

FORT RENO'S OBSESSION

by Howard Mintz¹

The American Lawyer

May 1995

When you go into a law case, you must remember that difficulties do not come from your opponent. Often the greatest danger is your own client.

– the late San Francisco trial lawyer Vincent Hallinan, in his 1963 autobiography, *A Lion in Court*

In the fall of 1989, the federal drug task force in Reno, Nevada, obtained the indictment of a wealthy, dapper, ski-loving Lake Tahoe developer named Ciro Mancuso, alleging that he had overseen a wildly successful marijuana smuggling organization since his college days in the late 1960s. For “Fort Reno” – as local law enforcement called the Reno U.S. attorney’s office – busting the mastermind of a \$140 million international smuggling empire was an epic event. The *Reno Gazette-Journal* splashed the arrest across its front page, portraying Mancuso as a Renaissance man turned dope kingpin, and the federal prosecutor who brought the indictment rode the good publicity to election as local district attorney.

Inside Fort Reno, Mancuso had been an obsession since the late 1970s, targeted by the Internal Revenue Service, the Drug Enforcement Administration, the U.S. Customs Service, and at least five prosecutors. And as the months and years ahead would make clear, obsessions die hard in Reno’s U.S. attorney’s office. So it was no surprise when federal agents came down hard, seizing Mancuso’s beautiful homes in Hawaii and in the pristine ski meadows of Squaw Valley; millions of dollars in bank accounts from California to Switzerland; and any personal belongings, “right down to the teacups,” as one defense lawyer involved in the subsequent legal wrangle puts it. At the time, it seemed certain that under harsh federal penalties for drug dealing, Mancuso would end up in prison for quite a while.

But somewhere along the way, the lawyers in Fort Reno decided there was another target they wanted to put away even more than Ciro Mancuso: Patrick Hallinan, Mancuso’s longtime defense lawyer. Hallinan, one of the best-known defense attorneys in California, was accused of serving as house counsel to a marijuana smuggling ring, and indicted on charges that he insulated Mancuso’s drug organization by obstructing justice and even laundering drug profits. With Hallinan apparently viewed by prosecutors as more of a criminal than his drug

smuggling clients, the conquered pot smuggler Mancuso suddenly had a new job – feeding Fort Reno’s obsession.

Six years after the triumphant arrest of Mancuso, there is a white flag waiving over Fort Reno. Mancuso – whose word became the infrastructure of the Hallinan indictment – is a free man, ensconced in a million-dollar home complete with indoor swimming pool in an exclusive ski resort in Squaw Valley, his bank accounts brimming with the drug money the Reno U.S. attorney’s office returned to him in exchange for cooperating against his former lawyer.

But the 60-year-old Hallinan, too, is a free man: On March 7, after a six-week trial in which the government’s case started out shaky and seemed to deteriorate with each witness it called, a working-class Reno jury took just four hours to clear Hallinan of all charges. In short, federal prosecutors have nothing to show for an investigation that lasted some four years and came to be viewed as an all-out assault on both a reputable criminal defense lawyer and the brotherhood of the defense bar.

The story of Patrick Hallinan’s prosecution – drawn from thousands of pages of court documents, firsthand observation of Hallinan’s trial, and scores of interviews conducted over the past year and a half – is a cautionary tale for defense lawyers who get too close to their clients and prosecutors who get too close to their informants. Hallinan became the target of a renegade U.S. attorney’s office because of the favors he did for a drug dealer who would later betray him. And L. Anthony “Tony” White, the chief prosecutor who thought he had a corrupt lawyer in his grasp, ended up with a corrupt prosecution instead. In Reno, where playing a bad hand is a way of life, federal prosecutors refused to fold until it was too late. Just like Hallinan, they stuck with Ciro Mancuso too long.

“They went after [Hallinan] because of who he was, not what he did. He was Pat Hallinan,” says former Nevada DEA agent Dennis Cameron, who investigated Mancuso on and off from the late

¹ Howard Mintz began covering the Hallinan prosecution in August 1993 for *The Recorder*, *The American Lawyer*’s San Francisco-based affiliate, where he is a senior writer.

1970s until his 1989 arrest. "Pat had some problems with some of the things he did, they saw that and they glommed onto it. But it was a colossal waste of time. Ciro sold them a bill of goods, and for whatever reason, they went for it. They saw a problem with a defense attorney and said, 'We can get him.'"

A Declaration of War

On August 6, 1993, federal agents with guns drawn stormed into the home of Patrick Hallinan in an upscale, tranquil Bay Area suburb in the shadow of Mount Tamalpais, one of the most posh areas in California. The agents cuffed Hallinan and sent him off to the Alameda County jail in downtown Oakland. Reno prosecutor Tony White – an ex-Marine, ex-California Highway Patrol officer, ex-FBI agent, and ex-rural state prosecutor – ordered the Reno-based agents to make the arrest at about seven o'clock on a Friday night, according to three federal prosecutors familiar with the decision. This ensured that Hallinan would spend the weekend "in the bucket," as Hallinan calls it, because there would be no opportunity for a bail hearing until Monday morning.

In San Francisco the handling of the Hallinan arrest was tantamount to a declaration of war by prosecution on criminal defense lawyers, who saw the case as blatant intimidation of a leading member of the defense bar. Even the San Francisco U.S. attorney's office considered the arrest a tactical and public relations disaster. In fact, San Francisco U.S. attorney Michael Yamaguchi tried to discourage White from arresting Hallinan on a Friday night, arguing that it would look vindictive, three prosecutors familiar with the exchange say. But Department of Justice officials told Yamaguchi to butt out – this was Fort Reno's case.

The Reno prosecutors were not making an example of an obscure defense lawyer. The Hallinan family had been a San Francisco institution since Patrick's father, Vincent, first captivated local courtrooms in the 1930s, becoming a nationally recognized trial lawyer and political figure. Vincent Hallinan spent much of his adult life in his own feuds with the federal government, in part because he'd been branded a Communist and a radical when those were the dirtiest words in America. Vincent even spent 18 months in a federal prison for a tax evasion conviction, which at the time he believed was the result of his 1952 presidential nomination on the Progressive Party ticket. And the Hallinan family remains entrenched in local politics: Patrick's

brother Terrence is the most liberal member of San Francisco's notoriously liberal board of supervisors.

At the time of the indictment, Patrick Hallinan appeared to be at the pinnacle of a career that stretched back to the 1960s. He had represented defendants in everything from murder trials to bribery cases, and his more recent high-profile clients included federal judge Robert Aguilar and California schools chief Louis "Bill" Honig, both of whom faced public corruption charges.

In fact, Hallinan probably would have loved a chance to try a case against a 1990s-style drug warrior like Fort Reno's Tony White. A colorful, charming, and loquacious attorney who smokes too much, likes his vodka, and feels comfortable enough with his politics to have original Andy Warhols of Chairman Mao adorning his living room walls, Hallinan has championed the underdog – with a thespian touch – his entire career. Like his four brothers, he says, he grew up using his fists to defend his family's politics, a perfect match for his nickname, "Butch."

Hallinans were raised to distrust people like Tony White. "My daddy had no illusions about the morality of the government," Hallinan says now. He knew the government would roll over everything that stands in its way, and I grew up that way. I grew up questioning authority and the power of the state."

Hallinan is in many ways a throwback, a defense lawyer molded in a bygone era of 1960s and 1970s San Francisco, when pot was no big deal and pot dealers were considered a part of the culture more than a criminal element. In those days it was more common for defense attorneys to pal around with clients and accept bundles of cash from dope dealers trying to stay one step ahead of the law. The clients, meanwhile, loved to brag of having their very own lawyer a phone call away. As one prominent Bay Area defense lawyer puts it, "These guys like to pay the lawyers because money meant nothing to them. A lot of the mainstay lawyers didn't mind it. they weren't ripping them off – they were reserving the time. It was just a part of the subculture."

Since the mid-to late 1980s, things have changed. The government is now far more vigilant in its scrutiny of money that looks drug-related, and far more likely to seize tainted lawyers' fees. Even worse, defense lawyers increasingly fear precisely what happened to Hallinan: Faced with extraordinary prison terms for drug dealing, defendants generally can get a

break only if they cooperate. And more and more they want to talk about their lawyers.

The Reno prosecutors discovered quickly that they had a fight on their hands: When Hallinan was escorted into a jammed San Francisco federal courtroom after his weekend in jail, the gallery of defense lawyers and family friends erupted in supportive cheers. Even the court reporter stood and applauded.

The True Believer

Tony White, the architect of Hallinan's indictment, is the antithesis of a criminal defense lawyer – a man who seems to view government as a white horse he can ride into battle in the drug war. The 53-year-old White, his Marine crew cut graying at the temples and balding on top, freely admits that he could never envision himself as a criminal defense lawyer, and talks about drug dealers in the same breath as child molesters and rapists.

"White is a cowboy prosecutor," asserts Hallinan's lead defense lawyer, John Kecker, the Iran-contra prosecutor of Oliver North. "He knew this case would make him a famous and feared person. It made him the most famous prosecutor among defense lawyers. He loved being the most hated prosecutor in the Bay Area."

White, who has always denied targeting a defense lawyer deliberately, is more than just a caricature of a cowboy drug prosecutor, and over the years the Reno defense bar discovered that it is a mistake to underestimate him. White's aggressiveness and fat conspiracy indictments had become a trademark since he joined the drug task force in 1985. "White may have made a mistake in the Hallinan case," says a former DEA agent. "But he's a smart guy. He has done a lot of good things."

White's signature case before indicting Hallinan came in 1988, when he prosecuted a Nevada-based methamphetamine ring called "The Company" in what is believed to be one of the longest federal trials in U.S. history. White sat alone at the prosecution table, up against 15 defense lawyers who complained constantly about the confusing, interminable length of the trial, which went for 16 months. Eventually, the U.S. Court of Appeals for the Ninth Circuit criticized White openly for the length and cost of the drug prosecution, with one appellate judge calling his office "Fort Ridiculous." But White got what he wanted: convictions, all of them affirmed by the appellate court.

In fact, going into the Hallinan trial, White had an unblemished record of winning his cases.

With such a good track record, White had no problem getting backing for his Hallinan prosecution from his boss, Nevada U.S. attorney Kathryn Landreth, a Clinton appointee who inherited the controversial case and publicly supported White's handling of it.

With that free rein, White ran an investigation that wound up making some strange bedfellows: The evangelical federal drug prosecutor would find himself on the same team with a bunch of admitted drug dealers. In all, he would call some 13 former members of the now-shattered drug ring, and try to use their word to make Hallinan pay a heavier price than any of them.

"The reality of the business is that you make deals with people you otherwise would not, Ciro Mancuso and others," White observed a few months after Hallinan's arrest. "Am I uncomfortable? Yes. But it is a necessary evil."

The Dangerous Client

For White, that necessary evil began in 1990. Ciro Mancuso was in trouble that spring: still locked up without bail in the county jail and looking at the distinct possibility of life in prison following his much-trumpeted arrest in Reno. As he had for 15 years, Mancuso turned to Hallinan.

"Hallinan is the type of lawyer who always gives you hope, tells you everything is okay, kind of a backslapper," says one of Mancuso's longtime close friends and admitted drug smuggling confederates. But this time, the friend adds, Mancuso was clearly in too deep for even Hallinan to save him: "Ciro thought he would take care of it. Ciro was not dealing with reality. He perpetuated the illusion that Hallinan would make him invincible."

Mancuso had, after all, supervised an extraordinarily durable smuggling ring. He started out harvesting hemp off Kansas roadsides with college ski buddies in the late 1960s and moved quickly to importing Mexican dope and then to offloading huge shipments of powerful and exotic marijuana from Thailand by the mid-1970s.

"[Mancuso and his inner circle] were all very, very close friends," says Richard Pierce, a Reno-based customs agent who worked on the Mancuso and Hallinan cases for eight years. "They didn't start out intending it to be a business. I think they started out intending it to be friends. This wasn't *Miami Vice* – a handshake was a deal."

Starting in 1974, Hallinan often was by Mancuso's side, steering him clear of the law. Mancuso had a major near-miss in 1977, when a smuggling boat called *Drifter* brought about 2,200

pounds of pot into northern California ports, paid for by the Mancuso organization. The boat's scruffy captain began cooperating against the ring, but the probe went nowhere. (Hallinan later would be accused by prosecutors of silencing the boat captain with hush money and a good lawyer.)

After that incident, Mancuso assured his lawyer that he was abandoning the drug business, both men later testified. But Mancuso kept going through the 1980s, and he and his friends – respectable-looking fellows who stuck with marijuana instead of smuggling more lucrative and powerful drugs like cocaine and heroin – made tens of millions of dollars, as they would later testify at Hallinan's trial. They invested much of their money in lavish homes, fancy cars, and sound businesses ranging from wine cellars to surfboard shops. Mancuso himself gained a reputation as one of Tahoe's most talented real estate developers. By the time of Mancuso's arrest, he and his associates seemed more like aging yuppies than dope smugglers.

But by the early 1980s Fort Reno began to suspect that Mancuso was a bit more than a gifted real estate developer. As government scrutiny intensified, trial testimony would later make clear, so did the bond between Mancuso and his lawyer, Patrick Hallinan.

In 1983 Hallinan helped beat back an IRS probe stemming from the arrest of a Thai national carrying a briefcase containing \$831,000 in cash, Mancuso's business card, and documents bearing Mancuso's name connected to Keystone Investments (a Cayman Islands-based shell corporation and Mancuso's reputed offshore money laundering front). Mancuso was so pleased with his lawyer's work that he handed Hallinan the keys to a \$25,000 Mercedes convertible.

The pair grew closer through the 1980s. Mancuso invited his lawyer to weddings and baptisms. Hallinan paid Mancuso to construct a nursery in his sprawling Kentfield, California, home. The defense lawyer and his then-new bride, Lauren, accompanied Mancuso and his wife on a trip to Mexico in 1982. Hallinan even arranged the sale of his mother's Squaw Valley house to Mancuso in 1987. By the time Mancuso was indicted in 1989, Hallinan was not just a defense lawyer: He was a friend and confidant – and trump card.

Hallinan had gotten his client out of jams before, but after the 1989 indictment federal prosecutors had enough informants and documentation to make it impossible for Mancuso

to defend himself against the smuggling charges, and Hallinan knew it. Then-assistant U.S. attorney Dorothy Nash Holmes – the prosecutor who busted Mancuso, and who later played up that arrest in her successful campaign for the Reno district attorney post – was even threatening to indict Mancuso's wife and sister. Hallinan began to advise his client that a plea deal might be the only way out of a life prison term.

At the time Mancuso insisted that he would not inform on his cohorts as part of any deal. "Dear Patrick," Mancuso wrote in a March 1990 letter to Hallinan. "I have given some serious thought to the situation and . . . have made some decisions. First and foremost, I will not even consider 'turning' or in any way whatsoever cooperating with the government against ANY of my friends or acquaintances, so that possibility can be completely eliminated from any negotiations."

A little more than a month later Hallinan negotiated a plea bargain for Mancuso with the departing Holmes. In September 1990 Mancuso pleaded guilty to running a smuggling organization under a plea agreement that set his punishment at ten years to life.

Although Mancuso followed Hallinan's advice in pleading guilty, the close relationship between the smuggler and the lawyer was about to unravel dramatically. There was, it turned out, one way Mancuso could get a better deal than the one his lawyer had offered him: He could sacrifice Hallinan.

Shortly after pleading guilty, Mancuso fired Hallinan, complaining about the terms of the plea deal and the cost of his defense. But it would soon become clear just how much the relationship had disintegrated. "Hallinan in [Mancuso's] mind had let him down and thrown him to the wolves," says one of Mancuso's close friends. "Ciro thought he was above the law, and Hallinan would get him off. He needed someone to blame. It had to be Hallinan's fault, because in the final analysis, [Mancuso] wasn't willing to take responsibility for his actions."

Mancuso, meanwhile, had recruited a new lawyer for his final fight – one who could hurt Hallinan: Shortly after Hallinan and Mancuso parted ways, an associate in Hallinan's law office, Katherine Alfieri, told him she was quitting and taking Mancuso with her as a client. "I said, 'You can't do that,'" Hallinan recalls, adding that Alfieri's departure was a complete surprise. "And she said, 'I can, and I'll do my best to protect you and keep you from getting indicted.'"

"I thought, 'Uh-oh, here it comes.'"

Consigliere of the Drug Ring

As it turns out, Hallinan's reckoning would be a long time coming. He was not arrested until August 1993, almost three years after Alfieri left his firm with Mancuso. Tony White – who had appeared in federal court as the new prosecutor on the case the day Mancuso pleaded guilty – issued a 62-page conspiracy indictment that put Hallinan at the center of the Mancuso operation. (That indictment eventually mushroomed into a 100-page July 1994 substitution indictment under the Racketeer Influenced and Corrupt Organizations act.) White rolled out the heaviest artillery possible for Hallinan, even moving to forfeit his 25-year-old law practice as a fruit of the drug ring.

In all, Hallinan eventually was charged with 20 counts, the most serious of which was conspiracy to smuggle and distribute marijuana, an attempt to hold the lawyer liable for virtually every known smuggling venture carried out by the Mancuso ring since the *Drifter*, the ill-fated drug boat from 1977. At first blush, there was enough dirt in the indictments to make Hallinan appear vulnerable.

Allegations that Hallinan had helped launder money posed the greatest threat because they were the surest way prosecutors could show complicity with Mancuso. For example, the indictment alleges that on Mancuso and Hallinan's 1982 trip to Guadalajara, Mexico, they arranged the bogus sale of a ranch to launder \$180,000 in drug money. Documents showed that Hallinan had wired the \$80,000 into his San Francisco bank account, transferring the money months later to Mancuso. According to the government, the ranch sale was a ruse to "surface" some of Mancuso's drug money at a time when the IRS was investigating his holdings.

Then there was Hallinan's role in Keystone Investments – Mancuso's Cayman Islands business that the government said was a money-laundering front. Hallinan got involved in Keystone in 1981, about the time the IRS in Nevada began investigating Mancuso. Hallinan was alleged to have conspired to obscure any link between Mancuso and Keystone, even creating a fictitious Keystone director named Deborah DeLong, whose name would be signed to documents, allowing Mancuso to continue moving drug money through Keystone into legitimate real estate deals. Eventually, all Keystone correspondence would be sent through Hallinan's

San Francisco law offices, purportedly to shield Mancuso's connection.

One of the most embarrassing allegations against Hallinan was that he arranged the 1987 sale of his mother's Squaw Valley house to Mancuso in order to allow Mancuso to invest \$60,000 of his drug cash without detection. The house sale was reported at \$120,000, even though the property had been appraised at \$180,000; there were two offers for around \$178,000 that fell through before Mancuso made his purchase. The indictment alleged that the remaining \$60,000 traveled under the table.

The government also alleged that Hallinan had obstructed government investigations. The most serious of these charges was that Hallinan in 1986 masterminded a plot to funnel \$140,000 in hush money to a Mancuso pot distributor named Edward James Vallier, enabling Vallier to flee to Mexico so he would not cooperate with the Reno U.S. attorney's office. Vallier did skip the U.S. but was later arrested and became one of the witnesses who broke the Mancuso ring.

The indictment also alleged that Hallinan shielded Mancuso through phony fee deals and the acceptance of cash for fees. Mancuso told federal agents that he paid around \$1.2 million to Hallinan during the course of their relationship, often in cash. About half of this money went to Hallinan's fees, Mancuso claimed, and the rest to pay a who's who of prominent Bay Area criminal defense lawyers to represent other members of the Mancuso ring. Under White's obstruction theory, Hallinan directed these lawyers to discourage their clients from cooperating.

Hallinan allegedly intensified his obstructionist conduct as a federal grand jury intensified its probe of Mancuso between 1987 and 1989, the indictment went on. Two Mancuso associates claimed Hallinan advised them to lie to the grand jury; others claimed Hallinan told them to flee the country. One Mancuso chum said Hallinan told him to bury \$80,000 in drug money in the ground. The indictment alleged that Hallinan conspired to destroy Keystone documents that might implicate him. And, finally, Mancuso told agents that while Hallinan was pressuring him to cut a deal once he got indicted, he also was warning him against mentioning the involvement of the lawyers.

The indictment sent a chill through San Francisco's defense community, where many of the allegations of criminal conduct were reviewed as fundamental criminal defense trench work. For example, the indictment suggested that tracking the grand jury investigation of Mancuso, accepting cash for legal fees, and discouraging

cooperation with the government were forms of obstruction. Many premier defense lawyers consider it a badge of honor to keep their clients from becoming informers. The prosecutors seemed to be indicting the criminal defense profession in general.

But the real problem with the government indictment and its 121-page search warrant affidavit was that neither contained any direct evidence actually linking Hallinan to any marijuana smuggling; the defense lawyer was simply charged under a loose-fitting vicarious liability theory. To prosecutor White, Mancuso's drug ring would never have flourished and survived without its consigliere, and thus Hallinan should be placed on a pedestal in the drug operation right beside Ciro Mancuso.

Hallinan's defense was quite straightforward: Any financial transactions he handled for Mancuso, he believed, involved legitimate real estate development money earned honestly in Lake Tahoe's booming market by a reformed marijuana smuggler. Hallinan insists to this day that he believed Mancuso had gone straight after the 1977 *Drifter* incident, only learning about his client's deceit when a federal grand jury investigation of the Mancuso ring heated up between 1986 and 1989.

From Hallinan's point of view—one many in the defense bar agree with—White was trying to make an example of a defense lawyer who was simply doing his job.

Feeding The Obsession

But government prosecutors viewed Hallinan's conduct differently, and tirelessly assembled their case from the fall of 1990 right up until the eve of trial.

Mancuso's associates were quickly enlisted to testify against Hallinan, tempted by visions of soft sentences and returned assets. Even though all the smugglers—most of whom were arrested in the late 1980s as the government closed in on Mancuso—had pleaded guilty to drug conspiracy and smuggling charges, their sentencing dates were postponed until they could take the stand to testify against the defense lawyer. The government had plenty of leverage.

Still, not all the government's witnesses turned so easily. For example, John "Sean" Fagan, a major investor with Mancuso in 1986 and 1987 smuggling operations, was one of the last holdouts. But eventually Fagan, who had been on the lam in Bali, Indonesia, when he was arrested on smuggling conspiracy charges, would receive an offer he could not refuse, delivered in a

style that was vintage Fort Reno: "Please consider this an invitation for your client, Sean Fagan, to join this country's smallest but toughest drug task force in its ongoing battle for truth, justice, and the eradication of the drug menace from the landscape of our nation, still the world's only remaining superpower," White wrote to Fagan's lawyer in March 1993, "If he does the job for us, we will do the job for him"—in other words, help him get a more lenient sentence. Fagan joined, and became the witness who would finger Hallinan as the creator of the Vallier bribery scheme.

In soliciting other witnesses, White and his prosecution team had an invaluable helper: Ciro Mancuso. Mancuso skied with his ex-smuggling buddies as they prepared to testify, phoned them, visited them in jail. Mancuso, in fact, got so involved in the mechanics of investigating Hallinan that Hallinan's lawyer, John Keker, would later be able to deride him in front of the jury by calling him "Ciro Mancuso, junior agent."

Just two weeks before the trial this past winter, the DEA even flew Mancuso to Mexico to persuade an old smuggling contact named Heriberto Torres Plascencia to come to Nevada to testify about the 1982 ranch deal, and to recover Mexican bank documents connected to the transaction. The federal agents would later explain in court that Mancuso was better equipped for the mission than the DEA because of strained relations between Mexico and the drug agency. In any case, Mancuso succeeded, and Torres agreed to testify.

In addition to Mancuso's smuggling associates, prosecutors were also anxious to enlist a Reno lawyer named Jack Grellman, who had been recruited by Hallinan to handle Nevada real estate transactions for Keystone back in 1981. White believed Grellman could provide inside information on Hallinan's role in the Keystone laundering scheme—and that a lawyer could add some much-needed respectability to a witness list composed of former drug smugglers.

Again, prosecutors turned to Mancuso. In February 1992 federal agents sent Mancuso to meet Grellman in a parking lot at a millworks shop just outside Reno. The conversation was taped, and Grellman made it clear he was bitter that Mancuso and Hallinan had lured him into trouble with Keystone. "I thought Patrick was doing me a favor, like I do with a lot of people," Grellman told Mancuso. "Giving me an easy client. I was really pissed at you guys, that you would set me up and use me."

"I didn't set you up, Patrick did," Mancuso replied. "That's your buddy Patrick."

Within moments, federal agents swooped in on Grellman, who later called the incident "beat 'em up Saturday." Grellman was given a choice: cooperate or be indicted. Grellman, who says he feared the loss of his law practice and the prospect of prison, chose to cooperate.

Prosecutors hoped they could use Grellman to get more direct evidence on Hallinan, and even convinced him to wear a wire, and to use a ruse to get Hallinan on the phone with Mancuso. But Hallinan said nothing incriminating on the tapes that resulted from both incidents, and they were never played to a jury. In fact, the Hallinan-Mancuso conversation ended up in a shouting match in which Hallinan staunchly defended himself.

"I feel like I'm sitting here covering for you because I think that you're involved in the conspiracy," Mancuso said to Hallinan. "And I think that if I go to them and tell them about all the shit you did with Deborah DeLong and the Mexico property, and all that, I think you'd be in deep shit."

"Ciro, this is just blackmail. You're gonna blackmail me?" Hallinan shot back. At another point in the exchange, Hallinan says flatly: "Ciro, look here, this is bullshit."

"Well," Mancuso warns, "if you think it's bullshit, fine. If you think that it's all bullshit, I'll just go tell the feds about it and you can deal with them... 'cause I think they'll make your life miserable."

Mancuso, of course, had already gone to the feds. And Grellman says that when lead DEA agent Ronald Davis and White were not happy with the useless tapes, they blamed him. As prosecutors prepared to indict Hallinan, Grellman's plea bargain collapsed, and he ended up being indicted on many of the same charges as Hallinan.

But White still wanted Grellman's testimony, and continued to push him right up to the trial. Moments before jury selection was scheduled to begin this past January, Grellman caved in, agreeing to plead guilty to one count of money laundering in exchange for the possibility of probation. He also agreed to testify against Hallinan. For Tony White, it looked like the last piece of the puzzle.

Hallinan's Heavy Hitter

White was not the only one to pull out all the stops in his case. Hallinan turned to heavy hitter John Keker to represent him, and from the day of

the arrest, Keker threw the weight of his firm, San Francisco's Keker & Van Nest, behind Hallinan's defense. Keker called on one of his partners, Jan Little, a former Justice Department lawyer and 1993 finalist for the San Francisco U.S. attorney's job. Then he launched an all-out assault, hiring two of the best private investigators in San Francisco to dig up dirt on the government's dubious witnesses. And Keker made a sport of hectoring White, in and out of court.

Keker fired off letters to the Justice Department and filed motions alleging prosecutorial misconduct, for example, when White's office raided Hallinan's house a second time in the spring of 1994, as part of a probe into allegations that the lawyer (an aspiring archeologist) illegally lifted ancient Indian artifacts off Nevada's Black Rock Desert. A search for illegal arrowheads looked gratuitous, given that Hallinan already was charged with crimes that could spell ruin, and Keker made it clear that he thought White was on a trophy hunt.

Keker definitely got under White's skin, and the prosecutor even tried unsuccessfully to have Keker disqualified in the summer of 1994 following some wrangling over a discovery issue. Keker responded by referring to White in the press as a "chicken-shit who is afraid to try a case against me." A short time later, White in extraordinarily caustic language for a government lawyer, likened Keker's pleadings to "roadkill rabbit, rotting on a Nevada desert highway." Eventually, Keker would use the palpable hostility in the case to his advantage, successfully defining the trial as an assault on the criminal defense bar.

The wild card, from the defense's point of view, was the predominantly elderly, working class Nevada jury pool. Keker held a mock trial with two juries in late 1994 to see whether Nevada jurors could sort through the insular, rough-and-tumble world of criminal defense work and emerge from deliberations without hating the lawyer as much as the government's lineup of informants. The mock jury's findings didn't bode well for the defense: Many of his mock jurors, Keker says, assumed that if the government was willing to cut deals with perjurers and dope smugglers, then the lawyer they were after must be even more corrupt.

The mock trial, however, was missing one crucial ingredient: the live testimony of the informants. For all the indictment's damning allegations, the government's case depended almost entirely on the credibility of Mancuso and his buddies, all of whom stood to gain a great deal for their cooperation. To convict Patrick

Hallinan, a real jury would have to believe the word of Ciro Mancuso.

A Play Cast In Hell

In the five-story federal courthouse about a mile or so from Reno's gambling center, Patrick Hallinan found himself spending the winter of 1995 at the defense table, where he had so often used his pugnacious style and Irishman's wit on behalf of his clients.

"When the play is cast in hell," White told the jury early in his opening statement on January 30, "don't expect angels for actors." At the time this seemed to be White's attempt to brace the jury for the lowly pedigree of his witness list, but in retrospect perhaps it was just an apology. The prosecution seemed to be backpedaling even before its first ex-smuggler informants took the stand. And things would only get worse as each government witness testified.

The opening statement began with a flowery, dark-and-stormy night description of a 1987 smuggling venture gone awry off the coast of Oregon, moving to 1988, when three Mancuso ring members were detained in a German train station after bundles of drug cash destined for Swiss bank accounts dropped from their trousers in front of customs agents. The prosecutor pulled a rubber band from his pocket and tweaked it as he related how the money had fallen to the ground with the snap of a rubber band.

It might have been great stuff if Fort Reno were prosecuting Ciro Mancuso. But from the beginning, it was hard to tell what all this had to do with Hallinan, the first and only alleged member of the Mancuso organization to go to trial in 15 years of investigations and indictments.

There were allegations of money laundering and ample talk of exorbitant cash fees from drug dealers, but Hallinan was charged with drug smuggling and helping run a racketeering enterprise—not money laundering or failing to report his fees to the IRS. Within a week, U.S. district judge Howard McKibben, who presided over the trial, would call White's conspiracy theory "amorphous, at best."

Then came the witnesses. The parade of informants never overcame the perception that they had come to court in search of a reward, bounty hunters who cut dirty deals with Fort Reno for reduced sentences and returned drug profits. These 13 witnesses had spent thousands of hours going over their stories with federal agents, often rendering conflicting accounts. Their information against Hallinan tended to grow more sinister over time, and more incriminating as the

plea deals grew sweeter. When they finally testified they simply could not settle on which tale to tell.

Former Mancuso pot distributor Michael McCreary, the government's first significant witness, took the stand looking like an English professor in his tweed jacket and tie, and skulked from the courtroom looking like a liar and washed-up drug dealer. McCreary claimed that Hallinan instructed him to lie to a federal grand jury. Robotic under the direct questioning of prosecutors, McCreary seemed unable to come up with answers to Keker's cross-examination questions. Flummoxed, he finally turned to Judge McKibben and pleaded, "Your Honor, am I allowed to answer in my own words?"

Then came James Griffis III, another former Mancuso associate and ex-Hallinan client, who was called to testify about Hallinan's extensive involvement in keeping tabs on the Mancuso grand jury investigation. Like many of the government's informants, particularly Mancuso, Griffis and McCreary had a habit of lying about things that didn't even matter, making it all the more difficult to believe them when it counted. In one instance, for example, Griffis insisted he could not remember the last time he used drugs—then the next day conceded, well, he had smoked pot "a few weeks ago."

White may have hit bottom when, to corroborate Mancuso's story about the 1982 ranch sale, he called on Heriberto Torres Plascencia—the man the government had flown Mancuso to Mexico to retrieve. That decision seemed all the more mind-boggling when Keker introduced Torres's rap sheet of drug trafficking and suspected murders. His credibility was not enhanced when Torres, confronted with the murder allegations, offered the jury the cryptic explanation that in Mexico, "If, say, you're an elephant and the police say you are a rabbit, well, then you're a rabbit."

Keker's sarcastic and brutal cross-examination had an enormous impact, and none of the government's adversarial informants emerged from the stand with their credibility intact in the jury's eyes. "The reason for what they say and how they say it is quite obvious—they have more to gain by lying so the government gives them whatever they want," says John Tonner, the jury foreman, a 50-year-old repair maintenance supervisor. "Most of the government's witnesses came across as well scripted during the government's examination. During cross-examination, it fell apart."

Fort Reno looked defensive and confused. Judge McKibben, a 1984 Ronald Regan appointee, repeatedly scolded White for prosecutorial foul-ups and failing to produce documents. On more than one occasion McKibben, who would turn crimson whenever he got angry, simply stalked off the bench, leaving White and his associates standing speechless in the courtroom well. "The record," the judge snapped, "is really starting to add up here."

Surrender In The Air

By Friday, February 3, an off day in the then-week-old trial, there was surrender in the air at Fort Reno. That day prosecutor White and co-defense counsel Jan Little sat in McKibben's locked courtroom and waited for word on whether Justice Department officials in Washington, D.C., would approve an astonishing plea offer to Hallinan. Under the terms of the deal, according to two lawyers familiar with the negotiations, Hallinan would plead no contest to a money-laundering charge and gain assurance from the government of probation. In exchange, White and his boss, Kathryn Landreth, would drop the racketeering indictment.

White and Landreth will not discuss the plea offer, but it is hard to escape the conclusion that they considered their case a loser: They were giving away the store. "They had created this monster that didn't exist, this consigliere of the drug conspiracy," says Keker, who advised his client to accept the offer. "They knew it didn't exist."

The Justice Department, however, decided that it was too late to rescue Fort Reno. Later that day, top department officials nixed the deal, with the decision reaching at least as high as deputy assistant attorney general John Keeney, the senior deputy under criminal division chief Jo Ann Harris, according to the two sources knowledgeable of the offer.

Justice officials will not comment on why they squelched the plea offer, but two theories have circulated in the Bay Area criminal bar: Either the department, which had approved the RICO charges added in the 1994 indictment, as it must in all such instances, was unwilling to let White off the hook after going out on a limb; or it felt it was better to let a jury acquit Hallinan than sign off on the cheap plea bargain.

White had to return to court the following Monday. To his credit, you would never have known that he had apparently lost enough faith in his case to offer the plea deal: His prosecution of Hallinan remained as wild-eyed and unrestrained

as it had been since the Friday night arrest a year and a half earlier.

Star Witness Or "Used Car Salesman"?

By the time the 47 year old Ciro Mancuso testified, he was more than just a star witness against his former lawyer. He was the last, best chance for Fort Reno to safe face.

Mancuso spent nearly three days on the stand, and prosecutors hoped his testimony would be worth the millions of dollars in cash and assets he had gained for turning on Hallinan. A small, slight man with jet black hair and crow's feet around his eyes, the ex-drug smuggler tried to muster all the earnestness he could. As Mancuso testified, he would turn to the jury and address them directly, prefacing many of his long-winded answers with, "Now, ladies and gentlemen."

Mancuso played Blame the Lawyer: Hallinan created Deborah DeLong. Hallinan hired Grellman to add a layer of obstruction to Keystone. Hallinan had Keystone correspondence sent through his law office to protect Mancuso. Hallinan took hundreds of thousands of dollars in cash fees under the table. It was Hallinan's idea to fly to Mexico and launder money through the sale of the ranch in Guadalajara. It was Hallinan's idea to cooperate with the government, but only if Mancuso omitted any mention of Hallinan and Grellman. And, Mancuso insisted, Hallinan always knew the extent of his smuggling operations, so it was Hallinan who found all the ways to hide the pot profits.

Mancuso portrayed himself as the pliant client, and Hallinan as his Svengali. But there was a problem with Mancuso's story even before cross-examination began: This was a man ingenious enough to elude detection from 1969 to 1989, who made untold millions devising elaborate plots to smuggle tons of marijuana into the U.S. from Thailand, who admitted opening offshore bank accounts himself, and who parlayed much of his drug money into successful real estate development projects. Did he really need Patrick Hallinan to tell him what to do? Did it take a lawyer to think of Deborah DeLong?

Keker gave the jury good reason to doubt Mancuso. Mancuso was so evasive during cross-examination he probably would not have admitted his own name or his presence in the federal courthouse if the question came from Keker. Mancuso would not concede anything, from the authenticity of documents filed by his own lawyers to the fact that \$1.1 million and \$400,000 equals \$1.5 million. When Keker shoved a letter in front

of Mancuso that the witness had written to Hallinan in 1989, Mancuso insisted, "This is not a letter, Mr. Keker." Glancing over to the jury, he added, "This is some of my thoughts."

Keker, who was using the letter as an example of how Mancuso lied to his lawyers, had a field day. "Well," Keker scoffed, "what in this 'not letter,' in this compendium of thoughts, is not true? Didn't you lie to your lawyers?"

"At some point," a flustered Mancuso replied, "I did not tell the truth about everything."

Keker managed to force Mancuso to admit he lied habitually to his lawyers, including Hallinan and even Katherine Alfieri, the attorney who had negotiated his lavish plea deal with the U.S. attorney's office. "Tell the jury your practice when it came to lying to your lawyers," Keker asked at one point.

"Sometimes," Mancuso replied, "when a question wasn't asked, I didn't answer. Sometimes I didn't tell them everything the way it was. I don't do these things anymore. I had a big transition, a big change in my attitude about doing such things."

At another juncture Mancuso added: "Truth changes as you gain knowledge."

Judge McKibben grew so frustrated with Mancuso's obfuscation that he would pull the witness to sidebar, warning him to supply direct answers. During one such sidebar outside the presence of the jury, McKibben, loud enough for everyone in the courtroom to hear, snapped at Mancuso, "I find your testimony incredible."

Mancuso's problems on the stand were compounded when the defense revealed that the government had sent the former drug smuggler to Mexico to retrieve documents and recruit a witness. Then the defense also alerted McKibben that Mancuso, a convicted felon, had been packing a gun for at least a year, apparently without the government's knowledge. White's prosecution looked out of control.

When Keker finished his cross-examination of Mancuso, he brought out pictures of Mancuso's newly built Squaw Valley home and of an exclusive, oceanside Maui resort where Mancuso stayed the same summer Hallinan was indicted. There was more for the jury: In 1992 Mancuso dug more than \$2 million out of the ground at his father's ranch—money that he was allowed to keep as part of his cooperation deal against Hallinan. And the feds helped Mancuso recover another \$900,000 from a Swiss bank account that had been frozen since 1988, funds that had been laundered through Keystone.

"I believe he's a good liar," jury foreman John Tonner says now of Mancuso's testimony. "He's a good used car salesman." One of the alternate jurors, Carol Martinez, adds: "Ciro Mancuso was a joke...I didn't think they should have even put him up there. I felt I couldn't believe anything he said."

Roadkill Rabbit

One by one, the prosecution's theories had evaporated. White could not even prove that the lawyer was motivated by greed: The government never produced evidence that Hallinan made more than about \$400,000 for representing Mancuso over a ten-year period, a reasonable sum for a top-of-the-line criminal defense lawyer. In fact, the defense introduced a 1989 letter to Mancuso from well-known San Francisco lawyer James Brosnahan, who offered to handle Mancuso's drug smuggling case through trial for between \$500,000 and \$650,000. Brosnahan a Morrison & Foerster partner, never represented Mancuso, but the price tag made an impression on the jury.

"They were trying to portray Mr. Hallinan as a major character in the smuggling ring, but the smugglers were getting millions of dollars and by comparison, his fees were peanuts," one juror remarked later. "It didn't equate."

Prosecutors also failed to prove that Hallinan acted as a broker for the Mancuso organization's defense lawyers. There was simply no proof that Mancuso had paid Hallinan huge sums of cash for other defense lawyers to represent Mancuso cronies. As it turned out, not only did all these lawyers say they never got a dime from Hallinan, their clients with few exceptions all cooperated with the government.

The Mexican ranch sale, once a seemingly problematic allegation in the conspiracy charge, looked specious by the time Torres got off the stand. The obstruction counts, which seemed so ominous in the bold print of an indictment, sounded preposterous in court. The Keystone-related allegations fell apart when the evidence showed that government prosecutors had questioned Mancuso's connection to Keystone in 1981—so it was hard to understand why Hallinan would spend the next eight years concealing his client's relationship to the offshore corporation. And there was conflicting testimony about what Hallinan may have known about the extent of Mancuso's drug smuggling. It was thus not that hard for the jury to believe that Hallinan thought he was dealing with a clean client. As for the much-sought Jack Grellman, his testimony did

little to fortify the government's Keystone conspiracy; he ended up incriminating himself more than Hallinan.

In short, once the government rested, it seemed Hallinan would have had to break down in tears and confess on the witness stand to be convicted. Fort Reno's case, to borrow Tony White's phrase, looked like roadkill rabbit rotting on the Nevada desert highway.

Before the defense called a single witness, McKibben started what the jury would later finish. The judge dismissed the racketeering charges, in part because he found that the Mancuso smuggling organization was such a loose confederation of drug dealers and friends that it could not be considered a racketeering enterprise. He also sliced a number of the obstruction counts, so just six of the original 20 charges were left standing for the jury, including conspiracy to smuggle marijuana. McKibben tossed one count that had sent shudders through the defense bar: a charge that Hallinan obstructed justice by vouching for Mancuso's innocence at his 1989 bail hearing. The judge decided that if lawyers were held criminally liable for all the smoke they blow at bail hearings, there might be a lot of lawyers in jail.

Some of White's cross-examinations, particularly of Hallinan, made him seem like a prosecutor who wanted to pick a fight with defense lawyers. The two men, as different as the cities of San Francisco and Reno, would never agree on the boundaries of appropriate criminal defense work. As it turns out, White should have steered clear of the debate.

"Isn't it fair to say you ignored the warning signs that Ciro Mancuso continued to be involved in marijuana smuggling?" White asked Hallinan.

"Mr. White," Hallinan replied, "if I were a DEA agent, I would have looked at these warning signs. But I do the best I can for my client. I don't make those kinds of presumptions."

Hallinan was on the stand for three days. As comfortable in the courtroom as in a soft shoe, Hallinan showed none of his accusers' shiftiness as he branded Mancuso "a liar without remorse" and offered measured explanations for the allegations against him. He sold his mother's Squaw Valley house to Mancuso for such a low price, he asserted, because offers kept falling through and the house was deteriorating. He wired money into his account from Mexico, he maintained, as a favor to Mancuso, who forgot his bank records. (And he assured the jury that if he wanted to launder a client's money, he would not wire it into his checking account.)

Hallinan did stumble at times, looking defensive when he tried to explain why he took eight months to return Mancuso's \$180,000 from the Mexico deal (White alleged that Hallinan paid it slowly and in increments to throw off the IRS) and why he never reported the Mercedes Mancuso gave him on his taxes (an allegation that was not even in the indictment).

But it was essentially too late, and for all his vitriol, White could not make Patrick Hallinan look like, in the prosecutor's words, "house counsel" to a smuggling ring.

A Decisive Jury

Shortly after a mudfest of closing arguments concluded past eight o'clock on a Monday evening, McKibben dismissed the four alternate jurors who sat through the five-week trial. One of those alternates, Carol Martinez, a clerical worker at a local medical center, says she went home that night and wept, terrified that the 12 jurors would fail to do the right thing.

She would not have to wait long to find out. The next day, after deliberating for a little more than four hours, the jury sent a note to McKibben saying they were ready to return to court. White was so sure the jury could not have reached a verdict so fast that, riding up in the courthouse elevator, he remarked that he was confident they just had a question of the law.

But the jurors had a surprise for Tony White: Patrick Hallinan, they had decided, was not guilty on all counts.

For Patrick Hallinan and his brethren in the defense bar—many of whom had feared a very different result—there could be no more significant victory. Fort Reno, with the imprimatur of the Justice Department, had gone after a prominent criminal defense lawyer in the name of the war on drugs and lost. "It was probably a waste of taxpayer money to go to such an elaborate deal and let all of these people out of prison to go after an attorney," says alternate juror Martinez. "It is more important to the community to have the drug smugglers in jail, not the attorney."

Hallinan attributes the campaign against him partly to the government's need to justify its failure to crack Mancuso's smuggling ring for so many years. Keeker adds that the Department of Justice, which must approve all racketeering indictments, share the blame for giving Fort Reno a green light. "White may be a cowboy prosecutor, but there is one in every system, and that is what management is for," says Keeker. "The Justice Department sat on their collective

ass and let them build this monster and puff this into a grotesquely overcharged whale and exercised absolutely no discretion or oversight.”

White, who just weeks before had been ready to dump the case for practically nothing, was unrepentant after the verdict. “Naturally, we’re disappointed,” the prosecutor says. “But at the very beginning of this whole thing, I felt I just wanted an opportunity to present a case to a Nevada jury. I don’t have any remorse. This is the way we do this kind of business. I’ve certainly tried more complicated and significant drug cases where the witnesses were very similar. Who knows if it [turned out] different because of the fact it is a lawyer.”

Richard Pierce, the customs agent who was one of the lead investigators, adds, “I’m sorry it got portrayed as us versus the defense community. I have strong emotions about it being portrayed this way. It was guys just doing their jobs, and it never was anything personal. In reality, a bunch of agents sat down and were confronted with piles of statements and said, ‘What do we do? How can we treat this guy differently?’”

Hallinan has not emerged from White’s indictment with a halo. Even his staunchest supporters in the defense bar flinch at how close he drew to Mancuso. Hallinan himself now admits he should not have gone to Mexico, sold his mother’s house to Mancuso, or socialized with the client he had longer than any other.

“He’s the albatross,” Hallinan says of Mancuso, shaking his head. “The weirdness of it is how I could let myself get in these situations. Maybe I thought I was smarter than that. I’m street-smart to a point. But the ability I have as part of my advocacy of my clients is to believe in my clients. The advocacy colors my objectivity at times. It makes me a better defense lawyer, but it doesn’t make my clients better people.”

In any case, the collapse of the Hallinan prosecution—and the government’s zeal in pursuing it—has shifted most of the attention away from the particulars of the Hallinan-Mancuso relationship. Hallinan, it seems, has become a defense bar hero. “If you look at the hagiography of most saints,” San Francisco federal defender Barry Portman remarked recently, “you find that most of them weren’t

saints until somebody made them a martyr. Patrick may not have been a saint, but he sure was a martyr.”

Time For Ciro To Face The Music

“I arrested Ciro in 1989,” says ex-DEA agent Dennis Cameron. “He was the target. We were going to go after him, huckledy buck. He still hasn’t been sentenced. It’s incredible. Here’s a guy arrested in 1989 and he’s off skiing and building houses. [The government] will vouch for these guys again at sentencing. They’ll never admit they were mistaken. But it’s time for Ciro to face the music for what he did.”

And perhaps he will: The bill is still due on Fort Reno’s obsession. After all these years, Mancuso and most of his ex-smuggler pals still must be sentenced, and the U.S. attorney’s office will have to decide what to tell judges about the integrity of their cooperation. White has vouched for them all, but a jury has branded them liars.

The former smugglers, however, evidently have high expectations: Hallinan’s former associate Alfieri, for example, wrote a letter about a year ago to Mancuso’s divorce lawyer that was produced at trial, indicating that her star client is likely to be sentenced to little or no prison time.

But Mancuso might yet pay a price for betraying his longtime friend and lawyer. Hallinan plans to sue him for defamation and malicious prosecution, seeking to seize some of that money Mancuso kept for cooperating with the government. The indictment forced Hallinan to dissolve his law practice and spend nearly \$500,000 to defend himself, he says.

“This was a concerted attack on defense lawyers,” concludes Hallinan, who in mid-April joined San Francisco’s Jackson, Tufts, Cole & Black after debating whether to return to the practice of law at all. “I practiced a kind of law in the 1970s that I want to practice in the nineties.” To do anything less, he says, would be “to concede that the government has hamstrung defense lawyers in the way they represent their clients.

“For me,” Hallinan adds, “the most attractive part of returning to the practice of law is the prospect that my not practicing law might [have given] those bastards some satisfaction.”

This article is reprinted with permission from the May 1995 edition of The American Lawyer.

©1995 NLP IP Company. All rights reserved.