

Weld plot against defense set back as GD case ends

by Kathleen Klenetsky

The Justice Department's abrupt announcement June 19 that it had dropped all criminal charges in the Sgt. York case against defense contractor General Dynamics and four company executives, including former NASA administrator James Beggs, has dealt a setback to a conspiracy by top Justice Department officials, notably Number Two man Stephen Trott and Criminal Division head William Weld, to dismantle American defense capabilities through trumped-up charges of fraud and corruption.

As *EIR* warned in an Aug. 29, 1986 report on Weld's nomination to succeed Trott—who had initiated the case against General Dynamics—the two colleagues planned a major escalation of Justice Department “fraud” prosecutions, which could bring the defense industry to its knees. That operation has now been slowed down—at least temporarily. Just one month ago, the Justice Department was forced to drop a second case against General Dynamics' Electric Boat Division, again for lack of evidence, and those in Congress who have championed Justice's campaign against defense contractors are wailing that such prosecutions have now been discredited.

Sources close to the Defense Department called the exoneration of GD a victory for Defense Secretary Caspar Weinberger, and said it reflects the growing recognition in military and government circles that Mikhail Gorbachov's *perestroika* policy signals a massive, pre-war military build-up. Weinberger had argued that allowing the Justice Department to run amok against the U.S. defense industry—and especially those companies, such as GD, which have critical contributions to make to the Strategic Defense Initiative program—was tantamount to suicide. Weinberger's argument won out, and Justice was forced to terminate its prosecution of GD.

In announcing its exoneration of Beggs and his co-indictees on all charges, the Justice Department was forced not only to concede that it had built its case on the flimsiest of evidence. It also was forced to reveal a pattern of such colossal incompetence as to raise grave questions as to why the charges were ever brought at all.

“The government is standing up and saying, we were wrong,” a chagrined Weld confessed June 22. He admitted that it is “unusual for the government's view of the facts to change so radically that the government will abort the prosecution. . . . Nobody is happy about this.”

“Wrong” just isn't the word for how the Justice Department pursued the case. An illegal political vendetta which undermined U.S. national security, is a more apt description.

Weld was forced to disclose that Justice finally decided to drop the indictments after GD presented 82 boxes of Army and company documents it had obtained under the Freedom of Information Act sustaining its position. The boxes had somehow been “inadvertently overlooked,” Weld said. After examining the material, 9 of 10 prosecutors in the case recommended dismissal.

Weld also admitted that prosecutors had waited until *after the indictment* to interview a number of government officials who were involved in the contract negotiations; and also failed to consult experts on government contracting who later said that GD had followed “perfectly permissible” billing methods.

What Weld did not mention was the history of the case. The indictments, which accused GD and top executives of having defrauded the government through overbilling while it was developing a prototype of the Sgt. York antitank gun, were put together by the Justice Department's so-called “Defense Procurement Fraud Unit,” a part of the Criminal Divi-

sion then headed by Trott.

But they proved very hard to get. In 1984, the fraud unit sent special agent Gary Black to Los Angeles to handle the grand jury investigation. A year later, Black reported back that there was no basis for an indictment, and no evidence of any criminal violations. Rather than conceding there was no case, the DoJ wasted some more taxpayers' money by sending Randy Bellows from the Criminal Division to Los Angeles to revive the case. Reportedly, he orchestrated offers of immunity and threats of prosecution towards lower level of employees at General Dynamics to contrive the case against the company and its executive officers. Indictments were finally handed down the Monday after Thanksgiving 1985.

Examination of the indictment papers and of the motion to dismiss submitted by lawyers for GD, Beggs and the other defendants show that the government has no case at all. For one thing, the Sgt. York gun program involved a new type of contract, known as "Firm Fixed Price, Best Effort" contract for which there were no governing Armed Services Procurement regulations. Beggs et al. were charged with violating Armed Services Procurement regulations that did not exist!

Challenger deaths a result?

So why did Justice pursue a case that had no basis? Numerous observers have correctly noted that the resources of the Justice Department are such that it couldn't be chalked up to mere incompetence. As one Senate staffer put it, "Usually when a federal grand jury hands down an indictment, a conviction is almost guaranteed. The fact that the Justice Department's case was so flawed has raised a lot of questions. Some people have tossed around the possibility of a conspiracy to get" James Beggs and the defense industry.

As noted above, Trott and Weld are part of a conspiracy to destroy U.S. defenses. Both men have myriad ties into factions which want to cut a deal with Moscow, even if that means destroying the United States. *EIR* has previously documented Weld's ties to Soviet and Chinese intelligence, and to Swiss banking interests involved in drug-money laundering. Trott shares a similar background, and participated in a left-wing-oriented folk group. Both men had vowed to make prosecution of defense "fraud" their number one priority.

In a June 21 press conference, Beggs contended the indictment was brought because "there is strong political motivation to go after defense contractors these days."

During his confirmation hearings in August 1986, Weld, who had already compiled an extensive record of defense-industry persecution while serving as U.S. Attorney in Massachusetts, promised the Senate Judiciary Committee he would "take personal responsibility" for "vigorous enforcement in the area of defense procurmenet fraud." Weld said that "white collar and public corruption are my private agenda items," and called for new positions of Assistant U.S. Attorney for Defense Fraud to be created in every U.S. Attorney's office.

A second motivating factor behind the DoJ's vendetta

was a desire to force James Beggs out of NASA—which contributed directly to the Challenger explosion and the tragic deaths of its crew. Beggs, one of the best administrators NASA has ever enjoyed, a man committed to science and technology, an outspoken foe of the Club of Rome's neo-malthusian nonsense, was forced by the indictments to take a leave of absence just weeks before the Challenger disaster. The person who took over, William Graham, was generally viewed as an incompetent. He had no experience with space programs, no experience with managing large programs. For these reasons, Beggs had strenuously objected when the White House wanted to name Graham to the number two post at NASA, but unfortunately, was overruled.

The fact that the inexperienced Graham—not Beggs—was the person calling the shots on that fateful January morning is believed to be one of the key reasons why the Challenger launch failed. Beggs himself has said many times that he would never have permitted the launch on such a cold day.

The Justice Department's illegal persecution of Beggs led to the deaths of the Challenger astronauts, and has brought the U.S. space program to a near stand-still. As a Senate staffer put it, "NASA is bearing the brunt of the DoJ's wrongful smearing of Beggs."

The resolution of the GD case has brought an avalanche of well-deserved criticism down upon the Justice Department, both from those who supported Weld's and Trott's vendetta against the defense industry, and are angry their mishandling may jeopardize future prosecutions, and those who opposed it. "I really feel aggrieved on this. I was left hanging out to dry," James Beggs said June 21. "I feel the grand jury system is no longer a check on the prosecutors." Beggs's lawyer, Vincent Fuller, said the Justice Department "ran amok" in the case.

The June 23 *Wall Street Journal* called the indictments a "case of waste, fraud and prosecutorial abuse," and said the "witch hunt" against Beggs may have contributed to the Challenger tragedy.

The *Washington Post* expressed similar sentiments in its editorial the next day. "It is hard to understand how this case was brought in the first place. Who in the Justice and Defense Departments, we wonder, was in charge of reading the documents at issue before going to a grand jury? How do prosecutors go so badly off the track? . . . Usually prosecutors come under fire for not being tough enough, for not aggressively going after alleged wrongdoers and seeking the heaviest penalties. But this and other recent cases also point up the perils of reacting too quickly to public pressures. When indictments are dismissed or juries quickly acquit, innocent lives, as well as prosecutor's reputations, have been damaged."

Criticism is not sufficient, however. A thorough investigation of the Justice Department's prosecutorial abuses, in this and other politically motivated cases—those against Lyndon H. LaRouche, rocket scientist Arthur Rudolph, and others—is what is needed now.