

The 'seven deadly sins' of U.S. Attorney General Richard Thornburgh

by Steve Komm and Jeffrey Steinberg

In a recent speech in Dallas, Texas, Attorney General Richard Thornburgh vowed that the Department of Justice would continue to focus its efforts against what he called "the Seven Deadly Sins." Thornburgh ticked off a laundry list of white-collar crimes, including government corruption, insider trading, and bank fraud. But he made no mention at all of drug-related crime as an item on his sin roster.

The Attorney General's pointed avoidance of any mention of drugs among his seven priority sins hardly comes as a surprise. At least two top former aides, Richard Guida and Henry Barr, have been the targets of a year-long federal grand jury probe of cocaine trafficking in Harrisburg, Pennsylvania, the state which Thornburgh used to govern. Guida has reportedly plea bargained to one count of cocaine use, in order to avoid a 100-count trafficking indictment, and is now cooperating with prosecutors. Barr was reportedly about to be indicted on similar cocaine charges until two other former Thornburgh associates representing him met with officials of the Justice Department's Criminal Division and got the matter placed on hold. Rumors circulating in Harrisburg indicate that yet another current top Thornburgh aide, chief administrative assistant Murray Dickman, is also a target of the federal grand jury looking into cocaine use among the state capital's legal establishment.

A year-long *EIR* investigation of major allegations of corruption in the Pennsylvania state house during Thornburgh's tenure as governor (1979-87) has unearthed a trail of no-bid contract kickbacks, political frameups, and other felonies carried out by key Thornburgh aides. In one case, informed sources report that Barr gave a contract to Merrill Lynch, for which top Thornburgh adviser Jay Waldman received what appears to have been a *quid pro quo* of \$250,000—a felony under Pennsylvania state law. In most of the cases under *EIR* scrutiny, Richard Thornburgh was the ultimate beneficiary—politically, and, very frequently, financially.

On July 15, 1988, on the eve of Thornburgh's confirmation hearings as U.S. Attorney General, the Democratic Party Whip of the Pennsylvania State Senate, J. William Lincoln, issued a warning to the U.S. Senate Judiciary Committee, that its members should not be fooled by Thornburgh's image as "some kind of knight in shining armor who is going to save the U.S. Justice Department." Citing a string of corruption scandals that had haunted Thornburgh during his two terms in Harrisburg, Lincoln asked, "One has to wonder if this pin-

stripe patronage established by Thornburgh during his time in Pennsylvania is any different from the question of ethics that has led to the downfall of Attorney General Ed Meese."

Senator Lincoln told Pittsburgh's KDKA Radio: "In particular, I think the committee should conduct a thorough examination into the former governor's political ties to law firms that were awarded lucrative, no-bid contracts with the state. I also think it's fair game to examine Thornburgh's links with the Wall Street brokerage firm of Merrill Lynch."

Three examples

Three cases offer a stark picture of political payola to Thornburgh's "pinstriped" cronies.

Pennsylvania Housing Finance Agency (PHFA) outside legal payoffs. On Jan. 13, 1981, Harvey Bartle III, the last Pennsylvania state attorney general to obtain office by gubernatorial appointment, issued a ruling enabling the governor to appoint outside attorneys to handle the legal work for the ostensibly independent PHFA. Seven days later, Bartle resigned his post to resume private law practice with the Philadelphia firm of Dechert, Price and Rhoads, one of whose partners had led the Republican Party's fundraising efforts for decades. That firm was then awarded a \$135 per hour, no-bid contract to do legal work for the PHFA. The other beneficiary of the no-bid contract from Governor Thornburgh was the Pittsburgh firm of Rose, Schmidt, Dixon, Hasley, Whyte and Hardesty, whose senior partner, Evans Rose, Jr., was Thornburgh's chief campaign fundraiser and longtime crony dating back to their undergraduate days at Yale. Between 1981-83, the Rose firm received \$623,847.29 in fees as PHFA bond counsel.

The Pennsylvania Turnpike Commission "Noah's ark" deal. In 1986, after having stalled over \$4 billion in turnpike expansion and modernization bonds by veto for five years, Governor Thornburgh struck a deal with Pennsylvania Democrats in which he assumed unchallenged authority to place half of the state's transportation bonds with brokerage houses and law firms of his choice. The arrangement came to be known as the "Noah's ark," deal since each political party assumed a 50% share in the patronage pie. Thornburgh's intransigence placed a previously independent agency into the hands of political payola merchants.

In May 1986, Governor Thornburgh signed onto an \$807 million turnpike bond package, which eventually expanded

to over \$4 billion. Under the advice of top aides, including his longtime general counsel and right-hand man Jay Waldman, Thornburgh pitched the bond management contract to Merrill Lynch.

The turnpike bond deal meant \$1.5 million in fees for Merrill Lynch. After the "Noah's ark" deal was struck between Thornburgh and the state Democrats, but one month before the contracts were formally given out, Jay Waldman, Thornburgh's chief negotiator in the deal, resigned from his post in Harrisburg to join the prestigious Philadelphia firm of Dilworth Paxson. His first client, at a cool fee of \$250,000, was Merrill Lynch. Waldman became the underwriters' counsel for the firm's work on the turnpike bond project. Bobbi Waldman, Jay Waldman's wife, had already gone to work for Merrill Lynch as a community relations consultant.

According to a news account in *The Observer*, a Pennsylvania liquor industry paper, on Oct. 10, 1988, an equal \$250,000 subcontract was given by the state as co-bond counsel to Evans Rose Jr. The two questionable legal fees were, according to this report, paid out by Merrill Lynch and the state on the recommendation of Governor Thornburgh's new general counsel, Henry Barr. Barr was reportedly steered every step of the way by Waldman and Rose.

In December 1987, less than a year after he left the Governor's mansion, Thornburgh was placed onto the board of directors of Merrill Lynch at a salary of between \$25,000 and \$35,000 a year.

Rite Aid and Murray G. Dickman. Another longtime Thornburgh aide, who is still his chief administrative assistant at the Justice Department, is Murray G. Dickman. As Thornburgh's secretary of administration in Harrisburg, Dickman

was responsible for recommending nominees to the various state regulatory commissions. On June 4, 1986, on Dickman's recommendation, Governor Thornburgh appointed Frederick H. Wendte to a seat on the Board of Pharmacy. Wendte was a senior executive of Rite Aid, the country's largest retail pharmaceutical chain. At the time of Wendte's nomination, Murray Dickman held 400 shares of Rite Aid stock. Several years earlier, he had junketed with Rite Aid chairman and Thornburgh crony Alex Grass in a corporate jet to New Orleans to attend the Sugar Bowl—all expenses paid.

On Nov. 15, 1986, Dickman left his post in Thornburgh's office to assume a job as vice president of Rite Aid at a hefty salary of \$100,000 a year. The post of vice president for administration was created specifically for Dickman. Five months later, in April 1987, ex-Governor Thornburgh was placed on the board of directors of Rite Aid.

In the spring of 1988, when Thornburgh began actively "campaigning" for a top post in Washington—either as vice presidential nominee on the expected Bush slate, or as Attorney General, Dickman activated a sweetheart clause in his Rite Aid contract and left the firm to work on Thornburgh's political advancement effort. On his way out the door, Dickman collected on a \$60,000 severance payment.

Now Available!

J.S. BACH

The Six Suites for Solo 'Cello
Eliane Magnan, 'Cellist
Ibykus Series

Set of Two Compact Discs

\$38.00 Add \$1.50 postage and handling for first set of 2 CD's, \$1.50 each additional set.

Make check or money order payable to:
Ben Franklin Bookellers, 27 South King Street, Leesburg,
Virginia 22075. Telephone (703) 777-3661. MasterCard and
Visa accepted.


CONSULTING ARBORIST

Available to Assist in

The planning and development of wooded sites throughout the continental United States as well as

The development of urban and suburban planting areas and

The planning of individual homes subdivisions or industrial parks



For further information and availability please contact Perry Crawford III

Crawford Tree and Landscape Services
8530 West Calumet Road
Milwaukee, Wisconsin 53224