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CIA link to fraud case is alleged

By MAGGIE ERICKSON
News Staff

The possible involvement of the Central Intelligence Agency with a cast of characters in a bank fraud case came to light Wednesday during the third day of a hearing in Denver U.S. District Court.

William Spector, who described himself as a "former Army intelligence officer" now working as a writer, alleged that at least one of the co-defendants in a case tried in Denver federal court last July had ties with the CIA.

Spector had come forward on his own to testify at a sentencing hearing for James Feeney, convicted last July for his role in a scheme to defraud local banks with documents drawn on Caribbean banks.

Feeney has maintained he operated as an undercover agent to help the government's investigation of fugitive financier Robert Vesco.

Feeney's co-defendant, Kevin Krown, was likewise convicted of bank fraud and, like Feeney, has not been sentenced. Krown was found guilty of setting up a bogus bank on largely regulation-free St. Vincent Island, West Indies.

Spector's testimony concerned Krown's alleged involvement with the CIA.

Spector didn't identify himself as a CIA employee but did allude to having an occupation besides that of a writer. The nature of that job is confidential, he claimed.

Spector was asked if he knew that Krown's bank was used to launder money for covert CIA operations. He said, "Yes."

He also answered "yes" to having knowledge of Krown's involvement in covert CIA operations. And he said he knew that Krown's St. Vincent banks were used to pay legal fees for Richard Helms, former CIA director, and that Krown was involved in certain NATO maneuvers known as "Operation Wintex."

To other questions, Spector evoked the Fifth Amendment or declined to answer on grounds that the questions violated the Classified Documents Act.

Just what part the CIA played in the multifaceted scheme is not clear. What is clear is that former Washington lobbyist James C. Day attempted to set up a lobbying office on behalf of the Libyan government to help the Libyans get the U.S. government to release eight military aircraft purchased in the United States then embargoed because of Libyan ties with terrorists.

Day enlisted the help of Feeney and Krown, money brokers, and also tried to involve Carter administration officials.

Vesco, who now lives in Nassau, Bahamas, supposedly was to front some of the money for setting up the lobbying office.

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