

# THE INSLAW AFFAIR

**D**anny Casolaro, Michael Riconosciuto, Robert Booth Nichols, and others were mentioned rather prominently in the final House of Representatives Report #102-857 released to the public on September 10, 1992. The Investigative Report, put together by the Committee on the Judiciary headed by Congressman Jack Brooks of Texas, “The Inslaw Affair,” summarized a three year investigation into the theft of the PROMIS software from Bill and Nancy Hamilton, owners of Inslaw Corporation in Washington D.C. (The investigators who handled the three-year probe were listed on the Report as James E. Lewin, Chief Investigator, and John D. Cohen, Investigator.)

Two federal court judges and the House Judiciary Committee ultimately concluded that “the Department of Justice acted willfully and fraudulently” and “took, converted and stole” Inslaw’s enhanced PROMIS software by “trickery, fraud and deceit.”

The story of INSLAW is unparalleled in U.S. history, but it is far from over. The pendulum is swinging back and the world has not heard the last from the Hamiltons.

For that reason I have recorded notable facts from the “The Inslaw Affair” investigative report as well as Bill Hamilton’s personal account in this chapter for purposes of historical relevance.

The Hamilton’s nightmare began in the 1970’s when the Law Enforcement Assistance Administration (LEAA) an agency of the U.S. Department of Justice, funded Inslaw to develop a standardized management information system to assist local and state law enforcement offices across the country in recordkeeping and tracking of criminal cases. PROMIS (Prosecutor’s Management Informa-

tion System) was subsequently developed to meet criminal prosecutor workloads of large local prosecution offices; and by 1980, two of the largest U.S. Attorney's Offices were also using PROMIS software for both criminal and civil cases.

During the 1970s, Inslaw was a non-profit, tax-exempt corporation called the Institute for Law and Social Research and which was funded almost entirely through government grants and contracts. When President Carter liquidated LEAA, the Hamilton's Inslaw created a successor profit-making corporation, INSLAW, Inc., bought the assets of the predecessor Institute, and, in 1981, developed significant, privately-financed improvements to PROMIS and began commercially marketing the enhanced version of the software.

In March 1982, the Justice Department awarded Inslaw Inc. a \$10 million, 3-year contract to implement in the 22 largest U.S. Attorneys Offices an earlier version of PROMIS that the predecessor Institute had licensed in 1980 for two other large U.S. Attorneys Offices. However, the three-year contract became embroiled in controversy when the government demanded that INSLAW deliver under the contract a version of PROMIS that the new INSLAW, Inc. had developed in 1981 with private funds.

"The Inslaw Affair" report outlined the conflict on the question of whether Inslaw had ownership of its privately funded "enhanced PROMIS," which was installed at numerous U.S. Attorney's Offices after a 1983 modification to the contract. Justice officials initially recognized Inslaw's proprietary rights to any privately-funded enhancements to the original version of PROMIS, and even provided a letter to INSLAW to that effect in August 1982 following five months of meetings between Justice and INSLAW's lawyers. The bankruptcy court ruled, however, that by November 1982, ignoring its own August 1982 letter to INSLAW, Justice had launched a scheme fraudulently to induce INSLAW to deliver under the contract a later, privately-financed version of PROMIS.

Inslaw attempted to resolve the matter several times through negotiation but was met largely with indifference or hostility by Department officials. At the start of 1984, Justice cancelled part of INSLAW's contract for its own convenience while withholding payments due INSLAW on the remaining part of the contract. By February 1985, Justice had withheld at least \$1.6 million in pay-

ments, forcing INSLAW to file for Chapter 11 protection from its creditors. Both the bankruptcy and district courts ruled that Justice then sought “unlawfully and without justification” to convert INSLAW from Chapter 11 reorganization into Chapter 7 liquidation to incapacitate the Company from litigating. Department officials steadfastly claimed that the Inslaw controversy was merely a contract dispute that INSLAW had mischaracterized to the media.

As a result of media exposure, Inslaw’s owners, Bill and Nancy Hamilton, received information that eventually led them to believe that the Department’s actions were part of a high level conspiracy within Justice to steal the “enhanced” version of PROMIS.

Inslaw alleged that former Attorney General Edwin Meese and Deputy Attorney General Lowell Jensen forced Inslaw into bankruptcy by intentionally creating a series of sham contract disputes which provided a pretext for Justice to put financial pressure on INSLAW by withholding increasingly larger amounts of money due INSLAW for its work under the three-year PROMIS Implementation Contract with U.S. Attorneys Offices.

The Hamiltons maintained that, after driving Inslaw into Chapter 11 in February 1985, Justice officials immediately attempted to force the conversion of Inslaw’s status to Chapter 7 (Liquidation). Such a change in bankruptcy status could have forced the sale of Inslaw’s assets, including “enhanced” PROMIS, to a rival computer software company such as Hadron, Inc. which had approached INSLAW in 1983 about buying the Company for the stated purpose of obtaining the PROMIS software so it could obtain federal contracts from its claimed friendship with then Presidential Counselor Edwin Meese. According to Hamilton, Hadron’s Chairman threatened him in 1983, when he declined any interest in INSLAW’s acquisition by Hadron, by saying ominously “we have ways of making you sell.”

Hadron, Inc. was controlled by the Biotech Capital Corporation, the holding company of Dr. Earl Brian, a Ronald Reagan crony. In his deposition to the House Judiciary Committee, Brian testified that Hadron had approximately 40 computer system contracts with U.S. intelligence agencies and the U.S. Department of Justice.

Attorney General Edwin Meese had previously worked with Dr. Brian in the cabinet of former California Governor Ronald Reagan and later at the Reagan White House, where Brian reported to

Meese as the unpaid chairman of the White House Task Force on Health Care Cost Reduction during the first couple of years of the Reagan Administration. According to the Hamiltons, the Meese Justice Department launched Project EAGLE, the largest procurement in the Department's history to provide uniform case management systems to every litigation office and investigative agency of the Justice Department, without explaining where the case management software was expected to come from. If Justice had succeeded in its unlawful 1985 scheme to force INSLAW into liquidation, PROMIS would have been sold at a liquidation auction, placing the buyer in an advantageous position for winning the huge Project EAGLE contract.

*The Inslaw Affair* report noted that information obtained by the Hamiltons through sworn affidavits of several individuals, including Ari Ben-Menashe, a former Israeli Mossad officer, and Michael Riconosciuto, who claimed to have ties to the intelligence community, indicated that one element of the Justice Department's malfeasance against INSLAW was the modification of the 'enhanced' PROMIS software by individuals associated with the world of covert intelligence operations. The Hamiltons claimed that unauthorized, copyright-infringing modifications to PROMIS, including the insertion of a so-called "trap-door," was part of a scheme by U.S. and Israeli intelligence to steal the intelligence secrets of foreign governments by selling them a trap-door version of PROMIS.

The Hamiltons also presented information indicating that PROMIS had been distributed to U.S. intelligence and law enforcement agencies such as the CIA, NSA, DIA, FBI, and DEA.

The House Judiciary Committee focused its investigative efforts on two principal questions: (1) Did high level Department of Justice officials convert, steal or otherwise misappropriate Inslaw's PROMIS software and attempt to put the company out of business? And (2) did high level DOJ officials, including Attorney General Edwin Meese and then Deputy Attorney General Lowell Jensen, and others conspire to sell, transfer, or in any way distribute Inslaw's "enhanced" PROMIS to other federal agencies and foreign governments?

The Judiciary Committee concluded that there was strong evidence to indicate that the Justice Department "*fraudulently took, converted and stole Inslaw's 'enhanced' PROMIS by trickery, fraud and deceit,*" and that the actions taken against Inslaw by the Justice

Department's project manager had been undertaken at the direction of top officials of the Justice Department.

Two federal court decisions were mentioned in *The Inslaw Affair* report: Bankruptcy Court Judge George Bason found that Mr. C. Madison "Brick" Brewer's [the government's PROMIS project manager] recommendation that the Inslaw contract be cancelled at a meeting on April 14, 1982 of PROMIS Project Team members, when the three-year contract was only one month old, "constituted a smoking gun that clearly evidenced Brewer's intense bias against Inslaw, [and] his single-minded intent to drive Inslaw out of business ---."

By his own admission, Mr. Brewer had become upset when Inslaw claimed that it had made enhancements to the earlier version of PROMIS using private funds. In his view, the government was entitled to use every version of PROMIS without having to pay license fees to INSLAW.

The Judiciary Committee added that it was clear from the record that Mr. Brewer and Mr. Peter Videnieks (the government's PROMIS contracting officer), supported by high level Justice officials, continued to confront Inslaw at every turn.

Senior U.S. District Court William Bryant, Jr. subsequently stated in the second ruling: "There was unending contention about payments under this contract and the rights of the respective parties – what is strikingly apparent from the testimony and depositions of key witnesses and many documents is that Inslaw performed its contract in a hostile environment that extended from the higher echelons of the Justice Department to the officials who had the day-to-day responsibility for supervising its work."

Over the life of the contract, Inslaw made several attempts to reach an agreement with the Department over its proprietary rights to the "enhanced" PROMIS software. The Department, however, steadfastly refused to conduct any meaningful negotiations and exhibited little inclination to resolve the controversy. Meanwhile Inslaw had installed PROMIS at the 20 largest U.S. Attorney's offices across the nation as required by the contract.

Mr. Brewer and Mr. Videnieks knew that Inslaw had installed "enhanced" PROMIS in 20 of the largest U.S. Attorneys Offices, yet without notice, and certainly without permission, the Department of Justice illegally *copied* the privately-financed version of PROMIS and installed it in 25 more U.S. Attorneys Offices.

The bankruptcy court ruled that “[*The Department*] engaged in an outrageous, deceitful, fraudulent game of cat and mouse, demonstrating contempt for both the law and any principle of fair dealing.” (Finding No. 266 at 138).

It is worth noting that Deputy Attorney General Lowell Jensen, who headed the Department’s PROMIS Oversight Committee, and who kept a close watch over the administration of the contract as well as being involved in every major decision, had also once worked with Attorney General Edwin Meese in the Alameda County District Attorney’s Office. Jensen later became a U.S. District Court Judge in San Francisco, after serving at the Justice Department between 1981 and 1986 successively as Assistant Attorney General in charge of the Criminal Division, Associate Attorney General, and Deputy Attorney General.

Mike Abbell, the attorney whom Danny Casolaro had been investigating during the last week of his life, had served as Director of the Office of International Affairs of the Criminal Division of the Justice Department until 1984 when he left to become counsel at the law firm of Kaplan, Russin and Becchi – so Jensen and Abbell had served in the Criminal Division of the DOJ at the same time between 1981 and 1982.

♦♦♦♦♦♦♦

Bill Hamilton, President of INSLAW, Inc., had become “the Keeper of the Flame” in this never-ending saga: Through interviews and e-mail communications, I was able to glean his personal behind-the-scenes account of what had transpired. This is a summary of what Hamilton provided, as follows:

In May 1988, just a few months after the federal bankruptcy court in Washington, D.C. issued fully-litigated findings that the Justice Department had stolen the PROMIS legal case management software from INSLAW, Inc. in the early 1980s “through trickery, fraud and deceit,” and then attempted to drive INSLAW out of business so the Company would be unable to litigate, Ronald LeGrand, the Chief Investigator for the Senate Judiciary Committee, telephoned Hamilton, to pass on information from someone he described as a trusted senior Justice Department career official who had been in the Criminal Division of the Justice Department since the time of the Watergate scandal under President Nixon.

Hamilton had recently explained to LeGrand his belief that the Reagan Administration had stolen PROMIS with the intention of using the stolen software as the basis for the award of a massive Justice Department computerization contract to a friend of the Reagan Administration. LeGrand told Hamilton that his source had asked him to tell Mr. and Mrs. Hamilton the following: "*What you think happened, did happen. You are not crazy. But you do not know squat about how dirty the INSLAW case really is. If you ever learn even half of it, you will be sickened. INSLAW is a lot dirtier for the Department of Justice, in its breadth and depth, than Watergate. The Justice Department has been compromised at every level on the INSLAW case.*"

The source also sent word to INSLAW that the Criminal Division had served as the nerve center for the scheme to drive INSLAW out of business by engineering sham contract disputes. INSLAW had no idea in 1988, when the Chief Investigator of the Senate Judiciary Committee passed on the information, what the government had done with the PROMIS software that this senior career prosecutor viewed as *sickening*.

Senior U.S. District Judge William Bryant, Jr. affirmed the bankruptcy court's findings a year later, in November 1989, in a separate opinion of almost 50 pages, following a *de novo* trial. Notwithstanding these two strongly worded federal court decisions, the Justice Department failed to settle with INSLAW, and its Office of Professional Responsibility promptly cleared of any wrongdoing every Justice Department official criticized by the bankruptcy court. Moreover, the Justice Department exhibited no interest in investigating indications that the malfeasance against INSLAW might be even more widely-ramified.

After writing letters to Attorney General Richard Thornburgh twice about the need to investigate such indications but without receiving any reply, INSLAW's Counsel, and former U.S. Attorney General, Elliot Richardson, filed a lawsuit against Thornburgh in federal district court in Washington, D.C. for failing and refusing to carry out his clear duty to enforce the federal criminal laws in the INSLAW case. The court ruled, however, that it did not have the legal authority to intrude into the exercise of prosecutorial discretion, no matter how questionable the attorney general's exercise of his discretion might appear to be.

It was not until early 1991 that INSLAW obtained the first evidence, in the form of affidavits, about a much broader PROMIS. Several individuals, each of whom claimed under oath to have worked for U.S. or Israeli intelligence, testified that the Justice Department had been covertly disseminating PROMIS since the early 1980s for various intelligence-tracking applications.

INSLAW Counsel Richardson asked retired four-star Admiral Daniel Murphy, who had served as Richardson's Military Advisor when Richardson was Secretary of Defense under Nixon, and who later held two of the top U.S. intelligence posts (Deputy Director of the CIA under Ford and Undersecretary of Defense for Intelligence under Carter), to review the plausibility of the claims about the covert dissemination of PROMIS for intelligence-tracking applications, and also to give his opinion on whether the claimed intelligence uses could explain Attorney General Thornburgh's otherwise inexplicable failure to enforce the federal criminal laws.

After reading the affidavits and the INSLAW lawsuit against Thornburgh, Murphy told Richardson and Hamilton that he was sorry to say that there was nothing implausible about any of the claims, including the claim by Michael Riconosciuto that he had modified PROMIS for U.S. intelligence on an Indian reservation in southern California; that the available evidence made it look like an NSA operation; and that if it were an NSA operation, it would explain Thornburgh's behavior because Thornburgh would not have needed to receive a call from the White House to know that his job was to stonewall "until the cows come home".

Elliot Richardson passed away at the end of 1999. In 2001, Hamilton contacted Admiral Murphy again and gave him an approximately 50-page INSLAW summary of evidence revealing that the Justice Department began misappropriating PROMIS in 1982 for three separate intelligence projects: (1) NSA's deployment of PROMIS to banks to enable NSA to track wire transfers of money and letters of credit; (2) Israeli intelligence's sale of a trap-door version of PROMIS to foreign governments so Israel and the United States could covertly intercept their intelligence secrets; and (3) the CIA's deployment of PROMIS throughout the U.S. Government as the standard database software for the gathering and disseminating of U.S. intelligence information.

Murphy told Hamilton that the INSLAW summary eliminated any doubt about what had happened and that the INSLAW case

needed to be settled. He warned Hamilton, however, that government officials would “regard it as their patriotic duty to look INSLAW’s lawyer in the eyes and lie”, making it essential that INSLAW find another outstanding lawyer like Elliot Richardson to represent the Company in seeking compensation.

Shortly before introducing Mr. and Mrs. Hamilton to C. Boyden Gray one week after the September 11, 2001 terrorist attacks, and asking Gray “to become the John Adams of the INSLAW case” and represent INSLAW simply because it was the right thing to do, Murphy said something to Hamilton that Hamilton now suspects may have been an allusion to the use of *the NSA bank surveillance version of PROMIS to launder drug profits*.

In September 2001, Murphy, who had served as Chief of Staff to Vice President Bush during the first term of the Reagan Administration when the PROMIS misappropriations began, told Hamilton that it was his “hunch” that there was still another use of PROMIS that INSLAW had not yet discovered, that it “involves something so seriously wrong that money alone cannot cure the problem,” and that the government might never compensate INSLAW unless the Company discovers that additional use of PROMIS.

Unfortunately, Admiral Murphy passed away suddenly several days later on September 21, 2001, and Hamilton was never able to obtain clarification from Murphy where his *hunch* had originated from relative to “still another use of PROMIS that INSLAW had not yet discovered.”

•••••

As a postscript, Bill Hamilton later mentioned to me that, in retrospect, he had come to believe that the “other” use of PROMIS involved laundering money from drug profits. He said he believed that “the main role of the Cabazon/Wackenhut Joint Venture was connected to government-sanctioned drug trafficking and money laundering by organized crime groups like the Gambino Family and groups like the Contras, and that Michael Riconosciuto’s job was to help these groups access NSA’s bank surveillance version of PROMIS to launder the proceeds from the drug sales.”



Garby Leon

# THE OCTOPUS EXPOSED

**M**eanwhile on February 14, 2001, Kelly O'Meara and I continued on the trail, meeting with Peter Zokosky at his home in Southern California.

Mentally I noted the odd coincidence that so many significant events in my investigation had taken place in the month of February: I had interviewed Robert Booth Nichols at his home on February 13, 1992; U.S. Customs agent Scott Lawrence on February 5, 1993; the Neal Abernathy murders took place on February 19, 1997; and now we were interviewing Peter Zokosky on February 14, 2001. I was sure there were others but couldn't think of them offhand.

The meeting with Zokosky and his wife, Regina, took place in their living room from 10:00 A.M. to 2:30 P.M. Those present at the meeting were Peter Zokosky, Regina Zokosky, Kelly O'Meara and Cheri Seymour. The following summary was taken from the notes of that meeting:

Zokosky and his wife were gracious hosts; the meeting had the ambiance of a bridge party, rather than an inquiry of the Octopus. Zokosky said they would be traveling to London, England in a few days. They also have a home in London. Kelly plowed right in, saying she had heard that Robert Booth Nichols (RBN) was a thug, a drug trafficker, and a money launderer.

Zokosky chuckled and said he is probably all three of those things. He said it is his understanding that RBN works for the NSC, adding, "everything revolves around the NSC." He explained that RBN does "contract work" for the NSA/NSC, but also occasionally does contract work for other government agencies.

He noted that the NSA monitors all phones, faxes, and particularly cell phones. Key words such as “gold, drugs, FBI, and other such words” trigger the NSA listening software to alert the NSA listening center to record the conversation and its source, but landlines are more difficult to monitor, he said.

According to Zokosky, RBN was currently in Vietnam, working for Ross Perot. Kelly asked, “What is he doing?” Zokosky laughed, “What Ross Perot does best.” (Presumably making money). Zokosky said he periodically talks to RBN, and can reach him by phone, but did not believe RBN would talk to Kelly for an article. Kelly offered to send Zokosky a copy of her 4-part series which mentioned RBN in it. Zokosky countered, next time he talked to RBN he would ask him to call O’Meara at Insight magazine.

Under questioning, Zokosky said he was told by an NSA employee that the NSA is a “profit” agency and the funding to the NSA is unlimited and no accountability is required because the NSA is “national security” and does not disclose what the money is used for.

Regarding FIDCO [First Intercontinental Development Corporation]: He said FIDCO was a NSA front corporation used in Lebanon. All the FIDCO corporate directors were intelligence people. They “contracted” with RBN to do work for them. This included Robert Maheu, Glenn Shockley and others. Reportedly, Zokosky was once “briefly” on FIDCO.

Regarding the “White House” documents in which Michael McManus, George Pender, and Robert Booth Nichols were mentioned, the \$3 billion dollars mentioned in the documents was used to pay the president of Lebanon [Amin Gemayel] for the release of an American prisoner being held in Lebanon. Zokosky couldn’t remember the name of the prisoner, but said he would tell us when he thinks of it. He thought the name was mentioned in the documents. [Zokosky didn’t mention FIDCO’s drug/sting operation in Lebanon].

He added that the prisoner *was* released as a result of FIDCO’s efforts. RBN handled the financial transaction. This was a FIDCO/NSA operation in Lebanon. Robert Maheu and the other FIDCO members have respect and good things to say about RBN, according to Zokosky. In addition, he said, the members also fear RBN. He didn’t say why.

Zokosky said whenever anyone submits a FOIA [Freedom of Information Act] to the Department of Justice about RBN, he (RBN) is notified.

He sorted through a folder of documents and provided a three-page FBI report on Robert Booth Nichols. He said it was sent to RBN by the DOJ. The title of the report read: "*U.S. Department of Justice – FBI, Los Angeles - December 2, 1982 – Robert Booth Nichols.*" The report stated on March 16, 1978 a confidential source alleged that Robert Booth Nichols, AKA Robert Bert Nichols, Robert Nelson, Robert Nioon, is "an international money launderer of money derived from both narcotics and organized crime activities."

The report said the FBI conducted a background check on RBN and wrote the following: That he provided armaments to the Philippine government. He also assisted Ignacio Paz, Deputy Chief of Staff, Intelligence, Philippine government, with removing large sums of money from the Philippines by investing money with RBN who placed the money in Swiss bank accounts.

The FBI report stated that RBN's telex number was 652483. (This was the same telex number that was listed in the White House document sent to President Amin Gamayel of Lebanon in connection with the FIDCO operation in Lebanon).

According to the FBI report, RBN resided nine months out of the year at a \$3.5 million dollar villa named "Tenuta Monterosso" in Terme, Italy. (Address withheld).

It stated that RBN ran away from home at the age of 17 and resurfaced in Hawaii where he became involved in organized crime. Harold Tadoo Okimoto took Nichols under his wing in Honolulu. Okimoto was reportedly involved in racketeering since 1962.

The report stated Nichols had permits to develop and sell a sub-machine gun prototype called the G-77.

In 1973-1977 Nichols began an apprenticeship program with a Swiss Company in dealing in finance and representing various portfolios of *mid-east* companies.

The FBI Report stated that throughout the Los Angeles FBI investigation, RBN's name was associated with the illegal transportation of narcotics through the "Golden Triangle." RBN's code words appeared to relate to drug trafficking.

The report concluded [last sentence] that "Robert Booth Nichols should be considered armed and dangerous."

I photographed the FBI Report while Kelly interviewed Zokosky.

Peter Zokosky played an audio taped conversation with Michael Riconosciuto narrating. The tape referred to the murder of Paul Morasca in San Francisco and Mary Quick in Fresno. The tape provided the names of people involved in the drug operation in Fresno and said they used the Hells Angels in this operation. At some point [unclear] FBI agent Robert Barnes in San Francisco became involved in this investigation. Riconosciuto said Al C. Holbert was working closely with an attorney named Marvin Kahn in the Bay Area. He said Ben Kalka handled the LSD operation in Fresno. Working with Ben Kalka were the names of various alleged drug traffickers.

Peter Zokosky commented on the audio tape after playing it. Zokosky said Paul Morasca was killed because of a "narcotics deal" gone awry, and he was involved in laundering large sums of money from drug profits. He said Morasca wanted his money and got killed because of that.

♦♦♦♦♦♦♦♦

Peter Zokosky said Jimmy Hughes from the Cabazon Indian reservation came to him and he convinced Hughes to talk to authorities. Zokosky drove Hughes to the Riverside District attorney's office. Hughes was required to take a polygraph test. On June 20, 1984 several officials subsequently met at the Riverside D.A.'s office and Hughes took another polygraph and gave a deposition. Present at this meeting were the following people:

- Deputy Attorney General Sanford Feldman, Special Investigations Unit, CA DOJ
- Special Agent Frank E. Brock, Special Investigations Unit, Calif. DOJ
- A black official from San Diego.
- Officers from the Fresno Police.
- Patrick Kenneally, investigator for D.A. of Riverside.
- Mike Trott, D.A. of Riverside.
- Gene Gilbert, investigator for Indio D.A.'s office.
- Others unknown.

♦♦♦♦♦♦♦♦

Peter Zokosky said John Vanderwerker and Glenn Shockley worked for the CIA. Both were involved with the Wackenhut/Cabazon "Joint Venture." He said Meridian International Logistics [MIL], of which he was a board member with Robert Booth Nichols, was a "front company." It was used for the purpose of "funneling money to pay the board of directors of MIL." The payments amounted to "five figures."

Kelly asked, "Where did the money come from?" Zokosky said it came from the NSA. He explained that the NSA does not have to account for money. The NSA makes a "profit." He alluded that some of the money came from drug profits. He said he was told that the "only people that get busted [for drugs] are those that don't have a distribution territory."

Discussion ensued about drug economies worldwide. He said drugs are called "gold" and used as currency worldwide. "Real gold takes up space and is difficult to transport. Payments are made for arms with drugs. Drugs are a business at the highest levels of corporations because there is a huge market and demand for drugs."

Zokosky mused that buying and using drugs are a "voluntary" choice by people who use drugs and the generations today do not have any moral or ethical boundaries with regards to using drugs. Thus the corporations distribute drugs because there is a demand for them. In other words, it's just a pervasive business and everyone is involved in one way or another, including government front corporations.

Kelly asked if RBN was involved in doing "contract" work relative to government narcotics transactions? Zokosky replied that RBN does not use drugs or distribute drugs, he handles the "corporate and government" transactions at a higher level. He said RBN is in the business of "service for money." He added that all business transactions conducted covertly today relate to two things: Money and drugs.

But, he said, when operatives conduct "service for money," it becomes dangerous. He alluded that he [Zokosky] does not accept money or care about money in his dealings with RBN. He was asked by RBN to be on the board of MIL and he agreed, but then asked to be taken off the board later.

Zokosky briefly discussed Michael Riconosciuto and RBN conducting business in Australia – he thought it had something to do with the Nugan Hand bank.

He said he had no knowledge of RBN *ever* being arrested for anything in his life, except once, when he was a young man working for Harold Okimoto in Hawaii. RBN was caught stealing from Okimoto. Afterward Okimoto decided that RBN was so adept at stealing, he decided to bring RBN into his business. They subsequently developed a close working relationship.

Zokosky said a man named Patrick McGuire worked for Wayne Reeder and subsequently joined the Montana Freeman in Jordan, Montana. McGuire was arrested during the Montana Freeman siege and Zokosky reportedly testified on McGuire's behalf as a character witness at the Freeman trial.

Kelly asked, "Why did RBN talk to Danny Casolaro so extensively?" Zokosky said Danny originally called him [Zokosky] about the "Octopus," and Zokosky felt RBN could answer his questions better, so Zokosky introduced Danny to RBN.

Zokosky was somewhat defensive about Danny Casolaro and said he believed Danny committed suicide. Regina Zokosky frowned and said she thought her husband had said otherwise at previous times. She continued to shake her head as Zokosky reiterated that he believed Casolaro had committed suicide.

Peter Zokosky allowed us to review a manuscript written by Robert Booth Nichols about the death of Danny Casolaro. It was dated November 22, 1991. It was entitled, "Danny Casolaro's Octopus."

Within the text of the manuscript it was noted that Danny Casolaro met RBN at Dulles airport and asked him to meet with a man named George Pittaway, the brother of Jim Pittaway, at Cloud's Restaurant in McLean, Va.

Jim Pittaway and George Pittaway both worked closely with the DIA [Defense Intelligence Agency]. They were currently with the Burmese Trade Council.

At the restaurant, RBN noted to George Pittaway that he had recently been asked to be the Cabinet Minister of Security Affairs for the Opposition Party in Dominica. RBN said he had accepted the position with *the approval of the DOJ*.

The manuscript went on to describe how RBN had organized project financing for an oil drilling venture on the Korat Plateau in Thailand.

In a Martinsburg, Va. bar Danny met some attractive girls. Later in his Martinsburg hotel room, he opened the door expecting to see

the girls. A cloth containing a chemical was shoved in his face and he passed out on the floor. It was noted that at 5:00 A.M. a couple next door heard Danny say, "Not yet." That same morning, August 10, 1991, Danny's dead body was found in the bathtub by the cleaning maid.

The last paragraph of the manuscript noted that a military man had placed a medal on Danny Casolaro's coffin at the conclusion of the funeral. The last sentence of the manuscript read, "The only agency that does that is the NSA."

•••••

Kelly asked what branch of the military did he [ Zokosky] serve in? He said he had served in ONI [Office of Naval Intelligence] as a young man in the submarines during WWII.

Zokosky said he did "remote viewing" for the military sometime between the 1950's and 1970's. He conducted this work at a special room set up at Hewlett Packard Corporation near the Stanford University area. He said he is also a psychic. He belongs to the Psychic Association of London. He admitted he does readings for friends, and has done a reading for RBN. He said he uses Tarot Cards which his son, a renowned artist, specially designed for him. Each card contains a design which Zokosky Sr. created and the son drew.

He asked Kelly O'Meara if she would like to have a "reading"? Kelly agreed, and Zokosky retrieved a small wooden box from his trophy room. Within the box was a small dried frog, which he said protects the cards and has significance to the focus of his readings. He removed the dead frog, then handed the Tarot Cards to Kelly to view. The cards contained artistic designs of eagles within an eye, and other depictions of personal significance to Zokosky.

He then placed some of the cards on the coffee table and conducted his "reading." He stated a number of personal observations about Kelly which she agreed were accurate. These observations related to Kelly's personal life, her relatives, her travel, her health, and her career. At the end of the reading, Zokosky had obtained considerable information about Kelly (including her fingerprints on the plastic-coated cards).

•••••

Zokosky said his half-brother, Steve O., is a computer expert who owns a computer company. Steve once talked to Michael Riconosciuto about computer software. Steve later told Zokosky that Riconosciuto had considerable knowledge about computer software. Zokosky said Bill Hamilton also said Riconosciuto is a computer whiz who understands sophisticated computer language.

But Zokosky said Riconosciuto is unreliable, that he is a pathological liar with grains of truth in the tales he spins. He added that Riconosciuto is astute in identifying the interest or focus of those who interview him, then he spins a deeper and deeper web of intrigue around that subject.

Zokosky provided a statement which Robert Booth Nichols asked Michael Riconosciuto to write relative to the death of Paul Morasca. To date I had been identifying this document as a grand jury statement, but Zokosky said it was not a grand jury statement, it was written at the request of RBN to be handed over to Zokosky for his files. Riconosciuto hand-wrote the statement and it was subsequently typed up by Ellen Nichols.

This was the February 16, 1984 statement by Riconosciuto relating to the sale of George Wackenhut's yacht *Top Secret*, in which MR talked about a methamphetamine operation gone awry. As follows:

---At that point, JPN directed me to have PAT (Phillip Arthur Thompson) recover [all] of Kalka's assets. I then contacted DeSilva, who had control of Kalka's assets and he agreed to release them to me. DeSilva later called the Indian reservation and gave the location of the assets which included: one bobtail semi-truck with power lift gate loaded with amphetamine production chemicals; one red Datsun truck with a portable refrigerator containing the acid.

I accompanied PAT and Steve Finley to the locations of these vehicles in the Oakland area. The keys, title and registration were with each vehicle. PAT and SF drove the vehicles off and I reported to JPN that the vehicles had been located and picked up.

I also reported to my attorney, DW (Don Wager), the details. I contacted JPN a few days later and he complained to me that PAT had made off with everything ---

◆◆◆◆◆

Zokosky discussed his exploits with Wackenhut at the Cabazon Indian reservation beginning in 1981. He talked about the proposed development of biological warfare “viruses” being developed in cow uteri by Stormont Laboratories. He said RBN and he and others presented a proposal to develop biological warfare technology at Storemont Laboratories, along with anti-toxin kits, and sell it to the Army [Dr. Harry Fair at Picatinny Arsenal]. This technology was also presented for sale to FMC Corporation [Food Machinery Corporation of America] in California.

Zokosky also discussed the September 10, 1981 Lake Cahuilla weapons demonstration in Indio, Calif. [I’ve identified this meeting as the “Contra meeting.”] Zokosky had been present at this meeting. He said Jimmy Hughes and Dr. John Nichols both speak Spanish and they identified the Contra leaders who attended the demonstration. He said Earl Brian was not in attendance at the meeting. Some inexpensive rifles were tested and night vision goggles were tested. He said the rifles could be manufactured at the reservation at a cost of \$30 per rifle.

Zokosky said he has in the past, and still does consulting work for the British government, mainly on shell casings. The Zokoskys were nice people, presumably stable, intelligent people. The biggest question in my mind was, why were they involved in all this? Why did they share all the information in the above interview with Kelly and I?

I left with more questions than I came with, unaware that the very next day I would receive the answers to the secret of the Octopus while sitting at my own dining room table!

•••••

At my home on February 15, 2001, I answered a knock on my door. An individual was standing there with an innocuous bound accordion file brought from Washington D.C. I have assigned a code-name for this individual as “Source” to protect this individual’s identity. Source said the documents had been obtained from the House Judiciary Committee on Inslaw archived files. The files were the result of a 3-year investigation by the Committee relative to Inslaw’s claim that the U.S. Dept. of Justice stole Inslaw’s enhanced PROMIS software under the direction of Attorney General Edwin Meese.

Source noted that the documents involved a lot more than stolen software by the DOJ. They indicated that the Mob was controlling the DOJ. Source had been given access to the documents stored at the National Archives in Suitland, Maryland. Someone in government had ordered the Judiciary Committee files delivered to his/her office and allegedly in the dead of night, source and another person had been given access to the Judiciary files.

Source explained that only Judiciary Committee members are allowed access to these documents. They are reports written by the investigators who worked for the Judiciary Committee and they contain information provided to the investigators by FBI agents, U.S. Attorneys, DEA agents, and other government and law enforcement people.

Source had been allowed to view and copy all 37 boxes of documents, but due to time constraints, had made copies of only two boxes. The two boxes were labeled or code-named "John Cohen-Personal" and they contained statements from and memorandums/reports of conversations with Thomas Gates, Marvin Rudnick, Richard Stavin and others relating to the FBI wiretaps of Robert Booth Nichols, Eugene Giaquinto and others associated with MCA Corporation. Included in the boxes were copies of the FBI wiretap *tapes*. Everything in those two boxes was copied, including the wiretap tapes, according to source.

I had a momentary prescience that this source had connections in very high places. I have inserted below an outline of what was contained in *some* of those documents brought to my house that day. In honor of the short life of journalist Danny Casolaro, it would be a crime in my estimation to withhold such information. In the dedication page of this manuscript, I wrote to Danny Casolaro: "Let Justice Be Done Though the Heavens May Fall." So be it.

The reports which I viewed were written by investigators for the House Judiciary Committee on Inslaw during the time span of August 12, 1991 – January 29,31, 1992 – February 3, 1992 – March 1992 – and May 1992. The investigators who wrote the reports were John Cohen, Ned M. Friece, Jim Lewin, and Richard Newbold. (It is significant that "The Inslaw Affair" investigative Report by the Committee on the Judiciary was published on September 10, 1992 *after* these reports were written, yet none of the information below was included in that publication to my knowledge.)

Most of the reports that I have chosen to outline below were written by John Cohen, based on information received from FBI agent Thomas Gates who clearly was a man of strong integrity and moral courage. I have withheld the telephone numbers and addresses mentioned in the reports. *The following information is accurate almost to the word as it appeared in the reports. Nothing has been added except what was placed in brackets [ ].* Some information in the reports was excluded from this outline due to privacy reasons, or subsequent interviews which conflicted with the information.

Report No. 1 – Conversation between Jonathan Littman and John Cohen: Littman told Cohen that he [Littman] was present at a meeting between Robert Booth Nichols and Robert Maheu, former CEO of Howard Hughes enterprises in Las Vegas. Littman said Maheu and Nichols were “very, very friendly.”

Report No. 2 – Conversation between Richard Newbold and Dr. Anthony Casolaro [brother of Danny Casolaro]: Dr. Anthony Casolaro told Newbold that DEA agent Keith Bodine had called him after Danny’s death and told him that he [Bodine] had been a “source” for Danny during his investigation of PROMIS, money laundering, drugs, etc. At the time Bodine was communicating with Danny, he [Bodine] was “on detail with FinCen” [Financial Crimes Enforcement Network]. Bodine told Dr. Casolaro ----- (note ended there).

Report No. 3 – The Judiciary Committee interviewed Allan Boyak, who refused to cooperate.

Report No. 4 – The Judiciary Committee interviewed Tara Sorenshine, *ABC Nightline News*. Tara said she had obtained a number of Danny’s documents and wanted to know what to do with them?

Report No. 5 - Conversation between John Cohen and Thomas Gates, FBI agent in Los Angeles: Gates stated he had been employed with the FBI for 16 years. Gates said he had been investigating the MCA board members being involved with the Gambino and Bufalino crime families.

Gates said “high level Department of Justice officials” had a close working relationship with the board of directors of MCA Corporation. Gates said he learned this from FBI wiretaps on MCA. He said the wiretaps disclosed that “high level DOJ officials were tied to illegal activities of MCA.” Gates advised Cohen to contact Walt Wagner [correct name was Bill Wagner] at the DOJ about this.

Gates said the investigation of Mob and DOJ ties to MCA was shut down by the DOJ and subsequently sealed by the DOJ. Gates explained that the DOJ wanted the case sealed because the Japanese were interested in purchasing MCA, and the DOJ did not want the deal ruined by the wiretaps and FBI investigation.

Gates stated that a confidential informant had visited Robert Booth Nichols' home and observed pictures on the wall of Nichols standing with "high level intelligence and political figures."

Gates stated that three days before Danny Casolaro's death [August 10, 1991], Danny told Gates that Robert Booth Nichols visited Danny in Martinsburg, VA [where Danny was found dead]. Gates said he believed Danny was murdered and Robert Booth Nichols was a prime suspect.

Report No. 6 – Conversation between John Cohen and Thomas Gates, FBI in Los Angeles: Gates told Cohen that "the FBI feels Danny Casolaro's death was an ITAR murder" [Interstate Travel in Aid of Racketeering].

Gates said the FBI wiretap "extensively documents Robert Booth Nichols' connection with the highest levels of the U.S. Department of Justice."

Gates said the wiretap revealed that Robert Booth Nichols was warned by the DOJ that the FBI was investigating him. The conversation between RBN and the DOJ official was picked up on the wiretap.

Gates added that the wiretap revealed that "*there was a close working relationship between the Board of Directors of MCA, Attorney General Edwin Meese, and the White House.*"

Gates said the wiretap revealed a conversation between Eugene Giaquinto [MCA executive and a Gambino associate] and Martin Bacow in which "*Giaquinto told Bacow that he will call Edwin Meese and have the FBI's investigation of MCA stopped.*" [The FBI investigation WAS shut down afterward by the DOJ].

Gates discussed Robert Booth Nichols' influence with the Japanese Yakuza.

Report No. 7 – Internal Memorandum between investigators of the House Judiciary Committee: U.S. Attorney Marvin Rudnick [DOJ lawyer between 1978 and 1989] reported to the House Judiciary Committee that he was called to Washington D.C. by David Margolis, Chief of the Organized Crime Strike Force at the DOJ.

Margolis told Rudnick that he [Rudnick] “was under investigation because of his [Rudnick’s] investigation of MCA.”

At that time, MCA was being represented by attorney Robert S. Strauss. Assisting Strauss was MCA attorney William Hundley, former Chief of the Organized Crime Strike Force at the DOJ.

The memorandum stated that at this time, during the FBI investigation of MCA, Senator Howard Baker was a member of the Board of Directors of MCA Corp. That Robert Strauss was current Ambassador to Russia, and Lew Wasserman was on the Board as well. Wasserman was connected to organized crime.

The memorandum stated that Marvin Rudnick learned MCA was directly connected to the Reagan White House. That Marvin Rudnick detailed this information in the July 1989 issue of *American Lawyer*. [It was actually the July/August 1988 issue of *American Lawyer* entitled, “Death of A Mob Probe: MCA Charges A Prosecutor with Misconduct, and Justice Kills a Two-Year Investigation. Why?” by Michael Orey].

The memorandum stated that Marvin Rudnick was fired from his position because he refused to drop the MCA investigation. Rudnick detailed how this occurred and who fired him in a deposition to the Judiciary Committee. The Judiciary files contain a transcript of this deposition.

Marvin Rudnick told the Judiciary Committee that Ted Gale, Rudnick’s immediate supervisor who became a U.S. Attorney in Rhode Island, resigned from his position because of the DOJ’s policies on the MCA investigation.

Richard Stavin, a member of the Organized Crime Strike Force in Los Angeles, also gave a deposition to the Judiciary Committee about the MCA investigation. Stavin said he walked out of his job as a result of the DOJ’s policies on the MCA investigation. Transcript in Judiciary files.

Report No. 8 – Conversation between John Cohen and Thomas Gates, FBI in Los Angeles: Thomas Gates stated that he received a phone call from the Assistant Attorney General who advised him to discontinue the MCA investigation. Gates said he dropped the investigation after the phone call because he was concerned he would lose his job.

Report No. 9 - Conversation between John Cohen and a “confidential source” who reports to Thomas Gates, FBI in L.A.: This

confidential source called the Judiciary Committee to report information about Thomas Gates. The source said he/she is a confidential source who reports to Thomas Gates.

The confidential source said Danny Casolaro called Thomas Gates a few days before his death and asked Gates to come to Martinsburg, VA to meet with him. Casolaro said he had valuable information relating to MCA and illegal activities. Gates told Danny he could not justify the trip. Danny's body was found in a Martinsburg hotel a few days later. Gates was very upset about this and initiated official authorization to testify to the Judiciary Committee about the death of Danny Casolaro.

Other reports: There were numerous other reports in the packet that source brought from Washington D.C. but they were not as significant, in my estimation, as the personal memorandums written by John Cohen. One report outlined Thomas Gates' efforts to obtain official authorization from the FBI to testify before the House Judiciary Committee on the death of Danny Casolaro. This lengthy report outlined the negotiations between Thomas Gates' FBI superiors and the investigators of the House Judiciary Committee.

Another report was a lengthy chronology written by one of the Judiciary investigators listing dates of contacts and a brief summary of each contact between the investigators and Thomas Gates, Marvin Rudnick, Richard Stavin, Dr. Tony Casolaro, and other people providing information to the Judiciary Committee.

Another document was a printout of data obtained from the RLO-2 platters obtained from Michael Riconosciuto's storage unit by Ned Friece, investigator for the House Judiciary Committee. Source brought just a few pages from this lengthy printout, which allegedly consisted of thousands of pages. All of the pages were printed out at the National Institute of Health in Maryland. The Institute was listed at the top of each printout. I had no idea what this list of names represented.

As of this writing, I have seen only three public references to the documents that source obtained from the National Archives and provided to me relative to the FBI wiretaps in which Eugene Giaquinto, a board member of MCA Corporation, boasted about his lifetime friendship with John Gotti of the Gambino family and assured Martin Bacow that "he would call Edwin Meese and have the FBI's investigation of MCA stopped."

This does not necessarily mean that Meese had agreed to Giaquinto's demand. There is no proof that he agreed --- other than the fact that the investigation was shut down afterward.

Keep in mind that Robert Booth Nichols had mentioned during a meeting with me at his home in Sherman Oaks on February 13, 1992 that MCA was broke and trying to leverage the company for sale to the Japanese. Nichols said that MCA's Home Entertainment Division was the only profit-making division in MCA at that time. Eugene Giaquinto was the President of the MCA Home Entertainment Division, but he was also a corporate partner in Nichols' company, Meridian International Logistics (MIL). When Nichols and Giaquinto learned that they were under investigation by the FBI, Giaquinto resigned from MIL and returned his stock certificates.

*Insight* magazine conducted follow-up interviews with Marvin Rudnick, John Cohen, Thomas Gates and other investigators who had knowledge of the FBI wiretaps, but those interviews never surfaced publicly after their four-part series was concluded. Thomas Gates had asked *Insight*, "Where are you going with this?" The reporter asked, "What do you know about Cheri Seymour?" Gates derisively responded, "Ask Cheri about her good friend Robert Booth Nichols, how much she talks to him." Gates advised the reporter to contact Robert Maheu, adding that "you'll be contacted by RBN." Gates suggested that there was a "mole" inside the Department of Justice.

*Insight* was subsequently shut down by its owner, Reverend Sun Myung Moon, a South Korean theocrat who had been one of the Bush family's major benefactors -- both politically and financially -- for over two decades.

\*\*\*\*\*

I needed to obtain John Cohen's memorandums from the National Archives in Suitland, Maryland through *official* channels, so as not to expose my source who originally showed them to me on February 15, 2001.

After several unsuccessful attempts to access the memorandums through official channels, on September 26, 2001, I finally called retired Congressman Jack Brooks (D-TX), the former Chairman of the House Judiciary Committee on Inslaw. Brooks was full of surprises. He said he knew who I was and called me by my first name.

I explained simply that I wanted to access the Judiciary documents from the Inslaw Affair and needed to know the name of the person who was assigned to store the Judiciary documents. I said I needed the accession number to do this, that Helen at the National Records Center said she would pull them for me if I could give her the accession numbers.

Rep. Brooks responded that he knew the PROMIS software was stolen from Bill Hamilton and the government “treated him very badly.” I started to describe what I was looking for in the documents, and Mr. Brooks interrupted me and said, “Yes, I know what you’re looking for.” I was surprised and said, “You do?” He replied, “I know exactly what you want and I wish you the very best in getting those documents.”

Brooks advised me to call Dan Freeman at the Judiciary Committee. He said Freeman was on the original Judiciary Committee with him (Brooks) and was still on the Judiciary Committee. He said Freeman would remember who was assigned to store the Committee on Inslaw’s records. Freeman referred my call back to John Cohen and Cohen said he didn’t know the name of the person who physically stored the documents.

♦♦♦♦♦♦

For purposes of accuracy and authenticity, there were no embellishments or prose inserted into the outline of Judiciary Committee reports listed above, so I feel compelled to explain that I excluded the portion in one of the above reports where Thomas Gates told John Cohen that Marvin Rudnick had handled the wiretaps. In subsequent interviews with Richard Stavin, who handled the wiretaps with Thomas Gates, Stavin pointed out that Marvin Rudnick had no involvement in the wiretaps. Marvin Rudnick concurred in an interview that same day. They both had a sense of camaraderie and respect for Thomas Gates’ work in the investigation. I advised them that I was attempting to contact Gates to interview him, but neither of them had communicated with him in years and had no idea how to reach him.

When I sent the Judiciary Committee reports to them for comment, at the advice of Dan Moldea who knew them personally, both of these honorable former prosecutors provided detailed accounts of their experience while working for the Department of Justice un-

der Edwin Meese and Ronald Reagan. Their story represents one of the largest cover-ups in American history and is presented here with some background history.

As noted at the end of the Prologue in this book, the first known public reference to The Octopus can be found in Dan Moldea's 1986 book entitled, *Dark Victory*, in which Moldea aptly labeled MCA "The Octopus." There can be no more fitting epitaph than to point out that the answer to the Octopus was hiding in plain sight all along, right under our noses.

MCA had been Ronald Reagan's agent in Hollywood; he subsequently negotiated an exclusive arrangement that enabled MCA to become a multi-billion dollar monopoly.

In the forward of his book, Moldea quoted Ralph Salerno, New York Police Department in 1967, as saying,

"Organized crime will put a man in the White House someday – and he won't know it until they hand him the bill."

On page 354 of Moldea's book, in a postscript he wrote,

On February 3 [1987], the Reagan Administration announced that the President would issue an executive order combining all of the federal government's anti-drug programs under the National Drug Policy Board. Selected by President Reagan to head the board – which would be charged with developing budget priorities for every federal agency involved in the war on drugs – was Attorney General Edwin Meese.

Ironically, after the Judiciary Committee's investigation was closed and "The Inslaw Affair" was published in September, 1991, investigator John Cohen became employed as a "policy advisor in the White House's Office of National Drug Control Policy" during the Bill Clinton administration.

Dan Moldea also wrote about the DOJ shutting down Marvin Rudnick's investigation of MCA's relationship with Salvatore James Pisello, an alleged Gambino mobster. In an article published in *Regardie's* in June 1988, entitled "MCA Music & the Mafia: Did the Justice Department cut Reagan's Hollywood pals a break?," Moldea wrote: (excerpt)

--- One of the industry's giants was being represented by a mobster [Salvatore James Pisello]. How deeply had the industry been

infiltrated? Four years after the convention there's still no answer to that question. But there's a new question: Why has the Justice Department dropped its investigation of the ties between Pisello and MCA?

Last December, according to sources in the Justice Department, the Los Angeles prosecutor who had started the investigation was called to Washington and told by top officials of the Strike Force against Organized Crime to eliminate MCA from the probe. David Margolis, the strike force's chief, and Michael DeFeo, his deputy, told Marvin Rudnick, the prosecutor, that he could pursue a tax case against Pisello, who had earned about \$ 600,000 in income from his dealings with MCA, but that he couldn't call several of MCA's executives as witnesses nor could he try to determine the exact nature of Pisello's relationship with MCA.

The action raises a host of troubling questions and has prompted a preliminary investigation by a House subcommittee. While spokesmen for the Justice Department and MCA refuse to comment on the case, the House Energy and Commerce Oversight Subcommittee has interviewed witnesses in an attempt to determine if hearings are warranted and whether Justice Department officials acted properly in killing the investigation.

The case is certainly worth examining. Why, for instance, when the entire record industry is under the scrutiny of grand juries in at least five cities, would one major record company [MCA] be exempted from investigation? Why would a supposedly reputable business get involved in a series of apparently unprofitable deals with a man of dubious background?

One element of the case makes the whole matter even more curious: the names of some of MCA's high-placed friends. These include Robert Strauss, a former chairman of the Democratic National Committee and an MCA board member; Howard Baker, a former U.S. senator and a former MCA board member; and Ronald Reagan, the president of the United States and once one of MCA's most important clients. [On February 27, 1987 Howard Baker resigned from MCA's board and became Reagan's chief of staff].

Interviews with industry sources and law enforcement officials, court documents, and MCA's own records indicate that there's an unusual relationship between the Mafia figure and the Fortune 500 company -- a relationship that seems to be just the sort of thing that the Justice Department is supposed to investigate.

In another excerpt, Moldea wrote:

--- For 22 of the years that Ronald Reagan pursued a career in show business, MCA was his talent agency. Lew Wasserman, the company's chairman, represented Reagan during the actor's early days in Hollywood. The late Jules Stein, MCA's founder and a longtime political supporter of Reagan's, negotiated the sale of Reagan's California properties at hugely inflated prices. In fact, MCA's help in the real estate transactions made Reagan a millionaire. Wasserman is a major contributor to and currently sits on the board of the Reagan presidential library, along with Attorney General Edwin Meese and seven others. He's helping to raise \$ 80 million to build it.

So the biggest question of all, and another one that's still unanswered, is: Did somebody do a favor for Reagan's pals?

So the official head of the Octopus resided in the *U.S. Department of Justice*, supported by an out-of-control presidential administration, its tentacles comprised of a cabal of "Old Boy" cronies, true believers, who held that the end justified the means in their obsession to quell the expansion of communism in neighboring countries and throughout the world. They gave corruption a new meaning as they stampeded through the Constitution, cowboied the intelligence community, blazed new trails into drug cartels and organized crime, while simultaneously growing *new* tentacles that reached into every facet of criminal enterprise. The theft of high-tech software (PROMIS) for use in money-laundering and espionage, illegal drug and arms trafficking in Latin America, exploitation of sovereign Indian nations, were just a few of these enterprises.

What could be more demoralizing to those men and women who serve and protect, than *to capture on tape (actual voice recordings), members of the Gambino and Bufalino crime families, in collusion with the Department of Justice and U.S. Attorney General, the highest law enforcement authority in the nation, arranging the shutdown and sealing of an FBI investigation* of MCA in order to facilitate the largest sale in U.S. history to the Japanese?

Notwithstanding that Ronald and Nancy Reagan were known to celebrate New Year's Eve with their old friends, Edie and Lew Wasserman (Chairman of MCA Corporation), and Howard Baker was on the MCA board of directors before and after he was Reagan's chief of staff.

In November 2009, I contacted Marvin Rudnick, now a practicing attorney in California, and Richard Stavin, a former DOJ Organized Crime Strike Force prosecutor (also a practicing lawyer in California), who investigated Robert Booth Nichols, Eugene Giaquinto and the alleged Mob connections to MCA.

Rudnick explained that there were two simultaneous investigations of MCA at that time, each operating independently of each other. Rudnick and Stavin worked in the same office two doors away from each other. Rudnick's investigation of Salvatore Pisello, a member of the Gambino crime family, focused on Pisello's tax evasion and his strange relationship with MCA, and Stavin and Thomas Gates conducted the wiretaps relating to Meridian International Logistics [MIL] at that time suspected as a "source of funding for the purchasing of narcotics/controlled substances and the allocation and use of the proceeds from its trafficking," according to the wiretap application.

One affidavit in support of an application to intercept wire communications over the telephone listed names of those to be intercepted as Robert Booth Nichols, Eugene Giaquinto, Angelo Comito, Edward Sciandra, Michael Del Gaizo, Joseph Garofalo, and others. These applications were submitted to the DOJ for approval, then to a federal judge for review and approval by Richard Stavin. The affidavits in support of the applications were written by Thomas Gates and Richard Stavin.

Rudnick, who had been a DOJ lawyer from 1978 to 1989, said he had provided deposition testimony to the Judiciary Committee on Inslaw, including a detailed sworn statement to the DOJ defending his termination, which outlined his description of the obstruction by DOJ officials, yet no one in the DOJ sought to follow-up to see if DOJ officials had committed crimes.

Rudnick noted that the *Reagan Diaries* (by Ronald Reagan) mentions the date that Lew Wasserman (Chairman of MCA Inc.) and Reagan met in Los Angeles, it was about two weeks before the FBI wiretaps were *coincidentally* discovered by MCA personnel.

In the 1993 book *Stiffed: A True Story of MCA, The Music Business, and the Mafia* by Bill Knoedelseder, a former reporter for the *Los Angeles Times*, Rudnick discussed the threat made to him in December 1987 by David Margolis, the strike force's chief, and Michael DeFeo, his deputy, who had been present in the room and witnessed

Margolis's conversation with Rudnick. John Newcomer, the new head of the strike force in Los Angeles, had advised Rudnick beforehand that he was under investigation by the Office of Professional Responsibility for including MCA in his investigation of Pisello.

Rudnick believed that Newcomer came into the Strike Force with an agenda to obstruct justice but he was never prosecuted for it, nor was Margolis, according to *Stiffed*. The book's protagonist is Marvin Rudnick, the prosecutor who nailed Sal Pisello twice for tax evasion, and for not reporting income derived from MCA. The villain is the Justice Department. As *Stiffed* tells it, Rudnick's superiors kept him from subpoenaing witnesses and directly ordered him not to investigate MCA.

Dan Moldea's June 1988 article in *Regardie's* gives further details. As follows:

... On October 2, 1987 MCA filed a formal complaint against Rudnick "to protest the many unfounded and inflammatory statements (he has made) regarding MCA and its executives and employees." The complaint was forwarded to the department's Office of Professional Responsibility in Washington, which refused to confirm or deny an investigation of Rudnick.

At the same time the company retained William Hundley to plead its case to top Justice Department officials. Hundley, who had headed the department's legendary organized crime division under Attorney General Robert Kennedy, had recently joined Strauss's firm, Akin Gump Strauss Hauer & Feld.

Hundley confirms that he met with Margolis and DeFeo of the strike force. He says that he wanted to tell Justice Department officials that MCA was willing to cooperate in any organized crime investigation. "I said, 'Look, we're going to cooperate,'" Hundley explains. "Whatever you want from the corporation. You want to talk to people? You want documents? Get in touch with me. I'll see you get them in a hurry."

The Washington prosecutors sent Hundley to talk to John Newcomer, the new head of the strike force in Los Angeles. Hundley says that he discussed the Pisello case with Newcomer and asked about MCA's status in the investigation. Hundley says that he inquired, "Are we a target? If you tell me we're a target, maybe my attitude is going to be different."

In mid October MCA received a response from Newcomer. "The allegations (against Rudnick) are a cause of great concern," he wrote to MCA, "and we have taken the necessary steps to en-

sure that only relevant statements that are factually accurate will appear in pleadings and oral arguments.” He concluded by saying, “Neither MCA nor any of its executives or employees are targets of that case and its attendant investigation.”

Rudnick pointed out that it was William Hundley’s picture on the wall, along with Reagan and Edwin Meese’s, in Margolis’s office that he (Margolis) pointed to when he threatened him.

The chronology of this incident is interesting: Hundley, a former DOJ Strike Force chief, was now representing MCA - Ronald Reagan had visited Lew Wasserman in Los Angeles and two weeks later the FBI wiretaps were *coincidentally* discovered by MCA - the DOJ looked the other way when MCA blamed Rudnick for illegally wiretapping them, despite the fact that Richard Stavin and Thomas Gates had a legal court order for the wiretaps - and a couple of months later, the DOJ called Rudnick to Washington D.C. to threaten him.

In November 2009, I sent both Marvin Rudnick and Richard Stavin excerpts from John Cohen’s memorandums obtained from the Judiciary Committee’s archives and asked them for comments. We communicated in an exchange of three-way e-mails back and forth during November; they offered corrections to the Judiciary Committee memorandums, but also set the record straight about why these two seasoned prosecutors either quit or were fired during their respective independent investigations of MCA Corporation.

Marvin Rudnick responded that he did not handle the wiretaps and had no involvement in their management. Richard Stavin confirmed that it was he and FBI agent Thomas Gates who handled the wiretaps, Marvin Rudnick was not involved

I asked a direct question to Stavin which was one of the main reasons I had contacted him. “Mr. Stavin: Can you please confirm that the FBI wiretap revealed a conversation between Eugene Giaquinto [board member of MCA and Gambino associate] and Martin Bacow in which ‘*Giaquinto told Bacow that he would call Edwin Meese and have the FBI’s investigation stopped.*’” Stavin, replying to what is in the public record, *confirmed it* in an e-mail.

Stavin had also been called back to Washington D.C. by David Margolis and Michael DeFeo almost a year to the day after Rudnick. When Stavin subsequently quit the Organized Crime Strike Force

in May 1989, he was threatened by DeFeo about talking about the circumstances of the case, or “throwing dirt,” as he called it.

The wiretaps were shut down around September 1988, and *unofficially* Stavin’s investigation was shut down around January 1989 when the first draft of his prosecution memorandum was given to John Newcomer. Officially it was shut down after Stavin left and another FBI agent was assigned to re-interview some of the same witnesses that Thomas Gates had interviewed previously and obtained conflicting information.

The wiretap information and the related investigation reportedly gathered enough evidence to justify seeking an indictment against Detective John St. John of the LAPD-OCID (not to be confused with another LAPD homicide detective of the same name), Eugene Giaquinto, and Martin Bacow for obstruction of justice. Detective John St. John worked for the Los Angeles Police Department’s Organized Crime Intelligence Division at that time and had been communicating with Martin Bacow.

In interviews with investigators who worked the case, as well as wiretap information and documents from the Judiciary archives, I had learned that St. John was allegedly Bacow’s direct contact at LAPD-OCID. Bacow boasted to Giaquinto that St. John’s status within OCID allowed him to obtain intelligence reports on organized crime figures across the nation, and Bacow could then pass that information along to Giaquinto.

A grand jury investigation into the mob’s involvement in the motion picture industry was in the process of being opened at that time, which would have included a close look at Giaquinto, Bacow and others. St. John called Bacow on the telephone and told him he would listen and not give up too much, and try to find out what the investigators were looking at and let Bacow know. Bacow then called Giaquinto and related what St. John had said. Giaquinto responded that he would call Meese [and get the investigation shut down].

In the November 2009 interview with Richard Stavin, I asked him who would have had to give authority to pursue an indictment against St. John, Giaquinto, and Bacow? He replied that any indictment would have had to been approved by the then U.S. Attorney, Rob Bonner, and Main Justice including David Margolis and DeFeo. When I asked him to comment whether an indictment against

these individuals for obstruction of justice was approved, Stavin would neither confirm nor deny any such approval.

In searching the information I gathered in my investigation and in speaking with investigators involved in the MCA investigation, I determined that no indictment was ever issued against St. John, Giaquinto or Bacow for any criminal violations.

I asked Stavin to comment on why no indictment was issued and he responded,

I surmise that the prosecution of these suspects never went forward because no one at the DOJ in Washington D.C. wanted all the wiretap affidavits in the case to be released, and any prosecution would have resulted in that.

According to investigators familiar with the case, Stavin's investigation had begun in December 1986 and was being dismantled when he quit in May 1989. Rudnick had been fired in the Spring of 1989. The wiretaps had been shut down in the Fall of 1988.

I sent Stavin and Rudnick a brief outline of my 18-year investigation of the Octopus, including Robert Booth Nichols' transactions during his prolific lifetime career in shadowy undercover operations. Stavin responded, "Quitting and not being able to pursue this investigation was one of the biggest disappointments I had in my 15-year career. I knew we were on to something big. You have done an amazing job in piecing things together." Stavin asked if I had spoken with Bill Weld?

News stories indicated that Weld reportedly left the DOJ because of political influence pedaling in Southern California. Thomas Gates and Stavin believed that the MCA investigation was one of the reasons. I subsequently learned that, indeed, one of the reasons William Weld quit the DOJ in late March 1988 was because of influence peddling at the DOJ involving some cases in Southern California. Weld was interviewed by FBI headquarters, and the 302 Report on that interview was viewed by Thomas Gates. Most of the report had been redacted; the only thing that was mentioned in the report about Weld and MCA was a question to the effect whether "*he (Weld) was ever told by Edwin Meese to not investigate MCA.*" Weld reportedly answered "No" to that question. Curiously the two individuals most intimately involved (Stavin and Gates) in the MCA investigation were never contacted by FBI HQ to find out what questions to ask.

I knew from Judiciary reports that Richard Stavin had communicated with Danny Casolaro prior to his death and asked for any comment he could offer. Stavin replied, "I never believed for a moment that Danny Casolaro committed suicide. I spoke to him for about 45 minutes the week before [his death] and this was not a despondent man. The first question he asked me was whether he had to be concerned for his safety because he was going to meet RBN."

Dan Moldea, who was being copied (cc'd) on my three-way e-mail conversations with Stavin and Rudnick, volunteered that he had interviewed William Weld in late April 1988, one month after Weld gave his letter of resignation to Howard Baker, then Reagan's chief of staff and a former member of the MCA board of directors. Moldea offered a transcript of the interview. The cryptic last paragraph of the transcript provided a hint that there was more to the story than we had previously suspected. I have excerpted a portion of that transcript, as follows:

(Moldea) " --- I told Weld that I was getting ready to come out with a story about a prosecution out in Los Angeles. Again, Weld interrupted me and said, "I can't help you with this one," and started laughing.

I asked him, "Do you know what I'm talking about?" He replied, "I think so." I then said, "The Sal Pisello case." Weld told me to call Jack Keeney or Dave Margolis "and see what you can get. Good luck to you."

He interrupted again when I started talking and said, "You're doing Reagan, Meese, Lew Wasserman, MCA?" "Yeah," I replied.

"I'd wave you cautiously away from that. I'm not as close to it as I might be, but I'd refer you to . . . "

I asked him to listen while I explained. I told him that I liked and respected Margolis and Mike DeFeo. I told him that I had heard that the Justice Department killed the investigation of MCA's role with Pisello.

I added that my concern was that Marvin Rudnick was on a side street and that a truck was coming down the highway. I told him that I didn't want to screw up a Justice Department investigation of MCA. I told him about the OCID situation in Los Angeles.

I then said that I had been told by an FBI source that the investigation of MCA had been killed by Margolis and DeFeo. I was also told that DeFeo would never kill a case unless he was in-

structed to do so. “He wouldn’t kill a case even if he was told to, unless there was a reason.”

I told Weld that I was told that DeFeo wouldn’t kill a case unless Weld told him to and that Weld would only kill the case if he was instructed to do so by the Attorney General. “No, I wouldn’t kill a case if I was directed to by the Attorney General,” Weld said.

I asked whether the MCA case had anything to do with all the chaos over at the Justice Department. Weld said no and that his resignation was over Bob Wallach and Meese.

I appealed to Weld to point me in the right direction, adding that this case looked bad and that I was on deadline.

Giving Weld some background, I told him about Pisello in MCA and that MCA was turning up on wiretaps of Tommy Vastola and Morris Levy, among others on the East Coast. I told him that I had just been subpoenaed in Vastola and Levy’s case.

“There ain’t nothing sinister going on here in the department as far as I know. *You probably know that when things are slowed down that means that other things are going on.*”

What are the other things?

*“Well, the other things, I certainly can’t tell you. But it ain’t that Ronald Reagan is a friend of Lew Wasserman or Ed Meese is a friend of Lew Wasserman. It’s something else. It’s a law enforcement thing; it’s not a political thing. With that, I’ve probably told you too much already. But I’d wave you off the sinister explanation . . . It’s something else. It’s not what you’re getting at.”*

Moldea’s 1988 interview with Weld left us all scratching our heads. What was the “something else” that had caused everyone in the Justice Department to create a nightmare for two of their best prosecutors in Los Angeles?

I recalled a document that Bill Hamilton, owner of INSLAW, had received in the mail in November 2004 from a U.S. intelligence source. The letter was dated May 16, 1985 from William Bradford Reynolds, Assistant Attorney General, to *William F. Weld*, U.S. Attorney in Boston, Massachusetts at that time. Hamilton had authenticated the document through Donald Carr, who showed it to Bradford Reynolds in 2005. Carr was writing a biography of Elliot Richardson and served with Reynolds in the Meese and Thornburgh Justice Departments as a Republican political appointee. Reynolds authenticated the document. He told Carr that Lowell Jensen’s secretary brought the letter to him for signature because

Jensen was out of the building, the letter needed to be sent that day, and it needed to be signed by someone in Meese's inner circle. He said he signed the letter but did not draft it. Reynolds said he had a vague recollection that Meese recused himself on PROMIS when he became Attorney General in February 1985 and Jensen had, therefore, to handle PROMIS. Reynolds told Carr that he had an independent memory of Richard Armitage, Adnan Khashoggi, and Manucher Ghorbanifar working together on PROMIS.

Hamilton said it was a very important letter. The source who sent it to him in November 2004 told him that all copies were supposed to have been destroyed but obviously were not. The letter read as follows:

*Dear Mr. Weld:*

As agreed Messrs. Manichur [sic] Ghorbanifar, Adnan Khashoggi, and Richard Armitage will broker the transaction of Promise software to Sheik Klahid bin Mahfouz for resale and general distribution as gifts in his region contingent upon the three conditions we last spoke of. *Promise* must have a soft arrival. No paperwork, customs, or delay. It must be equipped with the special data retrieval unit. As before, you must walk the financial aspects through Credit Suisse into National Commercial Bank. If you encounter any problems contact me directly.

Sincerely,  
WM. Bradford Reynolds,  
Assistant Attorney General,  
Civil Rights Divison.

Bill Hamilton had subsequently sent me another document, written by *William Weld*, Assistant Attorney General by that time, to Stephen S. Trott, Associate Attorney General, dated February 29, 1988. The subject of the letter was:

Allegations by INSLAW, Inc. against Attorney General Meese, Deputy Attorney General Burns, and former Deputy Attorney General Jensen – [re:] Closing of Independent Counsel Matter.

Weld wrote as follows: (excerpt)

The Public Integrity Section has reviewed allegations by INSLAW, Inc. that Attorney General Meese, Deputy Attorney General Burns, and/or former Deputy Attorney General Jensen com-

mitted 'procurement fraud' and/or obstruction of justice. The public Integrity Section concluded that the information submitted is not sufficiently specific to constitute grounds to initiate a preliminary investigation. The Section, however, recommended that the materials provided by INSLAW be supplied to the office of Professional Responsibility, which has been conducting its own investigation of the INSLAW matter as to persons not covered by the Independent Counsel statute ---

This letter, declining to investigate INSLAW's allegations, was written by William Weld on February 29, 1988. Weld resigned from the DOJ one month later, on March 29, 1988. It appeared to be a conflict of interest to me, i.e, Weld is asked by Bradford Reynolds to facilitate the financial aspects of the PROMISE software to Sheik Klahid bin Mahfouz in 1985, then in 1988, one month before he resigns, Weld declines to investigate INSLAW's charges against the DOJ based on insufficient evidence!

At that time, Adnan Khashoggi, named in the above 1985 letter to Weld, had been implicated in the Iran-Contra affair as a key middleman in the arms-for-hostages exchange along with Iranian arms dealer Manucher Ghorbanifar, and in a complex series of events, was found to have borrowed money for these arms purchases from the now-bankrupt financial institution the Bank of Credit and Commerce International (BCCI) with Saudi and US backing. In 1988, Khashoggi was arrested in Switzerland, accused of concealing funds, held for three months and then extradited to the United States where he was released on bail and subsequently acquitted. [http://en.wikipedia.org/wiki/Adnan\\_Khashoggi](http://en.wikipedia.org/wiki/Adnan_Khashoggi)

When I asked Bill Hamilton at INSLAW what his thoughts were on the two "Weld" documents, he wrote this:

Elliot Richardson said to us that we are all patriots, why wouldn't the government approach one of our lawyers or Nancy or me if it was a legitimate national security issue?

One of our lawyers in the U.S. Court of Federal Claims litigation in the late 1990s was Major General Hugh Overholt. When he came to see Elliot, Nancy and me in 1995, Elliot said the following: 'General Overholt, you are a patriot. What are you going to do if you conclude that the allegations are true that the government has misappropriated PROMIS for sensitive national security projects?'

General Overholt answered Elliot by saying that he would tell the government that INSLAW and its lawyers have no interest in embarrassing the United States but the government must either compensate INSLAW for the harm it has done, or face the music.

Elliot responded to General Overholt by saying that he has gone over the same question in his own mind on a number of occasions and always reached the same conclusion.”

I sent the two “Weld” documents to Rudnick, Stavin and Moldea to compare them side by side, asking them if Weld was a good guy or a bad guy? All three of them unanimously defended Weld and defined him as a “good guy.” Dan Moldea pointed out that Weld had left the DOJ at least a year before either Rudnick or Stavin had left, and therefore may not have known about the DOJ stonewalling their respective MCA investigations. Wrote Moldea: (excerpted)

Here’s what I think: At the time of my interview with Weld in April 1988, the details of your nightmare were not on the public record ... My story in *Regardie’s*, which was in the July issue, came out in late May, and it was the first to provide those details while placing Hundley, Margolis and DeFeo – and even Baker – on the spot for the first time ---

--- When Weld heard the rumors about what we now know was a blatant attempt to shut you down, he, no doubt, went to his own people for answers, namely Margolis and DeFeo, and perhaps even Hundley. Of course, they spun the story of their bad behavior their way, placing themselves in the most positive light.

Bottom line, I think you’re right. Weld was completely in the dark about what was happening to you and was intentionally misled by his subordinates. Simultaneously, Reagan, [Howard] Baker, and Meese were certainly in the right place at the right time to know exactly what was going on. And in the end, I believe, they corrupted the process – without the knowledge of William Weld, who was gone by the time of the denouement.”

In July 1988, Howard Baker had left his White House chief of staff job and returned to MCA’s board of directors in March 1989, just in time to help Lew Wasserman celebrate his seventy-sixth birthday. Baker had previously served on the MCA board from January 4, 1985 to March 2, 1987 at which time he had resigned to accept the position of chief of staff to President Reagan. (<http://www.highbeam.com/doc/1G1-7087634.html>)

At a glimpse, looking at the timeline of the FBI investigation and wiretaps, it appeared that Baker was in a unique situation during the probe of MCA. He had left the MCA board to work for Reagan in March 1987, three months after Stavin and Gates' began their investigation (December 1986), and returned to MCA's board of directors in March 1989, just months after the FBI wiretaps had been shut down (in the Fall of 1988).

Edwin Meese submitted his resignation on July 5, 1988. William Weld had already resigned from the DOJ four months earlier, on March 29, 1988. It appeared that there was a wholesale exodus occurring at the Justice Department in 1988 when Arnold Burns, deputy attorney general, also resigned along with four top aides. More on this later ---

FBI agent Thomas Gates had mentioned the story written about Marvin Rudnick in *The American Lawyer* to John Cohen. Cohen had noted it in one of his memorandums that were stored at the National Archives. I subsequently obtained a copy of the story, July/August 1988 issue, entitled "Death of a Mob Probe – MCA Charges a Prosecutor with Misconduct, and Justice Kills a Two-Year Investigation. Why?" by Michael Orey.

*The American Lawyer* story came out approximately one month after Dan Moldea's *Regardie's* story hit the streets, so it noted in the last sentence of the article, in a postscript, that " --- Newcomer had recommended to his superiors that Rudnick be fired."

Marvin Rudnick was depicted in the story as a hard-hitting, aggressive prosecutor who played hard-ball with MCA when he doggedly refused to eliminate MCA from his investigation of Salvatore Pisello. Pisello was convicted of tax evasion in March 1985, but while prosecuting that case, Rudnick learned about Pisello's income from MCA and that launched yet another investigation, at the urging of the IRS.

On May 10, 1985, William Knoedelseder, Jr., a business reporter for the *Los Angeles Times*, had broken a story revealing that Pisello's involvement with MCA had been more extensive than Rudnick had realized. Knoedelseder had obtained a copy of a report prepared by internal corporate auditors of MCA for presentation to the company's board of directors which detailed MCA's payments to Pisello. The press revelations rekindled government interest in Pisello's involvement with MCA.

In a section with the heading “Rudnick Unleashed,” *American Lawyer* described the ensuing battle royal that ultimately lost Rudnick his job. When a grand jury indicted Pisello on a second round of tax charges on July 9, 1987, Rudnick “opened fire on MCA.” His press release announcing the indictment documented MCA’s payments to Pisello’s company, Consultants for World Records, which Rudnick made sure to point out was “shared” with New York organized crime figures who he named openly in the release.

“By the Fall of 1987, MCA had had enough,” wrote *American Lawyer*. “The company turned its guns on the person it considered to be the root of its problems: Rudnick.” Enter MCA’s lawyer William Hundley, former chief of the Justice Department’s Organized Crime and Racketeering Section, who was well known in Justice. The rest of Marvin Rudnick’s story is already outlined in the above *Regardie’s* article.

Rudnick commented that with Richard Stavin’s resignation from the DOJ, it proved that the DOJ was involved in a cover-up, not a personnel action as they tried to use in his termination. “I knew they were under tremendous pressure from above,” he said. In an e-mail to Stavin, Rudnick wrote: “*I remember Bill Wagner telling me that your wiretaps included a call that went right into the White House. I figured you either had a great case or you, too, would be fired.*”

Stavin responded: “They spoke to me about having just passed the California bar exam [he had previously worked out-of-state], and hoped that I would stay with the Strike Force. They knew there would be hell to pay if they had fired me after the maelstrom with Marvin.”

The e-mail exchanges between the two former prosecutors had awakened long-forgotten memories. Wrote Stavin: “I am starting to get incredibly angry over this again. What happened to Marvin and the derailing of my career was truly a travesty. The DOJ had two veteran hard-charging prosecutors who simply wanted to do their jobs and root out the Mob wherever it be found, be that at MCA or anywhere. Well, I guess that old saying held true on a grander scale, ‘You can’t fight city hall!’”

Stavin had listened to almost every call made when the wiretaps were in effect, spent countless hours at the listening post alongside numerous agents who were assigned on a shift basis to monitor the wiretap.

The intercepted conversations captured Giaquinto referring to Robert Booth Nichols as a “super sleuth” and other similar terms. Martin Bacow boasted to Giaquinto about LAPD-OCID detective John St. John, and Giaquinto would boast back about his “government man” (Robert Booth Nichols) “being higher than the CIA.”

One intercepted conversation, taken from the FBI wiretaps, revealed a conversation in which Giaquinto told Martin Bacow that the computer printouts being delivered to him by his “government man” would show connections to companies they owned, stockholders, and other companies as well as *indictments and other ongoing investigations*. Giaquinto also discussed the printouts in the context of an ongoing IRS case. (Marvin Rudnick had been investigating Salvador Pisello for tax evasion of income derived from MCA. Again, it appeared that the prosecutors’ internal reports to the DOJ were circling back to Giaquinto via Robert Booth Nichols).

On July 15, 1987 FBI surveillance agents observed Giaquinto exit Le Dome Restaurant on Sunset Boulevard with RBN and walk to Giaquinto’s vehicle. RBN was photographed by the surveillance team as he retrieved a box from Giaquinto’s trunk, then drove to the Beverly Hills Hotel and entered the Polo Lounge Restaurant. The surveillance was terminated at that time because they believed the subject was attempting to determine if he was being followed.

In an interview, Richard Stavin remembered the incident. He said that he and Thomas Gates “were astounded by the comments Giaquinto made about Robert Booth Nichols as to what information he could get from the federal government.”

I sent Stavin an FBI report on Nichols, and he responded: “I had seen other intelligence reports on RBN similar to this one. We had thought that he might have been involved in another Ollie North Iran-Contra deal through MCA and the Reagan/Wasserman connection. John Cohen intimated that we might have been on to something there.” Stavin added: “I guess we’ll never know how my investigation would have turned out had it not been sabotaged. Nichols was/is very mysterious.”

I asked Stavin if he ever came across any mention of Nichols’ involvement with the Wackenhut/Cabazon Joint Venture in his investigation? He answered, “I seem to recall the Cabazon reservation deal and Wackenhut popping up with RBN. We had so much else on our plates it was just another un-followed up lead.”

He said he had not heard anything relating to PROMIS in his investigation.

I sent Stavin a copy of the Peter Zokosky interview from February 14, 2001, and he wrote back: “My, my. Gates and I really did stumble onto something more than MCA and the Mob, didn’t we!” He added later, “Well 18 years later it looks like some justice will be done.”

I had contacted Dan Moldea in October 2008 because he had authored the book *Dark Victory*, and I planned to use some of that information in my book.

During subsequent conversations on the phone, I had asked Dan if he had information on the FBI wiretaps of MCA, i.e., Eugene Giacinto, Robert Booth Nichols, the mob, et al? I outlined to Dan what I had obtained relative to the wiretap information and he suggested that I contact Richard Stavin and Marvin Rudnick for comments. He provided me with their phone numbers.

Dan had been invaluable to me in various aspects of my book, and I am most grateful to him. He is also an incredibly talented writer and investigator and I am a devoted fan of his. Without Dan, I doubt that Stavin or Rudnick would have talked to me. Thus Dan had been copied on all the e-mail exchanges and concluded with the following letter:

Dear Cheri:

Congratulations for the gold mine of information you have created by putting these two good and decent men together. I never knew a lot of what they have been discussing in their exchanges.

You know my feelings about both of them. They were honest prosecutors who were doing their jobs well, determined to prevent what became a *Chinatown* ending.

Keep up the great work. And please do these guys proud in your upcoming book. Your friend, Dan.”

There was no need to “do these guys proud,” they did themselves proud when they made a decision of conscience at the height of their careers and kept the faith. I am simply proud to know them.

•••••

I was subsequently provided with information from a 2004 book which I’d had no knowledge of until after my interviews with Stavin,

Rudnick and Moldea were concluded, but it's worth getting on the record because it substantiates much of what they told me in 2009.

The book is titled *Mr. and Mrs. Hollywood: Edie and Lew Wasserman and their Entertainment Empire* by Kathleen Sharp. On pages 475 – 478, author Sharp wrote:

Burns, Weld and others complained about their boss [Meese] to Howard Baker, the President's chief of staff. Weld said that his superiors often asked if he couldn't close pending investigations of Meese's friends: "Hasn't that [case] been hanging around a long time? It's really hurting [the person or company under investigation]." In more than one case, the subjects of those investigations were in California, Weld said later. He and [Arnold] Burns were growing frustrated at being undermined and sidestepped in Meese's office.

Another excerpt read as follows:

--- Nevertheless, Baker urged the two well-respected lawyers to remain on staff. They did, briefly. But the situation worsened, and, a week later, on March 30, 1988, Burns, Weld, and four top aides resigned from the Justice department. It was an unprecedented mass exit, the signal of a complete loss of faith in the U.S. Justice Department. *The Justice Department was now seen as so corrupt that Senator Robert C. Byrd (D.-W. VA) called Meese 'the crown jewel of Reagan's sleaze factor,' and demanded his resignation.* Even so, the exodus left Meese unbowed and still in charge."

The *Boston Globe* exposed the revolt inside Justice in an article on March 30, 1988 entitled, "Top Meese Aides Quit, Reportedly in Act of Conscience Weld, Burns were said to Urge Boss' Resignation" by Stephen Kurkjian, Globe Staff. (excerpted)

WASHINGTON – Two top Justice Department officials, including William F. Weld, the former US attorney for Massachusetts, abruptly resigned yesterday, reportedly in acts of conscience over the refusal of Attorney General Edwin S. Meese 3rd to step down amid continued questions about his conduct in office.

Weld, head of the Justice Department's criminal division, and Arnold I. Burns, deputy attorney general and Meese's second in command, submitted their resignations in letters to President Reagan after meeting with the White House

chief of staff, Howard Baker, at his home at 7 A.M [and submitted their resignations] ---“ <http://www.encyclopedia.com/doc/1P2-8055592.html>

The following excerpt credited to Kathleen Sharp's 2004 book, *Mr. and Mrs. Hollywood* included this passage which corroborated Thomas Gates' and Richard Stavin's information to the Judiciary Committee in March 1992: (Provided to author Sharp by a source who wished to remain anonymous)

In May 1988, Giaquinto learned about the government investigation of him. "He went ballistic," said my source. MCA's executive Giaquinto had had enough. "I'm calling Meese and getting this thing stopped right now," he said.

"Sure enough," wrote Sharp, "after Giaquinto dropped Meese's name, the three cases against MCA – the payola, videocassettes, and record investigations – began to lose steam." Years later, Marvin Rudnick told Sharp that "*this is a cover-up that goes all the way to the top.*" Other attorneys and investigators told Sharp they believed that "Wasserman and Meese had covered up a larger case of mob infiltration *and CIA influence at MCA.*" "It's just not happenstance that two of MCA's presidents of two of their major divisions are doing business with the Mob," said Stavin.

I wondered if the "CIA influence at MCA" mentioned above was Robert Booth Nichols and his corporate partners in FIDCO and/or Meridian International Logistics? Both of these corporations were comprised of CIA-related board members.

Bill Hamilton believed, after more than two decades of research, that the modified version of his PROMIS software had been used for money laundering of drug profits to fund unauthorized intelligence operations, and he was convinced that part of the reason that the FBI wiretaps of MCA executives connected with the Mob and Robert Booth Nichols were shut down was because the FBI and prosecutors had bumped into an intelligence operation involving PROMIS. Hamilton believed that when the operation began to unravel due to the FBI probe, resignations followed at various levels within the Justice Department and the White House. To prove his point, Hamilton offered a chronology of the events as follows: (Excerpted from an e-mail from Hamilton)

Just two weeks after William Weld signed the memo to Steven Trott declining INSLAW's request for an independent counsel, i.e., on March 16, 1988, Weld and Arnold Burns went to the White House to meet with Chief of Staff Howard Baker in a bid to force the ouster of Meese as Attorney General. After it became clear that President Reagan would not fire Meese, Weld and Burns went to [Howard] Baker's home on March 29, 1988 at 7:30 in the morning and submitted their resignations.

On May 6, 1988, the Department of Justice announced to the public that it had declined INSLAW's request for the appointment of an independent counsel to investigate the roles of Attorney General Meese, Deputy Attorney General Arnold Burns, and former deputy Attorney General D. Lowell Jensen to drive INSLAW out of business and award a massive sweetheart Project EAGLE procurement to their friends to install PROMIS on new computers in every litigation and investigative office of the Justice Department, and that the Department had cleared Meese of any wrongdoing.

One week later, on May 13, 1988, Ronald LeGrand telephoned me with information about the INSLAW case from his trusted Criminal Division source who made it clear to LeGrand that he was coming forward in reaction to the public statement by the Department on May 6, 1988 and who implicitly made clear his familiarity with the memorandum Nancy and I had submitted to the Public Integrity Section of the Criminal Division on the subject in early 1988.

[This memorandum would have been the allegations that William Weld responded to in his letter to INSLAW on February 29, 1988 in which he wrote, "*The Public Integrity Section has reviewed allegations by INSLAW, Inc. that Attorney General Meese, Deputy Attorney General Burns, and/or former Deputy Attorney General Jensen committed 'procurement fraud' and/or obstruction of justice. The public Integrity Section concluded that the information submitted is not sufficiently specific to constitute grounds to initiate a preliminary investigation---*"]

On page 9 of the Summary section of *The Inslaw Affair* Investigative Report by the House Judiciary Committee, dated September 10, 1992, it was reported that sworn statements had been obtained from former Federal prosecutors Richard Stavin and Marvin Rudnick on March 13 and 14, 1992. After initial resistance from the Bureau, a sworn statement was taken from FBI Special Agent Thomas Gates on March 25 and 26, 1992.

Special Agent Gates stated that,

Mr. [Danny] Casolaro claimed he had found a link between the INSLAW matter, the activities taking place at the Cabazon Indian Reservation, and a Federal investigation in which Special Agent Gates had been involved regarding organized crime influence in the entertainment industry.

The depositions of Rudnick and Stavin detailed their Strike Force findings. On page 478 of Kathleen Sharp's 2004 book, *Mr. and Mrs. Hollywood*, she wrote:

Stavin discussed the ties between Giaquinto and Robert Booth Nichols. *Stavin believed that MCA was helping the government by offering the cover of its offices around the world.*

As of this writing, David Margolis is still serving in the Attorney General's office, according to an article entitled, "David Margolis –Why He Matters" at the [WhoRunsGov.com/Washington Post](http://www.whorunsgov.com/WashingtonPost) website which reminded readers that Margolis' current position in 2010 was Associate Deputy Attorney General under Attorney General Eric Holder. Margolis was described as "*--- the Justice Department's highest-ranking career official*" under Eric Holder. (Holder assumed the office of U.S. Attorney General serving under President Barack Obama beginning in February 2009). ([http://www.whorunsgov.com/Profiles/David\\_Margolis](http://www.whorunsgov.com/Profiles/David_Margolis))

An excerpt from the article read as follows:

### Why He Matters

Margolis is the Justice Department's highest-ranking career official and something of an institution unto himself at the department. A 45-year veteran of DOJ, he has served under 18 attorneys general and navigated sensitive cases throughout his tenure. He figured prominently in the Whitewater investigation during the Clinton administration and the U.S. attorney scandal under President George W. Bush.

"In 2010, Margolis drew scrutiny for his decision to spare from punishment two Bush administration lawyers who authored memos justifying the use of enhanced interrogation methods on suspected terrorists. After criticism from civil libertarians, Margolis was defended in a letter signed by 17 former top Justice De-

partment officials, including attorneys general from both political parties dating back to the administration of President George H.W. Bush. Palazzolo, Joe, "Former Justice Officials Rally Around Margolis," MainJustice.com, March 5, 2010.<sup>(1)</sup>Palazzolo, Joe, "Former Justice Officials Rally Around Margolis," MainJustice.com, March 5, 2010.

"As associate deputy attorney general, Margolis serves as a key adviser to the department's senior political appointees. He also fills other roles, including overseeing the interview process for potential U.S. attorneys, disciplining federal prosecutors when necessary and vetting FBI officials. According to a lengthy 2006 *Legal Times* profile, Margolis once described his "eclectic" role to an incoming attorney general in this way: "*I'm the department's cleaner. I clean up messes.*" McLure, Jason, "Margolis Is the DOJ's Ultimate 'Inside Man,'" *Legal Times*, Sept. 18, 2006.<sup>(2)</sup>McLure, Jason, "Margolis Is the DOJ's Ultimate 'Inside Man,'" *Legal Times*, Sept. 18, 2006.

Margolis's career history as listed at the website included "Deputy Assistant Attorney General (1990 – 1993); Senior official, Organized Crime Section, Criminal Division (1976-1990)."