

Bush apparatus unraveling over 'Iraqgate' coverup

by Edward Spannaus

In one what prominent columnist called a "total collapse" and the *fin de régime* for the Bush presidency, the administration fell into open warfare among the Department of Justice (DOJ), the FBI, and the CIA over the Oct. 10-12 Columbus Day weekend.

The first stage saw the outbreak of feuding and finger-pointing between the CIA and the DOJ over the "Iraqgate" coverup, with the FBI called in to investigate. On Monday night, news media were reporting that FBI Director William Sessions was under investigation. By mid-week, it was being widely reported that the DOJ's investigation of Sessions had expanded from an in-house "ethics" inquiry into a full-scale criminal investigation. The internecine warfare erupted in the heart of Bush administration—the police-state apparatus which has been carefully put into place in recent years, and which has targeted numerous adversaries and potential adversaries of the Bush regime. This is the true base of Bush's power.

The BNL coverup

The disclosure of the DOJ investigation of Sessions was widely interpreted as an escalation of the open conflict between the the FBI and the DOJ over the conduct of the investigation of the Bush administration's coverup in the case of the Banca Nazionale del Lavoro (BNL), part of the "Iraqgate" scandal. Senate Intelligence Committee chairman David Boren (D-Okla.) immediately linked the leaks about Sessions to the BNL dispute, and warned that it "raises serious questions about the pressure that can be brought to bear against an independent FBI investigation" of the Justice Department and the CIA.

The dispute between the FBI and the DOJ came on top of an already-raging battle between the CIA and the DOJ over who was responsible for misleading prosecutors and the

court in the BNL case. The case involved allegedly illegal loans to Iraq made by BNL's Atlanta, Georgia branch; the underlying political issue is the Bush administration's provision of agriculture credits and other aid to Iraq before Bush suddenly discovered in 1990 that Saddam Hussein was the "new Hitler."

In the BNL case, government prosecutors had taken the position that BNL branch manager Christopher Drogoul had conducted the alleged loan scheme entirely on his own. However, Drogoul's sentencing hearing unexpectedly turned into a prolonged exposure of higher-level complicity by BNL officials, as well as by both the Bush administration and the Italian government. The sentencing hearing was becoming such an embarrassment to the Bush administration that the DOJ succeeded in shutting it down on Oct. 1.

Acting on information that had emerged in the sentencing hearing, the Senate Intelligence Committee held hearings on Oct. 8-9 on the administration's withholding of information from local prosecutors in Atlanta. CIA officials testified that it was at the urging of the DOJ that they deliberately withheld the information, which included CIA source reports which the CIA had obtained in 1989, the existence of which contradicted CIA assertions that the agency only had public-source information such as newspaper accounts about the BNL case.

One focus of inquiry is a CIA letter sent by DOJ headquarters to the Atlanta prosecutors in September, which said that the CIA had no independent sources of information in late 1989 about the alleged bank fraud scheme. In fact, both the CIA and the DOJ had information from CIA sources in Rome months earlier than December 1989.

Among the DOJ officials called to testify was Fraud Section chief Lawrence Urgenson. Reports identified Urgenson as directing the CIA not to change their account of events in

a Sept. 17 letter to Atlanta prosecutors. Robert S. Mueller III, the assistant attorney general in charge of the DOJ Criminal Division and Urgenson's boss, has been identified by the DOJ as the official who discouraged the CIA from issuing a statement on Sept. 18, which would have given a more accurate picture about what the CIA knew about BNL and when they knew it. DOJ spokesman Paul McNulty said on Oct. 10 that Mueller had "rejected this draft statement as being inadequate and unacceptable" in a discussion with a CIA official.

(Mueller, incidentally, is a protégé of former Boston U.S. Attorney William Weld, and played an important role in the failed prosecution of Lyndon LaRouche and various associates in that city. Mueller was head of the criminal division of the U.S. Attorney's office in Boston, and was the immediate supervisor in Boston of John Markham, the lead prosecutor in the LaRouche trials in both Boston and Alexandria, Virginia. Mueller later replaced Weld's successor, Edward Dennis, as head of the Criminal Division at DOJ headquarters. The Fraud Section of the Criminal Division was the section with direct responsibility for the LaRouche case. DOJ attorney Mark Rasch was deployed from the Fraud Section as Markham's co-prosecutor in both the Boston and Alexandria cases.)

After two days of hearings, Boren apparently urged Attorney General William Barr to open an FBI investigation of the coverup. This led to sparring over who was in charge of the investigation. Boren said that Sessions had told him that "Justice will not participate in the inquiry and the FBI will not share information" until the inquiry is complete. But DOJ spokesman Paul McNulty said that the DOJ is in charge. "The Public Integrity Section of the Justice Department is in charge—working with the FBI." Boren's account of the investigation "is entirely inconsistent with what I know," he said.

It may not be mere coincidence that the DOJ Public Integrity Section was also identified in press reports as the unit conducting the criminal investigation of FBI Director Sessions.

Calls for a special prosecutor

The controversy over the administration's BNL coverup escalated on Oct. 13, when both Sen. Howard Metzenbaum (D-Ohio) and Rep. Henry Gonzalez (D-Tex.) called for the appointment of an independent counsel to take over the investigation. Metzenbaum said that this is the only way to ensure "that the Executive branch is not covering up major misconduct in its handling of the affair." On Oct. 14, Boren also called for a special prosecutor, saying that "a truly independent investigation" is needed.

Gonzalez, who initiated the exposure of the coverup, also called for the resignation of Attorney General Barr because of "repeated, clear failures and obstruction" by the DOJ in the BNL case. Gonzalez charged that the White House and the National Security Council were stonewalling Congress on its requests for documents and witnesses.

Barr had earlier rejected calls for a special prosecutor on the grounds that the DOJ didn't believe that senior adminis-

tration officials were involved. Gonzalez's letter to Barr on Oct. 13 said, "The evidence is that high levels of the Justice Department were in regular contact with the Italian government concerning the BNL case," and that these same officials "were aware of the Italian government's desire for some 'kind of damage control.' "

On Oct. 14, Boren called for the appointment of a special prosecutor—something he had resisted doing up to that point. *Washington Post* columnist Jim Hoagland described Boren's "surprise" move as "a clear indication of how rapidly things are moving." Boren's move was apparently triggered by the disclosures that FBI Director Sessions was under criminal investigation by the DOJ. "That just seems too coincidental," Boren told Hoagland.

In his statement, Boren pointed to the opinion issued by Judge Marvin Shoob in Atlanta stating that decisions were made "at the top levels of the U.S. government and within the intelligence community to shape this case." Boren reviewed the CIA's withholding of information, and the DOJ's "strong advice" to the CIA to forward a "misleading public letter" to local prosecutors in Atlanta. Boren stated: "I do not believe investigations by CIA, Justice, or by FBI . . . are sufficient."

The Sessions investigation

The investigation of Sessions for alleged ethics violations was first reported by ABC News on Oct. 12. Later that night, Sessions confirmed the fact of the investigation. ABC reported that sources close to Sessions said that the investigation was aimed at forcing him out as FBI director for resisting "Bush administration efforts to politicize the FBI."

Various matters are apparently at issue in the Sessions "ethics" probe, including tax evasion and misuse of government facilities, including planes and telephones, for personal use. Another charge is that Sessions's wife improperly used FBI identification to gain access to secure FBI facilities, and that she attempted to steer a \$100,000 government contract for security at their home to a family friend, the husband of Sessions's executive assistant Sarah Mumford. It is also alleged that Mumford used FBI credentials to avoid a traffic ticket in Texas.

There are apparently two DOJ probes against Sessions: the ethics investigation being conducted by the Office of Professional Responsibility, and a more serious inquiry by the DOJ Criminal Division's Public Integrity Section. The DOJ officially will neither confirm nor deny either probe.

The actions against Sessions may also reflect dissension within the FBI. Senior FBI officials are reportedly unhappy with Sessions, saying that he is aloof from day-to-day operations and that he fails to stand up for Bureau interests. Sessions's advocacy of affirmative action has won him support of liberal Democrats in Congress, but has angered many FBI agents. Sessions's wife has told the author of a forthcoming book on the FBI, Ronald Kessler, that she believed senior FBI officials who oppose her husband had wiretapped their home.