

# Inslaw case: Judge orders discovery

by Jeffrey Steinberg

Attorney General Richard Thornburgh has earned an international reputation as a gangster as the result of his sponsorship of the Thornburgh Doctrine, under which American G-men are free to go around the world kidnaping foreign nationals who are political targets of the Bush administration. Despite this well-earned image as a hooligan, Thornburgh has managed to stay on as attorney general with the apparent blessing of both the White House and the national media, and grabbed every public speaking opportunity to pontificate about his crusade against corruption and white collar crime.

Now, recent developments in the Inslaw scandal point to the Attorney General's own role in covering up a multi-billion dollar grand larceny scheme that was run out of the headquarters of the Department of Justice (DoJ).

The scandal centers around the Reagan-Meese Justice Department's willful bankrupting of the Inslaw firm by withholding millions of dollars in lease and service payments. Two federal judges ruled in 1988 and 1989 that the department used "trickery, fraud, and deceit" to steal Inslaw's proprietary PROMIS software, and ordered the government to pay Inslaw over \$6 million.

Within months of his confirmation as attorney general, Dick Thornburgh jumped into the affair, by trying to stymie a congressional probe and labeling the Inslaw owners as "paranoid conspiracy theorists." More recently he has blocked a congressional subpoena of 200 DoJ documents that could unearth a departmental scandal on the scale of Watergate.

While the department is appealing those federal court rulings, Inslaw attorneys have obtained new evidence indicating that the theft conspiracy was far broader, and involved several familiar names from the Iran-Contra scandal. According to new witnesses, pirated copies of PROMIS were sold to the intelligence services and armed forces of Canada, Israel, the Republic of Korea, Libya, and Iraq, as well as the Interpol international police agency. Profits from the illegal sales may exceed \$1 billion.

The Thornburgh coverup of the scandal has now moved to center stage as the result of an unusual arrest.

On March 29, Drug Enforcement Administration (DEA)

agents in rural Pierce County, Washington arrested a key Inslaw witness, Michael Riconosciuto, on federal narcotics charges. Riconosciuto is an electronics and computer engineer who has been involved in secret U.S. intelligence operations since the early 1970s. During the Reagan years, he was involved in the Iran-Contra affair, and, according to a story first published in *EIR* in November 1990, Riconosciuto also played a part in a \$40 million payoff to Iranian government officials in 1980 that delayed the release of the American hostages in Teheran until after that year's November elections. Some journalists say George Bush and William Casey, who later headed the CIA, were among the plotters of that "October Surprise."

In an affidavit filed in federal court in Washington, D.C. one week before his arrest, Riconosciuto detailed his role in 1983-84 in modifying a pirated copy of Inslaw's PROMIS software so it could be illegally sold to the Royal Canadian Mounted Police and the Canadian Security Intelligence Service, Canada's equivalents of the FBI and the CIA. Riconosciuto named businessman Earl Brian and Justice Department official Peter Videnieks as his immediate co-conspirators and implied that the entire project was part of the Iran-Contra "secret parallel" intelligence effort. At the time of the alleged modification, Videnieks was the department's case manager for the PROMIS program. Early this year, Videnieks was quietly transferred to the U.S. Customs Service.

The Riconosciuto affidavit also charged that in February 1991, Peter Videnieks had threatened him with federal prosecution if he cooperated with Inslaw's attorneys or with Rep. Jack Brooks's (D-Tex.) House Judiciary Committee probe of the Inslaw affair.

According to a March 31 *Washington Post* story on Riconosciuto's arrest, federal agents seized copies of a cassette tape of the February Videnieks-Riconosciuto phone conversation in which the DoJ official reportedly threatened the Inslaw witness. Within 72 hours of his arrest, a team of investigators from the House Judiciary Committee flew to Everett, Washington and conducted over eight hours of depositions with Riconosciuto in jail.

## Robinson's ruling

Then on April 8, Federal District Court Judge Aubrey Robinson granted the Inslaw firm 30 days of "limited discovery." Since a 1988 federal court ruling, Inslaw's attorneys have been blocked from access to any new evidence from the Justice Department. The order signed by Judge Robinson allows Inslaw to subpoena copies of all DoJ, FBI, DEA and other departmental computer software programs to determine the further extent of the DoJ piracy. While the original Inslaw discovery motion was filed before the company learned from Riconosciuto and others of the international scope of the piracy, and therefore was only directed at Justice Department misuse of PROMIS, attorney Elliot Richardson, who argued the discovery motion before Judge Robinson, hailed the deci-

sion as a significant break in the case.

Robinson's ruling was based upon a series of affidavits filed by Inslaw in the past month. The affidavits, all from individuals with shady intelligence community ties and with eyewitness knowledge of the Irangate fiasco, detailed a string of big-ticket sales of PROMIS to government agencies around the world. In every instance, Earl Brian, the former California Secretary of Health under Governor Reagan and longtime business pal of Ed Meese, was named as a prominent player in the sales.

Since the outset of the Inslaw court battle with the Justice Department, Brian has been identified as the person designated to take over the PROMIS software once Inslaw was safely buried under a government instigated bankruptcy. The new dimension to the Inslaw scandal is the emerging evidence that, despite Inslaw's court victory and survival, the PROMIS software was stolen and sold around the world anyway—in open defiance of a permanent injunction against further piracy in January 1988.

One affidavit filed by Inslaw attorney Elliot Richardson with the federal bankruptcy court by ex-Israeli intelligence official Ari Ben-Menashe charges that PROMIS was sold to the Israeli government by Brian, in league with former Reagan National Security Adviser Robert McFarlane, whom Ben-Menashe claims was on the payroll of Israeli espionage chief Rafi Eytan (the controller of convicted spy Jonathan Jay Pollard). A second affidavit, signed by Richard H. Babayan, an arms dealer now in jail in Palm Beach, Florida, charges that Dr. Earl Brian, in partnership with another Florida arms dealer, Sarkis Soghonalian, sold the PROMIS software to the Iraqi military in 1987. By far the most damning affidavit, Riconosciuto's, said in part:

"During the early 1980s, I served as the Director of Research for a joint venture between the Wackenhut Corporation of Coral Gables, Florida, and the Cabazon Band of Indians of Indio, California. The joint venture was located on the Cabazon reservation. . . .

"The Wackenhut-Cabazon joint venture was intended to support the needs of a number of foreign governments and forces, including forces and governments in Central America and the Middle East. The Contras in Nicaragua represented one of the most important priorities for the joint venture.

"The Wackenhut-Cabazon joint venture maintained close liaison with certain elements of the United States Government, including representatives of intelligence, military and law enforcement agencies.

"Among the frequent visitors to the Wackenhut-Cabazon joint venture were Peter Videnieks of the U.S. Department of Justice in Washington, D.C. and a close associate of Videnieks by the name of Earl W. Brian. Brian is a private businessman who lives in Maryland and who has maintained close business ties with the U.S. intelligence community for many years.

"In connection with my work for Wackenhut, I engaged

in some software development and modification work in 1983 and 1984 on the proprietary PROMIS computer software product. The copy of PROMIS on which I worked came from the U.S. Department of Justice. Earl W. Brian made it available to me through Wackenhut after acquiring it from Peter Videnieks, who was then a Department of Justice contracting official with responsibility for the PROMIS software."

Riconosciuto stated that he was assigned to modify PROMIS for application by two Canadian government agencies, the Royal Canadian Mounted Police and the Canadian Security and Intelligence Service. He then dropped the bombshell that has taken on added significance since his recent arrest:

"In February 1991, I had a telephone conversation with Peter Videnieks. . . . Videnieks attempted during this telephone conversation to persuade me not to cooperate with an independent investigation of the government's piracy of INSLAW's proprietary PROMIS software being conducted by the Committee on the Judiciary of the U.S. House of Representatives.

"Videnieks stated that I would be rewarded for a decision not to cooperate with the House Judiciary Committee investigation. Videnieks forecasted an immediate and favorable resolution of a protracted child custody dispute being prosecuted against my wife by her former husband, if I were to decide not to cooperate with the House Judiciary Committee investigation.

"Videnieks also outlined specific punishments that I could expect to receive from the U.S. Department of Justice if I cooperated with the House Judiciary Committee's investigation.

"One punishment that Videnieks outlined was the future inclusion of me and my father in a criminal prosecution of certain business associates of mine in Orange County, California, in connection with the operation of a savings and loan institution in Orange County. By way of underscoring his power to influence such decisions at the U.S. Department of Justice, Videnieks informed me of the indictment of these business associates prior to the time when that indictment was unsealed and made public.

"Another punishment that Videnieks threatened against me if I cooperate with the House Judiciary Committee is prosecution by the U.S. Department of Justice for perjury. Videnieks warned me that credible witnesses would come forward to contradict any damaging claims that I made in testimony before the House Judiciary Committee, and that I would subsequently be prosecuted for perjury by the U.S. Department of Justice for my testimony."

If any of the Riconosciuto affidavit charges are proven in court, the federal court actions by Inslaw and the House Judiciary Committee probe of Attorney General Richard Thornburgh and a slew of current and former top DoJ officials could take on unstoppable momentum and, at last, land Thornburgh and his cronies behind bars.