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SUBJECT Generals Collins And Keegan

MIKE WALLACE: It's not often that the U.S. Government hauls a two-star general into court on criminal charges, but that's exactly what the Justice Department has done in the case of retired Air Force Major General Richard Collins, who faces trial on charges of embezzling $19,000 from a secret Air Force fund. What makes the story even more remarkable is that General Collins is threatening to reveal top military secrets, if necessary, to defend himself in court.

One such secret concerns the purpose of that Air Force fund. Although neither the government nor General Collins will say so, it turns out the fund was set up as part of a contract between the U.S. Air Force and the Lockheed Aircraft Corporation to, in the words of the contract, to bribe foreign officials in the '60s and '70s to assure the success of a clandestine spy flight program. But that's only one of the secrets Collins may be privy to.

Who is General Collins? One man who knew him was Rear Admiral Eugene Carroll, now retired. Carroll worked closely with General Collins in the U.S. European Command Headquarters during the mid-1970s.

REAR ADMIRAL EUGENE CARROLL: He was in charge of all of the most sensitive war plans of the United States of America in Europe.

WALLACE: How sensitive a job?

ADMIRAL CARROLL: It can't get any more sensitive.

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WALLACE: What kind of security clearances did he have to have to do that job?

ADMIRAL CARROLL: Every one that we give. The United States Government doesn't issue clearances that Rick Collins didn't hold.

WALLACE: The impression one gets is that he is now determined, determined, to defend himself against the charges on which he's been indicted all the way up to and including saying, "Listen. You come after me, my friends, and I'll tell a few secrets."

ADMIRAL CARROLL: Rick Collins is a competitor. He's not going to lay down to anybody, and he's going to get in there and mix it up. That's fighter pilot all the way.

WALLACE: Collins was indeed a highly decorated fighter pilot during the Vietnam War. He went from the U.S. Naval Academy in 1953 to retirement 25 years later as an Air Force major general with commendations from his superiors.

While Collins was the man in charge of U.S. war plans operations in Europe in the middle '70s, he was also made custodian of a mysterious Swiss bank account. That account contained some $450,000 in Air Force money earmarked for clandestine intelligence operations in Southeast Asia. And it was that account, the Department of Justice now claims, from which General Collins embezzled interest in the amount of $19,000.

General Collins agreed to talk with us, but he would not discuss the classified projects the money was supposed to fund. He wouldn't discuss them for a good reason. He hopes the threat of his revealing those opeations in court will cause the U.S. Government to drop all charges against him.

MAJOR GENERAL RICHARD COLLINS: The ludicrous part about this is that if I'd been in the mode to try and rip the government off, I could have used that money and made over a million dollars in those two years, no problem whatsoever.

WALLACE: What kind of secret information may General Collins be sitting on? We have learned from government sources that the secret fund was set up in April of 1965 when the U.S. Air Force entered into a top secret deal with Lockheed Aircraft to help the United States set up covert spy operations in Southeast Asia plus surveillance overflights of the People's Republic of China. The undertaking was code-named Operation Buttercup.

According to the contract, Lockheed was to set up two

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bank accounts in Geneva, Switzerland for the operation. And as part of the deal, the Air Force said that Lockheed would, quote, be reimbursed by the government for bribes to foreign officials incident to the aircraft airworthiness inspection and registration. Which simply meant that Lockheed was to be reimbursed for any monies spent on bribes to foreign officials to insure that two C-130 aircraft used in the operation could be flown from foreign soil with no questions asked.

The operation headquartered out of Norton Air Force Base in California from 1965 until the operation was terminated in 1972.

The three men who signed the document declined to talk to us on-camera: Duane Wood, formerly President of Lockheed California; Murray Kamerow, at that time an attorney with the Defense Department, now teaching at American University in Washington; and James Richards, now retired as a lieutenant colonel from the Air Force.

However, Murray Kamerow told us off-camera that as far as he remembers, it was Lockheed that insisted that the word bribe be written into the agreement for the company's own protection. And Richards told us that bribery is the only way you can get things done overseas.

Former Senator Frank Church chaired a 1975 Senate hearing by his Multinational Corporation Subcommittee involving some of Lockheed's top people who admitted they had been bribing heads of state not for spy operations, but to stimulate the sales of Lockheed aircraft.

What if I were to tell you, Senator Church, that as early as 1965 the U.S. Government, in cooperation with the Lockheed Corporation, entered into a top secret deal with Lockheed to help the U.S. Government set up covert spy operations in Southeast Asia and China; and as part of the contract, the U.S. Government said that Lockheed would be, quote, reimbursed by the U.S. Government for bribes to foreign officials incident to the aircraft airworthiness inspection and registration?

SENATOR FRANK CHURCH: Well, I'd be shocked. I thought I was shock-proof. But in the course of our investigation of the multinational corporations, we did not uncover any evidence of that kind.

Now, was this an Air Force contract or was it a CIA arrangement?

WALLACE: It was a U.S. Air Force contract.

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SENATOR CHURCH: An Air Force contract.

Well, that is -- that's shocking, because I don't know of a case before where the armed forces of the United States engaged in that kind of misconduct.

WALLACE: Had you known about this at the time of your hearings in the Senate, would those hearings, in any way, have been different, Senator Church?

SENATOR CHURCH: If we had known about or even suspected this, we certainly would have exposed it. At the time, our focus was on the conduct of big American companies. And it never occurred to us that the government might have been involved in the Lockheed case.

REP. ALBERT GORE: This particular document represents a threat to embarrass the government far more than a threat to seriously harm the national security.

WALLACE: Tennessee Congressman Albert Gore of the House Committee on Intelligence was given a top secret briefing on the Collins affair by the U.S. Air Force and by the Justice Department.

What was the secret fund, this secret bank account set up for?

REP. GORE: Well, this secret fund was involved in an operation almost 20 years ago that was designed to help our forces during the early stages of the Vietnam War.

WALLACE: Overflights over the People's Republic of China? Overflights over North Vietnam? Over North Korea?

REP. GORE: Without confirming the details of this particular operation, it was designed to infiltrate people into North Vietnam to assist in our conduct of the Vietnam War.

WALLACE: Spy drops from these C-130s into North Vietnam.

REP. GORE: Essentially, that's what was involved. Yes.

WALLACE: Did the spy drops take place?

REP. GORE: A number of them did. Yes.

WALLACE: Air Force General George Keegan headed U.S. Air Force Intelligence between 1971 and '77, and he doubts that the Air Force ran the project. Though he says he is unfamiliar

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with Operation Buttercup as such, he speculates that it was probably run by the CIA.

GENERAL GEORGE KEEGAN: And I'm not certain what the Air Force would have gained from these operations, if anything.

WALLACE: By dropping spies into North Vietnam?

GENERAL KEEGAN: By dropping spies into North Vietnam. If there's anything that we in Air Force Intelligence have understood since the '50s, is that spy operations are the most unproductive, unlucrative, unpromising area in which to put one's intelligence resources.

WALLACE: Why go after General Richard Collins now, if this is going to be an embarrassment to the U.S. Air Force, to the CIA, to the U.S. Government? And conceivably Collins knows some other things that he will produce or adduce in his defense.

ADMIRAL CARROLL: I am totally perplexed by this. I can find no rationalization or adequate explanation for this action. I'm just simply aghast that anything like this would have been undertaken, and doubly surprised that the Department of Justice seems to be the source.

WALLACE: He has reason to be aghast, because General Collins now says that he will expose military secrets, if necessary, to defend himself at trial.

In fact, the Justice Department, though they would not talk to us about the matter, did tell Congressman Gore of their concern about what might be revealed at trial.

REP. GORE: General Collins and his attorney are threatening to disclose information orally, as well as in written form, in response to the questions at the trial and in responses to the charges made that really could seriously damage the national security. This contract is probably -- is not in that category. Other information that he could disclose could seriously damage the national security.

WALLACE: Can you embarrass the government in your testimony in court?

REP. GORE: I think I could, through my lawyer, have some very hard questions asked.

WALLACE: Attorney Steven Bronus (?) represents Collins, and we asked Bronus about a federal law designed specifically to handle cases like the Collins case.

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WALLACE: The so-called graymail statute was created so that a man who allegedly committed a crime can't blackmail the government into withdrawing the charges against him. In other words, the government will say, "We're not going to bring you to trial. You're going to reveal too much."

STEVEN BRONUS: That's true. And the prosecutors have labeled it graymail. And perhaps in the few cases that have preceded this one under the statute in question, it was a proper nomenclature, because in those cases what you had was a defendant who was trying to utilize his knowledge of secrets in a collateral fashion. They weren't really relevant to what he was charged with doing. And he was trying to use that to say, "Hey. If you push me, I'll push you from another direction."

WALLACE: Collins, General Collins is not saying that?

BRONUS: Absolutely not. Everything that the government has accused him of and is charging him with doing surrounds the various bank accounts that we're now saying, "Hey, yeah. If you're going to put this man on trial, these bank accounts are going to become the public's domain. And we reserve the right to talk about it."

WALLACE: General Collins says he tried to close out the secret fund, but his superiors insisted that it be kept open. For several years, some of the country's highest-ranking generals made decisions on that $450,000 fund. Among them: General George Brown, head of the Joint Chiefs; General Robert Heiser; and General David Jones, at the time Air Force Chief of Staff.

GENERAL COLLINS: I went in and said, "Hey. Let's close this baby down." And General Heiser said, "Okay. I'll check with General Brown." And General Brown said to keep the thing open.

WALLACE: You mean to say that the Chairman of the Joint Chiefs of Staff, General George Brown, now dead, was involved in this and told you to keep that account going?

GENERAL COLLINS: Yes, sir.

WALLACE: Conceivably, the Department of Justice has reason to be concerned about what might happen at the trial, since General Collins is not your typical two-star general. According to Admiral Carroll, Collins' lifestyle in Europe should have signaled trouble long ago.

ADMIRAL CARROLL: He lived a rather unconventional life.

WALLACE: In other words, wine, women and song.

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ADMIRAL CARROLL: I never heard Rick Collins sing.

WALLACE: But how can a man in a job as sensitive as you suggest this one was, Admiral Carroll, how can he do it?

ADMIRAL CARROLL: He did it, and it didn't seem to attract the attention that you would think it would. Here's a man with the most sensitive responsibilities we can assign anybody, and he was giving some of the classic symptoms of people who could be a security risk. He was spending a lot of money on his lifestyle. He had a gold-colored Porsche that moved along the autobahns at jet speed, and he covered a lot of territory in Europe.

GENERAL COLLINS: I think [unintelligible] respond partially to that. My wife didn't want to go to Europe with me. And so I lived in the BOQ there. And I'm sure that there were a few people that were eating their hearts out.

WALLACE: With the security clearances that you had, how in the world could you get involved with women who might want to take advantage of those security clearances?

GENERAL COLLINS: I never went out with anybody that didn't have the same-level security clearances I did.

WALLACE: Oh, really?

GENERAL COLLINS: Yes.

WALLACE: In other words, they were women who worked for -- whether it was the Air Force or the CIA, or whatever, who were...

GENERAL COLLINS: Yes. Surprise you?

WALLACE: So you could talk shop on your...

GENERAL COLLINS: No, no. We never talked shop.

WALLACE: But even if you were to talk shop in your sleep, you wouldn't be telling the lady any secrets that she didn't already know.

GENERAL COLLINS: That's correct.

WALLACE: In effect, General Collins, the U.S. Government is calling you a crook, and they're willing to take you to court to prove it. And you say?

GENERAL COLLINS: Let 'em give it their best shot.

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WALLACE: The final irony in this story: that the Justice Department's hot pursuit of an alleged $19,000 embezzlement by General Collins has now led to revelations that would have remained secret if the government had not prosecuted this case in the first place.

Were any bribes actually ever paid? According to Congressman Gore, the government isn't sure, since all of the records surrounding this matter have now been destroyed, Gore says. Perhaps, he says, by General Collins.

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