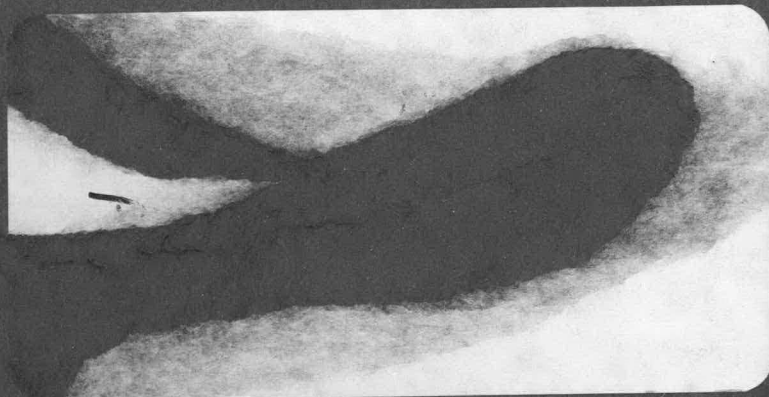


INSHAW Affair



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The Honorable Kenneth W. Starr
Independent Counsel
Office of the Independent Counsel
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Dear Judge Starr:

Public revelations to date in the Independent Counsel's investigation indicate that the so-called Whitewater Affair is a banking industry scandal with as yet unexplained links to the Rose Law Firm of Little Rock and to two of its former partners, Webster Hubbell, who served as Associate Attorney General, and Vincent Foster, who served as Deputy White House Counsel, in the Clinton Administration.

Such are the apparent implications of guilty pleas thus far obtained in the investigation from individuals described as "cooperating witnesses," including pleas by two persons associated with Arkansas banking and financial services institutions, David Hale and Robert Palmer, and pleas by Hubbell for billing and expense frauds while a partner at the Rose Law Firm. It is also the apparent implication of the continuing investigation into the unexplained sudden depression and death of Vincent Foster.

One common thread linking the Rose Law Firm, Hubbell and Foster with the banking industry is Little Rock-based Systematics, a \$700 million-a-year Rose Law Firm client in which Hubbell and Foster each had financial interests. Systematics is one of the leading vendors in the United States and, reportedly, in some 40 foreign countries, of computer software and services for the banking industry.

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Systematics' banking industry work is not, however, limited to the work it performs for its bank customers, according to statements made to INSLAW by individuals knowledgeable about Allied covert intelligence initiatives during the Reagan and Bush Administrations. These individuals say that, at the behest of the U.S. National Security Agency (NSA) and its partner in Israeli intelligence, Systematics has covertly implanted into the computers of its bank customers a technical capability that permits Allied intelligence agencies surreptitiously to track and monitor the flow of money through the banking system.

According to the same sources, Systematics created this special technical capability by adapting a computer software system originally designed for tracking litigants and their cases through the court system, to the task of tracking depositors and their electronic funds transfers through the banking system. This is the software that the Reagan Justice Department misappropriated from INSLAW, Inc. "through trickery, fraud and deceit," according to the fully-litigated findings of fact of two lower federal courts, later confirmed and supplemented by the investigative findings of the House Judiciary Committee.

Hubbell spearheaded the Clinton Justice Department's review of the INSLAW affair, and Hubbell and Foster were in communication about the INSLAW affair during this review, according to disclosures to INSLAW by an individual closely associated with Foster in the White House.

The technical capability that Systematics allegedly implanted in its customers' computer systems to support Allied intelligence agencies has also been used to support another initiative, according to some of the same sources: the laundering of money, especially drug profits, through direct access to the computers of the mainstream banking and financial system.

This alleged criminal use of the intelligence community's secret technical capability in the banking system may explain some of the actions of the Clinton Justice Department in the INSLAW case.

Hubbell's Justice Department aides, in the course of Hubbell's review of the INSLAW affair appear, for example, to have obstructed a related, on-going federal criminal investigation by the U.S. Customs Service. The focus of the Customs investigation was whether a U.S. Government Contracting Officer, who served successively as Contracting Officer for the Customs Service's drug interdiction program along the Mexico-United States border and as the Justice Department's Contracting Officer during the misappropriation of INSLAW's software, had committed perjury when he denied under oath having undisclosed business relationships with two other private-sector individuals.

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One of these private-sector individuals is a businessman who served in the California cabinet of Governor Ronald Reagan and who, immediately following the election of Ronald Reagan as President, bought several companies that provided contractual services to the Customs Service's drug interdiction program. The other individual is the former research director of a California-based intelligence front organization set up immediately after President Reagan's election to provide clandestine logistical support for the Contras in Nicaragua.

The former research director, who is currently in federal prison for drug trafficking, claims that the California-based intelligence front organization was part of a network of secret Contra-support organizations, including one in Mena, Arkansas. According to the former research director, both the Government's Contracting Officer and the politically-connected businessman were regular visitors to the California-based Contra-support intelligence front organization, which was also trafficking in stolen copies of INSLAW's software and other contraband. Financing for this and other Contra-support intelligence facilities came in part from the sale of cocaine brought into the United States from Latin America on the very aircraft that flew the weapons to the Contras, according to this source. The Contra-support intelligence facility in Mena, Arkansas was the hub for the drug smuggling aspect of this covert intelligence operation, according to this source. The businessman with ties to the highest level of the Reagan Administration allegedly facilitated the success of the drug smuggling operation by compromising the Customs Service's drug interdiction program, according to the same source.

Hubbell's aides reportedly refused an official, written request from the U.S. Customs Service, supported by a detailed memorandum summarizing circumstantial evidence obtained in their two-year-old investigation, for access to a federal grand jury in order properly to complete their investigation. The Customs investigation reportedly encountered strong resistance among witnesses who were fearful of reprisals. Customs, therefore, needed the authority and secrecy of a federal grand jury in order to compel cooperation.

One of the companies that reportedly shipped war matériel to the Contras through the Mena, Arkansas Contra-support facility was another Rose Law Firm client, POM, Inc., for whom Hubbell performed legal services, according to his Financial Disclosure Report. Mrs. Hubbell's family reportedly owns POM, Inc.

According to the report on Foster's death by former Independent Counsel Robert Fiske, Hubbell and Foster spent a considerable amount of time together in the final several days of Foster's life. Earlier in that final week of Foster's life, INSLAW had submitted a report to Hubbell that, *inter alia*, discussed several witnesses who would be willing, under certain circumstances, to come forward and give sworn testimony about the secret intelligence use of INSLAW's software in the banking industry. None of the witnesses was willing, however, to authorize INSLAW to

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give his or her name to the Justice Department. As noted in the INSLAW report to Hubbell, some of the witnesses had, nevertheless, volunteered to come forward if an Independent Counsel were appointed.

The enclosed Memorandum and its Attachment, prepared by William and Nancy Hamilton, the principal owners and officers of INSLAW, Inc., summarize much of what is known about the alleged connections between Systematics, Hubbell and Foster and the INSLAW affair.

It is our recollection that you announced in early 1990, while serving as Solicitor General of the United States, that you had decided to recuse yourself from the decision on whether to authorize the Justice Department to make a further appeal of the judgment of the U.S. Bankruptcy Court in the INSLAW case to the U.S. Court of Appeals for the District of Columbia. Since I do not know the reason for your earlier recusal, neither do I know whether or not it has any relevance to the issues discussed in this letter and its enclosures. I will be pleased to approach the matter in whatever way you deem appropriate.

The Attachment makes reference to 44 exhibits. These are voluminous documents which I will furnish to you or Deputy Independent Counsel Tuohey, upon request.

I would also be pleased to make Mr. and Mrs. Hamilton available for questioning by Mr. Tuohey or members of your staff, should you decide to pursue these matters.

With best wishes,

Sincerely yours,



Elliot L. Richardson

CC: Deputy Independent Counsel Mark Tuohey, III

Enclosures as stated



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William A. Hamilton, President

MEMORANDUM FOR THE RECORD

Date: January 23, 1995

From: ^{WAT} William A. and ^{NBH} Nancy Burke Hamilton

Subject: Questions That Should Be Asked of Former Associate Attorney General Webster Hubbell About His and Possibly Vincent Foster's Involvement in an Apparent Arkansas Component of the INSLAW Affair

In its lead editorial on December 7, 1994, following the felony guilty pleas by former Associate Attorney General Webster Hubbell, *The New York Times* noted as follows:

But as our colleague William Safire observes, the prosecutor and Congress must review Mr. Hubbell's work at Justice in light of what we now know about his standards as an attorney.

In its lead editorial the next day, *The Wall Street Journal* stated in part as follows:

Under those circumstances, some appropriate venue must be found to let voters form opinions about the political meaning of a confessed crook's tenure at Justice.

Webster Hubbell, as Associate Attorney General, spearheaded the Clinton Administration's review of an investigative report on the INSLAW affair that had been commissioned by and conducted under the auspices of the Bush Administration. Justice released the results of the Hubbell review in September 1994, about six months after Hubbell had resigned from Justice. This report is hereafter referred to as the Hubbell Report, although it bore the names of none of its authors or contributors when finally released by Justice. The Clinton Administration thereby formally accepted the conclusions of the Bush Administration's *Bua Report*, including its conclusion that the Reagan Justice Department had not stolen the PROMIS computer software product from INSLAW "through trickery, fraud and deceit," notwithstanding the fully litigated findings to the contrary by two sitting federal judges¹, and its conclusion that the Reagan and Bush

¹The U.S. Bankruptcy Court for the District of Columbia in January 1988 and the U.S. District Court for the District of Columbia in November 1989. Based on a jurisdictional technicality, the U.S. Court of Appeals for the District of Columbia overturned the two lower courts' findings in May 1991, without having disturbed the findings of fact.

Justice Departments had not obstructed Congressional investigations into the matter, notwithstanding investigative findings to the contrary by two Congressional Committees.²

Prior to joining the Clinton Administration, Hubbell and/or his family had had financial and/or professional relationships with Arkansas companies that evidently profited from various covert intelligence initiatives of the Reagan and Bush Administrations, including the alleged secret initiative to "follow the money" in international banking by arranging for stolen copies of PROMIS to be implemented in the electronic funds transfer arena, and the secret initiative to supply the Contras in Nicaragua with weapons. Hubbell had a financial interest in and provided legal services to Systematics, a \$700 million a year computer services company that is one of the leading vendors in the United States of computer software and services for international banking. Systematics has secretly assisted the NSA and Israeli Intelligence in the implementation and support of PROMIS in international banking, according to INSLAW's confidential sources and fragmentary corroborative evidence. Additionally, Hubbell's in-laws own and Hubbell provided legal services for POM, Inc., a parking meter manufacturing company in Arkansas, that also manufactured war matériel for the Contras under U.S. Government contracts, according to an article in the *Nation* Magazine on April 6, 1992. The war matériel produced by POM was flown to the Contras from a U.S. intelligence facility in Mena, Arkansas, the relevance of which fact will be explained later in the memorandum.

Hubbell's apparent conflicts of interest led to a number of decisions by the Clinton Justice Department that, taken at face value, appear to have been designed to obstruct justice, especially with regard to Earl W. Brian, a long time crony of Edwin Meese who is believed to play a central role in the scandal, and Israeli intelligence, a partner of the U.S. Government in the world-wide PROMIS intelligence initiative. These are explained on pages 4 and 5 of this memorandum.

Brian and Hubbell had connections to two very large Arkansas corporations; these two corporations are closely connected and both appear to be involved with PROMIS. One of the companies, Systematics, also appears to have connections with both the NSA and Israeli intelligence. The \$700 million a year Systematics is one of the largest banking industry software companies in the world, with large international banks as customers in as many as 40 countries. The other company is Beverly Enterprises, a \$2 billion a year nursing home operator.

According to confidential sources, Systematics has provided implementation and support services to the NSA for the use of PROMIS in international banking organizations. The NSA arranged for stolen copies of PROMIS to be implemented in 1983 at the Washington, D.C. headquarters of the World Bank and the International Monetary Fund, according to two investigative articles published by the *International Banking Regulator* in January 1994. U.S. intelligence also arranged for stolen copies of PROMIS to be implemented during the 1980's in

²The September 1989 Staff Report of the Senate Permanent Investigations Subcommittee and the September 1992 Investigative Report of the House Judiciary Committee. The latter Congressional investigation also independently confirmed the theft of PROMIS by the Reagan Justice Department and supplemented the findings of the two lower federal courts, with evidence suggesting that private sector friends of the Reagan Justice Department had sold and distributed stolen copies of PROMIS within the United States and abroad for their own financial gain and in support of the foreign policy and intelligence objectives of the United States.

the London operational headquarters of the Bank of Credit and Commerce International (BCCI), in such international wire transfer clearinghouses as FEDWIRE, CHIPS, SWIFT and SPRINT, and in international banks worldwide, according to confidential INSLAW sources. Systematics, which had a prior involvement with BCCI in which Hubbell served as one of Systematics' lawyers, as described in the next paragraph, presumably assisted the NSA in some or all of the aforementioned PROMIS banking industry implementations.

Hubbell has a financial interest in Systematics through his ownership of common stock in AllTel, the Little Rock-based telephone holding company that wholly owns Systematics, as evidenced by Hubbell's Financial Disclosure Report. Hubbell also performed legal services for Systematics in connection with a plan by BCCI to take over a Washington, D.C. bank in the late 1970's and force it to replace its software with software supplied by Systematics. In 1978, Hubbell and Hillary Rodham Clinton were attorneys of record in the Rose Law Firm's representation of Systematics in federal district court in Washington, D.C. The SEC had filed a lawsuit against BCCI and others for colluding in what, in retrospect, was the initial BCCI effort to take control of First American Bank in Washington, D.C., then known as Financial General Bankshares.

The Little Rock-based Systematics is also alleged by INSLAW's confidential sources to have an affiliated operation in Israel that directly supports unlawful PROMIS implementations on behalf of Israeli intelligence. There is, in fact, a Systematics computer software company in Israel that, like the Little Rock Systematics, sells software both to banks and to telephone companies. In early 1987, this Israeli Systematics company twice contacted INSLAW to obtain marketing and product brochures on PROMIS. The two brothers who direct the operations of Systematics in Israel are allegedly contractors for the Israeli Mossad intelligence service, according to a former Israeli intelligence officer. The ownership of the Israeli Systematics is held by what appears to be a front company in Worcester, Massachusetts. The Massachusetts entity appears to consist of nothing more than an answering machine and a mail drop. The head of the parent company in Massachusetts is evidently a former U.S. intelligence official whose name appears in the 1979 Membership Directory of the Association of Former Intelligence Officers.

Hubbell also provided legal services to Beverly Enterprises, as evidenced by his Financial Disclosure Report, and Beverly Enterprises is a company with close connections to PROMIS, Brian, and Systematics. Beverly Enterprises is, in fact, a licensed customer of INSLAW's software. Furthermore, Systematics provides computer systems support to Beverly Enterprises under a long-term "outsourcing" contract. Additionally, executives of Beverly Enterprises had helped finance Brian's unsuccessful 1974 Republican primary campaign in California for the U.S. Senate. Prior to that campaign, Brian, as Secretary of Health under Governor Ronald Reagan, had regulated the amount of fees that Beverly Enterprises could charge the State of California for the nursing home care of its indigent citizens. Finally, Jackson Stephens, an Arkansas billionaire who was a major contributor to the 1992 Presidential campaigns of both President Bush and Governor Clinton, was the chief financial backer of both Systematics and Beverly Enterprises during the Reagan and Bush Administrations. In January 1995, a Little Rock journalist told INSLAW that, according to a source employed at Beverly Enterprises, Systematics shares office

space with Beverly Enterprises in several cities, exposing the Beverly Enterprises source to the fact that the Little Rock-based Systematics owns the Israeli Systematics and its corporate parent in Massachusetts.

Hubbell's financial and professional interests, prior to joining the Clinton Administration, may provide a possible motivation for several very anomalous actions involving his staff.

For example, Hubbell's aides reportedly refused a formal, written request from criminal investigators at the U.S. Customs Service for access to a federal grand jury in order to complete their two year investigation into whether Peter Videnieks, who served as Justice's PROMIS Contracting Officer and who was sharply criticized by the two lower federal courts for his role in the theft of PROMIS through "trickery, fraud and deceit," committed perjury when he denied under oath having a prior, undisclosed business relationship with Brian. Videnieks, who transferred from U.S. Customs to Justice to serve as PROMIS Contracting Officer, had by then returned to Customs with a promotion to head its Operations Procurement Division.

A second example concerns Brian, who has himself reportedly been under federal criminal investigation by the U.S. Attorneys Office in Los Angeles for securities fraud associated with the collapse several years ago of Financial News Network (FNN) at a time when Brian was the Chief Executive Officer (CEO). In early 1994, a lawyer assisting Hubbell on the review of the INSLAW affair, became Principal Assistant U.S. Attorney in Los Angeles. The investigation, which has reportedly been underway for several years, has never managed to reach closure. Brian tacitly acknowledged the seriousness of his exposure from the collapse of FNN by signing a consent agreement with the Securities and Exchange Commission (SEC) on the same day in June 1993 when the SEC filed a civil lawsuit against Brian and others for securities fraud connected to the collapse of FNN. The SEC had, *inter alia*, accused Brian of fabricating and backdating corporate records at FNN and of suborning subordinates to do likewise.³ Without admitting such criminal activity, Brian resolved his part of the lawsuit by promising the SEC not to commit the same kinds of fraud in the future.

Another example concerns Hubbell's staff's handling of information about an eyewitness who saw a man leave the hotel room of investigative journalist Danny Casolaro shortly before Casolaro's body was discovered. During a meeting between us, several members of Hubbell's staff, and three of our lawyers, an FBI Agent confirmed that the Martinsburg, West Virginia police had taken a statement from a maid at the Sheraton Hotel describing a man she claims to have seen leaving Casolaro's room immediately before his body was discovered. In a subsequent exchange of correspondence between one of Hubbell's aides and one of INSLAW's lawyers, both of whom were present during the aforementioned admission, the Hubbell aide sought to deny that the FBI Agent had made any such admission. Moreover, the Hubbell Report is not only silent

³The SEC filed its suit against Brian about one week after the Clinton Administration issued the *Bua Report* which fully exonerated Brian and endorsed his credibility based on observations about his demeanor during the secret *Bua* investigation and also based on the existence of records maintained by a corporate subordinate of Brian that corroborated Brian's alibi for not having attended the Contra-support weapons demonstration with Michael Riconosciuto as discussed on page 7 of this memorandum.

about the existence of this witness but also affirmatively declares that no witness has ever come forward who claims to have seen anyone enter or leave Casolaro's hotel room the morning of the death.

The fourth example concerns the attempt of the Hubbell Report to discredit statements by two problematical witnesses who claim that Brian and Israeli intelligence colluded in 1986 to incapacitate INSLAW from pursuing its litigation about the theft of PROMIS, and the Hubbell Report's silence about the existence of a third and highly reputable corroborative witness, whose existence is known to Hubbell's aides. The Hubbell Report noted that a controversial former Israeli intelligence officer, and the former controller of the law firm that originally represented INSLAW, had each given consistent information about a scheme in 1986 to oust INSLAW's lead counsel from the law firm by secretly infusing almost \$600,000 into the law firm to finance a severance agreement between the law firm and INSLAW's lead counsel. The Hubbell Report dismisses the allegations by citing questions about the veracity of the former Israeli intelligence officer, and by noting that the former controller of the law firm is himself currently serving time in federal prison for embezzling money from the firm. The Hubbell Report, however, is silent about the fact that one of Hubbell's aides had interviewed a former partner in the law firm who told INSLAW that he is in a position to corroborate the claims about this scheme to obstruct justice, as well as about the alleged roles of Brian and Israel in the scheme. The former partner is a member in good standing of the District of Columbia Bar. During a meeting with one of Hubbell's aides, a lawyer representing the former partner reportedly explained that the former partner is barred from voluntarily answering questions about the matter because he and other partners, associates and paralegals had been obliged to sign a non-disclosure agreement. Hubbell's aides reportedly never attempted to obtain a copy of the agreement nor to use a federal grand jury to compel the former partner to tell what he knows about the obstruction of justice.

The final example concerns a former associate of Casolaro who claims to know with whom Casolaro was scheduled to meet in Martinsburg, West Virginia the night before his death and the purpose of the meeting. The witness, William Turner, gave INSLAW a sworn affidavit stating that he had met with Casolaro in Martinsburg the afternoon before his death and that Casolaro had told him that he was planning to have his final, follow up meeting later that evening with Videnieks and others in order to confront them with certain evidence. According to Turner, the evidence consisted of PROMIS computer printouts from the World Bank Headquarters in Washington, D.C. and from the London operational headquarters of BCCI reflecting wire transfers of the proceeds of illicit sales to off shore bank accounts controlled by Videnieks and others. According to Turner, he had been present when Casolaro obtained copies of such documents from an NSA employee. Turner told INSLAW that an FBI Agent working for Hubbell on the review of the INSLAW affair had spoken to him briefly by telephone but failed to follow up with a face-to-face interview after Turner declined to answer questions without an opportunity to verify the FBI Agent's credentials in the course of a face-to-face meeting.

Justice released the Hubbell Report on September 28, 1994, almost six months after Hubbell's departure as Associate Attorney General. The release coincided with a hearing before the House Judiciary Subcommittee on Administrative Law and Governmental Relations to mark up and vote on the INSLAW Congressional Reference Bill. Shortly before the hearing, Justice

hand-delivered to all members of the Subcommittee a letter from Attorney General Janet Reno requesting that they vote against the INSLAW Congressional Reference Bill because her Administration would be releasing later that day a report accepting the *Bua Report* as dispositive of the INSLAW affair. Thereafter, Reno and former Reagan Attorney General Edwin Meese who, as noted earlier, is a long time close friend of Brian, each personally lobbied Congress against passage of the INSLAW Congressional Reference Bill, according to an article in the *Texas Observer*, dated November 11, 1994. All the Congressional Reference Bill would have accomplished is to give INSLAW another day in court by waiving technical defenses available to the Government, such as statutes of limitations and sovereign immunity, and facilitating a trial on the merits in an appropriate federal court.

The aforementioned actions by the Clinton Administration could be explained by a desire to preclude any further unraveling of the INSLAW scandal because of the alleged hidden roles in the INSLAW affair of Systematics and such Arkansas political insiders as Hubbell. Affixing the *imprimatur* of a Democratic Administration to an investigation conducted by a Republican Administration could have been a reasonable strategy for putting the INSLAW affair to rest, while avoiding any disclosure of the existence of an Arkansas dimension to this Reagan and Bush Administration scandal. The broad scope and forcefulness of the aforementioned Clinton Administration efforts, however, imply the existence of additional ramifications for the alleged role of Systematics and Arkansas political insiders in the INSLAW affair, beyond secretly supporting Allied intelligence agencies.

Our hypothesis, based on fragmentary evidence, is that one such ramification may be a connection between the alleged intelligence world use of PROMIS in the international banking system for the passive monitoring of money flows, and the use of the same software for the proactive laundering of money, especially drug money, through direct computerized access to the mainstream international banking system.

The first suggestion of the possibility that PROMIS is being used in money laundering, in general, and in the laundering of drug money, in particular, came to us in a question from an investigator for the House Judiciary Committee shortly after the Committee published its September 1992 *Investigative Report*. We were asked whether any of our sources had ever alleged that PROMIS is used in money laundering. Years later, we learned that the question had been prompted by the Committee's receipt of information that the Columbian drug cartels were using PROMIS to launder money.

There was, moreover, an alleged drug trafficking connection to at least one Reagan/Bush Administration covert intelligence operation in Arkansas. The same aircraft that flew war matériel, including matériel manufactured by the Hubbell family's POM, Inc., to the Contras from a U.S. intelligence facility in Mena, Arkansas, regularly returned to the United States laden with cocaine, according to reports in 1994 on the *CBS Evening News* and in *The Wall Street Journal*.

There have also been similar allegations about other secret Reagan/Bush Contra-support facilities, including one in Indio, California that allegedly involved not only trafficking in drugs

but also trafficking in stolen copies of PROMIS. Brian and Videnieks were, moreover, allegedly associated with this latter Contra-support facility. The Indio, California facility was a joint venture between the tiny Cabazon Indian tribe headquartered there and the giant Florida-based Wackenhut Corporation. The House Judiciary Committee linked Brian to the latter Contra-support facility through a Riverside County, California law enforcement document whose existence it made public in its September 1992 *Investigative Report*. Brian and others, including Michael Riconosciuto, the Joint Venture's director of research, had been observed attending a September 1981 demonstration for leaders of the Contras of weapons that the Joint Venture would be producing for the Contras. Riconosciuto confirmed to INSLAW his and Brian's attendance at this Indio, California weapons demonstration for the Contras. Riconosciuto also told INSLAW that drug smuggling profits helped to defray the cost of the secret Contra supply network,⁴ and that Brian helped to facilitate the alleged Contra-support drug trafficking by compromising the United States Government's anti-smuggling plans.⁵ Riconosciuto, who is currently in federal prison for drug trafficking, claims also to have made modifications to the PROMIS software under the auspices of this secret Contra-support facility and to have had frequent visits from Brian and Videnieks because of this PROMIS work. Until Videnieks became Justice's PROMIS Contracting Officer in September 1981, he had administered U.S. Customs' contracts for its drug interdiction program.

The *Bua Report* attempted to debunk the local law enforcement report linking Brian and Riconosciuto, as well as Riconosciuto's claimed relationship with Videnieks. The U.S. Customs Service, however, obtained evidence that challenges such conclusions by the *Bua Report*. The Director of Administration at the Financial News Network (FNN) in Los Angeles, at a time when Brian was the Chief Executive Officer, gave a sworn statement to the U.S. Customs Service in which she claimed to have taken telephone calls from both Riconosciuto and Videnieks for Brian and/or FNN's Chief Financial Officer. She also claims in her affidavit to have seen a file of Hadron, Inc. correspondence at FNN Headquarters relating to the PROMIS software. Hubbell's staff, however, effectively precluded any effective challenge to the *Bua Report's* pronouncements on such matters when Hubbell's aides, as noted earlier, refused a request from Customs investigators for access to a federal grand jury in order to pursue evidence and leads.

Brian, Videnieks and Riconosciuto were part of a profiteering confederation of current and former intelligence operatives who made money during the Reagan and Bush Administrations by selling various kinds of contraband, including weapons, drugs, stolen software such as PROMIS, and precious metals, according to statements made to INSLAW by Casolaro, an investigative reporter who had spent a year in full-time fact finding about the INSLAW affair before he was

⁴The late CIA Director William Casey, who is widely believed to have been the mastermind of the Reagan Administration's privatized and self-financing covert intelligence initiatives, was outside counsel to the Wackenhut Corporation until he became CIA Director.

⁵Brian's government contracting company, Hadron, Inc., was a major contractor of the U.S. Customs Service's anti-smuggling program along the Mexico-United States border throughout the 1980's. According to Hadron's 10-K Reports to the Securities and Exchange Commission, Hadron began acquiring U.S. Customs' anti-smuggling contractors the month after Ronald Reagan's election as President. Videnieks administered the U.S. Customs Service's anti-drug smuggling contracts with Hadron until Justice recruited him to administer the PROMIS procurement.

found dead in Martinsburg, West Virginia. Casolaro had gone to Martinsburg for a final, follow up meeting with sources on the INSLAW affair.

The prerequisites to using the banking industry version of PROMIS for money laundering would presumably be knowledge of the bank's current computer and telecommunications systems, including the security subsystems, a detailed understanding of how electronic funds transfers are made, and a detailed knowledge of how the PROMIS software has been adapted to support the wire transfer process. In view of Systematic's role as a vendor of computer systems and operational support services to the largest banks in the United States and in some 40 foreign countries, and in light of its alleged role as a secret contractor for U.S. and Israeli intelligence in the implementation of stolen copies of PROMIS for tracking and monitoring wire transfers, Arkansas would represent a logical choice for the expertise needed to support any computerized money laundering initiative.

In 1994, a former partner at Lehman Brothers, the Wall Street investment bank, published *Black Money*, a partially fictionalized account of how computer software, secretly implanted into the electronic funds transfer arena of the international banking system at the behest of U.S. intelligence, had been surreptitiously made to perform double duty as a giant electronic washing machine for the profits of the international drug cartels. According to *Black Money*, the journalist Casolaro was murdered to preclude his exposure of the link between this intelligence software and the worldwide laundering of drug profits.

The late Associate White House Counsel Vincent Foster, who had been a partner of Hubbell in the Rose Law Firm in Little Rock, also had a financial interest in Systematics, as evidenced by Foster's Financial Disclosure Report.⁶ Foster died on Tuesday, July 20, 1993 after an unexplained and unprecedented depression that, according to the Report of Independent Counsel Robert Fiske, developed during the week of Monday, July 12, 1993. Hubbell and Foster each separately journeyed to different vacation destinations on the Eastern Shore of Maryland later that same week on Friday, July 16, 1993, a fact attributed to coincidence in the Fiske Report. Thereafter, Mr. and Mrs. Foster checked out of the inn where they had stayed on Friday night and, on Saturday morning, joined Mr. and Mrs. Hubbell for the balance of the weekend at the Eastern Shore country home of a couple with whom both the Fosters and Hubbells had been friends, according to the Fiske Report.⁷ Hubbell also paid a visit to Foster's White House office on Monday, July 19, 1993, the day after their weekend together on the Eastern Shore and the day before Foster's death, according to the Fiske Report. Finally, Hubbell was with President Clinton Monday evening when the President telephoned Foster at his home and tried to persuade Foster

⁶As with Hubbell's Financial Disclosure Report, Foster's stock ownership is in AllTel, the Little Rock telephone holding company that owns Systematics.

⁷The couple, Michael H. and Harolyn Cardozo, do not appear to have any property on the Eastern Shore of Maryland, according to tax records and telephone records. Mrs. Cardozo's father, Nathan Landau, however, has a multi-million dollar country estate on Bailey's Neck Road in Trappe, Maryland according to tax records. Trappe is about 10 miles east of Oxford, Maryland where Earl Brian has his principal residence. Michael Cardozo is the Executive Director of President Clinton's legal defense fund. His father-in-law, Nathan Landau, one of the leading fund raisers for the Democratic Party nationally, is a lawyer and real estate developer whose principal residence is in Bethesda, Maryland.

to return to the White House to visit and watch a movie with his friends, according to press accounts of Fiske's deposition of the President. The Fiske Report stated that the Whitewater Affair does not seem to have been a factor in Foster's sudden depression. Fiske was unable, however, to identify why Foster became seriously depressed for the first time in his life during the week of July 12, 1993.

On Monday of the week in question, *i.e.*, on July 12, 1993, INSLAW had submitted to Hubbell a 90-page *Analysis and Rebuttal of the Bua Report*, exposing glaring deficiencies in Bua's investigation. Calling attention to the pervasive fear of reprisal that had been independently confirmed by both of the Congressional Investigations into the INSLAW affair, the Rebuttal's Exhibit B summarized the statements that 11 different responsible witnesses have told INSLAW they would make under oath if the investigation were totally independent of the Justice Department. Each of the first three witnesses in Exhibit B is quoted about the collusion between Justice and U.S. intelligence on the secret use of PROMIS in the international banking system. If Foster's connection to Systematics went beyond a mere equity interest in its corporate parent, he may have had an additional worry that the Rebuttal might lead someone in Congress or the press to pursue these very kinds of leads and thereby discover the hidden Arkansas component of the INSLAW affair. Hubbell and his staff made repeated demands for the names of these witnesses even though Justice was in a position to determine the truth or falsity of many of the statements attributed to the unnamed witnesses simply by comparing the PROMIS source code with the source code of alleged clones of PROMIS in various offices.

In addition to the attached set of questions for Hubbell, we believe that both the Office of Independent Counsel and the appropriate Congressional oversight committee(s) should also seek evidence about the following questions:

- Has Systematics provided PROMIS implementation and support services to the NSA in the international banking arena, as alleged by a number of INSLAW's sources?
- Did either Foster and/or Hubbell provide legal services to this Rose Law Firm client in connection with its alleged PROMIS work for the NSA?
- Did the dates and dollar amounts of any such services oblige Foster and/or Hubbell to disclose such services on their Financial Disclosure Reports at the beginning of the Clinton Administration?
- Have Hubbell or Foster ever directly communicated with or met Brian whose principal residence is on the Eastern Shore of Maryland?
- Is there any White House record of Foster having received copies of the *Bua Report* or of the *INSLAW Rebuttal*?
- Were documents relating to Systematics among the documents removed from Foster's White House office immediately following his death?

- Did Hubbell influence actions by the Clinton Justice Department to obstruct justice through any of the following:
 - denying grand jury support needed to complete an on-going federal criminal investigation by the U.S. Customs Service into whether Videnieks, currently an employee of the U.S. Customs Service, committed perjury when he denied under oath that he had had an undisclosed business relationship with Brian while serving as the Justice Department's PROMIS Contracting Officer;
 - arranging for one of Hubbell's aides in the review of the INSLAW affair to become Principal Assistant U.S. Attorney in Los Angeles in order to manipulate an on-going criminal investigation by that office of Brian for securities fraud in connection with the collapse of Financial News Network (FNN) of Los Angeles at the time that Brian was the FNN Chief Executive Officer;
 - attempting to retract an earlier admission by an FBI Agent about the existence of an eyewitness description of a man seen leaving Casolaro's hotel room shortly before Casolaro's body was discovered, and affirmatively declaring in the Hubbell Report that no witness ever came forward who claims to have seen anyone entering or leaving Casolaro's hotel room on the morning of the death;
 - concealing in the Hubbell Report the existence of a reputable corroborative witness on the alleged collusion between Brian and the Israeli Government in a scheme in 1986 secretly to infuse over half-a-million dollars into a law firm representing INSLAW with the objective of incapacitating INSLAW from litigating the Justice Department's theft of PROMIS;
 - refusing to petition the U.S. Court of Appeals for the appointment of an Independent Counsel in the INSLAW affair when requested to do so in writing by a credible witness, former Attorney General Elliot Richardson, detailing specific allegations of apparent obstruction of justice in the Hubbell review of the INSLAW affair; and,
 - lobbying Congress in an effort to preclude INSLAW from being able to submit its claim against the Justice Department for discovery and trial before an appropriate federal court.

Attachment: Following is a Set of 20 Suggested Topics, Each Topic Preceded by a Background Summary, for Use in Questioning Former Associate Attorney General Webster Hubbell Concerning His Apparent Financial and Professional Conflicts of Interest in Directing the Clinton Administration's Review of the INSLAW Affair. Also Included is a List of 43 Exhibits for the Background Summaries. The Actual Documents on the Exhibit List May be Obtained from INSLAW, Inc.

Background Summary for Topic #1

U.S. Justice Department officials, in effect, committed felony theft by stealing INSLAW's PROMIS computer software product in the winter and spring of 1983 "through trickery, fraud and deceit." These were among the fully-litigated findings of fact of two sitting federal judges, U.S. Bankruptcy Judge George F. Bason, Jr. in January 1988 (Exhibit #1) and Senior U.S. District Judge William B. Bryant, Jr. in November 1989 (Exhibit #2). The courts found that the Justice Department had stolen over \$6 million of the PROMIS software for use in the 42 largest U.S. Attorneys Offices.

When the U.S. Court of Appeals for the District of Columbia overturned the two lower court decisions in May 1991 (Exhibit #3), it did so on the basis of a jurisdictional technicality, and did not address the merits of the findings of fact.

Still later, in September 1992, the House Judiciary Committee issued its own Investigative Report, entitled *The INSLAW Affair* (Exhibit #4), which independently confirmed the principal findings about the Justice Department's theft of PROMIS, on the basis of a three year-long investigation. The House Judiciary Committee further reported that the software theft that was litigated before the two lower federal courts may have been only the tip of the iceberg because stolen copies of PROMIS may have been disseminated outside the U.S. Attorneys Offices, in explicit contravention of the contract. The alleged sales and distributions of PROMIS were, according to the House Judiciary Committee, to U.S. Government and foreign government intelligence agencies through private sector friends of the leadership of the Department of Justice for their own personal financial gain and in support of the intelligence and foreign policy objectives of the United States.

All 21 Democrats on the House Judiciary Committee signed a letter to Attorney General William P. Barr, Jr. on September 10, 1992 (Exhibit #5), demanding that the Attorney General petition the U.S. Court of Appeals, Special Division on Independent Counsel, for the appointment of an Independent Counsel to investigate the INSLAW affair, including the possible obstruction of Congressional oversight by Reagan Administration Attorneys General. In September 1989, the Senate Permanent Investigations Subcommittee had also alleged possible Reagan Justice Department obstruction of Congressional oversight in the INSLAW affair in a *Staff Report* (Exhibit #6) that stated that Justice had refused to allow the Subcommittee access to many of the documents and Justice employees it sought to access.

On June 17, 1993, Attorney General Janet Reno publicly released an investigative report on INSLAW that had been prepared by Justice Department Special Counsel Nicholas J. Bua (Exhibit #7), a former federal district court judge in Chicago, and his staff of salaried Justice Department prosecutors and investigators. That report contradicted the fully-litigated findings of fact of the two lower federal courts, as well as the investigative findings of the House Judiciary Committee, and purported to clear the Department of Justice of any criminal wrongdoing against INSLAW. Bua and his staff had delivered the Report to Attorney General Reno in March 1993, shortly after her swearing in as Attorney General, and had simultaneously briefed on the Report.

In a letter to INSLAW Counsel Elliot Richardson dated June 17, 1993 (Exhibit #8), Hubbell conveyed a copy of the Bua Report and announced as follows:

Attorney General Reno has asked me to review Judge Bua's report as part of the process of bringing the INSLAW matter to a final resolution.

Deputy Attorney General Philip Heyman had primary responsibility for the Department's criminal investigative and prosecutive resources, and Hubbell, as Associate Attorney General, had primary responsibility for civil justice matters.

Questions for Topic #1

Who made the decision to assign the INSLAW case to you for review?

What was the logic for assigning the INSLAW matter to you rather than Deputy Attorney General Heyman?

What role, if any, did you play in the Reno Justice Department's review and release of the Bua Report?

Were any White House officials involved in any way in the review and release of the Bua Report?

Attorney General William Barr had recused himself on INSLAW right before he left the Justice Department because he was returning to his former law firm which was representing Earl W. Brian in the Bua investigation, but why did Judge Bua not submit the Bua Report to Acting Attorney General Stuart Gerson?

Did you have any participation in the decision for Judge Bua to defer delivery of the Bua Report until the Clinton Administration had its own Attorney General in place?

Did Associate White House Counsel Vince Foster play any role in the Clinton Administration's decisions on the Bua Report or on the assignment of the INSLAW case to you at the Justice Department?

Did Bruce Lindsey have any role in the Clinton Administration's review of or decisions on the Bua Report, or on the decision to assign the INSLAW case to you as Associate Attorney General?

When John Dwyer left the White House to join your staff as Assistant Associate Attorney General, had it already been decided that you would be assigned the INSLAW case?

What kinds of changes, if any, were made to the *Bua Report* at the behest of the Clinton Justice Department between Bua's delivery of his report to Attorney General Reno in March 1993 and the Clinton Administration's release of the *Bua Report* in June 1993?

Did you have any communications with Bua prior to his delivery of the Bua Report to Attorney General Reno in March 1993?

Were you present during the briefing of Attorney General Reno by Bua and his staff in March 1993? If so, who else was present?

Background Summary for Topic #2

On July 12, 1993, and on February 15, 1994, INSLAW Counsel Elliot Richardson had hand-delivered to Hubbell letters of transmittal (Exhibits #9 and #10) for five copies of *INSLAW's Analysis and Rebuttal of the Bua Report* and an *Addendum* to that rebuttal, respectively (Exhibits #11 and #12).

Hubbell announced his resignation as Associate Attorney General on March 14, 1994 which was apparently effective around the middle of April 1994.

On September 28, 1994, Attorney General Janet Reno released her Administration's review of the Bua Report, dismissing INSLAW's criticisms in the Rebuttal and the Addendum and endorsing the Justice Department's complete exoneration of itself through the Bua Report.

Attorney General Reno released her Administration's review of the INSLAW case on the same afternoon when the House Judiciary Subcommittee on Administrative Law and Governmental Relations was meeting to "mark up" a Congressional Reference Bill for INSLAW which would automatically waive any statute of limitation questions and enable the dispute between INSLAW and the Justice Department to be adjudicated in the U.S. Court of Federal Claims. This report, believed to be the Hubbell Report, bore no names of authors or contributors, including Hubbell himself.

On the same day, Attorney General Reno had a letter hand-delivered to the members of the subcommittee (Exhibit #13), urging them to vote against the pending INSLAW Congressional Reference Bill.

The *Bua Report* declared that the Reagan Justice Department had not stolen PROMIS from INSLAW in the winter and spring of 1983, notwithstanding the fully-litigated findings to the contrary by two sitting federal judges, findings that were later independently confirmed and supplemented by the three-year investigation conducted by the House Judiciary Committee.

The *Bua Report* declared that the Reagan and Bush Justice Departments had not obstructed Congressional oversight of the INSLAW affair, notwithstanding investigative findings to the contrary by the Senate Permanent Investigations Subcommittee in its September 1989 *Staff Report* and by the House Judiciary Committee in its September 1992 *Investigative Report*. For example, on his last day as Attorney General, Meese had in fact ordered Justice officials who had been subpoenaed to testify on INSLAW before the Senate Permanent Investigations Subcommittee not to testify.

Although the Bua Report stated that the Justice Department had "bargained away" many of its rights when it negotiated Modification #12 to INSLAW's PROMIS Implementation Contract in April 1983 and thereby obtained a copy of the proprietary version of PROMIS from INSLAW, the Reno Administration's report dismisses any such concern by declaring that INSLAW is not owed any money. It was this very modification to the contract that the two lower federal courts and the House Judiciary Committee had found had been negotiated with the objective of stealing the proprietary version of PROMIS "through trickery, fraud and deceit."

Attorney General Reno and former Attorney General Edwin Meese each personally lobbied members of Congress to block the INSLAW Congressional Reference Bill and prevent INSLAW from obtaining another day in court, according to an article in the *Texas Observer* on November 11, 1994 (Exhibit #14).

Hubbell was still working on the Reno Justice Department's report on INSLAW in mid-April 1994, according to the April 9, 1994 column by nationally syndicated columnist Robert Novak (Exhibit #15).

After leaving his position as Associate Attorney General in approximately mid-April 1994, Hubbell continued for a number of months thereafter to work at the Justice Department several days a week, according to the *New York Post* of October 19, 1994, which attributes the information to New York County District Attorney Robert Morgenthau (Exhibit #16).

Questions for Topic #2

Did you ever submit to Attorney General Reno your report on the INSLAW case?

If so, approximately when did you submit it?

Did you consult with the Justice Department on your INSLAW report during the summer of 1994 after you were no longer the Associate Attorney General?

Do you know why the Attorney General waited until the very afternoon in late September 1994 when the House Judiciary Subcommittee on Administrative Law and Governmental Relations was meeting to mark up the INSLAW Congressional Reference Bill before releasing her Administration's report on INSLAW?

Do you believe that it was appropriate for the Justice Department, as a party in interest in INSLAW's litigation, to have the Attorney General of the United States seek to use her office to lobby against allowing the INSLAW disputes to be adjudicated in court?

If the report released by the Attorney General on September 28, 1994 was substantially the *Hubbell Report* prepared under your auspices, how do you explain Justice's failure to reveal the names of the authors and contributors?

Background Summary for Topic #3

INSLAW Counsel Elliot Richardson, INSLAW Counsel Charles Work, and INSLAW's owners, Mr. and Mrs. William A. Hamilton, met with Attorney General Janet Reno on June 12, 1993 to discuss the INSLAW case. Justice Department Special Counsel Nicholas J. Bua and his staff had delivered the *Bua Report* to Attorney General Reno and briefed her on it within days of her swearing in as Attorney General in March 1993.

The Attorney General reportedly made no mention of the Bua Report during the meeting, even though her release of the Bua Report was imminent and the Bua Report totally contradicted the record in the case to that date. The Attorney General reportedly made no mention of the fact that the INSLAW case had already been assigned to Hubbell, although INSLAW had reportedly been told of that assignment, weeks prior to the meeting with the Attorney General, by sources connected to the Central Intelligence Agency.

The official calendars of the top Justice Department officials for the day of the INSLAW meeting with the Attorney General reportedly indicated that both Hubbell and Deputy Attorney General Heyman were scheduled to join Attorney General Reno in the INSLAW meeting, but neither Hubbell nor Heyman was present during the Attorney General's meeting with INSLAW.

In its Rebuttal and Addendum to the *Bua Report*, INSLAW depicts the National Security Agency (NSA) as, in effect, the senior partner of the U.S. Justice Department in the alleged illegal dissemination of PROMIS, Israeli intelligence as a cutout for the U.S. Government in the alleged PROMIS intelligence initiative, and Earl W. Brian and the late British publisher Robert Maxwell as two of the principal PROMIS sales people for U.S. and Israeli intelligence.

Questions for Topic #3

Is it true that you and Mr. Heyman were scheduled to participate in the meeting?
If so, what happened to cause you and Mr. Heyman not to attend?

Why did Attorney General Reno release the Bua Report a week after meeting with INSLAW but without having even mentioned the Bua Report to INSLAW?

During his confirmation hearing, Deputy Attorney General Heyman testified that the Bua Report would be reviewed in draft form by INSLAW's lawyers before being released by the Reno Justice Department. Why did this not happen?

Is it true that the INSLAW case had been assigned to you before Attorney General Reno had her meeting with INSLAW and, if so, why did she not disclose that fact to INSLAW during the meeting?

Was a draft of the *Bua Report* provided to any of the following prior to its release by the Justice Department?

- The NSA
- The White House
- Associate White House Counsel Vince Foster
- Bruce Lindsey
- The Government of Israel
- Earl Brian
- Peter Videnieks

Background Summary for Topic #4

In Hubbell's Financial Disclosure Report (Exhibit #17), Hubbell lists Beverly Enterprises as one of 17 Rose Law Firm clients for which Hubbell performed in excess of \$5,000 of legal services.

In 1974, executives of Beverly Enterprises reportedly helped to finance the U.S. Senate Republican Primary campaign in California of Earl W. Brian (Exhibits #18 and #19). Immediately before seeking the Republican nomination for U.S. Senate, Brian, as Governor Ronald Reagan's Secretary of Health and Welfare, had regulated the amount of fees that Beverly Enterprises could charge the State of California for the health-care of indigent persons in its nursing homes.

In January 1991, Beverly Enterprises purchased from INSLAW, Inc. a version of its case management software product newly produced by INSLAW for operation on a popular new IBM mid-range computer, known as the AS/400.

Later in 1991, Beverly Enterprises relocated its corporate headquarters from Pasadena, California to Ft. Smith, Arkansas. In 1992, Beverly Enterprises entered into a long-term contract with Systematics of Little Rock for computer data processing support. Jackson Stephens, a major financial contributor to the 1992 Presidential campaigns of both President George Bush and Governor Bill Clinton, was the chief financial backer during the 1980's of both Beverly Enterprises and Systematics, Inc.

In July, 1990, approximately six months before Beverly Enterprises bought the AS/400 version of INSLAW's case management software, Systematics set up the Mid-Range Systems Division in Orlando, Florida to market its bank software for operation on AS/400 computers. This division was created out of Systematics' acquisition of HORIZON Financial Software Corporation of Orlando in July, 1990.

Questions for Topic #4

What year did you begin performing legal services for Beverly Enterprises?

Were you performing legal services for Beverly Enterprises in 1990, the year of its negotiations with INSLAW over the purchase of a license to the new AS/400 version of INSLAW's computer software product?

Were you performing legal services for Beverly Enterprises in 1991, the year of the software license sale to Beverly Enterprises?

As a lawyer for Beverly Enterprises, did you have any contemporaneous knowledge of the purchase of the license to the INSLAW software product?

Had you ever met or heard of Earl W. Brian in connection with your legal representation of Beverly Enterprises?

Did you ever have any business or social dealings with Earl W. Brian before joining the Clinton Administration?

Were you still representing Beverly Enterprises when it "outsourced" its computer data processing to Systematics?

Did you have any contemporaneous knowledge of or involvement in the outsourcing contract?

Do you know whether Systematics ever acquired access to the AS/400 version of INSLAW's case management software from Beverly Enterprises?

Do you know whether Systematics' Mid-Range Systems Division of Orlando, Florida, has ever marketed, sold, implemented or supported PROMIS or PROMIS-derivative software products for operation on IBM AS/400 mid-range computers?

Do you know, from any source whatsoever, whether the National Security Agency or Systematics had any role in the decision by Beverly Enterprises to buy the AS/400 mid-range computer version of INSLAW's case management software?

Background Summary to Topic #5

Hubbell did not list Systematics in his Financial Disclosure Report (Exhibit #17) as one of the Rose Law Firm clients for whom he did at least \$5,000 worth of legal work, although the Rose Law Firm is the outside counsel for Systematics according to Moody's (Exhibit #20) and Hubbell and Hillary Rodham Clinton were attorneys of record for Systematics in at least one matter, *i.e.*, litigation in federal district court in Washington, D.C., according to the *Wall Street Journal* (Exhibit #21).

According to the same Financial Disclosure Report, Hubbell has a financial interest in Systematics by virtue of ownership of stock in AllTel, the Little Rock telephone holding company that has wholly owned Systematics since some point in the early 1990's.

Systematics is reportedly one of the leading vendors of computer software products and services to banks in the United States and abroad, and currently has bank customers in as many as 40 different countries.

In January 1994, the *International Banking Regulator* published two investigative articles (Exhibits #22 and #23) claiming that the U.S. National Security Agency has been using stolen copies of INSLAW's PROMIS software to tap into foreign banks' computer data. According to these articles, the NSA and the Justice Department colluded in June 1983 on the implementation of stolen copies of INSLAW's PROMIS in the World Bank and the International Monetary Fund. These were copies of the same version of PROMIS that the two lower courts ruled the Justice Department had stolen from INSLAW in April 1983 "through trickery, fraud and deceit," *i.e.*, the version of PROMIS for operation on the then new and popular VAX mid-range computer from Digital Equipment Corporation.

According to INSLAW, other confidential sources have stated that the U.S. Government also arranged for the implementation of a stolen copy of PROMIS in the Bank of Credit and Commerce International (BCCI) in support of its London operational headquarters, in the major wire transfer clearinghouses such as FEDWIRE, CHIPS, SWIFT and SPRINT, and in major commercial banks throughout the world.

Hubbell's aforementioned legal representation of Systematics was in connection with litigation in 1978 arising out of the initial effort by BCCI to take over First American Bank in Washington, D.C., then called Financial General Bankshares. The Securities and Exchange Commission (SEC) brought a civil suit in federal district court in Washington, D.C. against BCCI and others, including Jackson Stephens, a major financial backer of both Systematics and Beverly Enterprises. In the complaint (Exhibit #24), the SEC alleged that Jackson Stephens had attempted to force the bank to replace its computer software with software sold by Systematics.

According to his Financial Disclosure Report (Exhibit #25), the late Vincent W. Foster also had a financial interest in Systematics by virtue of owning shares of common stock in its corporate parent, AllTel.

Questions for Topic #5

Did you do more than \$5,000 worth of legal work for Systematics in the final two years before becoming Associate Attorney General?

If so, why did you fail to disclose Systematics on your Financial Disclosure Report as one of the Rose Law Firm clients for whom you performed at least \$5,000 in legal work?

Did you provide legal services to Systematics during the 1980's and 1990's prior to joining the Clinton Administration?

What is your estimate of the amount of fees you billed to Systematics in the years prior to becoming Associate Attorney General?

To your knowledge, has Systematics ever done work for or in connection with the National Security Agency, the World Bank, the International Monetary Fund, BCCI, or any of the leading wire transfer clearinghouses (FEDWIRE, CHIPS, SWIFT and SPRINT)?

To your knowledge, has Systematics ever sold, distributed, adapted or implemented INSLAW's PROMIS software or any derivative thereof?

To your knowledge, did the late Associate White House Counsel Vince Foster ever have any professional or financial connection to Systematics or to NSA beyond his ownership of shares in AllTel?

To your knowledge, were documents about Systematics in Little Rock among the documents removed from Mr. Foster's White House office shortly after his death?

Have you ever had any other professional or financial connections with Systematics, beyond those already discussed?

Have you ever had any professional or financial connections with NSA?

Did either you or Vincent Foster ever represent NSA's alleged interests in Systematics in any fashion, and, if so, did either of you ever receive any compensation for such services from any source whatsoever?

Background Summary for Topic #6

There are two Systematics companies in Israel that, as with the Systematics company in Little Rock, reportedly sell computer software and services to banks and telephone companies. These Israeli Systematics companies, Systematics, Ltd. and Systematics Technologies, are located at the same address in Ramat-gan, a suburb of Tel Aviv. Systematics, Ltd. is headed by Oded Leventer; the other Systematics is headed by his brother, Yoav.

Oded Leventer contacted INSLAW twice in early 1987 (Exhibit #26 and #27) for product and marketing brochures on PROMIS.

In 1979, the Leventer brothers and Dr. Harry C. Wechsler co-founded another Systematics company, Boston Systematics of Worcester, Massachusetts, along with Dr. Harry C. Wechsler who lives in Weston, Massachusetts, a suburb of Boston (Exhibit #28). Boston Systematics reportedly wholly-owns the two Israeli Systematics companies but is itself little more than an answering machine and a mail drop. In fact, the message on the Boston Systematics answering machine refers callers to Farboil Company in Baltimore, Maryland, which, like Boston Systematics, is headed by Dr. Harry C. Wechsler.

Dr. Harry C. Wechsler is reportedly the same person as Henry C. Wechsler, who is listed as a member of the Association of Former Intelligence Officers, according to its 1979 membership directory (Exhibit #29).

The Leventer brothers are allegedly contractors for Israel's Mossad intelligence service.

The controversial former Israeli intelligence officer, Ari Ben Menashe, claims that the Leventer brothers implemented INSLAW's PROMIS in Guatemala after it was sold there by the late British publisher Robert Maxwell on behalf of Israeli intelligence. According to Ben Menashe, Guatemala uses PROMIS to monitor and control political dissidents. Ben Menashe also claims that the two Israeli Systematics companies are affiliated with the Little Rock Systematics company, and that Hubbell has had an interest in the PROMIS intelligence business of those companies.

According to Rodney Bauer, a reporter with the *Arkansas Democrat-Gazette*, a confidential source, currently employed at Beverly Enterprises, sent word to Bauer in January 1995 through an intermediary that Systematics shares office space with Beverly Enterprises in various locations in the United States and that as a consequence of the proximity in the operations of the two companies, the Beverly Enterprises employee had learned that Systematics of Little Rock owns Boston Systematics in Worcester, Massachusetts and the Systematics in Israel.

Questions for Topic #6

Have you ever had any knowledge of or relationship with any of the following:

- Harry C. Wechsler
- Henry C. Wechsler
- Oded Leventer
- Yoav Leventer
- Boston Systematics
- Systematics, Ltd.
- Systematics Technologies

Are you aware of any connection between the Little Rock Systematics and either of the Israeli Systematics companies or the Boston Systematics company?

Have you ever had a financial interest or professional connection with Boston Systematics or either of the Israeli Systematics companies?

Background Summary to Topic #7

If stolen copies of PROMIS have been, as alleged, implemented in international banks and wire transfer clearinghouses in order to enable the NSA surreptitiously to monitor the flow of money, the intelligence information would presumably help the United States combat drug trafficking, international terrorism, illegal campaign contributions and so forth.

In theory, the same software could be used by insiders, whether in the intelligence community itself or among the contractors who implement and support such software for the NSA, to launder their own money by entering data directly into the computer systems of the banks about fictitious commercial transactions between various companies.

The *CBS Evening News* (Exhibit #30), the *Wall Street Journal's* editorial page (Exhibits #31 and #32) and other media published articles in 1994 about Mena, Arkansas allegedly serving as a point of supply of weapons for the Contras in Nicaragua during the Reagan and Bush Administrations, and as a point of entry into the United States for large volumes of illegal drugs from South America. On January 3, 1995, *The Washington Times* published a front-page story on allegations about massive trafficking through Mena, Arkansas of cocaine from the Columbian cartels (Exhibit #33). The same pilots and aircraft that flew weapons to the Contras from Mena, Arkansas returned to the United States filled with illegal drugs from South America.

According to Hubbell's Financial Disclosure Report, POM, Inc. is one of the Rose Law Firm clients for whom you did at least \$5,000 worth of legal work. According to an article in *Nation Magazine* on April 6, 1992 (Exhibit #34), Mrs. Hubbell's family owns POM, Inc., which is a manufacturer of parking meters that also had U.S. government contracts during the Reagan and Bush Administrations to manufacture casings for shells being flown to the Contras in Nicaragua through a special U.S. intelligence facility in Mena Arkansas.

Earl Brian's government contracting company, Hadron, was a U.S. Customs Service contractor throughout the 1980's in the U.S. Government's primary program to interdict airborne drug smuggling from South America. After the election of 1980, Brian acted quickly to put Hadron in a position to take advantage of his ties to Meese and others in the newly elected administration. Hadron's first post-election move, was to acquire companies supporting federal law enforcement efforts to control the smuggling of drugs across the Mexican border. According to Hadron's 10K report to the Securities and Exchange Commission in 1981, Hadron purchased Universal Systems, Inc., in December 1980, the month after Ronald Reagan was elected, and purchased T-Systems, Inc., in February 1981, the month after Ronald Reagan's inauguration. In its 10K report for 1984, Hadron refers to its contract with the U.S. Customs Service "in the field of the enforcement of anti-smuggling of contraband drugs."

Peter Videnieks administered these U.S. Customs Service anti-smuggling contracts with Hadron. According to his deposition by INSLAW in 1987, Videnieks left the U.S. Customs Service for the Justice Department after being recruited specifically to administer the PROMIS procurement and the PROMIS implementation contract.

In 1994, Michael Thomas, formerly a partner of Lehman Brothers, a Wall Street Investment Bank, published a novel on organized crime's unauthorized access to sophisticated bank industry software to launder \$300 billion dollars annually in drug profits. In this partially fictionalized account, a U.S. law enforcement agency, fictionally called Joint Expedited Data Interface or JEDI, had initially arranged for this software to be implemented in wire transfer clearinghouses and banks so that U.S. intelligence and law enforcement agencies could secretly monitor wire transfers of money and, thereby, combat money laundering, drug trafficking and, terrorism. In the novel, organized crime directly penetrated the banks' computers and used the same software to record data about fictitious commercial transactions in order to launder the profits from illegal drug trafficking.

The description of the fictional JEDI agency closely matches what is publicly known about a federal agency, FINCEN, the Financial Crimes Enforcement Network of the U.S. Department of Treasury.

In the novel, two journalists, free-lance investigative reporter Danny Casolaro and Hispanic editor Sr. Manuel de Dios, were murdered because they got too close to exposing organized crime's access to this software for money laundering. Casolaro was found dead in his hotel room in Martinsburg, West Virginia on August 10, 1991, the morning after he was scheduled to have a final, follow-up meeting with sources on the INSLAW scandal.

At about the time when the House Judiciary Committee released its September 1992 Investigative Report, *The INSLAW Affair*, one of the Committee's investigators asked INSLAW if any of INSLAW's confidential sources had ever alleged that PROMIS is used in money laundering. INSLAW learned years later that the question had resulted from the Committee's receipt of allegations that the Columbian drug cartels were using PROMIS to launder their profits.

Michael Riconosciuto, who served as Director of Research for another secret Contra supply facility during the Reagan Administration, *i.e.*, the Joint Venture in Indio, California between the giant Wackenhut Corporation of Florida and the Cabazon Indian Tribe, told INSLAW that profits from drug smuggling were used to finance the secret Contra supply network, including the Mena, Arkansas operation. Riconosciuto, who is himself currently in federal prison for drug trafficking, further told INSLAW that Earl Brian and Peter Videnieks, the Justice Department's PROMIS Contracting Officer, were frequent visitors together to the Joint Venture in Indio because the Joint Venture was making modifications to PROMIS preparatory to Brian's sale of PROMIS abroad. According to Riconosciuto, Brian also directly assisted the related drug smuggling operation by compromising the U.S. Customs Service electronic program along the Mexican border to detect and interdict aircraft smuggling drugs into the United States.

Questions for Topic #7

Have you ever heard, from any source whatsoever, of a connection between money laundering and the PROMIS software?

Have you ever heard, from any source whatsoever, of the use of PROMIS in laundering drug profits, including but not limited to the profits from any transactions through Mena, Arkansas?

Have you ever heard of any connection between the PROMIS software and the mission of FINCEN?

Had you ever had any awareness, prior to joining the Clinton Administration, of the involvement of Earl Brian or Hadron, Inc. as a contractor for the U.S. Customs Service in the government's anti-smuggling program?

Background Summary for Topic #8

On September 20, 1993, Hubbell wrote to INSLAW Counsel, Elliot L. Richardson, (Exhibit # 35) regarding his review of the *Bua Report* and INSLAW's July 12, 1993 *Analysis and Rebuttal of the Bua Report*. This was Hubbell's first response to the *Rebuttal* and most of it is devoted to Hubbell's effort to obtain, no later than October 15, 1993, the names and telephone numbers of INSLAW's confidential sources, including those 11 witnesses whose statements are summarized in the *Rebuttal's* Exhibit B.

INSLAW explained in the *Rebuttal* that the 11 confidential witnesses are unwilling to come forward because of fear of reprisal. INSLAW, however, provided background information in the *Rebuttal's* Exhibit B so it would be clear that most of the witnesses have held responsible government positions.

In his letter, Hubbell appears to express some doubt about the legitimacy of the witnesses' fear of reprisal:

At the same time, I understand and am sensitive to the need to overcome the fear, whether justified or not, that some witnesses may have of reprisals.

The fear of reprisal among witnesses in the INSLAW affair has, however, been independently confirmed by two Congressional investigations.

The September 1989 *Staff Report* of the Senate Permanent Investigations Subcommittee stated, for example, that a number of Justice employees, with apparent knowledge about the INSLAW affair, told the staff that they would like to reveal what they know, but are fearful of the consequences of doing so.

The September 1992 House Judiciary Committee *Investigative Report* stated that there were even indications that Justice had attempted to intimidate an active duty FBI agent who gave 11 hours of sworn testimony to the Committee's investigators.

On March 9, 1993, Hubbell's aide, John C. Dwyer, wrote a letter to INSLAW Counsel Charles R. Work (Exhibit #36) in which he reiterated the importance of obtaining the names of INSLAW's confidential witnesses.

Finally, I am interested to hear how your efforts at getting your sources to come forward have fared. As I informed you during our meeting, I believe they represent the most important potential source of new information at this point in time.

In actuality, Justice could have independently established the truth or falsity of much of the information attributed to INSLAW's confidential sources in the *Rebuttal's* Exhibit B without knowing the identity of the sources.

The following witnesses, for example, were quoted as making claims that various organizations were using stolen copies of PROMIS, claims that are uniquely susceptible to independent verification through a comparison of the source code of PROMIS and the source code in the alleged clone system. The first three witnesses described an implementation of stolen copies of PROMIS in June 1983 at the World Bank Headquarters and International Monetary Fund Headquarters in Washington, D.C. Witness #5 stated that the FBI's FOIMS system is based on PROMIS; witnesses #4 and #8 alleged a direct connection between the Justice Department's Justice Command Center and stolen copies of PROMIS. Witness #9 claimed that stolen copies of PROMIS are used in the Office of the Attorney General of the United States, at the CIA and

FOIA(b)(3) - 50 USC 3024(i)(1) - Intelligence Sources and Methods

Witness #10

Questions for Topic #8

In your first letter to INSLAW following its submission to you of the July 12, 1993 *Analysis and Rebuttal of the Bua Report*, you emphasized the critical importance of immediately obtaining the names and telephone numbers of INSLAW's 11 confidential sources whose statements are described in Exhibit B of the *Rebuttal*.

Your aide, John C. Dwyer, reiterated this point in a letter to INSLAW dated November 9, 1993.

Justice could have independently established the truth or falsity of much of the statements attributed to these witnesses simply by doing source code comparisons between PROMIS and various alleged clone systems, including systems in various offices of the Justice Department such as the Office of the Attorney General and the FBI, and other U.S. Government offices, such as the CIA.

Why were you and Dwyer so insistent on obtaining the names of the confidential witnesses when you could have investigated most of the claims without knowing the identities of the claimants?

In your letter to INSLAW, you exhibited skepticism about the legitimacy of the witnesses' fear of reprisal. Why were you skeptical about this in light of the fact that two Congressional investigations into the INSLAW affair had already independently confirmed a pervasive fear of reprisal among witnesses?

Background Summary for Topic #9

In a letter to INSLAW Counsel Elliot Richardson dated September 20, 1993 (Exhibit #35), Hubbell stated that he had designated one of his assistants, John Dwyer, "to receive, in confidence, information bearing on INSLAW's claims."

Mr. Dwyer is a young lawyer from a law firm in San Francisco, *Jackson, Tufts, Cole & Black*, who initially went to work in the White House at the beginning of the Clinton Administration and then went to work for Hubbell at the Justice Department.

Mr. Dwyer does not appear to have had any prior experience as a prosecutor or investigator.

Questions for Topic #9

How did Dwyer come to your attention as a candidate for appointment as Assistant Associate Attorney General?

What is it about Mr. Dwyer's background and/or experience that, in your opinion, made Dwyer an appropriate person to be your chief investigator on your review of the INSLAW affair?

Did you ever attempt to find out whether Dwyer had any pre-existing relationship with Californians allegedly involved in the INSLAW affair such as D. Lowell Jensen, Edwin Meese or Earl Brian?

At the time you brought Mr. Dwyer from the White House to the Justice Department, did you already intend to assign him to assist you in the INSLAW case?

Background Summary for Topic #10

The Justice Department's PROMIS Contracting Officer, who was harshly criticized in the fully-litigated findings of fact of the two lower federal courts, is reportedly currently working at the U.S. Customs Service as the director of a procurement division. The House Judiciary Committee found some corroboration for allegations that the individual in question, Peter Videnieks, had had a relationship with Earl W. Brian, before being named as the Justice Department's PROMIS Contracting Officer.

The U.S. Customs Service Internal Affairs organization conducted a federal criminal investigation for over two years to determine whether this individual had committed perjury in denying under oath any prior relationship with Earl Brian.

In a letter to Attorney General Reno dated August 26, 1994, INSLAW Counsel Elliot Richardson asks that the Attorney General look into the possibility that Mr. Dwyer obstructed justice by refusing to honor a formal, written request from U.S. Customs investigators for help in completing their investigation. The Customs investigators reportedly furnished to Mr. Dwyer a written summary of the evidence they had developed during the two-year-long field investigation, without benefit of a federal grand jury, and requested access to grand jury subpoenas to compel testimony from two dozen enumerated individuals in order to complete the investigation. The federal investigators also asked for authority to compare the sworn statements they took from selected witnesses with sworn statements made by the same witnesses before the Bua grand jury.

Mr. Dwyer reportedly refused to grant access to federal grand jury subpoenas or access to the transcript of the Bua grand jury investigation of the INSLAW affair.

Questions for Topic #10

Were you advised of or consulted about these reported decisions by Mr. Dwyer?

In view of the fact that the Justice Department is itself the defendant in the INSLAW affair and that the individual in question was a key Justice Department official involved in the INSLAW affair, do you not believe that Mr. Dwyer's refusal to honor the aforementioned requests from experienced federal criminal investigators contributes to the public cynicism that surrounds the Justice Department's self-examinations of its conduct in the INSLAW affair?

Do you know, from any source whatsoever, whether Peter Videnieks and Earl Brian ever had any direct communications or business dealings?

Background Summary for Topic #11

The U.S. Customs Service investigators reportedly submitted their written requests to Mr. Dwyer, together with their memorandum summarizing the evidence thus far collected without assistance of a grand jury. These submissions to Mr. Dwyer reportedly occurred after Peter Videnieks' lawyers, including lead counsel Charles Ruff of the Washington, D.C. law firm of Covington and Burling, had allegedly tried unsuccessfully, through direct contact with the U.S. Customs investigators, to find out what evidence had been collected on Videnieks.

The very same day that the U.S. Customs investigators declined to disclose their evidence to Videnieks' lawyer, the Customs investigators allegedly received telephone calls, seeking the same information, from Hubbell's office and Deputy Attorney General Heyman's office. The Customs investigators reportedly declined to furnish the information to Hubbell's office or to Heyman's office, whereupon Attorney General Reno allegedly called the Commissioner of Customs in an effort to arrange for Mr. Dwyer to attend a scheduled deposition of Mr. Videnieks.

Charles Ruff, of the law firm of Covington and Burling in Washington, represented Videnieks during the House Judiciary Committee's three-year investigation of the INSLAW affair. The Justice Department reimbursed Videnieks' legal fees for this representation and waived the usual ceiling on government-reimbursable legal fees (see Exhibit #37).

FOIA(b)(3) - Fed. R. Crim. Pro. 6(e) - Grand Jury

According to published press accounts at the start of the Clinton Administration, Mr. Ruff was instrumental in preparing Janet Reno for her confirmation hearings as Attorney General and was originally slated to be appointed Deputy Attorney General. Ruff reportedly failed to obtain the appointment because of concern about unpaid taxes on someone who provided household help to him. Heyman testified at his own confirmation hearing that it was Charles Ruff who telephoned him while he was visiting Israel to ask him whether he would be interested in the position of Deputy Attorney General.

Peter Videnieks is reportedly married to Barbara Videnieks, the long-time top aide to Democratic Senator Robert Byrd of West Virginia.

Questions for Topic #11

Did you or Mr. Dwyer disclose the contents of any of the written materials submitted to Mr. Dwyer by U.S. Customs investigators to Charles Ruff or anyone else at Covington and Burling?

Did the close relationship between Charles Ruff and top officials of the Reno Justice Department influence Mr. Dwyer's refusal to permit experienced federal criminal investigators at the U.S. Customs Service to complete their two-year-long investigation by having access to grand jury subpoenas and records?

Did the relationship between the Videnieks family and Senator Robert Byrd of West Virginia influence Mr. Dwyer's refusal to provide Justice Department support for the then-pending federal criminal investigation of Peter Videnieks?

Background Summary for Topic #12

William Turner, who was an associate of Danny Casolaro, in that investigative reporter's investigation of the Justice Department's conduct in the INSLAW affair, prepared a sworn affidavit (Exhibit #38), the gist of which is as follows:

Through an employee at the NSA, Casolaro had obtained access to top secret code word documents on wire transfers of proceeds from the illegal sales of PROMIS software to off-shore bank accounts belonging to U.S. Government officials and others. Among the U.S. Government officials who allegedly received such funds in off-shore accounts were Peter Videnieks and a U.S. Army Special Forces covert intelligence operative, who was reportedly one of Videnieks' closest friends. NSA had obtained this wire transfer data by surreptitiously accessing stolen copies of PROMIS which it had had implemented at BCCI in London and at the World Bank Headquarters in Washington, D.C. Casolaro secretly stored many of his most sensitive documents on INSLAW in a safe in Mr. Turner's home in Winchester, Virginia. On the afternoon before Casolaro was found dead in Martinsburg, West Virginia, Turner delivered some of these sensitive documents to Casolaro at Casolaro's request. Casolaro told Turner that he intended to show these documents to people he was scheduled to meet with later that evening in Martinsburg, West Virginia, including Peter Videnieks and Joseph Cuellar, the aforementioned Army Special Forces Major. Casolaro was found dead in his hotel room in Martinsburg the next morning.

Turner claims that [redacted] interviewed him briefly by telephone after he had relocated from Winchester, Virginia to Tennessee but that Turner had declined to answer [redacted] questions unless [redacted] came to his home in Tennessee where he could verify [redacted] credentials. According to Turner, neither [redacted] nor anyone else from the Justice Department ever again contacted him about Casolaro's death or INSLAW.

[FOIA(b)(7) - (C)]

Questions for Topic #12

Were you ever made aware of the existence of William Turner as a potential witness in the INSLAW affair?

How do you explain the failure of either Special Counsel Nicholas J. Bua, in his 17-month investigation or your own and Mr. Dwyer's 18-month investigation, ever to interrogate Mr. Turner?

Background Summary for Topic #13

According to letters addressed to Mr. John C. Dwyer on March 14, 1994 (Exhibit #39) and March 24, 1994 (Exhibit #40) from INSLAW Counsel Charles R. Work, [redacted] made the following admission during a meeting on March 1, 1994 at Mr. Work's office attended by Mr. Dwyer and Mr. Zipperstein from the Justice Department, three INSLAW counsel, Charles R. Work, Philip Kellogg and Michael Friedlander, and Mr. and Mrs. Hamilton:

FOIA(b)(7) - (C)

The local Martinsburg, West Virginia police took a statement from a small blond maid at the Sheraton Hotel about an eyewitness description of a man seen exiting Danny Casolaro's hotel room shortly before his body was discovered on the morning of Casolaro's death on August 10, 1991.

In a reply letter to Mr. Work dated March 17, 1994 (Exhibit #41), Mr. Dwyer appeared to deny that [redacted] had made any such admission during the meeting:

I am troubled by the statement in that letter regarding the "confirmation" by [redacted] of certain facts. In fact, neither [redacted] nor Steve Zipperstein confirmed any such details.

The Reno Justice Department's report on INSLAW states that no witness came forward to claim to have seen anyone entering or exiting Mr. Casolaro's hotel room.

Background Summary for Topic #14

In a letter to Attorney General Janet Reno dated August 26, 1994, INSLAW Counsel Elliot Richardson summarizes evidence of collusion between the Meese Justice Department, Earl W. Brian and the Government of Israel in an attempt in the Fall of 1986 to incapacitate INSLAW from litigating the Government's theft of its PROMIS software product.

A central element of the alleged conspiracy was the firing of INSLAW's lead counsel from the law firm where he had been a partner for a decade. Earl Brian is alleged to have obtained about \$600,000 from the Government of Israel and to have funnelled the money to the law firm in question in order to finance the firm's severance agreement with the partner who had been serving as INSLAW's lead counsel.

Ari Ben Menashe, a controversial former Israeli intelligence officer, had published an account of this alleged transaction in a book entitled *Profits of War* in the Fall of 1992. Justice Department Special Counsel Nicholas Bua had stated in the Bua Report that he had declined to look into the allegations because of his low assessment of the credibility of Ben Menashe.

According to Mr. Richardson's letter, INSLAW located two additional witnesses who corroborated essential elements of the published allegations: a former partner in the law firm in question, who is a member of the bar of the District of Columbia in good standing; and the former controller of the law firm who is serving time in federal prison for having embezzled money from the law firm.

The Reno Justice Department's report on INSLAW dismisses the allegations largely because Ari Ben Menashe has allegedly been discredited as a witness in other investigations and because the former law firm controller is currently in prison. The Reno Justice Department report fails, however, even to acknowledge the existence of the untainted corroborative witness, *i.e.*, the former partner in the law firm in question.

According to Mr. Richardson's letter, during Hubbell's investigation of the INSLAW matter, Mr. Dwyer contacted both the former partner and a lawyer representing the former partner. Mr. Dwyer allegedly asked the former partner to discontinue his communications with INSLAW. Mr. Dwyer allegedly subsequently met with a lawyer representing the former partner and was told that the former partner could not voluntarily answer any questions about the circumstances surrounding the departure of INSLAW's lead counsel from the law firm because all of the partners, associates and paralegals in that law firm had been obliged to sign an agreement never voluntarily to disclose anything they may know on that subject. Mr. Dwyer allegedly made no effort to overcome the bar to such testimony by use of a federal grand jury, and he allegedly failed even to ask the lawyer for the former partner to see a copy of the referenced agreement.

Questions for Topic #14

Were you ever made aware of the existence of the additional corroborative witness in the person of a reputable former partner at Dickstein, Shapiro and Morin, the law firm in question?

How do you account for the Reno Justice Department's failure even to acknowledge the existence of such an arguably credible witness on a matter that goes to the heart of the question of whether the Justice Department engaged in fraud against INSLAW?

Did you have, directly or indirectly, any unofficial input into the refusal of Attorney General Janet Reno to accede to the written request made by Elliot Richardson in August 1994 to petition the U.S. Court of Appeals for the appointment of an Independent Counsel in the INSLAW affair?

Background Summary for Topic #15

In a letter to INSLAW Counsel Charles Work, dated March 17, 1994 (Exhibit #41), Mr. Dwyer dismissed concerns that Mr. Work had raised in a letter to Mr. Dwyer dated March 14, 1994 (Exhibit #39) about the background of another Justice Department lawyer who was assisting Hubbell in his review of the INSLAW affair, Mr. Steven Zipperstein:

With regard to the concerns raised in your letter, you should know that Associate Attorney General Hubbell has complete confidence in Mr. Zipperstein's competence and integrity.

Mr. Zipperstein evidently began working for Hubbell on his review of the INSLAW matter sometime in 1993, when Zipperstein was working in the Criminal Division in Washington, D.C. on loan from the U.S. Attorney's Office in Los Angeles. Zipperstein returned to the U.S. Attorney's Office in Los Angeles in early 1994, as the First Assistant U.S. Attorney.

The Bua Report made favorable comments about the credibility of Earl W. Brian whom INSLAW has alleged was a private sector partner of the U.S. Justice Department in the theft of PROMIS and a financial beneficiary of the theft through the sale and dissemination of stolen copies of PROMIS. The *Bua Report*, for example, notes that Brian's credibility is enhanced by the fact that a corporate subordinate of Brian's had business records that tended to corroborate Brian's statements. Within a week of the release of the Bua Report, the U.S. Securities and Exchange Commission (SEC) filed a 60-page civil complaint against Earl Brian and others in federal district court in Washington, D.C. for securities fraud in connection with Financial News Network (FNN) in Los Angeles (Exhibit #42). The SEC accused Brian, *inter alia*, of fabricating corporate records and of suborning corporate subordinates to fabricate records. On the same day, Earl Brian signed a consent agreement not to engage in the future in the kinds of securities fraud that the SEC's complaint alleged he had committed in the past.

The U.S. Attorneys Office in Los Angeles has, for the past several years, been conducting a federal criminal investigation of Earl Brian's alleged securities fraud in connection with FNN. This is evidently the criminal counterpart to the aforementioned SEC civil fraud action against Earl Brian.

Questions for Topic #15

Did you play any role in Steven Zipperstein's appointment as First Assistant U.S. Attorney in Los Angeles?

Do you have any knowledge about whether Mr. Zipperstein has played any role in the pending criminal investigation of Earl Brian by the U.S. Attorney's Office in Los Angeles?

How did you happen to choose Mr. Zipperstein for a role in the review of the INSLAW case?

What was the basis for your reported "complete" confidence in Mr. Zipperstein's competence and integrity?

What do you know, if anything, about the following issues that Mr. Work raised in his letter to Mr. Dwyer but to which Mr. Dwyer did not specifically respond?

- What involvement, if any, has Mr. Zipperstein had with the Criminal Division's Office of Special Investigations (OSI) in general or Mr. Neil Sher, in particular?
- What involvement, if any, has Mr. Zipperstein had with the Justice Command Center?
- What involvement, if any, has Mr. Zipperstein had with the Justice Department's Office of Security and Emergency Planning or Mr. D. Jerry Rubino?
- What involvement, if any, has Mr. Zipperstein had with either the PROMIS software, the INSLAW affair, or any investigation by the Justice Department or an external agency into any aspect of the INSLAW affair?
- What involvement, if any, has Mr. Zipperstein had with either of two former top Criminal Division officials from California: D. Lowell Jensen and Stephen Trott?

Background Summary for Topic # 16

In early 1994, INSLAW obtained approximately 20 pages of classified and highly-redacted documents from the FBI concerning a 1984 FBI counterintelligence investigation in New Mexico of the late British publisher Robert Maxwell for selling computer software (Exhibit #43). INSLAW has been told that Maxwell was a cutout for Israeli intelligence in the sale of stolen copies of INSLAW's PROMIS. The FBI furnished the documents to INSLAW in response to a Freedom of Information Act (FOIA) inquiry for documents relating to Maxwell's involvement "in the dissemination, marketing or sale of computer software systems, including but not limited to the PROMIS computer software product, between 1983 and 1992."

Mr. Dwyer, in a letter to INSLAW Counsel Elliot Richardson dated March 9, 1994 (Exhibit #44), stated that he had carefully reviewed all of the redacted portions" of the documents and had concluded as follows:

There is no mention of INSLAW, PROMIS or any alleged PROMIS derivative in any of the redacted portions.

Questions for Topic #16

Did you personally read the unredacted version of the documents in question?

Did Mr. Dwyer consult with you on the content of the documents in question?

Did it strike you as peculiar that the FBI would conduct a counterintelligence investigation of someone for selling software in New Mexico?

Do you know whether the FBI conducted a counterintelligence investigation because Maxwell sold software to highly classified U.S. nuclear facilities in New Mexico, the Los Alamos National Laboratory and the Sandia National Laboratory?

Were you ever told by any source of any connection between Maxwell's sale of software in New Mexico and Jonathan Pollard's use of a computer terminal at Navy Intelligence to spy for the Israeli Government by accessing computerized nuclear intelligence files at the Los Alamos and Sandia National Laboratories?

To your knowledge, is Mr. Dwyer's aforementioned statement true and accurate?

Background Summary for Topic #17

According to the report of the Independent Counsel in Re. Vincent W. Foster, Jr., dated June 30, 1994, Foster became noticeably agitated during the week of July 12, 1993, telling his wife on July 13, 1993 that he was thinking about resigning, telling his wife during the same week that his heart had been "pounding," going to the White House medical unit to have his blood pressure checked on Friday of the same week, and, on the same day, telling his sister that he was "battling depression for the first time in his life and did not know what to do about it." To alleviate the depression, Mr. and Mrs. Foster checked into an inn on the Eastern Shore of Maryland on Friday, July 16, 1993. Mr. and Mrs. Hubbell were also vacationing that weekend on the Eastern Shore of Maryland at the country home of a couple who were friends of both the Fosters and the Hubbells, a fact that the Fiske Report described as coincidental. On Saturday morning, Hubbell telephoned Foster and persuaded the Fosters to check out of the Inn and join the Hubbells as house guests of their mutual friends.

That Saturday and Sunday, July 17 and 18, 1993, Mr. and Mrs. Foster joined Mr. and Mrs. Hubbell at the home of Michael and Harolyn Cardozo on the Eastern Shore of Maryland, according to the June 30, 1994 Report of the Independent Counsel. Hubbell stopped by Foster's White House office the following Monday, according to the Fiske Report. Hubbell and Bruce Lindsey were with President Clinton that Monday night when the President attempted by telephone to persuade Mr. Foster to return to the White House to watch a movie, according to press accounts of Independent Counsel Fiske's deposition of President Clinton.

One of the three major sections of INSLAW's rebuttal to the *Bua Report* which INSLAW delivered to Hubbell on July 12, 1993 concerns "the indications of a more widely-ramified conspiracy involving Earl Brian and the intelligence and law enforcement agencies of the United States and foreign governments." Mr. Brian's principal residence is an estate on the Eastern Shore of Maryland at Oxford, Maryland.

In the Fall of 1993, Bruce Lindsey initiated a meeting with INSLAW counsel Ronald Platt and Webster Hubbell at the Associate Attorney General's Justice Department office ostensibly to tell Mr. Hubbell of the President's interest in having a Justice Department decision on INSLAW by the end of 1993.

There is no record of Eastern Shore, Maryland property belonging to Mr. or Mrs. Cardozo, according to tax records and telephone records. Mrs. Cardozo's maiden name was Harolyn Landau, according to the Cardozo's 1981 District of Columbia marriage license. Her father, Nathan Landau, owns a multi-million dollar country estate on Bailey's Neck Road in Trappe, Maryland, on the Eastern Shore, according to tax records. Nathan Landau is a major fund raiser for the Democratic Party nationally, and is a lawyer and real estate developer whose principal residence is in Bethesda, Maryland. Michael H. Cardozo is the Executive Director of President Clinton's legal defense fund.

Questions for Topic #17

Did you discuss the INSLAW case or rebuttal with Mr. Foster or Mr. Lindsey at any point during the week of July 12th?

Did you or anyone else at the Justice Department give a copy of the INSLAW rebuttal to Mr. Foster or Mr. Lindsey or anyone else at the White House?

Is the Eastern Shore, Maryland home of Michael and Harolyn Cardozo V, at which you and the Fosters stayed on Saturday and Sunday, located on Bailey's Neck Road in Trappe, Maryland?

Is that home owned by Mrs. Cardozo's father, Nathan Landau, one of the leading fund raisers for the Democratic party nationally?

Are you aware that the principal residence of Earl W. Brian is at 5833 Deep Water Drive in Oxford, Maryland, approximately 10 miles west of Trappe, Maryland?

Did anyone in your party during the weekend in question meet with or talk to Earl W. Brian or his representatives?

Do you have any knowledge about whether Mr. or Mrs. Michael Cardozo or Mr. Nathan Landau have ever had any business or social dealings with Earl W. Brian?

How is it that you and Foster and your wives went separately to different destinations on the Eastern Shore of Maryland on the weekend of July 16, 1993 and then came together on Saturday and Sunday, July 17 and 18, 1993 at the house of the Cardozo's who were friends of both the Fosters and the Hubbells?

Was this purely coincidental as characterized in the Fiske Report?

Background Summary for Topic #18

In a letter to Hubbell dated February 15, 1994, INSLAW Counsel Elliot Richardson informed Hubbell that a former senior Reagan White House official had recently confirmed "the decision by the Reagan Administration to give INSLAW's PROMIS software to the Government of Israel for use in a wide-ranging intelligence initiative."

Questions for Topic #18

Did you ever obtain any independent knowledge of this alleged decision by the Reagan Administration? If so, how and when did you learn about it?

Questions for Topic #19

Prior to going to the Clinton Administration, did you ever have any financial or professional interest in any of the following companies?

- Boston Systematics of Worcester, Massachusetts
- Farboil Company of Baltimore
- Systematics, Ltd. of Israel
- Systematics Technologies of Israel
- Pergamon-Brassey's International Defense Publishers of McLean, Virginia
- Pergamon International of London
- Eurame Trading Company of Nicosia, Cypress
- I.P. Sharp of Toronto
- PROMIS Systems Corporation of Toronto
- Strategic Software Planning Corporation of Cambridge, Massachusetts

Questions for Topic #20

Prior to going to the Clinton Administration, did you ever have any meetings or communications with any of the following individuals?

Earl W. Brian
Robert Maxwell of Great Britain
Dr. Harry C. Wechsler
Henry C. Wechsler
Oded Leventer of Israel
Yoav Leventer of Israel
Rafi Eitan of Israel
Dr. Ben Orr of Israel
Shlomo Gubberman of Israel
Jonathan Ben Cnaan of Israel
Nathan J. Lindsay of G.E. Aerospace of Herndon, Virginia
Nicholas J. Bua
Peter Videnieks

- Exhibit #1** *Findings of Fact and Conclusions of Law* of The Honorable George Francis Bason, Jr., United States Bankruptcy Court for the District of Columbia on January 25, 1988
- Exhibit #2** *Memorandum and Order* of The Honorable William B. Bryant, United States District Court for the District of Columbia of November 1989
- Exhibit #3** United States Court of Appeals for the District of Columbia Circuit *Decision* of May 7, 1991
- Exhibit #4** *The INSLAW Affair*, Investigative Report by the Committee on the Judiciary, United States House of Representatives, House Report 102-857 of September 10, 1992
- Exhibit #5** U.S. House of Representatives, Committee on the Judiciary, letter to Attorney General William P. Barr, Jr. of September 10, 1992 (signed by all 21 Democrats on the Committee)
- Exhibit #6** United States Senate Memorandum of September 29, 1989
Re: *Staff Study on the Permanent Subcommittee on Investigations' Inquiry of the INSLAW Matter*
- Exhibit #7** March 1993 Report of Special Counsel Nicholas J. Bua to the Attorney General of the United States *Regarding the Allegations of INSLAW, Inc.*
- Exhibit #8** Associate Attorney General Webster L. Hubbell letter to Elliot L. Richardson, Esq. of June 17, 1993
- Exhibit #9** Elliot L. Richardson letter to Associate Attorney General Webster L. Hubbell of July 12, 1993
- Exhibit #10** Elliot L. Richardson letter to Associate Attorney General Webster L. Hubbell of February 15, 1994
- Exhibit #11** July 12, 1993 *INSLAW's Analysis and Rebuttal of the Bua Report*

- Exhibit #12** February 14, 1994 *Addendum to INSLAW's Analysis and Rebuttal of the Bua Report*
- Exhibit #13** September 27, 1994 letter of Attorney General Janet Reno to the Members of the Subcommittee on Administrative Law and Governmental Relations, House Judiciary Committee
- Exhibit #14** *The Texas Observer* article by Richard L. Fricker of November 11, 1994 "Brooks vs. the Justice Department"
- Exhibit #15** *San Diego Union-Tribune* column of Robert D. Novak of April 9, 1994, "Powell wows 'em as Perle purrs"
- Exhibit #16** *New York Post* article by Richard Johnson of October 18, 1994 "Durable Webb"
- Exhibit #17** Executive Branch Public Financial Disclosure Report signed by Webster L. Hubbell on April 9, 1993, filed on April 15, 1993
- Exhibit #18** *Los Angeles Times* article of May 27, 1974 by William Endicott, "Cranston Amasses War Chest of \$621,000 for Reelection Bid"
- Exhibit #19** *Sacramento Bee* article by John Berthelson of February 28, 1974, "State Health Chief Lauds Beverly Homes"
- Exhibit #20** Moody's *OTC Industrial Manual* of 1990 re: Systematics, Inc.
- Exhibit #21** *The Wall Street Journal* editorial of August 1, 1994, "Who Is Jack Ryan?"
- Exhibit #22** *International Banking Regulator* article by Anthony Kimery of January 17, 1994, "U.S. Spy Agency May Be Tapping Foreign Banks' Computer Data"
- Exhibit #23** *International Banking Regulator* article by Anthony Kimery of January 24, 1994, "Congress Backs Claims That Spy Agencies Bugged Bank Software"

- Exhibit #24** Securities and Exchange Commission Civil Action Against BCCI and Others, Including Jackson Stephens, filed March 17, 1978
- Exhibit #25** Executive Branch Public Financial Disclosure Report signed by the late Vincent W. Foster on February 19, 1993
- Exhibit #26** INSLAW letter to Mr. O. Leventer of Systematics (Ramat-gan, Israel) of February 25, 1987
- Exhibit #27** INSLAW letter to Mr. Oded Leventer of Systematics (Ramat-gan, Israel) of March 12, 1987
- Exhibit #28** Boston Systematics, Inc., Articles of Organization; Filed in The Commonwealth of Massachusetts on December 12, 1979
- Exhibit #29** Association of Former Intelligence Officers *1979 Membership Directory* cover page and pages 44 and 45
- Exhibit #30** Letter to the Editor by Bill Plante, CBS News Correspondent, and Michael Singer, Producer, CBS News, captioned, "Still a Strong Scent on the Mena Trail" *The Wall Street Journal*
- Exhibit #31** *The Wall Street Journal* article of June 29, 1994 by Micah Morrison, "Mysterious Mena"
- Exhibit #32** *The Wall Street Journal* article of October 18, 1994 by Micah Morrison, "The Mena Coverup"
- Exhibit #33** *The Washington Times* article of January 3, 1995 by Hugh Aynesworth, "A trail of persistent rumors leads to Mena"
- Exhibit #34** *The Nation Magazine* article of April 6, 1992 by Alexander Cockburn, "Beat The Devil"
- Exhibit #35** Associate Attorney General Webster Hubbell letter to The Honorable Elliot L. Richardson of September 20, 1993
- Exhibit #36** Assistant Associate Attorney General John C. Dwyer letter to Charles R. Work, Esquire of November 9, 1993

- Exhibit #37** Assistant Attorney General, Civil Division, Stuart M. Gerson letter to Charles F.C. Ruff, Esq., of September 25, 1990
- Exhibit #38** Handwritten and sworn statement of William R. Turner of March 15, 1994
- Exhibit #39** Charles R. Work letter to Assistant Associate Attorney General John C. Dwyer of March 14, 1994
- Exhibit #40** Charles R. Work letter to Assistant Associate Attorney General John C. Dwyer of March 24, 1994
- Exhibit #41** Assistant Associate Attorney General John C. Dwyer letter to Charles R. Work, Esq., of March 17, 1994
- Exhibit #42** Securities and Exchange Commission Civil Complaint Filed Against Former Officers of Financial News Network, Inc. of June 28, 1993
- Exhibit #43** INSLAW's File of FBI Documents Obtained Under the Freedom of Information Act (FOIA) Regarding the Sale of Computer Software "Including But Not Limited to the PROMIS Computer Software Product" by the Late British Publisher, Robert Maxwell
- Exhibit #44** Assistant Associate Attorney General John C. Dwyer letter to The Honorable Elliot L. Richardson of March 9, 1994