

# The Clinton Team and Blackmail

By J. Michael Waller

**Intelligence and security experts are outraged at the Clinton administration's probable use of blackmail and susceptibility to it as the Congress fails to investigate.**



**C**atching people with their pants down was a prime way of compromising and recruiting them," recalls former KGB general Oleg Kalugin, who was decorated for, among other things, recruiting Americans to spy for Moscow. The Russians call it gathering "compromising material," or *kompromat*. In the West, it's known as blackmail.

After the 1994 elections, when the Republicans took control of the House of Representatives, the Clinton administration ran an alleged dirt-digging

**Dirt diggers:** Clinton's operatives used smear tactics during impeachment to discourage the GOP prosecutors.

operation out of the Office of the White House Chief of Staff, says Gary Aldrich, a former senior FBI special agent on White House duty at the time. "They hired upwards of 36 lawyers to staff the operation to handle 40 different cases," Aldrich tells *Insight*. "Once it became known that they had such an operation, then the blackmail itself took place." It all came in handy when the House impeached President Clinton.

ton. "People like [James] Carville and [George] Stephanopoulos said in the media that there would be a 'scorched-earth policy' and that everyone who had skeletons in their closet would be exposed if they didn't back off the impeachment policy," Aldrich says.

These threats allegedly were carried out during the 1998 impeachment trial of Clinton, when White House operatives and allies such as pornographer Larry Flynt not only dug up dirt on their Republican opponents but openly threatened them with releasing it if they persisted.

House leaders who didn't submit found themselves swamped by embarrassing revelations about their past or present personal lives. Some, such as House Government Reform Committee Chairman Dan Burton of Indiana and House Judiciary Committee Chairman Henry Hyde of Illinois, went public to preempt the revelations. Others, such as House Speaker-elect Bob Livingston of Louisiana, otherwise an able and honorable man, saw their political careers destroyed.

They wouldn't be blackmailed, but their fates would be an example to others. According to Capitol Hill insiders, some Senate Republicans caved under the implicit threat. "One of the things that always bothered me was why senators we thought might be willing to do the right thing [and vote to convict Clinton] backed off," David Schippers, the Democratic Chicago lawyer who led the impeachment investigation, tells *Insight*. "I still have in the back of my mind some thought that Filegate had something to do with it."

Filegate is, of course, the still-unresolved scandal of the FBI's illegal transfer to Clinton political operatives in the White House of the secret, personal background files of at least 900 Republican former officials. Those files, security experts say, are filled with raw, unverified information of the most personal and often lurid kind. Schippers says he believes the White House or its designees used leads from some of those files to blackmail lawmakers on Capitol Hill. Congress, despite his urging, has failed to probe the matter.

Blackmail, whether by political hacks or foreign spies, can be crude or sophisticated. Some consists merely of confronting the targeted victim with compromising documents, photos or videotapes. But it's usually done more subtly. Dan Moldea, who was one of pornographer Flynt's lead investigators, denies blackmail in a rambling self-defense: "No member of our team ever approached any of our targets

and posed any threats and/or ultimatums — or participated in any other activity that could even remotely be viewed as blackmail or extortion.” That would be illegal. But Aldrich says “blackmail is implied,” and the recipient gets the message.

*Kompromat*-type blackmail might work to hold a politician at bay or extort policy decisions. But in the intelligence world it usually isn’t enough to recruit someone as an effective agent under operational control. A 1989 KGB training manual on recruitment of foreigners titled *Political Intelligence From the Territory of the USSR*, obtained by *Insight*, says that recruitment based purely “on the basis of *kompromat*” is “especially risky” because it often produces a resentful or unreliable spy. *Kompromat* can be a good starting point from which to begin recruitment, but often it takes place after the intelligence service carefully has studied the target’s personality and background to detect vulnerabilities.

“Intelligence subunits working in cooperation with counterintelligence organs take timely measures to ensure that the agent recruited on the basis of *kompromat* is ‘converted’ into an ideological or moral-psychological basis,” according to the KGB manual, which was obtained from a former Soviet republic.

This “moral-psychological basis,” the manual states, “represents a broad spectrum of moral, psychological and emotional factors. Separate elements partly include: careerist ambitions, considerations of prestige, feelings of revenge, hate and love, nostalgia, personal sympathy for the operational worker or agent, and fear of the consequences of illegal actions which have been committed.” In other words, in the last case, blackmail involves fear of exposure as a spy.

*Kompromat* breeds *kompromat*: To seal the recruitment of an individual who has no present access to secrets, the KGB often would direct the target “to collect descriptive and especially compromising information about his countrymen.” A former senior U.S. intelligence officer tells *Insight*, “Russia has no strategic or ideological leverage on us any more. All they’ve got is money and *kompromat*. Of course it’s going to play in their relations with us.”

Asked about the Clinton sex scandal when it broke in early 1998, Russian Foreign Intelligence Service Director Vyacheslav Trubnikov told a Russian newspaper, “Our intelligence service some time ago anticipated that power-

ful pressure would be brought down to bear on the U.S. president and that it would be exerted in various fields, including this one.”

Do we know how such pressure was exerted? That question seemed to escape a Senate that acquitted Clinton. But former senator Sam Nunn, the Georgia Democrat who won a reputa-

## House leaders who didn't submit found themselves swamped by embarrassing revelations about their past or even their present personal lives.



**Flynt:** The pornographer helped Clinton by investigating the sex lives of leading Republicans in Congress.

tion as one of Washington’s foremost national-security experts, was deeply worried about Clinton. Nunn warned that the president had opened himself — and the country — to blackmail by foreign spy services. “For people to say that the president of the United States having — allegedly — telephone sex, is strictly private, has nothing to do with official duties,” Nunn told CNN in January 1999, “means they’ve never been acquainted with the world of espionage and the world of blackmail.” Nunn said that questions about Clinton’s phone sex should be treated as a national-security issue:

“It seems to me that the [Senate] Intelligence Committee and the Armed Services Committee must ask the question about espionage.”

Nunn’s concerns, security experts say, should be prompting serious congressional scrutiny. “And, certainly, the White House is one of the most targeted places in the world in terms of foreign espionage. And so you have to ask the question: What if a foreign agent heard a young woman carrying on discussions and then tapped her telephone? Those are the kinds of consequences and risks and dangers any time the president has conversations on the phone which could be intercepted and could be embarrassing to him personally.”

Nunn added, “I have no idea whether there was any kind of intercept here. I’m not on the committees, but those questions have to be asked because you don’t want any president, or any high-ranking official, in a position to be leveraged by any kind of foreign power or even domestic source. So that’s the danger here. And private conduct that can be used in that way becomes a matter of great public concern.”

Great concern, indeed. Nunn fingered the ugly truth that politicians on both sides of the aisle would rather avoid: how the way they conduct their personal lives can affect their public and constitutional duties. Nunn has not spoken about the issue since and does not plan to, according to an aide. He was unavailable to comment for this story. Both houses of Congress seem to have washed their hands of the matter.

The question is, why? And that brings us back to Filegate. The KGB and other intelligence services devote huge resources to investigating the backgrounds of foreigners they seek to recruit. To limit the potential for foreign-espionage recruitment of U.S. citizens, career civil-service, foreign-service, military and intelligence officers place all their trust in a bureaucratic vetting process designed to assess their good character and to detect if they can be subjected to blackmail or otherwise be induced to betray the country. They voluntarily submit to close scrutiny of their private lives in order to be entrusted with the nation’s secrets. They have placed their complete trust in the system that trusted them.

That is, until Filegate, when the FBI and the White House broke the seal of faith.

Former FBI special agent Aldrich has conducted more than 10,000 back-

ground interviews on about 2,000 individuals. "We look at a potential blackmail issue," he tells *Insight*. "Especially when we know that a spouse will generally cause great havoc in the person's life. That is the hammer held over the head of the person undergoing the background investigation." The hammer, he says, could be adultery, perversion, drug use or information of a financial or criminal nature that the individual fears being exposed lest it ruin a reputation, career or marriage.

"Once the [questionable] activity is discovered, the question is, 'Are people who are close to you aware of your conduct?' If the answer is yes, we ask if we can confirm that. If the answer is no, we suggest that they have to disclose it to the parent or loved one and then we confirm it, or that they drop out of consideration [for a sensitive government post]. So that's one way it works," explains Aldrich, who now heads the Patrick Henry Center for Individual Liberty, which supports the right of government workers to engage in ethical dissent from policy.

The system has worked for more than a half-century, with total confidence that the material in one's background file always would be protected against leaks or misuse. However, says Aldrich, other former and current FBI agents, officials from the CIA, Defense Intelligence Agency, or DIA, and other security and intelligence services also believe that the system has broken down under the Clinton administration.

Seasoned counterintelligence professionals are outraged, and some blame not only the Clintons but the FBI director. "It was the height of irresponsibility for Louis Freeh to allow this to happen," a veteran tracker of Russian spies tells *Insight*. "That was a disgrace. He broke faith with millions of people on that one. The buck stopped with him. He knew what was going on."

Even Third World dictatorships ran operations to entrap, blackmail or extort U.S. congressmen and senators. And it's nothing new. In the 1980s, Panama's then-dictator Manuel Noriega kept some potential Senate critics at bay, well-connected Panamanian sources tell *Insight*, by hosting them at a special resort on exotic Contadora Island. There, in private compounds,

## At least three U.S. senators still serving allegedly engaged in activity at Noriega's exotic resort on Contadora Island that could have subjected them to blackmail.



**Aldrich:** He says that the personal background files of government officials are not secure under Clinton.

Noriega's agents were able to cater to the senators' every whim — and recorded the activities. Those sources name at least three U.S. senators still serving, two Democrats and a Republican, who allegedly engaged in activity that could have subjected them to blackmail.

Panama is a hotbed of gossip and conspiracy theories, but former senior U.S. government sources who served in Panama confirm seeing intelligence traffic concerning Noriega's operation to co-opt U.S. politicians, including senators, at his Contadora Island compound. "That could explain one of the reasons why Noriega escaped congressional scrutiny of his atrocious records on human rights and corruption," says a retired U.S. military officer who dealt with Noriega and Congress.

Long-term intelligence operations can span generations, moving from father to son. That's how it was with Julius Hammer and his son Armand,

who laundered money to establish the first Soviet espionage networks in the United States and who waged an espionage and agent-of-influence campaign for Moscow that began under Vladimir Lenin and outlived the Soviet Union, ending with the younger Hammer's death. Some U.S. intelligence professionals have viewed with deepening concern the two generations of relations between Armand Hammer and the family of Vice President Al Gore.

In a recent cover story on Gore's lifelong connection with Hammer, *Insight's* John Elvin quoted Center for Public Integrity Director Charles Lewis as saying, "Al Gore's relationship to the late Armand Hammer is important for many reasons" (see "Gore Family Ties," May 22). Among them: "There is no U.S. company that Gore is closer to, financially or socially, than Occidental [Petroleum Corp.], one of the most controversial in America." Elvin reported, "FBI Director J. Edgar Hoover had been observing Hammer's operations since the 1920s and was well-aware of his role as a Soviet agent, but Hoover also was aware of the political realities."

"During the Franklin Roosevelt administration, when Hoover was gathering power and building the FBI into a first-class investigative agency, Hammer was all but invulnerable due to close ties

as a White House regular and benefactor of Eleanor Roosevelt. Later, Al Gore Sr. chaired the Senate committee overseeing FBI activities. Through Gore and other top Washington connections, Hammer continued to checkmate Hoover."

Former Hammer personal assistant Neil Lyndon said that the Soviet agent liked to claim that he had the elder Gore "in my back pocket." Lyndon said that when he worked for Hammer the younger Gore, now vice president, often dined with Hammer and did political favors for him. Gore Jr. orchestrated VIP treatment for Hammer during President Reagan's 1981 inauguration and the 1989 inauguration of President Bush. Gore and Hammer appeared together in Moscow for a Soviet-orchestrated meeting in 1987 of Physicians Against Nuclear War.

"Why did Gore Jr. allow himself to be so closely embroiled in a compro-

(continued on page 25)

## BLACKMAIL

(continued from page 16)

missing connection with such an unalloyed crook?" asked Lyndon. "He had little choice. He inherited from his father the mantle of being Hammer's principal boy in Washington. Gore's father effectively delivered his son into Armand Hammer's back pocket."

Even though Hammer has been dead for eight years, the vice president and would-be successor to Clinton still is in the pocket. He recently told reporters that he does not own any stock, except for a chunk of Occidental shares in his late father's trust that he administers for his mother and the rest of the family.

"Are you unwilling to ask the public if they want a president who owes his personal family wealth to a known Soviet agent?" challenges a retired senior CIA official. "That's not in the past. That's the future. One of the first [Soviet] goals is to perpetuate the value of the operation. They fill up files with information the subject knows is there." Gore has stated that there was nothing improper about his relations with Hammer, but he is notoriously sensitive about the questions.

Blackmail has a variety of targets in Washington. Secret personnel information has been misused, often illegally, to blackmail career officials within the federal bureaucracy to toe the

administration line on a range of defense, foreign-policy, national-security and law-enforcement issues, sources say. "They will pull such things as your financial-disclosure forms and find a variety of ways of putting pressure on you," a longtime intelligence

## Secret personnel information has been misused to blackmail career officials within the federal bureaucracy to toe the Clinton-Gore administration line.

officer at a large security agency tells *Insight*. "They have a number of leverage points that they can use against people in the structure that constitutes blackmail.

"People get the message on that, and they behave accordingly," the security-agency source says. "You're dealing with human nature. People have jobs and families, and when they

get into a position of GS-15 or SES [senior civil service and senior executive service pay grades] and colonel or general or admiral, their kids are in college, right? They're vulnerable. There are a lot of leverage points on people. From my experience in the bureaucracy, I have never seen, never ever seen, it this bad."

"When you have the abuse of power and authority at senior levels, it has a very corrosive effect on the bureaucracy," a military-intelligence veteran tells *Insight*. "The bureaucracy refuses to stand up to that kind of pressure. You never get a senior official in the DIA or anywhere else going to bat for their people. They don't protect their people any more."

Those who don't submit to blackmail, under the Clinton-Gore rules, simply are destroyed. "Look at what happened to Linda Tripp," says a former Pentagon colleague. Tripp is the career civil servant stationed at the White House in whom Monica Lewinsky confided her liaisons with Clinton and who recorded the conversations and passed them to the special prosecutor when Lewinsky allegedly asked her to commit a felony. "There was a youthful indiscretion in her personnel file, and look at what they did with that," says her former colleague.

"Once you get the politicians abusing power, the protection of the bureaucracy itself is only as good as the integrity of the senior civil servants. If they're intimidated by power, they lose their protection. That is accessed by them, the same way [Assistant Defense Secretary Kenneth] Bacon betrayed Linda Tripp's file, which should have been protected. Once the pattern of abuse from on high for violating confidentiality starts, it's very hard to protect down in the bureaucracy."

It happened to Tripp and to volunteer Kathleen Willey in the White House as well as in the Office of Naval Intelligence to Lt. Cdr. Jack Daly, who angered the administration by refusing to go along with a cover-up of a Russian spy ship that injured his eyes with a laser (see "Fixing a Photo to Fit a Policy," Feb. 14).

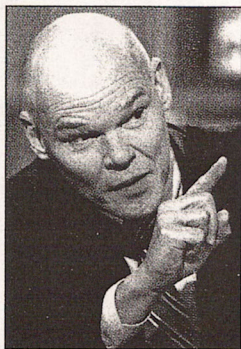
The Clinton-Gore politicization of private personnel files has shattered many a professional's faith in the system. "My civil-libertarian nodes are more sensitive than they were before," says a 30-year intelligence veteran. "I have a little sensitivity for the civil libertarians that I never thought I would have. I don't trust the government any more."

## What Would an Individual's FBI File Contain?

Individual security background files can be full of the most embarrassing and damaging information — and disinformation — imaginable, say those involved in the security-clearance process. Almost everyone has a skeleton in the closet. It's up to government lawyers and review panels to try to determine what aspects about one's present or past might preclude someone from holding a sensitive post.

"Background investigations turn up raw, raw data," says a senior U.S. intelligence officer. "Hearsay, vendettas — that's raw stuff. That stuff doesn't get filtered." It all goes into the file for evaluation: childhood offenses and youthful indiscretions, mental-health records, past substance abuse or venereal disease, employment histories, financial records and more.

For people holding senior posts, the investigations are even more intrusive. "Your spouse is investigated, too. Your personal life, your bank accounts, your investments, everything is in there. If you're GS-15 or above, the excruciating detail, down to the numbers of your bank accounts" go into the file, according to a senior officer at a large security agency. "And they get down to the neighbors, friends, relatives. Anything can get [into the file]. A lot of people have this inordinate respect for power, and they feel like they have to tell everything [to investigators]. All of this goes on, and it's raw, raw, raw data. Would you like Hillary playing with that stuff? Or any of those other creeps? Snakehead Carville, plowing through your personal family life?"



Carville: Tells secrets.

M. SMITH/NEWSMAKERS

— JMW