

Ex-C.I.A. Agent's Associates Run Arms Export Concerns

The following article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Taubman.

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WASHINGTON, Sept. 5 — A series of interlocking businesses here that transfer advanced technology and sensitive military equipment to foreign governments, especially in the Middle East, are operated by a group of men once closely associated at the Central Intelligence Agency with Edwin P. Wilson, a former C.I.A. agent who has been charged with illegally shipping explosives to Libya.

One of the companies, A. P. I. Distribu-

tors Inc., a petroleum services corporation that has employed at least four former C.I.A. agents, was established by Mr. Wilson in 1978 for Thomas G. Clines, who was an active senior agency official at the time, according to Mr. Clines. Another Clines company, Mr. Clines said, was started with a loan arranged in Switzerland that involved Mr. Wilson's Geneva attorney, and Mr. Clines said he could not rule out the possibility that Mr. Wilson was involved in the loan.

Another of the businesses, the Egyptian American Transport and Services Corporation, known as Eatsco, has an exclusive contract with the Egyptian Government to handle the shipment to Egypt of billions of dollars in military equipment bought in the United States. Mr. Clines said he owned 49 percent of Eatsco.

Federal investigators say there is additional evidence linking Mr. Wilson to some of the companies. For example, notations about Eatsco and an affiliate appear in handwritten notes made by a man charged with attempting to murder a Libyan dissident last year in Fort Collins, Colo., Federal law enforcement officials said. These officials said they had evidence that made them believe that the notes were made by the suspect, Eugene A. Tafoya, during or after a meeting with Mr. Wilson. The officials believe Mr. Wilson may have arranged and financed the assassination attempt.

None of the men or corporations have been accused of criminal conduct, according to Federal authorities. All the businessmen involved denied having any current business or financial rela-

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tionship with Mr. Wilson. Mr. Wilson's name does not appear on any of the companies' incorporation papers. Mr. Clines said in an interview yesterday that his former ties to Mr. Wilson had "haunted" him and hurt his business.

An Emerging Puzzle

The extent to which these men and companies may be linked to Mr. Wilson is part of the emerging puzzle about all of Mr. Wilson's activities over the last decade.

Already, that puzzle has raised questions for many senior Government officials about the Government's lack of control over the transfer of sensitive technology abroad by former senior military and intelligence officials. They also say they are troubled by the C.I.A.'s inability to prevent private misuse of intelligence and international connections by its current and former employees.

The sale of advanced technology and military equipment abroad is carefully controlled by Federal law and Government regulations that are enforced by the Department of Commerce and the Department of State, but officials at both agencies acknowledge that the laws and regulations have frequently been circumvented by Mr. Wilson and others.

C.I.A. officials say the agency has no mechanism to prevent former employees from capitalizing in private life on intelligence connections and information they acquired while working for the agency. William J. Casey, the Director of Central Intelligence, announced earlier this summer that, largely in response to Mr. Wilson's activities, he had ordered a review of agency policies in this area.

Officials said, for example, that they were concerned that Mr. Wilson had used agency employees in his personal business activities. In one instance in 1978, Mr. Wilson, who was no longer working for the Government, secured the help of key C.I.A. officials in an unsuccessful effort to sell highly sensitive surveillance equipment to Egypt, according to former Wilson associates.

According to Justice Department officials, in another instance, also in 1976, Mr. Wilson hired Rafael Quintero, a former C.I.A. contract agent who had reported to Mr. Clines, for a fee of \$1 million to assassinate a Libyan dissident living in exile in Egypt.

Such an assassination plan, detailed in the 1980 indictment of Mr. Wilson, was never carried out. In 1978, public records in Texas show, Mr. Quintero became secretary and director of A.P.I. Distributors.

Network of Wilson Associates

The establishment of the corporations and the emergence of a network of former Wilson associates in the Washing-

ton area occurred around 1975, at about the time Mr. Wilson was shifting his operations overseas, according to Wilson associates. The people in this network, clustered in the same Virginia office buildings, employing the same lawyers and engaging in some of the same business activities that Mr. Wilson did, also have in common longstanding friendships with Mr. Wilson.

Despite the numerous links to Mr. Wilson, the men and companies discussed here have not been systematically scrutinized by Federal authorities, Government officials said. The main reason, they said, is that the Justice Department investigation and prosecution of Mr. Wilson have concentrated on activities that occurred between 1976 and 1978.

In 1976, according to Justice Department officials, Mr. Wilson, a former contract employee of the C.I.A. who was involved in the Bay of Pigs invasion and other covert operations, closed a deal with the leader of Libya, Col. Muammar el-Qaddafi. The deal called for Mr. Wilson to sell his expertise in intelligence, arms and explosives to the militant Arab nation in North Africa to train terrorists, the officials said.

Last year, Mr. Wilson and another former C.I.A. agent, Frank E. Terpil, were indicted by a Federal grand jury here on charges of illegally shipping explosives to Libya and conspiring to murder Umar Abdullah Muhayshi, a former member of the Libyan Revolutionary Council who had defected to neighboring Egypt, a country hostile to Libya.

Both Mr. Wilson and Mr. Terpil are fugitives. Mr. Terpil is believed to be living in Beirut, and Mr. Wilson currently lives in Tripoli, the Libyan capital, Federal investigators said.

According to a survey of corporate records in the United States and overseas, as well as interviews with more than 50 businessmen, lawyers and government officials, the central figure in the network of individuals and companies is Mr. Clines, who worked at the C.I.A. for 30 years. The companies are involved in Saudi Arabia, Latin America and the Far East as well as Libya, Egypt and Mexico.

Clines's Friendship With Wilson

Before Mr. Clines retired from the agency in October 1978, he served as director of training in the directorate of operations, also known as the clandestine services, according to intelligence officials. Before supervising the training of covert agents and other intelligence operatives, Mr. Clines served under cover himself as an agent in Southeast Asia and played a role in the Bay of Pigs invasion, intelligence officials said.

Mr. Clines met Mr. Wilson at the C.I.A., and the two men became close friends, according to former associates. In 1976, when Mr. Wilson, no longer working for the C.I.A., was arranging for the manufacture of explosive timing devices to sell to Libya, Mr. Clines said he was sitting with Mr. Wilson in a Virginia bar as production plans for the timers were worked out with representatives of Scientific Communications Inc. of Dallas, a longtime supplier to the C.I.A. Mr. Clines later said he was there inadvertently, as a social friend of Mr. Wilson, and that he felt he was "used" by Mr. Wilson.

In an interview last month, Mr. Clines said Mr. Wilson played no role in A.P.I. Distributors. In another interview yes-

terday, Mr. Clines said that in June 1978, five months before his departure from the C.I.A., he asked Mr. Wilson to help establish the private corporation so he could go into business on his retirement from the agency.

According to incorporation records in Texas, the paperwork to create A.P.I. Distributors was handled for Mr. Clines by the Washington law firm of Dickstein, Shapiro & Morin, which represented Mr. Wilson at the time.

Mr. Clines also said yesterday that in an effort to remove any Wilson connection from A.P.I., he moved quickly after he retired from the C.I.A. in October 1978 to change the company's attorneys, who held the corporation's records. However, records of the CT Corporation System, which assisted in the registration of A.P.I., show that attorneys were not switched until April 29, 1980, a few days after the indictment of Mr. Wilson, according to a CT official.

Incorporation papers list Mr. Clines as president, Mr. Quintero as secretary and director and Ricardo A. Chavez as treasurer and director. According to senior intelligence officials, Mr. Chavez also worked for the C.I.A. and, like Mr. Quintero, reported directly to Mr. Clines, who was both men's "control officer."

Federal investigators said that in 1976, when Mr. Wilson, financed by Libya, was looking for someone to assassinate Mr. Muhayshi, the Libyan defector living in Egypt, he hired Mr. Quintero, who the investigators say is the unnamed assassin described in the Wilson indictment.

The investigators said Mr. Wilson offered Mr. Quintero and two other Cubans \$1 million for the assignment and gave Mr. Quintero a check for \$30,000 to cover preparation expenses.

Mr. Clines said Mr. Quintero questioned whether the C.I.A. was involved and reported the assignment to him. Mr. Clines in turn told two senior officials at the agency, he said. They sent word back that the planned murder was not sanctioned by the agency, Mr. Clines said, and Mr. Quintero and the two Cubans never attempted to execute a contract.

Shortly after the founding of A.P.I. Distributors, which sells oil-drilling equipment and explores for oil, primarily in Mexico, it opened offices in Houston, sharing quarters with a freight-forwarding company that Mr. Wilson helped to establish several years earlier, according to corporate records and former business associates of Mr. Wilson.

Justice Department officials said that former employees of the company, Aroundworld Shipping and Chartering Inc., are currently under investigation and may be indicted for a role in the shipment of 20 tons of plastic explosives to Libya in 1977.

After his retirement from the C.I.A., Mr. Clines said, he also founded two other companies, Systems Services International Inc., also called S.S.I., and International Research and Trade Ltd., known by the initials I.R.T.

S.S.I., incorporated in Delaware in September 1978, was founded to sell to security systems and to handle the procurement and sale of military hardware, according to a company official. I.R.T., according to an executive, was involved with "logistics systems" and "storage."

Actually, according to incorporation records, there are two I.R.T. companies. One was incorporated in Bermuda in April 1979 and registered there with the Registrar of Companies. The other, International Research and Trade (U.S.) Ltd., was incorporated in Delaware in December 1980. Mr. Clines said that earlier this year he paid back the Swiss loan that involved Mr. Wilson's attorney when he set up I.R.T. Bermuda.

In August 1979, Mr. Clines established the Egyptian American Transport and Services Corporation with a former official in the Egyptian Government, Hussein K. Salem. The company, which was incorporated in Delaware but has its headquarters in Falls Church, Va., was founded at the time the United States reduced restrictions on the sale of military equipment to Egypt, when sales of such equipment were starting to grow rapidly.

Shortly after the formation of Eatsco, the Egyptian Government awarded it an exclusive contract to handle the shipment of all military equipment purchased in the United States, with the exception of aircraft flown to Egypt by the United States Air Force and other sensitive equipment, which is handled by the American Government. Last year, according to Defense Department records, Egypt ordered \$2.5 billion worth of military equipment from the United States.

In an interview, Mr. Salem said he owned 51 percent of Eatsco through another corporation, called Tersam U.S.A. Inc. He said Mr. Clines, through S.S.I., owned 49 percent.

The two men said they met 15 years ago in the Far East. Both said Mr. Wilson had no interest and had played no role in Eatsco. Mr. Salem said he had never met Mr. Wilson and had never heard his name before it was raised in the interview.

Material found in a court-ordered search of the home of Mr. Tafoya, the man charged with the attempted assassination in Colorado, included notes in Mr. Tafoya's handwriting. Among them appeared the following, according to Federal investigators: "Salam Hussian (former Egyptian intell . . . EATS Egyptian American Transport Svc Co. 7777

Ex-C.I.A. Agents and International Ties



EDWIN P. WILSON

Former agent for the Central Intelligence Agency who has been charged with illegally shipping explosives to Libya as part of an operation to train terrorists there. Federal investigators say they have evidence that he commercially exploited his intelligence connections while employed by the U.S. government.

Mr. Wilson's Former Associates

THOMAS G. CLINES

Former senior C.I.A. official who is connected with several Wilson-linked companies, joining one of them while he was still with the intelligence agency.

THEODORE G. SHACKLEY

Former deputy to the director of operations at the C.I.A., one of the agency's most powerful and sensitive jobs. He held a meeting at his home in 1976 with Mr. Wilson and others at which the sale of electronic military equipment to Egypt was discussed.



RAFAEL QUINTERO

An ex-C.I.A. contract employee whose "contact officer" in the intelligence agency was Mr. Clines. According to Federal investigators, Mr. Quintero was hired by Mr. Wilson in 1976 to assassinate a Libyan dissident living in exile in Egypt.

RICARDO A. CHAVEZ

Ex-C.I.A. contract employee whose "contact officer" in the intelligence agency was Mr. Clines.

DONALD LOWERS

Managed Mr. Wilson's farm in Virginia, and later handled administrative and financial duties for several of Mr. Wilson's corporations.

The Corporate Connection

Egyptian American Transport and Services Corporation (Eatsco)

Handles the shipment to Egypt of billions of dollars in military equipment purchased in the United States.

Principal shareholder with 51%: **Hussein K. Salem**

Owner with 49% share: **Thomas G. Clines**

A.P.I. Distributors Inc.

Supplies oil drilling equipment and explores for oil, primarily in Mexico. The company was set up for Mr. Clines by Mr. Wilson while Mr. Clines was a C.I.A. employee. A.P.I. shared quarters in Houston with a freight-forwarding company, Aroundworld Shipping and Chartering Inc., that Mr. Wilson helped establish earlier, according to corporate records and associates' statements. U.S. officials say Aroundworld employees may have handled the shipping of 20 tons of plastic explosives to Libya in 1977 for Mr. Wilson.

President: **Thomas G. Clines**

Secretary and Director: **Rafael Quintero**

Treasurer and Director: **Ricardo A. Chavez**

Consultant: **Theodore G. Shackley**

Systems Services International Inc. (S.S.I.)

Founded to sell security systems and handle the procurement and sale of military hardware.

President: **Thomas G. Clines**

Consultant: **Theodore G. Shackley**

International Research and Trade (Bermuda) Ltd. (I.R.T.)

Involved with logistics systems and storage. The corporation was founded originally in Bermuda with financing from unknown Swiss sources.

President: **Thomas G. Clines**

Consultant: **Theodore G. Shackley**

Research Associates International

A consulting company that shares office space with S.S.I. and I.R.T., two companies founded by Mr. Clines.

President: **Theodore G. Shackley**

Systems Engineering International Corporation (Seico)

Sells security systems here and abroad. Incorporation paperwork handled by law firm that represents I.R.T., S.S.I., Eatsco and Research Associates. The company has supplied equipment to Eatsco, and has its offices one floor above that corporation.

Marketing Director: **Donald Lowers**

Leesburg Pike, Suite 307 Falls Church, VA."

Investigators said Mr. Tafoya apparently meant Mr. Salem but partly misspelled the name. Mr. Salem denied that he was ever associated with Egyptian intelligence.

F.B.I. officials said they were looking for explanations of these and other notations made by Mr. Tafoya on the same piece of paper, including the names, slightly misspelled, of Egypt's current Foreign Minister, Kamal Hassan Ali, and Defense Minister, Mohammad Abu Ghazala. Federal investigators said they believed that Mr. Tafoya had made the notes either during or after a conversation with Mr. Wilson.

Evidence of Meeting Cited

The investigators say they have evidence to substantiate that such a meeting took place, including passport entries showing that Mr. Tafoya and Mr. Wilson were in Malta and Libya at the same time. Telephone records obtained by the investigators include numerous calls from Mr. Tafoya's residence to Mr. Wilson in Libya.

The notes, in Mr. Tafoya's handwriting, include:

"Defense Minister [underlined] often finishes up his official business in a few days, and then takes time to clean up personal business at EATS." In the notes, Mr. Tafoya identified Mr. Ali as Defense Minister. Mr. Ali held that job until June, when he became Foreign Minister. He identified Mr. Ghazala as the military attaché at the Egyptian Embassy in Washington, a post he held several years ago.

Former associates of Mr. Wilson said that despite his close ties with Libya, a nation viewed with extreme hostility by Egypt, he also had longstanding ties with Egypt. They said that in the mid 1970's, for example, after he had left the C.I.A., Mr. Wilson played a central role in trying to sell electronic equipment to Egypt on behalf of a California manufacturer. In that period, these former associates said, Mr. Wilson dealt frequently with senior officials in the Egyptian intelligence service.

Help for Other Wilson Friends

As Mr. Clines has expanded his activities in private business, he has helped other friends of Mr. Wilson from inside and outside the C.I.A. to get started or established in business.

The most prominent is Theodore G. Shackley, former deputy to the director of operations at the agency, one of the C.I.A.'s most powerful and sensitive positions. As with Mr. Clines, Mr. Shackley met Mr. Wilson at the agency and the two men became friends.

According to senior intelligence officials, Mr. Shackley indirectly came to Mr. Wilson's defense when Mr. Wilson was under attack or investigation. In 1977, when charges of misconduct on the part of Mr. Wilson and other intelligence operatives were first brought to the attention of the C.I.A., Mr. Shackley wrote a memo to Stansfield Turner, then Di-

rector of Central Intelligence, questioning the credibility of Kevin P. Mulcahy, a former agency employee and Wilson business associate who was making the charges.

Intelligence officials also said that Mr. Shackley played a role in 1977 in discouraging the Senate Intelligence Committee from opening an investigation into Mr. Wilson's conduct and his relationship to the C.I.A. In an interview last month, Mr. Shackley declined to discuss his activities while at the C.I.A.

In May 1978, at the time Mr. Wilson was becoming heavily involved in Libya, he arranged a meeting with Mr. Shackley at Mr. Shackley's home in Bethesda to discuss, among other things, his hopes of selling electronic military equipment to Egypt on behalf of the California manufacturer, according to Mr. Mulcahy, who attended the meeting.

Military Hardware Discussed

Mr. Mulcahy, who was working for Mr. Wilson at the time, said he and Mr. Wilson were joined by Harry Rastatter, a business associate of Mr. Terpil who had recently returned from a trip to Egypt, Turkey and Iran. "We talked about Turkish, Iranian and Egyptian interests in acquiring sophisticated military and intelligence hardware," Mr. Mulcahy recalled in an interview.

Mr. Mulcahy said Mr. Wilson had told him that the meeting was designed to solicit Mr. Shackley's aid and the aid of the C.I.A. to persuade the State Department to issue export licenses for sale of advanced electronic equipment to Egypt, Iran and Turkey, some of which was barred from export at the time.

"At the end of the meeting," Mr. Mulcahy said, "Shackley told us he wanted some of this to come in the front door of the agency. He said to pass through all the Egyptian stuff in writing through the agency's contacts office." That office, in downtown Washington, is where outsiders can make contact with the C.I.A.

Several days later, according to Mr. Mulcahy, he and Mr. Rastatter went to the office for an appointment with Col. Jack Weyand. Later, on June 1, 1978, Mr. Mulcahy wrote a memo to Colonel Weyand outlining the "wish list" of products Mr. Wilson hoped to sell to Egypt.

Mr. Mulcahy gave a copy of the memo to The New York Times. It lists a number of highly advanced electronic devices used for the interception of communications that were banned from sale to Egypt at the time, according to State Department officials. These officials, in the Office of Munitions Control, said they could find no evidence that the items proposed for sale were approved at the time.

Mr. Shackley has acknowledged that he attended the May meeting at his house, but said his purpose in talking to Mr. Wilson was to collect information from non-C.I.A. sources. He said he was unaware at the time of Mr. Wilson's activities in Libya.

When Shackley left the C.I.A. in Sep-

tember 1979, he went to work for Mr. Clines at A.P.I. Distributors, S.S.I., and I.R.T. Ltd. Friends of Mr. Shackley familiar with his business activities said he viewed the association with Mr. Clines as a way of getting established in private business. They said that after Mr. Wilson was indicted, Mr. Shackley decided to reduce his association with Mr. Clines and his ventures.

Last September, Mr. Shackley founded Research Associates International, a consulting company. Research Associates currently shares office space in Rosslyn, Va., with S.S.I. and I.R.T. Ltd., and the incorporation paperwork for Mr. Shackley's company was handled by the Washington law firm of Shaw, Pittman, Potts & Trowbridge, which represents A.P.I., I.R.T., S.S.I. and Eatsco, according to company officials.

Friends of Mr. Shackley said he was looking for separate office space for Research Associates.

Lowers Has Offices in Building

Another former associate of Mr. Wilson, Donald Lowers, who managed Mr. Wilson's farm in Virginia and later handled administrative duties for Mr. Wilson, recently moved into the same Falls Church building that houses Eatsco.

Mr. Lowers's employer, the Systems Engineering International Corporation, known as Seico, was founded in June in Delaware. Incorporation paperwork was handled by Shaw, Pittman Potts & Trowbridge, according to incorporation documents.

Mr. Lowers, who declined to be interviewed further unless his name was withheld from publication, described himself as marketing director of the company. He refused to identify its owners or directors.

Others familiar with the company said one its top executives is a former C.I.A. official. Sources familiar with Seico said that the company, which has sold security systems to the United States and foreign governments, was set up to replace another security-systems company that was started in part with funding from Mr. Wilson.

A business associate of Mr. Clines said that Mr. Clines was thinking of buying Seico, which has sold security equipment to Eatsco.

The investigation of Mr. Wilson, triggered five years ago by Mr. Mulcahy, is far from complete. Investigators expect new indictments shortly involving the 1977 sale of explosives to Libya. And some senators have privately expressed an interest in exploring Mr. Wilson's activities as well as the Government's handling of the case.