

ASSOCIATED PRESS  
12 August 1985

REWALD TRIAL - CON MAN OR MASTER SPY: A JURY WILL DECIDE  
BY GREG SMALL  
HONOLULU

Ronald Rewald, a man with a taste for exotic cars and polo ponies, has gone on trial before a federal jury that must decide whether he was a con man who defrauded investors of millions of dollars or was a master spy "left out in the cold" by the Central Intelligence Agency.

Government prosecutors are calling witness after witness to the stand to tell how they lost money when Rewald's investment firm, Bishop, Baldwin, Rewald, Dillingham & Wong, went bankrupt in 1983.

Helen Brown, a retired Wisconsin school teacher, said she had to borrow money to get into a retirement home after she lost \$3,500. Heart attack victim Joseph Sem said he lost more than \$100,000 while being persuaded to give Rewald his power of attorney. Donald Sutton said he lost \$9,000 that came from a trust fund set up by his grandfather.

In all, the government contends 400 people invested \$22 million in Bishop Baldwin between the time Rewald founded the firm in 1978 and it closed in 1983.

During that time, Rewald spent \$5.5 million of the money to make payments on a \$950,000 house, and pay for other personal expenses, such as exotic cars and polo ponies, the government claims.

The government has charged the 43-year-old native of Milwaukee with 98 counts of fraud, tax evasion and perjury.

The defense contends it was all part of Rewald's CIA cover story so he could get to know figures in the world of international finance - people like Philippine banker Enrique Zobel and the sultan of Brunei. Rewald used the code name Winterdog, according to the defense.

The cover story worked "beyond the CIA's wildest expectations," assistant federal public defender Brian Tamanaha told the jury during opening statements last week.

The trial, expected to last from two to three months, is scheduled to resume Tuesday.

Tamanaha described Rewald as "the spy left out in the cold," and a man "who loves his country and believed in the CIA."

The CIA has admitted it had some minor connection with Bishop Baldwin, but has denied Rewald's charge that the agency ordered him to set up the firm and told him how to run it as a cover operation.

Tamanaha explained the CIA's lack of support of Rewald by telling the jury, "They cover their tracks, and then cut and run."

Rewald has said in an affidavit that his relationship with the CIA dates to the 1960s, when, as a student at the Milwaukee Institute of Technology, he was paid \$120 a week to infiltrate student groups that were active in protests.

Continued

2.

Rewald said he resumed the relationship when he came to Hawaii in 1977, a year after he pleaded no contest in Wisconsin to a charge of petty theft. The charge stemmed from the alleged illegal sale of a franchise of Rewald's sporting goods business, College Athletic Inc.

In support of the CIA defense, Tamanaha said two members of Bishop Baldwin's seven-member board of directors, former Honolulu station chief John H. Kindschi and Ned Avary, once worked for the agency. Four other board members were cleared by the CIA, he said.

One of the four, Bishop Baldwin President Sunlin Wong, is serving a two-year prison term after pleading guilty to charges of securities and mail fraud.

Some investors have testified they felt secure placing their money with a firm with the name Bishop, Baldwin, Rewald, Dillingham & Wong, because they associated Bishop, Baldwin and Dillingham with well-known Hawaii firms.

Rewald has said he and Wong came up with the firm's title after then- CIA station chief Eugene Welsh suggested they use names familiar to Hawaiians.

One investor who said she was taken in by the name was Donald Sutton's mother, Lani Sutton. She said she invested \$25,000 after Rewald told her she would earn a 20 percent return.

Mrs. Sutton said she found Rewald to be "a very charming person. ... I liked him very much."

Sutton said he also was impressed by a local Chamber of Commerce article, sent to him by Bishop Baldwin, which said the company had a two-year waiting list for accepting investors, who had an average worth of \$4 million.

"I felt very special" after reading the article, Sutton said.

The article was based on information supplied to the business organization by Rewald, according to federal prosecutor David Katz.