

Civiletti's Brilab operation: how the 'entrapment' works

The target of Brilab ("bribery-labor") is the leadership of the political machine that has kept the Southwest a bastion of progress despite all efforts to destroy what was once the mightiest of industrial nations. It is the city builders who head this machine, men like Texas Speaker of the House Billy Clayton and Southwestern labor leader L. G. Moore, the head of the Operating Engineers for a five-state region, who have been the victims of indictable criminal offenses carried out by the Justice Department in Brilab.

The conspiracy starts with Joseph Hauser, a con artist and insurance salesman who has bilked hard-working people out of millions, and a man who was named one of the four most dangerous criminals in the 1979 annual report of the U.S. Attorney General. It was this man who was hired under the Justice Department's Federal Witness Protection Program and paid \$65,000 plus expenses with U.S. taxpayers' money to entrap Speaker Clayton, L. G. Moore, and others in positions of power in the Southwest who did not agree that the United States should become a second-rate power.

Who is Joseph Hauser?

In courtroom testimony, Joseph Hauser has stated that he came to the U.S. in 1948 from Poland, where he had been imprisoned in a concentration camp. He attended a Talmudic academy in New York, then entered the insurance business.

By the mid-1960s he branched out on his own, opening a business in California which sold insurance contracts to unions. After the sale, Hauser would skip out with the premiums. In 1971 he was charged and convicted of defrauding employees of the Pomona school district of \$5,000 in this manner. By this time, however, he had already undertaken a higher level of confidence operations.

Hauser set up a number of shell companies which enabled him to sweep through eight Southwestern states, collecting an estimated \$32 million in premiums from insurance policies he sold to trade unions, especially locals affiliated with the Laborers International Union. Hauser ultimately funneled these premium pay-

ments through a maze of dummy corporations. In 1973 these swindles brought him to the attention of the Los Angeles Organized Crime Strike Force, the California State Attorney General's Office, and the California Department of Insurance, who hounded him out of the state with indictments in hand.

In 1976 Hauser was ready for bigger game. In that year he created a new series of corporate shells as part of his efforts to land the \$2.6 billion insurance contract of the Teamsters' Central States Health and Welfare Fund, which pays annual premiums of \$23 million. Hauser actually succeeded in landing the contract, and he bilked the Teamsters out of \$7 million in premiums before the IBT canceled his contract.

Again, Hauser made a last-ditch effort to flee.

In August 1976 he wrote a check for \$1 million to a front company, Zeevco, Inc. of Switzerland. By December, all his U.S. shell companies were placed in receivership.

What is incredible is that throughout 1973-76, while Hauser was involved in stealing millions from the Laborers and Teamsters unions, he was under intensive surveillance by the Justice Department, which did nothing to stop him! The reason became obvious in March 1977, when Hauser was finally indicted on charges of labor racketeering to ensure that he would be a willing witness in hearings planned by the Senate Permanent Investigations Subcommittee (SPIS) that laid the basis for Brilab.

Congressional treason

The 1977 hearings of the Senate Permanent Investigations Subcommittee became a witchhunt against the very victims of Hauser's swindles. IBT President Frank Fitzsimmons, Allen Dorfman, a Teamster-linked investment counselor, and former Attorney General Richard Kleindienst and others were dragged before the public to explain their dealings with Hauser.

These hearings followed less than a year after Donald Fitzsimmons had been forced to testify before SPIS in a similar case involving a convicted insurance swindler Louis Ostrer. The press leaped upon both hearings

to justify the Labor Department's demand that the Central States Funds be placed in receivership. Yet the Justice Department knew that Hauser was a con artist and could have easily warned the Teamsters.

In a recent interview, Peter Sullivan, the SPIS staff member reportedly in charge of anti-Teamster operations, revealed that there was a hidden purpose served by the Hauser hearings—namely, to give law enforcement a “how-to” course for setting up “stings”:

“I think the idea for Brilab . . . I gotta be careful how I phrase this. . . . From what I understand . . . the Subcommittee's investigation of Hauser prompted official law enforcement interest in labor union racketeering. . . . When you read the material [from the hearings—ed.]

ple may have gotten the idea to try a Brilab out. . . .”

SPIS staff director William Goodwin was even more explicit on another purpose served by the hearings. According to Goodwin, SPIS staff members helped the Department of Justice “pick their targets. . . . We identified the weak points, Teamster and ILA [International Longshoremen's Association—ed.]

be hit. . . . We had the profiles of the people who could be broken. Now the FBI goes in and sets them up. It's like a duck shoot.”

After the hearings Hauser was himself selected to be the decoy for the Justice Department's Brilab. Hauser and two FBI agents set up a phony insurance company in Beverly Hills called Fidelity Financial Consultants. They were vouched for in their dealings with targeted victims by Prudential Life Insurance. One source, believed reliable, reports that Prudential actually underwrote bargain-basement policies knowing full well that the Justice Department was using their firm to entrap people. Prudential has obtained a letter from FBI Director William Webster denying this.

Prudential, a subsidiary of the Anglo-Dutch Unilever Corporation, has a long record of support for efforts to subvert constituency-based political machines in America. Operatives working out of Prudential's headquarters helped topple Newark Mayor Hugh Addonizio through riots provoked by Imam Baraka (also known as Leroi Jones), the prototype black nationalist.

According to the April 26 issue of *The Washington Building Craftsman*, Prudential, “which manages billions and billions of dollars in union pension fund assets,” has become involved in an apparent union-busting scheme “using a number of non-union contractors to develop and build income-producing properties for its own account.” The Building and Construction Trades Council further charges in its paper that: “The National Right to Work Committee's headquarters in Springfield, Virginia was financed by Prudential and was, of course, built non-union by Wayne Construction Company.”

In the case of Texas Speaker of the House Billy Clayton, it is questionable if he was ever really even entrapped by Hauser, who approached the speaker as a salesman for Prudential. A careful review of the taped conversation between Clayton, L. G. Moore, and Hauser reveals no evidence of any crime whatsoever, except that of a criminal conspiracy to lure Clayton into a felony carried out by the Justice Department.

A case of entrapment?

When Hauser offers Clayton on the tape a \$5,000 campaign contribution, the speaker thanks him, then adds: “You know those things have to be reported.” Hauser acknowledges this stating: “Well, I don't care what you do with it. I'll be very honest with you. You follow me?”

Hauser then states that he has been authorized by the Prudential Insurance Co. to offer Texas a policy that will save the state \$1 million in premiums over its current policy. Hauser asks Clayton for an opportunity to present his Prudential policy's merits. After discuss-

The scope of Brilab

Over the last four years, the Justice Department has convicted 17,000 trade unionists, entrepreneurs, heads of ethnic groups, and political leaders. These are the leaders of the constituency-based political machines that have built and run America's cities. For each conviction, at last a half-dozen others have had their lives destroyed through groundless indictments and their reputations ruined through trial by slander leaks to the press. The over 100,000 victims targeted by the Justice Department in this manner far outweigh the number purged during Stalin's Moscow Trials.

In the United States, this purge has been carried out in the name of combating “white collar crime,” “organized crime,” and “labor racketeering.”

According to the annual reports of the U.S. Attorney General, the following breakdown shows victims who have been claimed since this campaign was launched in earnest in 1976:

Year	White Collar Crime	Organized Crime & Labor Racketeering Section
1979	3,300	628
1978	3,072	883
1977	4,439	1,000
1976	3,100	1,028

ing the details of how to arrange a public hearing for the Prudential offer, the following exchange concludes the substance of the meeting:

Clayton: Our position is we don't want to do anything that's illegal or to get anybody in trouble and you don't either. . . .

Hauser: No, no, God no. That's the last thing in the world that I need.

Clayton: . . . This is just as legitimate as it can be because any time somebody can show me . . . how we can save the state some money, I'm going to go to bat for it.

Moore: If we can save a million dollars, that ought to be enough, shouldn't it?

Clayton: You bet. . . .

It is obvious from this exchange that the Justice Department has simply lied about any criminal wrongdoing.

Who accuses?

The man who fought for Speaker Clayton's indictment nonetheless is U.S. Attorney Anthony Canales—the son of one of the most powerful political families in South Texas, the Garcias. Canales, his friends say, is ambitious for higher office. His name has been mentioned as a replacement for Attorney General Civiletti, or possibly even as the first Mexican-American President.

Canales has shown himself to be in full agreement with the new Justice Department priorities which target white collar crime, while offering leniency to narcotics traffickers and terrorists. Since he has taken office drug prosecutions dropped off dramatically, despite the fact that almost half of all heroin entering the United States is still produced in Mexico, across the South Texas border.

This leniency toward drugs is perhaps explained by Canales's background as an attorney. Canales built his legal career defending "mules" (drug smugglers) carrying marijuana and heroin across the Mexican-American border. Starting out with 50-pound marijuana cases in 1969, Canales soon began to handle major conspiracies involving top heroin traffickers.

There is evidence that Canales's relationship with the drug trade went a good deal beyond that of an attorney to his client. In one notorious case, Canales showed up to defend a "mule" arrested in Laredo, before the "mule" had made any calls for an attorney. Canales was slapped with a contempt citation when he refused to tell a federal judge how he knew of the arrest.

Canales made news again when he was exposed having received a \$50,000 "loan" from a top Miami drug runner, Fred Bruloth, who was later arrested by Drug Enforcement Administration (DEA) officials and the FBI.

One top DEA official in South Texas who carried out an extensive investigation of Canales became convinced that he and many of his political associates were heavily involved in the drug trade. This DEA official was transferred out of the state shortly after President Carter was elected. It was also at this time that Canales, who had used his family's political ties to be named Carter's 1976 campaign manager for South Texas, was named U.S. Attorney.

Canales was sponsored for the post by Texas Democrat Lloyd Bentsen—an ally of Canales's father. Senator Bentsen has distinguished himself as one of the foremost enemies of the American System in Congress. It was Bentsen who fought for putting criminal provisions in the Employees Retirement Insurance Security Act that has been used repeatedly against major unions like the Teamsters, and he was also a sponsor of congressional legislation to divide U.S. industry into two tiers so that "sunset industry," including most heavy manufacturing, could be gutted. Political observers in Texas report that before Clayton was named by Canales in the Brilab indictment, he was considering a challenge for Bentsen's Senate seat.

Trial by slander

When the first sensational leaks from Abscam ("Arab-scam") and Brilab appeared on the front page of newspapers across the country last February, there was such an outcry about "trial by slander" tactics that Attorney General Benjamin Civiletti promised to appoint a special prosecutor to root out the leakers.

In Abscam it was discovered that key press conduits—including *Newsday*, the *New York Times*, and NBC—were prebriefed by Assistant FBI Director Neil Welch on when and how to break the story, even though none of the Abscam targets would be indicted until three months later. In the case of Brilab an even greater travesty of justice was perpetrated to leak the story. Using its main Brilab resource, Joseph Hauser, the FBI deliberately impeached the integrity of Federal Judge Harry Pregerson, working on an unrelated organized crime case in Los Angeles.

Hauser was instructed to induce friends of the accused, who were also Brilab targets, to suggest that the judge be bribed. When the FBI broke the story of this planned bribery, it forced the judge, who became a target because he had refused to sanction any misconduct by federal prosecutors, to place everything in the public record in order to clear his name, including

The Justice Department's federal witness program

The Federal Witness Protection Program (FWPP) was established by Congress in 1970 through the Organized Crime Control Act. Its stated purpose was to provide protection and new identities for witnesses in organized crime cases. In reality, under the FWPP 500 convicted criminals—ranging from confidence men to contract assassins—have been added to the federal payroll each year to construct elaborate “stings” like Abscam and Brilab to entrap those in the nation’s leadership who are on the Justice Department’s “enemies’ list.”

Among the members of the FWPP at present are James Aldena Fratianno (alias the Weasel) and Joseph Hauser, two of the four most dangerous criminals in the 1979 attorney general’s report. Under guidelines drafted by Attorney General Edward Levi in 1976 for use of informants in “sting” and other undercover operations, informants in the FWPP are literally given a license to kill!

These guidelines state that it is unlawful for informants to commit acts of violence or other criminal felonies “*except insofar as the FBI determines that such participation is necessary to obtain information needed for the purposes of a federal prosecution (emphasis added—ed)*”.

The Fratianno case

The case of Fratianno, an admitted hit man who has claimed 11 contract murders and is now a star member of the FWPP, illustrates how this license has been used.

Since he went on the FBI payroll in 1970, Fratianno has orchestrated two assassinations: the gunning down of another FBI informant, Frank Bompensiero, and the auto bombing of Cleveland businessman Danny Greene. To ensure his enrollment into the FWPP, Fratianno was only charged with obstruction of justice in the Bompensiero slaying, and he was given a five-year sentence on reduced charges in the murder of Greene.

Fratianno has stated in courtroom testimony that he was promised by federal agents that he will never serve a day in prison for these two murders as long as he continues to testify!

Similar liberties have been permitted the informants in Abscam who used the shell companies, bank references, and other facilities provided by the Justice Department to carry out their own swindles at taxpayer expense.

Joe Meltzer, for example, is believed to have used Abdul Enterprises (the government-funded front used for the phony sheikh in Abscam) to swindle more than \$150,000. His victims include California businessmen and one elderly woman from New Jersey who allegedly lost her savings. Melvin Weinberg, the main Abscam informant, is likewise alleged to have been promised by federal agents that he could carry out his own flimflam operations without fear of government prosecution, so long as he continued to line up victims in Abscam.

The costs of this federal employment service for convicted criminals are astronomical. Joseph Hauser, the main Brilab informant, is reportedly paid an annual salary of \$65,000, an even larger expense account, and perquisites that include a new house and 24-hour-a-day security. Weinberg reportedly collected \$93,000 over four years, plus over \$100,000 in expenses, as well as whatever he made on the side in his own federally protected swindles during Abscam.

Salaries for the 17 Federal marshals whose full-time assignment is to protect Joey Teitelbaum, the main informant against 21 indicted longshoremen in Florida, amount to \$55,000 a month because Teitelbaum refused to change his identity. Teitelbaum agreed to join the FWPP after he was caught conspiring to murder a rival in the shipping business from Honduras; he was fined \$1,000 and placed on probation for this crime.

More striking even than the costs of this program is the fact that frequently, the professional con men on the FWPP’s payroll are used merely to set up the appearance of corrupt or racketeering practices. Doctored testimony presented by these informants—many of whom have been promised lenient sentences on outstanding convictions—is then used to obtain the indictment of targeted victims, whose reputations and finances are ruined by protracted legal battles whether or not they are convicted.

materials pertaining to Brilab and Hauser.

Bob Rawitch of the Times-Mirror Corporation's *Los Angeles Times* subsidiary and two associates at its Dallas subsidiary, the *Dallas Times-Herald*, had been prebriefed by Strike Force personnel on Brilab. This bribery maneuver, however, gave them a cover to break the story safely.

State Rep. John Bryant, one of the opponents of Texas Speaker of the House Billy Clayton in a forthcoming speaker's race, has also admitted that he was informed about Clayton's probable indictment in Brilab by a reporter at the *Dallas Times*. This reporter, who has since left the paper, denies that he was the source. He said that instead the tip-off may have come directly from the White House so that Bryant could declare early for the race against Clayton!

The trial

During pre-trial motions in the Texas Brilab case against Speaker Clayton, U.S. District Judge Robert O'Connor asked Joseph Hauser's co-conspirator, FBI undercover agent Michael Wacks:

You do understand the due process rights, don't you, to be free from government-induced criminality? . . . The problem that I have is when you have Mr. Hauser continually pushing the money on these people. . . . Did it ever occur to you that perhaps you were violating the Speaker's due process rights by going forward with the con? . . . It appears to me what you did was kind of unleash Joseph Hauser without guidance from the FBI.

This expression of Judge O'Connor's concern at the Justice Department's suspension of Speaker Clayton's constitutionally guaranteed rights dominated the beginning of Clayton's trial. Federal prosecutors were even further shaken when Judge O'Connor, in another effort to assure Speaker Clayton a fair trial, granted limited immunity to labor leader L. G. Moore, who was to be a key witness in Clayton's defense. Moore was slated to testify that he had been bragging in his tape recorded statements to FBI informant Joseph Hauser about his ability to influence the Speaker.

On Sept. 7, in an unprecedented move, federal prosecutors called for an emergency Sunday session of the Appeals Panel in New Orleans to deny Moore limited immunity. The speed with which the writ was signed suggests that pressure was brought upon the three-judge panel from high levels of the Carter administration. Perhaps Tony Canales, whose political future may depend upon Speaker Clayton's conviction on the fraudulent charges he brought against him with the Justice Department, knows the answer. On Sept. 2, Canales told the *Dallas Morning News* that he wants "to drive a stake through Billy Clayton's heart."

Ripping up the U.S. Constitution

by Felice Merritt

If the current round of Abscam and Brilab trials is decided in favor of the Department of Justice, it will be more than just a crippling loss for the trade-union and urban-based political machines which have formed the backbone of American constituency-based politics. Victory for the Abscam-Brilab method means gutting the Constitution itself.

Specifically, it will cancel the First, Fourth, Fifth, Sixth and Fourteenth Amendments to the Constitution, removing the traditional protection of the rights to free association, free expression, due process of law, and freedom from unreasonable search and seizure and from incriminating oneself.

The foundation for this shift in the law of the land was laid in 1970 with the passage of the Organized Crime Control Act. Before the passage of that bill under the joint leadership of Democratic Senators John McClellan of Arkansas and Joseph Tydings of Maryland, federal law, based on constitutional principles, protected citizens from all the practices now commonplace in Abscam and Brilab.

Federal law did not permit federal agents to abet crimes;

it did not permit the U.S. government to finance criminal enterprises;

it did not permit informants to commit crimes without threat of prosecution;

it did not allow the use of evidence obtained in violation of the Fourth Amendment;

it forbade entrapment (except under very limited circumstances);

it limited federal jurisdiction over local crimes;

and it prohibited the creation of a special class of criminal defendant.

Gradually, with the aid of the Supreme Court, Attorney General Edward Levi, the Law Enforcement Assistance Administration (LEAA), and the Eastern Establishment media and federally financed law-enforcement training programs, all of these unconstitutional practices have become widespread. The takeoff point occurred after Jimmy Carter's election. Convic-