

"Fostergate"

By James R. Norman

Was White House Deputy Counsel Vince Foster Selling U.S. Secrets to Israel? The CIA Suspects that He Was.

Forbes magazine has a saying: "No guts, no story." And it was that spirit of aggressive journalism that drew me to become a senior editor at Forbes in 1990 after returning from a year working in New Zealand. Prior to that I'd put in almost 20 years writing for newspapers, and then *Business Week* magazine.

For the most part, *Forbes* lives up to that motto, under the sometimes brilliant and ever-curmudgeonly direction of Editor James Michaels, now in his 70s. But make no mistake about it: Even the gutsiest of the major media shy away from some stories that are just too explosive, too close to home, or put too many advertising dollars at risk.

"*Fostergate*," published two months ago in *Media Bypass*, was one of those stories. Indeed, it is proving to be the "third rail" of investigative journalism: You touch it, you die.

The essence of the story is obviously explosive:

- Vincent W. Foster, former White House Deputy Counsel, was **under investigation for espionage** at the time of his supposed "suicide" on July 20, 1993.
- Foster had been **under investigation for selling sensitive code materials to the State of Israel**. Included in the booty, I've now learned, may have been even the top-level codes by which the president identifies himself to the Pentagon when ordering military action, including the use of nuclear weapons. Specifically, Foster is suspected of selling the operating code of a sophisticated new

computer, developed by Dallas Systems, just before he died. One month later, **the CIA learned it was in the hands of the Israelis, according to two separate intelligence sources.**

- **Foster had a Swiss bank account.** Actually, he had several. Foster also was making curious, periodic one-day forays to Geneva. Just before he died, his coded account for the Israeli money **had \$2.73 million in it.**
- Foster was probably not the only beneficiary of those funds. **Also under suspicion for espionage was the president's wife, Hillary Rodham Clinton,** who may have been providing Foster with the sensitive binders from the super-secret National Security Agency that Foster's executive assistant testified he had.
- **Foster, for many years, had been a behind-the-scenes handler** on behalf of Arkansas billionaire Jackson Stephens for a Little Rock bank data-processing company called **Systematics** (now Alltel Information Services). **Systematics was not only "laundering" covert money for the intelligence community, but was also deeply involved in a massive bank-spying effort** by our government dubbed, "Follow the money." That bank-surveillance program, considered by former CIA Director William Casey to be the crowning achievement of his long career, has given us mountains of data on world money flows.
- Foster was not the only high-level U.S. official with a Swiss account. Several hundred other accounts have been identified by an NSA-CIA computer "swat" team called the Fifth Column, armed with [illegible].
- In an amazing case of vigilante justice, a couple of these veteran computer spies, apparently equipped with their own Cray, tooling around the country somewhere in the back of a semi-trailer truck, have been brazenly wire-transferring money from these Swiss accounts to an escrow fund at the U.S. Treasury, earmarked for use by the CIA when that agency, as well, cleans up its own corruption problems. The take so far: upwards of \$2 billion including, of course, Foster's Swiss money.

Indeed, it was the loss of that money that tipped Foster that someone was on to him. Did anyone in the government authorize this? No. But if these “victims” want the money back all they have to do is step forward – and reveal where the money came from, and why they haven’t paid taxes on it. Needless to say, no takers. Not one.

How do I know all this? **Months of research to successfully corroborate – from multiple independent and credible intelligence sources, and even some hard documentation** – the amazing revelations of a foul-mouthed Kentucky salvage dealer, “quaint” motel operator and trucking company owner named **Charles S. Hayes**. But don’t let that fool you. The white-haired, chain-smoking good ol’ boy is not your average entrepreneur. Until he retired last January, he was **one of the CIA’s most dangerous, unpredictable – and most effective – contract operatives**.

Together with a partner who shares his code name of Running Fox, Hayes started out flying guns to Fidel Castro before the overthrow of Batista in the 1950s, then for six years he lived in Brazil. Legend has it he may have served with Division D, an elite CIA squad charged with breaking into computer facilities, including those of foreign intelligence agencies, either physically or digitally. That’s dangerous work, and Hayes is no stranger to violence.

He also hates reporters, which is why most who try to talk to him get short shrift and come away convinced he’s nothing but a blowhard. Luckily, I caught him on a good day and we have gotten along well. [illegible] theoretical questions, while refusing to provide any documents or proof.

But there were little things he’d say that convinced me he has an uncanny awareness of things inside the government, inside major banks, and even inside *Forbes*. He could not be ignored. Bit by bit, he has proven to be eerily accurate in his revelations.

Hayse is an infuriating character to deal with, and full of contradictions. He can cuss a blue streak and rambles on with bawdy tales for hours, but prays out loud before every meal. While on the phone to some U.S. senator or congressman, or he’ll be standing in

his underwear cooking chicken and dumplings. He says he's worth a couple of million dollars, is licensed to practice law in The Hague, and dates a Revlon model.

I believe him. Especially now.

Why believe Chuck Hayes? Besides all the corroboration I—and *Media Bypass*—have gotten about his identity and his CIA reputation, I witnessed an event on Aug. 28 that finally put my nagging doubts to rest.

It happened in a crammed little probate courtroom in Pittsburgh, where Hayes, on behalf of a forlorn woman named Mary Meadows [illegible] estate funds. Funds which, by the way, appear to have gone into secret, encrypted accounts at Mellon for who knows what use. The money allegedly is tied to the holdings of two brothers, James and William R. Medders (sometimes spelled Meadors or Meadows) who died about 50 years ago with no direct heirs and no wills. They are said to have owned one-eighth of the old Gulf Oil, and much, much more.

Mellon, which effectively controlled Gulf and many other large companies, naturally vehemently denies any such accounts exist, and has dismissed these claims for years – quite successfully. Recently, though, a strong case for the existence of this mysterious multi-billion dollar “Medders” or “Meadors” or “Meadows” oil estate has emerged in the form of a set of [illegible] photocopied checks and wire transfers showing Medders account money moving to or from Mellon, sometimes through its Cayman Islands branch.

These documents are utterly damning evidence—if they are real. Mellon insists they are fakes and can find no record of the transactions. And Ann Helmon, the leader of one large faction of the Medders claimants who obtained the copies, had to admit in court she couldn't prove their validity or even their origin. Part of the problem: The account numbers on the copies Helmon obtained from an unknown intermediary named “Frank” were obliterated.

Enter Charles Hayes.

At this Aug. 28 hearing before Allegheny County Orphans Court Judge Robert E. Kelly, Mellon had to “show cause” why it has not provided an accounting for this estate. This was a result of a “pro se” petition filed by Mary Meadows Allen, a would-be heir, with Hayes as her “investigator” and adviser.

Copies of these five checks and wire transfers were submitted as evidence at the hearing. But Judge Kelly quickly noted a big difference between the much-maligned [illegible] copies, and there were none of the other markings Ann Helmon had put on her copies to identify them as hers.

What does this mean? One thing: somebody accessed Mellon’s computer system and copied the original check and the wire-transfer records—including the account numbers. And if whoever did this could remove those five transaction documents, then who knows what else they found inside Mellon’s computers?

“Gosh, maybe somebody found a spreadsheet” of secret accounts, chortled Hayes in the foyer after the hearing, noting that he still has time to file more pleadings. If these documents are valid, Mellon would be guilty of violating a raft of federal banking regulations. Among them failing to file currency transaction reports required by the IRS and Comptroller of the Currency to police money laundering. Mellon could also be vulnerable to perjury and racketeering charges with [text unintelligible].

Maybe Chuck Hayes wasn’t kidding when he stated his settlement terms on this case: “Pay the electric bill and run over the keys” to the bank.

This all adds immense credibility to Hayes’ utterly astounding tales of Swiss bank spying and account manipulation. Further proof: Giant Citibank revealed in late August that a Russian hacker armed with no more than a personal computer had penetrated its accounts and withdrawn \$10 million, most of which luckily was retrieved.

These feats turn out to be kids’ stuff compared to the government’s “infowar” capabilities, touted in a recent *Time* cover story.

There's more. In late August, I received information from a good source that on July 16, 1993, four days before Vince Foster died, a wire transfer of more than \$286,000 was made from an account at Mellon Bank to Foster's wife [text unintelligible] Shiela Anthony, then a "congressional liaison" official at the Justice Department and a newly-minted assistant attorney general.

That payment smells suspiciously like hush money, perhaps from a government or other slush fund at Mellon, at a time when it was clear **Foster would have to be a fall guy to prevent the looming espionage scandal from engulfing the first lady and thus the presidency of the United States.** Lisa Foster's high-powered Washington attorney, James Hamilton adamantly denies that any such payment was made. Mellon Bank has refused to comment about the affairs of [illegible] customers. So far, no documentation [illegible] emerged.

But given what I saw in Judge [illegible] courtroom, somebody with sufficient [illegible] computing power could clearly be [illegible] a position to know exactly that [illegible] wire transfer information if it is [illegible] come out? All he'll say is "The fat lady's getting ready to sing." So what does all this have to do with me and *Forbes*?

Well for openers, Hayes told me that Mellon Bank interests had just recently made a major campaign pledge to the would-be quest for the Republican presidential nomination by *Forbes* controlling stockholder and editor-in-chief Malcolm S. "Steve" Forbes, Jr. So when I sent letters to Mellon's public-relations department asking for comment on the Medders checks and then the Lisa Foster wire transfer, *Forbes* got some very testy phone calls from Pittsburgh, according to one of my bosses.

That was small potatoes, however, compared to the furor this Fostergate story was causing inside the magazine.

For one thing, I stumbled onto the fact that another senior editor at *Forbes*, Dana Wechsler Linden, has for many years been a director of Boston Systematics, a curious computer company said to be loosely affiliated with the Systematics in Arkansas and run by her father, former CIA operative Harry Wechsler. She claims to have

known nothing of any bank-spying activities at Boston Systematics. The main operations of Boston Systematics are carried on by two Israeli subsidiaries run by her cousins, Joav and Oded Leventer.

According to sources connected to Inslaw Inc., whose enhanced PROMIS tracking software has allegedly been heavily used in the bank-surveillance effort, Boston Systematics and Harry Wechsler had close ties to Israeli intelligence and to the late British publisher Robert Maxwell. Dana Wechsler Linden is married to a top computer officer at Goldman, Sachs & Co., the same brokerage house that has agreed to pay more than \$250 million to settle claims that it helped Maxwell loot half a billion dollars from his company's pension accounts.

What happened when this was disclosed to the management at *Forbes*? Nothing. Nor was there apparently any action taken when I disclosed to my bosses, including Steve Forbes, in April that I had come across suspicions that **one of the high-level government figures with one of those Swiss bank accounts was none other than Caspar Weinberger, former secretary of defense.**

After leaving government, Weinberger became publisher of *Forbes*, and is close to Steve Forbes as chairman of *Forbes*, Inc., publisher emeritus and a regular columnist for the magazine. After *Forbes* [illegible] much to do with the story being shelved.

Officially, *Forbes* Editor Jim Michaels has said that he alone decided not to run FosterGate because of concerns about the credibility of some of my sources. Most notably, on Charles Hayes. I was doubtful too, early on. But as Hayes' claims gained more and more corroboration, that excuse was no longer valid. Still, ***Forbes* unexplainably would not touch what is arguably one of the most important stories of the past 20 years.** Something was amiss.

On Wednesday, Aug. 16, I gave to Jim Michaels (who himself is said to have worked with the pre-CIA Office of Strategic Services and still has ties to the NSA) an updated memo noting the increasing corroboration for FosterGate, including an update on the **Weinberger Swiss account story. Not only have five separate sources now reported hearing of such accounts,** I had actually obtained what

turned out to be **an encrypted account number at Union Bank of Switzerland**. It has come from records [illegible] **the car of former CIA drug- and gun-runner Barry Seal**.

[illegible] whiz named J. Orlin Grabbe, who is also author of the current standard text on international finance markets. Grabbe, who apparently has his own intelligence sources, is intimately familiar with U.S. bank-spying efforts. His own former computer software firm was approached by the CIA to be used as a front for sneaking spies into major banks and brokerage-house computer rooms. Grabbe is rightly suspicious of the encroaching Surveillance State.

The idea behind posting that account number on the Internet, apparently, was to spook the owner of that Swiss account into moving the money in a way that would lead to yet another stash of illicit funds. When that didn't happen, someone apparently went ahead and raided that account for \$2.3 million. The money was pulled back to that Treasury escrow account and someone had left a note in Weinberger's Bar Harbor, Maine, drop box stating simply the decrypted account number and brief message: "You have been had."

That's the same message a grinning Hayes claims showed up on Mellon [illegible] computer database and apparently downloaded reams of documents. Is this all bravado? I don't think so, having witnessed the submission of those documents in Judge Kelly's court.

Two hours after delivering my Weinberger memo Aug. 16, Jim Michaels called me to his office. "You've obviously got a bee in your bonnet about this story," Michaels said. "But I've got a magazine to put out." He didn't want me working on this story, even though since April I had been pursuing it on my own time while delivering my usual quota of stories to *Forbes*. He gave me an either/or choice: resign and take two weeks severance pay for each year worked or go on indefinite unpaid leave.

I had been fired.

Though *Forbes* later issued a press statement saying I had resigned of my own "free will" it was what a lawyer would call constructive termination. Why? I believe it was for getting too close to the

skeletons in Cap Weinberger's closet – an allegation that *Forbes* has never denied. I had touched the third rail. Zap.

Alas, "No guts, no story."