

Justice Accused of Delaying Probe of Altered U.S. Files

Investigation of Iraq Exports Is 15 Months Old

By R. Jeffrey Smith
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A senior Democratic lawmaker accused the Justice Department yesterday of deliberately prolonging until after Tuesday's presidential election a criminal investigation into altered Commerce Department records about exports to Iraq.

The department's investigation began in July 1991 with evidence that administration officials had altered descriptions of some items approved for export to Iraq and had tampered with records of interagency deliberations about some exports of equipment with potential military applications.

"It has been a year and three months since Justice opened its investigation," said Rep. Doug Barnard Jr. (D-Ga.), chairman of the Government Operations subcommittee on commerce, consumer, and monetary affairs, in testimony prepared for a Senate Banking Committee hearing yesterday.

Barnard said he "can only conclude that this matter is too sensitive to decide before the upcoming presidential election."

The investigation into the altered records is the sole, active criminal investigation sparked by actions related to U.S. policy toward Iraq before the 1991 Persian Gulf War.

A special counsel was appointed earlier this month by Attorney General William P. Barr to look into separate allegations of administration wrongdoing connected with a probe of illicit loans to Iraq by an Italian bank, Banca Nazionale del Lavoro (BNL), which has a branch in Atlanta.

The records at issue in the criminal investigation were supplied under subpoena to Barnard's subcommittee in December 1990, and the Justice Department's investigation was opened at Barnard's request seven months later. The records were considered sensitive because they showed that, from 1985 to 1989, Washington licensed 771 ex-

ports to Iraq of technology capable of civilian and military applications, including 162 with potential nuclear applications.

Some of the alterations wiped out references to interagency review of the export applications, leaving an impression that the licenses were granted solely on the basis of Commerce Department review when they were also approved by three other departments.

The alterations also erased indi-

cations that departments had initially opposed some of the exports, creating an impression that the licenses had wider backing in the administration than they did. Still other alterations omitted references to intended military applications of trucks and other equipment.

The Commerce Department's inspector general concluded in June 1991 that some of the changes were "unjustified and misleading."

Discussing the alterations, Dennis E. Kloske, a former undersecretary of commerce for export administration, told the House Judiciary Committee in a written statement last July that "all agencies agreed . . . [and] the interagency legal body sanctioned these modifications" following "intense legal and technical scrutiny" and "a tremendous amount of discussion within the administration."

Kloske was interviewed by Justice Department investigators last summer, officials said.

Assistant Attorney General W. Lee Rawls told Barnard in a letter Oct. 6 that investigation of the alterations "is being handled as expeditiously as possible," but added that "no final determination has yet been reached."

Justice Department spokesman Paul McNulty said yesterday that "there is absolutely no truth" to Barnard's statement that the investigation is being stretched out intentionally until after the Nov. 3 election. He said it is now being supervised by a task force appointed by Barr earlier this month to handle Iraq-related matters.

On a related matter, a spokesman for the Agriculture Department yesterday denied allegations, reported to Congress, that department officials had shredded over the weekend documents related to U.S. loan guarantees granted Iraq before the Persian Gulf War.

House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) cited the allegations yesterday in a letter asking Secretary of Agriculture Edward G. Madigan to remove all shredders from offices that helped oversee loan guarantees.

But department spokesman Roger Runningen said all shredders had been sequestered in the offices of an administrator of the loan program since last week. He added that an effort would be made anyway to check with employees listed on weekend security logs and telephone records.