

# THE PRIVATE SPY AGENCY

When Congressman Larry McDonald died on KAL 007, he left behind an institution dedicated to spying on the Left: The Western Goals Foundation.

BY ELTON MANZIONE

When former Congressman Larry McDonald perished in the downing of a Korean airliner last year, he left a vacant seat and a widow campaigning to fill it. Kathy McDonald failed dismally in her bid.

But Roy Cohn, the well-known red-baiter, was remarkably successful in filling another seat left vacant by McDonald's death, a seat nearly as powerful and perhaps more threatening than his House seat: the chairmanship of Western Goals Foundation.

Formed by McDonald in 1979 to "fill the critical gap caused by the crippling of the FBI, the disabling of the House UnAmerican Activities Committee (HUAC) and the destruction of crucial government files," the foundation has become one of the largest private spy organizations in the country.

In its five years of existence, the foundation's "intelligence files" have grown from a few file cabinets of information to hundreds of computer tapes containing

dossiers on public officials, entertainers, labor leaders and "thousands of documents relating to the internal security of our country and the protection of government and institutions from communist controlled subversion."

Western Goals began small. Calling on resources his congressional office had developed in its role of, as one staffer termed, "HUAC in exile," McDonald began to transfer official files (which had been ordered destroyed under Privacy Act provisions) from the public sector to the private foundation.

One of the foundation's earliest members was John Rees. Rees was a longtime friend of McDonald and a fellow member of the John Birch Society. Rees served for several years as a correspondent for the society's *Review of the News*. Rees was also joined by his wife Louise, a former member of the House Internal Security Committee and a member of McDonald's congressional staff.

The Reeses had a long-time history of spying on the left. Better known to the Washington, D.C. left community as Sheila O'Conner and John Seeley, the pair had infiltrated the community

around Mayday 1971 through contacts they had established with Abbie Hoffman during the Woodstock festival.

The couple quickly formed the "Red House" and sent out a letter requesting subscriptions to the entire underground press network. Over a period of three years either John or Louise managed to insert themselves into the National Lawyer's Guild, the Institute for Policy Studies and Vietnam Veterans Against the War.

Under her cover name, Louise even managed to get elected to the National Executive Board of the National Lawyer's Guild in June of 1973. During her year and a half as office coordinator, she was responsible for taking meeting notes, typing minutes and maintaining membership and donor lists. She also coordinated various Guild activities. In retrospect, Guild members say she actually subordinated or failed to coordinate several important functions such as the Guild's 1973 convention and their appearance at Congressman John Conyer's hearings on the criminal justice system.

The Rees' Left friends were unaware that, although the pair posed as radical or





Larry McDonald founded Western Goals, a wealthy right-wing conglomerate.

progressive activists, they were actually feeding information to government and private agencies. The Red House's rent was being paid by the Washington, D.C. police. And during the same period, John, under the aegis of a New York corporation called National Goals, Inc., was publishing the infamous *Information Digest*.

It was *Information Digest* which became the subject of a 1976 investigation by the New York Assembly's Office of Legislative Oversight. "For the past seven years, a secret right-wing newsletter called *Information Digest* has been delivering some of the most sophisticated analytic reports on the American Left to such subscribers as the FBI, CIA and the National Security Agency," the investigation report noted.

At the same time, John Rees was also supplying information to the private Wackenhut Agency. The Agency, currently providing security at the Department of Energy's Savannah River Plant, has strong ties to the John Birch Society. Wackenhut maintains files on thousands of Americans and demands credentials, including Social Security numbers, from all reporters interviewing company officials. In 1971 officers of Wackenhut were charged with bribing N.Y. police officers to obtain confidential files.

The agency's head, George Wackenhut, says Rees was checked out

and found to be a "kook," but their report also says he was paid for "intelligence services rendered."

In its publicity materials, Western Goals noted it had a "sophisticated computer" whose location was under wraps for "security reasons."

The computer, costing about \$100,000, is located in the Long Beach, California law offices of Ann Love. Love is married to Jay Paul, a detective with the Division of the Los Angeles Police Department (LAPD).

Paul, a longtime friend of Rees, told his superiors he had tapped into the Western Goals data bank to compile intelligence reports for the police department. Police officials in Los Angeles, including spokesman Commander William Booth, refused to confirm or deny Paul's assertion. An investigation by the department indicates, however, the process may have been in reverse.

In January 1983, it was discovered that Paul had been keeping more than 100 cartons of police intelligence files in his home. The material included folders on police commissioners, judges, politicians and department critics. In the ensuing scandal's wake, Western Goals retrieved a quantity of computer tapes from Paul, including one that named some 5,000 to 6,000 groups and individuals. In

September 1983, Linda Catoe Guell, Western Goals' Executive Director, was ordered to turn the tapes over to a Los Angeles Grand Jury investigating Paul's presumed theft of LAPD secret files. An appeal is pending by Western Goals.

While Paul and Rees were helping build the foundation's information base, it was Roy Cohn, novelist Taylor Caldwell and Mrs. Walter Brennan who were building its financial base. From a modest \$16,000 in 1979, the foundation's coffers grew to \$421,000 in 1980.

As a private foundation, Western Goals' contribution lists are not public but *The National Reporter* has been able to determine some of its major contributors.

Caldwell has been a long-time and generous supporter of right-wing causes and candidates. From 1924 to 1931, she served as Secretary of the Board of Special Inquiry of the U.S. Immigration and Naturalization Service. It was this board which sought to deport the "communists" of that era's Red Scare.

Mrs. Brennan is the widow of actor Walter Brennan. He was a longtime supporter of conservative causes including the Freedoms Foundation and the John Birch Society.

For their generous support both Mrs. Brennan and Taylor Caldwell received positions on the advisory board of Western Goals, but it was Roy Cohn who brought in the real money.

Cohn rose to rapid prominence as counsel to the late Senator Joseph McCarthy during the latter's communist hunting days. He was long-considered one of the most brilliant young men in the United States, but as an anti-communist investigator and later as a financial consultant he was accused of furnishing false witnesses and using informers.

As his political career became jeopardized by McCarthy's failing fortunes, Cohn turned his attention to other matters. A specialist in business promotions, he speculated in highly diverse operations that stretched from New York to Central America to Hong Kong.

But Cohn's fortunes were spotty. In 1961 certain companies for which he served as a consultant lost \$2.3 million and \$4 million the following year. Several of his clients and acquaintances, among them Moe Dalitz, became targets of organized crime investigations. In 1963, Cohn's speculative activities brought him before a state Grand Jury in New York.

But Cohn had powerful friends. He was consulted on several occasions by the executives of large oil corporations, in particular by H. L. Hunt whom he had known when he worked for McCarthy.

Hunt had been the chief financial backer of another Western Goals board member, Dan Smoot.

Smoot is a former FBI man with a history of red-baiting going back nearly 40 years. In 1951, Smoot resigned his FBI post to work for the Hunt-founded *Facts Forum*, Hunt's political propaganda operation. In one speech to a Canadian audience Smoot said, "the Founding Fathers knew that a Democracy is the most evil kind of government possible."

In 1955 Smoot left Hunt's operation, established the *Dan Smoot Report*, and tied up with such well-known racists and anti-Semites as Merwin K. Hart, Gerald L. K. Smith and Bryant Bowles. Within a year of issuing the first *Report*, Smoot was denouncing integration as "an American tragedy" created by communist infiltration of the South. In a speech in Savannah, he attacked the Methodist Church as riddled with communists. Smoot's attacks soon became so patently paranoid that he fell into notoriety. His ravings were nursed along by various Right Wing groups such as the Birch Society until McDonald appointed him to the Western Goals board.

With two old friends like Smoot and Cohn on the board, it was not long before a portion of the Hunt fortune began to flow into the Western Goals' coffers. But it was not the scion of the family, H. L. Hunt, who produced the funds, but his son Nelson Bunker Hunt.

In an interview shortly before his death, McDonald acknowledged that Hunt, a billionaire, was one of the foundation's "major contributors." McDonald said 10 contributors donate at least \$20,000 each year, but declined to name them. Western Goal's annual report notes it receives nearly one-third of its money from corporations and another 20 percent from "other foundations." Again they were not listed but *The National Reporter* was able to piece together some of the major donors.

Spartanburg industrialist, union-buster and Birch Society member Roger Milliken donated heavily through the Deering-Milliken Foundation, personal contributions and Deering-Milliken Corporation. For his generosity Milliken was also awarded a place on the advisory board.

The Chance Foundation, created by F. Gano Chance, a member of the Birch

## Western Goals board member Dan Smoot told an audience: "The Founding Fathers knew that a Democracy is the most evil kind of government possible."

Society Executive Council is a contributor, as is the Grede Foundation and the Ada Hearne Foundation, both created by members of the Birch Society.

Springdale and Cherokee Mills, Deering-Milliken Research Corporation, Knot's Berry Farm and Henry Regnery Company are corporate contributors.

McDonald refused to confirm or deny contributions by specific firms, individuals and foundations.

**W**hile Western Goals' money comes from the private sector, its information and files seem to be another story.

McDonald also stacked the organization's board with members closely associated with state and federal intelligence operations both here and abroad. Los Angeles detective Jay Paul and John Rees admit that many LAPD files ordered destroyed found their way into the Western Goals' computer banks.

Lt. Gen. Daniel O. Graham, although not a board member, has authored several pamphlets for the foundation. Graham is the former head of the Defense Intelligence Agency. As head of the agency, he worked closely with the Defense Industry Security Command (DISC).

DISC is a highly secret, government-approved, secret police agency of U.S. munitions manufacturers. Located in Columbus, Ohio, the command is super-

vised and controlled by the management of large weapons manufacturers, the Defense Intelligence Agency and the espionage division of the FBI. Utilizing the resources of government agencies and private organizations such as Rees' former employer, the Wackenhut Agency, the command has amassed thousands of files on individuals whose only action may have been to sign a peace petition.

In 1970 DISC funnelled several million dollars into the campaign of Texas Senator Lloyd Bentsen and President Reagan's gubernatorial campaign. Bentsen was a former member of the board of directors of Lockheed Corporation—the same Lockheed which heavily financed McDonald's 1972 campaign.

DISC has several public front organizations such as the "High Frontier" space weapons advocate group which is offering campaign funds to weapons advocates. A second public group is the American Ordinance Association. Western Goals board member Robert Teller, the father of the H-bomb, is a member of this association which has been a long-time supporter of Ronald Reagan's political ambitions.

DISC also has a Swiss-based subsidiary, Permindex, which provides much the same services as Western Goals and maintains its own set of dossiers.

Smoot, during his tenure as an FBI "Red expert," amassed hundreds of files on "suspected communists," files he admits served as the basis for his *Facts Forum* and *Smoot Reports*.

Another Western Goals member, Gen. John Siglaub, may best be remembered as the general forced into early retirement for public remarks criticizing President Carter's foreign policy, but there is a less well-known aspect of his career which apparently interested McDonald and the Western Goals organization.

From 1966 to 1969, Singlaub served as head of the highly classified Military Assistance Command Vietnam Studies and Observation Group (MACV-SOG). While the group had several missions, its main objectives were clandestine operations into Laos, Cambodia and North Vietnam. MACV-SOG also developed intelligence and information networks. Its members were CIA agents, members of various U.S. Special Forces groups and Vietnamese criminals given "amnesty" for aiding the Americans. During Singlaub's tenure, MACV-SOG undertook the infamous "Phoenix Program" which resulted in the deliberate assassination of more than 200,000 Vietnamese civilians. Many former members of the

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## THE WESTERN GOALS FOUNDATIONS

group's detachments B-53, B-52 and B-57 now serve as mercenaries or "security consultants."

The Western Goals board also includes Sherman Unkefer, a fellow Birch Society member who has long served as an advisor to Chile's Pinochet regime. Unkefer reportedly worked closely with the regime's CIA-supported DINA secret police organization. Many researchers looking into the assassinations of Orlando Letelier and Ronnie Moffet agree that

DINA has a vast intelligence network in the U.S. McDonald himself had close ties with, and was a long-time supporter of, Pinochet's government.

Another member, Thomas Moorer, during his tenure on the Joint Chiefs of Staff, went so far as to have Naval Intelligence agents bug Henry Kissinger's phone and remove documents from President Nixon's desk. During that period, Moorer, who was a member of the team assessing the destruction of

Hiroshima and Nagasaki, developed what one Naval Intelligence Officer described as "a loyal network of information sources."

With the combined intelligence and information resources of men like Moorer, Singlaub, Smoot, Unkefer, Cohn, Rees and Paul, it may be that the 100 boxes of LAPD files are but the tip of an iceberg of information which has found its way into the Western Goals' computer. And just who has access to these files?

**A**n East Coast police intelligence source said Western Goals has a reputation of serving as a "clearinghouse" for certain police departments which have been barred from keeping political information on citizens not involved in crimes. Western Goals' own references to intelligence activities "crippled" by the Freedom of Information Act (FOIA) makes it likely that the foundation may be holding files for other governmental agencies. Both the CIA and National Security Agency had received material from Rees' *Information Digest*.

But Western Goals' information services are not confined to police departments or government agencies. At my request, two friends called Western Goals posing as members of a right-wing reactionary group (The American Nazi Party) and a large corporation. They were told that for \$150.00 and their social security numbers, dossiers on any four individuals would be provided.

Having an avowed Nazi call to ask for private information about an individual did not seem to bother the Western Goals operator, indeed McDonald and the foundation exhibit several ties to the Nazi Party.

Dr. Hans Sennholz, a board member and an economist, was a decorated pilot in Hitler's Luftwaffe. While many Germans who served in Hitler's military were not supporters of the Nazi cause, the Luftwaffe was an elite organization requiring demonstrated loyalty to Der Fuhrer for admission.

Former DISC head Lt. Gen Graham was also a member of the Institute of Strategic Trade, a membership which brought him in close contact with former SS member Fritz Kraemer.

J. Peter Grace was instrumental in getting Rees into the Western Goals organization. Grace is chairman of W.R. Grace and Co. which also has Milliken on its board. The Grace Company is more than 30 percent owned by Germany's Flick Financial Group. A consortium of conservative German businessmen, the Flick group funded the Nazi party's rise to power in pre-war Germany. In addition, Grace is a close associate of Otto Ambros of Germany's I.G. Farben and developer of the Zyklon-B gas used in the extermination camps.

McDonald and at least one member of the Western Goals board have also had close ties with the Pinochet regime in Chile. That country, particularly under Pinochet, has served as a safe haven for

## **Individuals posing as members of the Nazi Party and a large corporation were told that for \$150 and their social security numbers, dossiers on any four individuals would be provided.**

Nazi war criminals. Chile's DINA has worked closely with former Nazi Klaus Barbie ("The Butcher of Lyon") in his CIA-funded work in South America as well as various West European crypto-fascist organizations such as Italy's P2 Lodge.

In 1981 McDonald funneled \$131,982—more than a third of the foundation's operating budget—to establish the American-European Strategy Research Institute, a foundation branch, in Germany. Western Goals' German branch publicly admits "cooperating" with Reinhard Ghelen, Hitler's man in charge of spying on the Eastern Front, and now head of Germany's version of the CIA.

One particularly disturbing aspect of McDonald's and Western Goals' relationship with Nazis and other crypto-fascist groups is raised by the 1979 Greensboro Massacre.

On November 3, 1979 Jim Waller, Bill Sampson, Sandi Smith, Mike Nathan and Cesar Gauce were gunned down by thugs from the Nazis and Klu Klux Klan. While the killings at first seemed random, later evidence suggested that the killers had been seeking specific victims—leaders of the Communist Workers Party (CWP).

Shortly after its formation in 1979, Western Goals began to prepare a complete dossier on the CWP. In late 1979 it published *Red Tide Rising in the Carolinas*, a detailed study of the CWP and its closely allied Greensboro Coalition. The publication named leaders,

discussed strategy, disclosed meeting places and defined goals. Less than three months later the five were dead.

Whether or not Western Goals' information allowed the Klan and Nazis to pick and choose their targets can only be speculated on. That the information had been gathered and was available is certain.

**O**ne of the most intriguing tales regarding McDonald's nefarious connections is told by Robert Byron Watson. Watson, a former Drug Enforcement Agency (DEA) agent, is currently serving time at the Federal Correctional Institute in Memphis, Tennessee. In an affidavit prepared for the House Subcommittee on Assassinations and in an interview with the *Hudson Valley Chronicle*, Watson details what he feels were McDonald's connections to drug smuggling, organized crime and the assassination of Dr. Martin Luther King.

Working from Atlanta's Maggellon Art Gallery as an evaluator of various artifacts, Watson claims to have overheard two principals of the Gallery discussing killing Martin Luther King on March 28, 1968. Watson had shown up unexpectedly and Harold Eugene Purcell gave him some money to buy cigarettes and get something to eat.

"I didn't want anything to eat so I bought the cigarettes and went back. The front door was ajar and the T.V. on. No one seemed to hear me. I heard Gene Purcell say they were going to shoot that nigger bastard in the head and frame a jailbird. The T.V. was on the news at that time which was telling of Dr. King's leading the strike by the garbage workers. Jerry Adams [another partner in Magellon's] said they would kill Dr. King the next week."

On April 4, 1968—one week later—King was dead. Purcell left the U.S. immediately after the killing and did not return until after James Earl Ray was apprehended and charged.

For the next six years Watson was threatened, cajoled and forced into silence and an ever-deepening involvement with the Maggellon group's illegal activities—particularly drug smuggling. One frequent visitor to Magellon's during this period was, according to Watson, Larry McDonald.

"Herman Jackson [another of Jerry Adams' pals in Magellon's] and Jerry Adams told me they and the syndicate had provided a tremendous amount of campaign funds [for McDonald's con-

gressional race].” Watson further stated that the drugs were being paid for in gold and were coming from Chile via members of that country’s DINA secret police. Watson claims he was later framed on a drug smuggling charge and sentenced to prison.

On the surface Watson’s story seems fantastic, but scrutiny of the Western Goals circle of associates makes it more plausible. McDonald and Western Goals have had a long and close association with DISC and elements of DISC. DISC has been linked to political assassinations.

On April 7, 1970 DISC was publicly tied to the assassination of John F. Kennedy when it was revealed that Lee Harvey Oswald called collect to a top agent of the DISC command at its Raleigh, North Carolina offices.

DISC has also been tied to the assassination of Robert Kennedy. A moonlighting security guard, Thane Eugene Cesar, was witnessed by many observers with his gun drawn and positioned to the right rear of Sen. Kennedy. One news reporter, Donald Schulman, testified that Cesar had fired his gun. Cesar denied firing any shots. California officials, under then-Governor Ronald Reagan, considered Schulman a mistaken witness.

Cesar admitted owning a pistol similar to Sirhan’s but told authorities he had sold it 3 months prior to the assassination. Edgar Tatro, a California researcher, produced a receipt showing the gun was sold three months *after* the assassination and was stolen from its new owner shortly after authorities agreed to perform ballistics tests on it.

Thane Eugene Cesar, a self-avowed anti-Kennedy, anti-Castro, anti-communist right-winger disappeared several years ago. Six weeks prior to the assassination, he had been a security agent for Lockheed Corp. working directly under DISC.

DISC has an office in Atlanta under the cover title of the Defense Department’s “Counter-Intelligence and Security Division.” The organization also has offices in several places connected to James Earl Ray’s travels—Richmond, New Orleans, Montreal, Rome and Memphis itself—under the cover of the Naval Intelligence School where Lee Harvey Oswald was trained in 1957.

McDonald and Western Goals have had close ties to the Chilean regime as well as the international gold trade. Sherman Unkefer, a Western Goals board member is listed as a “strategic and precious



*Did the detailed study of the Greensboro Coalition prepared by Western Goals provide the targets for the Klan and Nazi murders?*

metals trader.” He is also a long-time member of the Birch Society—as was McDonald—and a consultant to the Pinochet regime.

McDonald and Western Goals have been tied to the syndicate via Cohn’s connections to organized crime as well as the documented ties of various intelligence agencies to organized crime figures. Reputed mobster Sidney Korshak and Moe Dalitz’ associate Ruby Kolod, a former Cleveland organized crime figure, both provided funds to McDonald’s campaign.

The prospect of a U.S. Congressman rubbing elbows with known mobsters may seem far fetched, but McDonald himself has been on the wrong side of the law several times. The current LAPD investigation into its missing intelligence files is just the latest in a series of probes into McDonald’s activities. McDonald came under scrutiny several times for prescribing the outlawed cancer drug Laetrile and was sued by the widow of a patient who claimed her husband died as a result of McDonald’s treating him with the drug. During his “well-funded” 1974 campaign he was briefly jailed for failing to pay alimony to his former wife. And in 1977, the U.S. Attorney’s Office in Atlanta investigated charges that

McDonald used the signatures of dying patients on federal firearms registration forms in a scheme to build a cache of illegal weapons. Sources close to the investigation said the scheme had been devised *before* his election in 1972. The investigation quietly petered out with no exoneration or charges being offered.

Watson’s accusations, at least regarding the drug trafficking by principals of the Magellan Gallery were given credence by former Atlanta Public Safety Commissioner A. Reginald Eaves. Eaves who launched an investigation of Watson’s drug-related data said they had proven “at least 95 percent accurate.”

Whether Watson’s statements are true or not they are important enough to beg full attention and investigation. The intimacy he describes between the government and organized crime has been documented. The inter-relatedness of narcotics activities, political assassinations, right-wing movements and the intelligence community has often been hinted at and occasionally documented. It seems to come to a head in the activities of McDonald and Western Goals.

McDonald’s status as a martyr should not get in the way of thorough federal probe of the organization which is his legacy. □