



The unmistakable Otto Skorzeny with Adolph Hitler.

UNITED STATES GOVERNMENT  
**Memorandum**  
 DEPARTMENT OF THE TREASURY  
 UNITED STATES CUSTOMS SERVICE

DATE: **JUL - 8 1936**

FILE: **[REDACTED]**

TO : All Port Directors *Response is due within 30 days.*

FROM : Assistant Commissioner  
 Office of Field Operations *Forwarded by 8/16/36*

SUBJECT: Documents Related to Money Laundering Activities Occurring at Mesa Airport, Arkansas

**RECEIVED**  
**JUL 24 1936**  
 U.S. CUSTOMS SERVICE

The House Committee on Banking and Financial Services is requesting Customs to make available to the Committee all documents and communications in Customs possession related to alleged money laundering and drug activities occurring at Mesa Airport, Arkansas. Attached for your review and action is the Committee's letter and several Attachments listing individuals, firms, case numbers etc. The Committee requests Customs search its records for information and documents related to the information contained in the Attachments to the Committee's letter.

All divisions within Customs are being asked to review their files for any information on this matter. From Field Operations, I am asking Inspectors, Import Specialists, Cruise Officers, Fines and Penalty Officers, and all other Customs officers in our division to review their files, notes, and any documentation that exists on the information contained in the Attachments. Please do not conduct or submit information from Customs automated databases because the Office of Information and Technology is in the process of searching pertinent Customs automated databases for this information. We are interested in paper records that you may have locally and not kept in a Customs Substantiated database.

Please have all your personnel review the attached information and forward any discovered relevant paper records to the Passenger Operations Division at Headquarters. We need negative as well as positive responses. This means that if no relevant paper records are discovered, it is necessary to document that fact and forward such information to the Passenger Operations Division. We recognize that this undertaking is rather



Tesla with King Peter II of Yugoslavia at the Hotel New Yorker July 15, 1942. It is strange that Tesla, one of the most brilliant inventors ever, would die penniless and his "trusted assistant", according to Otto Skorzeny and some strangely corroborating records, was "George H. Scherff, Sr." Tesla died January 6, 1943. "

<http://www.proliberty.com/observer/20070405.htm>

<http://www.whatreallyhappened.com/RANCHO/POLITICS/MENA/mena.php>

Once, Mr. Spence's influence with the Washington power elite appeared almost limitless, demonstrated by his ability to arrange midnight tours of the White House. **The Times has confirmed that Mr. Spence arranged at least four midnight tours of the White House, including one June 29, 1988, on which he took with him a 15-year-old boy whom he falsely identified as his son.**

One man Mr. Spence apparently cultivated was a uniformed Secret Service officer assigned to the midnight shift at the White House. The officer, Reginald A. deGueldre, was interrogated for more than 10 hours last week about his association with Mr. Spence. Five Secret Service agents, armed with search warrants, searched his house for nearly two hours Friday night, although they wouldn't say what they were looking for. The agents seized several photographs from Mr. deGueldre's home.

Mr. deGueldre said he has been told he will be called to testify before a federal grand jury. According to one law enforcement official, Mr. deGueldre failed the portion of a polygraph test involving favors he may have done for Mr. Spence.

SUNNY  
 WASH. DC., JUNE 29, 1989

# The Washington Times

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## Homosexual prostitution inquiry ensnares VIPs with Reagan, Bush

### ‘Call boys’ took midnight tour of White House

By Paul M. Rodriguez and George Archibald  
© 1989 The Washington Times

A homosexual prostitution ring is under investigation by federal and District authorities and includes among its clients key officials of the Reagan and Bush administrations, military officers, congressional aides and U.S. and foreign businessmen with close social ties to Washington's political elite, documents obtained by The Washington Times reveal.

One of the ring's high-profile clients was so well connected, in fact, that he could arrange a middle-of-the-night tour of the White House for his friends on Sunday, July 3, of last year. Among the six persons on the extraordinary 1 a.m. tour were two male prostitutes.

Federal authorities, including the Secret Service, are investigating criminal aspects of the ring and have told male prostitutes and their homosexual clients that a grand jury will deliberate over the evidence throughout the summer, The Times learned.

Reporters for this newspaper examined hundreds of credit-card vouchers, drawn on both corporate and personal cards and made payable to the escort service operated by the homosexual ring. Many of the vouchers were run through a so-called "sub-merchant" account of the Chambers Funeral Home by a son of the owner, without the company's knowledge.

Among the client names contained in the vouchers — and identified by prostitutes and escort operators — are government officials, locally based U.S. military officers, businessmen, lawyers, bankers, congressional aides and other professionals.

Editors of The Times said the newspaper would print only the names of those found to be in sensitive government posts or positions of influence. "There is no intention of publishing names or facts about the operation merely for titillation,"

said Wesley Pruden, managing editor of The Times.

The office of U.S. Attorney Jay B. Stephens, former deputy White House counsel to President Reagan, is coordinating federal aspects of the inquiry but refused to discuss the investigation or grand jury action.

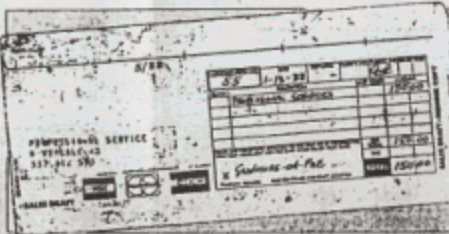
Several former White House colleagues of Mr. Stephens are listed among clients of the homosexual prostitution ring, according to the credit-card records, and those persons have confirmed that the charges were theirs.

Mr. Stephens' office, after first saying it would cooperate with The Times' inquiry, withdrew the offer late yesterday and also declined to say whether Mr. Stephens would recuse himself from the case because of possible conflict of interest.

At least one highly placed Bush administration official and a wealthy businessman who procured homosexual prostitutes from the escort services operated by the ring are cooperating with the investigation, several sources said.

Among clients who charged homosexual prostitute services on major credit cards over the past 18 months are Charles K. Dutcher, former associate director of presidential personnel in the Reagan administration, and Paul R. Balach, Labor Secretary Elizabeth Dole's political personnel liaison to the White House.

In the 1970s, Mr. Dutcher was a congressional aide to former Rep. Robert Bauman, Maryland Republican, who resigned from the House after he admitted having engaged in sexual liaisons with teen-age male



see PROBE, page A7

# Lobbyist Is Arrested in New York

Craig J. Spence, a Washington lobbyist who is a subject of a Federal investigation of male prostitution in Washington, is facing cocaine and gun possession charges in New York, the Manhattan District Attorney's office said yesterday.

Mr. Spence, 48 years old, was arrested July 31 at the Barbizon Hotel at 140 East 63d Street in Manhattan. Gerald McKelvey, a spokesman for District Attorney Robert M. Morgenthau, said Mr. Spence had called the police to say a man in his room had just robbed him of \$6,000 at gunpoint.

When the police arrived, Mr. McKelvey said, they found Mr. Spence and another man, Casey Regan, 22, in the room arguing. Mr. Spence told the police that Mr. Regan had stolen a gun from him and then used it to rob him. The police also found a small amount of cocaine in an envelope, Mr. McKelvey said.

Mr. Spence was charged with criminal possession of a loaded .32-caliber



Craig J. Spence, who faces cocaine and gun charges.

# A Lurid, Mysterious Scandal Begins Taking Shape

By WILLIAM ROBBINS  
Special to The New York Times

OMAHA, Dec. 15 — For several weeks a Federal investigation has riveted attention here on a failed local credit union formed to help the poor, on \$38 million that it is missing and on its manager, a nationally active Republican politician whom the Government accuses of embezzling at least some of the funds.

Now the inquiry, joined by state investigations, is widening and has begun to take on the stark trappings of lurid melodrama.

The collapse of the credit union and the Government's lawsuit alleging embezzlement were the extent of the case, at least on the public record, until last Monday. Then rumors that had been circulating in Omaha for much of the last month made their way into remarks presented to the Executive Board of the State Legislature in Lincoln. The speaker was State Senator Ernie Chambers of Omaha, who said he had received numerous reports, to which he clearly gave credence, that instances of child sexual and physical abuse were linked to the scandal.

Mr. Chambers did not describe the

ports of sexual abuse and that they were a subject of its own criminal inquiry into the credit union affair. And the office of the Nebraska Attorney General said it had directed the state police also to investigate the reports.

If sensation has begun to characterize the case, so has mystery. The various investigators, their efforts barely begun, decline to speak of them in detail. Mr. Chambers himself says he wants to disclose just enough to encourage those with information on the

## Reports of sexual abuse add to a theft case.

affair to give testimony before the legislative committee.

AS a result, there are these large gaps in public knowledge about the case, among others:

• If child prostitution was involved, how vast was it?

• If foster homes were involved

dren were transported or paid with any of the money that the Government's suit accuses him of diverting from the Franklin Community Federal Credit Union.

The suit was brought last month in Federal District Court here, where Mr. King has filed a motion denying all the allegations of embezzlement.

Mr. King's lawyer, William Morrow, has declined to make him available for press interviews. But Mr. Morrow said his client contended that personal payments and contributions of more than \$4 million that Mr. King made this year and last, all of them itemized by the Government in documents that it filed with its suit, had come from his own accounts at the credit union. Records to support that contention are not available, Mr. Morrow said, because all the credit union's papers have been seized by Federal agents.

As for the inquiries into sexual abuse, Mr. Morrow noted a World-Herald article Tuesday in which Mr. O'Hara, the F.B.I. agent, was quoted as saying, "We are looking for credible witnesses."

"I think," said Mr. Morrow, "that he is saying the F.B.I. has no credible evi-



Associated Press

Lawrence E. King Jr., manager of the Franklin Community Federal Credit Union, which is the focus of widening inquiries.

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# The Franklin Cover-up

The shut-down of Omaha, Nebraska's Franklin Community Federal Credit Union, raided by federal agencies in November 1988, sent shock waves all the way to Washington, D.C. \$40 million was missing. The credit union's manager: Republican Party activist Lawrence E. "Larry" King, Jr., behind

whose rise to fame and riches stood powerful figures in Nebraska politics and business, and in the nation's capital.

In the face of opposition from local and state law enforcement, from the FBI, and from the powerful *Omaha World-Herald* newspaper, a special Franklin committee of the Nebraska Legislature launched its own probe. What looked like a financial swindle, soon exploded into a hideous tale of drugs, Iran-Contra money-laundering, a nationwide child abuse ring, and ritual murder.

Nineteen months later, the legislative committee's chief investigator died—suddenly, and violently, like more than a dozen other people linked to the Franklin case.

Author John DeCamp knows the Franklin scandal from the inside. In 1990, his "DeCamp memo" first publicly named the alleged high-ranking abusers. Today, he is attorney for two of the abuse victims.

Using documentation never before made public, DeCamp lays bare not only the crimes, but the cover-up—a textbook case of how dangerous the corruption of institutions of government, and the press, can be. In its sweep and in what it portends for the nation, the Franklin cover-up followed the ugly precedent of the Warren Commission.



Senator John W. DeCamp

During 16 years in office, former state Senator John DeCamp was cited, even by his enemies at the *World-Herald*, as one of the most effective legislators in Nebraska history. A highly decorated Vietnam War veteran, in 1975 he initiated Operation Baby Lift, which evacuated 2,800 orphaned Vietnamese children. He practices law in Lincoln, Nebraska, is married, and is the father of four children.

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