

# Patriot Games

How the FBI spent a decade hunting white supremacists and missed Timothy McVeigh.

BY J.M. BERGER | APRIL 18, 2012



In 1990, the FBI began picking up on rumors about an effort to reconstitute a notorious terrorist-criminal gang known as **The Order**.

The group's name was taken from the infamous racist 1978 novel *The Turner Diaries*, which told the story of a fictional cabal carrying out acts of terrorism and eventually overthrowing the U.S. government in a bloody, nihilistic racial purge. The book was an inspiration to a generation of white nationalists, including Timothy McVeigh, whose path to radicalization climaxed in the Oklahoma City bombing 17 years ago Thursday.

During the 1980s, extremists inspired by the book began robbing banks and armored cars, stealing and counterfeiting

millions of dollars and distributing some of the money to racist extremist causes. Members of The Order assassinated Jewish talk radio host Alan Berg in 1984, before most of its members were arrested and its leader killed in a standoff. Less than **10 percent of the money** stolen by The Order was ever recovered, and investigators feared members of the group who were still at large would use it to further a campaign of terrorism.

To prevent the rise of a "Second Order," FBI undercover agents would become it.

Starting in April 1991, three FBI agents posed as members of an invented racist militia group called the Veterans Aryan Movement. According to their cover story, VAM members robbed armored cars, using the proceeds to buy weapons and support racist extremism. The lead agent was a Vietnam veteran with a background in narcotics, using the alias Dave Rossi.

Code-named PATCON, for "Patriot-conspiracy," the investigation would last more than two years, crossing state and organizational lines in search of intelligence on the so-called Patriot movement, the label applied to a wildly diverse collection of racist, ultra-libertarian, right-wing and/or pro-gun activists and extremists who, over the years, have found common cause in their suspicion and fear of the federal government.

The undercover agents met some of the most infamous names in the movement, but their work never led to a single arrest. When McVeigh walked through the middle of the investigation in 1993, he went unnoticed.

PATCON is history, but it holds lessons for today. Since the attacks of Sept. 11, 2001, a **series of arrests for homegrown terrorism** has put a spotlight on the secretive world of government infiltration, especially in the **Muslim community**. Some critics have charged that these investigations, in which suspected jihadists are provided with the means and encouragement to carry out terrorist attacks before being arrested, **constitute entrapment** and set plots in motion that would never have emerged on their own. But these controversial tactics were around long before the FBI was **restructured to prioritize terrorism**. And Muslims aren't the only targets.

Most undercover operations remain secret, especially if they do not result in prosecutions. PATCON stayed under wraps for nearly 15 years, until it was discovered in Freedom of Information Act requests by the author. The account that follows is based on thousands of pages of FBI records on PATCON and the groups it targeted, as well as interviews with FBI agents who worked on the case, former FBI informants, and members of the targeted groups. The documents and interviews reveal important lessons for the modern use of undercover agents and informants.

PATCON had its origins in the investigation of Louis Beam, an infamous racial ideologue with connections to the original Order. In 1987, the government **prosecuted him for sedition** in connection with the group's activities, but he was acquitted and subsequently moved to the Austin, Texas, area.

The FBI was keenly interested in Beam's activities and his associates. In 1990, agents in Texas **opened an investigation** into his activities within the "Texas Light Infantry" (TLI). With branches throughout the Lone Star state, the TLI was a paramilitary militia that styled itself as an emergency backup for the Texas State Guard. Although the case file expansively included the whole organization -- most of which was not racist in nature -- investigators were primarily interested in a handful of Austin-area members and associates tied to Beam.

Initially, the FBI targeted the TLI using an informant named Vince Reed, a Vietnam veteran who had successfully

infiltrated the Hell's Angels on an earlier assignment. An undercover agent worked with Reed, posing as his gun dealer to strengthen his cover.

Reed reported hearing Beam's TLI friends talk about "The Second Order," a newly revamped group that would stockpile money and weapons to fight a revolution against the federal government.

The FBI wanted to know more. To enhance Reed's status and open a new channel of intelligence, an undercover operation was proposed.

There are two kinds of FBI undercover operations, known as Group I and Group II UCOs. Group II UCOs are used in relatively informal ways and require less oversight, but they also receive less funding and administrative support. Reed's "gun dealer" worked under the Group II heading, since he did not require substantial backup or extraordinary means to pull off his cover story.

FBI agents in Austin wanted to enhance the mix with a Group I operation, a more ambitious undertaking that would be eligible for considerably more funding and support but had to be predicated on a specific criminal act or threat and was subject to additional supervision.

FBI records on the TLI offered a plethora of suspected crimes, including the stockpiling of explosives for an anticipated war against the government. But in the end, none of the leads on the group resulted in prosecution.

To justify the PATCON operation, the strongest provocation was selected. An informant, likely Reed, had reported that TLI associates had discussed the possibility of killing two Austin-based FBI agents. They had done surveillance and collected information about where the agents lived and their daily routines.

That threat became the primary criminal predicate for PATCON. But it soon became clear that the suspects weren't planning to act any time soon, according to one of the targeted agents. When pressed by FBI sources, the suspects said the killings would take place only after the U.S. government had been overthrown.

Within months, the PATCON status reports conceded that the planned assassinations were "not as imminent as originally feared" and had been referenced only in "vague fashion" since the operation began. But it was enough to keep the operation going. A headquarters review said PATCON was "well focused" and had "not expanded beyond the intent of the authorization."

The operation's intent, secondary to the threats on paper at least, was to broadly collect intelligence on the Patriot movement's members and activities, according to records of the investigation and former FBI agents who worked on the case.

Three Patriot groups were directly targeted by PATCON -- TLI, an Alabama organization called Civilian Material Assistance, and the Tennessee-based American Pistol and Rifle Association.

Half the targeted TLI "members" did not actually belong to the militia, according to former members and associates of the group. FBI agents said the targets were selected because of their relationship to Beam, who was seen as a gateway to the Idaho-based Aryan Nations, one of the nation's largest and most well-established white nationalist groups.

PATCON operatives rented an Austin-area safe house wired for audio and video, which they occupied with the informant Vince Reed, hoping to catch Beam and others saying something incriminating on tape, according to agents who worked with Reed.

The safe house surveillance didn't produce results, but Reed eventually won an introduction to Richard Butler, the influential head of the Aryan Nations, who along with Beam had been associated with The Order. Reed then relocated to the group's Idaho headquarters and eventually rose to a senior position in the organization, reporting to the FBI all the while.

PATCON continued its surveillance without him.

The threats the FBI chronicled as emanating from the TLI were not insignificant. For instance, an FBI lab analysis said that remnants of an expertly crafted pipe bomb were found during a search at a TLI training camp. The search for more information was understandable, especially given the consequences if an act of violence were to take place and it was then revealed that the bureau could have prevented it.

But lead after lead failed to uncover evidence that would support an indictment or even indicate that the plots were making any serious progress. Although the targets of the operation talked continually about forming The New Order, no one ever provided specific plans or names of those involved, according to agents working on the case.

"You have talkers and doers out there, and 99 percent of the people are talkers," said one former Patriot informant. Most of the targets of PATCON -- even those engaged in frighteningly violent rhetoric -- never moved past the talking stage.

Eventually, greener pastures beckoned. In February 1992, not quite a year into the operation, the focus of PATCON shifted. The agent posing as Dave Rossi arranged an introduction to Thomas Posey, the leader of the Alabama group, Civilian Material Assistance (CMA).

CMA had its origins as an anti-Communist group helping the Contras in the Nicaraguan civil war. It had murky connections to government through the Iran-Contra program, and Posey had been called to testify during congressional hearings on the scandal.

When Iran-Contra wilted under public scrutiny, Posey repurposed CMA as a Patriot militia and began reaching out to like-minded organizations with an eye toward forging a Patriot alliance, according to former CMA members and FBI documents. Posey envisioned these ties as a way for disparate groups to work cooperatively when the time came to overthrow the government.

FBI records indicated that CMA and the TLI were already closely aligned by 1990, although former members of both groups disputed this in interviews.

Posey envisioned an alliance flexible enough to withstand both ideological differences revolving around race and religion and the movement's hardwired paranoia. But a November 1991 meeting, sponsored by CMA to promote the idea, collapsed in a paroxysm of suspicion over suspected infiltration and surveillance.

The FBI did, in fact, have multiple informants at the meeting. But they escaped detection in the ensuing free-for-all of

accusations and investigation. A **full-time paid informant** was also in place with CMA, close to Posey. When Posey met Rossi for the first time, he brought the informant along to watch his back.

According to FBI records of the meeting, Posey offered to sell black market Stinger missiles to Rossi's fictional Veterans Aryan Movement.

The offer was judged credible, partly because of CMA's shadowy connection to the Contras and partly because Posey was a notorious black market arms dealer, suspected of having contraband sources on more than one U.S. military base.

PATCON's budget ballooned by tens of thousands of dollars to purchase the Stingers, but after repeatedly stalling, Posey eventually claimed they had been sold to someone else. Instead, he offered to sell Rossi several pairs of Army night-vision goggles.

The goggles were real. The FBI quickly determined they had likely been stolen from Fort Hood, and Rossi purchased several pairs using money set aside for the Stingers.

But it stopped there. After deliberations recorded in FBI memos and communications, it was determined that PATCON's intelligence-gathering mission was going so well that nobody wanted to do anything that might get in the way (like filing criminal charges).

The Army's Criminal Investigative Division, investigating the theft from the Fort Hood angle, soon placed its own undercover agents and informants around Posey.

PATCON shifted its focus yet again.

Through his contacts with Posey, Rossi secured an introduction to John Grady, head of the Tennessee-based **American Pistol and Rifle Association (APRA), a militant version of the National Rifle Association that the FBI suspected of training and advising white supremacists and other extremists.** Through multiple informants and Rossi, the FBI again compiled an alarming list of leads, including reports that Grady was part of Posey's Patriot alliance and that APRA had deployed six-man teams around the country to carry out acts of terrorism and infrastructure sabotage.

Excerpts from several FBI documents containing these allegations were e-mailed to Grady, who responded in a telephone interview.

"Every statement that you've shown me is false," Grady said. He disputed the contention in FBI documents that the APRA was white supremacist in nature and said he had only a passing acquaintance with Posey.

A source with knowledge of the investigation and documentary materials affirmed some of the allegations found in the case file, but others did not check out. For instance, FBI records sourced to Rossi indicated that an October 1992 speech by Grady said "a person was better off to take out as many people as they could than to be arrested and taken to jail," but a videotape of the speech obtained from a source did not match the description.

While the intelligence continued to flow, the criminal investigation again foundered, failing to produce any evidence on which to base a prosecution.

In April 1993, an FBI committee reviewing the investigation of Grady expressed concern that agents were "only obtaining intelligence and not moving forward with the criminal investigation." PATCON undercover agents were cautioned to limit their reporting to criminal activity, rather than "speeches or rhetoric protected by the First Amendment." In July 1993, FBI headquarters determined "that insufficient justification exists to justify" continued investigation.

Both the Grady case and the undercover operation were terminated. Agents were instructed in unusually strong terms that they "should conduct no further investigation regarding either [The Order of St. John] or PATCON."

With the operation shut down, other complications that had beset PATCON throughout its history became a closed book including the involvement of FBI personnel and investigative targets in the dramatic events that McVeigh would later cite as motivation for the Oklahoma City bombing.

In August 1992, one of the PATCON undercover agents served on a SWAT team assigned to the standoff at Ruby Ridge, Idaho. The ATF had tried to convince Randy Weaver, a religious fundamentalist who lived on the site, to act as an informant against the Aryan Nations. When Weaver refused, the ATF prosecuted him on a minor weapons charge and began planning to arrest him at his remote mountain home. U.S. Marshals scouting the site got into a firefight with Weaver and others living there, resulting in the death of a marshal and Weaver's 14-year-old son.

After the confrontation, the FBI took over the scene and a protracted standoff ensued, lasting several days. The tense situation erupted when an FBI sniper opened fire, wounding Weaver and killing his unarmed wife, Vicki, who was holding their baby in her arms.

Ruby Ridge instantly became a signal event for the Patriot movement, which had been predicated in significant part on the idea that the government would soon crack down on gun owners, sparking the much-anticipated revolution.

According to FBI records, the PATCON agent took rudimentary precautions to avoid detection -- pulling a coat over his head when he passed through the FBI roadblock on the way to the scene, and staying at a motel in a less-trafficked area. But headquarters decided that it was better to err on the side of caution and pull him out of the undercover operation. His role was never disclosed.

Among the many enraged by Ruby Ridge was McVeigh, who was living in his hometown near Buffalo at the time. He heard about the siege from news media and began seeking more information from Patriot shortwave radio broadcasts. Years later, McVeigh's defense attorney remembered his client saying Ruby Ridge was "the defining moment in his life that impelled him to act against the government."

PATCON's interests would soon overlap with McVeigh more directly.

At the beginning of 1993, McVeigh left the normal workaday world behind and hit the road, traveling the country and selling military fatigues and copies of *The Turner Diaries* at a series of gun shows. His first stop was in Florida, near Fort Lauderdale, where his sister and her family lived.

At a gun show there, where he was selling his merchandise, McVeigh met a colorful character named Roger Moore. A self-made millionaire, Moore had retired young and spent his free time traveling and selling ammunition at gun shows under his own name and a number of aliases -- Bob Miller, Col. Bob Anderson, "Bob from Arkansas," and simply

"Arkansas Bob."

Under his alias of Bob Miller, Moore had also been involved for years with Posey's CMA, according to two former members of the group and other supporting evidence. Moore could not be reached for comment.

After a second meeting between the two men in Florida, Moore invited McVeigh to visit his Arkansas ranch. McVeigh hit the road again, driving west. A few days before he set out, the ATF botched an effort to raid the compound of the Branch Davidians, a bizarre cult based in Waco, Texas. After a massive gunfight, resulting in deaths on both sides, a standoff ensued and the FBI was brought in to contain the scene.

The Branch Davidians, known locally as gun traders, had at least casual connections to the groups targeted by PATCON. They used one of the same suppliers as the TLI, and an associate of Posey's had sold them ammunition, according to FBI documents.

As the siege unfolded, many Patriots saw the assault as just the kind of nightmare government crackdown on gun owners they had been predicting.

CMA was particularly hard hit by the events at Waco. Members began discussing whether to intervene on behalf the Branch Davidians. Posey and other CMA members also discussed revenge, according to FBI records, proposing to bomb government buildings and to kill five FBI and ATF agents for every Branch Davidian who died at Waco, according to FBI records.

Investigators forwarded threat reports involving CMA and John Grady's organization to FBI headquarters and to the agents on the scene at Waco. The precise threats were redacted from documents released under FOIA. Agents involved in the siege said they did not recall the leads.

The siege dragged on for weeks, and members of various Patriot groups began camping outside the FBI's perimeter in protest. On March 18, Beam -- one of PATCON's primary targets -- was arrested after a vocal outburst at the FBI's daily press briefing. Some of Beam's associates, also targeted by PATCON, inserted themselves into negotiations between the FBI and the sect.

Into this volatile mix walked McVeigh, arriving in Waco shortly before Beam's arrest and camping for a couple of days. After leaving Waco in the second half of March, McVeigh went to Tulsa and attended another gun show with Moore, the traveling ammunition salesman. Waco dominated their conversation; in court testimony later, Moore laconically described McVeigh's attitude at the time as "extremely upset."

McVeigh met two other men in Tulsa. One was Andreas Strassmeir, a German citizen who had moved to the United States some years earlier. In Texas, Strassmeir had become close to Beam and other TLI members before moving to Elohim City, a rural Oklahoma community associated with the white supremacist Christian Identity movement. McVeigh also met Dennis Mahon, a friend of Strassmeir and frequent visitor to Elohim City.

After Tulsa, McVeigh visited Moore and Anderson for a few days in Arkansas, and then went to visit another old Army buddy, Terry Nichols, at his home in Michigan. On April 19, McVeigh and Nichols watched in horror as TV news showed an unfolding **disaster in Waco** as the FBI stormed the compound and a fire broke out, resulting in the death of more

than 70 Branch Davidians including children. The sight further hardened McVeigh's resolve to act against the government. He would carry out his bombing exactly two years later.

In September 1993, McVeigh and Moore met again at a Las Vegas convention hosted by *Soldier of Fortune* magazine. The convention was an annual recruiting stop for CMA, according to multiple sources. The two men got into a shouting match over Patriot politics, drawing the attention of security and bystanders.

Posey and several other members of CMA were also in attendance. Although Posey didn't know it, the government was closing in.

In the aftermath of Waco, Posey had grown increasingly bitter, talking more and more about revenge, according to sources and FBI records.

He and other CMA members discussed plans to bomb the FBI office in Birmingham as well as a plot to raid the Browns Ferry nuclear power plant in Alabama. Posey believed the plant had an armory stocked with the high-powered weapons he coveted.

The FBI had heard about the raid idea in 1990, but it went nowhere. After Waco, it was back on the table. In the months after the end of the siege, Posey allegedly began crafting a plan to bribe or overwhelm the plant's security guards and break in using a five-man team.

With the plot apparently moving toward fruition, the FBI finally arrested Posey and several other CMA members, just days after the *Soldier of Fortune* convention. But after years of infiltration -- including multiple informants and undercover operations by both the FBI and the Army -- the only charges brought against Posey stemmed from the theft of the night-vision goggles.

Five members of CMA and an associate were indicted by a grand jury. Two of the defendants were convicted, two pleaded guilty, and charges were dismissed against the two remaining. Posey served only two years in prison and lived quietly after his release until his death in 2011.

It was the only case investigated by PATCON that ever led to a trial, but the prosecution was based almost exclusively on evidence gathered by the Army's investigation and by FBI informants not associated with PATCON.

Meanwhile, away from the FBI's watchful gaze, McVeigh marched steadily toward the completion of his own plot. In the days before the Oklahoma City bombing, McVeigh placed calls to two former members of the Texas Light Infantry.

On April 5, 1995, McVeigh called Elohim City, apparently trying to reach Strassmeir. Strassmeir did not respond to requests for an interview, but he has repeatedly denied any contact with McVeigh after the 1993 meeting in Tulsa.

On April 18, Dave Hollaway, a former member of TLI and a friend of Louis Beam, was at his workplace, the CAUSE Foundation, when he received a phone call from a man who did not identify himself but was later determined to be McVeigh.

CAUSE provided legal support to right-wing and racist groups under the leadership of Kirk Lyons, Beam's former lawyer and a friend of Strassmeir. Lyons had tried to represent the Branch Davidians during the siege at Waco and later

represented the families of the deceased Branch Davidians and two survivors in a class-action suit.

Strassmeir lived with Hollaway off and on over the course of about five years in various places, Hollaway said in an e-mail interview. After the bombing, Hollaway (an experienced pilot) flew Strassmeir back to his native Germany.

Hollaway said McVeigh spoke only in generalities during the call, but that he said the Waco lawsuit would have no effect and that the government needed a message it could understand.

Strassmeir's friend, Dennis Mahon, would go on to be a well-known figure in white supremacist circles and was convicted in February for the 2004 mail bombing of a state diversity official in Arizona. After his arrest in 2009, Mahon **told his cellmate** that he was "the number three anonymous person in the Oklahoma City bombing investigation." Mahon's sentencing has been set for May 22, 2012.

In the days and months after the bombing, it was all too easy to fit McVeigh into the narrative of the lone wolf, a solitary figure who took it upon himself to redress injustices he uniquely perceived in a manner that shattered the boundaries of collective morality. But then, as now, **the label of lone wolf** misleads more than it informs.

**Journalists continue to investigate** the possibility that McVeigh had unknown accomplices in the Oklahoma City bombing, but the evidence remains inconclusive. What is increasingly clear, however, is that his path intersected with people and organizations that had long been under scrutiny by the FBI.

Despite the fact that PATCON was set up as an intelligence-gathering operation, no evidence has emerged to date that information from the operation came into play during the bombing investigation, despite the links between some of McVeigh's contacts and the organizations targeted.

The dilemmas of PATCON point toward current debates over the use of infiltration, particularly in cases such as the **NYPD's monitoring of Muslim communities in New York**, investigations predicated on the need to collect intelligence rather than build prosecutions on specific criminal activities. The value of the intelligence collected by PATCON is unclear in the final analysis. The only PATCON targets ever prosecuted were already under investigation by the Army, and none of the specific terrorist plots alleged in the FBI's records ever came to fruition. Meanwhile, the perpetrator of the worst act of right-wing violence in U.S. history was in contact with several targets of the FBI's investigation but apparently flew under the radar.

While there is obvious value in collecting information about extremist activity, it must be weighed against fiscal and social costs incurred, as well as the constitutional implications of targeting groups with strong political or religious components. In the case of the Patriots, the movement's worldview is predicated on government persecution. The use of aggressive infiltration tactics -- not just in PATCON -- may have helped legitimize beliefs that some Patriots used to justify violence. At the same time, however, the story of PATCON raises the opposite question: If the investigation had been even more aggressive, might the FBI have detected McVeigh before he carried out his attack?

There are obviously fundamental differences between targeting the radical fringe Patriot movement and targeting the mainstream Muslim community. Targeting all Muslims for infiltration is akin to targeting all white Americans to gain intelligence on supremacists. And the social consequences of fomenting paranoia and mistrust of government in overwhelmingly law-abiding communities are different than within a movement that fundamentally presumes

government malfeasance.

A forthcoming report from the New American Foundation on PATCON examines the operation in considerably more detail, with an expanded look at the suspected activities of the targeted groups, as well as difficult questions raised by the investigation itself.

The issue of how the government uses infiltration will continue to be hotly debated. By looking at the lessons of the past we can start to craft the right questions for the future.

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