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in court

Claims against Rewald firm top $11 million

Claims against Ronald Rewald's bankrupt company topped $11 million yesterday with the filing of a $1.3 million claim by Cecelia G. McCormick of Honolulu.

The claim, largest filed so far against the firm of Bishop, Baldwin, Rewald, Dillingham and Wong, was submitted for McCormick by attorney Arthur Reinwald.

Rewald

Hayes

Thomas Hayes, administrator for the company in the bankruptcy proceedings said McCormick last year gave Rewald control over assets from a trust fund she held at Mellon Bank in Pittsburgh. Hayes said the assets, many in the form of securities were converted to cash and placed in an account with Bishop Baldwin.

The latest claim brings the total to within a million of the $12 million which Hayes has estimated is owing to investors. Hayes has said there is only about $2 million left in assets.

But there are still nearly 190 investors who have not submitted claims, if Hayes count of investors — 418 — is accurate. The McCormick claim is number 235 to date.

Rewald is being held in state prison in lieu of $200,000 bail on two theft charges in connection with funds invested in his company.

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The rtiser

Final Edition Oahu Edition: 25c Beyond Oahu: 30c

Aloha!

Today is Thursday, Nov. 10, 1983

Hawaii

full of sensitive papers was sent for refurbishing

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Money

New York Stock Exchange

an over trade

ously affect ties

cause of the trade imbalance" world.

High court eases way for Rewald to gain freedom

By Ken Kobayashi
Advertiser Courts Writer

The Hawaii Supreme Court yesterday made it easier for Ronald Rewald to get out of jail by ruling that his $200,000 bail does not have to be posted in cash.

The high court said Rewald can be released if others post a bond guaranteeing $200,000 will be paid should he flee.

According to attorneys, Rewald's friends and supporters can pay a $20,000 fee to a bondsman who would guarantee the $200,000. Or, they themselves could put up enough of their own property to back the bond and ensure payment.

Rewald's civil attorney, Robert Smith, acknowledged he has been told some people are willing to put up their own money to help Rewald. Smith later said they "possibly" could come up with enough cash or property, but he didn't know for sure.

Smith declined to identify those persons, but said some are investors who still believe in Rewald.

Should Rewald be released, his criminal attorney, Samuel King Jr., said Rewald doesn't have to live under supervision. King said Rewald could live anywhere here, as long as he shows up for his court hearings.

It was also disclosed during a court hearing yesterday that Rewald contemplated suicide again to obtain money from his life insurance company to pay for legal defense fees.

In addition, Smith said yesterday Rewald will be filing a claim against the Central Intelligence Agency and possibly a lawsuit if the claim is rejected. "In my view, it's the only way investors will get their money back," Smith said in court.

Rewald is being held at Oahu prison pending his trial on theft charges accusing him of steal-

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Rewald bail terms eased by state Supreme Court

from page one

ing from two investors of Bishop, Baldwin, Rewald, Dillingham and Wong, a company that has been put into federal bankruptcy proceedings.

Rewald was arrested after he tried to commit suicide July 29 following an initial report indicating the company was in trouble.

Thus far, more than $11 million in losses has been claimed by investors, but it is estimated there is only $2 million left in assets.

Rewald's original bail was set at $10 million, but reduced by Circuit Judge Robert W.B. Chang to $200,000 cash on Oct. 24. The high court's ruling yesterday came shortly after Judge Chang affirmed his earlier decision following a hearing during which it was disclosed that Rewald considered another suicide attempt.

City Deputy Prosecutor Art Ross wanted an increase in the bail to $500,000 because of a letter Smith wrote to Sovereign Life Insurance Co., which held two Rewald policies worth $3 million.

In the letter dated Sept. 9, Smith wrote that Rewald would kill himself if he could not obtain money for legal fees.

Smith wrote that "suicide is the only way, he (Rewald) feels, that he can provide for his wife and five children. He has confirmed to me in certain terms his intention to do so, and I have no doubt whatsoever about his sincerity."

Smith testified he now believes that Rewald would have a difficult time collecting under such policies, which Sovereign is challenging in court.

Rewald is no longer suicidal, Smith said, and now believes the best way to help himself and his family is to contest the theft charges and help the investors get their money.

Smith told Judge Chang that since the federal bankruptcy trustee in charge of Rewald's former company refuses to take any action against the CIA, Rewald will be filing the claim. Smith later declined to elaborate, saying it may involve "classified information." He also declined to say how much will be requested.

Rewald's company provided mail, phone and telex covers for the CIA, according to the bankruptcy trustee's office, and federal Judge Martin Pence has sealed several documents from the company files at the CIA's request.

Pence, however, has said the documents showed Rewald had an inflated view of himself as an undisclosed "associate" of members and former members of the intelligence community.

In affirming the earlier cash bail, Chang said Smith's letter showed the attorney held a "very, very strong conviction" that Rewald would do anything to help his family. Chang said he wasn't convinced Rewald would not either flee or "do anything about his life."

Just moments later, Chang was notified about the high court's ruling. He then modified the bail accordingly.

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Thursday, November 10, 1983

Rewald to Submit Claim to CIA

By Lee Catterall
Star-Bulletin Writer

Ronald Rewald plans to submit a monetary claim today to the Central Intelligence Agency, apparently seeking what Rewald has contended are secret assets of his bankrupt investment company, his civil attorney said yesterday.

Robert Smith told Circuit Judge Robert W.B. Chang that Rewald "is going to be filing his own claim against the CIA."

Smith did not elaborate in court and would not do so when interviewed by reporters afterward, except to say the claim would be mailed today.

However, Smith suggested in a letter written two months ago and disclosed yesterday that investments in Rewald's company "are in place and at work in various foreign countries under the aegis of the CIA."

Claims that there are secret assets to repay some of the money owed to investors in Bishop, Baldwin, Rewald, Dillingham & Wong were discounted in September by federal Judge Martin Pence when he ordered the company into bankruptcy.

Smith was frustrated in having Pence consider secret documents apparently referring to Rewald's CIA connections to explain why some of the firm's money has been unaccounted for and why some investments could not be discussed with investors.

CIA ATTORNEY Robert B. Lapgrade told Pence at the time that the agency did not cause the firm "to be created nor has the agency at any time owned, operated, controlled or invested" in the company.

Twelve days before Pence ordered the firm bankrupt, Smith suggested deeper CIA involvement in a letter asking Sovereign Life Insurance Co. to help pay for Rewald's defense.

"The 'official' position of the CIA is that Rewald and Bishop, Baldwin, with its numerous international offices overseas, operated as a mail drop and telex facility for the CIA but nothing more than that," the letter says.

"The question, thus, is whether in fact Mr. Rewald was much more deeply involved in CIA activities and, if he was, just how, if at all, this relates to the use of investor funds and to the possible use of other monies to which Mr. Rewald or Bishop, Baldwin may have had access and whether those monies are in place and at work in various foreign countries under the aegis of the CIA," it says.

Steps by the CIA to seal certain documents in the firm's bankruptcy case "are completely at war with its 'official' position that Bishop, Baldwin's offices merely served as mail drops," Smith contends in the letter.

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Rewald still can't meet lowered bail

Ronald Rewald's lawyer said yesterday that he had raised "nowhere near enough" cash or collateral to get Rewald out of jail on $200,000 bail.

Robert Smith said "we have received a small amount of cash, and we are working on obtaining collateral" to pledge as security.

The state Supreme Court on Nov. 9 ruled that Rewald's $200,000 bail did not have to be posted in cash, as a Circuit Court judge had required earlier. Normally, a bondsman will post bail secured by 10 percent cash and the balance in collateral.

When Rewald was first arrested and charged with theft in the collapse of his investment firm, bail was set at $10 million.

Rewald was a founder of the firm of Bishop, Baldwin, Rewald, Dillingham and Wong — a company that had no connection to kamaaina families with the same names.

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