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Doubts on Rewald failed to deter CIA

Special to The Journal

Honolulu, Hawaii — A Wisconsin man who headed the CIA's Honolulu office testified that he had moments when he was suspicious of Ronald Rewald but a deep, personal friendship caused him to overlook his doubts.

The government contends that Rewald, a former Milwaukeean who is accused of swindling people of millions of dollars through his investment firm, exploited his association with Jack Kindschi and the CIA to bilk investors.

Kindschi, a native of Platteville, is the second CIA official to testify at Rewald's fraud trial.

Kindschi said he joined the State Department after graduating from the University of Wisconsin — Madison. In 1957, after stints in Moscow, Cairo and elsewhere in Africa, Kindschi joined the CIA, he testified Thursday.

Kindschi said he took over as chief of the CIA's Honolulu office in August 1978 after Eugene Welch retired. Welch introduced Rewald to Kindschi as a possible contact because Rewald planned to travel extensively overseas.

Kindschi said Rewald was an aggressive "eager beaver" constantly offering his services to the agency. While that should have caused some concern, Kindschi said he was so impressed with Rewald's accomplishments and manner that he did not question his authenticity.

Rewald's reputation in the CIA as a superpatriot and wealthy businessman was sealed in 1979 after Kindschi drafted a letter to the CIA security office.

Kindschi described Rewald as a man "with no apparent vices" who was "intensely competitive" in everything he undertook. He said Rewald had been a state champion pole-vaulter, an airplane pilot, a professional football player and a successful businessmen who had run a chain of 12 sporting goods stores in the Midwest.

None of that is true.

Kindschi went on to say that Rewald had formed Consolidated Mutual Investment Corp., which had clients such as Elvis Presley. Although Rewald had been in Hawaii only a short time, he had managed to associate his company with three of the state's oldest families, Kindschi wrote.

He was referring to the names in the title of Rewald's new company: Bishop, Baldwin, Rewald, Dillingham & Wong.

The letter went on to describe Rewald's personal life as "exemplary" and Rewald as "extremely generous."

Kindschi said he had some "natural skepticism" of Rewald because he was a "walk-in," or voluntary contact. But the fact that Rewald "asked for no favors and did everything on his own free will" convinced Kindschi that Rewald was on the level.

Kindschi testified that he became suspicious of Rewald on another occasion when Rewald offered to let the CIA use his company as a "cover" for foreign "assets." Kindschi even wrote a letter in June 1979 to the CIA headquarters passing on Rewald's offer of cooperation.

"Did you talk yourself out of your suspicions again?" asked Asst. US Atty. John Peyton.

"I guess I did," Kindschi replied.

The CIA Washington office, however, turned down Rewald's offer of assistance.

"Understand your frustration in dealing with a very cooperative contact," the CIA wrote Kindschi back, "[but] little more he can do for us."

Nevertheless, Kindschi kept looking for something that Rewald could do and, on Oct. 10, 1978, it came along. A request came from the CIA headquarters asking for assistance in setting up a "paper" company in Hawaii "to backstop agency officers' aliases," Kindschi said. Kindschi wrote Washington that Rewald "would appear to be a natural for this task."

Kindschi said he was unaware that Rewald almost immediately violated the CIA cover by telling Sunlin Wong, president of Bishop, Baldwin, and a secretary about it. Rewald also later told potential investors that he was tied to the CIA.

Kindschi said he would have been "dismayed and surprised" to have found that out.

Kindschi denied that he ever sent Rewald on any CIA missions or that the CIA gave Rewald any money other than telephone and telex expenses.

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