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Trial Starts for Ex-Army Official Accused as Spy

By SARA RIMER
Special to The New York Times

ALEXANDRIA, Va., April 7 — Federal prosecutors today portrayed a former Army counterintelligence agent, accused of spying for the Soviet Union, as a failed businessman who sold classified information to a Soviet official to help pay off his personal debts.

But as the trial opened in Federal District Court here, the former agent's lawyer, A. Brent Carruth, argued that his client, Richard Craig Smith, was a loyal American working for the Central Intelligence Agency. Mr. Carruth said Mr. Smith's strained financial circumstances were part of an elaborate cover devised for him by men he believed to be agency officers who were masterminding a plan to infiltrate Soviet intelligence operations.

Assistant United States Attorney Joseph Aronica, said Mr. Smith was paid $11,000 for the information in installments of $5,000 and $6,000 and was promised another $100,000 to $150,000 if he turned over additional information to the K.G.B., the Soviet intelligence agency.

"It was a straight trade — money for information," Mr. Aronica said.

He said that in three meetings with a K.G.B. officer, Victor I. Okunev, in Tokyo, Mr. Smith disclosed the identities of six United States double agents along with information about several covert operations.

Filed for Bankruptcy

"Is this man a spy?" Mr. Carruth asked in his opening arguments. "Yes — for the United States of America, and he has been for several years." He said Mr. Smith, who had owned a video company in Utah, had filed for personal and corporate bankruptcy in 1982 and 1983 to help persuade the K.G.B. that he was a debt-ridden businessman desperate enough to sell out his country for cash.

Mr. Carruth said Mr. Smith, who is 42 years old, had met with Mr. Okunev, then a first secretary in the Soviet Embassy in Tokyo, in his successful efforts to infiltrate the K.G.B. He said Mr. Smith had given Mr. Okunev what he knew to be useless information.

"He roped in a big one for the benefit of the United States," Mr. Carruth said. "And he gave up chicken feed."

Arrested in 1984

Mr. Smith was arrested at Dulles International Airport in Washington in April 1984 and charged with conspiracy and with disclosing the identities of six double agents and classified information. He denies all the charges. If convicted, he could be sentenced to life in prison.

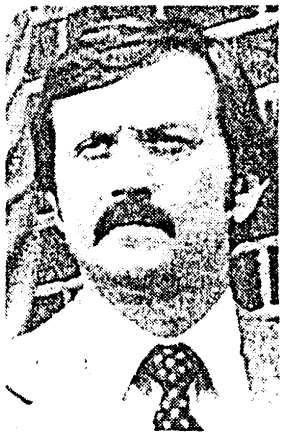
Mr. Smith said he had gone to the Federal Bureau of Investigation in 1983, for reasons in dispute between Federal prosecutors and the defense lawyer. Mr. Carruth said his client contacted the officials of the bureau after he was suddenly cut off by his superiors at the C.I.A.

Mr. Carruth argued that Mr. Smith was the innocent victim of renegade agents of the intelligence agency who were bilking an investment concern in Hawaii that had been set up as a C.I.A. cover.

The prosecutors said Mr. Smith went to the bureau and told them of his meetings with Mr. Okunev because he believed he had been detected.

Among the witnesses for the prosecution today were the former F.B.I. agents who met with Mr. Smith. The agents said Mr. Smith told them he had given Mr. Okunev a business card and not much else, and had received $11,000 in return.

"I told him I didn't believe it," said one of the agents, Richard W. Smith. "I told him it was ridiculous. He said, 'Trust me, Rick, I wouldn't lie to you.'"



Associated Press

Richard Craig Smith

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