

SEX PARTY HELD AT AUSSIE EMBASSY 'WE'RE NOT TALKING CROCODILE DUNDEE HERE'

Michael Hedges and Jerry Seper Washington Times; Final Section: A Page: A1 Friday, July 28, 1989

Three female prostitutes took part in a sex party at the Australian Embassy in November that included several members of the embassy staff, according to one of the women involved who worked for an escort service now under federal investigation.

The prostitutes had sex with at least three men each during the party that lasted a little longer than three hours, said the woman. She said she was paid \$800 in "crisp, new \$100 bills" after the job.

The young blonde former prostitute, who asked that she not be identified, described the men she had sex with as middle-aged, adding, "We're not talking Crocodile Dundee here."

The escort service which employed the woman is one of several tied to a Washington area homosexual prostitution ring that serviced officials of the Reagan and Bush administrations, military officers, media representatives, lawyers, businessmen and others.

The former prostitute also said she had sexual encounters with U.S. military personnel at the behest of former Washington lobbyist Craig J. Spence, a major client of the male call-boy ring, and with a high-ranking Canadian diplomat at his waterfront Georgetown home.

She provided details about her jobs, including the names of some clients, which have been confirmed by The Washington Times.

Both the diplomat and one of Mr. Spence's soldier-bodyguards have admitted they had sex with the woman under the exact circumstances she described.

The U.S. Attorney's Office is probing alleged credit card fraud involving the escort services, and the Secret Service is looking into possible security breaches that may have occurred during late-night tours of the White House arranged by Mr. Spence for his friends. Two male prostitutes went on one of the tours, according to a person who participated in the 1 a.m. White House walk-through.

The former prostitute, who was interviewed on several occasions by The Times, described in detail paid sexual meetings with foreign diplomats, both in their homes and in Massachusetts Avenue embassies, scheduled through Jet Set, the escort service which the woman said supplied the Australian Embassy party.

The woman said that during the late afternoon November embassy party, the group, which included the two other women she came with, a few other women she believed were prostitutes and a dozen or more men, met in one large office-type room.

"The men I had sex with took me one at a time into a smaller room nearby which was like an office, it had office-type furniture," the woman said.

The men never identified themselves beyond first names, she said. "There wasn't a lot of small talk. We were there for one thing."

The woman also described the interior of the embassy, correctly gave its address and location on Massachusetts Avenue, and depicted the furnishings of the room where she said the sex occurred.

Australian Embassy officials, when told on July 6 of the woman's allegations concerning the party, originally said they would turn the information over to U.S. Attorney Jay Stephens for a full investigation.

However, John McCarthy, minister of congressional liaison for the embassy, said during a second interview with The Times that he and his staff had conducted an extensive internal investigation - coordinated by Australian Federal Police stationed at the embassy - and, while not ruling out the possibility that the November affair had occurred, had concluded that the woman's story was "improbable."

A report of that investigation concluded, "We cannot completely exclude that a clandestine function did occur, but our investigations have made clear that it would have required a great deal of planning beforehand to gain entry surreptitiously."

The report said, "The embassy's investigations produced no corroboration of the allegations."

An Australian television station, informed of the woman's charges by The Times, met with the former prostitute and determined that her story was valid. A story concerning the allegations ran yesterday on an Australian network news program.

"I saw no good reason to disbelieve her story," said Tony Coghlan, the Network Ten bureau chief in New York City who interviewed the former prostitute. "She came to us in good faith and didn't ask to be paid."

"I talked with her at great length and grilled her about the incident and the embassy. It was my feeling she was telling the truth," he said.

Mr. Coghlan said the factors which led to the embassy staff concluding the episode probably did not occur did not impress him, and that he found the woman's depiction of the event consistent with his knowledge of the embassy and Australian customs.

Neale Prior, a reporter for the Sydney Morning Herald, said his newspaper published a story yesterday recounting the television report. He said the paper planned a follow-up account in today's editions.

"This story has only broken in Australia four hours ago," Mr. Prior said yesterday. "If more comes out on it, there will be a big reaction here."

Yesterday, Brett Bayly, press officer at the embassy, said, "Frankly, we're just puzzled. We haven't been able to take it any further."

Kunjurit "Dennis" Singh, the man who operates the Jet Set escort service, admitted that the three women worked for the service during 1988, but he declined to name specific jobs on which they were dispatched.

"This is confidential, like a dating service," Mr. Singh said. "I can't tell you who was dating whom."

He said the men and women working for him were paid only to spend time with clients, adding that he was unaware of any illegal sexual activities which occurred on these dates.

One of the prostitutes employed by Mr. Singh said she was given a W-2 form at the end of the year listing her job as "escort."

The former prostitute provided names of some of her embassy clients, including a key official at the Canadian Embassy for whom she said she was hired for sex at his Georgetown house.

The Canadian official originally denied the encounter. But after he was provided with detailed information about himself, his habits and his Georgetown home - all described by the former prostitute - he said his personal life was "none of the newspaper's business" and asked that his name not be used to spare him embarrassment.

Wesley Pruden, managing editor of The Times, said when the newspaper first broke the sex ring story that names of participants would not be made public unless their involvement appeared to compromise U.S. or friendly nation security.

The former prostitute, who has taken a legitimate job and said she has put her past behind her, also in a relatively brief period had sexual liaisons with a number of wealthy businessmen while working for an escort service at 34th Place NW, which federal authorities raided in February, according to her recollections and diaries she kept at the time.

The service was one of several that, according to federal authorities and others, accepted cash, checks and credit cards to pay for prostitution activities - from both men and women.

The former prostitute said she had worked on numerous occasions for Mr. Spence, the once powerful Washington lobbyist whose name has surfaced in the probe of the homosexual prostitution ring. **She said she had been to Mr. Spence's house on at least four occasions and that during each visit she had sex with young soldiers whom Mr. Spence bragged he was blackmailing.**

One of the soldiers, now working on a prestigious detail at Fort Myer, admitted he worked for Mr. Spence, and also that he spent time with a female prostitute while at Mr. Spence's Massachusetts Avenue apartment. He said he was paid several hundred dollars to provide security at various parties Mr. Spence hosted.

The former prostitute said on one occasion Mr. Spence forced her to take a bath with two men and him, which degenerated into "an unhappy outing."

The woman said that one of the soldiers contacted her a few months after the bathtub incident and told her Mr. Spence had shown pictures of them having sex to the soldier's wife and that it led to a separation.

The soldier told her that Mr. Spence initially blackmailed him into "beating up a couple guys" to keep his wife from finding out, she said. But Mr. Spence "burned him anyway" because the soldier refused to have sex with him, the woman said.

Photo, The Australian embassy in Washington., By The Washington Times