

How DOJ official Mark Richard won the CIA's 'coverup award'

by Edward Spannaus

In our last issue, in the article by this author entitled "John Keeney, Mark Richard, and the DOJ Permanent Bureaucracy," *EIR* reported that Mark Richard, the number-two career official in the U.S. Department of Justice Criminal Division, had received an unusual award from the CIA in 1986. It is called the "Central Intelligence Award for Protection of National Security During Criminal Prosecutions."

EIR has now learned why Richard was recognized by the CIA. In response to a question from this writer, CIA Public Affairs officer Mark Mansfield conducted an inquiry, and then responded that Mark Richard had received that award "in connection with his outstanding work in the case against Ronald Rewald."

Asked if any other prosecutors had ever gotten this award, the CIA spokesman said he was not able to say who else had gotten the award, but he added: "We don't give it out lightly."

This writer has since spoken with most of the attorneys involved in the defense of Ronald Rewald and his subsequent appeals. None of them was aware of the award, and, in fact, most of them seem only vaguely aware of who Mark Richard is. But when the honor was described, one attorney involved in the case quickly remarked that it should be entitled "the Coverup Award."

To the list of abuses of justice and coverups catalogued in the *Special Report* in our last issue, must be added the case of Ronald Rewald. This case further demonstrates the corruption of the encrusted permanent bureaucracy in the Department of Justice, and shows why it must be cleaned out at once.

The CIA opens a new front

In 1978, after having been convicted of a minor investment scam in Wisconsin, Ronald Rewald moved to Honolulu, Hawaii, and opened an investment company there. Simultaneously, he made contact with the local CIA chief, Eugene Welch, and had Welch and his wife to dinner. He met Welch's replacement as head of the Honolulu CIA office, Jack Kindschi. Rapidly, Rewald and his family became extremely close to Kindschi and his wife. Rewald was given a "secret" security clearance in the fall of 1978, and before long, his new company, Bishop, Baldwin, Rewald, Dillingham & Wong, was laden with intelligence agents, retired military officers, and other assorted spooks.

The firm Bishop Baldwin was used by the CIA both as a cover for its agents, and also directly for intelligence gathering throughout Asia where the company solicited investments. Rewald said later that the CIA commingled its funds with funds from legitimate investors, so that the covert funds could not be traced. Many of the CIA officers and agents invested their own funds in the operation as well. Rewald lived well, and socialized with politicians, movie stars, and the like, including Vice President George Bush. When Adm. Stansfield Turner headed the CIA, he used Rewald's car and driver when he came to Honolulu.

In 1982, the IRS began an investigation of Bishop Baldwin, which was stalled by the CIA's intervention. In 1983, a local consumer protection agency began an investigation into Bishop Baldwin; when the probe was publicized on local TV, now-retired CIA officer Kindschi pulled out \$170,000 from the company's accounts. By this time, the IRS, the U.S. Securities and Exchange Commission, and other agencies were all interested.

Rewald was forced to file for bankruptcy, and, in the spring of 1984, he sued the CIA. He said in his suit that he had established the firm at the CIA's direction, and that some of its subsidiaries were "used completely and exclusively for CIA operations." Rewald said in an affidavit that "I am, and for the past five years have been, a covert agent for the Central Intelligence Agency." He also asserted that "there are 10 employees in Bishop Baldwin who are full-time covert CIA agents."

The CIA denied everything—or almost everything. It denied that it had any role in running Rewald's company, admitting only that it had "a slight involvement" with the firm.

Mark Richard's team

That was just the beginning. In late-August 1984, Rewald really got hit. He was indicted on 100 counts of mail fraud, securities fraud, tax evasion, and perjury. According to Jonathan Kwitney's book *The Crimes of Patriots*, Rewald was held in prison on a \$10 million (!) bail, and a federal judge put restrictions on his visitors. At the request of the CIA, Rewald's lawyers were barred from repeating what he told them by a gag order. Case records, normally public records, were sealed, and Rewald was ordered not to discuss the CIA.

Nothing about the case was handled normally. One of the

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A. PERSONAL DATA

1. Date & Place of Birth: November 16, 1939, New York, NY
2. Marital Status: Married to Sheila A. Richard -
Three children, ages 23 - 31

B. PROFESSIONAL EXPERIENCE

Since graduating from law school in 1967, I have been employed by the Criminal Division of the United States Department of Justice in a succession of responsible positions as set forth below:

1. June, 1991 - Present:
Deputy Assistant Attorney General overseeing our Office of International Affairs, Internal Security, Terrorism, and the Office of Special

D. AWARDS AND PUBLICATIONS

1. 1992 - Department of Justice Distinguished Service Award
(Highest Department Award)
2. 1991 - Distinguished Executive Award Granted by President Bush
3. 1991 - Attorney General's Exceptional Service Award
4. 1989 - Fellow - Harvard Law School - Center for Criminal Justice
5. 1986 - Distinguished Executive Award Granted by President Reagan
6. 1985 - Meritorious Executive Award Granted by President Reagan
7. 1986 - Central Intelligence Award for Protecting National
Security During Criminal Prosecutions
8. October 1981 - Legal Award - Association of Federal Prosecutors

Justice Department's top experts on classified information and national security cases, Theodore Greenberg, had been flown in from Alexandria, Virginia to handle the grand jury proceedings and the indictment. As we noted in our last issue, Greenberg had aided Mark Richard in the coverup around the Terpil-Wilson case; he had also handled numerous other espionage and intelligence-related cases in the Eastern District of Virginia (which district includes the Pentagon and the CIA).

Greenberg wasn't the only arrival from Virginia. A few days after the Bishop Baldwin case hit the press, a lawyer named John Peyton joined the staff of the U.S. Attorney in Hawaii. Peyton was no ordinary lawyer either: For about five years, up until 1981, he had been the chief of the litigation section of the CIA; then he is reported to have worked on George Bush's South Florida Task Force on narcotics—known to be riddled with intelligence agents. Then he showed up in Honolulu for the Rewald case—just by “pure, utter coincidence,” he told *Wall Street Journal* reporter Kwitney.

There was obviously a third, less visible member of the team: Mark Richard. Richard is the Justice Department's official liaison to the CIA. In any case involving the intelligence agencies and classified information, much of the action is behind-the-scenes and carried on secretly—even out of the view of the defendant and his attorneys. Submissions are made to the court *in camera* (in secret) and *ex parte* (without the defendant and his attorneys being allowed to participate). Thus, the defendant does not even know what the judge is being told about him. According to those involved in the

Rewald matter, there were many such *in camera* submissions made to the court.

A deaf and blind jury

To those familiar with the trial of Lyndon LaRouche and his associates in the Eastern District of Virginia (Alexandria) which took place three years later, the 1985 trial of Ronald Rewald will bear an uncanny resemblance. Let us divert for a moment to recall some of the pertinent features of the LaRouche case.

In the LaRouche case, the judge issued an order directing that evidence as to “intelligence or security activities directed at the finance and political activities of persons and organizations will not be admitted.” The judge also barred any reference to the fact that the government had initiated an unprecedented involuntary bankruptcy proceeding, which had shut down and padlocked three publishing companies run by associates of LaRouche. Under the terms of the government-initiated bankruptcy order—obtained in an *ex parte, in camera* proceeding of which no record was kept—the companies were prohibited from repaying lenders who had made loans to the companies to assist their political activities; the government then indicted LaRouche and his associates for failing to repay those very loans!

In Rewald's case, the judge ruled that Rewald's ties to the CIA were irrelevant to the charges against him. The judge declared that he “saw nothing in the documents to indicate that any of Mr. Rewald's involvement with intelligence activities explains any of the financial actions.” Therefore, no evidence concerning the CIA was permitted in the trial.

What was permitted was an endless parade of Rewald's “victims” before the jury, including a blind man and a cancer victim who claimed that Rewald had stolen their life savings.

Then another group of “victims” took the stage: former CIA officers. An article in the Washington magazine *Regardie's* described the scene as follows:

“ ‘I don't want to appear a patsy,’ said Jack Kindschi, a retired CIA station chief, ‘but I dropped my guard. I was raised in the small farm town of Platteville, Wisconsin, where no one locked their doors.’ ”

“With tears in his eyes, Kindschi told the jury he had invested his 86-year-old mother's life savings in Rewald's investment firm and lost it all. The Kindschi family was taken for \$300,000. . . .”

“ ‘Mr. Kindschi was taken in hook, line, and sinker,’ said prosecutor John Peyton. ‘In fact, the CIA became Rewald's victim as well.’ ”

Other accounts demonstrate that Kindschi was hardly the naive victim he painted himself to be. He had “retired” from the CIA in 1980 to become a consultant to Bishop Baldwin, and he brought his successor as head of the CIA's Hawaii office into Bishop Baldwin as a consultant also. He helped prepare promotional brochures for Bishop Baldwin describing the firm in glowing terms as “one of the oldest and largest privately held international investment and consulting firms

in Hawaii. . . . Over the last two decades we have served the investment and consulting community with an average return to our clients of 26% a year."

Knowing full well that the company had only been created in 1978, Kindschi wrote: "The brick and mortar foundation of Bishop, Baldwin, Rewald, Dillingham & Wong has been deeply rooted in Hawaii for more than four decades." Kindschi also knew that Rewald and Wong were the only named partners who existed; "Bishop," "Baldwin," and "Dillingham" were just old-line names picked out of the Hawaii social register.

But, with such a parade of "victims," and Rewald's inability to present any evidence to the jury regarding the CIA's involvement, the outcome was a foregone conclusion. The jury quickly found him guilty on all counts.

Rewald was sentenced to 80 years in prison—a sentence so outrageous that it only compares to the 77-year sentence meted out to LaRouche's co-defendant Michael Billington after Billington was unjustly convicted of "securities fraud" by the state of Virginia.

Rewald's partner Wong must have seen the handwriting on the wall. He didn't put up a fight, pled guilty, and received an 18-month sentence, and, according to sources, he only served six of the 18 months.

One source familiar with the case explains the discrepancy between the 80-year (960-month) sentence imposed on

Rewald, and the 18-month sentence on Wong, as a result of the fact that the judge didn't like the defendant Rewald, didn't like his defense strategy, and certainly didn't like the CIA being tarnished. Wong, on the other hand, "rolled over and took a deal."

Was Rewald telling the truth? A former United States Attorney for the Eastern District of Virginia, William B. Cummings, thinks he was. "Rewald clearly was telling the truth when he said he was working for, or under the auspices of, the CIA," Cummings said recently. "He was clearly a front-man for them." Cummings says he cannot comment on the alleged criminal conduct charged to Rewald, but he is certain about the CIA's involvement—which was kept from the jury.

The keeping of that information from the jury is the crucial issue—and that is where Mark Richard comes in. Mike Levine, a federal public defender who represented Rewald at the trial, was recently informed about Richard's award from the CIA. Levine said that the award should be "for keeping relevant, and critical, information from a jury."

Under current federal sentencing guidelines, Rewald's sentence would have been less than 10 years, and probably less than 5. His real crime seems to have been to tell the truth about a rogue CIA operation. For attempting to tell the truth, he got an 80-year sentence. For keeping him from doing that, Mark Richard got an award.

The dirty role of Ted Greenberg

Two of the most dramatic events preceding the Alexandria trial of Lyndon LaRouche were the 400-man raid on the offices of LaRouche's associates in October 1986, and the involuntary bankruptcy in April 1987. In both events, the hand of Ted Greenberg subsequently became visible.

Two truckloads of documents were seized in the October 1986 raid. The trucks were immediately driven to Henderson Hall, to a secure building at U.S. Marine Corps headquarters in Arlington, Virginia. How was this arranged? Through the Special Operations Agency at the Joint Chiefs of Staff, using the secret channel through which CIA requests for military support are directed to the Defense Department. In a letter to the director of the Joint Special Operations Agency, Assistant Attorney General William Weld stated that "Assistant United States Attorney Theodore Greenberg, from the Eastern District of Virginia, has informally contacted [deleted] to inquire about the availability of secure space."

The Justice Department's top bankruptcy expert,

David Schiller, testified in a hearing that he had consulted with Greenberg about the bankruptcy seizure in the LaRouche case.

"Mr. Greenberg had prosecuted the Rewald bankruptcy," Schiller testified, describing how Greenberg had called him for advice on the Rewald case. Schiller then testified that "he thought the approach that I took in the bankruptcy in Alexandria [LaRouche] was innovative and interesting . . . and that he would want to call and talk to me about it from time to time."

Greenberg went on to head the Money Laundering Section at Justice Department headquarters. In February of this year, he was detailed to the staff of Independent Counsel Donald Smaltz, the special prosecutor investigating former Secretary of Agriculture Mike Espy. This is not so strange when one realizes that Smaltz is based in Little Rock, Arkansas, and is working in tandem with Whitewater special prosecutor Kenneth Starr. With allegations flying all over the place of CIA drug-running and money-laundering out of the air field at Mena, Arkansas, the trick is obviously to find a way of nailing President Clinton without exposing the covert operations run out of Arkansas by George Bush, Oliver North, and elements of the CIA in the mid-1980s. It is an assignment for which Ted Greenberg is eminently qualified.