

# 2 American businesses fronts for Saddam

WASHINGTON (AP) - The Treasury Department said Monday that two American businesses are among 52 "front" companies it has identified as part of Saddam Hussein's worldwide financial and arms trading network.

The department also named 37 individuals, none based in the United States, whom it said acted as middlemen for the Iraqi government in using the companies to hide billions of dollars that Saddam's family skimmed from Iraq's oil revenues. The front companies were used to buy weapons, tools, spare parts and raw materials for Saddam's war machine, officials said.

The Treasury said U.S. companies and citizens are prohibited from doing

any business with Iraqi front companies and middlemen without the department's permission. Convictions of violating the prohibitions could mean criminal penalties of up to 12 years in prison and \$1 million in fines.

Civil penalties of up to \$250,000 also may be imposed, the Treasury said.

"We want the network exposed and we want it neutralized," Treasury Deputy Secretary John Robson said at a news conference. "We are putting the world on notice that when you deal with them, you deal with Saddam."

Robson added there are "many more cases that are under investigation,"



but he declined to give details.

The two U.S. companies are Bay Industries Inc., an engineering firm in Los Angeles, and Matrix Churchill Corp., the American machine tools subsidiary of a British corporation.

There were no answers to repeated phone calls to Bay Industries in Santa Monica and no immediate comment from Matrix Churchill.

Treasury agents seized the assets of Bay Industries on March 22, along with those of Anees Wadi and his wife Shamsaban al-Hayderi. Wadi controls Bay Industries, and the government alleged that all three had helped Saddam procure arms for Iraq.

The government shut down Ma-

trix Churchill's Cleveland, Ohio, plant last September while the U.S. Customs Service investigated allegations that it was involved in arms shipments to Iraq. The plant was a front for Saddam to disguise the flow of technical expertise and items from the United States to Iraq, a Customs official said at the time.

The Treasury also listed Iraqi Airways offices in Los Angeles; Southfield, Mich. and New York City as being among the front companies. It has been illegal for U.S. citizens to fly on Iraqi Airways since President Bush instituted an embargo and asset freeze against Iraq following its invasion of Kuwait last Aug. 2.

## Commonwealth

# Johnson pleads guilty to federal charges

OMAHA (AP) - A former Commonwealth Savings Co. deputy receiver pleaded guilty Monday to charges stemming from the theft of nearly \$1.3 million from the receivership.

Kent Johnson, 33, appearing in U.S. District Court in Omaha, pleaded guilty to federal charges of bank fraud, interstate transportation of stolen property, money laundering and filing a false tax return.

U.S. District Judge William Cambridge didn't accept the guilty pleas, pending a pre-sentence investigation. Cambridge set a sentencing date for July 1.

First Assistant U.S. Attorney Thomas Thalken said he expected Cambridge to accept the guilty pleas on that date. Not accepting the guilty

pleas is a formality, Thalken said.

Johnson entered his pleas with no outward show of emotion. He appeared in court accompanied by his father, Charles.

The Johnsons declined to comment on the case.

Thalken said that in exchange for the guilty pleas, prosecutors agreed not to file further charges against Johnson in the case.

Johnson also was expected to appear in Lancaster County District Court in Lincoln to plead guilty to state charges of two felony counts of second-degree forgery, Lancaster County Attorney Gary Lacey said last Thursday.

The state charges allege that Johnson forged

former deputy receiver John Queen's signature on a \$10,000 receivership check in July 1984 and a \$1,000 receivership check in April 1986.

With one exception, prosecutors had no reason to believe that theft at the Commonwealth receivership went beyond Johnson, Thalken said.

Johnson served as a deputy receiver for Commonwealth from the time of its closing until he was arrested by the FBI in Los Angeles on Aug. 14, 1990.

The maximum penalties for filing a false tax return is up to three years in prison and a \$250,000 fine, Cambridge said. The other maximum penalties are 20 years in prison and a \$1 million fine for bank fraud; 10 years in

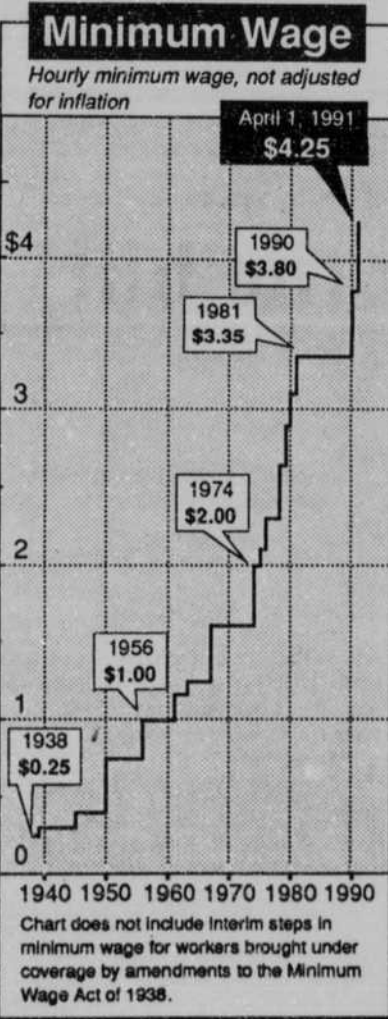
prison and a \$250,000 fine for interstate transportation of stolen property; 20 years in prison and a \$500,000 fine for money laundering.

The maximum penalty for each of the forgery charges is 20 years in prison and a \$25,000 fine.

Commonwealth was the largest of the state's industrial loan and investment companies. It failed on Nov. 1, 1983, and the other companies filed for bankruptcy soon after.

Since the failures, depositors in the companies have struggled to get their deposits back.

In a unanimous ruling Friday, the Nebraska Supreme Court said a \$33.8 million payback to depositors passed in the Legislature in 1990 is unconstitutional.



## Minimum-wage workers: Raise not enough to help

The Associated Press

The federal minimum wage rose to \$4.25 an hour on Monday, a 45-cent-an-hour increase that will bolster the paychecks of at least 3 million Americans.

Some low-wage workers say it still is not enough to live on.

"Does it help me? — no. I've got another kid coming and it's not going to help me," cashier Cam Thompson said Monday from behind the counter of a Taco Bell in Jefferson City, Mo.

Thompson, who is expecting her second child in May, said the raise from the previous minimum wage of \$3.80 an hour won't make things any easier. She said she can't afford to return to Taco Bell after she has the baby.

At an Exxon gas station in Nashville, Tenn., cashier Dequila Howard said she already made 10 cents an hour more than minimum wage. Her salary was increased to \$4.35 an hour as of Monday, but she said she still moonlights, working three hours a night at a bar to make ends meet and support her children.

"I think it should have gone up more, I've got so many bills," she said of the \$18-a-week increase.

For Jeff Harper, 20, of Charleston, W.Va., who is working at two fast-food chains and plans to get a third

job at a toy store, the increase won't make much difference.

"You still can't live on it," he said as he rang up customers at an Arby's.

Jim Moore, who earns \$3 a car at the Mountaineer Hand Wash in Charleston, said the minimum wage should have been raised a long time ago.

"The only thing is, are they going to raise everything else because minimum wage has gone up?" he said.

Business owners who normally might want to pass on higher labor costs to consumers say the sour U.S. economy won't allow it.

"There's been so many layoffs and other problems around here, price increases are not an option," said Pete Williams, owner of a McDonald's in Altoona, Pa. "We're trying to hold that line 'til we see the economy moving again."

In better economic times, a minimum-wage increase could help millions of other, higher-paid workers because theoretically, employers would feel obliged to raise them, too.

Williams said most of his daytime workers are adults making between \$4.50 and \$5 an hour. He'd like to give them the same pay raise that teen-agers on his night crew will get as a result of the higher minimum wage, but he said he can't afford it.

## Court: Juries can't exclude blacks

WASHINGTON (AP) - White defendants are entitled to new trials if convicted by juries from which blacks were excluded because of their race, the Supreme Court ruled Monday.

By a 7-2 vote, the court said prosecutors violate the Constitution if they bar prospective jurors for racial reasons — even when the defendant and the excluded jurors are of different races.

The justices ordered further lower court hearings to determine whether blacks were barred unlawfully from the Ohio jury that convicted Larry Joe Powers, who is white, of two murders.

In a separate criminal case, the court granted a hearing to a convicted Delaware killer who says the jury that sentenced him to death wrongly took into account his membership in a white-supremacist gang.

The court is expected to decide in 1992 whether the jury violated that man's First Amendment right to associate with whom he pleases.

In the Powers case, Justice An-

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**A criminal defendant suffers a real injury when the prosecutor excludes jurors at his or her own trial on account of race.**

Kennedy  
Supreme Court justice

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thony Kennedy said for the court that racial discrimination in jury selection violates the constitutional right of equal protection under the law and could undermine public confidence in the judicial system.

"The purpose of the jury system is to impress upon the criminal defendant and the community as a whole that a verdict of conviction or acquittal is given in accordance with the law by persons who are fair," he said.



"A criminal defendant suffers a real injury when the prosecutor excludes jurors at his or her own trial on account of race," he added.

The ruling extends a 1986 decision in which the court — in the case of a black defendant and black jurors — said that when prosecutors disqualify potential jurors based on their race it violates the 14th Amendment's guarantee of equal protection.

At issue in both cases are so-called peremptory, or automatic, challenges by prosecutors to prospective jurors.

If most or all such challenges are used against people of one race, the prosecutor must prove the exclusions were not racially motivated.

Monday's ruling requires the prosecutor to prove an absence of racial bias regardless of the race of the prospective jurors or the defendant. Legal observers say the overwhelming majority of cases in which racial bias is alleged involves exclusion of blacks from juries.

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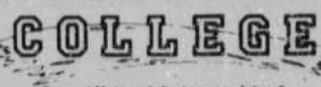
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