

FBI

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- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

Date 11/22/78

*W
PR*

TO: DIRECTOR, FBI
 FROM: SAC, OMAHA (157-2248) (C)

SUBJECT: AMERICAN CITIZENS FOR HONESTY IN GOVERNMENT - *Refer*
 CHURCH OF SCIENTOLOGY (COS);
 DEMONSTRATION CIVIL UNREST
 OO: OMAHA

Re Omaha teletype to the Bureau, dated 11/21/78.

Enclosed herewith for the Bureau are the original and four copies of an LHM setting forth facts regarding captioned matter.

U. S. Attorney, Omaha, and U. S. Secret Service, Omaha, furnished copy of enclosed LHM.

ALL INFORMATION CONTAINED
 HEREIN IS UNCLASSIFIED
 DATE 1/12/81 BY SP1/98/ky

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157-6-36-869

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2 - Bureau (Enc. 5) ENCLOSURE
 1 - Omaha
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 JUN 11 1979
 Approved: 105
 62 JAN 2 1979

Transmitted _____ (Number) _____ (Time) Per _____
 FBI/DOJ



UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

Omaha, Nebraska

November 22, 1978

In Reply, Please Refer to
File No.

AMERICAN CITIZENS FOR
HONESTY IN GOVERNMENT -
CHURCH OF SCIENTOLOGY (COS)

At approximately 9:00 a.m., November 21, 1978, captioned organization picketed the Federal Courthouse, 215 North 17th Street, Omaha, Nebraska, passing out fliers to Government employees concerning exposure and rooting out of corruption within Federal agencies. In addition, a "Secret" Justice Department report detailing Federal crimes carried out by the Drug Enforcement Administration (DEA) was distributed as one example of corruption within a Federal agency. Ten picketers in all demonstrated for approximately two hours carrying signs accusing FBI and CIA among other agencies of conducting corrupt practices and interfering with political reform and individual liberty.

The literature which was being distributed is attached as follows:

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

DATE 1/12/81 BY SP-1 gsk/tey

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.



157-636-107
ENCLOSURE

AMERICAN
CITIZENS FOR
HONESTY
IN GOVERNMENT

Dear Government Employee,

Attached you will find a copy of a secret Justice Department report that details Federal crimes carried out by employees of the Drug Enforcement Administration. This is being distributed to you as an example of corruption which has occurred within one Federal Agency.

Although no charges have been levied against any of the officials involved, following the release of this report by the Church of Scientology's newspaper Freedom, Church officials predicted indictments against their members for releasing this type of information would occur shortly rather than against corrupt government officials.

The American Citizens for Honesty in Government is a group which has as its purpose to bring about a political reform, defense of individual liberty, and the securing of individual privacy with freedom from corrupt and dishonest officials.

We know this report is certainly not the full extent of corruption which has or is occurring within Federal Agencies or even within the DEA. It is being distributed to you in hopes that if you yourself know of corruption within your own agency that you will come forward and reveal this to our group so that it may be exposed and the dishonest officials involved corrected.

Only through the exposure and rooting out of corruption within Federal agencies can the government of this country retain the integrity and purpose for which it was established under the Federal Constitution and return to a government of, by and for the people of this country.

AMERICAN CITIZENS FOR HONESTY
IN GOVERNMENT

SPONSORED BY THE CHURCH OF SCIENTOLOGY
5016 California, Omaha, Nebraska 68132

XE-48175-001

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REPORT OF JUNE 10, 1975

TO

THE ATTORNEY GENERAL

(Pursuant to Attorney General's Order
No. 600-75, Assigning Employees To Investigate
Allegations Of Fraud, Irregularity And Misconduct
In The Drug Enforcement Administration.)

SUBJECT: ADDITIONAL INTEGRITY MATTERS

Submitted by Departmental Employees:

MICHAEL A. DEFEO
THOMAS H. HENDERSON, JR
ARTHUR F. HORTON

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INTRODUCTION

During a conference with the Deputy Attorney General and Associate Deputy Attorney General Togo D. West on June 10, 1975, it was agreed that a report would be submitted on an expedited basis cataloguing areas of possible concern which have been identified either during the investigating employees' inquiry or through congressional interest. Those areas are set forth below.

All of these matters appear subject to administrative handling in the normal course within existing structures, with the exception of Operation Croupier and the involvement of the Intertel organization in DEA operations. These areas should be considered expeditiously because the Department may be called upon to answer public and congressional inquiry with respect thereto, and may best be handled outside of DEA because of the involvement of Acting Chief Inspector Phillip Smith and the indications of possible efforts to prevent full disclosure. (See pages 3-7 below).

It is therefore recommended that testimony be promptly taken under oath. If the Deputy Attorney General agrees that the recommended further inquiry is necessary and desires the investigating employees to conduct that inquiry, we intend to call the following witnesses.

June 23, 1975	10:00 a.m. 2:00 p.m.	Santo Bario Cyril Frank
June 24, 1975	10:00 a.m. 2:00 p.m.	Robert Richardson George Belk
June 25, 1975	10:00 a.m.	Robert Peloquin President of Intertel
June 26, 1975	10:00 a.m.	Lucien Conein
June 27, 1975	10:00 a.m.	Phillip Smith

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We estimate that two additional weeks will be needed to submit a report. We recognize this deviates from the timetable discussed on June 10, 1975. However we believe this area merits immediate exploration, and we would intend to submit our proposed general comments on DEA integrity and inspection matters within that two week period.

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INTERTEL INVOLVEMENT WITH DEPARTMENT OF JUSTICE AND DEA

A. JUSTICE DEPARTMENT

International Intelligence, Inc. (INTERTEL) is a Washington based firm which was created in 1968 by several former federal law enforcement officials to combat organized crime infiltration in private industry. One of the originators was Robert Palocuin, formerly the attorney in charge of the Buffalo Strike Force of the Department of Justice and later the Deputy Director of Security for the National Football League.

In 1968, while Palocuin was employed by NFL, he wrote a memorandum to the Commissioner of the League, Peter Rozelle, in which he discussed a pending federal grand jury investigation in Alexandria, Virginia then inquiring into gambling allegations involving certain professional football players. This investigation was being conducted by Palocuin's former employer, the Organized Crime Section of the Department of Justice and the memorandum discussed the investigative techniques to be utilized by the grand jury, revealing an intimate knowledge of the investigation. (Palocuin memorandum Tab 15, Pronuto General File).

At one point in the investigation, grand jury subpoenas were issued for several of the players but were withdrawn prior to service. 1/ An IRS agent assigned to that investigation later charged that there was interference in his attempt to pursue the involvement of the professional athletes. (Cash work papers Pronuto Investigation).

B. OPERATION SILVER DOLLAR

Phillip Smith, Acting Chief Inspector DEA, was assigned to the Buffalo Strike Force as the FBI representative in 1966 and became friendly with Palocuin and other Strike Force representatives who later became officials of Intertel.

Smith states he was advised in December, 1979 that he was to be transferred to Chicago as Regional Director of BISO and thereafter applied for a position with Intertel. After receiving an offer of employment, Smith and his wife took a trip to Hawaii at Palocuin's suggestion and received a discount rate of \$18 a day at the Paradise Island Hotel, owned by Resorts International.

1/ One of the subpoenas was drafted by Vincent Pronuto, who later became a ...

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client of and stockholder in Intertel. He also received free tickets to a stage show and golfing privileges. According to Smith, after his return his transfer to Chicago was rescinded; he decided to stay with BNDD. (Smith memorandum 2/10/75).

In August, 1972, the Clark County Sheriff's Office in Las Vegas, Nevada received information that a narcotics operation was being conducted by persons staying at the Frontier Hotel. This hotel was owned by Howard Hughes, who employed Intertel as security consultant for the Hotel's casino.

Special Agent Howard Safir, BNDD, assigned to the Office of Special Projects, became aware of this investigation and discussed the possibility of forming a task force with Phillip Smith, then Chief, Special Projects, and as a result of these discussions Operation Silver Dollar was created. (October 2, 1974, Report Operation Silver Dollar).

Smith stated that he received a call from Safir in February, 1973 concerning the possibility of using BNDD funds for gambling to facilitate the penetration of the Las Vegas narcotics operation. Smith advised Safir that he would inquire as to the legality of this procedure and later informed Safir that in the opinion of the Chief Counsel, "the budgetary language for BNDD would prohibit this type of expenditure".

Smith then recalled a previous offer of assistance made by Intertel, contacted Peloquin and thereafter arranged for BNDD to receive \$20,000 for gambling purposes from Summa Corporation, a subsidiary of the Hughes Corporation. Peloquin stipulated that the monies be gambled on Frontier Hotel tables and that a document be furnished to Intertel at the completion of the project to protect the Corporation's income tax liability. Smith stated that before Operation Silver Dollar was activated, the use of Summa Corporation money for gambling in Las Vegas was approved by John Ingersoll, Director of BNDD. (Smith memorandum 10/29/74).

In April 1973, Intertel requested an accounting of the \$20,000 and when Smith checked, he was informed that \$17,000 had been lost gambling and \$3,000 remained on deposit with the hotel under the undercover name of one of the two agents on the case. At the time that agent was not immediately available in Las Vegas to obtain the money and the other agent needed the money to continue the operation. Therefore Smith authorized BNDD funds to be used for gambling as a substitution for the money in the undercover agent's account. The agent lost the \$3,000 and the money in the hotel account was later returned to the BNDD. (October 2, 1974, Report - Operation Silver Dollar). As a result of Operation Silver Dollar,

6 persons were arrested and convicted for narcotic violations including Alfred Mauriello, an organized crime associate.

It should be noted that in July 1972, a Group Supervisor in DEA prepared a DEA report concerning Intertel entitled "Intelligence Information Regarding Possible Ties Between Organized Crime and Intertel (International Intelligence, Inc.)." A review of files does not disclose where this report was filed nor if anyone connected with Operation Silver Dollar was aware of it.

On September 12, 1974 a Washington Post article stated that the Senate Permanent Subcommittee on Investigations was examining Operation Silver Dollar. Thereafter, on September 18, 1974, Peloquin met with Robert Richardson, DEA Associate Chief Counsel, to discuss the publicity and to make a demand for the return of the \$20,060 to Summa Corporation. Richardson memorialized this meeting and observed that the demand was a mere formality and "for purposes of the record only." (Richardson memorandum 9/26/74).

C. OPERATION CROUPIER

On April 30, 1974, Smith wrote a memorandum to Lucien Conein, Acting Chief, Special Operations and Field Support Staff suggesting a covert intelligence project in the Caribbean and stating that "we have received reliable information" that croupiers at gambling casinos in that area were involved in various smuggling enterprises. (Smith memorandum, Tab B, Operation Croupier File)

A review of the file of this project known as Operation Croupier did not reveal any source of Smith's reliable information although the case agent, Bario, stated that Smith told him that he had received information from Intertel that croupiers were involved in drug smuggling on Paradise Island in Nassau. (Bario testimony Senate Subcommittee). Robert Peloquin, President of Intertel, is also Vice President of Resorts International, an Intertel client and owner of the casino on Paradise Island.

On May 24, 1974, Conein submitted a memorandum to George Belk, Assistant Administrator for Intelligence, attaching the Smith proposal for Operation Croupier and recommending Special Agent Santo Bario as the Undercover Agent. (Tab D, Operational Croupier File).

Smith wrote Bartels a memorandum on September 26, 1974, stating that Mauriello was attempting to withdraw his guilty plea and had offered to testify before the Senate Permanent Subcommittee on Investigations.

Bario had previously been employed by Intertel in 1971 for a security project in a Las Vegas casino. It is not known how Bario was selected or whether his previous employment with Intertel was a factor.

Bario spent several weeks at DEA headquarters receiving tradecraft training and briefing on the project. On July 25, 1974, Bario, Smith and Conein went to Intertel's Office in Washington and met with Pelouquin. In a memorandum concerning this meeting prepared for DEA, Bario stated that Intertel offered to supply him with \$1,000 as a gambling roll while he was on Paradise Island. In Bario's report of January 30, 1975 summarizing his testimony before the Senate Subcommittee he stated that Pelouquin said he would not provide any gambling money because Resorts International "would be taxed 50% of any gain from gambling." (Bario testimony 1/30/75, Senate Subcommittee). Bario also stated in his DEA memorandum that "Unofficially, Mr Pelouquin indicated that, in return for his support, he would welcome from me (DEA), the fingering of corrupt employees of Resort International."

Subsequent to the meeting with Pelouquin, Bario recalled that Conein was reluctant to undertake the Croupier project as he wanted to expend the funds on another project. Smith stated that Pelouquin offered \$500 in gambling funds for Operation Croupier; it was declined. (Smith Memorandum 2/10/75). Conein recalled that before Bario left to go to Paradise Island, Smith instructed him that Bario was not to gamble but he misunderstood and did not refer this to Bario (Conein testimony, Senate Subcommittee). Bario stated that he had been given prior authorization to gamble by Smith and Conein. (Bario testimony, Senate Subcommittee 3/3/75).

On August 8, 1974, Smith signed Bario's travel authorization for Project Croupier which included \$168. for "transportation," \$798 for "per diem" and \$2800 for "other." The purpose of the \$2800 is not explained on the authorization.

Bario traveled to Nassau and conducted Operation Croupier from August 16, 1974, to August 20, 1974. During this time, according to Bario he gambled and lost \$605 which he included on his voucher upon his return. Bario testified that shortly after submitting his voucher, Bud Frank, an assistant to Conein, requested Bario to delete the gambling expenses from his voucher and give him \$605 cash in an envelope. Bario asked Frank about the source of this money but Frank did not give him an answer. According to Bario, Frank also requested that he rewrite his report of the investigation, but Bario refused to do so. Bario had submitted his draft report to Conein to be retyped in final form by Conein's office. He has never signed the report nor seen it in its final form. 3/ (Bario memorandum - Senate Subcommittee Testimony 1/30/75)

3/ A review of the draft report and the final version reveals that all references to Bario's gambling were deleted as were references to Bario's observations as to possible integrity violations committed by the croupiers while working in the casino.

Conein testified that after Bario submitted his draft travel voucher, Smith reminded him that he had previously told Conein to instruct Bario not to gamble. Conein then realized his mistake, assumed personal responsibility for the \$605 and on October 15, 1974, withdrew money from a personal savings account to pay Bario (Conein Memorandum - Senate Subcommittee Testimony 3/3/75).

CIA AND WHITE HOUSE RELATED ACTIVITYA. LUCIEN CONEIN AND DEA OFFICE OF INTELLIGENCE

Lucien E. Conein is currently Acting Chief, Special Operations, Field Support Staff within the DEA Office of Intelligence. The Mission of Conein's unit is to collect narcotics intelligence by means of clandestine penetration of organized groups and individuals.

Conein retired from the Central Intelligence Agency in 1963, and between 1968 and 1971 was engaged in private business in South Vietnam, Israel and elsewhere. Prior to July 1971, Conein was summoned to the White House to confer with Egil Krogh regarding problems of narcotics control in Southeast Asia, and the Pentagon papers situation. Conein subsequently prepared a paper for the Cabinet Committee on International Narcotics Control.

In June 1972, Conein was asked by the White House if he would like to work for either Customs or BNDD. Conein indicated a preference for BNDD and was hired by that agency as a consultant in the areas of narcotics intelligence. At this time there were approximately three or four former CIA people on the staff. In December, 1973, he became a permanent employee of DEA.

According to Assistant Administrator George Balk, there are 332 employees in the Office of Intelligence, 36 of whom are former CIA employees. Conein has a staff of 19 individuals, 14 of whom are former CIA employees. Conein explained that DEA does not have a training capability in the area of intelligence gathering techniques, and therefore it was advantageous and expedient to recruit trained personnel from CIA. Conein said that he does not now work for CIA, nor do any of the people on his staff. Conein said that he does not have direct contact with CIA, and that all CIA contacts are handled by the DEA liaison official. (Conein memorandum of testimony 1/28/75, Senate Permanent Subcommittee on Investigations).

B. SAFEHOUSE

Conein indicates that because his mission is to develop individuals for clandestine operations, there is a need for a secure meeting place, since for obvious reasons, these people could not be seen entering and leaving the DEA building. In this connection, Conein arranged for a "safehouse", an apartment in Washington, D.C. The apartment was subleased from one James P. Muldoon, representing

Security Consultants International, Inc. Furniture for the apartment was leased by Muldoon, as a representative for Central Investigation Agency. Concin described the use of Muldoon as a technique to conceal the fact of DEA's involvement. Concin denied Muldoon as an individual whom he knew from Vietnam. He said that Muldoon was not an employee of CIA, but was non-committal as to whether or not Muldoon has contact with CIA.

Concin said that the CIA did not have access to or use of the apartment. He also said that there were no electronic devices installed in the apartment. There was access to the apartment from Muldoon's office located on the floor below. However, locks were changed to prevent such access.

C. B.R. FOX LABORATORIES

Concin, on behalf of DFA, has purchased a total of \$4,760.00 worth of surveillance equipment from B.R. Fox Laboratories of Alexandria, Virginia. The purchases involved surveillance cameras, recording and transmitting equipment. The agent for B.R. Fox was the same James P. Muldoon mentioned above. Concin used B.R. Fox because his "bona fides" were established with that company and they could obtain sanitized equipment quickly. Concin indicated that sanitized equipment is the kind that cannot be traced to manufacturer or purchaser, and that this is necessary because the Government must have deniability.

During the course of his dealings with B.R. Fox, Concin was shown certain explosive devices, which he described as the kind of equipment used in insurgency operations. These were booby-trap type explosive equipment, which could be characterized as assassination devices. Concin described this demonstration as an unsold ted side show. He said that Fox was trying to sell the devices, but he had no interest in them. (See testimony of Lucien F. Concin before Senate Permanent Subcommittee on Investigations, January 2, 1975. Testimony of George Balk before Senate Permanent Subcommittee on Investigations, January 31, 1975).

D. CIA TRAINING OF DEA PERSONNEL

News media reports of the summary of findings of the Commission on CIA Activities within the United States refer to an inspection related matter as follows:

"B. Narcotics Law Enforcement Agencies"

Beginning in late 1970, the CIA assisted the Bureau of Narcotics and Dangerous Drugs to uncover possible corruption within that organization. The CIA used one of its proprietary companies to recruit agents for BNDD and gave them short instructional courses. Over 2 1/2 years the CIA recruited 19 agents for the BNDD. The project was terminated in 1973."

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George Brosan, Acting Chief Inspector from September, 1973 until relieved on December 20, 1974, described seventeen agents within DEA clandestinely on the rolls of Inspection and performing internal surveillance of the integrity of other employees. According to Brosan this system was established under former Atto General Mitchell, in cooperation with BNDD Director Ingersoll as former Chief Inspector Fuller. Brosan states that after one operative suffered a nervous breakdown, he directed Fuller, who continued to oversee the program after his resignation in February 1974 as a Regional Inspector, to disband the operation. Brosan did not follow up to determine if that was accomplished prior to Fuller's retirement, and when Brosan was relieved on December 20, 1974, he turned over several thousand dollars in project funds to his replacement Philip Smith. (Brosan 37-41, 4/27/75; Foster 15-17, 8/27/75)

ALLEGED ASSASSINATION PLOT IN PANAMA

The Senate Permanent Subcommittee on Investigations inquired into reports that Phillip Smith and William Durkin participated in discussions within DEA regarding a proposal to assassinate the President of Panama, who was suspected of being involved in drug trafficking.

Smith stated that he had not participated in any such discussion but had developed information of a plot to kill General Torrejos. Smith testified that this information was quickly passed on to the CIA for transmittal to the Republic of Panama. Smith said that he was later informed that the plot had been verified and neutralized. (Smith memorandum 2/10/75).

It was alleged that a discussion concerning assassination involved the possibility of killing Mr. Noryago, the principal assistant to the President of Panama, and that Smith and William Durkin actually proposed that he be killed. (Wolf memorandum 3/24/75). A review of the files does not reveal Smith's position as to discussions concerning Mr. Noryago.

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WILLIAM J. DURKIN

In July 1969, former agent Charles McDonnell was arrested on Federal narcotics charges, and subsequently began cooperating with the ENDD Office of Inspection.

McDonnell alleged that in 1956 or 1957 he was working in New York City with former agent John Dolce and present DEA Assistant Administrator for Enforcement, William J. Durkin. One of Dolce's informants, a prostitute and drug addict, furnished information that a foreign seaman would deliver narcotics to her. According to McDonnell, he, Dolce and Durkin detained the seaman, relieved him of his duffel bag, which contained morphine syrettes and \$16,000 cash, and released him. The following day, the three individuals met and divided the money.

The Office of Inspection located the informant, who partially corroborated McDonnell's allegation. However, the informant, is a confirmed heroin addict, and has furnished several variations of the same story. At times the informant has been unable to be interviewed because of physical or psychological problems. During two different interviews, the informant was shown photographs of Durkin. On one occasion she was able to make an identification, and on the other occasion she was not. Other efforts by the Office of Inspection to develop corroborating evidence have been unsuccessful.

The informant stated that her paramour, Aaron, was a friend of the unidentified seaman. Aaron has denied this. Aaron had been an informant in the past, and informant payment receipts indicate that on one occasion he had been paid \$75. by Durkin. Aaron denied receiving the \$75., and handwriting examination determined that Aaron did not sign the receipt, and there were insufficient known specimens of Durkin's handwriting to determine if he signed Aaron's name on the receipt. (See file IC-69-331-C).

In a memo from the Chief Inspector to John Ingersoll, Director ENDD, dated January 23, 1979, this matter was closed because "(f)urther investigation would not clarify the questions of the truth of the allegation," indicating that Ingersoll would discuss the matter with Durkin. There is no indication that Durkin was ever confronted by Ingersoll with these allegations.

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"Another incident involving Durkin is set forth in Tartaglino's memo of December 11, 1974 and concerns Durkin's involvement as an investigator rather than as a subject, in a 1961 inspection matter. An investigation of the New York FBN office resulted in a finding of numerous practices allowing expenditures of government funds without effective control. Agent complaints to a Congressman allegedly forced removal of the principal inspector, and his assistant submitted a report citing habitual, admitted, and documented disregard for Bureau regulations governing payments for information and evidence. Durkin was assigned to continue the investigation, and in a supplemental report of December 20, 1961, he acknowledged widespread violations of manual provisions governing expenditures for information and evidence, recommended some reprimands and observed that:

"During the six weeks I spent in District No. 2, principally with agents of the Third Enforcement Group, I noted that the morale was low. The agents concerned in my investigation expressed a sincere desire to continue their career as Federal Narcotic Agents. They are afraid that due to their being the center of charges and counter-charges, they will be placed on a permanent 'Bureau Black List' and thus impede any future promotional advancements. All of these agents are ambitious and zealous. Their zeal, in most cases, contributed to their 'cutting of corners' in making narcotic cases.

An affirmative action by the Bureau that would display to these agents that this investigation is now concluded would do much toward removing the aura of suspicion they feel is held over them."

Tartaglino's memo of December 11, 1974, recites in connection with this incident that some of the agents involved were promoted within several months, "which set an unbelievable tone within that agency." 4/

In view of the extremely sensitive nature of Mr. Durkin's position, it is suggested that the following items of investigation be conducted by DEA in an effort to resolve the allegations against Durkin.

4/ Tartaglino, in his testimony to the Senate Permanent Subcommittee on Investigations, noted that of the fourteen agents found to be involved in irregularities in 1961, five have been convicted and only one was still active with DEA. (Tartaglino testimony, 6/10/75).

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(1) Interview former agent Dolce and determine if he can corroborate McDonnell's allegation, and if he will consent to a polygraph examination.

(2) Contact former agent McDonnell and determine if he will consent to a polygraph examination.

(3) Interview William Durkin regarding these allegations, and determine if he will consent to a polygraph examination and submit appropriate handwriting exemplars.

Should these further efforts prove inconclusive, or if involved parties decline to cooperate, then the matter may have to be closed as unresolvable.

HOVSEP C. CARAMIAN

During the 1960's Hovsep C. Caramian was a significant international trafficker in heroin, and is believed to have been responsible for smuggling thousands of kilograms of heroin into the United States. Caramian is now in Federal custody and has been cooperating with the government, particularly the United States Attorney's Office, Eastern District of New York. (Brosnan 42-47, 5/5/75, Logay 63-65).

In December 1974, DEA agents received information that Caramian was in possession of government documents, and there was some concern that Caramian may have been leaking information. A search of Caramian's room at Fort Holibird, Maryland, was conducted and two foot lockers containing various documents were seized. An inventory of the seized documents included among other things, the following items:

1. Numerous grand jury transcripts of testimony of Hovsep C. Caramian.
2. Grand Jury transcript of testimony of Special Agent Lawrence Katz.
3. Numerous U.S. Customs reports of investigations.
4. Informant debriefing memoranda.
5. Statements taken in connection with narcotics investigations.
6. Franked postage paid envelopes from United States Attorney, Eastern District of New York.
7. Franked air mail envelopes U.S. Department of Justice.
8. Franked air mail envelopes DEA Region 2, New York, New York.
9. Franked envelopes BNDD Region 2, New York, New York.

DEA agents also seized numerous personal papers of Caramian written in Spanish. A Spanish speaking DEA agent reviewed this material, but did not develop significant information. However, there was some concern in the DEA Office of Inspection that these papers may have been written in code and that Caramian may have been dealing in narcotics while in Federal custody. (Brosnan 42-47, 5/5/75).

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On February 19, 1975, Caramian was interviewed by DEA inspectors and stated that Assistant United States Attorney Thomas Puccio, Eastern District of New York furnished him with various documents including grand jury transcripts so that he would be more effective in identifying narcotics traffickers and their methods of operation. Caramian also stated that Puccio authorized him to make numerous telephone calls from various "safe houses" and charge these calls to the United States Attorney's Office in the Eastern District of New York.

From the material furnished to this inquiry it appears that this matter is the subject of an on-going investigation by the DEA Office of Inspection and the FBI. A final evaluation of this situation should await completion of these investigations.

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JOE J. BACA

A review of DEA inspection files revealed that Joe J. Baca, former Assistant Regional Administrator in Los Angeles has been the subject of several conduct investigations. The allegations against Baca involve such varied matters as trafficking in narcotics, dealing in stolen property, arranging burglaries and holdups, illicit relations with a female employee, and the unnecessary display of a firearm. All of these investigations have been closed without adverse action against Baca.

The most recent of these allegations was made by a cooperating defendant who stated that between 1968 and 1972 he and Baca were involved in illegal trafficking in heroin and stolen property. The defendant claims that during this period he purchased \$23,000 worth of heroin from Baca. Information received from a U.S. Customs informant also alleges that Baca was involved in heroin traffic. (See file IR-73-131-C).

In July 1969 information was received from the New Mexico State Police that Baca was alleged to be involved in setting up burglaries and holdups in the San Diego area which were being executed by two individuals from Albuquerque, New Mexico. Baca was also alleged to be involved in narcotics deals with these individuals. (See file IR-69-380-C). Both of these investigations have been closed without interviewing Baca, contrary to the provisions of the BRDP/DEA Inspection Manual.

Baca was also alleged to be a leader of a clique within the Los Angeles office known as the Monterey Park Ski Club. (discussed below). In view of the allegations that Baca has been involved in a continuing pattern of criminal conduct as set forth in files IR-73-131-C and IR-69-380-C, he should be interviewed regarding these allegations, and the possibility of sustaining an adverse action should be thoroughly explored.

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MONTEREY PARK SKI CLUB

There is or has been an informal group of agents within the Los Angeles office known as the Monterey Park Ski Club. In a memo dated 3/27/75, James F. Hogan, Chief, Compliance State and Industry Section, in summarizing his testimony before the Jackson subcommittee, said that the Los Angeles office "had been considered an unpleasant and dangerous post of duty, insofar as internal strife and vindictiveness." Hogan described the Monterey Park Ski Club as "a ruling clique that ran roughshod over the rest of the office and that members of the clique could 'do no wrong' and non-members could 'do no right'." Hogan indicated that non-members were second-class citizens within the office and as a result of this situation the enforcement and intelligence operations were poorly managed and ineffective.

Members of this clique were said to receive preferential treatment from then Deputy Regional Director Kelly, and to cover for one another when one of their members was in difficulty. Assistant United States Attorney Irving Prager is said to have been close to this group and on several occasions to have provided alibis for agents when they had automobile accidents in government owned vehicles during non-business hours. (Brosan 28-32 5/5/75, Memo of John E. Thompson, Inspector in Charge, Dallas Field Office dated January 13, 1972, captioned Monterey Park Ski Club).

It is believed that this problem has been alleviated in recent months by transfers and retirements. (DEA Official Field Report)

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RICHARD PATCH

During his testimony on April 24, 1975 Andrew Tartaglino referred to several incidents of possible misconduct involving former Special Agent Patch, which he believed to be undocumented as well as a Civil Service or Grand Jury proceeding. (See report 130-133). Both Patch and Dennis Hart are former agents who were indicted for conspiracy to solicit a bribe in 1970. Disposition of the bribery case is not reflected in available files but it has been determined from the Organized Crime and Racketeering Section trial counsel that criminal charges against both Patch and Hart were dismissed after two mistrials.

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CLARENCE COOK

Cook is presently assigned to DEA Intelligence and is the subject of a current investigation to be presented to the grand jury by Harold Sullivan, Chief, Major Crimes Unit, Office of the U.S. Attorney, District of Columbia. The matter involves alleged payments to Cook by a narcotics trafficker for information about DEA undercover agents and for protection in both New York and Washington, D.C. Cook has failed a lie detector test on the issue, according to the inspection file but successfully appeals administrative discipline, was reinstated to his supervisory position by the Civil Service Commission, and promoted by Administrator Bartels.

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BERNARD THEISEN, JR.

Theisen, then a twenty-four year veteran with DEA and Deputy Regional Director of the Miami Region, was arrested in March, 1974 in West Palm Beach, Florida. Theisen was charged with indecent exposure in an incident which he explained as a streaking joke with casual acquaintances.

Inspection inquiry by Messrs. Tartaglino and Brown established that Theisen had made a number of visits to West Palm Beach where he met with a cocktail waitress, who was also arrested in the streaking incident. Theisen's claim to the local police and to his superiors that he was on official business was unsupported, and Theisen consented to accept a 30 day suspension without pay, effective 3/31/74, and was transferred to Washington in June 1974, according to news clipping. The file appears to be closed, and Andrew Tartaglino described Theisen in April, 1975 as then Deputy Director of Training. (Tartaglino 130, 4/24/75).

THOMAS PETERS

In his memorandum of December 11, 1975, to the FBI, Andrew Tartaglino alleged that:

"During July 1974 I learned that the FBI had uncovered discrepancies in Mr. Thomas Peters' travel vouchers. I reviewed the file that dealt with DEA vouchers and noted that Mr. Brosan had interviewed Mr. Peters and Mr. Peters voluntarily returned several checks that had already been issued "as reimbursement for DEA official travel." I informed Mr. Peters' superiors at OMB and learned they had a similar problem with Mr. Peters' vouchers. I agreed with OMB that it would be best to close the matter with "no intent to defraud" since Mr. Peters submitted his resignation during or about the time of the investigation."

Mr. Bartels made several attempts to me and his Executive Assistant to "fill out the forms and process [Peters] as a \$135/day consultant." I ignored and finally refused, but Mr. Bartels persisted explaining that Mr. Peters threatened to commit suicide because he was out of a job and also that he could help on the budget as he had assisted DEA considerably. His Executive Assistant, Mr. Bruce Jensen received strong requests from Mr. Bartels. We both agreed we would not return Mr. Peters' calls (who was calling daily) and perhaps the problem would go away. I assume it did for we heard nothing further."

Administrator Bartels stated that he instructed his Executive Assistant, Bruce Jensen, to take steps preparatory to hiring Peters as a consultant prior to the time he learned of irregularities in Peters' vouchers. (Bartels 190, 5/2/75). Jensen stated at the time Bartels asked that Peters be processed as a consultant, Bartels was aware of the voucher problems because Jensen warned him of Peters' instability and the appearance of impropriety. According to Jensen, Bartels criticized his failure to appreciate the political advantage of Peters' connection with the White House Staff. (Jensen 31-32).

ALLEGED REPORTS TO DISCREDIT GOVERNMENT WITNESS

Tartaglino testified that agent Thomas Tripodi indicated to Tartaglino that he had been requested to put together a study to would have the effect of discrediting former agent Charles McDonnell. Mr. McDonnell was the principal witness in a pending prosecution against another former agent Frank Waters in the S.D.N.Y. The Waters case was a potential source of embarrassment because it might result in disclosure of the misconduct allegations against William Durkin and Jerry Jensen. According to Tartaglino, Tripodi the case agent in the Waters case, indicated that his efforts to put together an effective investigation were completely frustrated (Tartaglino 226-229, 4/21/75).

Bartels acknowledged that a survey was conducted, after Waters' acquittal, to evaluate the effectiveness of McDonnell's cooperation and it was concluded that his cooperation was relative unproductive. Bartels said that he made no effort to have the Waters case dismissed and that DEA was fully cooperative throughout the investigation. (Bartels 143-146, 258-259).

Paul J. Curran, United States Attorney, S.D.N.Y., in his interview with investigators from the Jackson subcommittee, said that no one from DEA and certainly not Mr. Bartels ever suggested that the Peters case should be dropped. (Curran's memorandum 5/7/75).

It should be noted that Frank Waters was recently tried and acquitted in the S.D.N.Y.

JOHN R. GRIFFIN

Griffin is a Section Chief in the DEA Domestic Investigations Division. A review of file number 1A-69-288 reveals that in 1969 there were numerous allegations of serious criminal conduct by Griffin. A memo of Chief Inspector Patrick Fuller dated June 12, 1969 summarized twenty-three alleged violations by Griffin, and was submitted to N.B. Coon, Assistant Director for Administration for the purpose of assisting in the preparation of an adverse action notice. The memo outlined a myriad of allegations including witnessing a false statement, witnessing a forged signature, failing to report a seizure of heroin, failing to arrest a suspect found in possession of heroin, converting evidence to his own use, causing the sale of heroin, attempting to persuade a defendant to change testimony, failure to report seizure of money from a defendant, stealing money under cover of his badge.

It appears that there were witnesses available to testify at an adverse action hearing, and on August 8, 1969, Griffin was notified of the charges and of the fact that BNDD would seek his discharge. In a letter dated January 19, 1970 from Coon, Griffin was notified that the charges against him were withdrawn. Because of the seriousness of these charges the reasons for their dismissal should be documented in DEA files. It is unknown whether those reasons are contained in DEA personnel office files and if they are not, they should be so recorded.

JERRY N. JENSON

Reference is made to the separate report on Jenson submitted on April 19, 1974. No new information of substance was developed regarding Jenson during the inquiry.

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