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The Paper Chasers

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Sam Spade would barely recognize them. They don't have a pistol to reach for, but they can pump holes in a corporate balance sheet. They wield the Freedom of Information Act the way Mike Hammer uses his fists. Their persistent questioning makes Lieutenant Columbo look lazy. They are, in short, a new breed of private investigators, exemplified by a team of onetime journalists and Congressional staffers organized around Washington lawyer Terry Lenzner. In a city where the right collection of facts can produce an awesome sort of power, Lenzner has molded a detective squad that can trail paper through the bureaucracy or journey into the Mexican mountains to find a wayward company executive and bring back his deposition.

Dirt: Take, for instance, the RKO case. General Tire & Rubber Co. owned RKO General, Inc. RKO owned Boston's WNAC-TV. That didn't sit too well with David Mugar, a young Boston millionaire who wanted to own a piece of a station and bring more local control to Bay State broadcasting. So in 1969, a Mugar-led group went to the Federal Communications Commission, where it made no progress in six years. At that point, a friend introduced Mugar to Lenzner, then fresh from working the interrogator's side of the table at the Senate Watergate hearings. For \$ 85 an hour plus expenses, Mugar hired Lenzner to find some dirt on RKO -- or its parent company. Lenzner turned the assignment into an industry.

Lenzner and a friend from the Watergate committee staff, Scott Armstrong (coauthor of "The Brethren"), figured that if the tire company did business overseas, it may have been passing bribes too. So they began to work the phones. A source in Chile sent up incriminating documents that contained the name of a mysterious Howard Swires. After several weeks, they learned that Swires was at a mountainside compound in Mexico. The investigators and Mugar flew down that night. Swires was there, but he wouldn't talk. Two things he would do: play poker and drink. The four played well into the night. By morning, Swires had laid out General Tire's record of illegal foreign payments. Lenzner brought the material back and dropped it in the Feds' laps, claiming the company was unfit to hold a broadcasting license. RKO reluctantly agreed to sell its Boston outlet (the deal has not been completed). In December, four years after the poker game, the FCC also reacted, announcing that it would revoke three RKO licenses.

After the RKO case, Lenzner assembled his team to work on similar matters in a style foreign to his -- or any other -- carriage-trade law firm. "Lawyers are not well trained in obtaining facts," says Lenzner, a partner in a 72-lawyer firm. So he turned to a group that traffics in facts -- journalists. While they may be weak on lawyerlike concepts, journalists are experienced at finding out just what happened at particular times and places. Lenzner hired John Hanrahan, a former Washington Post reporter, and Jim Mintz, once a researcher for columnist Jack Anderson. "Reporters," Lenzner says, "have a unique capability for getting people to talk to them."

But so did Philip Marlowe and Lew Archer -- occasionally aided by the open end of a .38. What sets apart Lenzner's people -- and a few others around the nation -- is their ability to take comprehensive looks at complicated situations and make sense out of them. Lenzner's team, including accountant and Koreagate investigator Kathy Kadane, goes after big targets, like finding billion-dollar cost overruns on the Alaska pipeline or building a case for corporate take-over battles. "Most investigators were never trained to do that sort of

thing," says Robert Wasserman, a Massachusetts consultant who has worked with Lenzner. "In sophisticated cases, creativity is necessary."

Fraud: Lenzner's people are not the only ones who are trying new methods. Some private eyes have turned bugging into an art form. Others, like husband-and-wife team Jack Palladino and Sandra Sutherland in San Francisco, specialize in internal corporate problems, such as computer fraud, when they're not working as court-appointed defense investigators. Their staff includes reporters, lawyers and an engineer. And in Indianapolis, Martin Bell, an ordained Episcopal minister, has created his own agency. Bell says that his missing-persons casework particularly benefits from his systematic theological training. When he's searching for a fugitive or an abducted child, Bell says, he just keeps gathering evidence until a logical and inescapable conclusion appears.

Still, the new detectives haven't converted many lawyers. Even some of Lenzner's partners remain skeptical. And other Washington litigators have not rushed to copy the approach. "There's a big difference between stories written about crime for papers and that which is introducible in the courtroom," says lawyer Mitchell Rogovin, a former special counsel to the CIA. "There's a limited use for these people."

For all the new gadgets and approaches, successful detectives understand that not everything has changed. Says Sandra Sutherland, "All the crimes go back to human components of greed, passions, petty jealousies, conspiracies and the things that have always been there." Or, as Samuel Spade once said, the stuff that dreams are made of.

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GRAPHIC: Picture 1, Lenzner with Kadane, Hanrahan: 'A unique capability for getting people to talk', John Ficara -- NEWSWEEK; Picture 2, Palladino and Sutherland: No Sam Spades, James D. Wilson -- NEWSWEEK