

New DOJ dirty tricks revealed vs. Inslaw

by Jeffrey Steinberg

Over a decade after officials of the Reagan Justice Department stole a proprietary software program from a Washington, D.C. computer firm and then proceeded to try to force the company into bankruptcy to cover their trail, the Inslaw scandal persists. During the late 1980s, two federal judges ruled that government officials used “trickery, fraud, and deceit” to steal Inslaw’s Promis data tracking software system, but after years of federal litigation and two congressional probes, an appeals court panel dismissed the case on technical grounds a few years ago, forcing Inslaw’s owners, Bill and Nancy Hamilton, to relaunch their legal battle from square one.

While that case is in the courts, new revelations have arisen, renewing calls by the Hamiltons, members of Congress, and one of the bankruptcy judges who presided over the case, for the appointment of a special prosecutor to get to the bottom of the so-called “Inslaw affair.”

In its Jan. 17 issue, *International Banking Regulator*, a weekly newsletter published by the *American Banker*, reported that the World Bank had received one of the stolen copies of the Promis software in approximately June 1983. The software package, outfitted to a VAX computer, was also linked to the International Monetary Fund (IMF) data center. According to the newsletter, “a senior DOJ official further told *IBR* that top Justice officials—one of whom is still at Justice and previously worked for the CIA—met with World Bank officials in June 1983 to discuss installing the VAX version of Promis ‘for security tracking’ purposes.” A computer specialist who worked at the World Bank at the time also confirmed to *IBR* that VAX Promis “suddenly showed up” at the bank “openly referred to by name as Promis.”

According to Bill Hamilton, shortly before the reported DOJ-World Bank pow-wow, the DOJ had purchased a proprietary version of VAX Promis, which Justice “claims it never allowed out of its possession.”

The added twist is that the version of Promis that was passed illegally to the World Bank and IMF was, according to the *IBR* story, booby-trapped to permit American spy agencies access to international banking data. “The bugged Promis software, according to former NSA [National Security Agency] and other intelligence officials, gave the super-secret spy agency the ability to directly access computers running the program. This access is made through a telecommunications ‘trap door’ the NSA is alleged to have se-

cretely embedded in the software. Any data that banks have on computers using Promis can be monitored by the NSA without the bank even knowing it, software security experts said.”

IBR cited an unnamed CIA officer who retired in 1991 saying that the bank spying program was approved personally by the late CIA head William Casey in 1983 in order to have an “early warning” about feared debt defaults by Ibero-American banks. The story also mentioned a series of reports from a Reagan administration secretary of state citing confidential bank wire transfer data obtained by such electronic eavesdropping as further evidence buttressing the Promis story.

On Jan. 4, World Bank staffers began a search of the agency’s software to determine whether any such “bugs” could be uncovered. Vice President and General Counsel Ibrahim Shihata ordered the search in response to a request by Inslaw attorney Elliot Richardson.

Probe of reporter’s death reopened

In another development, the *Arlington Journal*, a northern Virginia daily, reported on Jan. 19 that the FBI has suddenly reopened an investigation into the mysterious death of J. Daniel Casolaro in August 1991. Casolaro, a computer industry writer and investigator, was found dead in a motel room in Martinsburg, West Virginia, where he was to meet with a source who was reportedly going to provide crucial evidence of government spy agency complicity in the Promis theft. Although Casolaro’s death was ruled a suicide, the House Judiciary Committee, in its 1992 report on Inslaw, raised strong doubts about the cause of death.

Recently, Attorney General Janet Reno ordered a review of an in-house DOJ probe of the Inslaw affair ordered by Bush Attorney General William Barr. Barr rejected House Judiciary Committee demands for an independent counsel to probe Inslaw, and the DOJ’s report has been widely criticized as a blatant “coverup.”

In early January, FBI investigator Scott Erskine, with the anti-terrorist division, and Assistant U.S. Attorney Steven E. Zipperstein, interviewed several of Casolaro’s friends about their discussions with him just before his death. This was the first time that federal investigators attempted to gather such information about the Casolaro case. At the time of his death, Casolaro was working full-time on a book about the Inslaw scandal. He told friends that he had unearthed explosive documentation of the links between the theft of the Promis software and illegal U.S. intelligence operations, and that his trip to West Virginia would “really nail it down.”

With the law reinstating the special prosecutor’s function now speeding through Congress, there are renewed calls for the appointment of a special counsel in the Inslaw case. Congressmen from both parties are on record calling for a probe, and Sen. Orrin Hatch (R-Utah) voiced his support for a special counsel during Reno’s confirmation hearings last year.