Involvement

An article in *Penthouse*¹⁰⁹ detailed the CIA involvement in fleecing financial institutions. Entitled: *The Banks and the CIA, Cash and Carry*, it carried the subtitle, "How Agency rogues fleeced financial institutions to help create one of the greatest scandals in U.S. History." The article, describing the looting of banks and savings and loans by companies fronting for the Central Intelligence Agency, stated in part:

Agency rogues fleeced financial institutions to help create one of the greatest scandals in U.S. history...free-lance C.I.A. operatives—in the course of carrying out covert operations, fleeced America's financial institutions....The C.I.A., it was claimed, sanctioned...pulling money out of federally insured financial institutions to fund covert activities, particularly arms deals.

The article went on to say how Congress had shut off funding needed by the CIA for its covert operations, and how the CIA underground smuggled drugs into the country and looted banks and savings and loans. It further described how the CIA covert operations went underground when President Jimmy Carter ordered disbanding of its covert operations in the late 1970s. The article described how President Reagan's 1981 inauguration reinvigorated the covert CIA operations. Denied funds by Congress, the covert CIA network carried out unlawful and clandestine activities throughout the United States and overseas. These activities violated the CIA charter and were criminal

¹⁰⁹ September 1989.

acts.

The *Houston Post* started a series of articles in 1991 revealing connections between the CIA, organized crime, and the savings and loan scandal. Investigative reporter Pete Brewton left the *Houston Post* after pressure was put upon him to withhold key facts. In October 1992 his book was published: *The Mafia, the CIA, and George Bush—The Untold Story of America's Greatest Financial Debacle*.

My investigative activities brought me into contact with deep-cover intelligence agency personnel who revealed to me the part played by the CIA in looting the savings and loans and other financial institutions. In the following pages this relationship is explored.

Secret Crimes by the CIA Against America

As described in detail in subsequent pages, commencing in 1990 I became a confidant to many former deep-cover CIA and DEA personnel. One of these was Gunther Russbacher, whose father was a former German intelligence officer during World War II. Russbacher held many sensitive positions within the covert segment of the Central Intelligence Agency and was involved in deep cover operations. More is said about Russbacher in later pages, but reference is made to him and some of the CIA activities that he related to me in detail over an eight-year period.

Russbacher's key covert position within the CIA took him far beyond the limited knowledge many CIA personnel have of CIA operations. The Agency tries to limit knowledge of overall operations by compartmentalizing operations and limiting the knowledge that any one participant has of the overall game plan. But Russbacher's high position within the Agency made him privy to a vast number of secret CIA operations.

Russbacher revealed to me the role played by the CIA in the savings and loan and HUD scandals. He had been with the CIA for over two decades and had been trained by the CIA to operate covert financial operations under various CIA programs, including Operation Cyclops. As he developed knowledge and expertise, the CIA had him organize other CIA proprietary financial institutions.

Russbacher and other deep-cover sources gave me innermost secrets of how the CIA looted America's financial institutions, how the money was laundered, the criminal elements with whom the CIA acted, and where some of the money ended up. These CIA operatives stated how the operations worked and the names of some of the covert CIA financial institutions, fronts, and cutouts. They gave me blank checks, letterheads, copies of corporate filings, and other writings supporting these statements.

During the past eight years I conducted thousands of hours of questioning with Russbacher and other CIA and insider contacts, receiving details of the most secret CIA operations in which they participated during the last three decades. I received sworn statements, documents, before the publication of this book. I checked their credibility with other CIA sources. Most, if not all of what Russbacher and others stated, and what is included in these pages, I believe to be true.

Some banks and savings and loans became fronts for CIA covert operations and often made phony loans, phony appraisals, and phony sales, gen-

erating enormous sums of money for clandestine CIA activities.

Russbacher told me that the CIA had given him many aliases during his years of deep-cover activities. He said that during the first two years of his affiliation he was a contract employee of the CIA. Then, in 1965 he entered the United States Navy and was assigned to the Office of Naval Intelligence (ONI). During all but three years of his CIA affiliation, he was in Covert Operations, Consular Operations, and other branches of covert government service. He did two tours of duty in Vietnam and Laos and was an unofficial prisoner during the second tour of duty in Southeast Asia. The U.S. government didn't list its covert personnel who were prisoners of war.¹¹⁰

In a December 6, 1992 sworn declaration, Russbacher described to me part of the CIA operations in which he was involved:

It is my intent to clarify, once and for all, how the Intelligence Services of the United States of America, have used the savings and loan (Thrift Institutions) to fund their respective covert operations, both within the United States, and abroad. The scheme creating an unlimited money supply was devised after the inside knowledge of how the Federal Reserve operated became known to operatives and case officers.

A monetary growth medium had to be found which would enable the Agency (CIA) to have access to an unlimited supply of funds with which covert operations might be funded. The key was... "How to utilize/capitalize on the Federal Credit Programs." Careful analysis and study of the Federal Credit Act provided the proper forum.

It was decided that small to medium businesses of the Proprietary Operations Unit would be well on line to provide these expert services. Soon, various businesses, owned and operated by either the Agency or utilizing a front directorship, began to deposit funds (legal tender and bogus bearer bonds) into the selected Thrifts. The loading of these institutions was always accomplished with the help of inside information, gained and acquired by and through information garnered by the FSLIC and their respective service members.

It was decided that various front organizations would deposit millions of dollars into these selected thrifts, and that such deposits would permit the depositors to make collateral loans for eight-five percent (85%) of the deposit value. The disparity of deposit and secured loan was the carrot for the ailing financial institution. The Agency, through its Proprietary Operations Division, was quick to recognize the Fed. Lending to Deposit Rate for Thrifts, which in turn stated that every dollar taken in on deposit would permit the Thrift to borrow up to seven dollars from the Federal Reserve. It was a lucrative enticement to Agency Operations. The loaned funds were soon gathered from all regional affiliates, and channeled to fund the Charters for our own Thrift institutions. The stage was set. It was merely a question of time until we began re-investing our portfolio.

¹¹⁰ His military numbers included 54 329 963; and his various Social Security numbers included 440-40-1417, 471-50-1578, 441-44-1417, and 447-42-0007.

Over a period of approximately 3 years, more than 35 federally insured "Agency Thrifts" were brought on line. Each of the financial institutions was funded in part by Certificates of Deposit (from our own front companies), and various other instruments of financial obligation. Sometimes, bogus (duplicate) Bearer Bonds were used to insure sufficient start-up capital. Slowly, these institutions began making large loans to other Agency front businesses. Many of them flourished regardless of the initial intent to strip them systematically of their assets. Those which failed to provide an unending "money funnel" were soon brought to Court, pursuant to Chapter 11, of the United States Bankruptcy Laws. Prior to permitting entry into such proceedings all visual assets were stripped and/or removed from the insolvent companies.

The United States Bankruptcy Courts, as well as the assigned United States Trustees, would permit us to re-channel the obvious assets prior to satisfying the demands of the legal creditors. It must be stated that in the initial stages of such operations there were no legal creditors as the entire operation was an "in-house operation," and subsequently not issues or obligations traded on the open market. Such practices were soon discarded as the volume of the operation was not able to keep out private and corporate investors. Many of the removed assets were sold to other agency operations, which in turn sold said assets to other linked dealers.

Brokerage companies of dubious repute were soon spin-offs of the mega industry. In order to provide continuity as well as expert disclosure, I shall reference the history of the funding of Hill Financial, as well as Red Hill Savings and Loan; the establishment of the National Brokerage Companies; the creation of National Financial Services Corporation; National Leasing Corporation; National Realty Corporation; Crystal Shores Development Corporation; Crystal Shores Financial Corporation, and Clayton Financial Planning Corporation. It is imperative that the continuity and creation are uninterrupted. During my time of service within the Proprietary Operations Division of the Central Intelligence Agency, I was approached while using the assigned name of Robert Andrew Walker to initiate contact with a nationally prominent brokerage house. (It must be noted that I had been a part of such brokerage facility under another alias/code name.) I followed the order and began a transfer study, which in turn was to initiate and facilitate the founding of a new savings and loan facility in Red Hill, Pennsylvania. All transfer studies were accurate and the new S&L was soon brought on line. It was funded with corporate paper, other private and corporate bonds/certificates, and other financial obligations.

The founding fathers of Hill Financial were Donald Lutz and Robert A. Walker, a/k/a/ Gunther Karl Russbacher. The financial package of the S&L was born from funds derived from SBF Corporation. The new S&L flourished, making numerous loans to the economically depressed local and regional area. These notes were in part non-secured, and no payoff was anticipated from these local trades.

We began to diversify, using the Federal Credit Act to gain and se-

cure additional federal funds, by securing other deposits from Agency Operations. Our deposit portfolio was extended on a ratio of 4.3 to 1 and thereby provided considerable additional loan coverage to other more open and more lucrative markets. We began to explore bringing on line additional feeder organizations which could/would add to our real deposit base.

The decision for such action was taken after I received orders to charter a brokerage company in the state of Missouri. We, the directors of Red Hill S&L held a closed meeting, wherein it was decided that I would become Chairman of the Board, and elevating Donald Lutz to the presidency. Pledging my continued assistance, I was permitted, nay ordered, to set up shop in St. Louis, Missouri, where I dropped the name Robert A. Walker, and became Emery J. Peden.

Within three months I was a registered broker of the Prudential Insurance Company of America. Soon after learning the business, I resigned my position and began a long-term relationship with Connecticut Mutual Life Insurance Company. I had an office in Clayton, Missouri, and soon made a significant impact on the financial and insurance industry.

END OF SEGMENT ONE (1) of the deposition of Gunther K. Russbacher.

I do certify the information contained in this segment of my deposition to be true and correct. Such certification is given under the penalty of perjury. Further, affiant/deponent sayeth not.

*Gunther Karl Russbacher, deponent in cause.
Dated: December 6, 1992.*

Russbacher incorporated and operated a number of covert CIA proprietaries in the United States from the late 1970s to 1986. His main headquarters was in Missouri, but his CIA proprietaries had offices throughout the United States, with heavy involvement in Dallas and Denver, where much of the HUD and savings and loan looting took place.

Russbacher identified as CIA proprietaries or assets numerous savings and loans, including Aurora Bank in the Denver area, Silverado Bank Savings & Loan, Red Hill Savings and Loan, Hill Financial, Indian Springs State Bank, and many others. He described the flow of money from, for instance, Silverado Bank Savings & Loan to start up Hill Financial and Red Hill Savings and Loan. Much of the data that he and other deep-cover CIA operatives gave me still has to be analyzed.

Russbacher made reference to CIA contract agents he encountered, including Heinrich Rupp and Richard Brenneke who worked with the CIA at Aurora Bank in Denver and elsewhere, and Anthony Russo at Indian Springs State Bank in Kansas City.

Russbacher described the links between CIA proprietaries and organized crime and how the CIA worked with the group in Denver, looting the HUD program and savings and loans of billions of dollars. He described the cor-

rupt practices of groups in the Denver area, such as MDC Holdings, Richmond Homes, Mizel Development, and their nearly one hundred subsidiaries, partnerships and other legal entities.

Describing his role in two of the savings and loans, Russbacher stated: "I held the position of Chairman of the Board [Red Hill Savings & Loan and Hill Financial]. Let's back up here, and erase that last thing. Robert Andrew Walker¹¹¹ held the position of Chairman of the Board." Russbacher used the CIA-provided-alias of Walker for those positions.

Russbacher described the massive corruption associated with the new Denver International Airport that included bribes, land flips, and sham loans.

Typical CIA Proprietary Operation

An example of how the CIA operated secret companies in the United States is seen from the companies that Russbacher operated for the CIA. Russbacher incorporated and operated many CIA proprietaries, hiding the CIA ownership by showing the stock owned by CIA-related personnel. At the top of the group of companies that Russbacher operated for the CIA was National Brokerage Companies, a general partnership located in Missouri. Under National Brokerage Companies were a number of other general partnerships and corporations. The stock in these corporations was held in several names, including Gunther Russbacher and his CIA-provided aliases, Emery Peden and Robert A. Walker.

Covert CIA personnel, installed as directors, controlled the various companies and corporations. In 1986 the NBC name was changed to National Brokerage Companies International (NBCI).

Russbacher gave me the names of many financial institutions that he said were CIA proprietaries. He described in great detail his role in Red Hill Savings & Loan and Hill Financial in Red Hill, Pennsylvania. He named other CIA proprietary financial institutions, including National Brokerage Companies; National Fiduciary Trust Company; National Financial Services; Crystal Shores Development; and Clayton Financial Planning, which had several divisions, including Agean Lines and Europa Link. Europa Link allegedly owned W.P.R. Petroleum International, which used leased oil tankers for oil delivery to major refineries.

Also, Badner Bank, which funded Germania Savings and Loan; Commerce Bank of Missouri; Carondolet Savings and Loan in St Louis; Mega Bank Group which owned First State System and operated in about eighteen states; Shalimar Perfumes; Shalimar Armaments; Shalimar Chemical Laboratories; R & B Weapons Systems International, Inc.; Pratslaja Brenneke Munitions Amalgam; KRB Weapons Delivery System; National Realty; and others.

Russbacher said that National Brokerage Companies (NBC, Inc.) was incorporated in Missouri in 1980, and that it was the parent company for many others. He said part of its initial funding came from Silverado Bank Savings & Loan via Red Hill Savings and Loan and Hill Financial. Among its subsidiaries were National Leasing; National Realty (under National Leasing), and Crystal Shores Financial Services.

¹¹¹ One of the aliases provided to Gunther Russbacher by the CIA.

A division under Clayton Financial Planning was Commercial Federal Savings and Loan, which had connections to National Fiduciary Trust Companies. A division under Clayton Financial Planning was Carondelet Savings and Loan, which also had financial connections to National Fiduciary Trust Companies.

Russbacher stated that under National Fiduciary trust Companies were Badner Bank and International Commerce Bank Holding Company. Under Badner Bank were various airlines, including Zantop Airlines; Tower Airlines; Southern Air Transport; Apollo Air; Virgin Air, and RAW World Service.

Under International Commerce Bank Holding Company were Baja Enterprises; property at Cabo San Lucas; Hotel Cabo San Lucas; and Cabo Airport.

Russbacher described the practice of the CIA having their own banks as proprietaries, and named, among others, Commerce Bank of Missouri, and particularly the one in Clayton, naming as a CIA asset the manager, John Bittlecomb. He described the CIA operation known as Valley Bank in Phoenix, which he said played a key role in moving money for the October Surprise operation (and described by former Mossad agent Ari Ben-Menashe in his book, *Profits of War*).

There were several European holdings, including Shalimar Perfumes, Shalimar Arms, and Shalimar Chemical Laboratories. Under Shalimar Armaments was R & B Weapons Systems International, Incorporated. Under R & B were two companies, Pratislaja Brenneke Munitions Amalgam and R & B Weapons Delivery Systems. It all sounds rather complex, and further explanation follows in subsequent pages.

Moving Huge Sums of Money Overseas

Russbacher described how the CIA moved large quantities of money from U.S. financial proprietaries during the last few years to offshore corporations and banks, including those in the Antilles and the Cayman Islands. "The Agency is deadly afraid of exposure within the United States," Russbacher said, "and they have begun to siphon off large and tremendous sums of money to foreign accounts. It must be borne in mind that in the last three years there has been a systematic removal of funds and capital assets from these [CIA] corporations."

Russbacher described how the CIA used the savings and loan institutions to fund their covert operations in the United States and abroad and add to the massive amount of funds secreted in foreign financial institutions. Parallel operations were run by different CIA divisions and directorates, using code names to identify the various operations. Included in the operations affecting financial institutions were Operation Gold Bug, Operation Cyclops, Operation Interlink, Operation Woodsman, Operation Fountain Pen, Operation Thunder, Operation Blue Thunder, and Operation Moth.

Operation Woodsman

Operation Woodsman was a CIA operation that targeted specific companies, forcing the owners out and taking over the assets. Russbacher described several of these operations in which he himself was directly in-

volved. Information used to carry out Operation Woodsman, such as the financial condition of targeted companies, could be obtained by the CIA through a database called the Black Flag file, which is located on a Cray computer in Washington and which is accessed through a government Sentry Terminal (government-secure computer). The Cray computer also contains a list of federal judges, trustees, law firms, and lawyers who covertly work to carry out Justice Department and CIA activities (such as the San Francisco law firm used against me in the sham California action).

Referring to Judicial Involvement

Russbacher repeated what he had described to me during the past few years about the role of federal judges in the corruption: "More than fifty percent of the judges are compromised through secret bribes or retainers." The bribes take many forms. Sometimes through gambling chips at Atlantic City and Las Vegas casinos, in the form of gratuities, sometimes through second and third parties, inheritances, anything that will whitewash the funds in the property that is given to the judges or trustees. Russbacher stated that these funds are often hidden in offshore financial accounts, adding:

Let's say it is property or stock certificates. We'll have phony documentation set up and put in place and show where the stock certificates or the property or the legacy came from. Even if we have to create our own trust with which to do it. It's not like we don't have legally capable counsel available. Now understand this too: these judges received this heavy money regardless of the fact that they have cases pending or not. They get paid whether they do something for us or not.

Russbacher elaborated on the procedure for gaining access to the Cray computer in Washington, telling how the identification number is first entered and then the security code.

Russbacher stated that he learned about Operation Woodsman when he was assigned to CIA headquarters at Langley, Virginia. "Every damn thing, every crooked thing that the DOJ has done," he said, "involving any and all law firms, is registered under the code name that I have given you." Russbacher continued:

Our intent was to take over the tangible assets of the operating license and licenses, we go through the predetermination hearing with the judge, trustee and the simple debtors, and then we buy time to reorganize the lines, and transport capabilities. In other words, we use them for ourselves, these little feeder airlines; we try to keep them alive anywhere from six months to a year and a half.

Slowly we set our operations and leverage to where the existing financial records are changed to reflect prior debt encumbrance. We falsify the records. We take an existing carrier, their routes, their equipment, push our schedule and freight manifest through their licenses, and then we ... we have no interest in developing a good business or making a go of it, out of the indentured one that we have taken over.

Russbacher described how the system uses lawyer spotters throughout the United States to identify companies that have large equities but have cash problems CIA proprietaries buy up the company's receivables and indebted-

ness, and force the company to sign papers making them susceptible to immediate takeover if their financial situation deteriorates. The CIA proprietary then acts to make this happen, after which the owners lose control. Chapter 11 would be included in Operation Woodsman.

The CIA may loot the company and then put it into Chapter 7 or 11 bankruptcy courts, where several options are available to make off with the assets or to have the indebtedness discharged. Russbacher told how the CIA has about seventy percent of the trustees and many of the federal judges in bankruptcy courts on retainer. He also elaborated upon the practice known as “drop-offs” that force companies into Chapter 11, involving companies with valuable assets that have a cash crunch.

Russbacher described some of the company takeovers in which he was directly involved, naming Midway Airlines, Southern Air Transport, and Frontier Airlines. In some cases, the targeted company would be liquidated and, as in the case of Frontier Airlines, the aircraft would go to a CIA proprietary. In Frontier’s example, most of the aircraft went to the CIA proprietary, Southwest Airlines. In the case of Southern Air Transport, the targeted corporation was kept as a CIA proprietary.

According to Russbacher, referring to the CIA takeover of Chicago-based Midway Airlines during the last year of its existence, Midway Airlines was first targeted in 1986 because it had a high debt-to-asset ratio, making the airline vulnerable to the takeover scheme of Operation Woodsman. CIA assets began purchasing Midway’s debt with the intention of taking over the company and then liquidating the assets in Chapter 7.

Russbacher told how Midway tried to get absorbed by another carrier, Northwest Airlines, and that the CIA blocked it, as it wanted Midway’s aircraft. The CIA got Justice Department lawyers and the IRS to take actions against the airline through criminal and tax proceedings through mostly bogus criminal and contempt charges, explaining:

We put together a bunch of phony allegations, mismanagement of funds, possible fraud. Ninety-five percent of it is totally untrue and unfounded, but the five percent that does remain true and factual are at the forefront, and you push those. Some of the directorships on the Board of Directors were subverted and suborned to CIA tactics.

The plan by Northwest Airlines to absorb Midway fell through after both Midway and Northwest were pressured by government agencies acting on behalf of the CIA. This scheme caused Midway to go out of business, so the airline’s Boeing 737 aircraft went to another covert CIA operation: Southwest Airlines.

Russbacher described similar CIA takeovers that developed into larger companies instead of being liquidated for their assets. These included Southern Air Transport (which started out as Savannah Charter Airlines); Central Airlines of Fort Worth; Allegheny Airlines; and others.

Russbacher explained that some of the directors had their own businesses and that it was easy for the CIA with its control of other government agencies to put pressure on them, adding: “They were not influenced; they

were dictated to.”

I asked: “How could they be dictated to?” Russbacher replied: “The director, who has other business interests and probably a business of his own, suddenly finds himself in a financial quandary due to various tactics used by the CIA. We put him under our thumb. If he decides not to play ball, we threaten him with criminal charges.”

This tactic was reportedly used against Charles W. White of Houston, Texas, who was in partnership with CIA-related Jim Bath. When Bath wanted to withdraw \$450,000 from a company composed of private investors and use it in a CIA-related operation, and White refused, the power of the courts and covert agencies were misused against White. After many lawsuits, White was financially destroyed.

Russbacher stated that Justice Department lawyers worked hand in hand with the CIA in Operation Woodsman and other schemes, and that the Agency not only has its own private lawyers but “government lawyers on staff as well as the judges. It’s a fixed deck all the way across.”

Russbacher described another CIA takeover: “We did the same thing with hotels,” describing how the CIA took over the Intercontinental Hotels (IH) chain from Pan American Corporation through its CIA front, Global Hotel Management out of Basel, Switzerland.

Among the airlines that were liquidated after acquisition were Central Airlines out of Fort Worth (the agency’s first airline acquisition under Operation Woodsman) and Frontier Airlines of Denver. Russbacher described how the CIA created so much friction between Frontier and United Airlines, who had proposed taking over Frontier that the deal fell through. These problems included union and other problems. The Boeing 737s then went to another CIA proprietary, Southwest Airlines.

Russbacher stated that one reason Southwest Airlines was making money (when all the other airlines were losing money) was that the airline has significant income from CIA-generated business that shows as income on its records, but the source of the income was bogus.

Connections Between the CIA and Those Looting America’s Financial Institutions

Russbacher described the relationship between the CIA proprietaries and the Keating group, adding, “The Keating group is a very small group. There is a much larger group that we [CIA] dealt with, of which Keating was only a part.” In response to my question as to why the Keating group would work with the CIA, Russbacher stated, “To keep the heat off their backs for one. And number two, some of the companies that were involved were actually proprietary operations.”

Russbacher made reference to Anthony Russo, an officer in Indian Springs State Bank, who had financial interest in a CIA proprietary airline, Global International Airways. In 1982 the airline owned by Farhad Azima, an Iranian-born naturalized U.S. citizen, had a fleet of 14 jetliners, making flights to remote airstrips in Central America, carrying military equipment outbound from the United States and often carrying drugs on the return flights. Global flew shipments for CIA operative Edwin Wilson and his company, Egyptian-American Transport and Services Corporation (Eatsco).

Well-known national figures involved with Global included Thomas Clines, Theodore Shackley, Richard Secord, Hussein Salem, and others.

Bogus Bearer Bonds

The CIA had other corrupt schemes. Russbacher described another on-going CIA operation inflicting hundreds of millions of dollars of losses upon U.S. financial institutions. In this operation, CIA proprietaries obtained loans from various financial institutions on the basis of pledged bearer bonds, all of which were bogus. After obtaining the loans, some CIA proprietaries looted the assets and then filed Chapter 7 or 11 in federal courts where they had control over bankruptcy judges and trustees and were represented by covert Justice Department and/or CIA law firms or fronts.

Russbacher was cautious in divulging the secrets of CIA operations, even though he was trying to blow the whistle on some of its worst and most damaging activities against the United States. As time passed and with my constant probing into different areas of CIA activities, and as Russbacher learned that other CIA operatives gave me information which he had withheld from me, he gradually gave me more data. In early 1993, as I learned the operational names of many of the CIA operations from other sources, including Trenton Parker and Michael Riconosciuto, Russbacher opened up and gave me code names and data. He stated that different divisions or groups within the CIA ran parallel operations and had different names for similar activities. Some of them include the following:

Operation Interlink (IL)

Operation Interlink (IL) was the code name for an operation involving financial institutions, whose goal was to raise money for covert CIA activities, and laundering the funds into secret CIA offshore bank accounts.

Operation Cyclops (OC)

Operation Cyclops was the name used by the Pegasus unit of the CIA and was an overview over most other Pegasus operations. It included all types of covert financial operations including proprietaries involved in the HUD and the savings and loan programs, and bogus bearer bonds.

Operation Moth (MH)

Operation Moth was one of the Agency's names for the operation involved in the savings and loan fraud.

Operation Gold Bug (GB)

Operation Gold Bug involved the overall scheme of generating money through various financial activities. Under Operation Gold Bug were a number of other operations. Operation Gold Bug was the development of national and international financial programs to develop sources of income that would be available on a regular basis to support and carry out covert CIA activities domestically and internationally.

Russbacher incorporated and operated over a dozen CIA proprietaries. He outlined the tactics used to loot companies of their assets. When used against savings and loans, Russbacher's section of the CIA gave it the name, Operation Moth. The highly secret Pegasus group within the CIA gave this program the name of Operation Gold Bug. The intent of both groups and operations was to loot the assets of targeted financial or other institutions

and wealthy people. The overall operation that targeted other companies was called Operation Gold Finger.

Operation Thunder (TD)

Operation Thunder was another name for a CIA covert operation that included the HUD and savings and loan fraud, bogus bearer bonds, and other financial schemes. Russbacher stated that the home base for Operation Thunder was New Orleans and was initially located in a private CIA proprietary. He stated that today the cover for the operation was Telemark Communications, one of the biggest companies in the United States and a CIA proprietary. As with other CIA proprietaries, the top management consisted of Agency people who had liaison with CIA field people who were contract officers or agents, and particularly lawyers and law firms.

Russbacher described the heading sheet on correspondence pertaining to Operation Thunder. On the very top of the sheet were the words:

Operations Memorandum.

Classification: Top Secret: SOG-SI/6

Copy Number: 4 [or whatever number of copies were authorized]

SOG/ALPHA/-DETACHMENT TS-TS-Q/SOG-D/F: 701

FP399689

Staging Area: New Orleans, Louisiana

Operation Blue Thunder (BT)

Operation Blue Thunder related to the destruction of institutions, including taking them over or forcing them into Chapters 7 and 11. After taking them over, the CIA would take over the corporation's license rights. Basically, it destroyed companies and picked up the assets at fire sale prices.

Operation Fountain Pen (FP)

Operation Fountain Pen started with Bank of Zaire, a CIA proprietary, buying banks, corporations and other financial institutions with bogus bearer bonds, treasury bonds, or duplicate issues.

Bogus Bearer Bonds

Several of the covert CIA operations used bogus bearer bonds that had a twenty or twenty-five year due date and were used as collateral for multi-million-dollar loans. After obtaining the loans and laundering the money into other secret proprietaries or offshore financial vehicles, the companies would often file Chapter 7 or Chapter 11. The lender would then think the bonds given as collateral covered it, and would not find them to be bogus until many years later. In some cases the CIA proprietary would make interest payments on the loans secured by the phony bonds. The primary criminal act in those cases would be using forged certificates to obtain loans.

Aiding and Abetting by State Officials

Russbacher stated that in 1986 some of the CIA financial institutions he operated were compromised, that connections between the secret proprietaries and members of Congress were in danger of being exposed, and the decision was made to shut them down. He told how Justice Department and CIA personnel conspired with Missouri officials to remove all traces from the state records that the CIA corporations had been incorporated as Missouri Corporations.

Referring to the shutdown of several CIA proprietaries linked to the 1986 downing of a CIA aircraft over Nicaragua, the famous “Hasenbus” flight, Russbacher stated: “All records that were available to the Department of State or to the [state’s] Attorney General’s office have been seized or closed to where the public cannot get hold of them.”

Money-path for Bribing Federal Judges, Trustees, Law Firms

I was prompted to ask Russbacher about payoffs to federal judges after private investigator Stewart Webb heard of a bribe connection between U.S. District Judge Sherman Finesilver in Denver and a corporation in Ireland. After he passed the information along to me I questioned some of my CIA contacts to determine if they knew anything of it.

In response to my questions, Russbacher explained the path of money for bribing federal judges, trustees, law firms, and lawyers. Russbacher stated that the money for these payoffs came from a company located in Dublin and incorporated in Ireland, called Shamrock Overseas Disbursement Corporation. Its telephone is listed as Shamrock Overseas Courier Service. The function of this company was to place money at regular intervals into numbered bank accounts for the recipients to draw upon. Russbacher chuckled as he stated that the Chief Executive Officer at Shamrock Overseas Disbursement was the same person with whom he had worked at other CIA proprietaries: Donald Lutz.

Russbacher and Lutz were on the management staff of various CIA proprietaries, including Red Hill Savings and Loan and Hill Financial located at Red Hill, Pennsylvania, and at Silverado Bank Savings & Loan in Denver.

Russbacher stated that the routing of the money funded by Shamrock was “From the Netherlands Antilles. And in turn came from Grand Cayman; that in turn came from the Southern Bank in Florida; that in turn came from Southern Savings and Loan in Illinois; which in turn came from National Brokerage Company.”

“Where does the money originally come from? Is it from stolen Chapter 11 assets?” I asked. Russbacher replied, “That’s part of it. It is a conglomeration of funds. It is what we call an all-purpose account. Arms shipments, the other stuff [drugs, weapons] that we were transporting back and forth. It is what we call the divisible surplus.”

I asked if the federal judges he referred to, as recipients of these funds, were only Bankruptcy Court Judges, to which Russbacher replied, “No, that’s not true. You have to include the DJs [U.S. District Judges] too.”

“How is it determined the amount that each judge will get, and what judges are paid off?” I asked. Russbacher replied: “It is predetermined. If you will remember from one of my earlier tapes, I told you that the judges receive their funds regardless of whether they have heard a case in six months or not.”

“How do they determine which judges are recipients, what qualifies them to be on the payroll?” Russbacher replied, “The fact that they work hand-in-hand with the trustees, and they grant us full power to basically do what we [CIA] want in Chapter 11, 13, and 7 proceedings.”

“Are there any other similar corporations in the United States like

Shamrock?”

“No, Rodney, they are all funded from Shamrock. In other words, if you pull the plug on Shamrock, you have it all.”

Russbacher explained how the recipients pick up the money. “They can get it overseas and pick it up, or they can go to Toronto and pick it up there, at the Royal Bank of Canada.” Russbacher stated, “When they go in to make a withdrawal, they request to see the President or Chief Account officer.” Russbacher explained that this scheme is part of Operation Woodsman, explained in earlier pages.

Russbacher explained that the recipient’s available funds will be found on the bank’s terminal screen and that “all they have to have is the account number. No ID is required. Just give them the account number and the four digit identification number.” Russbacher stated that Royal Bank of Canada, Manufacturers Hanover Bank in New York, and Valley Bank in Arizona, cooperate in this scheme.

Russbacher repeated what he had told me in the past: that funds would also be disbursed to the recipient judges, trustees, or law firms at gambling casinos, including MGM, Harrah’s and Resort in Atlantic City, and Frontier, Stardust, and Horseshoe in Las Vegas. The CIA gave the money to the casino, which in turn gave gambling chips to the recipients when they arrived, after which the chips are cashed in for money. In some cases the casinos report the money as winnings and income tax withheld.

“Would your knowledge of this operation be because you were with NBC (National Brokerage Company),” I asked.

“Yes, because we made deposits and withdrawals through that route,” he replied.¹¹²

Black Flag File (BFF)

Russbacher stated that he had seen the list of recipients in this scheme on the computer database while he was at the CIA headquarters at Langley, explaining that the database is called the Black Flag Files (BFF). He stated that the database is on a Cray computer accessed from any government Sentry terminal by typing in an identification entry number. After a flag shows up on the screen, typing in the access code: 3A46915W.

I often asked Russbacher to accompany these statements with a declaration as to their truthfulness, and I did during this questioning. He had also given me declarations attesting to the truthfulness of written information.

Russbacher replied: “Sure. All the information that we have discussed on this date, May 17, 1993, from approximately 2020 hours Central Daylight Time, the declaration made to area code 510-944-1930, Rodney Stich, by Gunther Karl Russbacher, 44840417, Captain USN, is true and correct as to the best of my knowledge and belief.”

Where is the Money?

Losses of approximately half a *trillion* dollars have been the estimated

¹¹² Russbacher was President of NBC, using the alias of Emery J. Peden, and his former wife, Peggy J. Russbacher, was Executive Vice President. There was a National Brokerage, Incorporated, a National Brokerage Company, and numerous other divisions operated by Russbacher.

direct cost of just the savings and loan debacle. But where did the money go? It has never been sought or located. The theft of \$2 billion by Lincoln or \$2 billion by Silverado is a long way from \$200 to \$500 billion. Neither Congress nor the Justice Department has made any attempt to determine where this money went. Finding it would relieve the American public of a debt load that is affecting the American economy, resulting in a reduction in benefits to individual Americans, thereby causing a staggering tax burden. There is no way that such a huge sum simply evaporated without a trace.

My CIA sources tell me that many of the funds looted by the CIA, organized crime, and such groups as the Denver group have been hidden in offshore financial institutions. Some of the funds that have gone overseas have returned to the United States through foreign shell corporations, buying up vast quantities of U.S. real estate and assets.

One of the Many Ways in Which Crime Money is Reportedly Hidden

Investigator Stewart Webb heard from one of his sources that hundreds of trusts are filed with the state of Colorado that contain huge amounts of money looted from the HUD and savings and loan frauds, and also from drug money laundering. He and Russbacher said many of the trusts were filed in the County Recorders office in Denver and various Colorado counties, including Baca County. In seeking further information, I asked another CIA source, Gunther Russbacher, "Do you know anything about the Baca trusts?" He replied, "How in the hell did you find out about those?"

Russbacher was especially well informed. He told me that many of the trusts were set up by Denver lawyer Norman Brownstein, a key member of the Denver group involved in the HUD and savings and loan scandals. These trusts were reportedly set up for the benefit of such insiders as Larry Mizel, Leonard Millman, MDC Holdings, Richmond Homes, and hundreds of other related legal holdings.

Most of the actual funds associated with these trusts are reportedly located outside the United States. He said that he himself had filed trusts in Baca County for his children. Russbacher said that the location of the money covered by these trusts, which he stated amounted to billions of dollars, were located in offshore financial institutions.

This money includes the billions of dollars stolen from the HUD and savings and loan programs, the billions looted every year from Chapter 11 assets, drug profits, and the other dirty schemes involving the characters listed within these pages. If this information is correct, and if the sources of hidden money divulged to me by my CIA sources were traced, possibly large amounts of the huge losses inflicted upon the American people could be recovered.

Billions of Hidden Taxpayers' Money

Russbacher had several times stated in response to my questions that many billions of dollars of money obtained by CIA proprietaries from the American public were hidden in offshore financial institutions. In Colorado there are located well over a thousand trusts hiding many billions of dollars looted from the American public.

Continued Looting of America

Many of the same crooks that caused billions of dollars in losses were reaping profits through their inner knowledge and political connections, enabling them to manipulate the agency responsible for selling off assets of the seized savings and loans, the Resolution Trust Corporation (RTC).

While waiting for senate confirmation as Clinton's nominee to head the RTC, Stanley G. Tate, announced that upon being confirmed he would be exposing "ubiquitous mismanagement, waste, and fraud at the RTC." Tate told reporters¹¹³ that he planned to release a 36-page statement during the nomination hearings supporting his charges. Tate had discovered the corruption while holding a temporary position on the board overseeing the RTC.

Senator Donald W. Riegle, Jr., one of the many senators who ignored my reports of the corruption in federal government, refused to conduct confirmation hearings for the RTC nominee. While Riegle blocked Tate's confirmation, others were making death threats against the nominee. As if these acts were not enough, anonymous attacks were made upon Tate by RTC employees. Media sources wrote articles intended to block his confirmation. The coordinated campaign succeeded; Tate withdrew his acceptance of the nomination on November 30, 1993. Again, public ignorance permitted the same scum to continue looting America.

Relief For Felons

The conduct of such savings and loan operators as Don R. Dixon and Edwin T. McBirney caused billions of dollars of losses that the American taxpayers will be paying on for many years. They used taxpayer funds for sexual parties, to hire prostitutes, enjoy lavish life styles, none of which came out of profits. There weren't any. In 1993, McBirney was sentenced to fifteen years in prison and Dixon was sentenced to two consecutive five-year terms.

In July 1994, Justice Department lawyers and a federal judge, Robert Maloney, cut ten years from Dixon's sentence, causing his release that same year, after serving a fraction of his prison sentence. McBirney was scheduled for release shortly thereafter. The excuse used was good behavior. But there isn't much else that can occur in federal prison. It is a standard practice where the CIA or some other government agency is implicated and a defendant protects this relationship, that a reduction in prison sentence is promised and then carried out at a later date when media attention no longer exists.

An inordinate amount of the huge savings and loan losses occurred in Texas, where the RTC recovered only about five cents on every dollar of the losses incurred.¹¹⁴ Despite the many people committing the fraud, the RTC issued only about two dozen subpoenas as part of their investigations, which are necessary to follow the money trail to learn where the money went, such as bribes to politicians, kickbacks, money laundering to off-shore bank accounts. The RTC did not issue any subpoenas in its "investigation" of 86 of 137 failed Texas savings and loans. Comparing this with the investigation

¹¹³ *Associated Press*, December 1, 1993.

¹¹⁴ *New York Times*, July 23, 1994.

into Madison Guaranty Savings and Loan as part of the Whitewater investigation, over 160 grand jury subpoenas were issued solely by special counsel Robert B. Fiske Jr.

“Protective Investigations”

If the RTC had issued the subpoenas required by the nature of the savings and loan crimes of the 1980s, it is probable that the involvement of the CIA and many political figures would have been identified. Also, the way the RTC handled the sales of the seized savings and loan assets made possible even more looting of the American taxpayers as many of the same crooks purchased the seized real estate for pennies on the dollar.

A *New York Times* article (July 23, 1994) headed, “The R.T.C. let crooked thrift owners get away,” stated:

The failures of the RTC to properly pursue the crooked parties, or to obtain maximum money for the seized thrifts, were too purposeful to be simply gross incompetence or negligence. Because of the involvement of people from both the Republican and Democratic parties, none pursued the needed investigations to determine where the enormous amount of money went in the gory looting of U.S. taxpayers.

Roger Altman, involved in the Whitewater matter, was Deputy Secretary of the Treasury from April 1993 until March 1994, and within a month of taking that position he reversed the RTC’s attempt to get Congress to extend the federal statute of limitations for prosecuting savings and loan wrongdoing. Altman said that the RTC no longer needed the extension, when actually this was obviously not correct, since there was virtually no investigation of the big-time wrongdoers.

Altman commissioned a task force that issued a report to Congress defending the RTC investigations and belittled the loss to the American public by the Texas savings and loans. The *New York Times* article of July 23, 1994, stated, “A former chief R.T.C. investigator in Texas told Congress last month that this was a ‘whitewash of a national scandal.’”

Former Texas senator Lloyd Bentsen and then Treasury secretary, and Altman, campaigned against extending the federal statute of limitations, insuring that many of the savings and loans thieves would be protected against criminal prosecutions, and that the recipients of the looted money not be discovered.

Fraud Was No Secret

It is important to recognize that the looting of the savings and loans were a secret only to the people that would have to pay, and that is the American public. Thousands of government personnel, including investigators in the various divisions of the U.S. Department of Justice, including the FBI, the many CIA personnel throughout the United States, and others, could not have been unaware that this massive fraud was going on. Possibly the CIA involvement in the looting of the savings and loans, the HUD program, and other areas still to be described, was the reason that the criminal activities were covered up.

There is no more powerful government agency, for cover-up and obstruction of justice, than the people in control of the United States Depart-

ment of Justice, the same people who covered up every major scandal and subversive activity described within these pages. I first discovered this practice while an FAA inspector, and in the subsequent years this obstruction of justice became even more obvious.

Adding to Savings and Loan Looting

Shortly before this book went to print, I started learning about another scam for which Americans will someday have to pay. This involved HUD mortgage insurance that was paid by the buyers in escrow for the full life of the loans. The money was then siphoned off and the insurance never purchased. Formerly, the buyer of HUD properties paid their insurance premiums on a monthly basis with their mortgage payments. But in 1983, the same Congress that made possible the looting of the savings and loans passed legislation known as “HURRA” (Housing and Urban-Rural Recovery Act) that required up-front payment for years of mortgage insurance premiums. The intended looting of these funds is the most probable explanation for this change. Massive theft of these funds then occurred, with government cover-up of the scheme.

Among the companies involved in these activities was the American International Group (AIG), which was the head of hundreds of companies and trusts throughout the world. Among the reinsurance companies controlled by AIG were Transatlantic Holdings and Putnam Reinsurance.

The HUD mortgages for which up-front mortgage insurance premiums were paid were put into “pools” of mortgage loans with Government National Mortgage Association (GNMA), which were then sold off on the secondary market to investors. When large numbers of foreclosures occurred during the 1980s, huge losses were incurred when the mortgage insurance did not exist to pay for the financial losses. CIA asset Gunther Russbacher described to me how he discovered this scam while he headed the CIA’s Red Hill Savings and Loan:

They were using reinsurance companies with policy premiums that were never paid. Money was paid for the reinsurance but it was never paid [to the reinsurers]. The policy money, the premiums, were never paid in to where the policies were active. American International Groups was one of the big ones [involved in the scam]. Transatlantic Holdings was involved, as well as Transpacific Holdings. Maurice Greenberg, a close associate of Denver’s Leonard Millman, headed some of these companies. Dublin International Insurance was part of AI [American International]. We insured Putnam and Company.

Imposing Secrecy on the Excuse of “National Security”

It is probable that the CIA involvement in this scam is what kept the Justice Department from prosecuting those guilty of the mortgage premium insurance fraud, using the “national security” excuse for withholding this knowledge from the public.

As in other scandals, it pays to have “friends” in the right places to act as damage control. In 1997, according to Standard and Poor, former senator from Texas, Lloyd Bentson, and Carla Hills, were officials in the Department of Housing and Urban Development (HUD), keeping the lid on this scandal.

October Surprise: Insiders Rewarding Terrorism

October Surprise was a scheme involving people from both political parties that rewarded terrorism for political gains. October Surprise was the name given to a scheme that corrupted the 1980 presidential elections. It included payment of bribes to enemies of the United States who held 52 American prisoners, seized at the American Embassy in Teheran on November 4, 1979. Shiite Muslim militants attacked and seized the Embassy in Teheran, taking the Americans hostage.

The attack upon the American Embassy occurred several months after the Shah of Iran was overthrown and power seized by the Ayatollah Khomeini. The American hostages were subjected to 444 days of brutal conditions, including mock executions. If this scheme had not been carried out, the Americans would have been released months earlier.

Intent of the Scheme

The intent of the scheme was to alter the presidential elections to bring about the defeat of President Jimmy Carter and to elect presidential nominee Ronald Reagan. This was accomplished by blocking the release of the American hostages, causing many Americans to be displeased with President Carter, increasing the chances that Carter would be defeated at the polls.

Months of negotiations to affect the release of these hostages went on between the government of the United States under President Jimmy Carter and the government of Iran. Early in 1980 the U.S. tried a military mission called Operation Desert One to free the hostages, but it failed miserably in the Iranian desert, resulting in the deaths of eight Americans. While the U.S. military was preparing another rescue try, simultaneously negotiating to obtain the hostages' release, the Reagan-Bush team sabotaged the efforts by making public the hostage-rescue plans and warning the American people that Carter was preparing to exchange arms for hostages. One effect of these tactics that were part of October Surprise was the dispersal of the American prisoners throughout Iran, making rescue all but impossible.

Losing the Election if the Hostages Were Freed

The American public was becoming increasingly disenchanted with Carter, affecting the outcome of the 1980 presidential elections. Analysts in the Reagan-Bush team estimated they would lose the election to President

Jimmy Carter if the American hostages were released prior to the November 11, 1980, election.

After the military rescue mission failed, the United States renewed negotiations for release of the 52 American hostages. The Iranians demanded that President Carter release U.S. military equipment that had been ordered and paid for by the Shah of Iran before Iran would release the hostages.

Despite pressures against an arms-for-hostages swap, in mid-1980 President Carter secretly agreed to Iran's terms. Carter agreed to exchange \$150 million in previously ordered and prepaid military equipment in exchange for the release of the hostages. Iran desperately needed the military equipment after Iraqi President Saddam Hussein attacked Iran in September 1980.

Sabotaging U.S. Interests for Political Gains

While Reagan and his camp were charging Carter with arms-for-hostage negotiations, the Reagan team, headed by former OSS officer William Casey, entered into secret negotiations with Iranian factions. Casey and other members of the Reagan-Bush team met secretly with Iranian factions, offering bribes in the form of money and U.S. arms if the Iranians *continued* the imprisonment of the American hostages until after the November 11, 1980, elections.

A series of secret meetings were held between the Reagan-Bush team and the Iranian factions in European cities, with the final meeting occurring on the October 19, 1980, weekend in Paris. The Iranians demanded that either Ronald Reagan or George Bush personally appear in Paris to sign the final agreement. Carrying out this scheme required secrecy and massive cover-ups by many in the United States and in France.

Various Interests Wanted Carter Out

There were special-interest groups wanting President Carter removed from office. Among them was the Central Intelligence Agency, which suffered serious losses to its clandestine operations when Carter ordered the dismissal of large numbers of CIA operatives in 1977. This wholesale firing of Agency employees became known as the "October Massacre."

George Bush, who had CIA connections since the late 1950s, had been Director of the Central Intelligence Agency in 1976 until Carter assumed the presidency and replaced him with Stansfield Turner.

The Reagan-Bush team promised the Iranians billions of dollars of U.S. military equipment and \$40 million in bribes to individual Iranians involved in the scheme. The Reagan-Bush team promised to include arms merchants in the lucrative deal and to include Israel as intermediary in the profitable arms sales.

Carter had refused to deal through arms merchants. He limited the shipment of arms to what had already been purchased. Israel was not included in the sales. The secret and treasonous deal offered by the Reagan-Bush team profited everyone, it seemed. The only people who suffered were the 52 American hostages, held captive months longer, and the American people, who felt the fallout in many ways.

Included in Reagan campaign rhetoric was his promise to get tough with

the Iranians, saying he would never negotiate with terrorists. Simultaneously, he and his group were bribing the Iranians to continue the imprisonment of the hostages.

The plan worked. The American public believed the disinformation put out by the Reagan-Bush team. Americans, kept ignorant about the truth and dissatisfied with Carter's inability to get the prisoners released, elected a president and vice president who had engaged in a covert scheme involving the CIA.

Within an hour of Reagan's inauguration on January 20, 1981, the Iranians allowed an aircraft to leave Teheran Airport with all but one of the 52 American hostages on board. The flight was prearranged to take off immediately after the Iranians knew that Reagan and Bush had taken their oaths of office.

“The deal is off.”

When a White House aide told President Reagan that one of the hostages had not been released, Reagan was heard¹¹⁵ to respond: “Tell the Iranians that the deal is off if that hostage is not freed.”

President Ronald Reagan and Vice President George Bush held widely televised homecoming celebrations for the American hostages, saying all the right things about the sufferings the hostages endured. Reagan never divulged that he and his team were responsible for many months of additional imprisonment and suffering. Neither the hostages nor the American people knew about the Reagan-Bush team conspiracy.

It took the cooperation of many people in the United States and Europe to carry out the scheme. Israel's Mossad, acting as a well-paid middleman in the transfer of the arms from U.S. military warehouses to Iran via Israel, played a major role. Without their cooperation, the scheme probably would not have worked.

It also required the cooperation of the French Secret Service and the government of France, which provided security for the secret Paris meetings. It required the cooperation of officials and people in the Central Intelligence Agency; the U.S. Department of Justice, including the FBI, Secret Service, U.S. Attorneys; the Department of State; many members of Congress, among others. It also required the media to cover up.

My CIA sources said that the \$40 million bribe money came from the Committee to Reelect the President (CREEP).

Damage Control

Many participants in the October Surprise scheme were rewarded with key positions in the U.S. government. Many of these same people engineered or became part of other major scandals that were likewise kept from the American public. The October Surprise plot was the genesis to the Iran-Contra affair, and indirectly to the Inslaw, BNL, and Iraqgate scandals.

To protect the incoming Reagan-Bush team and the many federal officials and others who took part in October Surprise, the Reagan-Bush team

¹¹⁵ This response was heard by Barbara Honegger, a member of Reagan's White House staff.

placed people, including those implicated in the activities, in control of key federal agencies and the federal courts. Some, like lawyers Stanley Sporkin, Lawrence Silberman, and Lowell Jensen, were appointed to the federal bench, defusing any litigation arising from October Surprise or its many tentacles. Lawyer William Casey was appointed director of the Central Intelligence Agency. Lawyer Edwin Meese, Reagan's campaign manager, was appointed to the highest law-enforcement office in the United States, U.S. Attorney General, insuring that there would be no prosecution of the group. Organized crime never had it so good.

The Facts Slowly Surfaced

Although the details of the secret agreement were known throughout Europe, the establishment media in the United States kept the lid on the scandal. But the facts started coming out. A *Miami Herald* article¹¹⁶ related statements made by CIA operative Alfonso Chardy describing a secret meeting in early October 1980 between Richard Allen, Lawrence Silberman, Robert McFarlane, and Iranian factions. Allen was foreign policy adviser to President Reagan, and Robert McFarlane was an aide to Senator John Tower on the Senate Armed Services Committee.

In 1987, Abol Hassan Bani-Sadr, the President of Iran during the hostage negotiations, wrote a book published in Europe,¹¹⁷ describing his knowledge of the October Surprise scheme. The information he had received as President disclosed the secret agreement with the Americans, even though he was kept out of the loop by Hashemi Rafsanjani, one of Khomeini's chief lieutenants and later Speaker of the Iranian Parliament.

In 1988, *Playboy* magazine published an in-depth article on the October Surprise scheme. In what would become a pattern of killings that coincidentally protected high U.S. officials, one of the authors, Abbie Hoffman, was killed shortly after bringing the article to *Playboy*. The eight-page article, "An Election Held Hostage," detailed many of the events surrounding the scheme, as did a ten-page *Esquire* article entitled "October Surprise."

A former member of the Reagan-Bush election team, later a member of the White House staff, Barbara Honegger, authored a 1989 book *October Surprise*,¹¹⁸ based upon knowledge she gained as a White House insider and subsequent investigator. Honegger left the Reagan camp when she became disillusioned with certain practices. Living in Monterey, California, she and a friend, Rayelan Dyer, worked together researching the October Surprise story.

Rayelan was the widow of a former professor and dean of the physics department at the Naval Postgraduate School in Monterey, California. She later married a deep-cover, high-ranking officer in the Office of Naval Intelligence, Gunther Russbacher, who was assigned to the Central Intelligence Agency. Unknown to her at the time, her new husband played a key role in the October Surprise operation. Ironically, she initially found out from me

¹¹⁶ April 1987.

¹¹⁷ European publisher Eagleburger.

¹¹⁸ *October Surprise*, Tudor Publishing Company.

about her new husband's role in the matter she and her friend, Honegger, had investigated.

In 1991, Bani-Sadr authored another book describing the October Surprise operation, this time published in the United States: *My Turn To Speak*. On April 15, 1991, *Frontline* aired a television show addressing the October Surprise, which was followed the next day by an article in the Op-Ed section of the *New York Times* written by Gary Sick, describing his knowledge of October Surprise. Sick authored a book published in 1991 that copied Barbara Honegger's title, *October Surprise*.¹¹⁹ Both *October Surprise* books relied upon statements made by dozens of people who were part of the operation or witnesses to it, and who had nothing to gain and much to lose by disclosing what they knew.

Ari Ben-Menashe, a former member of Israel's secret intelligence agency, the Mossad, described in his 1991 book *Profits of War* the role he and the Mossad played in October Surprise, including meetings he attended in Madrid, Barcelona, and Paris.

Ben-Menashe was heavily involved in various secret activities with the Mossad and the CIA, and was one of the first to expose the Iran-Contra activities, for which October Surprise served as the genesis. Ben-Menashe stated that he was a member of the Mossad's advance team working with the French government, which arranged meetings between William Casey, George Bush, and the Iranian factions, including the meetings on the October 19, 1980, weekend in Paris.

Ben-Menashe related that he and others on the Israeli team stayed at the Paris Hilton Hotel, meeting with various members of the Iranian factions, while waiting for George Bush to arrive from the United States. He stated that on Sunday, October 19 at approximately 11 a.m., the Ayatollah Mehdi Karrubi and his body guards appeared in a room on the upper floor of the Hotel Ritz, where Israeli and French intelligence agencies were waiting for Bush to arrive. George Bush and William Casey followed several minutes later.

The meeting lasted about ninety minutes and a final agreement was reached, whereby the Iranians were to be given \$40 million bribe money and large quantities of arms would be sold to them. In exchange, the Iranians would continue to imprison the 52 Americans until after the November 1980 presidential election and the January 1981 inauguration.

Justice Department Obstruction of Justice

CIA contract agent Richard Brenneke testified in U.S. District Court at Denver in 1988 on behalf of another CIA contract agent, Heinrich Rupp. The purpose of the testimony was to show that Brenneke's friend, Rupp, was a CIA contract agent (as was Brenneke), and that the offenses for which Rupp was being charged were offenses committed under orders of the CIA. Justice Department prosecutors had charged Rupp with money offenses at Aurora Bank in the Denver area.

During Brenneke's testimony, he described other CIA activities, including his role in the October 19, 1980, weekend flights to Paris, in which both

¹¹⁹ Random House.

Brenneke and Rupp took part. Brenneke testified that he saw George Bush and Donald Gregg in Paris on the October 19, 1980, weekend. Brenneke had nothing to gain by revealing the October Surprise scheme, and much to lose if he was lying. Justice Department officials already knew of the October Surprise activities. U.S. Attorney General Edwin Meese had been on the Reagan-Bush presidential campaign and knew of the criminal activities. Now he held the top law enforcement spot in the United States. Instead of performing his duty, he engaged in many criminal acts, including cover-up, aiding and abetting, misprision of felonies, obstruction of justice, subornation of perjury, and others. He then compounded these crimes by falsely prosecuting an informant to silence and discredit him, compounding his earlier obstruction of justice.

Instead of prosecuting the guilty people in the October Surprise scheme, Justice Department officials and prosecutors responded to Brenneke's testimony by charging him with perjury for making the statements to the court. This false charge made Justice Department lawyers guilty of felony persecution of an informant under federal criminal statutes,¹²⁰ felony cover-up, and obstruction of justice.

Justice Department Subornation of Perjury

The perjury trial was conducted in Portland, Oregon, where Brenneke resided. Justice Department prosecutors brought Donald Gregg, then Ambassador to South Korea, to testify that he was not in Paris on the October 19, 1980, weekend, even though the prosecutors knew Brenneke was telling the truth and that Gregg was lying. They encouraged Gregg to lie under oath, testifying that he was swimming at a beach in Maryland with his family on that weekend. Justice Department prosecutors produced pictures of Gregg and his family in bathing suits on the beach in bright sunshine. They knew the snapshots they were submitting to the court were not taken on that cold October 19th weekend. Encouraging someone to commit perjury is the crime of subornation of perjury.

Brenneke's lawyer called a witness from the weather bureau who testified that the sky was overcast during that entire weekend.

Justice Department prosecutors produced two Secret Service agents¹²¹ to testify that Bush never left the Washington area during the October 19, 1980, weekend. But they were vague in their testimony and failed to produce the Secret Service logs showing Bush's activities during a 21-hour period from Saturday afternoon to Sunday evening. The Secret Service agents could not state where Bush was from 9:25 p.m. on Saturday, October 18 until Sunday at 7:57 p.m. My CIA sources told me that several Secret Service agents were on board the BAC 111 aircraft that flew vice presidential nominee George Bush to Paris during the missing twenty-one hours.

Secret Service records, if they are accurate, indicate that Bush gave a speech at 8:40 p.m. on Saturday, October 18, 1980, at Widener University in Delaware County, Pennsylvania, and then did not show where Bush was

¹²⁰ Including Title 18 U.S.C. §§ 1512 and 1513.

¹²¹ Who worked under the control of the U.S. Department of Justice.

until Sunday night, October 19, 1980, when Bush gave his speech to the Zionist Organization of America at the Washington Hilton Hotel, arriving an hour late for his 7:30 p.m. scheduled appearance. I obtained sequestered Secret Service documents showing Bush flying into Washington National Airport at 6:37 p.m. Sunday evening.

Secret Service Perjury?

In addition to lying about Bush's whereabouts, the Secret Service agents testifying in Brenneke's trial withheld the fact that several Secret Service agents were on the plane that carried Bush to Paris during that October 19, 1980, weekend.

Blackmailing the United States

As could be expected, when the Reagan-Bush team took office they were then subject to blackmail by Iran, Iraq, Israel, and anyone who had knowledge of October Surprise.

After Reagan and Bush took office, the Iranians received huge quantities of military equipment, many times more than they could have received had they completed the agreement with the United States government under President Carter. In 1982, the Reagan-Bush team took Iraq off the list of terrorist states despite the strong protests of intelligence organizations in the United States and Europe. Israel received huge quantities of military supplies and aid, much of it unknown to the American public, who will be paying the bill for years.

October Surprise also adversely affected the military preparedness of the United States and its European allies. To obtain the arms for Iran promised at Paris, military equipment was stolen from U.S. warehouses in Europe and sent to Iran via Israel.

CIA Confidential Sources

In later pages, I describe how I met the CIA sources that gave me many of the specific details of the October Surprise scheme. Briefly, they told me in their sworn declarations that October Surprise was primarily a CIA operation, engineered and carried out with CIA personnel and funds. William Casey, a private citizen and covert CIA operative, met several times with Iranians at different European locations in 1980.

One of the key meetings occurred at the PepsiCo International Headquarters building in Barcelona, Spain in late July 1980. One of my CIA sources was present with Casey at that meeting, arranging for procurement and shipment of the arms from various European locations to Iran via Israel. The final meeting occurred in Paris on the October 19, 1980, weekend.

Bush flew to Paris from the United States on October 18, 1980, on a BAC 111 owned by a member of the Saudi Arabian family. My CIA contacts have said that the pilots on that flight were Gunther Russbacher, Richard Brenneke, and an Air Force Major.

The BAC 111 reportedly departed Washington National Airport for nearby Andrews Air Force Base on Saturday evening, October 18, 1980. It then departed Andrews at approximately 19:00 pm EST (0000 GMT)¹²² for

¹²² Greenwich Mean Time.

an airport on Long Island in the New York City area, arriving there at 19:45 p.m. (0045). The BAC 111 landed shortly before the arrival of a Gulfstream jet owned by Unocal, from which William Casey deplaned. Casey then joined the passengers on the BAC 111 for the flight to Paris.

The BAC 111 departed Mitchell at 20:00 p.m. (0100 GMT) for Gander, Newfoundland, arriving there at 21:20 p.m. (EST) (22:20 Atlantic Time; 0220 GMT), where it refueled for the flight over the North Atlantic. It departed Gander at 21:40 p.m. EST (22:40 Atlantic Time; 0240 GMT) for Paris, arriving at Le Bourget Airport at 03:40 EST (9:40 a.m., European time; 0840 GMT).

Unocal's Gulfstream flew non-stop from Mitchell Field to Paris and was waiting at the airport in London when the BAC 111 arrived. Heinrich Rupp was one of the pilots on the Unocal Gulfstream.

In Paris, a fleet of limousines met the plane to carry the passengers to their destinations. George Bush and William Casey went straight to the meetings which were then in progress. At the Paris meetings were numerous Iranians and members of Israel's Mossad, including Ari Ben-Menashe.

\$40 million bank draft on a Luxembourg bank was given to the Iranians as bribe money and a part of the overall agreement, which consisted also of the shipment of arms to Iran. CIA-operative Michael Riconosciuto played a key role in arranging for the wire transfer of these funds.

Because it was necessary for Bush to return to the United States quickly in order to attend a late Sunday evening speech at the Washington Hilton Hotel, the CIA provided an SR-71 aircraft. This plane departed from a military field near Paris at approximately 1450 European time (8:50 a.m. EST; 1350 GMT) and took approximately one hour and forty-four minutes to McGuire Air Force Base in New Jersey, arriving there at approximately 10:50 a.m. EST (1550 GMT).

Later that day, Bush boarded the same BAC 111 that had taken him to Paris and then flew into Washington National Airport. The Secret Service reports that I obtained showed Bush arriving at Washington National at 6:37 p.m., in the BAC 111 and then proceeding with Secret Service escort to the Washington Hilton Hotel, where he gave a speech.

CIA Code Name for October Surprise

As will be explained more fully in later pages, most CIA operations have code names, and the code name for the CIA October Surprise scheme was Operation Eurovan (EV).

Circumstantial Evidence Showing October Surprise Existed

Even discounting testimony from the many people who were involved in one way or another with October Surprise, the circumstantial evidence is far in excess of that used by federal and state prosecutors to convict a person of a crime or to sentence the person to death. The facts exposed by investigative media articles and books were of sufficient magnitude to make President Nixon's Watergate cover-up child's play.

One Form of Election Fraud

October Surprise was one form of election fraud, manipulating events through fraud that changed the voting pattern.

The factors indicating that October Surprise did in fact occur include:

1. Statements by former president of Iran, Bani-Sadr, whose 1987 and 1991 books detailed the secret agreement between Iranian factions and the Reagan-Bush team.

2. Statements of numerous people given to Barbara Honegger and quoted in her 1989 *October Surprise*, enlarged upon what she learned as part of the Reagan-Bush team.

3. Statements of numerous people given to Gary Sick and quoted in his 1991 *October Surprise*.

4. Sworn testimony by CIA contract personnel Richard Brenneke and Heinrich Rupp in the U.S. District Court at Denver in 1988.

5. Statements of numerous people given to the authors of various newspaper and magazine articles.

6. Statements made to the press by Ari Ben-Menashe, a former high-ranking Mossad staff officer, who was present at several of the secret October Surprise meetings.

7. Circumstantial evidence in the sequence of events that occurred, including the sudden withdrawal of Iran from further discussions when the United States under President Carter agreed to the terms proposed by Iran, and the release of the American hostages within minutes of President Reagan's inauguration.

8. The implications of guilt by the pattern of cover-ups.

This is not the end of the October Surprise matter; more follows.

Gunther Russbacher: Early CIA Intelligence Source

Commencing in 1990, I discovered a number of deep-cover whistleblowers formerly employed by various U.S. intelligence agencies, some of whom had been silenced by Justice Department prosecutors and federal judges. Over a period of six years, and continuing at this time, over a thousand hours of deposition-like questioning of these people occurred, divulging government corruption beyond the wildest imagination of the average American. These people divulged to me the specifics of deep-cover criminal activities that were and are inflicting unprecedented harm upon the United States and the American people.

Despite my personal knowledge of government corruption, commencing while I was a federal investigator, I would probably not have believed what I was told if such a great amount of time had not been expended obtaining specifics and confirmation from other deep-cover sources. Much of what they told me was supported by documentation. Further, highly detailed and documented exposé books and articles helped support the existence of this misconduct.

Ironically, it was the corrupt actions by renegade Justice Department lawyers and federal judges in the Ninth Circuit federal judicial district¹²³ that brought me into contact with these people.

One of the standard tactics employed to keep the lid on the various scandals and to silence or discredit whistleblowers is to falsely charge the person with a federal crime. This is usually followed by seizing his or her assets, depriving the person of funds for legal defenses. Court appointed lawyers are then furnished, who routinely provide a weak defense so as to protect those in power.

Justice Department Prosecution Backfired

Justice Department prosecutors and federal judges tried to silence me by the sham judicial action in the California courts and the voiding of all state and federal protections needed to defend against the scheme. When I sought to protect myself, the coalition of corrupt Justice Department prosecutors and federal judges sentenced me to prison, just as they did when I sought to

¹²³ Ninth Circuit comprises the States of California, Oregon, Washington, Nevada, and Hawaii, and is the largest judicial district in the United States.

expose the criminal activities in which they were involved. There is a certain risk in sending a citizen to prison that is determined to blow the lid on these subversive and criminal acts and who is also an author.

Virtually nothing has been written about whistleblowers or concerned citizens who blow the whistle on hard-core criminal acts by federal personnel, especially federal judges and their legal cohorts in the Justice Department. All whistleblowers fare poorly, but none fare as badly as those who expose corruption in the powerful Justice Department and federal judiciary.

It was in prison that many former CIA contract agents educated me about corrupt CIA and Justice Department activities. I met people in prison who, incarcerated for various political reasons, were former CIA operatives or assets operating covert CIA proprietaries, including airlines, banks, and savings and loans. Either their CIA cover was exposed, and the CIA and Justice Department chose to make them scapegoats, or the imprisonment was to silence potential whistleblowers or witnesses.

Whatever the reason, CIA and Justice Department officials acted in unison with federal judges, eliminating people who constituted a threat of exposure. The standard tactic is to charge the targeted individual with a federal offense for some act they were ordered to perform by their CIA handlers, deny them adequate legal counsel, deny them the right to have CIA witnesses testify on their behalf, and deny to them the right to present CIA documents. A standard and sham excuse for denying these defenses is that they are not relevant to the immediate charge, when the matter of who gave the person his or her orders is absolutely relevant.

From 200 to 300 former CIA operatives or contract agents had been sentenced to prison by Justice Department prosecutors during the 1980s on charges arising out of the covert activities they were ordered to perform by their CIA bosses. It was their unanimous belief that their prosecution was either to silence them, or to discredit them if they talked about the operations.

It was in prison that I first met Gunther Russbacher, a CIA deep-cover high-ranking operative. The hundreds of hours of statements given to me by Russbacher, and my book-writing and radio and television appearances, brought me into contact with other former deep-cover personnel and investigators. The thousand and more hours of information gathered during the last few years revealed a convoluted web of intrigue that is bizarre, and irrefutable.

Compounding the Judicial Persecution

If the facts in these pages ever motivate enough people to rebel and throw out the crooks, a tongue-in-check gratitude should be given to the crooked judges and Justice Department lawyers that sent me and others to prison to silence us. And these should especially include U.S. District Judge Marilyn Patel at San Francisco, one of the most corrupt judges I have ever encountered. Her retaliation against me for reporting the criminal activities in Chapter 11 courts made it possible for Russbacher and me to meet.

The cover-ups, and the retaliation, continued the culture, protected the guilty, and led to great harm to many people, and to national interests.

Gunther Karl Russbacher

Russbacher's parents were members of the Hapsburg group of Austria, and his father was an Austrian in German intelligence during World War II. In 1950, the U.S. government offered many of these intelligence officers the choice of either being prosecuted for war crimes or going to the United States and infiltrating various U.S. intelligence agencies. Russbacher's parents were among those who accepted the move to America. In 1950, the Russbacher family moved to the United States, living in Oklahoma City, Oklahoma and then went to Fallon, Nevada.

When Russbacher reached the age of seventeen, he entered the U.S. Army, later joining the U.S. Navy, and in 1967 received his Navy pilot wings at Pensacola. He then went on to the Naval Air Station at Jacksonville, Florida. (I also received my Navy wings at Pensacola and then went on to Jacksonville, where I became a Navy flight instructor.) Approximately a year later, Russbacher received pilot training in the SR-71 at Beale Air Force Base and flew many SR-71 missions for the CIA. During his CIA activities he was given numerous aliases and service and Social Security numbers.

In 1969, Russbacher was attached to the Office of Naval Intelligence and "sheep-dipped"¹²⁴ into the Central Intelligence Agency. He had two tours of duty in Vietnam; during his first tour, as a fighter pilot, he was shot down and returned to Fitzsimmons Hospital in Denver for extensive hospitalization. Upon his discharge from the hospital, the CIA sent Russbacher back to Vietnam, where he engaged in various covert activities, including attempting to rescue prisoners of war. During one of these attempts, he was caught and spent about a year in a North Vietnam prison camp until he again escaped. During his imprisonment Russbacher was tortured, including pulling out his fingernails.

The CIA sent Russbacher to Afghanistan in the early 1970s, helping the Afghan fighters against the Russian-backed Kabul government. During this period he helped transfer CIA funds to the newly created Bank of Credit and Commerce International (BCCI). These CIA funds, and those supplied by Bank of America, were a significant source of capital for that bank.

The CIA then put Russbacher into the financial field, starting in Operation Cyclops, a program where CIA operatives are placed into financial institutions to learn the business. He subsequently started up and operated during the late 1970s and 1980s several covert CIA proprietaries in the United States, including savings and loans, mortgage companies and investment companies, dealing in money laundering and other covert CIA activities.

For more than two decades of CIA operations the CIA had given him over thirty aliases for different covert operations. He also had various nicknames including "Gunsel" and "Gunslinger." When undergoing flight training in the SR-71, including at Beale Air Force Base, he used the alias Robert

¹²⁴ "Sheep-dipped" is the term used to describe the transfer of military personnel to the CIA, in which records are falsified showing the person discharged from the respective military organization, and who then works with the CIA in a clandestine position, where the CIA can deny any relationship to the party doing CIA work.

Behler, and the rank of an Air Force Lt. Colonel. When operating covert financial institutions his usual alias was Emery J. Peden with occasional use of Robert Andrew Walker, or both. When he wanted to control two positions within a company, he used two different aliases. With Red Hill Savings & Loan and Hill Financial, he used Emery J. Peden for his role as Chairman of the Board and Robert A. Walker as Chief Executive Officer. He also used his real name, Gunther Russbacher.

Russbacher and I spent hundreds of hours dissecting the mechanics of CIA operations during the past four years, some of it sworn declarations when I thought to ask, and I received numerous written declarations from him. Russbacher described some of the CIA affiliated companies or fronts that he operated and their covert business activities. He also mentioned moving money from Silverado Bank Savings & Loan in Denver to start up other covert CIA operations, including Red Hill Savings and Loan and Hill Financial in Red Hill, Pennsylvania.

Several times during the years Russbacher expressed regret to me for having committed some of the things that he was ordered to do by his CIA bosses, including his role in assassinations, both in foreign countries and in the United States. As I became a confidant to other deep-cover high-ranking CIA/ONI operatives I learned that assassination teams were part of their official activities and not simply done by rogue elements.

Russbacher described the various factions operating within the CIA, each with its own agenda and often running similar parallel operations. He fell out of grace with the CIA in the late 1980s for various reasons. Because of Russbacher's role in many CIA activities that implicated high federal officials and his knowledge of criminal activities by the CIA, federal judges, Justice Department officials, and others, Russbacher posed a serious threat to those in control of key segments of the federal government. He was the smoking gun in many national scandals, the exposure of which could create a national emergency.

Sequence of Sham Charges

In late 1986 the State of Missouri filed charges against Russbacher for allegedly writing checks to an alias, upon an account that had inadvertently closed; for allegedly defrauding several people out of \$20,000, when the money had actually been returned to them, and for allegedly selling unregistered securities (from one CIA proprietary to another). These alleged offenses occurred while he was operating a CIA proprietary known as National Brokerage Company in Clayton, Missouri and Southwest Latex Supply. Russbacher said that no one ever lost any money since people were always compensated for their losses. The charges were not pressed, and Russbacher was not arrested.

In August 1989, Russbacher used a CIA Learjet based at Hayward Airport in California to fly his prospective bride from Seattle to Reno, where they were married, and then back to Seattle. Personal use of government aircraft is not exactly an unknown event, but in this case Justice Department prosecutors, representing Faction One of the Central Intelligence Agency (Russbacher was Faction Two), chose to charge him with misuse of gov-

ernment aircraft and fuel.

Over a period of years I learned of many instances where one government agency seeks to charge an agent of another agency with a federal crime.

Another reason for charging Russbacher with an offense was that he married shortly after signing his latest CIA secrecy agreement in which he agreed not to marry for the next two years. On August 30, 1989, Russbacher married Rayelan Dyer, the widow of a former professor¹²⁵ at the Naval Postgraduate School in Monterey. Among the Naval personnel that Rayelan had met at the school while her husband was alive was Gunther Russbacher, having first met him in 1982. Several weeks before the marriage, Russbacher requested permission to marry from his CIA bosses.

Permission was necessitated by his CIA secrecy agreement barring him from marrying for two years after its latest signing. Russbacher was verbally advised that this approval would probably not be forthcoming because Rayelan was an activist of the 1960s and had sought to expose the October Surprise operation in collaboration with Barbara Honegger, who authored the boo, *October Surprise*.

Rayelan had met Russbacher for the second time in August 1989 while she was traveling in Oregon with her mother, Bess Smith. Several days later, Russbacher called and proposed marriage. After she accepted, Russbacher called the crew of a CIA proprietary aircraft charter operation, Jet Charter International, based at Hayward, California, instructing them to pick him up at Sacramento Municipal Airport and fly him to Boeing Field in Seattle. After Flightcraft in Seattle serviced the plane, the Learjet departed for Reno with Russbacher and Rayelan on board.

After arriving in Reno they were married, and immediately flew back to Seattle. From Seattle the Learjet pilots, Don LaKava and Jan Pierson, both of whom had served with Russbacher in Central American activities, flew to Modesto, California. The Russbachers then drove to Bess Smith's home in Newman, California.

Within days after the marriage, FBI agents burst into Bess Smith's home (September 1, 1989) in Newman, arresting Russbacher, falsely charging that he kidnapped his wife's niece, Jennifer Smith.¹²⁶ The FBI agents told Rayelan and her mother that Russbacher was a con artist, marrying women all over the country and then taking their money. The FBI agents stated that Russbacher was committing all types of fraud throughout the United States. They stated he had no association with the government and was a pathological liar. The FBI agents were so convincing in their lies that they almost had Rayelan convinced.

The kidnapping charges were dropped on December 1, 1989, but the State of Missouri took custody of Russbacher on 1986 charges that he had

¹²⁵ Dean of Science and Engineering.

¹²⁶ Rayelan's mother received a telephone call from her granddaughter living near Seattle asking that she be allowed to stay in California until the girl's parents recovered from their drug and alcohol problems. Russbacher called the CIA's Learjet to fly him, Rayelan and her mother, to Seattle, where twelve-year-old Jennifer Smith resided. Jennifer's mother agreed to let the daughter go to California.

misappropriated \$20,000 through bad checks and sold securities without registering the transaction with the State. Russbacher was denied bail. During trial, the judge declared a mistrial. Waiting for the next trial, which was repeatedly delayed, Russbacher remained in the harsh surroundings of St. Charles county jail in Missouri. His lawyer, Timothy Farrell, and the Missouri County Prosecutor, John P. Zimmerman, pressured Russbacher to sign a plea agreement, claiming it would put all of the charges behind him. Russbacher verbally agreed to an Alford agreement, or nolo contendere, wherein Russbacher did not plead guilty but agreed to certain conditions to avoid trial.

Russbacher's lawyer appeared more interested in appeasing the judge and the prosecutor and failed to provide the defenses expected of even a half-baked lawyer.

When Russbacher entered the courtroom on July 16, 1990, the terms in the written plea agreement, which he had never seen before, were very different from what his lawyer and the prosecutor had stated earlier. Russbacher was pressured to sign the agreement, stating he would then be set free. Under the pressure of a year in a county jail and the promise of a return to his CIA status, Russbacher signed the papers. During questioning by Judge Lester Duggan, Jr., Russbacher told the judge that he was not pleading guilty but exercising an Alford plea. But the judge entered into court records that Russbacher pled guilty to the offenses.

Unaware of the Pitfalls of Probation

The wording of the plea agreement was such that he could be incarcerated again whenever it suited Missouri prosecutors, who were working hand in hand with Justice Department and CIA personnel. Russbacher either did not realize it at the time, or he was desperate to get out of jail.

The terms of the plea agreement required Russbacher to remain silent concerning any CIA activities. (This was similar to orders rendered against me by federal judges in the San Francisco area, when they barred me from reporting any criminal activities to a federal court.)

Under the terms of the probation agreement, Russbacher could be returned to prison to serve 21 years, even though there was never a trial on the original charges, if he violated any of the terms of the plea agreement. Almost anything he did for the CIA violated the conditions of the plea agreement, including trips outside of the St. Charles area and failure to report regularly to his probation officer.

No Snitching

One paragraph of the plea agreement was obviously meant to keep Russbacher from testifying at any Congressional or other government inquiry. Paragraph number five read:

That the defendant enter into no agreements with any governmental or other agency to provide information concerning crimes or bad acts. No snitching for anyone.

This agreement was signed by the Missouri Assistant Prosecutor, John P. Zimmerman; by Russbacher's lawyer, Timothy Farrell; and St. Charles,

Missouri Judge Lester Duggan, Jr. This was another version of the tactic that federal judges and Justice Department prosecutors inflicted upon me, seeking to silence my exposure activities.

The terms of the plea agreement were also spelled out in a July 2, 1990, letter by St. Charles County Assistant Prosecuting Lawyer John P. Zimmerman to Russbacher's lawyer, repeating the exact words in the plea agreement. There was a determined effort to silence Russbacher, using state officials to carry out the intent of federal officials.

Item number seven provided that Russbacher "not leave the St. Louis area without written permission from his probation officer." But Russbacher's CIA duties required that he immediately leave the area, which he did. The plea agreement also required Russbacher to make weekly reports to the probation officer, which he never did. Nothing was said about it until several years later when Justice Department officials wanted to silence Russbacher.

Secret Operation

The CIA had an important task for Russbacher to perform upon leaving prison. He was needed for an ultra-secret project associated with the Bush administration's dealings with Iraq's Saddam Hussein. The signature of Russian President Mikhail Gorbachev was needed on a secret agreement prepared and signed by President George Bush. Russbacher stated that the agreement provided that Russia not intervene if the United States attacked Iraq in the near future. Russbacher spoke Russian, had been assigned to the U.S. Embassy in Moscow in the 1970s and mid-1980s, and knew President Gorbachev personally. The signature and agreement had to remain secret.

Russbacher's handlers instructed him to proceed to Offutt Air Force Base for a top-secret briefing. Immediately upon release from prison at St. Charles, Missouri, on July 16, 1990, Russbacher and his wife drove to Offutt Air Force Base. They arrived there on July 18, where CincPac authorization permitted them to occupy living quarters at this high-security Air Force Base. Russbacher was briefed about the mission in which he was to be involved. Among those present at the meeting were Brent Scowcroft, national security advisor, and CIA Director William Webster.

Gunther Russbacher and his wife departed Offutt on July 21, 1990, driving to Reno, where they stayed at the Western Village Inn and Casino in nearby Sparks, awaiting further orders. Late in the afternoon on July 26, 1990, Russbacher boarded a CIA Learjet at Reno, which took him to Crows Landing Naval Air Station, where four CIA SR-71 aircraft were being readied for a non-stop flight to Moscow, carrying out the plans reached at Offutt.

Russbacher described the in-flight refueling of the SR-71's on their transpolar flight to Moscow, with the first one occurring northeast of Seattle and the second refueling by Russian tankers as they approached the USSR. Russbacher identified one of the passengers in the SR-71s as national security advisor Brent Scowcroft.

Russbacher was the only person on the four aircraft who spoke Russian, and his previous contacts with Gorbachev were valuable to the success of the mission. Russbacher told me of handing the secret agreement to Gorbachev, obtaining Gorbachev's signature on one of the agreements, and then

flying back to the United States, along with two of the other CIA aircraft. One SR-71 was left for the Russians, along with a flight crew to check out Russian pilots. It is believed that one of the flight instructors was a former Air Force Chief Flight Instructor from Beale Air Force Base in Marysville, California, reportedly Abe Kardone. (I owned a 60-unit motel in nearby Yuba City and would occasionally pass near a departing SR-71 when I flew into Yuba City or Marysville Airport.)

The aircraft refueled twice in the air on the return flight and the three SR-71s landed at Fallon Naval Air Station on July 26, 1990.

On July 25, 1990, the day before Russbacher obtained Gorbachev's signature, U.S. Ambassador April Glaspie assured Iraq's Saddam Hussein that the United States had no interest in its conflict with Kuwait. These assurances were interpreted by Saddam Hussein as clearance to invade Kuwait, which he did several days later. This sequence of events almost suggests that Saddam Hussein was encouraged to attack Kuwait while the United States waited to retaliate.

Upon landing at Fallon Naval Air Station, a Navy helicopter flew him to Reno, at which time he took a cab to the motel where his wife was waiting. While at the motel waiting for further instructions from his CIA bosses, Russbacher received telephone instructions on July 28th from Admiral George Raeder, instructing him to report to Castle Air Force Base for a debriefing on the Moscow flight. Raeder further advised Russbacher that he would be promoted from Captain to Rear Admiral, and that Russbacher should get the proper uniform and a Rear Admiral's cap at nearby Fallon Naval Air Station, which he did.

Bizarre as the Moscow flight sounds to people living a normal life, it must be remembered that the CIA deals in the bizarre. I talked to Rayelan, who saw the CIA Learjet and three CIA SR-71s arrive. She saw Russbacher enter the Learjet, which immediately departed. I talked to Bess Smith, Rayelan's mother, who lived in Newman, near the Crows Landing Naval Air Station, and who was present at the Navy base during the preparation of the SR-71s. She saw Russbacher get in one of the aircraft. During the debriefing at Castle Air Force Base, she was in one of the adjoining bedrooms and saw the people receiving the debriefing from Russbacher.

The answers Bess Smith gave to my questions showed she wasn't fabricating what she saw. She was a kind, motherly person, who could not fabricate the facts that she witnessed. I also talked to the SR-71 pilot and former instructor at Beale Air Force Base, Abe Kardone of Tacoma, Washington. Kardone, while being circumspect, made statements indicating he was one of the pilots on the flight and that he was the SR-71 instructor who remained behind in Moscow to check out the Russian flight crews.

The Russbachers arrived at Castle Air Force base on July 29, 1990, and CincPac authorization was again waiting from the navy permitting them to be billeted there for several days. (I have copies of the billeting receipts from both military bases.) Russbacher's CIA handlers debriefed him in his apartment-size accommodations while Rayelan and her mother were sleeping in one of the two adjoining bedrooms. After the debriefing, Russbacher

waited to receive his promotion to Rear Admiral. Up to this point he had not worn his Navy uniform, which was hanging in the closet in a protective bag. While Russbacher debriefed his CIA people, Bess Smith walked into the kitchen from her bedroom and exchanged greetings with the people there.

On July 31, 1990, the morning after the late-evening debriefing, FBI agents burst into their living quarters, arrested Russbacher for allegedly impersonating a Naval officer. He was then incarcerated at the Fresno County jail while awaiting trial. Justice Department prosecutors soon dropped the charge, but U.S. Attorney David Levi at Sacramento filed new charges. He alleged that Russbacher misused government aircraft, fuel, military facilities and purchase orders associated with the flights to Seattle and Reno when Russbacher married Rayelan.

During the trial, FBI agent Rich Robley testified that Russbacher had worked for the government, and it looked favorable for an acquittal. Before reaching the jury, U.S. District Judge Leonard Pierce declared a mistrial, which was followed by months of delaying tactics by Justice Department prosecutors as they prepared for another trial. Meanwhile, Russbacher languished in jail. When Russbacher stated he would fight the charges, U.S. Attorney David Levi threatened to charge Russbacher's wife and mother-in-law with unlawfully trespassing on Offutt and Castle Air Force Bases and request six months in prison for each of them.

Despite the constitutional requirement of a jury trial, federal judges have held that six months imprisonment permits eliminating that constitutional protection, allowing federal judges to imprison a citizen without a jury trial. In this way a federal judge, who is often a former Justice Department lawyer and usually works in unison with the prosecuting lawyer, can sentence a person to six months in prison on fabricated charges.

This six months imprisonment often destroys a person financially and inflicts great personal harm upon the individual and family. This unconstitutional imprisonment without a jury trial occurs frequently. It was done to me in retaliation for reporting the federal crimes in which federal judges and Justice Department lawyers were implicated.

The U.S. Attorney promised Russbacher that he would receive only a three-month prison sentence if he pled guilty, and Russbacher agreed. However, U.S. District Judge Pierce refused to honor this agreement and sentenced Russbacher to twenty months in prison. After several months in the county jail, Russbacher was transferred to the federal prison camp at Dublin, California. That is where I met him.

Russbacher and I had a good relationship, possibly due to our prior Navy piloting background. At first, Russbacher was very guarded in what he told me about CIA operations. He described his activities in Central America with the CIA, including Oliver North's involvement, and the disdain that CIA and other people had for North's incompetence and involvement in drug trafficking.

“My life wouldn't be worth a nickel”

At first, there were many CIA operations Russbacher wouldn't disclose to me. When I pressed him for details he stated, “My life wouldn't be worth a nickel if I talked about the hush-hush things.” A few weeks after we had

met, I was released¹²⁷ December 10, 1990¹²⁸ and returned to my home in Alamo, California. Russbacher started calling me from prison, and our discussions about CIA and other covert activities continued. Much of the time I asked specific questions about CIA activities and he responded, similar to a deposition.

I thought that *I* had discovered major criminal activities while an FAA investigator, but it was child's play compared to what I subsequently learned. Through my contacts with Russbacher, I became acquainted with other deep-cover CIA operatives and contract agents, DEA personnel, and former police and private investigators. This small group had information about virtually every dirty covert activity of the CIA. The education was priceless and made possible the exposures described within these pages.

Russbacher's health problems necessitated his transfer to the federal prison at Terminal Island near Long Beach, California. But our almost daily telephone conversations continued, going further into CIA activities in which he had been involved.

Russbacher's CIA status and his credibility were proven to me not only by the hundreds of hours of questioning but by the statements given to me by other deep-cover operatives or contract agents, some of whom hadn't seen Russbacher for years.

October Surprise

Rumors about the October Surprise scheme started surfacing in the media in late 1990, causing me to ask Russbacher if he had any knowledge of it. He replied that he was well familiar with the details and that he was part of the operation. But he would only make a few general statements about it. But this suddenly changed.

During an early morning telephone conversation on April 30, 1991, Russbacher said that three Office of Naval Intelligence officers were coming to Terminal Island that afternoon and he would be flying with them to Monterey, California on a special assignment. The flight from Long Beach to Monterey would be in a Learjet, after which a Navy helicopter from the Naval Air Station at Alameda, California would take them to Fort Ord and then on to Santa Cruz, landing at the college. Russbacher's CIA faction occasionally extracted him from prison for short periods of time. But something happened.

¹²⁷ But the release was only pending still another trial at which the same Justice Department and the same Ninth Circuit judges sought to again send me to federal prison. The FBI and Justice Department again accused me of criminal contempt of court for having filed a federal law suit in the U.S. District Court at Chicago which described additional federal crimes that I had uncovered in Chapter 11 courts, and in which I sought relief from the escalating attacks upon me.

¹²⁸ San Francisco U.S. District Judge Marilyn Patel had caused me to be incarcerated without charges, without having personal jurisdiction over me, on the basis that I had filed a federal action in the U.S. District Court at Chicago (No. 90-C-2396), reporting a pattern of federal crimes that I had discovered, and for exercising declaratory and injunctive relief remedies to obtain relief from the Judicial persecution inflicted upon me, that initially commenced from the sham law suit filed by the covert Justice Department law firm, Friedman, Sloan and Ross.

Shortly before midnight, my telephone rang. It was Russbacher's wife, Rayelan. She sought my help to determine if her husband was on a helicopter that reportedly crashed several hours earlier at Fort Ord. She had been expecting her husband to arrive at Santa Cruz by Navy helicopter and when she saw on television that a helicopter had crashed at nearby Fort Ord that evening she became worried.

Rayelan had contacted a friend who was CIA Chief of Station at St. Louis, nicknamed "Rabbit," who in turn phoned an FBI contact in California. The CIA station agent then called Rayelan, advising her that a Navy helicopter at Fort Ord had blown apart in the air and that there were no survivors. But he didn't know who had been on board when it crashed. Russbacher's wife asked me to call my FAA contacts to find out if her husband was one of the fatalities.

"I've been drugged!"

While Russbacher's wife and I were talking, Russbacher came on the line, calling from federal prison at Terminal Island. He exclaimed, "I've been drugged." Russbacher explained that he had coffee at approximately 2:30 with the Admiral whom he had been expecting. Russbacher said that the Admiral advised that he would return in about an hour and a half to take him to Santa Cruz.

After drinking coffee with the Admiral, Russbacher suddenly felt drowsy and went back to his cell and fell sound asleep. Shortly after 10 p.m., Russbacher woke up when a prisoner shouted that he had an emergency phone call from his wife. He called his wife and the call came through as she and I were talking.

Russbacher described what happened, stating that he felt the Navy Admiral deliberately drugged him to prevent him flying back, and may have done so thinking there was a plot to kill Russbacher, and in that way protect him.

"Your life may depend on you going public!"

I warned Russbacher that the information he possessed put his life in danger, which would continue until he disclosed this information to others, and the information made public. "Your life may depend on you going public," I added. Russbacher's knowledge threatened to expose the people involved in October Surprise and many other criminal activities implicating the CIA, members of Congress, federal judges, and others.

It was now about midnight and Russbacher was still groggy. I suggested that he call me the following morning when his mind was clear and give me a sworn declaration of events surrounding the October Surprise operation. I said that I would record his statements and have the recording transcribed, after which I would send portions of the transcript to members of Congress. (What an optimist!)

Revealing Major Crimes

When Russbacher called the next morning I said, "I need to know the specifics on the flight to Europe, including who was on board the aircraft, who stayed at what hotel; where did the flight start from, and where did it land enroute?" What he stated on that first questioning session was repeated many times during the next few years as other segments of that and other

operations were detailed. This was the start of discoveries continuing to this date, of treasonous, subversive, and criminal acts implicating many federal officials. The information and documents I obtained enlarged upon the hard-core criminal misconduct that I had already uncovered.

Russbacher's declaration started with a statement and followed by me asking him questions:

"My name is Gunther Russbacher. I am a captain in the United States Navy; my service number is 440-40-1417. My current location is the Federal Correctional Institution, Terminal Island. I am a federal prisoner, awaiting appeal on a charge of misuse and misappropriation of government properties, misuse of government jets, and misuse of government purchase orders for purchase of fuel. That is my current situation. The date today is May 1, 1991. The time of this interview is 0824. Now that we have the formalities under way, Rodney Stich, we can talk."

"Who were the pilots," I asked.

"On the flight deck were pilots Richard Brenneke, an Air Force pilot, and I was the command pilot."

"Who was in the cabin?"

"In the cabin were George Bush; William Casey (who would be appointed director of the CIA); Robert Gates; Donald Gregg (who at that time was a member of President Carter's National Security Council), and others."

In later sessions, I asked Russbacher to provide a more complete list of the passengers on the BAC 111 flight. He stated that other passengers included several Secret Service agents assigned to vice-presidential candidate George Bush; George Cave (former CIA Iran expert and translator); Richard Allen; Senators John Tower and John Heinz; Congressman Dan Rostenkowski; Jennifer Fitzgerald of the State Department (reportedly a close lady friend of Bush for many years).

"What type of plane were you flying?" I asked.

"The plane was a BAC 111, and we departed from Andrews Air Force Base, to New York, to Gander, and then on to Paris, landing at Le Bourget."

"At what stage of the flight did you see the passengers?"

"I went back into the cabin after taking off from Gander."

"Where did the crew stay while in Paris?"

"We stayed at the Florida Hotel in Paris."

"How long did Bush stay in Paris?"

"Bush only remained a few hours."

"Did you fly the same plane back?" I asked.

"No I didn't. I flew the man [George Bush] back in the SR-71."

"Are you qualified in the 71?"

"Rodney, I flew the 71 for eighteen months."

Recognizing that the SR-71 could not fly from Paris to the United States without refueling, I asked: "Where did the 71 refuel?"

"The refueling occurred approximately, I would have to say, 1800 to 1900 nautical miles into the Atlantic. We were met by a KC 135."

"Where did you land on the return flight?"

"McGuire," Russbacher replied. [McGuire Air Force Base, New Jersey]

“How long did the flight take?”

“The flight took one hour and forty four minutes.”

“What time did you arrive back at McGuire Air Force Base?”

“We arrived at McGuire Air Force Base approximately 10:50 a.m. the following morning.”

“Who were some of the people you saw in Paris?”

“Adnan Khashoggi, Hashemi Rafsanjani. Rafsanjani was the Ayatollah’s henchman and the second in command. Please look who is in command now; Rafsanjani.”

In response to my questions, he provided additional data, including sophisticated technique for operating the SR-71. He provided detailed information on conversations, airports, and other data that would be hard to fabricate. Russbacher described the route of flight from Washington to New York, to Gander, and then to Paris. He gave specifics that might be meaningless to anyone but a pilot who had been to the airports he described, which provided further confirmation that he was telling me the truth.

After arriving in Paris, Russbacher went to the Hotel Florida and had been asleep only a short time when he received a call from the CIA station chief in Frankfurt, advising him that an SR-71 was being flown to Paris for him to fly back to the United States. The SR-71, with vice presidential candidate George Bush as a back-seat passenger and Russbacher at the controls, departed from a military air base near Paris 2:50 p.m. European Time (13:50 GMT, or 8:50 a.m. EST).

The SR-71 was refueled about 1,800 miles from Paris over the North Atlantic by a U.S. Air Force tanker. He landed at McGuire Air Force Base in New Jersey at 10:50 a.m. Eastern Standard Time (6:50 p.m. GMT). After Bush left the aircraft, Russbacher flew the SR-71 to Andrews Air Force Base.

Going back to the October Surprise operation, I asked Russbacher, “What do you know about the first meeting in Madrid between Casey and the Iranians that reportedly occurred in July of 1980?”

“The Madrid meeting was more of a diversionary tactic. The actual meeting occurred in Barcelona. I was in Barcelona at the time of the meetings. I was there at the PepsiCo International headquarters building. I gave you the guy’s name that was our interface there. V-a-n-T-y-n-e. [Peter Van Tyne]”

“That was approximately what month?” I asked, to make sure we were talking about the same meetings.

“That was in late July of 1980.”

“This is the meeting or meetings in which William Casey met with some Iranians?”

“That is correct. That was with Hushang Lavi and Rogovin.”¹²⁹

“Referring to all of the reports of Casey having been in Madrid, I believe you stated that Casey was never in Madrid?”

“I said that the meetings, the top-level high-speed meetings, did not take

¹²⁹ Mitchell Rogovin, lawyer for Lavi.

place in Madrid. The suites and conference rooms and everything were rented and cared for. However, the meetings took place, and the people stayed, at the Hotel Princess Sofia, S-O-F-I-A, in Barcelona.”

I responded, “And was this at the same time that he was supposedly in Madrid?”

“Right. It was a little subterfuge upon the part of the government [CIA]. But the actual meetings took place in Barcelona. They took place at the PepsiCo International Headquarters building.”

“And you were there in town with Peggy [Gunther’s wife at the time]?”

“That’s right. I was there at the meetings.”

“So you know what was stated at the meetings?”

“This is where the first discussions were coming up as to what type of arms and munitions that the Iranians wanted.”

“And who was there besides William Casey; was that Robert McFarlane?”

“Yes, it was.”

“You previously stated that in Barcelona the meetings were held at the hotel, but then you also mentioned in one place about them being held at the PepsiCo plant. Can you explain that?”

“Right. The day’s meetings were held over at the PepsiCo International Headquarters buildings.”

“That was the main meeting then? Did you have any at the hotel that you mentioned?”

“Yes.”

“What part did Van Tyne play in the meetings? Did he more or less coordinate the meetings?”

“Facilitator. Yes.”

Realizing that PepsiCo surfaces in numerous CIA activities, including drug processing in the Far East, I asked Russbacher: “Was PepsiCo a CIA proprietary corporation?”

“No, but they have close connections to each other; they work together.”

“A few more questions on the Barcelona meeting,¹³⁰ just to get clarified in my mind. Why did they have to use Madrid¹³¹ as a diversionary point when they were trying to cover up for the whole operation?”

“There were also high-level meetings going on in the Spanish cabinet at the same time. It would be easier to hide under the cloak of secrecy as to what transpired in Madrid at that time, without going in and having to create a brand new cover for the meeting in Barcelona.”

“Can you give me the details on the hour of the day and how long the meetings lasted?”

“I would estimate, according to my recollection, that the meeting began

¹³⁰ The secret late-July 1980 Barcelona meetings, involving private citizen William Casey, preceded the secret October 19, 1980, weekend meetings held in Paris.

¹³¹ Investigative reporters and writers charge that William Casey met secretly in Madrid with Iranian factions to prevent the release of the 52 American hostages (last week of July 1980). But this is incorrect. The first meeting in Spain was not at Madrid, but at Barcelona.

about ten o'clock in the morning, and lasted probably until one o'clock, at which time they broke for lunch, and the meeting reconvened from about three to six p.m."

"Was it a one-day meeting?"

"No, two days. The first day was full of meetings, and the second day was only about three hours long."

"What was your role at that meeting?"

"The only part that I took part in was to set up a centralized command in Vienna, which would involve being able to draw large containers and to allow freighting weapon containers, and so on."

"From the reforger stores?"¹³²

"From the reforger stores, through Austria and down by rail."

"I would presume, referring to some comments you made about Austria being unhappy, were they to be notified when military shipments went through their country?"

"It was a total no-no."¹³³

"Even when it is ordered by the United States?"¹³⁴

"The United States cannot order anything. Austria is a sovereign republic. We made weapon shipments from the early contacts with the Iranians through Switzerland. We railed from Zurich to Vienna, and from Vienna on down."

"You said the people at the meeting were Casey and McFarlane; were there any other Americans there?"

"I think Allen was there for a couple of hours."

"And on the other side there was Hushang Lavi, and I think you mentioned Rogovin?"

"Yes."

"Rogovin was the lawyer for Lavi, wasn't he?"

"Yes."

"Was there anyone else there?"

"There were several other people. But the individual I dealt with primarily was Mr. Peter Van Tyne."

"What was his position?"

"Peter Van Tyne was executive vice-president for Pepsico International. I might add that part of the reason I was there was that I was to set up a large production warehouse and production corporation in Vienna. We are talking about an extremely large warehouse where we could hold container shipments until transshipment took place. We were withdrawing military weap-

¹³² Reforger stores contain American military weapons and were located in various European locations. To fulfill the Barcelona agreement, US weapons and munitions were fraudulently removed from military warehouses in Austria, Germany, and Italy, commencing in September 1980.

¹³³ Secretly moving the military shipments through Austria violated the laws and sovereignty of Austria.

¹³⁴ Actually, the duly elected government of the United States neither ordered the shipments of military arms, nor knew about the shipments. The removal was unlawfully done through a criminal conspiracy by private citizen William Casey and Central Intelligence Agency factions, in a literal coup against the United States.

ons and munitions from Switzerland, including Swiss military manufacturer Orlikon. We were drawing stores¹³⁵ from Germany. We were also drawing stores up from Italy. The shipments from Italy came up through Brenner Pass in overland containers, at which point they ended up in Innsbruck, Austria. In Innsbruck they were replaced by other containers, that were supposedly at that point moving mineral waters from Innsbruck to Third World areas.”

“Mineral water?” I asked.

“That was what the code name was. The code name for it was Seltzer Water.”

Describing the route of the arms shipments, Russbacher stated he established “transshipment points from Europe, especially Germany, Italy, and Switzerland. In Italy, up through Brenner Pass; from Germany into Austria. We were buying arms from Orlikon, a corporation, a weapons manufacturer in Switzerland. We had a big warehouse, a huge one. Some went through Yugoslavia. It went through Yugoslavia for transshipment through Macedonia, down through Greece, and then to Cyprus, and then across. Hungary was a transshipment point also. At times it went through Hungary. However, most of the times it went through Yugoslavia.”

“Because Austria was a neutral country and Hungary was a communist country, we had a choice of transshipment points. Either first from Vienna to Budapest, where they were then transferred onto trains to Yugoslavia, or directly from Austria to Yugoslavia, and Yugoslavia down into Greece, and then to Cyprus. Most of the time it went through Yugoslavia.”

This dialogue, and others within these pages, was repeated many times during years of conversations, letters, and affidavits.

In a later written response to interrogatories Russbacher replied in a sworn declaration:

I was in attendance during the meetings held in Geneva, Switzerland; the meetings in Barcelona, Spain; the meetings held in Madrid, Spain, and the meeting held in Karachi, Pakistan. I was there as agency supply and logistics person, as well as facilitator for the governments involved.

The initial meeting was held in Geneva, and was held with Ahmed Heidari and Mohammed Hussein Behishti. Mr. Cyrus Hashemi was the arms specialist present at this meeting. In order to be unknown in this field we used the following DOS personnel as cutouts: Mr. Sam Carlton and Peter Merrell. This meeting took place six days after my return from Buenos Aires, Argentina, where a meeting of low echelon state staffers and I talked to the Mossad contact man, Ari Ben-Menashe.

The meeting with Ari Ben-Menashe was held on or about March fourth to the eighth, 1980. The initial meeting with the DOS persons, Hashemi, Heidari, Behishti and myself, was held in Geneva, shortly after our return from Buenos Aires. We met in Geneva on or about 14 March 1980. The discussion centered around another version of the

¹³⁵ Military equipment and supplies.

swap for the hostages.

Mr. Adnan Khashoggi permitted us the use of his credit cards for the purpose of purchasing fuel for the aircraft. He indicated that he had specific interest in obtaining a deal for the sale or trade of arms to the government of Iran. We contacted Mr. Behishti and Mr. Heidari (who was the person responsible for coordinating the sale of the arms). Because Mr. Behishti spoke very little English, all conversations were held in either French or German. I was able to function as negotiator and interpreter for several such meetings.

Looting United States Military Warehouses

During another probing session, Russbacher revealed when the arms and munitions started to flow. The answer was critical and helped explain how the officially elected government of the United States was rendered helpless by the coup d'état aspects of the October Surprise conspirators.

“After the [July 1980] Barcelona meeting, how soon did these arms start flowing?”

Russbacher hesitated in answering that question. He replied: “My friend, the arms began flowing, I would say, probably in September.”¹³⁶

“Were you over there at that time?”

“Yes, I was.”

Since Casey, Ronald Reagan, and George Bush, the principal parties in the October Surprise conspiracy, had not held any government office at that time, and the November 1980 presidential elections had not yet occurred, the question arose as to who authorized the shipment of arms, especially since there were laws preventing the shipments, and since the shipments undermined the negotiations by President Jimmy Carter seeking to obtain the release of the 52 American hostages.

“Where did the authority come from to move that military equipment, since Casey and the gang held no government positions?”

Russbacher again hesitated, and then answered: “We [CIA] were already in there. The Agency [CIA] was already out on the limb.¹³⁷ And bear in mind that Bush was the ex-DCI.¹³⁸ Casey had gone back to the days of Wild Bill Donovan. So you are talking about an agency coup that was already in the making at that time.”

“What about the military, didn't they have control of those weapons; I mean the US military?”

“Rodney, if I tell you the shenanigans that are pulled, and the shopping that can be done at these reforger stores,¹³⁹ you would pull your hair out.”

¹³⁶ The gravity of this is that private citizen William Casey (and others) were able to remove military weapons and munitions from United States stockpiles, that were intended for the defense of Europe, and with the obvious cooperation of CIA factions, ship the arms to Iran via Israel, as part of the treasonous and subversive acts to continue the imprisonment of the 52 American hostages. A coup against the United States had occurred.

¹³⁷ The CIA arranged for Bush and others to fly to the Paris meetings on the weekend of October 19, 1980, at which the secret agreement was finalized (Paying \$40 million bribe money and promising billions of dollars in military equipment and munitions, in exchange for continuing the imprisonment of the 52 American hostages).

¹³⁸ Director of Central Intelligence.

¹³⁹ Term applied to US military warehouses in Europe.

I asked Russbacher who worked with him in procuring the arms and arranging the shipments. “The procurement of them was handled by an associate of mine. The fellow’s name was John George Fisher. He is dead.”

I asked Russbacher, “What type of paperwork was done to get the U.S. military organizations to release the equipment?”

“It is very simple,” Russbacher replied. “All you have to have is a request for transfer; which is commonly referred to as an AF series, duly signed by authorized personnel, or by an authorized officer. And, of course you need a transfer form approved for a transport form. And then you need end-user certificates.”

When I asked Russbacher how those in control of the weapon depots allowed the arms to be removed, he referred to the CIA practice of placing CIA people in other government departments: “We [CIA] had already put them in position.”¹⁴⁰

“What about the end-user certificate requirements; you had to show an end-user, and who was that?”

“We [CIA] had end-user certificates available. That’s why all shipments went through Cyprus. By the time the weapons came to Cyprus, new end-user certificates, or the real ones, that were going to be used, then showed up. But the end-user certificates that we always provided would have been countries that were friendly to the United States. Some of them were bogus. A lot of them went down to an entity in Spain. We had some sympathetic people.”

Continuing, Russbacher stated, “We had embassies in Madrid that provided us end-user certificates. A lot of them were embassies from North African countries, West African countries, including Liberia.”

Russbacher referred to the key role played by Israel in the operation, stating, “We worked hand in hand with the Mossad.”¹⁴¹

During the next few years, I repeatedly questioned Russbacher concerning operations in which he had been directly involved, or of which he had specific details due to the nature of his work. Russbacher repeated details of the various CIA operations that we had previously discussed, oftentimes expanding on the information he had given me earlier.

Israeli Participation

“Were there any Israel people at the Barcelona meeting?”

“I knew there was a discussion that there were some present.”

“Was Karrubi there?” [Mehdi Karrubi, presently Iranian Parliamentary Speaker.]” Russbacher replied, “Yes.”

In Ari Ben-Menashe’s book *Profits of War* and in conversations with

¹⁴⁰ It is a standard practice of the CIA to install CIA personnel through the federal government, into state governments, and throughout industry, including the media.

¹⁴¹ Israel played a key role in carrying out the secret activities, including participation/attendance at the Barcelona and Paris meetings, the stealing of the arms from US warehouses, and the secret shipment of arms to Iran. Israel obviously knew that the scheme and activities were treasonous, subversive, and harmful to the United States; and also recognized that they could thereafter blackmail the United States while Reagan and Bush were in the White House.

Ben-Menashe, he stated that he was present at the Barcelona meeting.

Referring to the \$40 million bribe money that was reportedly given to the Iranian factions at the subsequent Paris meetings on the October 19, 1980, weekend, I asked: "Do you know anything about the routing of the reported forty-million-dollar bank draft that was given to the Iranians during the Paris meetings?"

"Michael Riconosciuto would be the best one to answer that."

The Helicopter Crash

I needed details surrounding the helicopter crash that had occurred the night before. "Were the Naval officers that you had coffee with [at Terminal Island Federal Prison], on the helicopter?" I asked.

"Yes," he replied, "I had coffee with one of them."

"What was his name?"

"The first guy's name was Samuel Walters."

"And he was Navy?"

"And that's his true name too." [referring to the alias frequently used; Gunther used the alias of Robert A. Walker.]

"What was his rank?"

"He was a captain."

"Did you meet the other two guys that were on it?"

"Yes, one of them was a Rear Admiral. John D. Burkhardt. He was in defense logistics."

"Office of Naval Intelligence?"

"Yes. And his present job was that he was very strongly implicated in NASA and the SDI initiative." Russbacher continued, "Raye called the Chief of Stations at St. Louis, who is a friend of ours. He made some checks and found out who was on board."

"Were they the ones who were to have gone back with you?"

"Yes. Tricky business, Rodney, I don't know if you want to get into this. If I had been on that helicopter, I would be dead."

Relating what his CIA handlers told him, Russbacher said:

The helicopter took off yesterday carrying a rear admiral, two Navy captains, and it should also have carried myself. Everybody here, including the D of J [Department of Justice], was under the impression that I was going to be on that airplane. The aircraft took off from Fort Ord with a flight to Monterey, and from Monterey they were going to discharge one of the crew who was going to stay at the FBO at Monterey. And then the aircraft was going on to Santa Cruz and land back behind the university grounds.

The incident occurred about 6:18 p.m. The original incident, as it was described by the radio at Santa Cruz, was that a helicopter exploded about 200 feet above the ground. No pieces. Just general wreckage. What came out about an hour later was that a helicopter went down with two FBI agents on board. There were two FBI agents on board; although they suffered serious injuries, they were O.K. One of them suffered very serious head injuries. Somehow or other they were able to cover up for the initial flight. Rodney, they are after every one that has anything to do with these activities.

Russbacher continued, "Someone saved my butt last night. I don't know how many more times in the future they are going to be able to do it."

"You felt that something was put in the coffee. Did it just make you groggy?"

"I went right to sleep and slept until twenty minutes of ten."

"So after you drank the coffee you were supposed to leave right then and there?"

"Within an hour and a half."

"Then you went back to your cell and went to sleep, expecting them to call you?"

"They never called."

"They never tried to wake you up?"

"As far as I know, no one tried to wake me up. The first inclination I had that it was time to wake up was at twenty minutes of ten; people were screaming at me that I had an emergency call from the [prison] Control Center and that I needed to call home immediately."

"I'm surprised the prison officials gave you that personal service."

"Well, you have to also bear in mind that [my status is] a little different."

"Well, the fact that you can get to a phone that is not monitored indicates that you are in a different category than most prisoners."

"Within four minutes of being awakened, I was on the phone talking to Rayelan and hearing your voice in the background."

I asked Russbacher how he ended up in prison. He replied, "That could be a book by itself. It dealt with repatriating some of the arms from Central America back to the United States."

Referring to what was done to silence me, Russbacher stated: "Your case is different. It does not address a single issue. Your case addresses multi-issues. If you create sufficient fires, it is extremely difficult to determine where the fires are and how best to put them out. You pose a significant threat. You pose as much of a threat to their little game as I do to the total administration. You pose a significant embarrassment to the federal government. It isn't quite so easy to shut these people down."

Confirming the Helicopter Crash and Death of a Navy Admiral

The existence of the Navy helicopter crash was kept secret by the government, as though it never happened. The absence of any report caused me to withhold further mention of it, fearing that reference to a non-reported helicopter crash would discredit the other information Russbacher supplied me. However, during a conversation with *St. Louis Post Dispatch* reporter Phil Linsalata, I described the helicopter crash and qualified the information with the statement that I had no evidence to support its occurrence; that I hadn't told anyone else about it because of lack of evidence. Linsalata said that the *Post Dispatch* had a reliable CIA source and that they would contact him for possibly confirming the crash.

Linsalata contacted me several days later, on May 4, 1991, advising that the CIA contact confirmed the helicopter crash and that a Navy admiral was killed. Linsalata stated that the CIA contact expressed surprise that the *Post Dispatch* knew of the crash and the death of the Navy admiral. During an-

other conversation on May 20, 1991, Linsalata again made reference to the statements made by the CIA source concerning the death of the Navy admiral in the helicopter crash. In response to my questions, Linsalata stated:

The guy (CIA source) seemed shocked that I had access to this information. His shock seemed sincere. You judge the truth of what a person is saying, such as by the tone of voice. He seemed quite shocked that I had access to this information. He also made a comment that he personally knew who the ranking officer was, the brass, the admiral, and that he knew the guy.

He was personally shocked that he [the Admiral] had been killed, and that he was a nice guy. He said the Admiral didn't deserve what happened. The things that he said to me made it impossible to rule out that he was simply offering the information that I gave him. The new information was given to me on his own. I didn't flush it out of him in any way. He just made comments reflecting that he knew what he was talking about. He seemed to be sincere.

Cover-Up by *St. Louis Post Dispatch*

Harry Martin,¹⁴² publisher of the *Napa Sentinel*,¹⁴³ called me (July 8, 1991), stating that he had just received a call from Phil Linsalata of the *St. Louis Post Dispatch* denying that he had ever talked to any CIA contact about any helicopter crash at Fort Ord. Martin said that Linsalata sounded very nervous, as if he was under pressure to make that call. It appeared that the intent of the call was to dissuade Martin from making any reference to the statements Linsalata made to me confirming the existence of the crash and the death of the Admiral.

Martin had been one of the first media sources to respond (May 1, 1991) to the notices that I had a tape and transcript of a CIA operative who had been part of the October Surprise scandal. His subsequent articles were copied by numerous other papers, and members of Congress requested copies of Martin's articles. There was danger of exposing the October Surprise scandal if Martin printed the statements made to me by the *St. Louis Post Dispatch* reporter. Possibly to prevent this from happening, Linsalata's publisher ordered Linsalata to call Martin and deny that he had ever talked to me or to anyone else about the helicopter crash. Martin asked if I had a tape of the conversation and I replied that I did, of both the May 4 and May 20, 1991, telephone conversations. During these telephone conversations, Linsalata went into great detail concerning the information given by his CIA sources.

Warnings to Forget the Helicopter Crash

Several days after the helicopter crash, Gunther and his wife warned me to totally forget about it, warning me that my life would be in danger if I made any reference to it or even made any inquiries. As I started to make reference to the crash during a subsequent conversation Russbacher stopped me: "No Rodney, don't bring that up. Don't touch that with a ten-foot pole."

¹⁴² *Napa Sentinel*, Napa, California.

¹⁴³ The *Napa Sentinel* had been at the forefront in exposing government scandals, including Inslaw, October Surprise, and other stories.

“Because there is so much cover-up in that crash!”

Russbacher said:

Rodney, don't even talk about it. I'm telling you. Because there is so much cover-up in that crash. Listen to me. Listen closely. And be very guarded. When Raye got a call, she called St. Louis. St. Louis in turn made a phone call and then called her back. There were three people on board and they are all dead. You got that? Stay away from that as far as you can.

I replied, “It would be important to know the details.” Russbacher answered, “This is not the time to know. For your own life. I’m talking about personal safety.” At a later date, I discovered additional evidence supporting the existence of that crash and that assassinations were an all-too-common CIA tactic.

Notifying the Media

After I notified various media contacts that I had declarations of a CIA operative concerning the October Surprise operation, journalists from all parts of the United States were calling me for further information. When these journalists contacted Justice Department and White House officials, they were told that Russbacher was a con artist, that he had a long rap sheet and was not believable. This followed the standard line when CIA whistleblowers go public.

Shortly after Russbacher supplied me with his first declaration on May 1, 1991, I mailed partial transcripts to members of Congress,¹⁴⁴ along with a petition demanding that our testimony and evidence be received. I reminded them I was exercising rights¹⁴⁵ and responsibilities¹⁴⁶ under federal law and that they had a responsibility under these same laws and under federal criminal statutes to receive our testimony and evidence. I explained that I was a former federal investigator who held federal authority to make these determinations and that I hadn’t lost any of my abilities to do that since leaving government.

I mailed certified letters and transcripts to Independent Prosecutor Lawrence Walsh, who had the duty to investigate all aspects of the Iran-Contra affair, which started with the October Surprise scheme. I reminded Walsh of his responsibilities under federal criminal statutes to receive my testimony and evidence and that of the CIA whistleblowers.

Despite hundreds of certified mailings, each containing over fifty pages of data, no one responded. The non-response was one of the most amazing examples of mass cover-up that I had ever witnessed. But it happened time and again. My letters raised very serious charges that, if only a small fraction of them were true, would inflict enormous harm upon the United States. This refusal to perform a duty made possible the continuation of the gov-

¹⁴⁴ Every Senator in the United States Senate and to about 250 Representatives.

¹⁴⁵ Right to petition government relating to criminal acts by federal officials, including the First Amendment right to petition government and Title 28 U.S.C. § 1361, the right to judicial halting of corrupt acts by federal officials.

¹⁴⁶ Federal crime reporting statutes, including Title 18 U.S.C. § 4.

ernment corruption that continues to inflict great harm upon America.

As Russbacher provided me with further information and other CIA sources gave me supporting data, I sent additional petitions to members of Congress, demanding that they receive the testimony and evidence from a *group* of concerned CIA whistleblowers on criminal activities against the United States. I described specific facts that would be revealed. Every senator received at least three certified mailings from me between May 1991 and December 1992, as did the members of the House Judiciary Committee, Foreign Affairs Committee, Oversight and Investigations, government Operations, and Aviation. Not a single reply was received.

As a result of publicity generated by my transcripts and references to Russbacher on my talk show appearances, Russbacher was asked to appear on numerous radio and television talk shows, which he did from prison. Despite all this, the public remained passive, and none of those in government wanted to disturb the status quo.

Escalating Media and Congressional Disinformation

Shortly after I had first publicized Russbacher's sworn statements, the disinformation to discredit him commenced. Even author Barbara Honigger, who authored the first *October Surprise* book, tried to discredit Russbacher, fabricating facts that I had to address by sending out information identifying the apparent deliberate misstatements. Her tactics tended to discredit the existence of the very scandal that her earlier book sought to expose. It was as if she was being rewarded in some way to discredit the smoking gun in the October Surprise conspiracy.

The charges by Justice Department officials, commencing in 1986, were to discredit Russbacher and minimize the danger to White House and other officials. Russbacher had earlier described the three factions in the CIA as often fighting each other. Faction-One was controlled by the Justice Department and the White House under George Bush. Faction-Two was controlled by the Office of Naval Intelligence, often at odds with Faction-One. And Faction-Three was a small number of former Office of Strategic Services (OSS) personnel.

"They are deporting Russ!"

Russbacher's appearances on radio and television from his prison environment threatened many people. Justice Department officials addressed this threat by seeking to deport him. Once, upon answering the phone,¹⁴⁷ Russbacher's wife exclaimed, "Gunther isn't in Terminal Island. He is on a flight to Oakdale, Louisiana, a federal prison where prisoners to be deported are sent."

In an attempt to prevent the deportation, I phoned talk-show host Tom Valentine with Radio Free America; senior White House reporter Sarah McClendon; Independent Prosecutor Lawrence Walsh, and appeared on numerous talk shows describing the efforts to sequester evidence relating to October Surprise.

"I need more information!"

Despite the gravity of criminal activities I listed in the petitions that I

¹⁴⁷ October 13, 1991.

sent to Congress, the recipients did nothing. I felt that I needed more information about additional CIA crimes that would force members of Congress to respond. I told Russbacher, "I need more information!" Russbacher went into great detail about other areas of corrupt CIA activities.

Russbacher detailed the involvement by CIA factions in the looting of savings and loan institutions and insurance companies; the CIA's role in drug trafficking throughout the United States, and much more. He furnished me with blank checks, letterheads, and incorporation papers of some of the covert CIA proprietaries he operated for the CIA, which dealt in unlawful activities.

The information Russbacher gave me in hundreds of conversations was detailed and was presented in a way that I had no reason to question its accuracy. The answers to very specific questions, requiring a very detailed answer, came without hesitation. In those cases when he didn't know, he didn't hesitate to say so, even though he could have fabricated an answer. There were some areas of CIA activity he would not discuss, and information on these areas would often come to me from other sources. Russbacher did back down after refusing to answer questions concerning a certain area when another source described it to me. Then Russbacher would enlarge upon the information in a manner indicating he was well familiar with the operation.

To confirm his answers, I approached the subject from a different angle many months later, and the precise detailed facts would rarely waver. His precise knowledge of people and events in many areas of intrigue was unprecedented and checked out with facts that I obtained from other sources. I was convinced that he was not a con man. He simply could not make up the vast amount of data he gave me in response to questions that covered a broad spectrum. As other CIA whistleblowers came to me I was able to obtain further confirmation of Russbacher's CIA status and of many of the events that he described to me.

Even when I told him information given to me by others, such as former Mossad agent Ari Ben-Menashe, Russbacher often responded with additional information on the person that had never appeared in print. It wasn't Russbacher who sought attention. I was the one that repeatedly told Russbacher to give me information of CIA corruption so that I could force Congress and the media to meet their responsibilities.

Russbacher detailed how the CIA was part of the looting of Chapter 11 assets, and how the CIA used crooked federal judges, trustees, and law firms to accomplish this. He described how the CIA covered up for some of its looted proprietaries by placing the companies into Chapter 7 or 11 where the CIA had control of the judges. He named judges, trustees, law firms and their lawyers, who were present at CIA drug and arms transshipment points in Central and South America, and especially trustee Charles Duck, who looted much of my multi-million in assets. At a later date, Russbacher gave me the name of the overseas corporation that paid the bribe money to the judges, trustees and law firms beholden to the CIA and Justice Department gang.

Russbacher described the interrelationships between the CIA and people looting the savings and loans. He described how Keating-controlled corporations hid over \$300 million of depositors' money in Colorado through secret trusts and other financial mechanisms. When I quizzed Russbacher about the CIA's role with Charles Keating, he responded: "It wasn't just Keating. Bear in mind that we are not talking about strictly Keating-controlled corporations. We are talking about a multitude of corporations that were controlled by outside forces. Keating just happened to be one of them."

Removal of Money From the United States

Elaborating upon the huge outflow of funds generated by CIA proprietaries through various financial scams and drug money laundering, Russbacher stated: "It is a systematic removal of funds from U.S. bank accounts. And these accounts that held large amounts of funds were then channeled to off-shore bank accounts and off-shore investment companies."

I asked, "How are these funds identified; I'm talking about who would be identified as the owner of these funds? Would it be numbered accounts?" Russbacher replied, "It would be numbered or designated accounts, where you have a primary person that is allowed to make transactions. That doesn't necessarily mean that person is the only one."

"I presume that the CIA has numerous operatives who are authorized to place or remove funds from these accounts?"

"There are only ten or twelve people in the whole agency that are permitted to do that. Let's say, no more than two dozen people."

"Are you one of those?"

"Yes, I am. Or I was."

Russbacher's statements as shown in these pages are but a minute fraction of the in-depth discussions between him and myself. These statements were made during late 1990 and up to the date of this book's publication. Much of the details were unknown to the general public and had not been in print. Many people confirmed to me Russbacher's CIA position, and statements made to me by Russbacher were often confirmed by statements made by others, including Ari Ben-Menashe, Michael Riconosciuto, Ronald Rewald, and other CIA related people.

Many hours were spent on what he saw firsthand as a CIA operative in Chapter 11 courts. Russbacher told of the CIA practice of using Chapter 11 courts for two primary purposes. One was to cover up for its looting of CIA proprietaries. The other was to loot the assets of small to medium size companies and individuals who filed Chapter 11 seeking time to pay their debts, and who had large equities.

Pattern of Judicial Corruption in Chapter 11

Many of the victims didn't understand the blatant illegality of how the racketeering enterprise stripped them of their life's assets. The scheme follows a standard pattern, violating federal statutes and constitutional protections. The Chapter 11 judge, who almost always is a direct participant in the corrupt enterprise, orders the assets seized, usually in clear violation of law, and then appoints a trustee who promptly loots the assets, forcing the Chapter 11 case into a Chapter 7 liquidation.

During liquidation, the trustee, his law firm and lawyers, and others who work together, sell the properties at a fraction of their market value. The person who sought relief in Chapter 11 then becomes the victim of one of the most outrageous racketeering enterprises in the United States. Russbacher gave me details of this racket as seen from his CIA perspective, dovetailing what I had earlier discovered as a victim and an investigator.

I asked Russbacher if, during his CIA activities, he encountered the people who played a major role in seizing and looting my assets. His reply was startling. The federal judge who corruptly seized my assets was Las Vegas Chapter 11 Judge Robert Jones. Russbacher described how the CIA arranged transportation to Atlantic City for this federal judge, where letters of credit would be waiting at different casinos for him to obtain tens of thousands of dollars in gambling chips. Russbacher named other federal judges that he knew who were present at CIA arms and drug or other operations, including Judge Alan Jaroslovsky, a key judge in the Northern District of California, who had repeatedly protected trustee Charles Duck from his accusers. Russbacher later mentioned that he was a CIA-asset and was on a secret financial arrangement.

I asked Russbacher if there could be any legitimate basis for the appearances of federal judges, trustees and law firms at the secret CIA arms and drug trafficking locations in Central America. He confirmed that there was no lawful reason for their appearances at these locations.

Russbacher had flown to Central America CIA sites in CIA aircraft, accompanied by people such as trustee Charles Duck; lawyer members of the law firms of Friedman, Sloan and Ross (who filed the sham divorce action against me); Goldberg, Stinnett and McDonald¹⁴⁸ (who seized and looted my assets in conjunction with Duck and Judge Robert Jones); and Murray and Murray (who took over after Duck was sent to prison).

Russbacher had been at CIA meetings in Central America with Duck at John Hull's ranch and at Tegucigalpa,¹⁴⁹ as well as other locations. Referring to Duck, Russbacher described his presence in 1987: "The last time that I had dealings with him, or came close to having dealings with him, he was there in the hotel room with me."

Funding CIA Through Seizure of Chapter 11 Assets

Russbacher said that Charles Duck bragged about how he looted the assets of Chapter 11 parties. Referring to Duck and the CIA looting of Chapter 11 assets, Russbacher stated: "Duck has basically siphoned off large sums of money from his assigned cases. He appeared in different areas where we [CIA] were involved. This is the nexus I have been getting across to you, between the bankruptcy issues, and Agency [CIA] operations. It is one of the funding vehicles for the Company [CIA]."

Russbacher stated that the worst Chapter 11 corruption was in federal courts located in the San Francisco, Los Angeles, Chicago, and St. Louis ar-

¹⁴⁸ Name was changed in 1993 to Goldberg, Stinnett, Meyers & Davis, located at 44 Montgomery Street, San Francisco, California

¹⁴⁹ Capital of Honduras.

eas. He added, "Let me tell you like this. St. Louis is notorious on Chapter 11. What it amounts to is: one of the bankruptcy judges in each one of the districts gets definite remuneration from the CIA."

Typical Start-Up of CIA Proprietary

Describing one of the ways in which the CIA proprietaries generate money, Russbacher stated:

Most of them were limited partnerships. The funds would have been from the CIA to start with.¹⁵⁰ What they did, they allegedly put a private offering together, and the subscribers for the private offerings were already in place before the offering was even written up. Each one of these people who subscribed to the offering brought in Agency funds.

Russbacher stated:

The corporation or limited partnership would issue corporate paper or whatever, and that's how more funds were created. They used the initial funds for the funding of the LTD partnership strictly as a collateral vehicle for large-scale loans.

He continued:

If we go in, for instance, with a million or half a million dollars each on a limited partnership, and there are ten of us, let's say we have anywhere from five to ten million dollars in capital assets in the limited partnership, that, along with a good financial statement, and what we planned to do with the limited partnership, can earn us the right to a thirty, forty, fifty million dollar loan. Do you see what I am saying?

Russbacher described what usually happened after obtaining multi-million-dollar loans. The people default on the non-recourse loans after the money is pulled out, stating, "Generally it was strictly default. We pulled money back out and we would end up with thirty, forty million." Russbacher added, "That particular company would file Chapter 11 in courts where we had control of the judges."

Other CIA Sources

Initially, Russbacher was my best source of information. As I became known in the relatively small intelligence community, other concerned intelligence agency operatives came to me, describing the corrupt activities they had observed or been ordered to participate in.

Mossad-CIA Cross-Check

Adding to the large amount of information supporting Russbacher's statements was an interesting dialogue between a former Mossad agent, Ari Ben-Menashe, and Russbacher. I arranged for several conference calls between these two former intelligence officers and encouraged them to exchange experiences. In one instance, Russbacher told Ben-Menashe of his friendship with the Mossad's station chief in Vienna, Heinz Toch, a name that would be known to very few people, and then primarily the Mossad. This was one example of Russbacher's intimate knowledge of covert activities. He would not have known this unless he actually was a high-level op-

¹⁵⁰ To establish a net worth from which to seek large loans that were never repaid and never intended to be repaid. The funds were diverted to covert CIA domestic and international uses.

erative in the CIA.

I talked for many hours to the wives of several operatives who related facts to me as seen from their perspective, corroborating what their husbands told me. I had frequent conversations and written communications with many other former CIA and DEA operatives, including Michael Riconosciuto,¹⁵¹ Russell Bowen,¹⁵² Trenton Parker,¹⁵³ Ronald Rewald,¹⁵⁴ Basil Abbott,¹⁵⁵ Charles Hayes; Edwin Wilson;¹⁵⁶ Michael Maholy; Bill Tyree, and others. I was in direct contact with law enforcement people whose investigative functions brought them in contact with CIA activities, especially CIA drug trafficking. These included Jim Rothstein,¹⁵⁷ Ted Gunderson,¹⁵⁸ and others. This vast amount of data, plus what I discovered, developed into a mosaic-like depiction of sordid intrigue, deception, and murder, portraying the worst pattern of criminal activities ever reported against the American people.

My phone was used for hundreds of hours of three-way conference calls between CIA and DEA personnel, their wives, a Mossad agent, and even Ross Perot. Often the conversations were of the nature of one pilot describing to another events that they experienced, each one knowing that any fabrication would be recognized by the other. My position was like a secret mole inside covert CIA activities, adding to the discoveries I made while a federal investigator and while being victimized in one of the many criminal enterprises.

As a former federal investigator holding federal authority to reach conclusions based upon the facts uncovered, based upon the fifteen years of book publishing, and based upon what I had personally observed, the evidence was overwhelming. The American people are being systematically defrauded by a well-entrenched group in the federal government.

Continuing Justice Department Attempts to Silence Russbacher

Russbacher was scheduled to be released December 23, 1991. At that time he would pose a greater threat of exposing October Surprise, Inslaw, and numerous other major criminal enterprises implicating White House and

¹⁵¹ Riconosciuto was a CIA contract agent for many years who was involved in the October Surprise operation, Inslaw, and other activities.

¹⁵² Bowen was a member of the OSS during World War II and then continued with a small group of OSS people as moles inside the CIA after OSS was disbanded. He was heavily involved in CIA and Mossad drug trafficking and other intelligence agency operations in Europe, the Middle East, and Central and South America.

¹⁵³ Long-time deep-cover CIA operative.

¹⁵⁴ Rewald was placed by the CIA head of the Agency proprietary, Bishop, Baldwin, Rewald, Dillingham and Wong (BBRDW).

¹⁵⁵ DEA pilot who flew drugs from Central and South America to the United States.

¹⁵⁶ Heavily involved in CIA activities in Southeast Asia, Europe, and the Middle East, who worked with key figures in the Iran-Contra affair, and who was made the fall guy and was sent to prison.

¹⁵⁷ Rothstein was on the New York City vice-squad for many years. He arrested Frank Sturgis when Sturgis arrived in New York to kill a former girl-friend of Fidel Castro. Rothstein had considerable street knowledge of CIA drug trafficking commencing in the 1950s.

¹⁵⁸ Former FBI agent heavily involved in exposing pedophilia.

federal officials and ongoing criminal operations.

Justice Department prosecutors used another tactic to keep Russbacher in prison. Shortly before Russbacher was scheduled for release, Justice Department lawyers notified Missouri authorities that he had been charged with impersonating a Naval officer at Castle Air Force Base. The lawyers induced them to revoke Russbacher's parole arising from the sham charges for which Russbacher had never had a trial and for which he was induced to enter an Alford plea. (U.S. Attorney David Levi in Sacramento had dropped the impersonating-a-Navy-officer charge shortly after it was made in 1990.)

Russbacher was transported to St. Charles, Missouri for a February 7, 1992, hearing on revocation of his parole on the charge of impersonating a Navy officer. Missouri Judge Donald E. Dalton refused to allow him to call CIA personnel who could attest to his being a covert CIA operative on assignment from the Office of Naval Intelligence. However, he did allow Russbacher to call witnesses from Offutt and Castle Air Force Base, who testified that Russbacher and his wife were billeted there and that the authorization came from Navy CincPac (Commander in Chief, Pacific). The witnesses provided the authorization numbers. This testimony and the Air Force records were strong evidence that Russbacher was on official duty with the United States Navy.

Dalton disregarded the evidence that Russbacher was a covert intelligence officer. He ignored the fact that there had never been a trial on the underlying money offense charge; that there was no evidence presented to show that Russbacher had committed any of the acts charged, or that anyone suffered any financial loss. (Several of the charges arose from Russbacher's transfer of stock from one CIA proprietary to another, without registering with the State of Missouri. Several charges arose from Russbacher writing checks on a CIA proprietary that he owned, to one of his aliases.)

The judge revoked Russbacher's probation and ordered him to start serving the 21-year sentence that had been rendered in 1990 when Russbacher was encouraged to enter an Alford plea (not admitting any guilt but settling for probation).

Russbacher and I continued our almost daily telephone conversations discussing the specifics of CIA operations in which he was involved. As he became more discouraged, he loosened up and gave me more information about CIA/ONI covert (and subversive) activities, most of which were continuing.

Russbacher's health was failing due to an urgent need for coronary bypass surgery. Rayelan, his wife, and I, and other people, worked for his release. I rushed to get the first printing of *Defrauding America* published, with the intent of using the book as the basis for appearing on radio and television shows. In this way publicity would be focused on Russbacher and other CIA scapegoats. The primary intent was to make the American people aware of the well-orchestrated criminality involving government personnel, and to motivate them to take action. That was naive.

The statements made to me by Russbacher that are quoted here are only a small fraction of what he disclosed. Over 200 audiotapes are filled with his answers to my questions given over a four-year period. His precise and so-

phisticated knowledge of names, dates, and places exceeded anything that I had experienced before or after this time period. In subsequent books, other areas of CIA activities will be described, which Russbacher and other deep-cover operatives described to me.

Russbacher's lawyer, Robert Fleming, had filed an appeal of the charges against Russbacher, and in 1994 the appellate court overturned the conviction that had kept Russbacher in prison, causing his release. The prosecutor refiled charges against Russbacher and served Russbacher before he was released from prison, requiring Russbacher to appear for a hearing. Instead of appearing, Russbacher went back to his native Austria. Missouri then filed a warrant for Russbacher's arrest, insuring that Russbacher would be arrested if he returned to the United States.

For reasons not clear to me, Russbacher returned to the United States in 1997 and was promptly arrested. After a few months in county jail in Missouri, a closed-door hearing was held, followed by Russbacher being deported to Austria, accompanied by two INS agents, apparently to be sure he did in fact arrive in Austria.

CIA Disinformation Expert

In 1994, I made contact with Oswald LeWinter, a former deep-cover CIA operative who spent 30 years with the agency and primarily as a disinformation expert. He played a cover-up role in the October Surprise operation. He and several associates were responsible for removal of incriminating records from such locations as hotels, cab and limousine companies, and at the airport. LeWinter was with the CIA from 1974 to 1984, assigned to the CIA's activities at Langley, in Europe, and Israel. He was part of Operation Gladios involving the CIA destabilization of the Italian government.

In 1979, LeWinter was assigned to ITAC, and in 1980 he was asked to get involved in the Reagan-Bush campaign, which led to his involvement in the October Surprise scheme. He said that one of the government officials secretly involved in the October Surprise operation was Donald Gregg, who at that time was head of the National Security Council under President Jimmy Carter. While holding this position, Gregg sabotaged the government of the United States in the operation that helped get Reagan and Bush into office in 1981.

On the Clean-Up Crew

LeWinter stated that he started doing advance work for logistics for the October Surprise meetings held in Europe, including Madrid, Barcelona and Paris. When I asked him if he was at the Barcelona meeting at the PepsiCo plant he said: "I was there, I made sure that the guys I interfaced with in Spain picked up all the papers. I made sure that the landing and takeoff records from the airport were collected, so there was no evidence that the meeting occurred."

When I asked about the Paris meeting, LeWinter said:

LeWinter: "At Paris I coordinated with French intelligence, a man by the name of Picard."

Stich: "At the Paris meeting, did you get to see any of the people, such as Gregg, Bush, or any of the others?"

LeWinter: “Yes, Bush, Gregg, Casey.”

Stich: “Where did you see them?”

LeWinter: “I saw Casey at the Hilton where he was staying; I got instructions from Casey. I saw Bush in a black Embassy Chevy near the [Hotel] Crillon.”

Stich: “Did you get involved in any of the arms shipments?”

LeWinter: “No, I knew that they were taken from the reforger stores without telling the European governments, our NATO allies, and shipping them to Iran. They later used me to do some misinformation about that.”

Among the Tactics to Silence Russbacher

Many tactics were used to silence or discredit Russbacher. One scheme involved charges made against Russbacher by Missouri officials. The fraudulent nature of these charges was suggested by a document I received in August 1993. The document consisted of a May 14, 1989, letter written by former Missouri Secretary of State, Roy Blunt on stationery of the Missouri Secretary of State, to a Missouri prosecutor, Scott Sifferman, prosecuting lawyer in Lawrence County.

The letter exposed the scheme by state officials, working with a faction of the CIA, to press charges against Southwest Latex Supply and its head, who was Gunther Russbacher, operating the company as a CIA proprietary. The charges were based upon Russbacher’s alleged attempt to sell unregistered securities of Southwest Latex Supply Company.¹⁵⁹

Southwest Latex Supply was one of the CIA proprietaries Russbacher operated while a deep-cover CIA operative.¹⁶⁰ The reference in the document to Christian was to a CIA Deputy Director of Covert Operations (DDCO). Russbacher referred to him as part of the CIA’s Faction-One, reportedly under the control of George Bush during Bush’s stay in the White House.

Russbacher described how the interests of Faction-One often clashed with the Office of Naval Intelligence Faction, known as Faction-Two. Russbacher felt that Christian was attempting to silence and discredit him through the sham charges and subsequent imprisonment, and discredit any disclosures of October Surprise and related operations that threatened George Bush and the many people who were part of the operations.

Gunther said, “You have to understand, we always had to use Roy Blunt; he was our intermediary. Without Roy we couldn’t have chartered half of the CIA proprietaries that we did.” Russbacher added:

And then he [Blunt] was going to use me [through the sham charges] after I had been sanctioned by the Agency. He was going to use me to put a cap in his head and become the new governor of the State of Missouri.

¹⁵⁹ Southwest Latex Supply was a spin-off from National Financial Services Corporation. National Financial was to buy the stock from Southwest Latex. Because they were not registered, the trade was not outside of Southwest Latex and considered a violation of the “blue-sky” law. National Financial Services provided the money to start up Southwest Latex Supply and it was considered a daughter corporation from NSF.

¹⁶⁰ Russbacher stated that Southwest Latex Supply manufactured the five-gallon buckets used to package the C-4 explosives sold by CIA agent to Libya.

But it didn't work.

I asked, "When you had to pay him off, what was he doing, looking the other way as it related to the CIA proprietaries?" Russbacher responded, "Sure. Absolutely."

Russbacher said to me that Missouri Secretary of State Blunt worked with the CIA in the past in covert activities, and that he and other CIA personnel paid Blunt bribe money to carry out CIA proprietary activities.

One of the significant aspects of the letter was how state prosecutors and officials criminally misused government offices against private citizens and brazenly put into writing details of the scheme, confident that no State or federal officials would prosecute. That is what always astounded me through the thirty years of discovering major corruption implicating federal officials: none ever feared prosecution for their crimes. The letter revealed that the sham charges were return of a favor to a Mr. Christian; and that the prosecuting lawyer carrying out his part of the conspiracy would be rewarded with a judgeship.¹⁶¹

State of Missouri
Office of Secretary of State
Jefferson City, 65102

Roy D. Blunt
Secretary of State
May 14, 1989

To: Scott S. Sifferman
Prosecuting Lawyer
Lawrence County Courthouse
Mount Vernon, Missouri 65712

Re: Southwest Latex Supply

Dear Mr. Sifferman:

I have tentatively set my schedule to be in Mount Vernon on June 14, 1989. We will need you, to do the following:

1. Have the charges ready to be filed for selling unregistered securities, fraud, and commingling of funds. Please forward for my review.
2. Schedule Press and Miller People.
3. Itinerary.

As you have seen, we have no grounds for these charges but, I owe one to Christian and, with full press coverage I should pick up some strong support in Webster's stronghold for 1992. I have spoken to the Lawrence County Republican Committee [and] they have assured me you will be recommended for the judgeship after the charges are filed. I will personally make the statements to the press and,

¹⁶¹ Because of poorer quality of the FAX copy in the author's possession, the exact wording of the letter is duplicated here.

they will not have any credibility after that.

Pursuant to our conversation we should set the bond high and you can advise Mr. Tatum. He can then present our scenario. You and John can handle it from there.

Sincerely,

Roy Blunt
Secretary of State

The Rewards

The prosecutor who assisted in carrying out the scheme, Scott Sifferman, was later appointed a judge in the State of Missouri, as promised. Russbacher said that other State officials who participated in this scheme that eventually resulted in his state imprisonment included State Prosecutor Scott Zimmerman, who prosecuted Russbacher knowing the charges to be false; William Webster, a nephew to former FBI and CIA Director William Webster (who was Missouri Attorney General); former Missouri Governor John Ashcroft (who became U.S. Attorney General); former Lt. Governor Mel Carnahan (who became Missouri Governor in 1993).

On August 15, 1993, I sent a copy of the Blunt letter to Missouri's Secretary of State, Judith Moriarty, requesting a clean copy of the letter I sent and which should be in their files. She never responded, and I sent another request on September 3, 1993. Obviously, a letter by a prior Secretary of State outlining a plan to charge a person with a crime, for which that person is currently in prison and which admits in its contents that the charges are false, isn't the type of letter that a State official wants exposed. No response to either letter.

I sent a letter to Missouri's Governor Mel Carnahan on October 1, 1993, requesting his assistance in obtaining a copy of the Blunt letter. Carnahan was Lt. Governor of Missouri during the 1989 scheme to incarcerate Russbacher, and was a close friend to the writer of the letter, Roy Blunt. The Governor had a vested interest in preventing exposure of the Blunt letter. The Missouri Governor had the power to pardon Russbacher, and I demanded that he do so. (Carnahan died in a November 2000 plane crash.)

October Surprise Cover-Ups

The mainstream media in the United States kept the lid on the October Surprise operation and the other corrupt activities associated with it through a pattern of disinformation and the withholding of evidence. The mainstream media sought to discredit the CIA whistleblowers that could prove the existence of the October Surprise operation. They fabricated reasons to discredit a group of former CIA and Mossad intelligence agency personnel who were personally involved in the operation, and who had nothing to gain by giving testimony, and had much to lose, including criminal prosecution. These sources were willing to risk their safety and freedom to expose the corruption against the American people.

The “investigating” committees and the establishment media gave absolute credibility to the statements of those who were part of the treasonous and criminal activities, and who faced impeachment and prison terms if the charges were proven. In this way, as a matter of law, members of Congress and the media became co-conspirators.

The *Village Voice* discredited the testimony of CIA contract agent Richard Brenneke because it found ten-year-old credit card slips for Brenneke that were made in Portland, Oregon on October 18, 1980. These credit card slips were found by Peggy Robahm, who went to Portland where Brenneke resided, from her home state of Connecticut, for the sole purpose of becoming involved with Brenneke. Later, she was hired by the House October Surprise Committee to “investigate” the October Surprise allegations.

My CIA sources state that the signatures on the credit cards were not Brenneke’s signatures and that it is standard practice for CIA people engaging in covert operations to cause a record to be established showing them to be elsewhere. CIA contract agent, Michael Riconosciuto, a close friend of Brenneke, who also resided in the Portland area, stated to me¹⁶² “Brenneke’s credit card was used by a friend during that weekend.”

The same mainstream media discredited CIA operative Gunther Russbacher, the pilot who reportedly flew George Bush and others to Paris on the October 19, 1980, weekend, and then flew Bush back in an SR-71. Former, and probably current CIA asset, Frank Snapp, wrote an article in the *Village*

¹⁶² During a phone call with Riconosciuto and lawyer Jim Vassilos on October 27, 1992.

Voice stating that Russbacher didn't even know how to start the engines of an SR-71. This article was then repeated over and over again by the media until the lie was taken as truth.

I had obtained a copy of the formerly secret SR-71 manual, studied its 1000-plus pages, and quizzed Russbacher on the operation of the aircraft, including the starting procedures for the engines. I was qualified to determine his competency in this area since it was my job for many years to conduct pilot competency checks for airline pilots on jet aircraft. Russbacher certainly knew how to start the engines on the SR-71. The start-up procedures are quite different than other jet aircraft, but amazingly simple.

A *Newsweek* article¹⁶³ fabricated facts to discredit the October Surprise charges, stating on its cover: "The October Surprise Charge: Treason; Myth." It misstated and omitted facts so as to support the front-page cover. The magazine sought to discredit the testimony of former Mossad agent Ari Ben-Menashe, who was present at the Madrid, Barcelona, and Paris meetings.

Authors of several books and many magazine and newspaper articles found Ben-Menashe credible and quoted him in their writings. Gary Sick quoted him numerous times in his 1992 *October Surprise* book, as did Seymour Hersh in *The Samson Option*.¹⁶⁴ Russbacher said to me many times that he saw Ben-Menashe at the Barcelona meetings. The establishment media sought to discredit Ben-Menashe by stating he was only a low-level file clerk who never left Israel.

Denying the existence of the October Surprise operation required undermining the credibility of these whistleblowers and informants who were present. *Newsweek* portrayed Ben-Menashe as being a "shadowy, Israeli exile, a former translator for the Israeli government,...does not seem to check out." Perhaps they expected an espionage agent to live the life of a nun!

Time magazine also joined the disinformation tactics. Its October 28, 1991, issue called Ben-Menashe a "veteran spinner of stunning-if-true-but yarns," and a "fabricator." An eleven-page deceptive article in *The New Republic*¹⁶⁵ was entitled "The Conspiracy That Wasn't" with the subtitle, "The hunt for the October Surprise." The deceptive article, written by Steven Emerson and Jesse Furman, stated in part:

The conspiracy as currently postulated is a total fabrication....Almost every source cited by Sick or Frontline has been indicted or was the subject of a federal investigation prior to claiming to be a participant in the October Surprise.

Ben-Menashe authored the 1992 publication of *Profits of War*,¹⁶⁶ subtitled "Inside the Secret U.S.-Israeli Arms Network," which contained copies of Israeli government documents showing Ben-Menashe as a high-level staff

¹⁶³ November 11, 1991.

¹⁶⁴ Described Israel's nuclear program and the part played by Robert Maxwell in various forms of skullduggery.

¹⁶⁵ November 18, 1991.

¹⁶⁶ *Profits of War*, Sheridan Square Press.

officer for Israel's Mossad and military agencies.

The CIA's Media Wurlitzer

The CIA has many media personnel on its payroll to plant stories or discredit charges against it. The Agency secretly pays out large sums of money for articles and books to be written on the CIA's behalf. Its control over the media is like a Wurlitzer, orchestrating and manipulating all segments of the written or broadcast media. The CIA uses taxpayer funds to control reporters and publishers of newspapers, magazines and books.

Serious Implications

The evidence supporting the October Surprise charges required impeaching President George Bush and filing criminal charges against key officials in the executive, legislative, and judicial branches of the federal government. Never in the history of the United States was there such a serious criminal conspiracy inflicted upon the United States by people in control of the White House and government. There was no comparison between the relatively minor cover-up of Watergate and the hard crimes associated with October Surprise. The media exaggeration of Watergate inflicted immense harms upon the United States. The media *cover-up* of October Surprise inflicted far greater harm upon the United States but in a form not recognized by the uninformed American public.

October Surprise was many times more serious, involving people scattered throughout the three branches of the federal government. Failure to deny the existence of October Surprise could cause mass impeachments, criminal prosecution, and awaken the American public to the criminality in government. The fallout would affect both political parties.

Consider the difference between the political turmoil associated with exposing the October Surprise crimes and the seeming tranquility following its cover-up. The surface tranquility, however, hid the hard-core corruption and harm that continued to affect national interests and inflicted great harm upon the American people in ways they would not recognize.

"We couldn't stand another disgraced presidency."

The cover-up by some of the media was for reasons other than protecting the guilty or vested interests. Several syndicated columnists, including Jim Fain of *Cox News Service*, explained the reason for the October Surprise cover-up in an April 23, 1991 column: "A consensus grew that we couldn't stand another disgraced presidency. Democrats in the bungled Congressional hearings said as much."

One of the tactics used to discredit October Surprise and other scandals was to discredit and make a mockery of those who describe the criminal acts and who use the word conspiracy. This tactic plays upon the ignorance of the public as to what constitutes a conspiracy. A conspiracy exists in almost any type of crime and consists of two or more people agreeing to do one or more acts. There is obviously no shortage of conspiracies anywhere, even though the standard disinformation tactic is to ridicule anyone who makes reference to a conspiracy.

Another cover-up tactic is to discredit statements or charges made by someone accused of a federal offense, calling him or her a felon, and a person whose statements cannot be believed. Many CIA operations have been

criminal under law, making it easy for Justice Department officials to silence any potential CIA whistleblower by charging them with committing a crime. Using this argument, the only witness who could be considered reliable would be someone like a nun, someone who couldn't possibly have access to information about criminal activities.

However, when the shoe is on the other foot and Justice Department prosecutors are trying to sentence a person to prison, they not only use the testimony of felons but also even reward them for their often-fabricated testimony. Paid testimony comes in the form of pardons from earlier convictions, dropping of pending charges, money, including supporting the witness for years in the witness protection program.

If witnesses didn't testify as Justice Department prosecutors wanted, they would face long prison terms or other consequences. In addition, they don't have to worry about prosecution for perjury; the only law enforcement agency holding authority to prosecute them *wanted* them to commit perjury. In the criminal trial against Mafia figures Gotti and Thomas Gambino, long prison sentences were based upon the testimony of other felons, who were rewarded for their testimony through sentence and charge reductions.

Great Pretense

President George Bush, speaking (August 14, 1991) before an audience of nearly 3,000 delegates to the national convention of the Fraternal Order of Police, the nation's major police labor organization, stated:

The time has come to show less compassion for the architects of crime and more compassion for its victims. Our citizens want and deserve to feel safe. We must remember that the first obligation of a penal system is to punish those who break our laws. You can't turn bad people into saints.

So much for hypocrisy! The initial media attention to October Surprise forced the Senate and House to form committees supposedly investigating the charges. But the Republican members of the House and Senate vigorously opposed any investigation, afraid of what would be revealed. When continuing media pressure forced an investigation, safeguards were installed, including bringing people from other government agencies that could be counted upon to insure a cover-up.

These "investigators" then barred witnesses who would expose what was being investigated. They conducted closed-door hearings of witnesses, preventing the public from making their own decision as to the truthfulness of what was written in the final reports, or what was omitted. By omitting key testimony, the final report would be a farce.

Another tactic is to label key witnesses as unreliable or discredited, as was done with U.S. and Israeli intelligence agency witnesses: Mossad agent Ari Ben-Menashe; CIA contract agent Richard Brenneke, and deep-cover CIA operative Gunther Russbacher. These witnesses had no reason to lie.

They were not at risk because of the role they played in the October Surprise scheme. Instead, they risked persecution by Justice Department prosecutors if they testified falsely. In a Catch-22 scenario, they knew that they faced false prosecution from Justice Department lawyers even if they

testified truthfully and disclosed government corruption. Brenneke discovered this when he testified during a Denver hearing about George Bush and Donald Gregg's trip to Paris, which Justice Department lawyers sought to cover up.

Trojan Horses

In 1991, the Senate refused to conduct an investigation into the October Surprise charges, but the Senate Foreign Relations Committee conducted a small-scale investigation with virtually no staff and very little funding. The Senate Committee selected lawyer Reid Weingarten¹⁶⁷ to be Special Counsel controlling the investigation. He was formerly employed by the U.S. Department of Justice and could be expected to protect the Justice Department's cover-up and involvement in the October Surprise operation. Immediately after Weingarten was named Special Counsel, I sent to him portions of the transcript of Russbacher's sworn declarations that described details of the October Surprise operation. They now had Brenneke's sworn statements in the Denver U.S. District Court and Russbacher's declarations. The committee refused to respond to my petition and refused to receive Russbacher and Brenneke's testimony.

A key member of the Senate committee was Cecilia Porter, on loan from the GAO's Office of special investigations. Her previous "investigation" into October Surprise discredited key witnesses, including Richard Brenneke (without obtaining his testimony), and then she helped write a report claiming that the October Surprise scheme did not exist.

The chief investigator on the Senate October Surprise Committee was an agent from the Treasury Department's Secret Service, a federal entity that played a major cover-up role in the October Surprise operation. The chairman of the Senate October Surprise Committee, Senator Terry Sanford, was formerly the lawyer for Earl Brian, one of the principal participants in the October Surprise scheme. Brian was a CIA asset involved in numerous corrupt CIA and Justice Department activities, including the Inslaw affair.

Blocking the Investigation

The senators on the committee placed numerous restrictions on the investigation, which were admitted in their final report:

- Imposed travel restrictions, barring the investigators from traveling to Europe, the travel necessary to obtain the testimony of numerous people identified with the October Surprise operation. The report stated, "Senator Jesse Helms, Ranking Minority Member of the Committee, served notice to Chairman Claiborne Pell that he would not authorize any such foreign travel [barring testimony from key witnesses]." The report stated, "Special Counsel was denied authority to travel abroad, thereby precluding the possibility of interviewing Iranian exiles in Europe, Israeli public officials and intelligence operatives, international arms dealers, and prominent Iranian political figures such as Hashemi Rafsanjani and Mehdi Karrubi, who may have knowledge relating to the allegations at issue."
- Denied subpoena power to the investigators that was needed to compel

¹⁶⁷ Special Counsel Weingarten was appointed on December 16, 1991.

the attendance of witnesses or the production of documents. The investigators had to submit their request for subpoenas to the full committee of senators and obtain majority approval for the Chairman of the Committee to sign the subpoenas. The Republicans on the committee were primarily responsible for this restriction. This awkward restriction was further compounded by the senators refusing to approve many of the subpoenas. Out of 47 witnesses and 15 entities for which subpoenas were requested, the senators refused to issue 44 of them. Without subpoenas, many government agencies, directed by Justice Department officials, refused to provide important testimony or evidence.

- Limited the funds and the time for completing the investigation. The Senate October Surprise Committee spent only \$75,429 by the time it issued the November 19, 1992 report. In comparison, Iran-Contra Independent Prosecutor Lawrence Walsh spent over \$40 million and six years investigating White House personnel to determine who withheld evidence from Congress. Compare the \$40 million spent for the relatively minor offenses of determining who withheld evidence to the \$75,000 spent to investigate the treasonous and subversive criminal acts involved in the October Surprise operation.

More Evidence

In June 1991, the committee took the testimony of Ari Ben-Menashe behind closed doors. Ben-Menashe described his presence at the various October Surprise meetings in Spain and France, including the presence of George Bush at the Paris meetings. His testimony was dynamite, describing in a credible manner the specifics of what he had witnessed in the October Surprise scheme. The American public was deprived of this information. Their massive ignorance and indifference to government misconduct made the sham investigation possible.

The Secret Service refused to allow the committee to question their agents who personally followed Bush during the October 19, 1980, weekend. Instead, they limited the questioning to Secret Service agent Leonard J. Tanis, who had not seen Bush on that October 19, 1980, weekend and had simply read the agents' reports placed before him. If the reports were altered, his testimony would be based upon the altered documents. Tanis' lack of knowledge was revealed during questions about contradictions in his statements.

Tanis testified: "Evidently, I've either mixed up the date or something." If he were deliberately perjuring himself and his testimony shown as false, it would be easy to state he had the dates confused. Secret Service officials were covering up. The refusal to allow the Secret Service agents who were with Bush to testify could only be to hide his actual whereabouts.

Additional Confirmation from Mossad Agent

In his book *Profits of War*, author Ari Ben-Menashe described his role as a Mossad agent in the transfer of bribe money for Iranians as part of the October Surprise conspiracy. He also detailed the partial diversion of these funds to Earl Brian, a friend and business associate of California lawyer Edwin Meese. Meese was rewarded for his treachery in October Surprise by

being appointed Attorney General of the United States, and was able to block any subsequent investigation, and retaliate against any whistleblower.

Ben-Menashe described receiving \$56 million from the Saudi ambassador in Guatemala and leaving \$4 million of this in the CIA-related Valley National Bank of Arizona in a bank account belonging to Earl Brian. Ben-Menashe's boss, Director of Israel Defense Forces/Military Intelligence Yehoshua Sagi, explained that it was CIA money and that the Saudis helped arranged the banking and transfer. Ben-Menashe wrote that this money came from Central America drug deals involving some Israelis and the CIA. Ben-Menashe described being met by CIA Deputy Director Robert Gates at Miami, who then went to Phoenix to insure that Earl Brian got his bribe money.

Ben-Menashe described how Brian was involved in other secret deals involving the CIA and other U.S. agencies. Ben-Menashe wrote that bribe money was given by the CIA to the West Australian Labor Party for allowing Australia to be used in the transfer of arms to Iran following the October Surprise agreement. He stated that Richard Babayan, a CIA contract agent, received a \$6 million dollar check from Earl Brian, who was acting on behalf of a CIA cutout.

Hadron and Earl Brian figured prominently in a later scandal given the name of Inslaw. The CIA connections help explain how they avoided criminal prosecution and how Attorney General Edwin Meese, deeply involved in these criminal activities, protected all parties involved, and misused the Justice Department to persecute and imprison informants.

George Bush, CIA Asset

George Bush was a necessary participant in the October Surprise scheme because the Iranians wanted final approval by either presidential candidate Ronald Reagan or his running mate, George Bush. Bush was far more capable of carrying out this type of covert operation. He had been the director of the CIA in 1976 and 1977, and a CIA operative since at least 1960, prior to the assassination of President John F. Kennedy. A document dated November 29, 1963, from John Edgar Hoover, Director of the FBI, to Director of the Bureau of Intelligence and Research in the U.S. Department of State, identified Bush as a CIA asset. Referring to information given to the CIA, FBI Director Hoover wrote of the person providing the information:

The substance of the foregoing information was orally furnished to Mr. George Bush of the Central Intelligence Agency and Captain William Edwards of the Defense Intelligence Agency on November 23, 1963, by Mr. W.T. Forsyth of this Bureau.

Attached to the letter was a self-explanatory FBI report:

DL 89-43

HJO:mvs

Re: James Milton Parrott

Houston on November 22, 1963, advised that George H.W. BUSH, a reputa-

ble businessman, furnished information to the effect that JAMES PARROTT has been talking of killing the President when he comes to Houston. A check with Secret Service at Houston, Texas revealed that agency had a report that PARROTT stated in 1961 he would kill President KENNEDY if he got near him.

The Senate October Surprise Cover-Up Report

The Senate October Surprise Committee issued its report¹⁶⁸ on November 19, 1992. It is a standard tactic for a good liar or an lawyer to admit certain things to establish a facade of honesty and then follow with lies to complete the cover-up. The report properly identified the severity of the charges, a standard practice to give the impression of credibility by admitting one or more facts. The report then proceeded to discredit the witnesses whose testimony proved the existence of the October Surprise scheme. The witnesses being discredited had nothing to gain by giving false testimony, and much to lose, but this basic reasoning was ignored. The report gave absolute credibility to federal officials who would have been impeached and prosecuted if the charges were proven true. Former Justice Department lawyer Reid Weingarten prepared that report.

The Report Met the Definition of Cover-Up

The committee refused to receive the testimony of Gunther Russbacher. They called him an imposter (without questioning him) and refused to address the transcript of his sworn declarations that I sent to them. The report discredited Russbacher by making reference to an lawyer friend, Paul Wilcher, who reportedly failed to produce a copy of a video¹⁶⁹ that allegedly existed of an SR-71 flight from Paris to Andrews Air Force Base on the October 19, 1980, weekend. The failure of someone else to produce a copy of videotape had nothing to do with the importance and credibility of Russbacher's testimony.

Richard Brenneke gave sworn statements to a U.S. District Court in Denver in 1988, describing his role in the Paris October Surprise meetings. His testimony coincided with statements and testimony of other people. Without requiring Brenneke to testify, the committee's report discredited the former CIA contract agent on the basis of newspaper articles, primarily those written by former or current CIA operative Frank Snapp. He had nothing to gain by making the report or in lying about what he personally saw. The report said:

On the basis of these published [media] reports, and on the GAO's inquiry (in which Brenneke declined to cooperate), this investigation de-

¹⁶⁸ The Senate October Surprise Committee commenced operation after Senate Majority Leader George J. Mitchell requested that the committee, through the subcommittee, investigate the October Surprise charges. The committee was headed by Senator Terry Sanford, Chairman, and Senator James Jeffords, ranking member, and was a subcommittee on Near Eastern and South Asian Affairs of the Committee on Foreign Relations.

¹⁶⁹ CIA SR-71 aircraft made a continuous video recording of the two seats in the SR-71 aircraft, making a permanent tape recording and simultaneously sending transmissions to a satellite that beams the signals to an earth station. The tape recordings are kept at the National Archives in Camp Mead, Maryland.

terminated that it would not be fruitful to devote further resources to pursue evidence originating from Brenneke.

On a matter of such urgency, investigators don't ask a key witness to testify; he is ordered to do so. Brenneke had been threatened, just as CIA contract agent Riconosciuto had been threatened, by Justice Department lawyers not to testify. Under these conditions, Brenneke had no alternative but to decline a voluntary request for testimony.

The Congressional Committee report also sought to discredit Brenneke on the basis of ten-year-old credit card slips showing that someone made charges on his credit card in Portland, Oregon on October 18, 1980. Obtaining Brenneke's testimony would have clarified the matter of the credit cards.

Barbara Honegger, author of the first book bearing the title *October Surprise*, reportedly had the signatures on these controversial credit cards examined by a handwriting expert, who stated they did not compare with Brenneke's signature. She reportedly stated this fact to Lawrence Barcella, head counsel of the October Surprise Committee, in December 1992. Several years earlier, Honegger had questioned people present at the places covered by the credit card receipts, who knew Brenneke. They stated that Brenneke was not at the places shown by the credit cards, and had not signed the credit card slips.

The General Accounting Office (GAO) had earlier discounted Brenneke because he refused to participate in any hearings, conveniently ignoring the fact that Justice Department employees had threatened Brenneke, warning him that he would suffer the consequences if he testified.

Brenneke had been a CIA contract agent carrying out CIA covert activities, which included drug trafficking. Justice Department lawyers could use any one of these CIA-ordered activities for subsequent prosecution. He saw what happened to CIA contract agent Michael Riconosciuto and to many other CIA assets who were sent to prison on trumped-up charges solely to silence them. Brenneke saw the discrediting and cover-up tactics by the mainstream media and the cover-up by the entire Senate and House. He was certainly smart enough to recognize that the safest approach was to say nothing.

The Senate report discredited the testimony of Jamshid Hashemi, an arms merchant present at meetings between William Casey and Iranian representatives in Madrid in July 1980. I had obtained secret CIA and State Department documents showing Hashemi's involvement in the arms-for-hostages operation, in which government officials expressed confidence in his credibility. Copies of these reports, sent to the Senate and the House October Surprise Committees, were ignored.

The report stated of Mossad agent Ari Ben-Menashe and other witnesses, none of whom had reason to lie, that they "have proven wholly unreliable." This decision was based upon their testimony having contradicted the testimony of those who were part of the October Surprise conspiracy.

I sent the Senate committee copies of Secret Service reports showing Bush flying into Washington National Airport on Sunday evening, October 19, 1980. These reports disputed Secret Service reports furnished to the committee. I had obtained the reports from Russbacher, who had received them while he was assigned to the CIA at Langley in 1981. They had been

sent by the Secret Service to the CIA shortly after the events occurred and before the Secret Service found a need to alter the reports years later.

After discrediting the sworn testimony of people who were innocent participants in the October Surprise operation, after placing irresponsible restrictions on the investigation, and after encountering great numbers of people who refused to testify, the Senate committee held there was no such scheme:

The vast weight of all available evidence—including sworn testimony from Secret Service agents assigned to protect Bush, extensive Secret Service records and logs, as well as statements by campaign staff—indicates that Bush did not travel to Paris in October 1980 or, for that matter, at any time during the 1980 presidential campaign.

The committee report referred to former President Reagan's refusal to cooperate, stating that the investigators were "disappointed by President Reagan's declining the request for an interview. President Reagan's written reply was wholly inadequate to explain his off-hand but apparently relevant comment to a reporter that he had acted in some fashion as a candidate in connection with the hostage crisis." The report identified the refusal of the FBI to cooperate:

The history of the FBI's handling of evidence in this case—from the disappearance and discovery of the "Pottinger Tapes," to the disappearance and discovery of the entire Hashemi electronic surveillance, to the discovery of an eight-day period in which the Hashemi New York wiretaps were apparently discontinued—is a curious one. It is not typical for the FBI to simply "lose" evidence.

Basically, the committee sought to support its cover-up decision that there was no October Surprise operation and that George Bush had not gone to Paris, based upon the following:

- Secret Service reports purporting to show that Bush never left Washington during the October 19, 1980, weekend. But the Secret Service agents were barred from testifying, and Secret Service agents were reportedly on the BAC 111 to Paris and would be implicated in a coup against the United States. October Surprise was a coup. Secret documents that I later obtained indicate these were altered. From my experience as a federal and private investigator I have found that it is a common practice for Justice Department lawyers and the CIA to falsify documents.
- A Government Accounting Office (GAO) investigation that concluded there was no evidence of the reported October Surprise operation. I had repeatedly contacted GAO for the prior two decades with hard evidence of criminal activities I uncovered first as a federal investigator and later as a victim in Chapter 11 proceedings, and they refused to investigate. The GAO refused to question any CIA operatives and contract agents who were part of the October Surprise operation.
- The testimony of White House personnel implicated in the criminal activities, who faced long prison terms if convicted of the crimes in which they participated. The committee wrote:

No credible evidence has been found to indicate that high-ranking Re-

publican campaign figures or other prominent American political officials—including Bush, Casey, Robert McFarlane, Robert Gates and Richard Allen—attended any October 1980 Paris meetings. Moreover, the Special Counsel has concluded, after a review of Secret Service records and testimony from Secret Service agents, that candidate Bush was in the United States through October 1980.

Cover-Your-Rear Tactics

Should the cover-up backfire, the Senate October Surprise Committee sought to cover their rear ends. The report stated that certain obstacles existed to determining the truth of the October Surprise charges: “The investigation was handicapped by several factors which made reaching final conclusions an almost impossible task.” There were certainly obstacles, and many of them deliberately put in place by the “investigating” committee. The “CYR” tactics included the following:

- The investigation was hindered by the unavailability of certain key witnesses.
- Key witnesses who would have implicated themselves refused to cooperate, including Ambassador to South Korea Donald Gregg (who was on the BAC 111 flight to Paris). The report stated that Gregg declined to be interviewed by the investigators. The great harm inflicted upon the United States (if the charges were true) demanded ordering him and every other relevant witness to testify.
- The senators refused to issue a subpoena for the testimony of former President Ronald Reagan. They satisfied themselves with a letter from Reagan’s lawyer, John A. Mintz, who wrote “that he has no recollection or other information relevant to the issues raised in any of your questions.”
- Refusal by the Reagan Presidential Library to produce requested records until after the investigators had already been reassigned and the investigation completed.
- The report admitted that lack of funds and personnel greatly hindered the investigations, forcing investigators to rely upon other federal agencies to conduct an investigation, even though those agencies were implicated and engaged in a cover-up.
- The Treasury Department refused to allow the investigators to question the Secret Service agents who had actually been with Bush during the time in question. There would be no reason for refusing to allow these low-level federal employees to be questioned, other than to cover up.
- The family of former CIA Director William Casey (who died in 1987) impeded the investigation by delaying and refusing to provide his personal and business records, including his diary and passport.
- Failure of Donald Gregg, who was on the flight to Paris on October 19, 1980, to pass a lie-detector test. The Senate October Surprise Committee gave Gregg the test. He failed it. But rather than call the test a failure, the committee report stated, “Gregg’s response was lacking in candor.” CIA assets Gunther Russbacher and Richard Brenneke, and Mossad’s Ari Ben-Menashe, had stated that Gregg was at several October Surprise meetings in Europe.

The system protects itself and each part of it.

There was far more evidence showing the October Surprise charges to be true than existed in many criminal cases resulting in sentences of death. The testimony of criminals, paid to give testimony wanted by the prosecutors, is sufficient to result in life-long incarceration or death and accepted by the media, the courts, and the Justice Department. But the testimony of whistleblowers exposing corruption by federal officials, who risk perjury charges and prison if their courageous testimony is proven false, is not accepted by those interested in cover-up.

People, who testify falsely, in response to pressure from Justice Department lawyers, are assured of freedom against perjury charges. If people refuse to testify as Justice Department prosecutors want, they suffer consequences that can often destroy their lives. Testifying falsely, as requested by Justice Department lawyers, is rewarded. Criminal charges against them may be dropped; if in prison, they may be paroled; they may be put in the witness protection program and supported financially.

On the other hand, patriotic Americans seeking to testify about government corruption face fraudulent perjury charges and prison.

House “Investigative” Team

In response to media pressure, the House of Representatives on February 5, 1992, created a task force to report on the October Surprise operation. The House committee repeated the age-old practice of staffing the committee with people who would carry out the cover-up. Its chief counsel, Lawrence Barcella, Jr., followed the standard practice of former Justice Department lawyers of protecting Justice Department officials who were implicated. He had a history of protecting federal officials who had committed criminal acts against the United States.

Barcella had covered up for a CIA operation that went sour, in which the CIA was secretly supplying Libya with war supplies. Justice Department prosecutors charged CIA operative Edwin Wilson with illegal arms sales to Libya that the CIA had earlier sanctioned. Barcella was the Justice Department prosecutor who prosecuted Wilson and insured that the CIA involvement did not surface.

Barcella was the lawyer for Lynn Nofziger, President Ronald Reagan’s chief political adviser during the 1980 presidential campaign. He was also a member of former Senator Paul Laxalt’s Nevada law firm when Laxalt was Reagan’s Campaign Committee Chairman in 1980. If the October Surprise conspiracy did in fact occur, these men could be expected to know about it and, at the very least, be guilty of felony cover-up. The same could be said of Barcella.

Barcella was one of the key public relations or cover-up men for the corrupt bank, BCCI, and one of its most forceful apologists. Lawyers Clark Clifford and Robert Altman hired him to deceive the American public through aiding and abetting the criminal acts of that rogue bank. Barcella was one of four lawyers who requested Senator Orrin Hatch (R-Utah) to give a speech on the Senate floor in defense of BCCI, seeking to block a Congressional investigation into the criminal activities of the Bank. Barcella

was known to be a friend and protector of the U.S. intelligence community while he was a federal prosecutor. The October Surprise charges that Barcella was entrusted to investigate threatened to expose this CIA operation and the cover-up by his former Justice Department bosses.

After the BCCI scandal broke, Barcella was asked about BCCI's compliance with U.S. banking laws, to which he falsely replied: "BCCI's policies and procedures were consistent with industry norms in the countries in which they were operating."¹⁷⁰ This bank inflicted the biggest bank fraud in the world's history. It had long been established that BCCI was engaging in criminal activities: drug-money laundering, financing of terrorists, secret takeover of U.S. banks, and bribing of government officials wherever it operated, including the United States.

Another "investigative" committee member was Richard Pedersen, who was involved in other cover-ups of government corruption. In early 1992, Pederson threatened Garby Leon (Columbia Pictures) and Rayelan Russbacher during a telephone call, warning them to cease further activity in the October Surprise matter.¹⁷¹

Shortly after the House October Surprise Committee was formed, I submitted several petitions to its chairman, Congressman Lee Hamilton (D-IN). I enclosed my declaration and a partial transcript of Russbacher's declarations giving specific details of the October Surprise operation in which Russbacher was involved. Hamilton and the committee repeatedly refused to respond to these petitions.

Circumventing Congressional Cover-Ups

I submitted numerous documents to the House Committee showing that the October Surprise operation existed (along with other documents showing that the Iran-Contra arms and drug trafficking existed long before the publicized 1986 starting date). Several of the copies indicated that the Secret Service was lying about the whereabouts of George Bush on the October 19, 1980, weekend.

One Secret Service report dated October 30, 1980, reported "Bush arrived Washington National aboard a UAE BAC 111 Charter at 8:25 p.m." Another dated February 17, 1981, was titled, "Visit of George Bush to Capitol Hilton Hotel, Washington, D.C. on October 19, 1980." A report directed to Stuart Knight, Director, U.S. Secret Service, Washington, D.C., stated:

On October 19, 1980, at 8:00 P.M. nominee Bush arrived via motorcade at the Capitol Hilton Hotel. Nominee Bush attended a dinner in the main ballroom.

No Evidence, No Witnesses Called

In July 1992, the Hamilton committee released an interim report stating there was no evidence that Bush was in Paris or that there was any support for the October Surprise charges. The Hamilton Committee didn't obtain testimony of any of the parties willing to testify that would prove the existence of the scheme and Bush's presence at the Paris meetings.

The only parties the committee questioned (not under oath and in pri-

¹⁷⁰ *False Profits*, Peter Truell and Larry Gurwin, Houghton Mifflin Company.

¹⁷¹ Told to the author in conversations with Garby Leon and Rayelan Russbacher.

vate) were two Secret Service agents who guarded vice presidential candidate Bush when Bush was reportedly in Paris. The agents stated that Bush had not been in Paris during the October 19, 1980, weekend. In later pages it is shown that Secret Service agents were on the flight to Paris and that they lied.

Congressman Hamilton had close ties to President Reagan's aide, Earl Brian (who was deeply involved in the Inslaw scandal described in other chapters). Hamilton had close ties to CIA operative John Hull, who operated an arms and drug transshipment point on his ranch in Costa Rica. Hull is reportedly wanted by Costa Rican authorities on drug and murder charges. He also had close ties to Dan Quayle while Quayle was a U.S. senator from Indiana. Hull is being protected in the United States by CIA and Justice Department officials.

Again Putting Congress on Notice

I wrote to Congressman Hamilton on November 27, 1992, enclosing copies of the Secret Service reports, stating that they "showed vice presidential nominee George Bush arriving in Washington, D.C. on a United Arab Emirates BAC 111 at approximately 8.00 p.m., and his departure for the Washington Hilton Hotel." I emphasized the significance of the documents, writing that they showed Bush and Secret Service agents were lying when they stated Bush had not left the Washington area on the October 19, 1980, weekend.

Arguably, those Secret reports had less significance in establishing Bush's Paris presence than the sworn testimony of CIA operatives Russbacher, Brenneke and Riconosciuto, or former Mossad agent Ari Ben-Menashe.

Treasury Agent Richard Pedersen called me several days later, asking where I obtained the Secret Service reports. He said those reports were forgeries, that the date of October 19, 1980, had been altered from the October 18, 1980, date he had on his copies. He stated that the airline identification had been changed from United Airlines to United Arab Emirates (UAE). I responded that I would check my source and get back to him. If this was correct, the committee had a responsibility to look at my documents and question the person who gave them to me. It is a federal crime to falsify government documents. If Pedersen actually thought that my copies were forged, he had a duty (and surely would have done so) to obtain my testimony to determine where I obtained the documents. They never asked.

I asked Pedersen why the committee didn't call Gunther Russbacher to testify. He said Russbacher was a phony and an impostor; that he was charged in Oklahoma City with being mentally unbalanced; that he had been in prison from 1976 to 1983, and could not have been involved in October Surprise. Further, that Russbacher's lawyer friend, Paul Wilcher, had set up conditions they could not meet.

Several times I had told Russbacher that Wilcher's demand for immunity was giving the committee an excuse for not calling him to testify and that there was no reason to ask for it. Russbacher didn't need immunity if the questions were limited to the October Surprise flights. Because of his

wide-spread involvement in CIA-directed activities such as money-laundering, drug trafficking and bank fraud, he was subject to prosecution, especially if the CIA pulled the standard disavowal on him.

Russbacher could raise the immunity issue if the questioning went into areas other than October Surprise, which was unlikely. However, Wilcher's request for immunity was no excuse for the October Surprise committee not to obtain Russbacher's testimony. The October Surprise offenses were of such great importance that prejudgment of Russbacher's credibility and refusal to obtain his testimony was out of order, but consistent with the cover-up pattern.

I asked Pedersen if he had read Ben-Menashe's recently published *Profits of War*, stating that the book contained copies of Mossad documents showing Ari Ben-Menashe to be a high staff officer with Israel's intelligence agency. Pedersen responded, "Ben-Menashe had been discredited," without providing any support. It was obvious that Pedersen was determined to discredit anything and anyone who supported the October Surprise charges.

I contacted Russbacher for a history of the Secret Service reports he had given me that did not coincide with reports the investigative committee had. He said the Secret Service sent copies of those reports to the CIA at Langley, Virginia shortly after they were filed and they were routed through him while he was at CIA headquarters. Russbacher advised that the initials "RAW" in the upper right hand corner of the documents stood for Robert Andrew Walker, one of his CIA-provided aliases. I sent the following letter to Congressman Hamilton:

December 12, 1992

*Congressman Lee Hamilton
October Surprise House Committee
RHOB, Room 2187
Washington, DC 20515 Certified Mail: P 888 324 843*

Dear Congressman Hamilton:

This letter makes reference to a telephone call that I received from Agent Richard Pedersen who is a member of the House October Surprise "investigation," and who was borrowed from the Treasury Department's Secret Service, and puts you on notice of the following facts:

These comments are in response to Mr. Pedersen's recent phone call to me:

1. Agent Pedersen telephoned me recently in response to the letter I sent to you and the attached copies of Secret Service agent reports showing Vice-President nominee George Bush arriving at Washington National Airport at 18:35 on October 19, 1980, and a motorcade to the Washington Hilton.

The significance of that time and date is that it shows Secret Service Agents and George Bush, among others, lying when they stated that Bush had not left the Washington area on the October 19, 1980 weekend.

2. Mr. Pedersen stated that the multi-page Secret Service agent reports which I sent to you had been altered. He stated that his copy shows 10/18/80 (Saturday) as the date that Bush flew into Washington National Airport, while my copies show 10/19/80 (Sunday) as the date.

The significance of this is that the Secret Service and George Bush claim Bush never left the Washington area during the October 19, 1980 weekend, and that if the flight into Washington occurred on 10/19/80, it would show both the Secret Service and George Bush were lying and obstructing justice. Further, even if the flight arrived in Washington on the evening of the 18th, for argument, it appears that this conflicts with the schedule reported by Bush and the Secret Service.

3. Mr. Pedersen stated that whoever altered the document would be guilty of a federal offense, and he asked me where the documents came from. I had found these Secret Service agent reports several months ago in the inflow of papers that I receive in the mail, by FAX, and sometimes given to me. I don't usually keep track of who has sent or given to me any particular papers. I knew that numerous people have the same copies that I sent to you, and which are the subject of Mr. Pedersen's questions.

4. Seeking to establish the history of the documents, I questioned CIA operative Gunther Russbacher about them. He stated that the reports were received by him while he was working as a CIA operative at CIA headquarters in Langley, some time after he had played key roles in the October Surprise operation. He stated to me that he placed the initials of one of his CIA-provided aliases, RAW (Robert Andrew Walker), on the upper right hand corner of several of the Secret Service reports. He acknowledged to me that the dates shown on my reports are the same dates as on the reports that he initialed while in his capacity as a CIA deep-cover operative.

5. If your October Surprise Committee was an investigative committee instead of a whitewash committee, the answers could be obtained by having this CIA operative, Gunther Russbacher, testify in open door hearings. That same operative can testify to the details of the October Surprise operation, including where the meetings were held in which he participated; when the shipment of arms commenced; how the arms were stolen from U.S. reforging stores; the part played in the treasonous activities of the CIA and high White House officials, and others. He can also describe other patterns of corrupt activities, including the CIA looting of financial institutions; CIA drug trafficking within the United States; CIA participation in looting of Chapter 11 assets as part of a vicious racketeering enterprise preying upon American citizens and small businesses who exercise Chapter 11 protections; and other racketeering enterprises implicating federal officials. He can also testify to the Secret Service Agents that were part of the October Surprise operation, along with White House officials, people who are now federal judges, members of Congress who participated, including Senators John Tower and John Heinz, among others.

6. Sworn declarations given to me by CIA informants indicate that four or five Secret Service Agents accompanied the group of Americans who traveled to Paris for the October 19, 1980 weekend meetings that finalized the

the October Surprise operation. The involvement of the Secret Service, the CIA, members of President Carter's staff, and others, in the subversive acts against the United States may constitute one of the worst criminal conspiracies ever exposed against the United States, and surely constitutes an unpublicized coup. Having a Treasury Department agent play a major role in the October Surprise investigation, when Treasury Department agents assisted in carrying out the coup or scheme, is typical of Congressional "investigations," but hardly meets the definition of an investigation.

7. Mr. Pedersen stated that the Secret Service reports were not confidential or secret but simply not released. However, various news media sources claim they have copies of the reports, and presumably this supports his statement indicating that the reports are not classified. I am requesting copies of the reports that your committee has in its possession, and any other reports commencing from Friday, October 17, 1980 through October 20, 1980, Monday.

Signs of Cover-Up by Your Committee

8. In response to my comment that Ari Ben-Menashe's credibility has been established by the copies of Mossad documents in his recently published book, Profits of War, Mr. Pedersen responded that he was totally discredited. Ari Ben-Menashe testified before Congressional committees that he was present at several of the October Surprise meetings, and saw George Bush, William Casey, Robert McFarlane, Donald Gregg, among others, at these meetings. He knew he would be charged with perjury if he lied, and he had nothing to gain. His recent book, Profits of War, include Mossad documents showing him to be a high staff officer possessing details of the October Surprise operation that dovetails with the testimony, the testimony offered, and the investigative findings of numerous journalists and authors.

9. In response to my question as to why the testimony of CIA contract agent Richard Brenneke was not accepted, Mr. Pedersen responded that he was totally discredited. But Brenneke knew that he would probably be charged with perjury if he lied. He had nothing to gain by his testimony before a U.S. District Court Judge in Denver in 1988. He was simply trying to show that he, and Rupp who was on trial in the Aurora Bank fraud case, were CIA contract agents. Further, his testimony coincided with other CIA operatives, with dozens of people who described their part in the October Surprise operation to various investigative journalists and authors. They, like Brenneke, had nothing to gain by their statements.

10. In response to my question about why the committee did not accept testimony from CIA contract agent Michael Riconosciuto, Mr. Pedersen totally discredited him. Again, as with Brenneke, Riconosciuto gave sworn testimony concerning the October Surprise operation, and he knew that he faced perjury charges if he gave false testimony. He had no reason to lie. He testified to assisting in the relay of the \$40 million bribe money in the October Surprise operation.

11. In response to my question asking why the House October Surprise Committee didn't have CIA operative Gunther Russbacher testify, Mr. Pedersen justified refusing to allow Russbacher to testify on the basis that Russbacher had been continuously in prison from 1977 to 1983, and thereby

couldn't have been part of the October Surprise operation. But Russbacher has given me sworn declarations that he had not been in prison continuously during this time, and only was imprisoned for short periods to provide a background for his covert CIA activities with factions in Europe and the U.S. underworld. Further, Russbacher would not risk further imprisonment from perjury charges and could be expected to testify truthfully. I already have hundreds of sworn statements by Russbacher, describing the specifics of the October Surprise operation, which I have personally checked out with Ari Ben-Menashe, and through contacts with various personnel reportedly implicated in the European meetings associated with the October Surprise operation.

12. Mr. Pedersen stated awareness of the SR-71 videotape described by Paul Wilcher, on the purported flight from Paris in which Gunther Russbacher was reportedly the pilot and George Bush the passenger. Your committee could have proved or disproved the existence of that videotape by requesting the tape from the archives at Camp Mead, Maryland. You never did that.

13. Gunther Russbacher, CIA operative and Captain in the U.S. Navy and Office of Naval Intelligence, has offered to testify under oath to your committee and others, describing his role in the October Surprise operation, knowing that he would be charged with perjury if he lied. Congressman Hamilton and his committee knew he offered to testify and that Russbacher would undoubtedly not risk a prison term to lie, especially when it would not be to his benefit to testify.

14. I provided to your committee a partial transcript of sworn declarations by Gunther Russbacher, describing details of the October Surprise scheme, claiming that he was at several of the meetings, and that he arranged for the procurement and shipment of arms following the Barcelona meeting. I am prepared to testify to what Russbacher stated to me during the past two years concerning his role in the October Surprise (and other corrupt) CIA operation. As a former federal investigator I am quite competent to evaluate the sincerity and truthfulness of almost 300 hours of statements. Russbacher has offered to testify to a Congressional committee, including that chaired by Congressman Hamilton, knowing that he would be charged with perjury if he lied.

15. Your group has ignored the statements made by former Iranian president Bani-Sadr in his two books describing details of the October Surprise operation. Presumably he too is totally discredited.

16. I am a former federal investigator who held federal authority to make certain determinations. I witnessed a pattern of hard-core federal crimes perpetrated by federal officials. I have government documents showing the crimes to exist. I have made judicial records of the criminal activities, and the responses of rogue Justice Department personnel and federal judges constitute additional criminal acts on their word. I have questioned CIA operatives, others, and have uncovered a pattern of criminal activities against the United States that are inter-related with the October Surprise operation. I have seen the criminal obstruction of justice by every govern-

ment check and balance, including Justice Department personnel and members of Congress, among others. These findings coincide with the crimes charged by Brenneke, Riconosciuto, Russbacher, investigative journalists and authors, and the crimes implied by the felony cover-ups.

17. Even worse, the conduct of your committee includes threats against those seeking to report the October Surprise crimes. Garby Leon of Columbia Pictures and Rayelan Russbacher stated to me that during an early 1992 telephone conversations with Secret Service agent Pedersen, that he threatened them if they continued with their October Surprise exposure activities.

18. Threats reportedly made by Agent Pedersen of your committee against lawyer Paul Wilcher as Wilcher sought to give data to your committee showing details of the October Surprise conspiracy. Wilcher states that he was physically shoved against the wall by Pedersen and warned to halt his exposure activities.

19. Agent Pedersen threatened me for having copies of the Secret Service reports, displaying no interest, obviously, in reaching the truth.

20. Aiding and abetting the cover-up by this committee are Justice Department prosecutors and federal judges, seeking to cover up for their own involvement in October Surprise and its many related tentacles, by charging me with federal crimes in retaliation for having reported the crimes to a federal court, and in retaliation for seeking to defend against the felony persecution associated with the obstruction of justice.

21. These threats against informants to keep them from reporting criminal acts are criminal violations.² The refusal to receive evidence, the threats against informants, the staffing of your committee with people that have a vested interest in cover-up, violate blocks of federal criminal statutes.

Composition of House October Surprise Committee

The composition of Congressman Hamilton's October Surprise "investigative" Committee parallels many other Congressional investigative committees:

A. Chief counsel Larry Barcella is a former (and probably present) CIA asset. Since October Surprise was a CIA operation he could be expected to block any exposure, and his conduct reflects that approach. Further, Barcella was a Justice Department hatchet man and also represented BCCI, defending their corrupt acts and trying to block their prosecution. His partial success in this respect enabled BCCI to continue their looting of assets in what has become the world's worst bank fraud.

B. Richard Pedersen is an agent with the Treasury Department. The Treasury Department's Secret Service agents were present during Vice-president nominee George Bush's flight to Paris on October 18, 1980. Pedersen's role, and certainly his conduct, has been to block any exposure of the October Surprise treasonous and subversive acts against the United States.

C. Peggy Robahm, one of your "investigators," was reportedly used by the CIA and Justice Department to discredit Richard Brenneke, by tactics that are better described in a fiction book. This same Peggy Robahm was then placed on Congressman Hamilton's October Surprise Committee to discredit the existence of the operation.

The impression I received from Mr. Pedersen was that the House October Surprise Committee's "investigative" report would be released shortly, and reveal that no such event occurred. From what I have observed, starting as a federal investigator and then a private investigator for the past thirty years, what else could be expected! For crimes against the United States, the members of the House October Surprise Committee have met past standards.

*With tongue in cheek, I offer my services to expose the crimes involved in October Surprise and the various other associated tentacles. Obviously I don't expect the offer to be taken. If you wish, I will send you a copy of *Defrauding America* when it is released, which puts these events in the proper perspective.*

Sincerely,

Rodney F. Stich

Enclosures:

October 3, 1980 CIA: "Proposal to Exchange Spare Parts With Hostages."

October 9, 1980 Department of State: "Approach on Iranian Spares."

October 21, 1980 Department of State: "Talk with Mitch Regovin."

October 29, 1980: "Two Related Items on Iranian Military supply."

October 1980 Secret Service reports: Bush's security detail.

June 3, 1983(?) CIA: Release of Hostages.

July 5, 1985: "New Developments on Channel to Iran."

August 19, 1985: "Status of Hashemi-Elliot Richardson Contact."

ENDNOTES

1. The criminal activities include: (a) pattern of air safety and criminal acts related to a series of fatal airline crashes; (b) CIA scheme known as "October Surprise," in which U.S. military equipment was stolen and given to Iran in exchange for continuing the imprisonment of 52 American hostages held by Iran in 1980; (c) CIA embezzlement and looting of America's financial institutions; (d) criminal misuse of Chapter 11 courts by the CIA/federal judges/federal trustees/law firms to sequester evidence of the looted CIA proprietaries; (e) criminal misuse of Chapter 11 courts by the same group to fund covert and corrupt CIA activities (including corrupt seizure and looting of Petitioner's assets in the Oakland Chapter 11 courts, cases Nrs. 487-05974J/05975J); (e) CIA drug smuggling into the United States, enlarging upon its history of drug trafficking in foreign countries; (f) felony cover-up and conspiracy to cover-up by persons in the U.S. Department of Justice and by federal judges/justices; (g) felony persecution of informants, whistleblowers, and protesting victims by corrupt federal judges and prosecutors; (h) criminal activities related to the stealing of software belonging to Inslaw, and criminal misuse of the Justice Department and

Chapter 11 courts; and other criminal activities.

2. Title 18 U.S.C. § 1512. *Tampering with a witness, victim, or an informant—*

(b) *Whoever knowingly uses intimidation or physical force, or threatens another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to—*

(1) *influence, delay or prevent the testimony of any person in an official proceeding; shall be fined...or imprisoned...or both. [1988 amended reading]*

Title 18 U.S.C. § 1513. *Retaliating against a witness, victim, or an informant. (a) Whoever knowingly engages in any conduct and thereby causes bodily injury to another person or damages the tangible property of another person, or threatens to do so, with intent to retaliate against any person for—(1) the attendance of a witness or party at an official proceeding, or any testimony given or any record, document, or other object produced by a witness in an official proceeding; or (2) any information relating to the commission or possible commission of a federal offense...*

3. Title 18 U.S.C. § 1505 (*obstructing proceedings before federal courts, and earlier, before FAA, NTSB, before federal grand jury, to prevent presenting testimony and evidence of federal offenses*); § 1512 (*tampering with a witness or informant, and specifically, preventing Stich's communication to a federal court of the federal air safety and criminal offenses, using felonious means to block such federal proceedings*); § 1513 (*retaliating against a witness, victim, or an informant, and specifically against Stich, to prevent his reporting of the federal crimes by federal officials*); §§ 1961-1965 (*RICO violations, by conspiring to harm an informant, and adversely affecting interstate and international commerce*); § 241 (*conspiracy against rights of any citizen, including conspiracy that violated wholesale numbers of federally protected rights*); § 371 (*conspiracy to commit offense against, or to defraud, the United States*); § 1951 (*interference with interstate and international air commerce, and specifically the FAA, NTSB, wrongful acts, and blocking and retaliating against Stich for seeking to report federal air safety and criminal acts affecting air safety*); § 2 (*principal*); § 3 (*accessory after the fact*); § 4 (*misprision of felony*); § 35 (*imparting or conveying false information*); § 2071 (*Concealment, removal, of official reports*); § 34 (*changing federal offenses to capital offense when death results*); § 111 (*impeding FAA inspectors or other federal employees*); § 1621 (*perjury, at FAA hearing*); § 1623 (*subornation of perjury, at FAA hearing*); § 1623 (*false declarations before federal grand jury*); 28 U.S.C. § 1343 (*Failure to prevent the violations of a person's civil and constitutional rights*); Title 42 U.S.C. §§ 1983-1986 (*Violating civil and constitutional rights of another, conspiracy to do so, failure to prevent the violations when the ability and responsibility to do so exists*); *Treason, Art 3 § 3 of US Constitution.*

I mailed another letter to Congressman Hamilton on December 29, 1992, enclosing copies of secret CIA and State Department documents describing arms-for-hostages meetings from 1980 through 1985. The documents clearly showed that the arms flow to Iran started not in 1986, as reported in the

Iran-Contra prosecutions and media reports, but years earlier, commencing in September 1980 as part of the October Surprise operation.

To determine whether the Secret Service report in my possession or the one cited by the House October Surprise Committee was correct, I filed a Freedom of Information (FOI) request with the Secret Service, enclosing a copy of my document showing Bush arriving at Washington National Airport on a UAE BAC 111. I requested their copy of the document. The Secret Service acknowledged finding their copy, but refused to release it to me.

Reports of the House Committee

On July 1, 1992, the House committee issued an interim report on October Surprise, stating its investigation had not been completed, that a final report would be released in January 1993, and that they believed there was no truth to the charges. Special counsel Lawrence Barcella, Jr., issued the preliminary report.

The final report, consisting of 968 pages, was issued on January 3, 1993. It followed the standard Congressional pattern of withholding incriminating evidence, discrediting witnesses who supported the original charges, and lending credibility to those government officials who were implicated in the charges. The report withheld knowledge of the Secret Service reports and Russbacher's declarations that I submitted in November 1992.

A number of factors struck me in the report, including:

- Most of the investigators consisted of current or former Justice Department and Secret Service personnel.
- Withheld knowledge of the Secret Service documents that I submitted to Congressman Hamilton in November 1992, which contradicted the statements made by Secret Service personnel as to George Bush's location on the October 19, 1980, weekend.
- Withheld knowledge of the 40-plus-page sworn declarations given by former CIA operative Gunther Russbacher and other CIA and Mossad assets.
- Refused to receive my testimony and evidence relating to statements made to me by Russbacher over a two-year span that described many specifics involved in the October Surprise operation.
- Refused to allow Russbacher to testify, giving sham excuses for not doing so.
- Fraudulently discredited the testimony of former Mossad operative Ari Ben-Menashe, who was present at several of the European meetings, including the Paris meetings and meetings at which Russbacher was present. The Task Force report stated:

The Task Force has determined that Ben-Menashe's account of the October Surprise meetings, like his other October Surprise allegations, is a total fabrication.

A September 4, 1987, letter written by Colonel Pesah Melowany in the Israel Defense Forces states of Ben-Menashe:

Mr. Ari Ben-Menashe has served in the Israel Defense Forces External Relations Department in key positions. As such, Mr. Ben-Menashe was responsible for a variety of complex and sensitive assignments which

demanded exceptional analytical and executive capabilities.

IDF Colonel Yoav Dayagi wrote on September 6, 1987:

[Ben-Menashe] served in the IDF External Relations Department in key positions...is a person known to keep to his principles, being always guided by a strong sense of duty, justice and common sense.

Ben-Menashe's book had copies of other letters from the Israel Defense Forces attesting to his high level position. There are copies of Telex messages from Ben-Menashe to Iranian president Rafsanjani and other Iranian officials quoting prices for war material to be shipped by Israel.

- Falsely discredited Ben-Menashe's testimony by stating he was only a low-level translator, even though he presented letters and documentation during a closed hearing showing otherwise. Several of my CIA contacts described encountering Ben-Menashe in Europe, Central and South America and other locations, engaging in covert activities for Israel.
- Accepting at face value written denials by Israel officials¹⁷² that they were not involved in any of the October Surprise activities. These denials contradicted testimony by former Mossad agent Ben-Menashe and my CIA contacts, including Gunther Russbacher. The disclaimers by Israeli officials were made indirectly to the Task Force, as the Israeli government refused to allow them to be questioned. Obviously they had something to hide! Israel has a strong vested interest to make sure the American people never learn of its complicity in October Surprise.
- Refused to have former CIA operative Richard Brenneke testify, despite his key role in October Surprise and other deep-cover CIA operations. This has been a standard cover-up tactic for decades.
- Discredited Brenneke on the basis of deceptive credit card charges routinely made on behalf of covert CIA operatives for later use as disclaimers.
- Falsely stated that Paul Wilcher, who made numerous attempts to have the Task Force obtain Russbacher's testimony, was an unlicensed lawyer, when in fact he was admitted to practice in the state of Illinois.
- Referred to witnesses who risked Justice Department retaliation by coming forth with the truth as "utter fabricators." This group included Ari Ben-Menashe, Gunther Russbacher, Richard Brenneke, Michael Riconosciuto, Heinrich Rupp, and Jamshid Hashemi. It accepted without question, recanted statements made to journalists by Oswald LeWinter, Admiral Ahmed Madani, and Arif Durrani.
- Accepted as true the self-serving statements and denials by those who would be implicated, including Donald Gregg, Robert McFarlane, and Israel officials. The U.S. personnel would be impeached and charged with major crimes if the truth was admitted.
- Refused to contact the National Archives at Camp Mead, Maryland to obtain a copy of the videotape showing George Bush and Gunther Russbacher in an SR-71 aircraft on a flight from Paris to McGuire Air Force Base on Sunday, October 19, 1980. This is the tape that the report stated

¹⁷² David Kimche, Shmuel Moriah, Rafi Eitan.

Wilcher did not deliver.

- Refused to have Riconosciuto testify about the electronic transfer of the \$40 million in bribe money given to the Iranians during the October 19, 1980, weekend meetings in Paris.
- Refused to address Donald Gregg's failure to pass a lie detector test given by the Government Accounting Office.
- Refused to make reference to the transcript of sworn declarations that I had obtained from Russbacher, while including hearsay statements that denied the existence of October Surprise.

The Task Force report dismissed the charges of an October Surprise scheme as "bizarre claims." The American people have been victimized by the subversive criminal conspiracy and its many tentacles, including the brutality of the Iran-Contra operation. These criminal acts against the American people were then followed up with the cover-up.

Using Hamilton To Cover-Up for 3,000 Deaths on 9-11

Years later former Representative Hamilton was selected to be a member of a commission investigating the blame for 19 hijackers seizing four airliners on September 11, 2001, that killed 3,000 people and was made possible by the corruption I documented in my various books.

Aiding in the cover-up was the media. A classic example was a January 16, 1993, article in the *Wall Street Journal* praising the House report and suggesting that Justice department officials charge the witnesses, who had risked so much, with perjury. Since the mid-1960s I had sent evidence to the *Wall Street Journal* of hard-core criminal acts committed by federal officials. Several of my CIA confidants believed that the *Journal's* preoccupation with protecting Israel was the reason behind their efforts to cover up for the October Surprise operation.

Guilty as the Perpetrators by Their Silence

I sent letters to people who were involved in part of the October Surprise operation or who had evidence of its existence, advising them that I was going to publish in this book their involvement unless they gave me contrary information. Members of the French Secret Service present during the October 19, 1980, meetings in Paris would have filed reports on their activities. I mailed a registered letter to French President Francois Mitterrand on April 4, 1992, requesting a copy of the French Secret Service report of the October 19, 1980, October Surprise meetings in Paris. Several of my sources told me that French government agents were present during the meetings and that reports were made. My letter stated in part:

This letter is a request for information, and copies of official writings, relating to the following:

- *Barcelona meetings that occurred in late July, 1980, at the PepsiCo International Headquarters Building, at which William Casey (subsequently Director of the United States Central Intelligence Agency) was present, along with Robert McFarlane, Gunther Russbacher, and Iranian nationals. The intent of this meeting was to provide Iranian factions with bribe money and military equipment and munitions stolen from United States military warehouses, and which started flowing to*

Iran via Israel in September 1980. These meetings consisted of a criminal conspiracy to defraud the United States.

- *October 19, 1980 weekend meetings in Paris, furthering the treasonous and subversive acts, in which a scheme was finalized to pay large amounts of money, and billions in secret military equipment and ammunition, from the American conspirators, to Iranian factions, to continue the imprisonment of 52 American hostages.*

These acts were subversive and treasonous, and required the felony cover-up by many people. Until these criminal acts are uncovered, the same people who unlawfully and corruptly gained control of the United States government are continuing to inflict great harms upon the United States, with international implications.

I know that the French secret police knew of these meetings, were present at these meetings, and made reports of them. I also know that you were made aware of them. I therefore request that you send to me copies of these reports, and related writings, so I can take actions to have these American officials impeached and prosecuted.

If you refuse to do so, you should be advised that you, as the head of the government in France, will be aiding and abetting the treasonous, the subversive, the criminal acts, that continue to inflict great harms upon the United States and its people. This letter, and your response, will be included in the nearly completed book describing the criminal cartel that is defrauding the American people.

When the president of France did not respond to that request, I sent another request for documents by registered mail on July 7, 1992. The French government again refused to answer or deny my charges. I had advised that their refusal to respond would be included in this book as support for the charges being true.

A manager at Columbia Pictures in Los Angeles, Garby Leon, told me in early 1992 that he had spoken to ABC News' Paris bureau chief, Pierre Salinger, who had admitted to him that he had a copy of the French Secret Service report describing the October Surprise meetings in Paris. Salinger said that he would show the report to him if he came to London. I sent a request to Salinger and to ABC's corporate headquarters by registered mail, requesting a copy of that report. My letter stated in part:

This is a request for information, and a copy of documents in your possession, relating to the activities known as "October Surprise." I have been advised by several sources that you, and American Broadcasting Corporation, have writings supporting the existence of these treasonous and subversive activities which were a CIA operation. I am writing in my book that is nearly completed, and it is being stated...that ABC has these writings in its possession, and...that ABC has become, as a matter of federal law, co-conspirators, and liable criminally as principals.

Further October Surprise Support

Neither Salinger nor ABC responded. However, in 1995, Salinger admitted in a book called "P.S.," originally published in France and then in English in the United States, that he knew of the October Surprise meetings in Paris. In an eight-paragraph section of the French publication (omitted in the

English translation) he described the secret meeting that Bush attended. Salinger wrote that he determined through his high-level sources in France that the secret meetings did in fact take place.

Salinger wrote in his book “a man named Jacques Montanes showed up at my ABC office with a big bag full of papers.” The papers documented the airlift of military supplies to Iran in October 1980, prior to the U.S. presidential elections, and as Gunther Russbacher, who arranged for much of the military equipment, had described to me. Montanes had been involved with the arms shipments, obtaining documents showing companies contributing to the military equipment shipments from Spain, France, Great Britain, and Israel. Salinger’s book continued, “Obviously, I broke this story on ABC News, something that shocked the American government.”

Salinger described his long relationship with top officials in French intelligence that confirmed to him that the U.S.-Iranian meeting did take place on October 18 and 19. In his book Salinger wrote, “Marenches had written a report on it which was in intelligence files. Unfortunately, he told me that file had disappeared.”

Salinger described his conversations with respected American journalist, David Andelman, who was the ghostwriter of the 1992 memoirs of Alexandre de Marenches, French spy chief. At Salinger’s request, Andelman asked Marenches about the alleged Paris meetings involving Casey and Bush. Salinger wrote in his book, “Andelman came back to me and said that Marenches had finally agreed [that] he organized the meeting, under the request of an old friend, William Casey... Marenches and Casey had known each other well during the days of World War II. Marenches added that while he prepared the meeting, he did not attend it.”

Andelman testified to this admission before the House October Surprise task force in December 1992, but as with other creditable witnesses, this testimony was ignored so as to deny the existence of this crime.

Salinger referred to the cover-up by such U.S. magazines as *The New Republic* and *Newsweek*, who debunked the charges. In this way major crimes against America went unpunished and continued to flourish.

U.S. Publishing Censorship

The English edition of Salinger’s book omitted any reference to these facts or to October Surprise. I continually ran into this media cover-up. The book, *Trail of the Octopus*, written by a former Defense Intelligence Agency agent, Lester Coleman, published in England, exposed Justice Department cover-up of the CIA-DEA drug smuggling operation that permitted the bomb to be placed on board Pan Am Flight 103 that blew up over Lockerbie.

In 1996 American West Distributors in Berkeley, California, halted its plan to distribute the book due to pressure. The television documentary, *Maltese Doublecross*, produced in England, also describes how this conduct by CIA and DEA personnel led to the bombing of Flight 103, could not get any distributors in the United States. I met with its producer, Allan Francovich, in Berkeley, and he described his inability to get anyone to show the film.

PepsiCo as a CIA Asset

PepsiCo International Headquarters in Barcelona was the site of one of the meetings held in Barcelona in July 1980.¹⁷³ I sent a registered letter to Wayne Calloway, CEO and Chairman of the Board of Directors of PepsiCo, in Purchase, New York, advising that I was describing in my book the part they played in the October Surprise operation unless I heard otherwise from them. The letter stated in part:

I am in possession of declarations/transcripts showing that the PepsiCo Corporation played key roles in the treasonous and subversive acts known as October Surprise.¹⁷⁴ These declarations and transcripts, by a deep cover CIA officer, who was present at the Barcelona meetings in late July 1980, at the PepsiCo International Headquarters Building, describes the part played by PepsiCo in helping to sabotage the United States by becoming a part of the conspiracy known as October Surprise. Other declarations show the part played by PepsiCo in other CIA schemes. The PepsiCo official directly involved in the Barcelona caper was Peter Van Tyne.

PepsiCo's part in the CIA-related schemes is being described in the nearly completed Defrauding America book, which is a follow-up to my last one, Unfriendly Skies-Saga of Corruption. To fill in areas that are not yet clear, would you kindly provide me with the following information:

- 1. The address of Peter Van Tyne, and what his position was with PepsiCo in mid-1980.*
- 2. Peter Van Tyne's present address for receiving correspondence.*
- 3. Who in the CIA, and any others, arranged with PepsiCo for the use of its International Headquarters facilities in the subversive acts associated with October Surprise?*
- 4. What is the relationship between PepsiCo and the Central Intelligence Agency in the United States and overseas?*
- 5. What other covert relationships existed, and exist, between PepsiCo and the CIA?*
- 6. What are the rewards, financial and otherwise, arising from these relationships?*

For your information, copies of the transcripts showing PepsiCo's involvement with these very serious crimes against the United States have been attached to federal briefs, and have been sent to many members of Congress (despite its record as the world's most reliable cover-up body), and others. Many more will be sent out. Your answer to these questions would be useful in clarifying the covert relationships that helped inflict such great harms upon the United States.

If you don't provide this information, the book will show the implications of what PepsiCo has done, and what can be implied by your re-

¹⁷³ Stated by Russbacher and Ben-Menashe.

¹⁷⁴ The conspiracy involved private citizens, renegade federal officials, Central Intelligence Agency personnel (all sabotaging the elected Government of the United States), and Iranian factions who were holding 52 American citizens in Iranian prisons.

fusal to respond.

There was no response and no denial.

Russbacher told me that William Casey boarded the BAC 111 at a New York City area airport after deplaning from a Unocal Gulfstream aircraft. I contacted Unocal¹⁷⁵ by certified mail on June 7, 1992, advising them of the serious charges associated with the October Surprise operation in which they were a part and advising that unless I heard otherwise from them I would describe the part they played in the operation. No response and no denial.

The House October Surprise Committee advised me that my Secret Service report showing George Bush flying into Washington National Airport in a UAE BAC 111 should read United Airlines, and the date should be October 18, 1980. I wrote to United Airlines via certified mail asking for their confirmation of the flight and date. They refused to answer.

October Surprise Cover-Up Crew

As stated earlier, I started communicating in December 1994 with a former CIA operative, Oswald J. LeWinter, and we were in frequent contact. He gave me details on various deep-cover CIA activities in which he had been involved, including the October Surprise cleanup operation. He described how this team went to hotels and other suppliers of services in Paris, removing records and other evidence relating to the October Surprise meetings.

LeWinter was involved in many CIA operations throughout the world, and one of the few agents whose knowledge and experience was compartmentalized. He was a CIA mole in NATO, and had top-level contacts in Vietnam. He said that his primary duty during his 30 years as a CIA operative was disinformation. This included planting false stories, removing evidence to hide CIA activities, and putting different spins on the facts. He was involved in undermining foreign governments and described some of these activities that occurred in South America. He acknowledged knowing of several of my CIA sources, including Bob Hunt and Gunther Russbacher.

Larry Barcella had contacted LeWinter for information about October Surprise. LeWinter asked, "What version do you want; that it existed, or didn't exist?" Barcella replied, "The version that shows it did not exist." LeWinter then denied any knowledge of October Surprise.

At a later date, LeWinter was interviewed by a reporter from the German newspaper *Der Spiegel* at which time LeWinter admitted the existence of October Surprise, giving details, and stating that he lied to Barcella, giving Barcella the version the investigator wanted to hear. LeWinter even gave the reporter an affidavit containing these statements.

The *Der Spiegel* reporter then contacted Barcella with the statement by LeWinter admitting lying to a congressional investigator. Barcella did nothing, not wishing to risk exposing the October Surprise operation.

In early 1996, LeWinter stated to me that he was preparing a manuscript on his CIA activities, and had a tentative name for it of *For the Honor Of*

¹⁷⁵ Richard Stegemeier, Chief Executive Officer, Unocal Corporation
P.O. Box 7600, Los Angeles, CA 90051; Certified P 790 780 431.

Lying, a fitting title for his CIA-ordered disinformation.

Evidence That the Subversive Operation Occurred

- Sworn declarations and testimony of CIA operatives, including Gunther Russbacher, Richard Brenneke, and Michael Riconosciuto, who were part of the operation, and had much to lose if they lied, and even if they came forward.
- Sworn testimony of Mossad officer Ari Ben-Menashe, who was present at several October Surprise meetings.
- Secret Service documents disproving the statements of Secret Service agents and George Bush relating to Bush's absence from Washington on the October 19, 1980, weekend.
- Statements by dozens of people in the United States, Europe and the Middle East, describing their knowledge of the October Surprise operation.
- Refusal of people to deny the charges that I advised would be made against them if they did not respond to my mailings.
- Large amount of anecdotal and circumstantial evidence.
- Many people who were killed or who mysteriously died, who had knowledge of the October Surprise operation, and who were a threat to Iranian and U.S. officials implicated in the scheme.
- Intense opposition by Republican members of Congress to conduct investigations into the charges.

Enormous Consequences if the Public Was Told the Truth

The resulting consequences of being caught in a cover-up were minor compared to the consequences suffered by Washington officials if the October Surprise was admitted. Among the potential consequences of admitting that October Surprise conspiracy occurred:

- Impeachment and criminal prosecution of many federal officials.
- Exposing the role played by the CIA and possibly exposing other criminal activities of this agency.
- Many Congressmen would be criminally implicated by their cover-up, calling for impeachment and criminal prosecution.
- Federal judges, who gained their positions by having played a role in the October Surprise scheme would be exposed, undermining public respect for the federal judiciary.
- Past presidents of the United States would be exposed as guilty of treasonous and criminal activities.
- Powerful law firms, lobbyists, and many other private interests with fortunes tied to those in power would be adversely affected if their benefactors were prosecuted and removed from office.
- All political parties would suffer as a result of the public's awareness of the level of criminality in government.

Responsibilities and Obstruction of Justice Parties

Every member of Congress had a responsibility under federal criminal statutes to receive testimony and evidence of the criminal acts described within these pages. The oath states:

I, [name of Congress person], do solemnly swear (or affirm) that I will

support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office in which I am about to enter. So help me God.

Further Support for SR-71 Flight to Moscow

In March 1996 I received a phone call from John Lear, an airline pilot, who was one of the sons of the famed builder of the Learjet airplane. He had just read the second edition of *Defrauding America* and said he found it very accurate. Lear had flown for CIA-related airlines for many years. When he got to the part in which Gunther Russbacher described an SR-71 left in Moscow in 1990, he remembered a conversation that he had with a pilot friend, Ken Polzin.

Polzin had flown as captain for Buffalo Airways into Budapest in 1990, and while there, his Hungarian copilot, Gabor Szabo, told him about seeing an SR-71 in a hangar at Moscow several months earlier. I called Polzin for further information, and he related his Hungarian copilot telling him, on a flight to Budapest, Hungary, about seeing the SR-71 in a hangar. Szabo had recently been to Moscow receiving flight training on the Tupolov aircraft while flying for Malev Hungarian Airlines, and had seen the SR-71. There is certainly something strange about giving our supposed adversary one of our most secret aircraft during the Cold War.

Several key issues arise from the October Surprise scheme, including:

- Arming Iran in its war with Iraq—while the Reagan-Bush White House was secretly funding and arming Iraq.
- Subverting the presidential elections in which the Reagan-Bush team prevailed over President Jimmy Carter.
- Enlarging the extent of White House involving in corrupt and subversive activities.
- Adding to the pattern of deception inflicted upon the people of the United States.

Iran-Contra and Drug Smuggling

Without the October Surprise operation there could not have been an Iran-Contra scandal. The Iran and the Contra portions of what is known as Iran-Contra are really separate scandals with some relatively minor connections. The media and Congress have joined them together and have loosely described Iran-Contra as unlawful arms sales to Iran in exchange for American hostages seized in Lebanon and unlawful arms sales to Nicaragua. The Teheran hostage seizure associated with the October Surprise operation showed terrorists the profits to be realized in seizing Americans as hostages.

The Iran Connection

U.S. media and congressional publicity on Iran-Contra focused on the illegal arms sales to Iran in the mid-1980s, but these sales began years earlier, as part of the October Surprise operation. Although the arms sales were allegedly to obtain the release of American hostages seized in Lebanon, there was also a profit motive for many of the participants. Sharing in the profits from these arms sales to Iran were arms brokers, Israel, and a private network composed of CIA and National Security Council players. These arms sales to Iran violated U.S. law, and the criminal acts involved the president and vice president of the United States, members of the National Security Council, the CIA, and others.

Motives for the Arms Sales

The sales occurred partly because huge profits could be made by many participants. The arms would be purchased from U.S. or foreign governments, and then resold to Iran. Profits from these unlawful arms sales were stashed away in secret offshore bank accounts.¹⁷⁶ Ironically, about \$10 million was placed in the wrong-numbered Swiss bank account that was intended for Air Force Maj. Gen. Richard Secord and his business partner, Albert Hakim.

Another motive for the illegal arms sales was for the CIA and NSC participants to purchase arms through their front companies. The money generated by the Iranian arms sales was not gifts to the Contras, as implied by the Reagan-Bush White House and the media. The profits from the arms sales to

¹⁷⁶ One such account was in the name of Lake Resources, number 386-430-22-1.

Iran were used to purchase additional arms, which were then traded to the Contras for drugs. These drugs constituted a large portion of the huge cocaine trafficking into the United States from Central and South America. The aircraft flying arms to Nicaragua and other Central and South America locations returned to the United States with drugs. This was a giant operation resembling a corporation structure such as General Motors.

Naiveté of Paying for Hostages

It can only be guessed if the selling of arms to Iran in exchange for the American hostages seized in Lebanon was the primary intent or simply an excuse for the Iran-Contra operation. It is difficult to believe that intelligence agency renegades thought the hostage situation could be solved by paying for their release, thereby encouraging a continuation of the hostage taking. It appeared that for every hostage returned upon the payment of money or arms, additional hostages were seized. A “cottage industry” flourished. Its sole purpose was seizing American hostages in Lebanon. American hostages seized in Iran as part of October Surprise showed that profits could be made from hostage taking, especially if they were Americans.

Ugly Side of the Contra Connection

The ugly side of the Contra connection was carefully kept from the American public by the establishment media and Congress. Oliver North and others involved sought to place a humanitarian cloak over their activities with the Contras. They claimed U.S. involvement in Nicaragua was humanitarian by helping an oppressed people fight communism. But the CIA, representing the American people, traded arms for drugs. Aircraft carrying arms from the United States to Central America often returned with the drugs that were used to pay for the arms. The logistics used in the war against the Nicaraguan government and people facilitated the CIA-DEA drug smuggling into the United States. In the CIA’s Vietnam War the logistics associated with sending arms to fight the Vietnamese people were used on the return trips into the United States to smuggle drugs. Enormous profits resulted, and many CIA operatives did quite well financially.

It wasn’t only the Contras to whom the CIA furnished arms. The CIA, joined by Israel, arms merchants, and others, were selling and delivering arms to the opposition Sandinistas. One CIA operative said to me, “How else could we keep the fighting going!”

Drug trafficking from Central and South America into the United States by the CIA, DEA, and the Mossad was well underway in the 1960s. The CIA’s stirring of the pot in Nicaragua greatly aided this by providing a great increase in aircraft availability and an excuse for the trafficking. Various code names were given to these arms and drug flights, as described in later pages.

As in any CIA operation, there were terrible brutalities inflicted upon innocent people. The Contra affair funded the intrusion by the CIA, representing the United States and the American people, into the affairs of a foreign country, using the same tactics and excuses as in Vietnam. The CIA prepared an assassination manual on torturing and killing people in Central America, resulting in the deaths of thousands of villagers, similar to the in-

famous Phoenix program in Vietnam that assassinated over 40,000 South Vietnamese villagers.

Numerous books have been written depicting these atrocities.¹⁷⁷ An October 19, 1992, *New York Times* article showed pictures revealing the 1981 massacre of almost 800 villagers at El Mozote, El Salvador. Reporters from the *Times* and *Washington Post* were in agreement that the killings were perpetrated by groups financed and supplied by the White House gang and the CIA. Searchers found many bodies, including those of children, under the floor of a parish house.

Most of the media discredited these assassination reports when they first came out, even though the media knew the reports to be true. The CIA infiltration of the media and the government's furnishing of much of what passes as news, along with the money dispensed to the media by the CIA, made this cooperation quite easy.

The arms sales to Nicaragua or any other Central American country violated U.S. law and specifically the 1984 Boland Amendment. Those involved in the sale of arms, including the trading of arms for drugs, deliberately continued violating the law. If the arms trafficking stopped, so would much of the drug trafficking into the United States on the return flights.

Congress Forced to Conduct an "Investigation"

Several events caused the American public to become aware of at least peripheral segments of the Iran and Contra operations. One event was the shooting down of a CIA proprietary aircraft¹⁷⁸ over Nicaragua in 1986. This was the highly publicized shooting down of the C-123 aircraft with three crewmembers on board, and the survival of one of them: Eugene Hasenfus. Despite instructions for all evidence of CIA involvement to be removed from the aircraft and in the crew's possession, there was much evidence that the arms-carrying flight was a CIA operation.

Nicaraguan authorities put Hasenfus on television, during which he admitted that he was working for the CIA. As U.S. media stopped publicity on that event, other events occurring in Europe and the Middle East focused attention on the Iran segment of Iran-Contra.

An Iranian politician, incensed about his opponent's participation in the Iranian arms deals, distributed thousands of leaflets in Iran exposing these dealings, followed by an article in the Lebanese newspaper *Al Shiraa*. Israeli arms dealers who were taken out of the loop by direct arms sales from U.S. officials to Iran sought to eliminate the American competition, and they caused publicity to be generated.

This combination of publicity forced the U.S. media and Congress to focus on at least the outer fringes of the Iran and Contra affairs. Congress

¹⁷⁷ *Dangerous Liaison*, Andrew and Leslie Cockburn; *The Politics of Heroin*, Alfred McCoy; *Cocaine Politics*, Peter Dale Scott and Jonathan Marshall; *Everybody Had His Own Gringo*, Glenn Garvin.

¹⁷⁸ The aircraft was owned by Southern Air Transport, a CIA proprietary. Three crew members were killed after the plane was hit by a ground-to-air missile. The cargo-pusher, Eugene Hasenfus, whose job was to push the military equipment from the aircraft while airborne, had carried a parachute with him, and parachuted from the falling aircraft. He survived, was captured, and testified to Nicaraguan authorities about his CIA connections.

conducted one of their “investigations,” and then requested that U.S. Attorney Edwin Meese recommend to the U.S. Court of Appeals in Washington appointment of an Independent Counsel (December 1986) to investigate further.

Authority for Independent Prosecutor

Authority for the appointment of an independent prosecutor to investigate misconduct, criminal and treasonous activities of high officials in the executive branch was granted in 1978, following the Watergate affair. Congress passed the Independent Counsel Act,¹⁷⁹ providing for the appointment of an independent prosecutor to investigate crimes by high federal officials, *but exempted themselves from being investigated*. The mechanics of the legislation provided that the Judiciary Committee of either the House or Senate must request the U.S. Attorney General to submit a request to three judges on the Washington, D.C. Court of Appeals for the appointment of an Independent Counsel.

The Attorney General then decides whether to comply with the request. If the Attorney General does submit a request to the three-judge panel, the panel then decides what law firm or lawyer will conduct the investigation. There are several judges on the Washington Court of Appeals who played key roles in October Surprise and the Iran and Contra operations. One of these judges is Lawrence Silberman.

A disadvantage of the Independent Prosecutor is that the lawyer selected may be unqualified and without sufficient experience to conduct a criminal investigation. The lawyer selected to act as Independent Prosecutor may be biased or have hidden interests, and often has profitable ties to the Justice Department, CIA, or other government entity. The lawyer will rarely jeopardize these lucrative ties. The lawyer selected may be a former Justice Department employee still loyal to the mindset of that agency.

Limiting the Risks

Meese made the request, limiting the investigation to determining which of the people who gave testimony to Congress had either lied or withheld evidence. Meese himself was implicated in the Iran and Contra operations and had a vested interest in insuring cover-up of the sordid operation. Court of Appeals judges selected former head of the American Bar Association, Lawrence Walsh, an 80-year-old Oklahoman, to conduct a limited investigation as Independent Counsel. The investigation focused on personnel assigned to the White House, the National Security Council, and the CIA.¹⁸⁰

¹⁷⁹ Legislation was enacted in 1978.

¹⁸⁰ Among those who were investigated were Caspar Weinberger (Secretary of Defense); George Schultz (Secretary of State); George Bush (Vice President of the United States); Edwin Meese (Attorney General); Donald Regan (White House Chief of Staff); John Poindexter (National Security Advisor); William Casey (CIA Director); Alton Keel (Poindexter’s deputy); Robert McFarlane (National Security Advisor); Elliott Abrams (Assistant Secretary of State); Duane Clarridge (CIA Chief of European operations); Clair E. George (CIA); Alan G. Fiers, Jr. (Head of CIA Central American Task Force); Richard V. Secord (retired Air Force Major General); Thomas G. Clines (CIA contract agent); Joseph F. Fernandez (CIA station chief in Costa Rica); Oliver L.

Walsh eventually filed charges against many of them. Caspar Weinberger was indicted on June 16, 1992, on charges of obstruction of justice and of Congress, perjury, and false statements to Iran-Contra investigators. Duane Clarridge was indicted on November 26, 1991, on charges of perjury and making false statements to Congress. Oliver North was found guilty on May 4, 1989, of altering and destroying government documents, aiding and abetting, and obstruction of Congress. This case was dismissed on the technicality that he was immune against prosecution on the basis of testimony given to Congress.

Claire George was indicted and found guilty on December 9, 1992, of making false statements and perjury before Congress. Elliott Abrams was indicted and pled guilty on October 7, 1991, to withholding information from Congress. Alan Fiers, Jr., pleaded guilty on July 9, 1991, to withholding information from Congress. Robert McFarlane was indicted and pled guilty on March 11, 1988, to withholding information from Congress. Thomas Clines was charged and found guilty on September 18, 1990, of tax-related crimes and sent to prison.

Richard Secord was charged and pled guilty on November 8, 1989, to making false statements to Congress. Albert Hakim was charged and pled guilty on November 21, 1989, to supplementing the salary of Oliver North. Carl Channell pled guilty on April 29, 1987, to conspiracy to defraud the United States. Richard Miller pled guilty on May 8, 1987, to conspiracy to defraud the United States. John Poindexter was found guilty on April 7, 1990, of conspiracy, obstruction of justice, and making false statements to Congress. Joseph Fernandez was charged but the case dismissed on November 24, 1989, after the CIA refused to turn over documents relevant to his defense.

Vice President George Bush denied any knowledge of the Iran-Contra affair until it was made public in the American mainstream media in December 1986, just as he denied his involvement in October Surprise. My CIA contacts described Bush's heavy involvement in Central America operations in which drug trafficking constituted a major role. Testimony and numerous books describe Bush's long-time involvement in the Central America operations. Felix Rodriguez, known to be involved with the entire sordid operation, reported regularly to Bush in the White House.¹⁸¹ Many of North's notes referred to the drug trafficking, relying upon the drug profits to fund other elements of the operation.

The large-scale smuggling of arms out of the United States to Central America and return flights loaded with drugs surely were not unknown to Justice Department officials, to the CIA, to Customs, or the Drug Enforcement Agency in the Justice Department. My CIA contacts that were part of the operation detailed how they continued in their CIA-related drug traffick-

North (Marine Corps officer and staff member of the National Security Council); among others.

¹⁸¹ Statements made to the media by Americans and Israelis involved with the operation; highly documented books, including *Honored and Betrayed*, by former Air Force Maj. General Richard Secord; Felix Rodriguez, a former CIA operative, was in frequent telephone contact with Bush, and described these contacts.

ing unmolested.

Secord and others ran a private company selling arms to Iran, making huge profits, which they put into private bank accounts in Europe. My CIA contacts state that many in this same group managed CIA drug trafficking operations in Central America and in the Golden Triangle area.¹⁸² Poindexter was charged with obstructing and conspiring to obstruct justice, and making false statements to Congress. North was convicted of aiding and abetting obstruction of Congress, destroying Security Council documents and accepting an illegal gift.

Aside from the cover-up of the sordid aspects of the so-called Iran-Contra affair there are some contradictions to the prosecution of these people, arising out of their withholding of information from Congress and false statements. For example:

- Members of Congress have engaged in cover-ups, obstruction of justice, falsification of hearing records, and other crimes for years.
- Members of Congress have obstructed the reporting of federal crimes involving key federal officials and covert government operations as a standard practice. I repeatedly petitioned Congress to introduce my testimony and evidence and that of our group of CIA and DEA whistleblowers.
- Members of Congress routinely cover up for serious crimes discovered during closed-door hearings and then issue reports omitting the criminal and even treasonous misconduct established by the testimony of insiders.

Criminal Cover-Up by Independent Prosecutor

Walsh spent over \$40 million focusing on the relatively minor issues of who knew about the arms for hostages and who withheld information from Congress. Walsh focused for six years on these trivial issues, while covering up for the hard-core drug trafficking into the United States as part of the Contra operation. He also covered up for the genesis of Iran-Contra: the October Surprise scandal. Walsh committed acts far more serious than the people he charged with federal crimes. He covered up for treasonous and criminal activities.

In early 1992, I mailed several petitions to Independent Prosecutor Lawrence Walsh including transcripts of sworn declarations by some of the CIA and DEA whistleblowers, requesting that he receive our testimony and evidence, which he was required to receive as a matter of law. He never answered.

The petition and declarations exposed corrupt activities by federal officials including the Iran and Contra operations, October Surprise, CIA and DEA drug smuggling, looting of savings and loans, Chapter 11 corruption, and the criminal activities in the federal courts where he was once a federal judge and federal prosecutor. He ignored it all, covering up for crimes against America.

¹⁸² Burma, Laos, Thailand.

Presidential Pardons

Casper Weinberger, former Defense Secretary, was scheduled to stand trial in January 1993 on charges of perjury, making false statements to Congress, and obstructing Congressional investigators. His testimony would implicate President George Bush and other high federal officials. Shortly before the trial was to start, Bush executed a Christmas Eve pardon for Weinberger, forestalling that risk. He also pardoned Duane Clarridge; Clair George; Robert McFarlane; Elliott Abrams; and Alan Fiers, Jr.

Repercussions if Pardons Not Issued

If Bush had not issued these pardons, the danger existed that the sordid parts of the Contra operation would surface, including the drug trafficking into the United States. Further, former President Ronald Reagan's involvement would probably have surfaced.

After Bush issued his pardon, I sent another certified letter and petition to Walsh, again putting him on notice of the criminal activities associated with the Contra operation, attaching copies of secret government documents supporting some of the charges.

I should have saved my time; many state and federal investigators sent boxes of evidence to Walsh showing crimes far worse than those that he identified and prosecuted. He was simply repeated the practice of prior independent prosecutors in addressing only the minor issues and insuring that the hard-core criminal activities involving high-level government figures remain hidden. IRS investigators, and state investigators in Arkansas, sent boxes of evidence to Walsh proving that the Iran-Contra figures were involved in criminal and subversive activities against the United States.

The following is a copy of part of the petition that I sent to Walsh:

December 27, 1992

Mr. Lawrence Walsh, Independent Prosecutor
Office of Independent Counsel, Suite 701 West
555 Thirteenth Street, NW
Washington, DC 20004 Certified: P 888 324 857

Dear Mr. Walsh:

This letter and the enclosures address the Iran-Contra affair that you were hired and paid to investigate. I had several times offered to present evidence to you concerning the hard-core criminal acts associated with Iran-Contra, and you refused to receive the evidence. In your investigation you chose to limit your investigation, similar to limiting the investigation of Murder Incorporated to parking ticket violations.

While you deserve credit for objecting to President Bush's pardons, you share blame for cover up of the serious Iran-Contra violations of federal law, the arms and drug trafficking into and out of the United States by the network, and of the treasonous and subversive October Surprise operations which you chose to cover up, and which were the genesis of Iran-Contra.

This letter, and the attachments, again puts you on notice and under federal criminal statutes and constitutional right to petition government, demands that you receive the testimony and evidence of myself and the parties who have knowledge of the criminal activities of which Iran-Contra and October Surprise are only a part. (I won't hold my breath waiting for you to meet your duty.)

The enclosed documents include Secret Service agent reports as received by the CIA, prior to their alterations to accommodate the cover-up. The information that I have is that the Secret Service reports were routed through deep-cover CIA officer Gunther Russbacher, who then placed the initials of one of his CIA-provided aliases on many of them: RAW, standing for Robert Andrew Walker, who also operated a number of cover CIA financial proprietaries.

The documents not only support the charges that October Surprise did in fact occur, but also provide information on the Iran-Contra affair.

Significance of Dates on the Secret Service Reports

The correct dates and aircraft have great significance:

1. If Bush arrived by aircraft at Washington National Airport on Sunday, October 19, 1980, it would indicate Secret Service personnel lied (as well as George Bush) when reporting that Bush never left the Washington area on the December 19, 1980 weekend. (Wouldn't the false statements also be shown by an October 18, 1980, arrival by aircraft in the Washington area?)

2. If Bush arrived via a United Arab Emirates BAC 111, and several CIA operatives and contract agents testified (and declared in sworn declarations) that Bush and others departed Washington for Paris in a UAE BAC 111 on October 18, 1980, it appears that Bush returned to Washington on the same aircraft.

3. It would indicate that the several dozen people who testified before Congress and in federal court; CIA operative Gunther Russbacher who made sworn declarations that I have in my possession; and those who described to investigative journalists and book authors particulars of the October Surprise operation, were truthful about the October Surprise operation.

4. If the hard-core October Surprise conspiracy and its implications were exposed to the public, the consequences would be endless. Other criminal activities arising from the operation would surface. The felony persecution of whistleblowers and informants would be exposed, as well as the perennial cover-up and obstruction of justice by members of Congress. Key personnel in all three branches of government would be shown implicated in the October Surprise and related criminal enterprises, culminating in a political disaster of unknown consequences.

Determining the Validity of the Disputed Reports

It is very important to the United States to determine the truth in this matter. A cover-up will simply escalate the criminal mindset that has escalated in the federal government. Numerous people have copies of the Secret Service reports that I sent to you, showing George Bush arriving at Washington National Airport on the evening of October 19, 1980 in a UAE BAC 111. These reports have the initials, RAW, in the upper right hand corner.

My investigation indicates that the initials "RAW" stand for Robert Andrew Walker, an alias provided by the CIA to Gunther Russbacher, reportedly a deep-cover CIA and Office of Naval Intelligence officer. I recently questioned Russbacher about these reports, whether the initials were his, and whether the October

19, 1980 dates and the United Arab Emirates BAC 111 information were the same as when he first initialed the reports. He confirmed that the facts on my reports are the same as when the reports came to him.

Russbacher stated that he placed the initials, RAW, in the upper right hand corner of the Secret Service reports when the reports came to him at the Central Intelligence Agency at Langley, Virginia. Apparently the reason the reports came to him was that he was present at several activities related to the October Surprise operation. I have previously sent to Congressman Hamilton partial transcripts of Russbacher's sworn declarations describing the October Surprise activities in which he participated.

If Secret Service agents were on board that flight, then it would indicate further that a coup against the United States did take place, and that the Secret Service (and many others) are now trying to deny that fact. The only way to establish which Secret Service reports are correct and which are forgeries is to have Russbacher testify in open hearings before the Senate October Surprise committee. Russbacher has advised me that he is willing to testify how and when he received these Secret Service reports; that the October 19, 1980 date was on these reports when he first saw them at the CIA; and the role that he played in the October Surprise operation.

If the hearings are closed to the public, then the usual Congressional cover-up will prevail. If you remember, I'm a former federal investigator who is well familiar with the pattern of cover-up, obstruction of justice, altering documents and reports. I have reported these crimes for years, with the felony cover-ups escalating in frequency and severity. Based upon my knowledge over the past thirty years, lying, perjury, obstruction of justice, are routine practices by many in federal government. I describe these acts in my various books and in prior federal court filings.

Russbacher's Credibility

Russbacher's credibility has been established to my satisfaction, and can be established in numerous ways:

- He has given me many hours of sworn declarations in deposition-like questioning relating to the specific October Surprise operation in which he was ordered to participate by his superiors (in addition to other CIA operations that have inflicted great harms upon the United States). During the past two years I have questioned Gunther Russbacher extensively, during a minimum of 200 hours of deposition-like questioning, uncovering facts supporting the criminal activities against the United States.
- Russbacher has tried to give testimony to Congress concerning some of his CIA activities, including the October Surprise operation, and is willing to do so at this time. These efforts have and are being made with full recognition that if he commits perjury the present Justice Department staff and the past three U.S. Attorney generals (all of whom are implicated in the crimes) would promptly charge him with criminal perjury. The Senate and House October Surprise committees had a duty to obtain his testimony, rather than fabricate excuses for not doing so.
- The tone, the conditions under which Russbacher gave me the sworn declarations, and the specifics in these declarations, strongly suggests the truthfulness of these sworn statements. The sworn declarations contain data on the October Surprise activities that have never before been exposed. The declarations coincide with facts that came out a year and two years later, including those in Gary

Sick's October Surprise and Ari Ben-Menashe's Profits of War.

- Locations of meetings that have never before been exposed. Ari Ben-Menashe confirmed the meeting site when I told him of the meeting in Barcelona at both a hotel and the PepsiCo International Headquarters building. It is my belief that most if not all of Russbacher's statements and sworn declarations made during the past two years are true, and coincide with statements made to me by Ari Ben-Menashe and by numerous investigative journalists and authors.

Federal Crimes Against U.S. Reported By Russbacher

In numerous deposition-like sessions, Gunther Russbacher had declared under oath the following activities related to the October Surprise operation (and much more):

- Description of several of the secret October Surprise meetings by a deep-cover CIA officer who was present, including the key Barcelona meetings that have not been publicized before. When I made reference to the PepsiCo meeting site it refreshed the memory of Ben-Menashe and he confirmed the meeting site.
- The people who were on board the flight to Paris on the October 19, 1980 weekend were identified as including four or five Secret Service agents,¹⁸³ George Bush, William Casey, Donald Gregg, Robert McFarlane, and others.¹⁸⁴ If Secret Service agents were on board that flight, as Russbacher's sworn declarations state, it would be understandable that Treasury Department officials are desperately trying to discredit the Secret Service reports allegedly received at the CIA showing that Bush flew into Washington National Airport on Sunday evening, when he and the Secret Service claim he never left the Washington area.

Prima Facie Evidence Of October Surprise Operation

- Specific statements by dozens of witnesses interviewed by investigative journalists and authors, detailing segments of the October Surprise operation, who have nothing to gain by their statements.
- Testimony given to the House and Senate October Surprise committees by people who were in a position to know; who had nothing to gain; and who risk prison through criminal perjury charges if the testimony was false.
- Refusal by certain individuals to deny their role in the October Surprise operation when I questioned them in writing. These people and firms include PepsiCo International Corporation; PepsiCo official Peter Van Tyne; Pierre Salinger, who has copies of the French Secret Service report of the Paris October 19, 1980 meetings; French President Francois Mitterrand, who refused to provide copies of the French Secret Service reports; refusal of members of Congress to receive testimony and evidence offered by me in petitions, relating to the multiple criminal activities.
- Outright misstatement of facts by the House and Senate October Surprise

¹⁸³ If Secret Service agents were actually on board that flight, the coup against the United States takes on wider dimensions, explaining the discrepancy between the Secret Service reports showing Bush flying into Washington National Airport on the evening of October 19, 1980, in contradiction to Bush's arrival the night before.

¹⁸⁴ The other passengers reportedly on the BAC 111 to Paris included, among others, Senators John Tower (Iran-Contra cover-up chairman); John Heinz; Congressman Dan Rostenkowski; Jennifer Fitzgerald.

committees, and using phony reasons to discredit people testifying to what they saw.

- Obstructing a thorough investigation by members of Congress, Justice Department officials, U.S. Attorney generals, including threatening and prosecuting informants.

Pattern Of Felony Cover-Up

- Pattern of felony persecution¹⁸⁵ of informants and whistleblowers by corrupt Justice Department prosecutors and federal judges, as felony retaliation is inflicted upon people offering testimony. The pattern of felony retaliation by a conspiracy of federal prosecutors and federal judges have been inflicted upon:
- CIA contract agent Richard Brenneke, charged with perjury when he testified to his role in the October Surprise operation and having seen George Bush and Donald Gregg at the Paris meetings.
- CIA contract agent Michael Riconosciuto, threatened by Justice Department officials if he testified before Congress concerning the Inslaw corruption and October Surprise. The threats were then carried out against him and his wife, as threatened. Importing a CIA prosecutor specifically for the purpose, Justice Department personnel prosecuted Riconosciuto and caused him imprisonment. As warned by Justice Department official Videnieks, Riconosciuto's wife lost custody of her three children and she was imprisoned for removing them to a safer location.
- CIA operative Gunther Russbacher, falsely charged with money offenses while operating covert CIA financial proprietaries and given 21 years in prison for a \$20,000 offense in which no monetary loss was suffered by anyone, in which he pleaded nolo contendere, and in which there was never a trial; 18 months in prison for [misuse of government purchase orders while a CIA operative.] Arrested at Castle Air Force Base for allegedly impersonating a Naval Officer, after debriefing his CIA superiors concerning a secret flight of SR-71s to Moscow on July 26, 1990.
- Informant and whistleblower Rodney Stich, repeatedly threatened and imprisoned since mid-1987, as corrupt federal judges¹⁸⁶ and Justice Department

¹⁸⁵ Title 18 U.S.C. § 1512. Tampering with a witness, victim, or an informant—

(b) Whoever knowingly uses intimidation or physical force, or threatens another person, or attempts to do so, or engages in misleading conduct toward another person, with intent to—

(1) influence, delay or prevent the testimony of any person in an official proceeding; shall be fined...or imprisoned...or both. [1988 amended reading].

Title 18 U.S.C. § 1513. Retaliating against a witness, victim, or an informant. (a) Whoever knowingly engages in any conduct and thereby causes bodily injury to another person or damages the tangible property of another person, or threatens to do so, with intent to retaliate against any person for—(1) the attendance of a witness or party at an official proceeding, or any testimony given or any record, document, or other object produced by a witness in an official proceeding; or (2) any information relating to the commission or possible commission of a Federal offense....

Title 18 U.S.C. § 241. Conspiracy against rights of citizens. If two or more persons conspire to injure, oppress, threaten, or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same;...They shall be fined...or imprisoned...or both.

¹⁸⁶ Including District court judges David Levi; Milton Schwartz; Raul Ramirez; Garcia; Marilyn Patel; Samuel Conti; the entire Ninth Circuit Federal Court of Appeals; Justices of the U.S. Supreme Court who knew and aided and abetted the corrupt and criminal acts of the

prosecutors retaliated against me for filing federal actions reporting the federal crimes (in which their group and they were implicated).

- Ari Ben-Menashe, high-ranking officer in the Mossad, possessing information concerning the October Surprise operation and other corrupt acts against the United States in which present federal officials were implicated. He was falsely charged by Justice Department officials in an attempt to silence and discredit him.

The criminal mindset of those now in control of the Justice Department, and in control of the federal judiciary, is reflected by these repeated prison sentences inflicted upon informants and whistleblowers, in retaliation for reporting the criminal activities previously brought to your attention, to Congressman Hamilton's attention, and to every senator in the U.S. Senate. Since 1987, and continuing at this very moment,¹⁸⁷ corrupt federal judges and Justice Department prosecutors are threatening to put me in federal prison in retaliation for filing a federal action reporting certain segments of the criminal activities that I have repeatedly brought to the attention of your committee and others via petitions.

My Credibility

My findings and determinations have considerable credibility:

- Former federal investigator holding federal authority to make such determinations, possessing evidence supporting many of my charges, including judicial records which establish the felony persecution of informants and victims by Justice Department prosecutors and federal judges.
- Private investigator for many years expanding my investigations into other and related areas of criminal activities against the United States and its citizens.
- Author of several books exposing government corruption through specific examples, based upon hard evidence and judicial records, having devoted thousands of hours and many years of investigations to this cause.
- Victim of the criminal activities seeking to obstruct justice, as rogue Justice Department personnel, federal judges, cooperating law firms and lawyers, targeted me for the past decade, misusing the judicial process, blocking my reporting of the crimes, and retaliating against me for exposing the criminal activities of which they were a part. These crimes were committed while a majority of the U.S. Senate and House withheld their duty to act, and thereby became accomplices.
- Statements and sworn declarations given to me by deep-cover CIA operatives and contract agents, describing the pattern of criminal activities that I have made reference to in prior petitions to members of Congress and which I have entered into judicial proceedings.
- Over 1,800 radio and television appearances since 1978, in which my reports of corruption have been given major credibility.
- Judicial records confirm many of my charges, especially relating to criminal acts related to a series of airline crashes; the pattern of corruption in Chapter 11 courts; the pattern of felony cover-up and felony persecution of informants by Justice Department personnel and federal judges.

judges over whom they have supervisory responsibilities and duty to act.

¹⁸⁷ U.S. District Court, N.D. Cal. Nr. 90-0636 VRW.

Obstructing Justice And Misstating the Facts

Federal crime reporting statutes make it a federal offense if any person, knowing of a federal crime, does not promptly report it.¹⁸⁸ Justice Department personnel and federal judges have perverted this requirement by retaliating against informants, whistleblowers and victims who seek to report aspects of these various criminal activities.

It is a federal crime if anyone retaliates against an informant or victim, as Justice Department prosecutors and federal judges have done. It is a federal crime for a federal officer, such as a member of Congress or a Congressional committee, to refuse to receive evidence offered by an informant or victim.

- It is a federal crime to refuse to provide relief to an informant or victim who is suffering such retaliation, especially when the retaliation is perpetrated by a federal employee and agency over whom members of Congress have oversight responsibilities.
- It is a federal crime to misstate the facts in a federal report, and this includes Congressional committees, and that includes the House and Senate October Surprise Committees. As a former federal investigator, it is obvious that these Committees are engaging in a felony cover-up, withholding of evidence, misstating the evidence.

Determination Of Which Secret Service Report Is Correct

As part of the long-time effort to expose the escalating pattern of criminal activities against the United States by corrupt federal officials, I have repeatedly discovered federal officials falsifying documents, covering up for documents, misstating the facts, showing that perjury by federal personnel and falsified federal documents are normal cover-up tactics. In evaluating whether Congressman Hamilton's copy of the Secret Service reports, or my CIA related Secret Service reports, are accurate, the following actions should be taken:

- Obtain the testimony of Gunther Russbacher concerning these reports, in open hearings, and giving the media access to him before and after his testimony.
- Allow the CIA operatives to testify,¹⁸⁹ and compare their testimony, as it relates to October Surprise and peripheral activities.
- Obtain the sworn testimony of the Secret Service agents who were with Bush from October 18 through October 20, 1980, in open hearings, making it clear that the Justice Department (in the next administration) and an independent prosecutor (if the statute is renewed) will prosecute for criminal perjury if the statements are false.
- Consider the overwhelming pressures upon Secret Service agents (and others), to lie, concerning their observation of Bush's activities from October 18, 1980 to October 20, 1980, and their knowledge of the October 19, 1980 report date.
- Obtain CIA records and testimony relating to the routing of the Secret Service report that Russbacher initialed.

¹⁸⁸ Title 18 U.S.C. § 4 (misprision of felony). Whoever, having knowledge of the actual commission of a felony cognizable by a court of the United States, conceals and does not as soon as possible make known the same to some judge or other person in civil or military authority under the United States, shall be fined not more than \$500 or imprisoned not more than three years, or both.

¹⁸⁹ Gunther Russbacher; Michael Riconosciuto; Richard Brenneke.

Obstruction Of Justice By House “Investigative” Committee

It is my evaluation that Congressman Hamilton’s October Surprise Committee will continue to cover up and obstruct justice in relation to the October Surprise matter:

- Agent Pedersen, on loan from the Treasury Department, seeks to protect the Secret Service’s involvement in the October Surprise operation.
- Credible witnesses such as former Mossad staff officer Ari Ben-Menashe, CIA contract agents Richard Brenneke and Michael Riconosciuto, who testified under risk of criminal perjury charges, were dismissed by simply calling them not creditable, and giving sham reasons that only a gullible public could swallow.
- Credible deep-cover CIA whistleblowers, such as Gunther Russbacher, are not given the opportunity to testify, eliminating one of the primary sources of establishing the existence of the October Surprise operation and its many tentacles.
- Conducting closed hearings to prevent the public discovering the crimes against the United States on the basis of testimony offered, or the refusal to ask questions that would result in the answers establishing the crimes. This is a standard Congressional tactic of many years.
- Aiding and abetting the felony persecution of informants by corrupt Justice Department officials and federal judges, as a part of the pattern of felony obstruction of justice by Congressional “investigative” committees.
- Refusing to receive testimony and evidence relating to the petition that I submitted, including the declarations of Russbacher and myself, describing the criminal activities that both of us discovered while we were federal employees.

Cover-Up By Senate “Investigative” Committee

As a former federal investigator my evaluation of the November 19, 1992 Senate October Surprise report is that it is a blatant and felonious cover-up, misstating the facts, omitting key facts, refusing to have key witnesses testify, for the purpose of cover up and of course, obstructing justice.

The report discredits the many witnesses who testified to what they witnessed in their participation in the October Surprise operation. They had nothing to gain by their testimony and risked imprisonment on charges of perjury. Many knew the fate of Richard Brenneke and Michael Riconosciuto when they testified, and yet they had the courage to come forward. Deep-cover CIA officer Gunther Russbacher is suffering greatly from his attempts to report the great crimes committed against the United States in the October Surprise and other criminal activities.

I have been stripped of my multi-million dollar assets and have been subjected repeatedly, and at this time, to criminal contempt of court in retaliation for seeking to report the crimes that you cover-up, and for seeking relief from the great harms inflicted upon me by criminal misuse of the agencies over which you have oversight responsibilities. These criminal acts and outrages reflect the subversive activities rampant in the United States and made possible by your cover-up.

My book describes the felony cover-up by members of Congress, Justice Department personnel, others, including Independent Prosecutor Walsh, and describes the criminal aiding and abetting of activities that are destroying the United States form of government from within.

Responsibilities Of Members Of The Committee

- Obtain Russbacher’s testimony in open hearings. He has repeatedly stated, and

reconfirmed it today, December 26, 1992, that he is ready to testify concerning:

- The CIA origin of the Secret Service reports that I mailed to Congressman Hamilton.
 - The specific details of the October Surprise operation in which Russbacher was ordered to participate by his CIA superiors, including meetings in Barcelona and Paris; the shipment of arms after the Barcelona meetings; where the arms were obtained; how they were shipped; names of people involved in the shipping of the arms; names of those on the BAC 111 to Paris on the October 19, 1980 weekend.
 - With immunity, he would be willing to testify to other activities in which he was ordered to participate, that have inflicted great harms upon the United States. These activities include looting of financial institutions (many of the participants still escape prosecution because of CIA and Justice Department involvement, and especially in the Denver area, involving the many financial institutions related to Metropolitan Development Corporation); CIA drug trafficking in the United States (and the cover-up of these activities at Mena, Arkansas, by president-elect Bill Clinton); the CIA role in the BCCI banking scandal; and others.
 - Obtain my testimony and evidence in open hearings, relating to the direct and indirect knowledge that I have of these criminal activities.
 - Obtain the testimony of other CIA operatives, whose testimony would reinforce that of other informants.
 - Include as part of your “investigation” the contents of my manuscript which shows the intricate relationship between the various criminal activities.
- This is a request that you include in the final report of your October Surprise “investigation” the comments made in this and earlier letters.

Sincerely,

Rodney Stich

Enclosures:

October 3, 1980 CIA: “Proposal to Exchange Spare Parts With Hostages.”

October 9, 1980 Department of State: “Approach on Iranian Spares.”

October 21, 1980 Department of State: “Talk with Mitch Regovin.”

October 29, 1980: “Two Related Items on Iranian Military supply.”

October 1980 Secret Service reports: Bush’s security detail.

June 3, 1983(?) CIA: Release of Hostages.

July 5, 1985: “New Developments on Channel to Iran.”

August 19, 1985: “Status of Hashemi-Elliot Richardson Contact.”

Continuing Cover-Up and Public Relations “Investigation”

Walsh refused to receive my testimony and evidence, and that offered by Gunther Russbacher. He also refused to act, or even make reference to boxes

of documents sent to him by Arkansas and congressional investigators proving the existence of massive drug trafficking into the United States as part of the Contra operation.

Silencing the Christic Institute

The public-service-oriented Christic Institute based in Washington, D.C., investigated the atrocities associated with CIA activities in Central America and filed a federal lawsuit against White House officials who were implicated. Their complaint stated numerous federal causes of actions invoking mandatory federal court jurisdiction. But the Christic Institute encountered the same judicial obstruction of justice that I had encountered, and similar retaliatory actions. The U.S. District Judge unlawfully dismissed the case and then ordered the Christic Institute to pay one million dollars damages for having exercised their constitutional and statutory right to file the action and report the criminal activities. The Christic Institute filed an appeal and was ordered to pay additional sanctions for exercising that right. The Justices of the U.S. Supreme Court approved this judicial misconduct by refusing to provide relief, just as the Supreme Court Justices had done to me.

Eliminating the Independent Prosecutor

Toward the end of 1992, as the number of crimes directly involving federal officials escalated to an unprecedented number threatening Justice Department and White House officials, as well as members of Congress, the Independent Prosecutor authority was allowed to expire. Congress refused to renew it. Republicans were under great threat of exposure from a decade-long pattern of corruption and they threatened to filibuster if a vote was taken to renew the legislation. Democrats were also threatened for their role in numerous scandals and didn't press the matter. Further, the legislation carried a provision that an independent prosecutor could also investigate members of Congress.

Final Report by Independent Prosecutor Walsh

The final report by Independent Prosecutor Walsh was sent on August 5, 1993, to a special tribunal of the federal appeals court in Washington, D.C. Copies of the report were sent to the parties named in the report with an opportunity to object. The special tribunal, headed by Judge David B. Sentelle, gave these parties until December 3, 1993, to raise objections to Walsh's findings.

Walsh's report, avoiding the ugly nature of the ongoing criminality, did identify some of the parties. The report stated that President Reagan, former Attorney General Edwin Meese, and former Defense Secretary Caspar Weinberger engaged in a "broad conspiracy" to conceal the criminal activities.

Walsh avoided revealing to the American people the ugly side of the Iran-Contra affair, including the massive drug trafficking into the United States by U.S. intelligence agencies and the Mossad. The CIA-DEA drug smuggling into the United States has greatly contributed to the worst crime wave America has ever experienced.

Documentation Relating to Operation Magg Pie

The secret, unlawful arms-for-hostages conspiracy carried the code-name Operation Magg Pie. One CIA document dated May 20, 1986, signed by CIA Director Bill Casey, and related to a flight from Tel Aviv to Teheran that received considerable Congressional attention. This was the flight carrying a cake and dueling pistols for Iranian officials. A key reference was to the two pilots who would fly the plane from Israel's Ben-Gurion Airport to Teheran. These two pilots were John Robert Segal (CIA) and Gunther Karl Russbacher (ONI). The memorandum, written six months before the U.S. press publicized the Iran-Contra activities, showed George Bush as receiving a copy. Bush repeatedly denied knowing anything about the arms-for-hostages until after the November 1986 media publicity.

Another document from the National Security Agency dated May 30, 1986, relating to Operation Magg Pie, written by Oliver North to Admiral John Poindexter, NSA, showed Vice President George Bush being advised of the operation.

Still another document, this one from the Israeli government, identified Gunther Russbacher as one of the pilots on Operation Magg Pie. The Israeli letter listed the names of U.S. personnel who were at Tel Aviv's Ben-Gurion Airport in May 1986.

There was also the record from Offutt Air Force Base at Omaha, Nebraska describing Russbacher's stay at that high-security base, listing him as captain in the U.S. Navy and showing the authorizing government agency as CincPac, along with his serial number, 441 40 1417.

Members of Congress who stated Russbacher was a phony knew almost all these documents, showing Russbacher as a key officer with the Office of Naval Intelligence. The prosecutors and officials in the U.S. Department of Justice, who continued to prosecute Russbacher, knew of them. I brought them to the attention of state officials in Missouri who had caused Russbacher's imprisonment on the sham charge that he was impersonating a naval officer. The establishment press knew about the documents and maintained their usual duplicity of silence.



Gunther Russbacher, Bristol, England, August 1997



NATIONAL SECURITY AGENCY
CENTRAL SECURITY SERVICE
FORT GEORGE G. MEADE, MARYLAND 20755-6000

August 22, 1985

Robert C. McFarlane
National Security Advisor
Old Executive Office Bldg. Rm. 306
Washington, D.C. 20506

CONFIDENTIAL

Re: MAGG PIE

Dear Mr. McFarlane:

The first transaction on August 17, 1985 involved the sale of 100 TOW missiles. In return for the release of an undetermined number of United States citizens held hostage in Lebanon. The missiles were to be provided from the weapons stock of the Israeli Defense Forces.

We have agreed to replenish the Israeli weapons stock after the transaction with Iran is completed.

As of August 20, 1985, our DC-8 transport aircraft, piloted by Gunther K. Russbacher (ONI) and John R. Segal (CIA), along with Robert Hunt (ONI), Oliver North (NSC) and George Cave (CIA), flew from Israel to Iran loaded with 96 TOW missiles. (Rather than the agreed upon 100).

Contrary to the agreement as you know, none of the hostages were released.

Manucher Ghorbanifer contended that the TOWS were mistakenly delivered to the commander of the Iranian Revolutionary Guard rather than to the Iranian faction for whom they were intended.

Please respond to any clarifications.

Yours truly,

John M. Poindexter
John M. Poindexter

Deputy Director
National Security Council

cc: V-P Bush
William Casey

JMP/sv

The August 22, 1985, document from National Security Agency's John Poindexter to Robert McFarlane refers to the sale of missiles to Iran. Gunther Russbacher and Robert Hunt, two of my contacts, are named in the document.



NATIONAL SECURITY AGENCY
CENTRAL SECURITY SERVICE
FORT GEORGE G. MEADE, MARYLAND 20755-8000

September 20, 1985

Robert C. McFarlane
National Security Advisor
Old Executive Office Bldg. Rm. 306
Washington, D.C. 20506

CONFIDENTIAL

Re: MAGG PIE

Dear Mr. McFarlane:

Despite the failure of the first arms transaction, the Iran Initiative was continued. Our negotiators agreed, the United States, through Israel, would provide Iran with 400 TOW missiles. In return, the Iranians would arrange for the release of any U.S. hostage, except for Buckley.

The transaction was to take place in the same manner as the first. Israel would provide the missiles and the U.S. would later replenish the Israeli supply.

Lt. Col. Oliver North and Ltjg. Robert Hunt, on staff to the National Security Council, who in their official capacity were to make the necessary arrangement to receive any hostages who might be released.

On September 15, 1985, a DC-8, piloted by Gunther K. Russbacher (ONI) and John R. Segal (CIA) along with Oliver North (NSC) and Robert Hunt (ONI), Howard Teicher (CIA), flew to Tabriz, Iran, loaded with 408 TOWS. ON the same day, American hostage Benjamin Weir was released in Beirut on information and belief this transaction was effected to demonstrate the ability of the negotiators on each side to deliver by providing TOW missiles and releasing a hostage respectively.

On September 17, 1985, Manucher Ghorbanifer paid \$290,000 to the Israeli intermediary to cover the costs of transporting the TOWS. The following day, Iran paid \$5 million into Ghorbanifer's Swiss bank account at Credit Swiss, No. 913-216-83-7.

Any further clarifications or changes should be acknowledged.

Sincerely,

John M. Poindexter
Deputy Director
National Security Council

CC: V-P BUSH
WILLIAM CASEY

JMP/sv

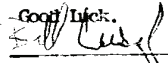
The September 20, 1985, document describes the arms-for-hostages scheme showing Israeli involvement, and identifying as ONI personnel Gunther Russbacher and Robert Hunt, and informing Vice President Bush of the scheme.

UNITED STATES GOVERNMENT

memorandum

DATE: 20 May 1986
REPLY TO
ATTN OF: Bill Casey HQ. CIA.
SUBJECT: Russbacher Karl Gunther ONI. Segal Robert John CIA.
TO: John Poindexter NSA.
RE. Operation MAGG PIE.

Please be advised these men will meet with agents Robert Hunt ONI, Bud McFarlane NSA, Oliver North NSA, George Cave CIA, and Howard Teicher also CIA. They will give complete briefing at TelAviv Ben Gurion airport. Pilot selection is now finale. If you have any questions please call me soon. We leave Sunday the 25. Im keeping my fingers crossed.

Good Luck.

Bill Casey CIA.

CC.
VP. Bush

May 20, 1986, document from CIA Director Casey to Admiral Poindexter, listing the names of intelligence personnel involved in the arms-for-hostages scheme, including Gunther Russbacher, and showing copy sent to Vice President George Bush.

UNITED STATES GOVERNMENT

memorandum

DATE: 22 May, 1986
REPLY TO: John M. Poindexter (NSA)
ATTN OF:
SUBJECT: MAGG PIE PROFS: 31305B 89

TO: William J. Casey, Hq. CIA

Bill:

This is a note for the funds that Oliver North (NSC) and Robert Hunt (ONI) have worked out on behalf of the Iranians to deposit \$15 million into an Enterprise bank account, and an additional deposit of \$1.46 million was made to the Enterprise account to cover 508 additional TOWS which were to be provided to Israel as replenishment for the previous Israeli TOW shipments.

Of the approximate \$16.5 million, the Enterprise received for this hardware, the agents caused only \$6.5 million to be paid to the United States to cover the cost of the HAWK spares parts and the 508 TOWS, leaving a profit for the Enterprise of almost \$10 million. If you have any questions, please call me at the executive office building.

Yours truly,


John Poindexter

cc: V-P Bush
O. North

May 22, 1986, document from Poindexter (NSA) to CIA Director William Casey describing receipt of money from the sale of missiles to Iran, the profits, and the deposit of funds by Oliver North (NSC) into a private bank account.

UNITED STATES GOVERNMENT

memorandum

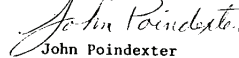
DATE: 27 May, 1986
REPLY TO: Mr. John M. Poindexter, NSA
ATTN OF:
SUBJECT: MAGG PIE PROFS: 31305B 90

TO: William J. Casey, Hq. CIA

Bill:

Several days after the last of Khashoggi's payment was deposited in Lake Resources account - number 386-430-22-1, Agents Robert Hunt (ONI) and Oliver North (NSC) worked on Albon Valves - a shell company for additional funding. They deposited \$26,490 to an account named "Korel." Four days later, Hyde Park Square, another account dispensed \$200,000 as capital for the Button Account set up for Robert Hunt, Oliver North, George Cave, Howart Teicher, Gunther Russbacher and John Segal and their families. We considered the personal benefits of these agents. These accounts must be kept confidential for security reasons.

Yours truly,



John Poindexter

cc: VP Bush
O. North

May 27, 1986, document to Bill Casey from John Poindexter listing the bank account number of a CIA proprietary, and showing money expended for arms. Also listed were some of the author's contacts. Further, the document shows Vice President George Bush being kept informed of the operation. (Bush repeatedly denied knowledge of the unlawful scheme, becoming an accomplice to the felony acts.)

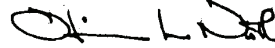
UNITED STATES GOVERNMENT
memorandum

DATE: 30 May, 1986
REPLY TO
ATTN OF: Oliver L. North NSA.
SUBJECT: MAGG PIE. PROFS: 31305B86
TO: John M. Poindexter. NSA.

- Admiral

Their has been a problem in negotiations in Tehran. Manucher Ghorbanifar had assured us that we would be meeting with Hashemi Rafsanjani and president Ali Khamenei on this trip. Instead we met with Dr. No. and the Australian. During this meeting we were told that our pilots Russbacher Gunther Karl and Segal John Robert were being brought to our hotel. Agents Hunt Robert and Cave George had spoken to Robert McFarlane and had decided to cancel negotiations due to security and nature of this trip. Please get back to me on this as soon as possible. I will call you in the morning.

Semper Fidelis,



Oliver L. North

- CC:
VP. G. BUSH
CIA. W. Casey

May 30, 1986, document from Oliver North to Admiral Poindexter, showing Gunther Russbacher to be a part of ONI, with copy to George Bush. Significance is that Vice-President George Bush was not telling the truth when he denied knowledge of the arms-for-hostages actions.

OFFICE OF THE VICE PRESIDENT
WASHINGTON

June 16, 1986

Mr. John M. Poindexter
National Security Advisor
Old Executive Office Building
Washington, D.C. 20506**CONFIDENTIAL**

Dear Admiral Poindexter:

I would like to take this time to offer my gratitude and appreciation for your hard work and assistance in Operation MAGG PIE.

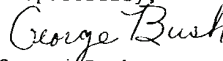
Your negotiations on our behalf have proven to be quite effective in obtaining the release of United States Citizens held hostage in Lebanon.

I would like you to personally thank Robert McFarlane for his willingness, daring and efforts in meeting with Iranian factions.

I would also like you to thank the Staff of the National Security Council, including Agents, Lt. Col. Oliver North (USMC), and Lt. Robert Hunt (USN) for their dangerous assistance and diligence, without which Operation MAGG PIE would never have been successful.

Finally, you must offer my gratitude to the C.I.A. and their Agents, George Cave, Howard Teicher, John Segal and Gunther Russbacher. These men are dedicated and blessed with the gift of courage. They truly believe in the pursuit of freedom for all mankind. May God bless you all.

Respectfully,


George BushGB/fr
cc: R. Reagan
W. Casey

June 16, 1986, letter from Vice President George Bush to John Poindexter referring to the arms-for-hostages scheme. Both Ronald Reagan and George Bush are shown as being sent a copy of this document. Reagan and Bush repeatedly stated they knew nothing about the arms-for-hostages scheme until after the November 1986 downing of a CIA aircraft in Nicaragua. This lying and the many others that followed in that and other administrations were many times worse than Richard Nixon's after-the-fact cover-up of a two-bit burglary.

Significance of the Government Documents

Watergate has been cited as one of the biggest scandals in the United States government by the CIA-protective *Washington Post* and members of Congress. But Watergate was a two-bit burglary by CIA and White House personnel, which President Richard Nixon sought to cover up after learning about it. It took months and months of drum beating by the *Washington Post* and related hyperbole as to its seriousness to bring down a president who was hostile to the CIA. Either the Iran or the Contra portions of the Iran-Contra scandal were many times more serious than the Watergate affair.

Not only did Ronald Reagan and George Bush cover up for these criminal activities but they participated in them as the operations developed (unlike Watergate where Nixon did not learn about the break-in until after the fact). Tens of thousands of people died as a result of the U.S. arming of Iran. The Contra operation included CIA-funded assassination squads intruding into the affairs of a foreign country and massive drug trafficking into the United States. Where were the *Washington Post* and the many other newspapers that exaggerated the Watergate affair? Where were members of Congress who piously condemned President Nixon? They were engaging in felony cover-up and obstruction of justice, and the public has paid and is still paying the price for the crimes of their leaders.

Stealing Aircraft

One of the little-known criminal activities involved with the arms and drug trafficking aspect of Iran-Contra was the theft of single and twin-engine general aviation aircraft. After the aircraft were stolen the registration numbers would be altered and then would be used for hauling arms to Central America and drugs on the return trips.

Gunther Russbacher had first told me about this operation. A former Federal Aviation Administration security investigator, Curt Rodriguez, also described the practice. He had discovered that many of the crashed drug-carrying aircraft had their manufacturer's identification plates removed, and then installed on aircraft stolen.

Rodriguez discovered this problem as he discovered single and twin-engine aircraft involved in drug trafficking. He told me that his FAA supervisors ordered him to stop investigating this matter, and not to make any reports relating to it. Rodriguez stated that when he ran an aircraft search through the FAA registry in Oklahoma City, on certain aircraft, Justice Department personnel would be notified of the check. He would then be ordered to halt his investigation. He felt that these aircraft were used by the CIA and other "intelligence" agencies for drug trafficking.

Oklahoma City investigative reporter and talk show host Jerry Bohlen also discovered the practice of stolen aircraft used by the CIA. Former CIA asset Terry Reed, who conducted flight training in Arkansas of Contra pilots, also writes about the practice, and that Oliver North and Attorney General William Barr were either aware of it or were involved in ordering the operation to occur. The CIA used their inside contacts with the FAA to determine what substitute aircraft registration numbers to use.

Project Donation

In some cases the theft of the aircraft occurred with the owner's permission. The scheme worked like this: The CIA would instruct people owning insured airplanes to report them as stolen, after allowing CIA personnel to take the aircraft. The owner would report the "theft" to the insurance company and then collect the insurance proceeds. This plan appealed to aircraft owners who had trouble selling their aircraft and wanted their equity out of it. This was called Project Donation. I remember seeing advertisements in various aircraft newspapers such as *Trade A Plane* seeking people who wanted to donate their aircraft. Reed describes how Oliver North explained the operation to him in 1983 when they met in Oklahoma City.

In some cases an insurance company that was a front for the CIA would carry the insurance directly or indirectly for the agency. When the donated aircraft disappeared the "theft" would be reported to the insurance company holding the original policy and then charged to the CIA-controlled insurance company that had earlier purchased the theft portion of the original policy. It is a common practice among insurance companies to buy the insurance coverage from an unsuspecting insurance company that issued the original policy.

CIA's Sordid History Subverting America

The CIA was legislated into existence in 1947 via the National Security Act while Harry Truman was president. The primary purpose of the legislation was to centralize intelligence material gathered by U.S. intelligence agencies. This need was made obvious by the disaster at Pearl Harbor in 1941. The Pearl Harbor debacle resulted in 2,500 deaths, loss of many ships and aircraft, and allowed Japan to escalate the global conflict that resulted in millions of deaths and atrocities. If White House and military officials had used street smarts in defending against that Pearl Harbor attack, Japanese aggression could have been prevented or halted. (I was a crew-member on a PB4Y aircraft at the time of the attack and was in Hawaii with replacement aircraft within two weeks.)

Of course, even then, the intelligence was available to people with a duty to react, but as usual, they didn't react. Even when radar showed hundreds of planes approaching Hawaii from the Northwest, nothing was done. The same can be said of the many Japanese messages that were decoded, showing that an attack was imminent. I was a young Navy radioman in a PB4Y squadron at that time, and saw the ineptitude that is no rarity in American culture, and certainly more so today.

CIA personnel refer to the Central Intelligence Agency as "The Company," the Agency, or the CIA, and these terms are used throughout these pages.

Intent Had Been Repeatedly Negated

The Aldrich Ames spy scandal is only one instance of how the CIA has failed in its legislated duties. This failure could have, and may still bring about catastrophic harm to the United States if a sufficiently powerful adversary took advantage of the internal CIA problems. As a result of Ames' treasonous acts, and the CIA's failure, or refusal, to halt Ames' activities, the CIA knowingly passed on to high-level planners in the United States information that the CIA knew was not accurate.

In evaluating the competency of the CIA to gather and evaluate intelligence, consider its competency or willingness to halt the incredibly harmful acts of this top agent. The CIA knew it had a spy in its top-level ranks, with access to highly sensitive documents and information. It surely knew that national security was being seriously harmed. It knew that: