

Espy indictment: The real target is President Clinton

by Edward Spannaus

That a prosecutor should spend three years and well over \$10 million, to indict somebody over \$35,000 of alleged illegal gratuities—without even charging that the gifts influenced any official policies—borders on the ludicrous. Yet, this is what was revealed on Aug. 27, when Independent Counsel Donald Smaltz issued a 39-count indictment against former U.S. Agriculture Secretary Mike Espy.

Readers of *EIR* would not be confused by this development. As we have said for over two years, it is President Clinton, and not Mike Espy, who is the real target of Smaltz's investigation. (See "Espy Special Prosecutor Puts President Clinton in His Sights," *EIR*, Feb. 17, 1995.)

To put these events in proper perspective, it is worth recalling that during President Clinton's first term, the British press—particularly the Hollinger Corp.'s *Sunday Telegraph* and Rupert Murdoch's *Sunday Times*—gloated over the multiplicity of scandals hitting the White House. For example, in February 1995, Lord William Rees-Mogg boasted in the *Sunday Times* of London about six different inquiries, "each of which could be fatal against the President." Rees-Mogg's six scandals included the Espy investigation and the Paula Jones case, as well as the various Whitewater investigations. The *Sunday Telegraph*'s Ambrose Evans-Pritchard, a reputed British intelligence stringer, played a direct personal and insidious role in launching most of these calumnies, including the drug-running and money-laundering allegations lurking in the background of Smaltz's probe; he also bragged of participating in litigation strategy discussions in the Paula Jones case.

Now, we come to the situation today. While Kenneth Starr's Whitewater witch-hunt against President Clinton appears to be making little progress, and Starr himself has been cited by a senior Federal judge on a conflict-of-interest com-

plaint (see *Documentation*), the parallel attacks on the President and the Presidency are proceeding unabated, supplemented by the "Chinagate" campaign fundraising investigations now being conducted by both the Justice Department and by two Congressional committees.

For example, the Paula Jones case "sexual harassment" lawsuit against President Clinton is now steaming ahead. On Aug. 22, a Federal judge dismissed part of Jones's complaint, but set the rest of the case for a May 27, 1998 trial date. Thrown out was Jones's claim against Clinton for defamation, although the defamation claim remains against state trooper Danny Ferguson, the source for the original *American Spectator* article which mentioned someone named "Paula." Jones's claim that Clinton had violated her rights of due process was also dismissed. Judge Susan Webber Wright allowed the case to go ahead on the sexual harassment and emotional distress claims.

The British press could scarcely contain themselves two days later. The *Sunday Times* coverage was especially detailed and lurid, and expressed the wish that, "instead of being remembered for forging a new centrist path in American politics, Clinton may forever be known as Bonking Bill."

The British press also played up the wild stories purveyed by former Arkansas trooper L.D. Brown, who says that he was approached mysteriously while in London last June and offered money and a job in Moscow—which he claims was to prevent him from testifying about events in Bill Clinton's Arkansas.

The Espy case

Then, a few days later, Espy, a longtime friend of Clinton, was indicted on 39 felony counts, centering around illegally accepting gifts and gratuities, such as football tickets, tennis

tickets, and luggage, from companies having business before the U.S. Department of Agriculture. Somewhat defensively, Independent Counsel Smaltz conceded, during his press conference announcing the indictment, that he was not charging that there was any *quid pro quo*, i.e., that Espy had changed any policies of the USDA to favor the companies in question.

One reporter asked: "Is it worth spending over \$9 million to indict a public official who's been fired for taking \$35,000 in gifts, when you are not charging that any policies were changed?"

Smaltz answered, "That's for someone else to decide, not I."

"Never has so much been made of so little," said Espy's attorney in a statement. "In an effort to justify three years and countless millions spent on this investigation, the special prosecutor has stretched criminal statutes beyond recognition and taken trivial, personal, and entirely benign activities, and attempted to distort them into criminal acts."

There is obviously something more at stake here.

Who is Ted Greenberg?

The surest indication that Smaltz was aiming higher than Espy came in February 1995, when Smaltz announced that he had named a high-ranking Department of Justice career prosecutor, Theodore Greenberg, as special counsel for his investigation. Smaltz's statement at the time said that Greenberg, then chief of the DOJ's money-laundering section, "has been detailed to the investigation" at Smaltz's request, and would take a significant role in the Espy investigation. Smaltz's office assured *EIR* on the day of the Espy indictments that Greenberg is still on the case, two and one-half years later.

Greenberg is one of the dirtiest career prosecutors in the Justice Department; he joined the DOJ in 1974 and has been in supervisory positions in its Criminal Division since 1987. Smaltz's February 1995 press release noted that Greenberg's duties at the DOJ had included overseeing prosecutions in areas of foreign corrupt practices, failed savings and loan institutions, defense procurement fraud, and national security. For ten years, says Smaltz, Greenberg was an Assistant U.S. Attorney in the Eastern District of Virginia (Alexandria), "where he had primary responsibility for complex white collar crime prosecutions and matters of national security."

In fact, Greenberg was involved in every case coming through the Federal court in Alexandria involving the CIA or the intelligence community. His role was to protect favored elements of that intelligence community, while targeting so-called "rogue" elements in the CIA and the military.

There are also two documented instances of Greenberg's involvement in the frameup of Lyndon LaRouche in the Eastern District of Virginia. It was Greenberg who personally made the first contact with the Pentagon to arrange for two truckloads of files which were seized from associates of LaRouche on Oct. 6-7, 1986, to be taken to a military facility.

This was arranged through the secret "focal point" channel in the J-3 Operations Directorate of the Joint Chiefs of Staff—originally created as the CIA communications channel within the Defense Department.

Greenberg was also consulted during the involuntary bankruptcy used in 1987 to illegally shut down three publishing companies associated with LaRouche. Assistant U.S. Attorney David Schiller testified that he had consulted Greenberg, because of Greenberg's experience in the CIA-linked Bishop Baldwin Rewald bankruptcy case. Greenberg had congratulated Schiller on his "innovative" approach in the LaRouche case, and told Schiller he wanted to stay in touch on it.

One can rest assured that a prosecutor with Greenberg's background and credentials has not spent the past two and one-half years tracking down \$90 football tickets given to Mike Espy. So, what is he doing there?

British allegations

Smaltz was appointed as an independent counsel on Sept. 9, 1994, by the same three-judge panel that unceremoniously fired the first Whitewater independent counsel and replaced him with the highly partisan and politically active Kenneth Starr. Soon after being appointed, Smaltz expanded his investigation to encompass the relationship between Tyson Foods, Inc. of Arkansas and Bill Clinton, including allegations of money laundering and of cash deliveries to Clinton while he was governor of Arkansas.

Where did these allegations come from? The story that Tyson Foods chairman Don Tyson was involved in drug running first surfaced in the London *Sunday Telegraph* in an October 1994 article by Ambrose Evans-Pritchard, entitled "Bill Clinton and the Chicken Man." After describing Tyson's "kingmaker" role in Arkansas politics, and his vetting of Espy for the USDA post, Pritchard charged that Tyson had been under suspicion for drug dealing, and he even cited a former state trooper who allegedly told him that Tyson smuggled cocaine "stuffed inside chickens."

By December 1994, Smaltz was being quoted in *Time* magazine as saying that there was "a ring of truth" to allegations made by a former Tyson pilot who claimed that he had carried envelopes of \$100 bills to Little Rock, Arkansas, which were then delivered to Clinton.

Then, in February 1995, Smaltz brought Greenberg on to his staff. Shortly after this, the *Washington Post* reported that former Tyson employees said that they had been questioned about whether Chairman Don Tyson had sent cash to Clinton, about drug use and drug trafficking, and whether company representatives had ever bribed Mexican officials.

But, as *EIR* readers know, any large-scale drug trafficking—and gun running—going on in Arkansas in the 1980s, such as that out of the airstrip in Mena, was run under the direction of the "secret government" drugs-for-guns network run by Vice President George Bush and his cronies. The com-

plication for Starr and Smaltz is that they have a dual assignment, of trying to nail Bill Clinton, while at the same time, covering up the Bush dirty operations. This is the type of job for which Ted Greenberg is eminently qualified.

Documentation:

Starr should be probed for conflict of interest

The most senior Federal judge in Little Rock, Arkansas has declared that Whitewater Independent Counsel Kenneth Starr should be investigated and removed from his position because of a conflict of interest involving Richard Mellon Scaife. But, for procedural reasons, it appears that the ethics complaint against Starr is now dead in the water; this is because four of the eight judges on the Little Rock Federal bench recused themselves, because of their friendship with or ties to Bill Clinton.

Mellon Scaife is the Pennsylvania multi-millionaire who finances and publishes some of the most virulent anti-Clinton propaganda in the country. Scaife has a long history of serving the Anglo-American financiers' intelligence network as a manipulator of the news media (see *EIR* March 21, April 4, and April 11, 1997).

One of the four Federal judges in Little Rock who did not recuse himself, Judge Thomas Eisele (a Republican), wrote in a now-unsealed 20-page memorandum, that he believed the court should appoint a counsel to investigate Starr's apparent conflict of interest. Judge Bill Wilson, who wrote the recusal Opinion, incorporated Judge Eisele's memorandum in his own 27-page Opinion, which was released on Aug. 1. Following are excerpts from Judge Wilson's memorandum:

**In the United States District Court
for the Eastern District of Arkansas
Western Division**

In Re: Independent Counsel Kenneth W. Starr

Memorandum Opinion

Pending before the eight District Judges of the Eastern District of Arkansas is a second letter-complaint (Mandanici II) by Connecticut lawyer Francis T. Mandanici, alleging various conflicts of interest on the part of Mr. Kenneth W. Starr in his role as Independent Counsel in what is widely known as the Whitewater investigation.

Judge Elsijane T. Roy, Judge Henry Woods, Judge James M. Moody, and I have determined that we should recuse, for the reasons set forth below.

[T]hose of us who are recusing believe that the parties involved, the bench and the bar, and the public are entitled to know why we are recusing, because of the importance of the matter before us, and because our recusal, may, in effect, amount to a dismissal of the current complaint against the Independent Counsel.

[From Judge Eisele's memorandum]

... My intention is that the Court will treat Mr. Starr no differently than it would treat a United States Attorney or Assistant United States Attorney in a similar situation. If a United States Attorney were investigating possible criminal antitrust violations involving three milk producers and a fourth milk producer, a competitor of the three companies under investigation (which, by assumption, would benefit if indictments were returned), agreed to employ the United States Attorney in the future as its in-house counsel at a handsome stipulated figure after the United States Attorney completes her term or completes the antitrust investigation, then that arrangement would, I submit, clearly create both an actual and an apparent conflict of interests. Would not this conflict ... require the United States Attorney's complete disqualification from the antitrust investigation? ...

Although Mr. Mandanici raises a number of conflict-of-interests issues in his complaint, the Court has been primarily concerned with the conflicts revolving around Mr. Starr's relationship with Pepperdine University and Mr. Scaife. ...

In this case, it is clear that the appearance of impropriety, regardless of the reality of any conflict, could—if it has not already—invade the public perception. That conclusion is obvious from the media accounts noted by Mr. Mandanici. ...

... [I]t appears that, in 1991 and 1993, Mr. Starr spent his summer teaching at Pepperdine University in Malibu, California. Brad Cheves, Pepperdine's assistant dean, stated that Mr. Starr was intimately involved in the project to establish a school of public policy at Pepperdine. ... According to Mr. Cheves, the Scaife Foundation was one of three foundations that helped underwrite the nine million dollars raised to start Pepperdine's school of public policy. The Scaife Foundation made at least one contribution of \$250,000 in 1993 to establish a public-policy chair at Pepperdine. David Davenport, Pepperdine's president, stated in February of 1997 that the Scaife Foundation had given 1.1 million dollars toward the 2.75 million dollars in start-up costs for the school of public policy.

The chairman of the Scaife Foundation is Richard Mellon Scaife, a western Pennsylvania newspaper publisher who, according to various media reports, has used his fortune to press a media campaign discrediting President Clinton and suggesting that Vincent Foster, Jr. may have been murdered. Mr. Scaife serves on Pepperdine's board of trustees. ...

In the Spring of 1997, Mr. Starr announced that he would