

Inslaw scandal won't go away, despite Thornburgh stonewalling

by Jeffrey Steinberg

After 10 years of uphill battle, Bill and Nancy Hamilton may at last be on the verge of obtaining some degree of justice.

Since May 1981, when they were bluntly informed by then-White House Counsel Edwin Meese that their computer software firm Inslaw would be blocked from winning a lucrative Department of Justice contract in order to pay off a rival firm for "intelligence favors" done for the 1980 Reagan-Bush campaign, the St. Louis couple has been in a knock-down-drag-out war with the DoJ, with such corporate giants as AT&T, with mob-linked Wall Street brokers, and apparently with the corrupt elements of the U.S. intelligence establishment.

Their company was driven into bankruptcy by top officials of the Justice Department who, according to the findings of two federal judges, resorted to "trickery, fraud, and deceit" to "steal" Inslaw's copyrighted PROMIS criminal justice case management software. The DoJ withheld millions of dollars in lease payments to Inslaw, thereby triggering the Chapter 11 bankruptcy and, as a consequence, sabotaging several hundred million dollars in other pending business deals.

They were targeted for a string of failed hostile takeovers by a group of companies all apparently linked to a CIA operator named Earl Brian, and to the Meyer Lansky mob's favorite Wall Street brokerage house, Charles Allen and Co. Brian has been implicated in secret CIA payoffs to the ayatollahs in Iran between 1980 and 1986 as part of the "October Surprise" and the later Iran-Contra shenanigans of North, Second, et al.

Brian's current financial empire, centered around United Press International (UPI) and Financial News Network (FNN), is crumbling, apparently as the result of illegal financial machinations. A Securities and Exchange Commission probe and a federal grand jury are now reportedly looking into Brian's finances.

When the Inslaw takeover bids were beaten back, the Hamiltons were targeted next for forced liquidation by no less an outfit than AT&T, which was working all the while with then-Deputy Attorney General Arnold Burns. Burns was a director of the Anti-Defamation League's mob-linked Sterling National Bank of New York, and was nearly indicted for his role in a phony offshore tax shelter scheme. According to the findings of a Senate Permanent Investigations Subcom-

mittee probe, Burns, while deputy attorney general, intervened to have Inslaw's attorney fired from his law firm for refusing to cut a sellout deal with the department.

Ultimately, all these efforts to bury Inslaw failed—principally through the perseverance of the Hamiltons and their knack for convincing creditors that their company was still viable—and it now appears that their software was pirated by private agents working in collusion with the Justice Department (by now under the control of Richard Thornburgh). According to Bill Hamilton, the profits from the leasing of his pirated property to U.S. federal agencies, foreign governments, and multinationals could reach into the billions of dollars. According to several sources interviewed by Inslaw's attorneys and investigators, Earl Brian figured prominently in the piracy.

Brooks takes on Thornburgh

For over a year, Rep. Jack Brooks (D-Tex.), the chairman of the House Judiciary Committee, has been looking into the Inslaw scandal. Since September, his probe has been sideswiped by Attorney General Thornburgh, who has refused to turn over hundreds of pages of department documents relating to the bankrupting of Inslaw. Thornburgh claims "attorney-client privilege." High-level Justice Department sources have told Inslaw that the bankruptcy scandal is "bigger than Watergate" and could bring down the entire corrupt apparatus that permeates the DoJ if those documents and other evidence were to find their way into congressional hands.

On Dec. 5, Representative Brooks held a day-long hearing into the Inslaw matter, focused on Thornburgh's withholding of documents,

Among the witnesses before the Brooks hearing were:

- Former Attorney General Elliot Richardson, one of Inslaw's attorneys, who provided the committee with a painstaking chronology of the DoJ's "criminal conspiracy" to sink his client. Richardson ended with an impassioned plea to the Congress to rectify the damage done to Inslaw and to force Justice to punish the culprits:

"Inslaw is left with only one recourse and that is the Congress. There is an inscription in the rotunda outside the office of the Attorney General of the United States that states,

'The United States wins its point whenever justice is done to citizens in the courts.' The Justice Department has chosen to ignore this principle; the Congress of the United States must remind the Justice Department that they are not just words inscribed on the rotunda to impress visitors to the Justice Department, but, rather, words that express a covenant between the government and the American people."

● Judge George Francis Bason, Jr., the former federal bankruptcy judge for the District of Columbia who presided over the initial Inslaw case and found that the Justice Department had used "trickery, fraud, and deceit" to illegally bankrupt the firm. Judge Bason was blocked from reappointment to the bench by Justice Department intervention and has been blackballed from getting a job with any of the major Washington law firms.

Bason told the Brooks subcommittee: "I am paying the full price for doing my duty to render equal justice without regard to rank or position. As a judge I could not and would not do otherwise." Bason concluded that "such retaliation is the mark of a police state, not of democratic America."

In a move aimed at sending an ultimatum to Thornburgh, Representative Brooks called upon Steven Ross, the general counsel to the House of Representatives, to deliver testimony on the constitutional issues underlying Congress's right to review the Justice Department's handling of Inslaw. Reviewing a series of Supreme Court decisions spanning the Teapot Dome scandal, Watergate, and the Iran-Contra fiasco, Ross came down hard against Thornburgh, all but accusing him of a criminal coverup:

"It is apparent that time and again, attorneys general have put the excuse of pending proceedings as a basis for avoiding legitimate congressional oversight; that the Supreme Court has confirmed the validity of such oversight; that Congress has time and again insisted, successfully, on obtaining the internal records of the department despite such claims by the attorneys general; that when Congress has done so, it has been vindicated by the discovery of waste, fraud, abuse, and criminality; and that often attorneys general have been convicted or required to resign, after the crumbling of such claims for withholding records." Thornburgh, in short, said Ross, is attempting to "eradicate the time-honored role of Congress in providing oversight."

Brooks declared that Thornburgh's behavior "could be described as coverup, or hiding, or holding out."

It is now expected that, barring Thornburgh's compliance with the committee's request for access to the 200-plus department documents, Brooks will move to subpoena both the attorney general and the records before an executive session of the committee.

Media spotlight

Within a day of the hearings, the Inslaw case was in the headlines. Mary McGrory, in her syndicated column of Dec. 6, drew the parallel to Watergate:

"The words were bouncing off the walls of the House Judiciary Committee hearing room, the old charged words like 'executive privilege,' 'attorney-client privilege,' 'stonewalling,' 'perjury,' 'criminal conspiracy,' and 'subpoenaing documents.'

"In the witness chair sat Elliot L. Richardson, polysyllabic and distinguished as ever, talking, as only a martyr can, about rectitude in government. On the dais sat three committee members who voted to impeach Richard M. Nixon on the heavy, historic night of July 27, 1974.

"But it wasn't about Watergate. It was about a new case of confrontation between the executive and the Congress, this time between an attorney general, Dick Thornburgh, who doesn't really need to get involved, and a prickly, irrelevant Judiciary subcommittee chairman, Jack Brooks (D-Tex.). . .

"If Thornburgh is holding back on principle—he is notoriously anti-disclosure—he has to be a fanatic, because the Justice Department says this is just a little contract flap. He makes it awfully hard to believe he is not covering up a potentially explosive scandal on the Watergate scale. We must hope the shredding machines are under strict surveillance at Justice."

Two days later, the *Washington Post* noted in an editorial titled "Another Inslaw inquiry," "It's hard to understand why the attorney general is refusing to cooperate. No one has asked that the material sought be made public, or shared with Inslaw's lawyers. The investigation is not about the conduct of private citizens but alleged wrongdoing by government lawyers, and the charges are extremely serious. The Judiciary Committee has not only the right, but the responsibility to look into these allegations, and the department's stonewalling only undermines its own credibility, not just with the committee that oversees the department's operations, but with the public as well."

The *Wall Street Journal* of Dec. 10 was even more blunt: "Attorney General Dick Thornburgh has a peculiar knack for reminding people of Watergate."

Thornburgh complicity

One possible explanation for Thornburgh's stonewalling (he treated Richardson "like a dog," to quote McGrory) lies in reports from senior Justice Department officials that the attorney general personally ordered the theft of the PROMIS software—months after two federal courts had imposed a permanent injunction against the pirating of the Inslaw property. According to these officials, a wide paper trail exists, showing that the attorney general's office began pressuring departmental agencies to use bootlegged copies of PROMIS. The theft is believed to extend to other federal agencies, including the FBI and the CIA.

If these reports prove accurate, Thornburgh could join the list of attorneys general cited in Steven Ross's testimony, who capped their careers in a federal prison.