

Congressional Closeup by Barbara Dreyfuss and Susan Kokinda

FBI Chase coverup charged in Abscam

The House Judiciary Committee's Subcommittee on Civil and Constitutional Rights, chaired by Rep. Don Edwards (D.-Calif.), heard testimony Feb. 4 from four businessmen whose lives have been destroyed by FBI complicity in a variety of sting operations run by FBI-employed con man Joseph Meltzer, an associate of Abscam conman Melvin Weinberg. The businessmen, Richard Stanczyk, Kai Gulve, J. R. Budevus, and Sam Maturo, also charged that the Chase Manhattan Bank was responsible for consistently verifying the existence of fictitious accounts set up under the Abscam operation and that, as a result, the businessmen have lost millions of dollars and are facing million-dollar lawsuits.

Also implicated in the scam operations are the Bank of Nova Scotia in the Grand Cayman Islands and the National Bank of Westminster.

David Dir, an attorney accompanying the witnesses, charged that the FBI had covered up for Meltzer's "Abdul Enterprises" to keep the ongoing Abscam operation under wraps until February 1980, when a number of Congressmen and Senator Harrison Williams were charged with involvement with Abdul Enterprises.

Each witness gave a detailed account of FBI coverup of Meltzer's background and activities. Witness J. R. Budevus, a real-estate investor ruined when Chase Manhattan bank assured him that an \$850,000 check from Meltzer's "Arab investors" was good and

could be drawn upon, concluded the testimony with an emotional outburst, "This does not represent the spirit of the U.S. government nor the Constitution. This is Big Brother. This is a conspiracy of even greater magnitude than Watergate. I think Marie Weinberg is a victim of this. I think she is a victim of homicide. We have to ensure that the lives lost defending the Constitution have not been in vain. Are we going to let a person like Marie Weinberg die in vain?"

Following the testimony, the subcommittee's ranking Republican, Henry Hyde of Illinois, said, "I think the question here is—and we have heard this formulation before—'what did the FBI know and when did it know it?'" Subcommittee Chairman Edwards announced that the entire matter would be taken to the FBI and other authorities for public response, adding, "We are very disturbed and sorry that this has apparently happened through federal government involvement. . . . We have had serious doubts all along about a federal procedure of using hoodlums to carry out sting operations, and you have raised some very serious questions."

Anti-Japanese 'Reciprocity' Trade-War Bills Introduced

A series of trade-war bills aimed against Japan were rapidly introduced after the February reconvening of Congress. The measures range from domestic-content requirements on automobile imports to legislation that would allow the United States to restrict import of Japanese products, including steel

and computers, should the United States decide Japan does not grant its firms market access in tobacco, banking services, and other items.

None of the bills specifically refer to Japan, but most have been drafted with Japan in mind, congressional aides say. Outside of the domestic-content bill, the legislation has been drafted in line with the Commerce Department's erroneous theory that the major cause of the U.S. \$18 billion trade deficit with Japan this year was Japan's alleged "closed market". On Jan. 28, Japan announced lifting of 67 out of the 98 barriers about which the United States complained. It is unlikely that more than a few billion dollars would be affected by complete opening of the Japanese market.

The bills introduced so far include:

HR.5133, sponsored by Rep. Richard Ottinger (D-N.Y.). In graduated steps from model year 1982 through 1984, the U.S.-produced content of any imported auto would be steadily increased. By 1984 any manufacturer selling more than 100,000 units would be required to have 25 percent American content. The scale increases so that any manufacturer selling more than 500,000 units must have 90 percent domestic content.

HR.5383, sponsored by Rep. Sam Gibbons (D-Fla.) and Chairman of the House International Trade Subcommittee with a companion bill by Sen. William Roth (R-Del.). This bill would add the service and investment sectors (including banking, telecommunications, and accounting) to GATT agreements already covering commodity trade, would add service

and investment sectors to Section 301 of the 1974 Trade Act, the "injury clause." Finally, the bill would establish the reciprocity principle in the services and investment area, i.e. allowing the United States to cut off foreign banks, or computer services, in the United States if it is deemed that other nations do not give the U.S. firms free access in these areas.

D.2071, Sen. John Heinz's (R-Pa.) reciprocity bill, would set up the reciprocity principle in trade, services, and investment. This would embody "cross-sectoral" reciprocity, i.e. if a foreign country is deemed to deny the United States reciprocity in one area, e.g. tobacco or banking, it can be denied access to U.S. markets in another area of equal value and/or importance.

Another bill yet to be introduced is a reciprocity bill sponsored by Sen. John Danforth (R-Mo.) embodying the same cross-sectoral principle but applying only to commodities, not to services and investments. It will likely be introduced in February.

Senators renew attack on Labor Department

The Chairman of the Senate Labor Committee, Orrin Hatch (R-Utah), joined hands with the notorious Senate Permanent Subcommittee on Investigations (PSI) to attack the Department of Labor, in hearings held before the Labor Committee on Feb. 3. Convened to discuss S.1785, the Labor Racketeering Act of 1981. Introduced by PSI members Sam Nunn (D-Ga.) and Warren Rudman (R-

N.H.), the hearing quickly turned to alleged Labor Department unwillingness to prosecute corrupt trade union officials. Lead witness and PSI Vice-Chairman Rudman told the committee, "It distresses me greatly to think that once again we may have a Department of Labor which seeks to avoid the immense responsibility of ensuring the integrity of the benefit plans which protect the working people of the United States."

The main point of contention which developed between Senate advocates of S.1785 and the Reagan administration witness revolved around Section 14 of the bill, which would greatly increase Labor Department responsibility in the area of criminal (rather than civil) prosecutions for labor-management and pension fund corruption. The administration wants to keep primary responsibility for such criminal prosecution in the Justice Department, while Nunn, Rudman, Hatch, and their allies want Labor to become a major enforcement agency against organized labor. In the hearing, Nunn declared that his real concern is getting all labor prosecution power consolidated in one agency so that information developed in civil investigations would be fed into criminal prosecutions. Nunn warned, "If the Justice and Labor Departments are serious about opposing Section 14, then I would suggest transferring areas of pension enforcement into the Justice Department and putting Justice once and for all in charge. That takes a lot of jurisdiction away from DOL, and if that means abolishing Labor, so be it."

Labor Secretary Donovan was

represented by his Solicitor General Tim Ryan. The absence of Donovan, currently under investigation by a special prosecutor for labor-management deals with allegedly organized-crime-linked labor union officials during his prior career with a construction company, left the impression intended: that the Reagan administration is involved with organized-crime-linked elements in the labor movement.

Orchestrating this attack on the administration and the Labor Department are Senate staff members Walter Sheridan, Frank Silbey, and Marty Steinberg, and Solicitor Ryan. Sheridan, linked to Meyer Lansky-contaminated sections of the Justice Department, works for Ted Kennedy on the Labor Committee. Sheridan, along with Silbey, a Hatch staff investigator, have led the witchhunt against Donovan, in collaboration with Abscam prosecutor Thomas Puccio. Marty Steinberg, Nunn's counsel on PSI, recently distinguished himself by writing a PSI staff report arguing that the Dope, Inc. colony of Hong Kong should be a model for Southeast Asia in narcotics enforcement. Ryan, who used to be a member of Carter Attorney General Benjamin Civiletti's law firm, has increasingly opened up the Labor Department to the Labor Committee investigators while Donovan has been immobilized by the investigation. During the hearing, Ryan boasted of conducting information to Steinberg about the Labor Department.

Mark-up of S.1785 begins on Feb. 5. There is not yet a House version of the legislation.