

# Hudson's 'police-state tactics' draw first blood in Pentagate indictments

by Leo Scanlon

The U.S. Attorney for the Eastern District of Virginia, Henry Hudson, presented the first round of indictments in the celebrated "Pentagate" case to the Alexandria court on Jan. 6, and immediately moved to his favorite forum, the press conference, in furtherance of his efforts to convict the defendants before the trial begins. Fifty to sixty representatives of the news media were crammed into a small room at the offices of the U.S. Attorney, and treated to a dramatic reading of the indictments of former Navy official Stuart Berlin and consultants William Parkin and Fred Lackner, as well as the Teledyne Corporation, on racketeering and conspiracy charges.

Earlier that day, the Hazeltine Corporation, a subsidiary of Emerson Electric, entered a plea agreement with the government admitting wrongdoing by corporate officers, and agreed to pay fines totaling some \$2 million. Consultants Michael Savaides, Charles Furcinetti, and Joseph Colarusso pleaded guilty to fraud and bribery charges. Other individuals and companies charged pleaded innocent at their arraignment on Jan. 13.

The charges and pleas are the outcome of a lengthy investigation which included the widespread use of wiretaps of high-ranking Defense Department officials, and an unprecedented raid on the Pentagon on June 14, 1988, planned without knowledge of the secretary of defense or the President. Those actions were characterized as "police-state tactics" by David Packard, the man who headed up the President's blue ribbon commission on defense reform.

*EIR* warned after the Pentagon raid, that Hudson's assault on the defense community was part of the same broad-based politically motivated offensive that had already targeted Lyndon H. LaRouche and his associates. In both cases, Hudson's method was the same: Sweeping allegations were issued with great media fanfare; innuendo and smear tactics were used to create the appearance of criminality, yet the actual "overt acts" with which the defendants were charged are *not* criminal (and the government did not even allege that they are). "Conspiracy" counts were added to make otherwise innocuous actions appear to be criminal.

In the case of the first round of Pentagate indictments, the accused are charged with "trading in unauthorized information." Is that a crime? No specific acts of contract manipulation are charged. In fact, the "collusion" with which the

indicted defense contractors are accused, would in the past have been considered perfectly normal business practice.

The weak legal constructions used by the prosecution, and the relatively small fines imposed, have prompted some defense circles, especially the larger contractors who have remained untouched so far, to feel relieved, and to hope that Hudson's zealotry is under control. This illusory view appears to be based on the fact that Attorney General Richard Thornburgh's team at the Justice Department advised Hudson to trim his prosecutorial strategy down from the scatter-shot approach he trumpeted to the media last summer, and limit himself to those issues which would bring a guaranteed conviction in the court. The strategy is said to be typical of the "Thornburgh style," and is designed to protect the integrity of the ongoing investigation, protecting Hudson's basic "police-state" techniques.

Those who have been so lulled will find that the tyranny they denounced last summer has been strengthened, not weakened, by the current indictments.

## 'Improper influence'?

The elements of the case presented in the indictments returned by the grand jury are deeply embedded in the arcane world of defense contracting. The prosecutors claim that Stuart Berlin, a civilian employee of the NAVAIR and SPAWAR commands of the Navy who had some influence over the award of contracts for electronic devices involved in the development of Identification-Friend or Foe (IFF) systems, improperly influenced purchase decisions to favor companies associated with a group of consultants who were paying Berlin for his influence, and selling that relationship to the companies bidding on the contracts.

Teledyne and Hazeltine hired the consultants precisely because they were formerly involved in procurement, knew the ropes, had contacts, and might even be able to "grease the skids" inside the Pentagon on a particular contract. Allegedly, the consultants paid Berlin to influence contract decisions by providing information that would allow their clients to bring their proposals into direct correspondence with the Pentagon's budgetary specifications.

It is risky to believe anyone's claims to "influence" decisions which are not made openly—whether one is buying the "influence" or complaining about it—and the government

is not alleging that Berlin caused a bad or inferior product to be purchased. The losing bidders aren't complaining, because they were awarded other contracts, with the consultants raking off their fee for services rendered in the dividing of the pie.

The indictment describes these activities as an attempt to "defraud the United States of America out of the honest, conscientious, loyal, and unbiased performance for the duties of a public official, to deprive the public of the lawful right of the United States to maintain control over how money is spent on procurements, and the lawful right to the exclusive use of confidential documents and information." Hudson concedes that the government is not attempting to prove that the alleged acts of the defendants affected the cost or quality of any weapon in any way.

### **Fraudulent 'espionage' charges**

Behind the indictment lies a complex behind-the-scenes brawl within the Reagan-Bush administration, whose nature was revealed in the congressional hearings conducted by Sen. Charles Grassley (R-Iowa), one of the key senators leading the charge against the Pentagon. On Dec. 21, 1988, hearings were sponsored to highlight a report issued by Grassley's staff. The controversy came into the open during the course of the attempt of the Justice Department to indict GTE Corp. and a consultant working for GTE, Bernie Zettl, on espionage charges. The allegation rested on the theory that officers of GTE were in possession of Navy budgetary planning documents which they had received through "unauthorized channels"—even though all involved had the security clearances necessary to see the documents, and no one was accused of improperly exposing classified material! Where, then, is the espionage?

Behind that case, which foundered, was an orgy of "investigation" directed by the Reagan administration-created Inspector Generals apparatus. It used this definition of espionage to justify surveillance of at least 10 major defense contractors, more than 30 top Pentagon officials, innumerable consultants, NASA's Lewis Research Center, and the Wright Patterson Air Force Base.

In September 1983, the Alexandria office of Richard Sauber, head of the Defense Procurement Fraud Unit of the Justice Department, held a meeting to evaluate the ongoing investigations. Grassley's staff reports that "Sauber was not convinced that the trafficking in classified documents was a violation of Federal law or that there was a prosecutable conspiracy to commit fraud. . . . Sauber's reaction to the evidence they produced pointing to a conspiracy was, 'Conspiracies are bullshit.' "

Sauber was replaced as head of DPFU shortly after the meeting, but the conspiracy theorists were still unable to force the Meese Justice Department to launch a witchhunt.

The bureaucratic police agencies then tried to turn up the heat on Defense Secretary Caspar Weinberger, using a 1985

memo prepared for his signature and circulated by Joe Sherrick, the Inspector General of the DoD, which demanded action. Weinberger refused; the memo was returned, unsigned.

This was one of the last attempts of the anti-defense plotters to act through traditional channels. From this point on, they turned to William Weld, U.S. Attorney in Boston, who was brought in as the number three man in the DoJ, overseeing the DPFU. Weld had been running the Boston prosecution against Lyndon LaRouche and associates.

### **'Grey terrorism' unleashed**

Victor Suvorov, a former officer of the Russian *spetsnaz* commando forces, describes a stage of irregular warfare which the Russians call "grey terrorism." The term refers to a process by which a target nation is induced, by means of agents and agents-of-influence, to turn its legal and bureaucratic apparatus against its own vital institutions.

William Weld is an expert in this form of warfare. His prosecutorial style was described by one judge as "based on the Soviet legal theory of 'crime by analogy.'" When Weld came to Washington, his mission was to settle this fight in the Justice Department and unleash the "police-state tactics" of the federal police agencies. He swore to Senator Grassley, during his confirmation hearings, that he would put "procurement fraud" at the top of his agenda. The other item on his agenda was the destruction of Lyndon LaRouche. "He hit the Alexandria prosecutor's office like a hand-grenade, demanding action against LaRouche," according to one account.

The man picked to head both the Alexandria get-LaRouche effort and the Pentagon case was Henry Hudson, a prosecutor described as "ambitious," "shallow," "fanatical," and a "self-promoter." His nickname in the press corps is "Headline Henry."

The essential technique used by Hudson in the prosecution of LaRouche was contained in his request, granted by the court, to prevent the defendants from bringing into evidence the actions by government agencies against them, including evidence that the government had fabricated parts of its complaint and sworn testimony by its witnesses. If LaRouche and his associates, whom Hudson knew to be innocent, could be framed up using this methodology, then the Defense Department would be a "piece of cake." The vicious and tyrannical actions of Hudson in the Pentagon investigations are illustrated by the mechanism used to gain the authority to wiretap the highest officials of the Pentagon: He entrapped victims with calls made by a consultant who was a convicted pederast, and was involved in entrapment operations run by the FBI.

Anyone in the Washington defense or defense contracting community who is breathing easy after round one of Pentagate, can rest assured that he will be looking over his own shoulder soon enough.