

SPENCE AS MUCH AN ENIGMA IN DEATH AS HE WAS IN LIFE

Jerry Seper, and Michael Hedges *The Washington Times*; Final Section: WORLD Page: A11 Monday, November 13, 1989

"The rumors of my death are greatly exaggerated."

- Craig J. Spence, two weeks ago at a Washington dinner party.

The room where Craig J. Spence died was awash in the small mysteries and ironies that had followed him - and that he had perpetuated - since he came to Washington in the late 1970s, already an enigmatic figure with strange Asian connections and friends in high places.

On the bed was a newspaper clipping referring to CIA undercover agents. Scrawled on the mirror was a note written to some unnamed "chief," which also contained an obscure phrase in Japanese, "Nisei Bei," which means second-generation American.

But hidden from view, in the room's false ceiling, were personal papers, including a birth certificate describing his arrival as a small-town, middle-class boy - a heritage he spent his life trying to restyle.

"Death, you know, is only painful to the ones you leave behind," Mr. Spence told *The Washington Times* during an interview in August. "As a matter of fact, I'm looking forward to it. At 48, I'll still look good in hell."

The focus of a summer sex scandal, **Mr. Spence was found dead Friday in his room at the Ritz Carlton Hotel in Boston.** He had celebrated his 49th birthday just three weeks ago at a lavish Washington party.

The Ritz was among Mr. Spence's favorite hostelrys, one of several posh accommodations he demanded in his frequent travels throughout the United States, Europe, South and Central America and the Orient.

"I've always been a first-class person in a second-class world, but I've learned to adjust," he said in the interview. "But there are places I've found where a civilized man can exist with some style and dignity."

Mr. Spence's name surfaced this summer after *The Times* identified the former lobbyist and prominent social host - who could arrange unauthorized late-night tours of the White House for his friends with a single telephone call - as a major client of a homosexual prostitution service being investigated by the Secret Service, Metropolitan Police, the U.S. Attorney's Office and a federal grand jury.

That investigation centered on a homosexual call-boy service that operated out of a house on 34th Place NW. The ring's clients, according to hundreds of credit-card vouchers obtained by *The Times*, included government officials, military officers, foreign and U.S. businessmen, lawyers, bankers, congressional aides, media representatives and other professionals.

The vouchers showed that Mr. Spence spent as much as \$20,000 a month for call boys from various escort services run by the ring, including Man-to-Man, Dream Boys, Ultimate First Class and Jovan. He admitted in the interview with *The Times* that he had used credit cards to purchase sexual services, but **strongly hinted of having "firsthand information" about people "high in government" who also were involved.**

During the past few weeks, Mr. Spence told several friends that he knew "for a fact" that the call-boy operation was being investigated by the U.S. Attorney's Office and other federal authorities as a CIA front. He told the friends the CIA used the service to compromise other federal intelligence officials and foreign diplomats.

Mr. Spence claimed in the interview that he had worked for the CIA on numerous occasions and had been instrumental in a number of covert actions in Vietnam, Japan, Central America and the Middle East - a claim denied by the agency.

"How do you think a little faggot like me moved in the circles I did?" he said. "It's because I had contacts at the highest levels of this government.

"They'll deny it. But how do they make me go away, when so many of them have been at my house, at my parties and at my side?"

The grand jury investigation begun in June by U.S. Attorney Jay Stephens was described as a "credit card" probe. It is not clear, however, how vigorous federal prosecutors have been nor where the case may be headed.

The Times, in contacting a number of principal witnesses and active participants in the case, discovered that few of them had been interviewed and only a handful asked to testify before the grand jury. Several key figures had not been contacted at all. Those who were questioned were being asked mainly about national security concerns and possible security breaches at the White House.

Among those not contacted by law enforcement officials or the grand jury were:

- * Officials of the Reagan and Bush administrations who were identified in The Times as having used the call-boy service and paid with credit cards.

- * Those running the prostitution ring raided in February, and persons who kept the credit-card records of visits with prostitutes by people who worked in the Reagan and Bush White Houses.

- * Any of several high-profile friends of Mr. Spence's who attended parties at his Kalorama home or spoke for pay at numerous seminars he sponsored as a registered foreign agent.

- * Prostitutes who said they serviced Mr. Spence and military personnel whom the former lobbyist hired as bodyguards.

"I haven't heard one word from the U.S. attorney, the FBI or anyone else," said one of the men whom Mr. Spence got into the White House for a 1 a.m. visit on July 3, 1988. "The Secret Service talked to me back in the summer, after the stories were out, but nothing since then."

Mr. Spence was one key figure who was handed a subpoena more than two months ago but had yet to testify. What arrangements had been made with the former lobbyist are not known. Mr. Spence vowed during the August interview, however, that he would "never be brought back alive before any damned hearing."

Mr. Stephens has declined to comment on the case. Assistant U.S. Attorney Alan Strasser, who is handling the matter before the grand jury, also has refused comment. A spokeswoman, Judy Smith, said yesterday that the U.S. Attorney's Office would have no comment on Mr. Spence's death or its potential impact on the investigation.

A participant in one of the late-night White House tours testified before the grand jury two weeks ago and was asked about the tours, missing china out of the presidential mansion and **Mr. Spence's interest in the U.S. military's top-secret Delta Force**. The witness, a longtime acquaintance of Mr. Spence's who had spent considerable time as a guest in his home, was not asked any questions about credit cards, Mr. Spence's alleged involvement with the homosexual call-boy ring or about the ring itself.

The witness - who was among those taking the July 3 White House tour - also described a lengthy interview with Mr. Strasser, Secret Service agents and then a brief questioning period before the federal panel.

"They pulled out a picture book containing the White House china collection and asked me about the Truman china," said the witness, who asked not to be identified. "They wanted to know if I had seen anything like that. They strongly intimated that more things were missing."

Mr. Strasser, according to the witness, also asked during the private discussion and before the grand jury about the gift by Mr. Spence of an expensive Rolex watch to a U.S. Army sergeant. **The sergeant, who also participated in the July 3 White House tour, allegedly was asked by Mr. Spence for information on Delta Force, a special forces counterterrorism unit based in Fort Bragg, N.C.**

"They asked me what I thought Spence wanted to know about the Delta project," the witness said. "I said it could mean he was just interested in the young guys there or something else."

The questioning by federal authorities became most detailed when it turned to the subject of the late-night tours. **"They asked if we went in any offices, if I had seen any documents or if any documents had left the White House," the witness said.**

Secret Service officials have publicly stated there was no breach of security during the tours and that they had no concern that entry was made by the late-night visitors into unauthorized areas of the White House.

Mr. Spence also gave an \$8,000 Rolex watch to Secret Service uniformed officer Reginald A. deGueldre, who was assigned to the White House security detail. Mr. deGueldre has admitted in an affidavit that he gave Mr. Spence a piece of Truman china from the White House collection.

In August, Mr. deGueldre and another Secret Service officer, who has not been identified, were suspended indefinitely without pay and a third was placed on administrative leave with pay. Secret Service officials said at the time that the suspensions were the first step to possible criminal prosecution of the two men, although none has yet taken place.

Mr. deGueldre said recently he had not been approached by any federal authorities for an interview or asked to testify before the grand jury. "I have no idea what is going on," he said. "I have not heard from anyone at all."

The grand jury witness said federal authorities also inquired about Mr. Spence's alleged drug use. In his interview with The Times, Mr. Spence admitted to being a heavy cocaine user. He was arrested for possession of cocaine in New York last summer.

The witness also was shown a collection of photographs of male youths between "14 and 17 or 18 years old" and asked if any were a youth Mr. Spence lived with and introduced as his son. "They were a rough bunch of customers," the witness said. "The photographs looked like things that might have been found in the house they raided. I was asked if Craig had a son, and I said I didn't believe he did."

In the August interview, Mr. Spence admitted to using the 34th Place call-boy service, but said the amounts of the charges had been inflated by someone connected with the operation. As a result, he said, he fired his accountant over charges he said he had not authorized.

The accountant, Peter Chase, denied he had been fired and said all the credit-card charges had been verified and each contained Mr. Spence's signature. He steadfastly has declined to comment specifically about his former client, but did confirm that records involving Mr. Spence had been subpoenaed by the Secret Service, that no one from the U.S. Attorney's Office had talked with him and that he was not scheduled to appear before the grand jury.

Mr. Spence, who said in August that he had AIDS and who threatened to commit suicide rather than die of the disease, was scheduled for a hearing Feb. 2 in New York City on weapons and drug charges. He was arrested July 31 at the Barbizon Hotel on East 63rd Street with a 22-year-old Brooklyn man identified by police as Casey Regan, an alleged male prostitute. Two other hearings, one in September and the other last week, had been postponed.

Police seized a loaded .32-caliber pistol and confiscated a small quantity of a white powder believed to be cocaine after a report of a disturbance at the hotel.

During his days as one of Washington's premier hosts, Mr. Spence dressed in finery and lived extravagantly, affecting touches like scarlet-lined capes and stretch limousines.

Among those who attended his parties and were featured at seminars he sponsored were journalists Eric Sevareid, Ted Koppel, William Safire and Liz Trotta; former Ambassadors Robert Neumann, Elliott Richardson and James Lilly; the late John Mitchell, attorney general in the Nixon administration; Mr. Casey and other CIA officials, including Ray Cline, former deputy director of intelligence for the agency; former Lt. Gen. Daniel O. Graham, an expert on the Strategic Defense Initiative who now heads High Frontier Inc.; Sen. John Glenn, Ohio Democrat, and Sen. Frank Murkowski, Alaska Republican; and Joseph diGenova, former U.S. attorney in Washington, and his wife, Victoria Toensing, a former deputy assistant attorney general.

Arnaud de Borchgrave, editor-in-chief of The Times, attended a party for Mr. Lilly hosted by Mr. Spence at the former lobbyist's Kalorama home.

Following the August interview in New York, Mr. Spence returned to Washington and reportedly stayed with friends. He maintained a high profile on the bar and restaurant circuit, and was spotted at several places during the past two months.

Meanwhile, several members of Congress, federal officials, military officers and others have told The Times that they are concerned that the lavish parties and Japanese-sponsored seminars thrown by Mr. Spence, at which the elite of Washington and officials from Japan, China and elsewhere mingled, might have compromised U.S. security.

Rep. Helen Delich Bentley, Maryland Republican, for one, recently questioned the former lobbyist's ties to the Japanese government in a speech on the floor of the House. Citing news articles in the United States and Japan, Mrs. Bentley asked whether plans for the F-16 jet had been transferred by Mr. Spence to a Japanese government official, Motoo Shiina, and later turned over to the Soviet Union.

"I bring this to the floor today, Mr. Speaker, because I am frankly puzzled that these stories are out - in print both in Japan and in America -and **there seems to be no official investigation into what to me are very grave charges,**" she said.

Photo, Craig Spence