

24 August 1985

# Ex-agent lost out in Rewald's fall

By Walter Wright  
Advertiser Staff Writer

## Invested mother's money

A former undercover agent for the CIA broke down on the witness stand yesterday when he testified that his aged mother lost \$104,000 to accused swindler Ronald Rewald.

John C. "Jack" Kindschi, 58, choked back tears when he said he had invested the money in Bishop Baldwin Rewald Dillingham & Wong, for his mother, who is 88, legally blind and living on Social Security.

Kindschi then regained his composure and glared across the courtroom at Rewald. But Rewald, on trial on 38 counts of fraud, perjury and tax evasion, didn't flinch under Kindschi's angry stare.

Kindschi denied Rewald's claim that he and the CIA created Bishop Baldwin and instructed Rewald to lie to get investors' money to maintain a "cover" as a wealthy businessman.

Kindschi said he and his wife themselves lost \$187,000 in money invested in Rewald's Interpacific Sports and in Bishop Baldwin, including \$100,000 he invested just weeks before the firm collapsed in July 1983.

All the money was his, none of it came from the CIA, and he has "given up all hope" of getting any of it back, Kindschi said.

He acknowledged he began his business dealings with Rewald in 1979, while still working for the CIA, investing \$47,000 in Rewald's sporting goods operation.

Kindschi, who joined Bishop Baldwin as a consultant after retiring from the CIA as field office chief here in 1980, also admitted he had written Bishop Baldwin's glossy brochure and some economic reports, and a press release about the company, but said he did it at Rewald's direction and used only information that Rewald supplied.

On cross-examination, Rewald's lawyer drew fire when he asked if Kindschi had creative innovative statements. An agency officer can't go around the world and operate under the CIA flag or he is a dead duck.

There was laughter and a few handclaps from the courtroom audience, which included some of Kindschi's former comrades in the CIA.

Pressed, Kindschi said he didn't consider the H&H cover "a lie, for the reasons so stated," and that Rewald was not "lying" when he gave the H&H cover story because "he was working for the common good."

Another such creative story, Kindschi recalled, was the concealment for two days of President Dwight Eisenhower's heart attack in 1955, under the cover of stomach trouble.

Kindschi also branded as a "false mis-

instructed Rewald to lie about a CIA cover company called H&H Enterprises, and if Kindschi himself had lied in earlier refusals to disclose the extent of the CIA's involvement with Rewald.

Kindschi described H&H as a "notional," a cover "even lighter" than ordinary commercial cover, "lighter than air" and used "to give mobility and security to an officer" traveling abroad for the CIA. The make-believe information given to Rewald about the company, Kindschi said, was not a lie, but a "creative story."

Oh, said Deputy Public Defender Brian Tamanaha, "a lie for a good reason is a creative story?"

"If I were a U.S. officer in an airplane which had been hijacked by terrorists," Kindschi shot back, "I would become a farmer or a school teacher almost immediately."

"At times, all governments must make representation by Mr. (former Rewald civil attorney Robert) Smith" an assertion that Kindschi told Smith and others that Rewald was not a CIA covert agent, but that he, Kindschi, would lie to protect him if he were.

"I said I would refuse to answer the question, but I would not lie. I would wait until I got proper instruction," Kindschi said.

But Tamanaha showed the jury, by leading Kindschi through previous statements to grand juries, lawyers and investigators, that Kindschi had revealed varying degrees of information about Rewald's CIA connection in the early stages of investigation of the case.

Kindschi said he was testifying truthfully in the trial, even about matters once labeled secret but now disclosed under court order in the Rewald trial.

Tamanaha also hammered at Kindschi's failure to recall several checks he received, drawn on Bishop Baldwin and totalling about \$10,000, before the date he said he began working for the company in March 1981.

Kindschi said he thought most of the checks were dividends from his Interpacific Sports investment with Rewald, and some may have been related to that firm's lease of a brand-new Buick automobile for him.

Kindschi said he was making over \$4,000 a month and several other "perks" including frequent travel allowances at Bishop Baldwin when the crash came. He said he complained he didn't think he was earning the salary, but that Rewald insisted and "if they felt I was so valuable, who am I to say no?"

After all, as he said Rewald had once told him, "money is a renewable resource."