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Homosexual prostitution inquiry ensnares VIPs with Reagan, Bush

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A homosexual prostitution ring is under investigation by federal and District authorities and includes among its clients key officials of the Reagan and Bush administrations, military officers, congressional aides and U.S. and foreign businessmen with close social ties to Washington's political elite, documents obtained by The Washington Times reveal.

One of the ring's high-profile clients was so well-connected, in fact, that he could arrange a middle-of-the-night tour of the White House for his friends on Sunday, July 3, of last year. Among the six persons on the extraordinary 1 a.m. tour were two male prostitutes.

Federal authorities, including the Secret Service, are investigating

criminal aspects of the ring and have told male prostitutes and their homosexual clients that a grand jury will deliberate over the evidence throughout the summer, The Times learned.

Reporters for this newspaper examined hundreds of credit-card vouchers, drawn on both corporate and personal cards and made payable to the escort service operated by the homosexual ring. Many of the vouchers were run through a so-called "sub-merchant" account of the Chambers Funeral Home by a son of the owner, without the company's knowledge.

Among the client names contained in the vouchers — and identified by prostitutes and escort operators — are government officials, locally based U.S. military officers,

businessmen, lawyers, bankers, congressional aides and other professionals. Editors of The Times said the newspaper would print only the

names of those found to be in sensitive government posts or positions of influence. "There is no intention of publishing names or facts about the operation merely for titillation,"

said Wesley Pruden, managing editor of The Times.

The office of U.S. Attorney Jay B. Stephens, former deputy White House counsel to President Reagan, is coordinating federal aspects of the inquiry but refused to discuss the investigation or grand jury action.

Several former White House colleagues of Mr. Stephens are listed among clients of the homosexual prostitution ring, according to the credit-card records, and those persons have confirmed that the charges were theirs.

Mr. Stephens' office, after first saying it would cooperate with The Times' inquiry, withdrew the offer late yesterday and also declined to say whether Mr. Stephens would recuse himself from the case be-

cause of possible conflict of interest. At least one highly placed Bush administration official and a wealthy businessman who procured homosexual prostitutes from the escort services operated by the ring are cooperating with the investigation, several sources said.

Among clients who charged homosexual prostitute services on major credit cards over the past 18 months are Charles K. Dutcher, former associate director of presidential personnel in the Reagan administration, and Paul R. Balach, Labor Secretary Elizabeth Dole's political personnel liaison to the White House.

In the 1970s, Mr. Dutcher was a congressional aide to former Rep. Robert Bauman, Maryland Republican, who resigned from the House after he admitted having engaged in sexual liaisons with teen-age male

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prostitutes, Mr. Dutcher also worked on the staff of Vice President Dan Quayle when he represented an Indiana district in the House.

A charge also was discovered against the credit card of a former White House staffer who prepared the president's daily news summary in the Reagan administration, Todd A. Blodgett said he had not made the charge.

One of the ring's big-spending clients is Craig J. Spence, Washington socialite and international trade consultant, according to documents and interviews with operators and prostitutes who say they engaged in sexual activities with Mr. Spence.

Mr. Spence spent upwards of \$20,000 a month for male prostitutes who provided sex to him and his friends, said to include military personnel who also acted as his "bodyguards." It was Mr. Spence who arranged the nocturnal tour of the Reagan White House. Repeated attempts to reach Mr. Spence, by telephone, fax machine and personal visits to his home, were unsuccessful.

Credit-card vouchers confirm that Mr. Spence charged thousands of dollars on American Express and Visa cards, sometimes making \$600 charges against his cards several times a day, drawn in behalf of an escort service called Professional Services Inc.

Professional Services is one of several umbrella companies used by operators supplying male prostitutes as escorts, as advertised in Washington tabloid newspapers and the telephone Yellow Pages.

Members of major news organizations also procured escort services from the ring, credit-card documents show. These include Stanley Mark Tapscott, who was an assistant managing editor of The Washington Times.

Mr. Tapscott, whose resignation on June 20 was accepted, said he had not procured homosexual escorts or sexual services of any kind. He said in an interview that he had talked to two women he arranged to meet through the escort service as part of an investigation of dial-a-porn services he had initiated a year earlier when he was editor of the newspaper's Money section. The charges were made against his company American Express card. His editors knew of no such investigation.

Before joining The Times, Mr. Tapscott worked for the Office of Personnel Management in the Reagan administration. Managers of the escort ring said that "a few women" were used for clients who called with specific requests, but that the regular stable was altogether male.

The documents show that a number of clients — lawyers, doctors and

These are three of hundreds of credit card slips, obtained by The Washington Times, made out to Professional Services Inc. Names and card numbers of the customers have been deleted here, although they are on the originals.

ligence Agency.

Because "closet" homosexuals in government service can easily be "turned" through blackmail for espionage purposes, Gen. Graham said, "we have always in intelligence tried very hard not to be giving classified information to known homosexuals."

Those interviewed by The Times confirmed there were blackmail attempts by male prostitutes who wanted money and other favors to protect clients' secret sexual lives.

The clients interviewed say a Feb. 28 police raid on a house at 6004 34th Place NW was set off by reports of blackmail and possible credit-card fraud and complaints by District hotel operators about prostitution ac-

house on May 18, the agency acknowledged its involvement in the investigation.

Secret Service spokesman Bob Snow said the agency participated in the search and seizure operation because of its jurisdiction over credit-card fraud. "We come into such operations usually at the request of a U.S. attorney... if the fraud involves \$10,000 or more... We are not involved in any local prostitution investigation," Mr. Snow said.

Witnesses to the February raid said 12 Secret Service agents in blue parkas entered the house and spent several hours collecting and removing boxes of files. Federal and District investigators

well as clients of the homosexual ac-

count services operating under such names as Jovan, Man-to-Man, Metrodade, Ultimate Models and Ultimate First Class.

In addition to credit-card fraud, the investigation is said to be focused on illegal interstate prostitution, abduction and use of minors for sexual perversion, extortion, larceny and related illicit drug trafficking and use by prostitutes and their clients.

One of the chief operators of Professional Services Inc. and a regular client of the service speculated in separate interviews that the investigation would be restricted because "big names" were involved.

Henry Vinson (the operator) said

The documents show that a number of clients — lawyers, doctors and business executives — used corporate credit cards to procure escort services and that a number of military officers from the United States and allied countries charged male escort services.

One former top-level Pentagon officer said that for the past eight years, military and civilian intelligence authorities have been concerned that "a nest of homosexuals" at top levels of the Reagan administration may have been penetrated by Soviet-backed espionage agents posing as male prostitutes, said one former top-level Pentagon official.

were blackmailed by the prostitutes.

Operators of the ring told The Times that videotapes, audio tapes and still photographs were made of sex acts performed by clients and the call boys, including perverted acts.

Documents show that customers were charged for "videotapes" from the operation.

In an attempt to hide the nature of credit-card charges for some clients, Professional Services billed them for innocuous items such as a "cremation urn" or "prayer cards." One of the ring's "credit-card processing" companies was established by Robert A. Chambers, a funeral director whose family owns Chambers Funeral Home.

Mr. Chambers, who declined to be interviewed, was said to have arranged with the Sovran Bank in Silver Spring to establish the sub-merchant account in the Chambers Funeral Home credit accounts in the name Professional Services Inc. It is through this sub-merchant account that credit-card vouchers and checks were processed from the male escort services.

Following the Feb. 28 police raid on the 34th Place residence, Cham-

Mr. Balach said his financial losses occurred after Mr. Manos threatened to expose to his government superiors his homosexual involvement with the prostitution ring. Mr. Balach said he informed his superior, Gen. Graham, of the blackmail attempts and other problems involving Mr. Manos.

The Times has been unable to locate Mr. Manos, who reportedly has returned to the District in recent weeks.

Mr. Dutcher, who now heads a private consulting firm called The Dutcher Co., was charged with placing Reagan-oriented conservatives into the career Civil Service during the closing years of Mr. Reagan's presidency.

He describes himself as "bisexual" and said "stress" drove him to seek out a male prostitute. "I only used the service once. I only saw the person once. This person was there no longer than 35 minutes," Mr. Dutcher said.

He confirmed paying \$155, which was charged to his Visa card. The sexual encounter was brief and the sex "was safe — extremely... I've had friends who died of AIDS," said Mr. Dutcher.

Mr. Dutcher said he never used his White House personnel position to place anyone in a government position who he knew to be homosexual. "My priority was my job, not my private life," he said.

According to a credit voucher, Todd Blodgett's account was charged \$320 on May 19, 1988, for male escort service "referral" by Professional Services.

Mr. Blodgett, a Republican National Committee staffer assigned to conduct "opposition research" against Democratic candidates nationwide, said in a series of interviews that a friend who is homosexual used his card to procure a male

business executives — used corporate credit cards to procure escort services and that a number of military officers from the United States and allied countries — including one foreign officer using a "Department of Defence" credit card — charged male escort services.

One former top-level Pentagon official said that for the past eight years, military and civilian intelligence authorities have been concerned that "a nest of homosexuals" at top levels of the Reagan administration may have been penetrated by Soviet-backed espionage agents posing as male prostitutes, said one former top-level Pentagon official.

A major concern, said the former official with longtime ties to top-ranking military intelligence officers, was that hostile foreign intelligence services were using young male prostitutes to compromise top administration homosexuals, thus making them subject to blackmail.

"We have known for many, many years that there is a department of the KGB [Soviet intelligence] whose job it is to prey on sexual deviants," said retired Lt. Gen. Daniel Graham, former head of the Defense Intel-

activities.

In the raid, spearheaded by the Washington Field Office of the U.S. Secret Service, authorities found a telephone switchboard operation serving a half-dozen homosexual escort services.

Secret Service agents and District police vice investigators confiscated financial records, as well as ledgers, photos, diaries, telephone records, Rolodexes and client lists of the prostitution network, during the raid and with subsequent subpoenas issued by D.C. Superior Court.

Although the confiscated material was turned over to District police on the scene, witnesses and law enforcement agents say the Secret Service kept one box of files containing names and other information about high-level government officials who were clients of the male escort business.

District police officials say that, to their knowledge, this is the first time the Secret Service has ever become involved in such a raid in this area.

Initially, the Secret Service denied it was involved in the raid, but after a second raid of the 34th Place

have since interrogated several prostitutes working for the ring, as

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a high-level official is going to try to block the investigation and may succeed," said Mr. Balach, the labor secretary's liaison to the White House. Mr. Vinson said he believes a highly placed federal official, whom he would not name, is working to derail the investigation, but he would not elaborate.

Authorities have been investigating possible credit-card fraud by the ring operators since last fall.

As early as last October—months before the police raid at 34th Place — Mr. Balach was interviewed by investigators about grand larceny he said was committed against him by a male escort named Jason Michael Manos.

In an interview, Mr. Balach said he met and befriended Mr. Manos last summer following a paid "date" set up by "Man-to-Man," one of the escort groups advertised by operators of Professional Services. Interviews with friends of Mr. Balach confirmed his relationship with Mr. Manos.

According to Mr. Balach, who first procured homosexual prostitutes from the network in June 1988, several clients, including himself,

dropped out of more than \$30,000 through fraudulent use of his credit cards, forged signatures on checks and insurance policies.

Mr. Balach is still involved in civil litigation with a local bank over payment of thousands of dollars of MasterCard charges by Mr. Manos in Mr. Balach's name.

Mr. Balach said in an interview that Mr. Manos tricked him into taking a trip last fall to Greece in pursuit of employment with a Greek shipping tycoon for whom Mr. Manos had provided homosexual services.

When Mr. Balach returned from Athens, he found that Mr. Manos had taken \$4,000 from his bank checking accounts — "my bank accounts were in the negative" — cashed savings bonds and opened up about a dozen charge accounts in his name at major department stores along the East Coast.

Also, Mr. Manos stole and demolished his car while Mr. Balach was on the trip to Greece, he said.

"This was a nightmare in my life," Mr. Balach said, explaining that his involvement with Mr. Manos was brought about by "loneliness, laziness."

escort.

Mr. Blodgett brought the friend, Boston antiques dealer Benedict J. Hastings, to an interview Tuesday to substantiate his claim that he had done nothing illicit. "I am innocent," Mr. Blodgett said.

Mr. Hastings said Mr. Blodgett allowed him to use his American Express card and apartment on numerous occasions, and that he in turn allowed Mr. Blodgett to use his credit card on occasion.

Mr. Hastings said he used Mr. Blodgett's credit card to procure a male escort unbeknownst to the Republican staffer.

Mr. Hastings said the person was hired as a bartender at a quickly arranged party in Mr. Blodgett's District apartment. "I needed... someone who would wear just a black bow tie and [under]shorts," he said.

Mr. Blodgett said Mr. Hastings reimbursed him in cash for this and other charges when he returned to town. He said he did not know the details of those transactions until this week and that he "trusted" his friend of six years.

• Jerry Seper contributed to this report.

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