



Mail fraud, Maoists, and MI-6

The U.S. Postal Service is in worse shape than you suspect

In 1974, officials of the U.S. Labor Party began to notice that a significant percentage of mail arriving to the party's New York City headquarters was already opened — and often empty. A complaint was filed with the Postal Service, which reported that mail was accidentally being diverted to an adjacent post office box, at the giant New York City General Post Office, one which belonged to the giant Macy's department store. The Service promised to carefully instruct all employees to make sure that mail for the USLP was delivered to the proper box.

There the matter rested until 1977, when the party again began to observe a pattern of opened and empty mail. Officials began keeping a log of such instances, and the investigation was reopened. This time it proceeded to the offices of Chemical Bank, which operates a mail service on behalf of Macy's. Chemical reported in writing to USLP investigators that USLP mail was arriving to the Macy's box already opened by the time it reached the bank.

Last year, the USLP conducted test mailings to its New York City post office box. One test found that 6 percent of test letters mailed in New York City never reached their intended destination. Last month, the USLP made a careful record of mail sent to its headquarters from party officials and supporters around the country. Of letters known to have been mailed, fully 25 percent never reached the USLP. What is more, mail which is known to be missing contained some \$4,600 in checks which never reached the party. Based on that and other figures, the USLP estimates that hundreds of thousands in contributions and other funds have disappeared in the mails in the past four and one-half years.

Christmas snafus? Another horror story of Postal Service inefficiency and bungling? The USLP thinks not. A months-long investigation has uncovered a pattern of conscious and deliberate intelligence "dirty-tricks" and black operations being conducted by top officials in the Postal Service. Centered around trusted Kennedy family associates and British agents and agents-of-influence in and outside the government, the British takeover focuses on the spring 1970 law that transformed the United States Post Office — an institution conceived by Benjamin Franklin as an essential component of U.S. government

efforts to aid the development of U.S. business and industry — into the "free enterprise" U.S. Postal Service.

The Postal Service a Kennedy operation? That conclusion may seem surprising to those who remember that it was the Nixon administration which fought for and pushed the postal reorganization bill through Congress. But it was the Kennedys who initiated the idea, and economist Milton Friedman — tied to the Kennedys both through British economic circles, and the old Prohibition-era bootlegging networks with which both Friedman and the Kennedys are associated — who inspired Nixon with the Postal Service debacle.

As the following report shows, the U.S. Postal Service is through-and-through a Kennedy/British intelligence operation, run at the top by high-level National Security Agency and other intelligence operatives, and extending at bottom to nests of Maoist terrorists who are employed in key positions at important Postal Service facilities.

Can anyone in the United States rely on the Postal Service? Besides fraud operations against the USLP, the Kennedy role in the Postal Service is expected to loom large in the 1980 Presidential campaign, when the Republican Party expects to base its fundraising effort — in a campaign against a possible candidate Ted Kennedy — on a direct-mail effort.

PHASE I: THE COVERT OPERATION



In 1969, William J. Cotter became Chief Postal Inspector, the head of the oldest law enforcement agency in the United States. Postal inspectors are usually chosen from the ranks of postal employees, given extensive training in detecting criminal mail activities. But Mr. Cotter was different.

Cotter is a career intelligence agent. His specialty is mail surveillance — opening, tampering, and monitoring correspondence in violation of the U.S. Constitution's guarantee of privacy of the mails. Since the 1950s, he has worked as the CIA's director of "mail cover" operations in New York, operations run by the agency's counterintelligence chief, James Jesus Angleton.

The CIA is not the only organization involved in mail cover operations. There is the FBI and the super-secret National Security Agency (NSA) which was — and still is — over its head in illicit postal operations. While the various congressional committees investigating intelligence agency abuses have pilloried the CIA and FBI for their illegal mail activities, the NSA has remained untouched because “it was merely acting on orders from the other agencies.” The truth is quite the opposite. The NSA connection involves more than “mail cover” operations. This agency is the point of control for the activities of the Intertel private intelligence outfit, the Mafia, the Kennedy machine, and Henry Kissinger in the takeover of the U.S. Postal Service.

The case of Larry O'Brien

In September 1965 Lawrence O'Brien was sworn in as Postmaster General. O'Brien, since 1952, had been a ranking member of the Kennedy machine, running their electoral campaigns and giving advice on the family's political and economic fortunes. Almost immediately after the swearing-in ceremonies, he began clamoring about the “crisis in the Post Office.” Citing chronic undercapitalization and equipment obsolescence, plus an accelerating increase in mail volume, O'Brien teamed up with a media campaign warning of an imminent postal breakdown. The press began to demand changes to the present system to “improve efficiency,” “cut cost,” “run the Post Office like a business” and “end political patronage and corruption.”

Then, in October 1966 there was a major national mail snarl when a conveyor belt broke down in Chicago's main Post Office. O'Brien officially launched the reorganization campaign. On April 3, 1967, he issued marching orders to the press during a speech to the Magazine Publishers Association. The solution to the postal crisis, O'Brien said, was to run the postal system like a corporation so it cannot rely on Treasury subsidies to cover up its inefficiencies. The service should be commensurate with its balance sheet. Its control must not reside in the political process — or the executive branch. The Postmaster General, said O'Brien, must be allowed to run the mail business with no interference or pressure from “politicians.” He proposed, therefore, that the postal system should be removed from the Executive and function independently, the Postmaster General should act as a de facto executive director on a board of governors, and political patronage must end.

Five days later President Johnson appointed a ten-member Presidential Commission on Postal Organization, chaired by Frederick Kappel, the retired chairman of American Telephone & Telegraph. The media churned out periodic leaks of the commission's findings over the next 14 months, leading up to the commission's release of its report in June 1968. O'Brien's recommendations were repeated, but in more lurid detail and with a distinct emphasis on removing the service from executive branch control.

Two months before the Kappel Commission released its

report and after only two and a half years in office, O'Brien quit as Postmaster General to “execute” Robert Kennedy's presidential campaign. Less than a month after Kennedy's assassination, O'Brien and four or five other Kennedy machine men found employment with Robert Maheu, who at the time was effectively running the Howard Hughes' corporate empire. Maheu was to soon become a top executive at Intertel.

Short for International Intelligence, Inc., Intertel is one of the world's largest private intelligence agencies and is a subsidiary of Resorts International, the Meyer Lansky-linked casino conglomerate which operates in the Bahamas and, pending a challenge to its license, Mafia-ridden New Jersey. Intertel took over Hughes' extensive casino operations in 1970, with Maheu soon — if not before — switching allegiances. O'Brien and his men were retained by Maheu and Hughes throughout the period of the corporate takeover.

In the meantime, O'Brien had become head of the Democratic National Committee in 1969, and was later named Commissioner of the National Basketball Association, one of the primary sport laundromats for illegal money — and tied into Intertel networks.

The NSA, Intertel, and Watergate

The case of O'Brien and his Intertel connections leads via an intricate route directly to the Post Office takeover and the minimally five year operation to defraud the U.S. Labor Party.

Intertel was formed in 1968 with \$2 million from Resorts International, an offshoot of Robert Vesco's International Overseas Services which is a creation of the Rothschilds and British merchant banks. Intertel absorbed many of the networks and personnel of a formerly Swiss-based entity called Permindex, set up earlier by the Israeli Mossad's Tibor Rosenbaum and Canadian Major Louis Bloomfield, who ran the FBI's “Division Five.” Permindex specialized in political assassinations, and was responsible for several known attempts on the life of French President de Gaulle during the 1960s and for the murder of President Kennedy.

Intertel is run and staffed by a large contingent of “former” NSA agents, including the former deputy director of NSA security and the former chief of the NSA's Special Projects Section. The latter interfaced with the mail cover operations. The president of Intertel is Robert Peloquin, a former commander in the Office of Naval Intelligence, member of the NSA, and the chief of Bobby Kennedy's Organized Crime Task Force in the Justice Department!

The Mossad connection to Intertel brings the investigation into the postal service back full circle to the CIA's Angleton and Chief Postal Inspector William Cotter. Throughout the postwar period to about 1974, Angleton commanded the agency's Israel desk, working directly with the Mossad. It is known by the law enforcement authorities of the West German, Italian, and French governments, among others, that the Mossad is

the field coordinator of international terrorism and assassination.

O'Brien and Intertel also loom large in the Watergate coup d'etat against President Nixon. Nixon had launched a counterintelligence investigation of organized crime and drug-running, targeting particularly Intertel. O'Brien's link to Intertel was a large factor in Nixon's acquiescence to the break-in of his offices at the Watergate hotel. That Henry Kissinger figured prominently in the deliberate bungling of that operation is not coincidental to the postal takeover.

The Kappel Commission

The Kappel Commission which helped to lay the groundwork for the Post Office takeover consisted of nothing more than a bunch of spooks tied to the upper echelons of British and Israeli intelligence. Besides Kappel himself, the commission was comprised of:

George Pierce Baker, Dean of Harvard's Graduate School of Business Administration and a former agent-operative in the U.S. War Department during World War II.

David Bell, another Harvard professor and an expert in budget cutting.

Rudolph Petersen, former president of the Bank of America and board member of Transamerica Corporation. The latter funded Project One in San Francisco, one of the brainwashing conduits of members of Jim Jones's Peoples' Temple.

David Ginsburg, a Kennedy machine member, former Intertel associate, and now Henry Kissinger's lawyer.

To ensure that the Kappel Commission's report would be forced through Congress, O'Brien — now working with Maheu and Hughes — formed and chaired a "Citizens Committee for Postal Reform." The committee included John A. Hill, president of Aetna Life and Casualty; John Loeb, senior partner of the Loeb, Rhoades investment firm and a major backer of the Canada-based Bronfman drug-running family; and Lucius Clay of Lehman Brothers. The committee pumped hundreds of thousands of dollars into advertisements and Madison Avenue public relations for postal reorganization — as well as political payoffs to gather the necessary votes.

PHASE II: THE OVERT OPERATION

The Kappel Commission report received a cold reception in Congress. In 1968, Senator A.S. "Mike" Monroney, Chairman of the Senate Post Office and Civil Service Committee, bluntly stated that there was not a "human chance" that Congress would pass any such plan. He was seconded by Representative Thaddeus Dulski, chairman of the corresponding House committee: "There must be great care taken that the cure is not worse than the illness." President Johnson himself refused to endorse or submit legislation on the recommendations, saying only that "This report should be widely read and studied."

Incoming President Richard Nixon, however, bought the idea of a postal corporation and reorganization by swallowing an unhealthy dose of "fiscal conservatism." Nixon, with the likely encouragement of Milton Friedman, bought the line to turn the Post Office into a real business, stop the deficits and Treasury bail-outs, and end the inefficiency of patronage (the latter a "clever" public relations move). In 1969, with the appointments by the new Nixon Administration of Winston Blount as Postmaster General and Cotter as Chief Postal Inspector, all the elements and personnel were in place for the coup.

To preempt any move to ram the Kappel Commission recommendations through Congress, Rep. Dulski introduced a bill on Jan. 3, 1969, the first day of the 91st Congress. Dulski's proposal, H.R. 4, incorporated most of the secondary reforms of the Kappel study, but held the line on keeping the Post Office "as a regular Government department with the Postmaster General as a member of the Cabinet... all within the framework of the historic philosophy and fundamental principles of our Government." Dulski emphasized that the real issue was nothing less than the integrity of the Constitution and the Government itself.

Dulski's bill had the unanimous support of the postal unions and the AFL-CIO, which feared that the Kappel proposals would eliminate any chance of collective bargaining and remove postal workers from the protection of civil service classification. On April 22, Dulski began what would turn out to be one of the most exhaustive sets of hearings in Congress's history.

The new Postmaster General, Winston M. Blount, countered Dulski by trying to conduct a media campaign for reorganization and otherwise bypassing Congress. Blount framed his plan in secrecy without consulting Congress. In May he presented the Administration's reorganization proposal, not to a congressional committee, but to the Press Club in Washington, further angering congressmen. Blount was quoted in the *Washington Post* as threatening to "go over the head of Congress, to the American people," to sell his plan. At the end of the month, President Nixon submitted Blount's proposal to Congress, which was sponsored by Rep. Morris Udall.

It is hardly incidental to note that only weeks before O'Brien's April 1967 speech originally proposing the postal reorganization, Britain had put forth an identical proposal to turn its postal service into an independent corporation, out of direct government control. Furthermore, in October 1969, Blount traveled to Britain at the invitation of Her Majesty's Government to personally participate in the opening ceremonies celebrating the establishment of Britain's independent postal corporation.

The hearings went on for five months. In September, the House Post Office Committee began executive deliberations on both Dulski's and Udall's bills. An extraordinary 24 sessions were held behind closed doors, lasting nearly six months. Till the end, it was generally acknowledged that Dulski would get his way: the Post Office would remain under executive and congressional

control and the Postmaster General would be retained in the Cabinet. But in the last two weeks of debate, key members of the committee caved in to a combination of threats and political payoffs. Dulski's bill was changed to include the postal corporation and removal of the Postmaster General from the Cabinet. On March 12, 1970, the committee voted up the rewritten H.R. 4.

The postal strike set-up

Just six days later, "militant" postal workers in the New York City region began an illegal wildcat strike demanding collective bargaining and sharp wage increases. In three days, the strike had spread to most major cities in the northern half of the nation. Mail quickly backed up throughout the country, as business and the whole economy threatened to grind to a halt.

A hasty agreement to negotiate between the Administration and the postal unions' leadership ended the strike in most cities in the next three or four days, with the notable exception of the New York-Newark area. There, William Cotter, who had served as the New York Regional Postal Inspection Chief before becoming Chief Inspector in Washington, had done his work well.

Cotter and his team had inundated the large postal installations in the metropolitan regions with gangs of Maoists, "radicals," and agent-provocateurs, who now refused to return to work. Coupled with the legitimate grievances and the falling real wages of postal workers, the New York wildcat was ready to blow any time Cotter and company chose. Government action was demanded and President Nixon was forced to call in the National Guard to sort the mails, a task for which the troops were untrained. That strike soon ended, as the Administration began bargaining with the unions in earnest.

Blount took command and made the unions an offer they couldn't refuse: a de facto 14 percent wage hike and expanded collective bargaining. In exchange, the unions were "to agree upon and jointly sponsor legislation designed to restructure the Post Office to operate on a self-contained basis." The unions were to agree to abandon their opposition to the independent corporation and back the Kappel legislation!

The agreement came on April 16, and on the same day, Nixon introduced H.R. 17070 into the House, a much stronger version of the amended Dulski bill. Within a month, H.R. 17070 was passed by a close vote in the committee. It passed the House by June 18 and was law by August. On July 1, 1971, the Post Office would cease to be a part of the Executive. It would henceforth be run by forces ultimately controlled by British intelligence.

Representative H.R. Gross (R-Iowa), one of the few congressmen who fought the reorganization every step of the way, warned that the new law was reported out of the committee "by a bare majority... The only thing we can reasonably predict is that...postal rates will go up and postal service to the public will be drastically reduced..." Senator Ralph Yarborough of Texas was more blunt in his characterization.

"This Postal Corporation bill is the Tonkin Gulf Resolution of domestic legislation. I know of no precedent for this bill. The Constitution provides that Congress shall establish the Post Office and post roads. We abdicate this constitutional responsibility when we turn the function over to a corporation."

The reorganization

Blount wasted no time in reorganizing. Even before the Post Office was formally severed from the executive and legislative branches, he began cutting the budget, cutting services, laying off workers, and forcing drastic management changes. Between July 1970 and December 1972, 54,000 workers — 8 percent of the employees — were forced into early retirement or dismissed under various pretexts. About one-quarter of these were supervisory personnel, many of whom were replaced by individuals not on the basis of "merit," as the Kappel recommendations purportedly urged, but on the basis of adherence to cost-cutting dictates — and the political willingness to corrupt the Post Office for illegal operations. Cotter had 300 out of 1500 postal inspectors replaced, not by trained postal employees as in the past, but by a plethora of "college graduates" and British-NSA agents. Employee morale went to new lows, as more and more civil servants were replaced with counterculture freaks and outright incompetents.

But this was only the beginning. Blount was able to "reorganize" by putting through a decentralization plan to "grant local areas more power and efficiency." The service was divided into five regions, 83 districts with district managers, and 533 sectional centers with managers, each with 60-80 associate Post Offices. This resulted actually in *less* local autonomy, with the sectional and district managers making the important local decisions — most were incompetent and in many cases purposefully destructive.

The decentralization, however, did result in an increasing concentration of mail in designated sectional and district centers, aiding the surveillance, "cover" and fraud operations. In March 1971, before the corporation officially started operations, Blount announced the establishment of a National Bulk Mail System, which would concentrate mail in 33 centers. Today, many of these centers — like those in Secaucus and Kearny, New Jersey and Richmond, California, which receive and disburse most of the mail to and from Europe and Asia — are largely staffed with Maoists who run illegal contraband activities, including especially drugs.

Today, the Postal Service is losing more money, is more inefficient, more labor-intensive, and more undercapitalized than ever. Proposals to replace the national service with private carriers and electronic mail services mean even less control over contraband trafficking, illegal surveillance, "cover" operations, and the other British Intelligence operations which the U.S. Postal Service today performs.

— Steve Parsons