

Thornburgh fails to bury Inslaw case

by Jeffrey Steinberg

It's an open secret around the halls of U.S. justice that Attorney General Richard Thornburgh has "high political ambitions." Next to Secretary of State James Baker III, the attorney general reportedly spends more time lusting for Dan Quayle's vice presidential spot on the 1992 Republican Party ticket than anybody else in Washington.

It therefore raised many eyebrows when Thornburgh, known around the administration as "Mr. Control," went way out on a limb in a letter to Rep. Jack Brooks (D-Tex.) last August defending the behavior of the Justice Department under his predecessor Edwin Meese, in the now-infamous Inslaw case.

Inslaw was a small Washington, D.C.-based computer software company that had developed a criminal justice data system that the Justice Department planned to use in an ambitious upgrading of its case management system. The eventual price tag on the contract was in the hundreds of millions of dollars. However, from 1982 to 1986, according to court records and judicial findings, high-ranking officials of the Justice Department conspired to bankrupt Inslaw, drive the company into forced liquidation, and steal the software in order to hand the contract over to a rival company that had been apparently slated from the outset to reap the profits. The rival company was headed by a California Reagan "insider," Dr. Earl Brien, with longstanding ties to Ed Meese among others.

Such senior department officials as Reagan administration Deputy Attorneys General Lowell Jensen and Arnold Burns, as well as Wall Street high roller Herbert Allen, Jr., apparently figured prominently in the trashing of Inslaw. According to one West Coast source, Brien had been slated to snare the software contract as payback for campaign favors to the Reagan-Bush team prior to the 1980 general elections.

In June 1986, Inslaw brought a suit against the Department of Justice in the U.S. Bankruptcy Court in the District of Columbia. On Jan. 25, 1988, Judge George Francis Bason, Jr. ruled in favor of Inslaw and ordered the Department of Justice to pay \$6.8 million plus attorneys' fees. Judge Bason's findings of fact established that the Justice officials "took, converted, stole" Inslaw's software through "trickery, fraud, and deceit."

Despite these uncharacteristically harsh words by Judge Bason, Attorney General Thornburgh, writing to the chair-

man of the House Judiciary Committee 14 months later, chose to defend the department's behavior up and down the line, thereby putting his own reputation at risk. Thornburgh stated: "As you know, most of the Inslaw allegations involve events that occurred prior to my tenure as Attorney General. Nevertheless, I have had an opportunity to review the matter and I feel qualified to comment on it. . . ."

"Rather than pursue its legitimate disputes before the Board [of Contract Appeals], Inslaw has found it profitable to spin multiple conspiracy theories and proffer them to whomever will listen. I recognize and agree that, if supported, the allegations recited by Inslaw in your letter would indeed raise serious oversight concerns for the Committee. On the other hand, however, I urge you to review some of the available information about Inslaw and its allegations before committing the resources of the Committee to a full-fledged investigation based upon unsubstantiated innuendoes."

The letter went on in a similar vein for four pages. Thornburgh's message was clear: the Judiciary Committee should drop any thoughts of pursuing the Inslaw matter.

If the Attorney General thought that the fix was in and that the Inslaw affair would die on the vine through the use of strongarm tactics, he was mistaken.

Guilt found in 'higher echelons'

Three months after Thornburgh's reply to the Brooks inquiry, the U.S. District Court for the District of Columbia, acting as the appeals court in the Inslaw matter, upheld Judge Bason's ruling *in toto*. Former Chief Judge of the District Court William B. Bryant went even beyond the Bankruptcy Court's ruling by issuing a detailed finding of fact which found "striking evidence" that the effort to harm Inslaw had emanated from "higher echelons" of the Justice Department.

Last Dec. 20, Inslaw attorneys delivered a Christmas present to Thornburgh in the form of a petition for a writ of *mandamus* in U.S. District Court (before the same Judge Bryant) to order the Justice Department to open an untainted criminal probe into the circumstances surrounding the sinking of Inslaw. That case is still pending.

Attorney General Thornburgh's handling of the Inslaw affair has raised a number of questions—particularly given his penchant for protecting his own political hide above all else: What is the Justice Department covering up? How high up does the scandal reach inside the government and inside the Republican Party? Is the Department's criminal data base itself contaminated as the result of the unscrupulous handling of the software contract?

One senior Justice Department official reportedly described the Inslaw case as "bigger than Watergate." If the Watergate analogy proves to be accurate, then the people involved in the apparently ongoing coverup may be committing crimes an order of magnitude worse than those carried out in the sinking of Inslaw.