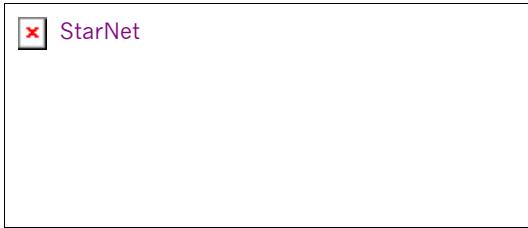


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Thursday, 2 April 1998

Two receive prison sentences in military-aircraft conspiracy



The Arizona Daily Star

Fred A. Fuchs, a former Forest Service official, received two years in prison.



The Arizona Daily Star

Aircraft broker Roy D. Reagan was given a sentence of 2 1/2 years.

By Tim Steller
The Arizona Daily Star

Two men who conspired to illegally transfer 28 military planes to private contractors received prison sentences yesterday.

U.S. District Judge William Browning sentenced Roy D. Reagan, an aircraft broker, to 2 1/2 years, and Fred A. Fuchs, a former Forest Service official, to two years in prison. He ordered each of them to serve three years of probation but did not fine them.

Reagan and Fuchs were convicted in October of conspiring to exchange 22 C-130s and six P-3s from the Air Force through the Forest Service to firefighting contractors. Many of the aircraft were not used for firefighting in the United States; some were put on the market or cannibalized for parts.

In return, the six companies offered outdated firefighting planes, mostly C-119s, to aircraft museums throughout the country.

Three contractors transferred titles for four of the planes back to Reagan as payment for his services. Reagan then sold the planes for about \$1.1 million.

The exchanges gained Fuchs 5 1/2 hours of flight time in a C-130A and an upgrade in his pilot's license.

Before the sentencing, Browning rejected Reagan's appeal for a new trial, which was based on the allegation that a prosecution witness was a CIA operative who also had been under criminal investigation.

"The allegation that the CIA was involved is at best illusory," Browning said.

"While it is titillating, it's not brought out by any evidence on the record."

Reagan's attorney plans to continue to pursue the CIA angle for a possible appeal.

"The whole (prosecution) argument is that the U.S. government lost control of the planes," A. Melvin McDonald said after the sentencing. But one witness testified that he sold one of the C-130s to a South African fish-hauling company - which McDonald said could be a cover for a CIA operation, McDonald said.

If that's the case, then perhaps the government didn't lose control of the planes but controlled them covertly, McDonald said.

The witness, William Eck of Heavylift International in Nevada, has denied any involvement with the CIA. Assistant U.S. Attorney Claire Lefkowitz and the CIA itself also deny that the agency was involved with the plane exchange.

The CIA allegation comes primarily from Gary R. Eitel, a private whistle-blower who has filed a related civil lawsuit. But McDonald brought it up in a 1996 hearing as well as last month's motion for a new trial.

Reagan contended at yesterday's hearing in Tucson's federal court that the program, which began in 1987, benefited taxpayers by reusing excess aircraft.

"As I drive by Davis-Monthan I see in excess of 200 (idle) aircraft. I think it's a shame that the taxpayers don't get any benefit from them," Reagan said.

Some of the aircraft came from the ``bone yard" at Davis-Monthan Air Force Base, and others were transferred through Pinal Air Park in Marana.

Fuchs, who was in charge of the Forest Service's aviation firefighting program, said he was motivated by noble goals.

``When I was transferred to the Washington office, I was under a great deal of pressure to improve the safety and effectiveness of the aviation program," Fuchs said yesterday. ``My intent was just that."

During the trial, prosecutors brought out evidence that the airplanes were worth \$800,000 to \$1 million apiece and that their loss cost taxpayers \$22 million to \$28 million.

Yesterday, Browning arrived at a much lower figure.

``For purposes of sentencing, the valuation of the planes is \$400,000 (total). You can make what you will of that," Browning said.

Lawyers for both sides speculated that Browning arrived at that figure in order to be able to give the prison sentence he felt appropriate and still stay within sentencing guidelines.

The sentencing range depends in part on the total value of the loss. At a \$28 million loss, the maximum prison sentence possible would have been five years, Lefkowitz said.

Browning, who did not say why he gave Reagan a longer sentence than Fuchs, recommended to the Bureau of Prisons that the men serve their sentences in the minimum-security facility at Nellis Air Force Base, Nevada. It's the same prison where former Gov. Fife Symington is scheduled to serve his 2 1/2-year sentence.

Reagan and Fuchs must report to prison May 4. Browning ordered that the prison sentences not be delayed, despite the fact that both defendants plan to appeal their convictions.

The end of the criminal case does not mean the airplane-exchange program will cease appearing in court. In 1994, Eitel filed a civil lawsuit against the six companies that received airplanes, their owners and Reagan.

The criminal indictment against Reagan and Fuchs came two years later, in 1996. Last year, the Justice Department joined Eitel as a plaintiff in the civil suit against Reagan and the companies, which alleges they committed fraud and gained unjust enrichment through the exchange program.

The civil case was recently transferred out of Browning's court, at Eitel's request. U.S. District Judge Richard Bilby drew the case.

The Justice Department is seeking monetary damages from the company, and under the rules governing such suits, Eitel stands to gain 15 percent to 30 percent of any

damages earned.

The two plaintiffs have frequently been at odds over Eitel's allegations that the CIA was involved in the exchanges and that drug traffickers eventually leased exchanged aircraft.

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