

'Reagangate' gambits multiply

Scott Thompson reports on the new gameplan of bogus scandals against Labor Secretary Donovan and the President himself.

A trap with the potential to topple President Ronald Reagan has been set already, according to sources close to Walter Sheridan, the former head of the "Get Hoffa Squad" who is now chief investigator for Sen. Ted Kennedy (D-Mass.) on the Senate Labor Committee. The trap follows the same strategy used to watergate President Nixon.

Reagan and key advisers are to be caught in a coverup concerning accusations leaked to major media which purport to prove links between administration figures and organized crime through mere association. And Secretary of Labor Raymond Donovan, whose confirmation was held up for weeks based upon the lies of a convicted murderer promoted by Kennedy and Sheridan, is to be the first victim.

In an interview made available to *EIR*, a reliable source said: "Sheridan would not push Kennedy so far out front if he did not know he had a winner. Sheridan already has everything he needs to know. He is orchestrating selected leaks to play out his strategy.

"Sheridan will not try to prove that Donovan personally has direct ties to organized crime. If any evidence existed, Sheridan would have immediately gone with it. What he and Kennedy will do is catch Donovan in deliberately covering up information he has of various business ventures his company [Schiavone Construction], or companies he might be associated with, have made with organized crime enterprises. . . .

"What got Nixon was not what he did, but the coverup. . . . The question will immediately come up as to not only why Reagan picked Donovan in the first place, but why, despite the allegations, he confidently stood by Donovan."

New evidence

Sheridan and Kennedy have already taken the first major steps to lure the Reagan administration into this trap. On Feb. 6, only days after the FBI shot down all allegations and Donovan received Senate confirmation, Senator Kennedy sent a letter to Senate Labor Committee Chairman Orrin Hatch (R-Utah) requesting new hearings on the basis of alleged shortcomings in the FBI's original investigation and new evidence.

According to press reports, the alleged discrepancies were first noted by a reporter for the *Record* in Hackensack, N.J. But sources close to Sheridan suspect that it was he who first leaked the story to selected New Jersey papers to lend credibility to Kennedy's request.

"No one knows organized crime in New Jersey better than Sheridan," a reliable source stated. "Whatever information has come out thus far in the press is only the part of the Sheridan wants to come out."

License to kill

An examination of Kennedy's so-called new evidence shows that it is all based upon the statements of members of the Federal Witness Protection Program, from which Attorney General Benjamin Civiletti selected hardened criminals to carry out his Abscam-Brilab "stings." Participants in this program are paid up to \$90,000 per year, and have been granted immunity for crimes including murder if they produce convictions.

Among those FWPP informants Kennedy and Sheridan have marshaled for use against Donovan are:

- **Ralph "Little Ralphie" Picardo.** Though thoroughly discredited by FBI testimony and his repeated refusal to take a lie-detector test during Donovan's confirmation hearings, Kennedy states in his letter to Hatch that questions raised by the local New Jersey press "seemed to lend additional credence to the allegations of Picardo." Picardo's original charges include the claim that he served as the "bagman" for "payoffs" from Donovan to a now-deceased reputed crime figure to purchase "labor peace."

In February 1975, Picardo was convicted on charges of conspiracy to commit murder and murder in the second degree. He was sentenced to 17 to 23 years in state prison and confined in the Vroom Building, a maximum-security behavior-modification ("brainwashing") center in the New Jersey prison system. Counterterrorist experts have repeatedly traced the origin of Maoist and other local terrorist gangs to this center.

After nine months of "rewiring," Picardo was granted a retrial. Before it could take place the FBI "kidnapped" Picardo, telling U.S. District Judge Curtis Meena that they were merely taking him for a hand-

writing sample. Picardo was whisked out of the state and sent from one prison to another.

Finally, Picardo escaped from a minimum security prison, but U.S. Attorney John Wlokowski refused to prosecute him. Instead, he was granted bail. It was this "zombified" individual who suddenly remembered that he had once overheard Teamster Vice-President Tony Provenzano order the murder of Anthony "Three Fingers" Castellito in 1961. During the trial testimony, Picardo was called a "whacko" and "liar" by other witnesses.

- **Patrick Kelly.** Kelly recently told the *Washington Post* as he had earlier told the FBI, that he remembered Schiavone Construction from a number of conversations with organized crime figures, once in connection with "bid-rigging, several times in connection with the Genovese organized crime family."

Kelly has been on the FBI payroll since 1973. In 1976-1978 Kelly worked in the Law Enforcement Assistance Administration-funded Project Alpha, the model for the later Abscam "sting." Through Alpha, 40 business, labor, and political leaders in Hudson County, N.J. were entrapped by Kelly, who ran a string of dummy corporations for this purpose.

In testimony during one Alpha case, Kelly admitted that he used these same companies to "rip off millions" with impunity. According to a piece by Herbert Jaffe entitled "Informants Vital to 'Scams'" in the Feb. 10, 1980 *Newark Star-Ledger*, these crimes "were sanctioned, as long as the informants continued to provide data vital to Alpha and subsequently to Abscam."

In some instances those against whom Kelly testified had outstanding civil suits to recover the money which he had defrauded from them with FBI protection.

- **John J. Kenny.** Kenny is the source of Kennedy's latest claim that Schiavone Construction "may have illegally purchased 30,000 cubic yards of top soil which had been obtained from public property."

Thomas Bruinooge, one of Donovan's New Jersey lawyers, said on Feb. 8 that Schiavone's involvement in the deal was legitimate, but charged that Kennedy's resurrection of this 13-year-old matter had been "politically motivated."

Kenny, a onetime chairman of the Hudson County Board of Freeholders, was tried in 1973 on charges that he pocketed money from the illegal sale of county land. These sales, including that to Schiavone, were made through a front company, Duncan Land Reclamation Corporation, which presented the deals as totally legitimate to its customers. Schiavone's records were actually used to prosecute Duncan Land associates.

Kenny was also given immunity in the early 1960s when he testified at a federal kickback/extortion trial of former Jersey City mayor Thomas Whelan and others.

In his statement on the Duncan Land deal, Brui-

nooge said that Kennedy's charges "are designed to create an impression of mistrust and to weaken Donovan's ability to deal with the job." Mr. Donovan will not be distracted from his responsibilities as secretary of labor, and he will not allow this approach to affect him."

Presented with this "new evidence," Senate sources report that Senator Hatch told Kennedy and Sheridan to present their material to the FBI for followup. He added that there would be no further hearings unless the FBI confirmed these witness statements.

A number of other flanks have recently been opened in Reagagate with the same "entrapment/coverup" stamp as the operation against Donovan.

On Feb. 10 "leaks" carried first in the *Los Angeles Times*, a favored Justice County district attorney is investigating Michael Reagan, the President's eldest son by his first marriage. Michael Reagan is being accused of diverting funds invested in a gasohol development project for his personal use.

Among other points noted in press reports is that Michael and his partner, Richard Carey, allegedly exploited Michael's role as the son of a presidential candidate and also led investors to believe that Carey was the son of New York Gov. Hugh Carey.

The stage has already been set for charges of cover-up in the case. On Feb. 11 the *New York Times* reported that Carey has spoken with President Reagan about the case in an effort to enlist his help in quashing the investigation. Moreover, the Los Angeles County DA has reportedly turned the case over to the Justice Department, raising the possibility of further "coverup" charges if Michael Reagan is not prosecuted.

This strategy is further augmented by the Westchester Premier Theatre skimming case in which Frank Sinatra is a defendant. The prime defendant in that case pleaded guilty Feb. 10. Sinatra's friendship with William French Smith has been used repeatedly for scurrilous attacks upon the attorney general.

Perhaps the wildest charge to date has been made in the Feb. issue of *Organized Crime Review*—a Reno, Nevada-scandal sheet published by an FBI-linked informant—which charges unnamed Reagan campaign staff with making a deal to win the Teamsters' endorsement. According to "sources," the deal involved the Justice Department dropping its emphasis upon labor racketeering to concentrate upon terrorism, KGB internal operations, and violent crimes.

In an interview, the publisher, Ryan Emmerson, claimed his original source was the same New Jersey paper cited by Kennedy in his request for new Senate hearings on Donovan. Emmerson's story was itself picked up by the Zodiac News Agency, a West Coast-based syndicate linked to the radical *Mother Jones* magazine and to the Washington, D.C.-based Institute for Policy Studies terrorist-coordinating center.