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Mystery Veils Case of Computer Secrets Espionage

By RICHARD D. LYONS

Special to The New York Times

ALEXANDRIA, Va., July 22 — Two months ago a Belgian businessman working for the Soviet Union flew into New York's Kennedy Airport, met an undercover agent of the Federal Bureau of Investigation and, after handing over a check for \$500,000, was arrested and charged with trying to obtain some of American industry's top computer technology secrets through bribery.

The Federal agency considered the suspect, Marc André DeGeyter, an important catch. Federal agents had followed him around the United States for a year, taking photographs and using mobile voice-recording devices.

Since his arrest Mr. DeGeyter has raised \$100,000 personal bail that has freed him from jail, hired a prominent New York lawyer, moved into a plush apartment complex here with Government approval and had the original charges against him, which could have led to 40 years in prison, reduced to a misdemeanor, with a maximum penalty of a year in prison and a \$25,000 fine.

Both sides deny that a bargain has been struck for Mr. DeGeyter's cooperation, but Federal officials have become increasingly reluctant to discuss the case. Many details have been left as much a mystery as the suspect himself, who was described by relatives as a frequent visitor to the Soviet Union.

American computer experts said that industrial espionage cases were commonplace, a result chiefly of the Eastern bloc's lag behind the West in the development of sophisticated microelectronics.

"This is a rampant phenomenon right now," Charles P. Lecht, president of Advanced Computer Technologies Corporation of New York, said of industrial espionage. "There is an enormous theft of American technology, a lot of it going to the Communist bloc."

Other Attempts Reported

Peter Schnell, the founder of Software AG of Darmstadt, West Germany, said: "People working for the East bloc make attempts to obtain similar technology almost weekly."

Federal officials and officers in two computer software companies have said that Mr. DeGeyter made at least seven

attempts in the last 18 months to obtain a highly secret piece of computer technology called a source code.

Documents found in Mr. DeGeyter's luggage seem to indicate, according to computer experts, that he may have been after a new type of integrated chip that has yet to be put on the American market.

Espionage Case Pending

Two years ago the chip was the target of a theft in an industrial espionage case still pending in California, Federal officials said.

In recent years the Belgian's way of life included a \$200,000 home in a fashionable Brussels suburb, a Mercedes car, a large Swiss bank account and first-class travel throughout the United States and Europe.

"DeGeyter used to almost live on the Concorde," said John M. Maguire, the president of the computer software company in Reston, Va., that makes some of the high-technology items that the Belgian was allegedly after.

Program Called One of Best

Mr. Maguire's company, Software AG of North America, makes an extremely sophisticated computer program called the Adabas source code, the acronym standing for Adaptable Data Base System, a program that even his competitors acknowledge to be one of the best.

Before offering \$500,000 to the Federal agent, Mr. DeGeyter made other attempts in the United States and Europe to obtain the code, according to Mr. Maguire, Peter Schnell, the West German who invented the source code, and Theodore S. Greenberg, an assistant United States Attorney who prosecuted the case.

"Mr. DeGeyter did give us certain information after his arrest, but no agreement has been made," Mr. Greenberg said. He added that the target code, while not a code in the military sense, "is a very sophisticated piece of high technology worth anywhere from \$10 million to \$30 million."

Mr. Maguire said that James Addis, a computer scientist working for Software AG of North America, had reported a year ago that Mr. DeGeyter had offered him \$150,000 for the source code at a meeting in the bar of the Sheraton Hotel in Reston.

"Jim was absolutely white when he told me about it," Mr. Maguire recalled, adding, "We talked with the company attorney, then called the F.B.I."

Mr. Maguire said that the bureau had sought to have Mr. DeGeyter repeat the offer in Mr. Maguire's office, even drill-

ing a hole in the ceiling and installing a hidden camera to film the hoped-for rendezvous. But the meeting never came about, although the bureau did have an agent familiar with computer technology assigned to the company in an undercover role. Mr. Maguire said that Mr. DeGeyter was led to believe that the Federal agent might be willing to turn over the code and, after a long series of negotiations, the meeting at Kennedy airport was arranged.

Use of Source Code

In return for the check, the agent was to have given Mr. DeGeyter the source code, which was contained on two reels of magnetic tape. The code is a computerized means of easily storing billions of pieces of data so the information can be indexed and then encoded in such a way that outsiders cannot read it.

A source code could produce a computerized means of keeping track of every spare aircraft part in the Air Force. By employing the source code, a computer would be able to tell what parts might be needed at which bases because of squadron transfers, as well as what parts might be needed in the future based on the replacement needs for different makes of planes, climates, changes in design and other factors.

A long string of computer instructions running to perhaps 200,000 orders in a row, the source code has the added benefit of simplifying computer operations and thus reducing the amount of time needed to conduct them by two-thirds and more. Viewed another way, a proper source code can even reduce the size of the computer needed to carry out a task, thus saving both capital investment and operating costs.

\$450,000 Credit Letter

Search warrants obtained by the Government disclosed that Mr. DeGeyter had with him a package of documents that included a contract between Computer Engineering and Services Accounting, or CESA, a company he ran in Brussels, and Techmashimport, a Soviet international trading company with headquarters in Moscow.

The contracts indicated that Mr. DeGeyter was to have from Techmashimport a letter of credit on the Swiss Volksbank in Zurich for \$450,000. The original document was dated Feb. 14, 1979.

"He had a contract with Techmashimport," Mr. Greenberg said, "and he claimed that for \$250,000 there were things delivered to Techmashimport."

Mr. Greenberg said that the documents showed a CESA "packing list" dated

April 9, 1979, addressed to Techmashimport in Moscow, for an item called "LHD 8800."

Highly Secret Circuit

United States computer experts said this might refer to a product of the Intel Corporation of Santa Clara, Calif., which is in the forefront of developing integrated circuits. These complete electronic circuits are the size of a dime. A decade ago they might have been the size of a living room.

Dr. Robert Noyce, a vice chairman of Intel, said that the numbers 8800 did correspond to a highly secret new integrated circuit that his company planned to put on the market in six months. The circuit was being designed in April of last year, he added, although at that time the design for the chip was far from settled and, if it did end up in Moscow, might have been worthless.

Intel officials said that their integrated circuitry had been the target of an earlier attempt at theft in which Peter Gopoi, a United States citizen of Indian parentage, had been arrested after allegedly offering \$250,000 for a similar chip. The case is still pending.

DeGeyter Won't Discuss Case

Mr. DeGeyter has declined to discuss his activities on orders of his attorney, David Cutner of the Manhattan law firm

of Shea Gould Climenko & Casey.

Mr. DeGeyter, who is 31 years old, was born in the Flanders town of Tielt, 40 miles west of Brussels. His father is a successful scrap metal dealer. Relatives there said that the younger Mr. DeGeyter had spent one year at Louvain University studying engineering.

Robert Maes, an uncle who runs a photo shop in Tielt, said that his nephew was a frequent traveler to the Soviet Union, having gone there two or three times in the last year alone. Records in Brussels and statements to the Federal Bureau of Investigation indicated that Mr. DeGeyter has been associated with a variety of companies, several of which are believed to have gone bankrupt.

Most recently Mr. DeGeyter, who is married and is believed to have three children, was living in the Brussels suburb of Schilde.

Pleaded Guilty to One Count

After the Government dropped six counts against him, Mr. DeGeyter pleaded guilty two weeks ago to one count of attempted commercial bribery, a misdemeanor that carries a maximum penalty of a year in prison and a \$25,000 fine. In addition, he agreed to post a check of \$410,000 to be held until a civil penalty was imposed.



Marc André DeGeyter, foreground, at Kennedy Airport in May. The man at right is an agent of the Federal Bureau of Investigation; his face has been painted over by the bureau, which provided the photo.