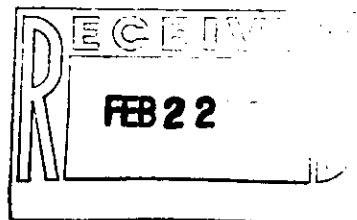


FEB 22 1990

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND



DEPUTY Holding a Criminal Term
Grand Jury Sworn in on December 5, 1989.

UNITED STATES OF AMERICA

v.

THOMAS G. CLINES, a/k/a "C. Tea",
Defendant.

Criminal No. 90-0064

Grand Jury Original

Violations:

26 U.S.C. § 7206(1)
31 U.S.C. §§ 5314
and 5322(b)

I N D I C T M E N T

COUNT ONE

The Grand Jury charges:

1. During 1985 and 1986, THOMAS G. CLINES along with his associates Richard V. Secord, a retired Major General in the Air Force, and Albert Hakim, a businessman, and others sold lethal military supplies to insurgents, commonly known as the Contras, engaged in military and paramilitary operations in Nicaragua. Beginning in late 1985 or early 1986, CLINES, Secord, Hakim, and others also participated in an initiative involving the sale of arms to elements in Iran.

2. During 1985 and 1986, CLINES received income based on a percentage of the profits generated from the arms sales to the Contras and to Iran.

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3. On or about December 6, 1986, in the District of Maryland and elsewhere, the defendant THOMAS G. CLINES, a/k/a "C. Tea", who was in the calendar year 1985 married, unlawfully, wilfully, and knowingly made and subscribed a joint United States Individual Income Tax Return, form 1040, for the calendar year 1985 on behalf of himself and his wife, which contained and was verified by a written declaration that it was made under the penalties of perjury and which was filed with the Internal Revenue Service, and which he did not believe to be true and correct as to every material matter and which was not true and correct as to every material matter, to wit: (1) Schedule B, line 11, stating that the defendant did not have an interest in or a signature or other authority over a financial account in a foreign country; and (2) Schedule C, Part I, line 1a, reporting gross receipts or sales of \$265,000; whereas, as the defendant well knew and believed, he did have an interest in or signature or other authority over a financial account in a foreign country, and his gross receipts or sales were in excess of the amount reported.

(Title 26, United States Code, Section 7206(1)).

COUNT TWO

The Grand Jury further charges:

1. Paragraphs 1 and 2 of Count One of this Indictment are repeated, realleged and incorporated herein as if fully set forth in this Count.

2. On or about October 16, 1987, in the District of Maryland and elsewhere, the defendant THOMAS G. CLINES, a/k/a "C. Tea", unlawfully, wilfully, and knowingly made and subscribed his United States Individual Income Tax Return, form 1040, for the calendar year 1986, which contained and was verified by a written declaration that it was made under the penalties of perjury and which was filed with the Internal Revenue Service, and which he did not believe to be true and correct as to every material matter and which was not true and correct to every material matter, to wit: (1) Schedule B, line 10, stating that the defendant did not have an interest in or a signature or other authority over a financial account in a foreign country; and (2) Schedule C, Part I, line 1a, reporting gross receipts or sales of \$402,513; whereas as the defendant well knew and believed, he did have an interest in or signature or other authority over a financial account in a foreign country, and his gross receipts or sales were in excess of the amount reported.

(Title 26, United States Code, Section 7206(1)).

COUNT THREE

The Grand Jury further charges:

1. Paragraphs 1 and 2 of Count One of this Indictment are repeated, realleged and incorporated herein as if fully set forth in this Count.

2. That the defendant THOMAS G. CLINES, a/k/a "C. Tea", who during the calendar year 1985 had a financial interest in and signature and other authority over a financial account in a foreign country, which account during 1985 exceeded ten thousand dollars in aggregate value, unlawfully, wilfully, and knowingly, in the District of Maryland and elsewhere, failed to file a report of the same on or before June 30, 1986 as required by Title 31, United States Code, Section 5314 and by 31 C.F.R. Sections 103.24, 103.26, regulations adopted pursuant to Title 31, United States Code, Section 5314.

3. The defendant THOMAS G. CLINES, a/k/a "C. Tea", unlawfully, wilfully, and knowingly violated Title 31, United States Code, Section 5314 and 31 C.F.R. Sections 103.24, 103.26, regulations adopted pursuant to Title 31, United States Code, Section 5314, while violating another law of the United States, to wit, Title 26, United States Code, Section 7206(1), as set forth in Paragraph 3 of Count One of this Indictment.

(Title 31, United States Code, Sections 5314 and 5322(b)).

COUNT FOUR

The Grand Jury further charges:

1. Paragraphs 1 and 2 of Count One of this Indictment are repeated, realleged and incorporated herein as if fully set forth in this Count.

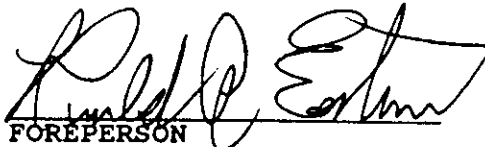
2. That the defendant THOMAS G. CLINES, a/k/a "C. Tea", who during the calendar year 1986 had a financial interest in and signature and other authority over a financial account in a foreign country, which account during 1986 exceeded ten thousand dollars in aggregate value, unlawfully, wilfully, and knowingly, in the District of Maryland and elsewhere, failed to file a report of the same on or before June 30, 1987 as required by Title 31, United States Code, Section 5314 and by 31 C.F.R. Sections 103.24, 103.26, regulations adopted pursuant to Title 31, United States Code, Section 5314.

3. The defendant THOMAS G. CLINES, a/k/a "C. Tea", unlawfully, wilfully, and knowingly violated Title 31, United States Code, Section 5314 and 31 C.F.R. Sections 103.24, 103.26, regulations adopted pursuant to Title 31, United States Code, Section 5314, while violating another law of the United States, to wit, Title 26, United States Code, Section 7206(1), as set

forth in Paragraph 3 of Count One of this Indictment and Paragraph 2 of Count Two of this Indictment.

(Title 31, United States Code, Sections 5314 and 5322(b)).

A TRUE BILL:



FOREPERSON



LAWRENCE E. WALSH
Independent Counsel