

Senate Study Calls U. S. Drug Agents Lax in Checking Alleged Link of Vesco to Heroin

By John M. Crewdson Special to The New York Times

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WASHINGTON, March 9 —Federal narcotics agents failed to investigate properly evidence that Robert L. Vesco, the fugitive financier, was behind a scheme to smuggle \$300,000 worth of heroin into the United States from France, a Senate inquiry concluded.

The inquiry found, moreover, that the Federal agents, upon being told by an informant that Mr. Vesco, a multimillionaire with ties to the Nixon Administration, had agreed to finance the alleged narcotics deal, began to behave in a manner that “contributed significantly to the failure” of their own investigation.

A report to be made public tomorrow by the staff of the Senate's Permanent Subcommittee on Investigations details an 18 month closed door inquiry into allegations by Franklin Peroff, a government narcotics informant, who in July, 1973, first supplied agents of the Drug Enforcement Administration with evidence of Mr. Vesco's involvement in the heroin transaction.

The subcommittee's staff said, however, that it had been unable to support Mr. Peroff's “primary allegation” that the Government had engaged in deliberate cover up to prevent Mr. Vesco's purported role from coming to light.

Nor, the report said, could corroborating evidence be found that Mr. Vesco and Norman LeBlane, a close associate, “actually intended to finance the heroin transaction.”

In a statement accompanying the report, Senator Henry M. Jackson, the Washington Democrat who heads the investigations subcommittee, said that it was “of paramount importance” to determine whether the Peroff case “was an aberration or was symptomatic of much greater problem” within the drug enforcement agency.

Inquiry to Continue

Senator Jackson added that “by their performance in the Peroff matter ... by their inconsistent testimony before the subcommittee, by their fierce determination to defend obvious incompetence by their own personnel, D.E.A. officials have shown themselves to be deserving of responsible criticism.” For that reason,” he said, “I have directed that the staff continue its investigation into the over all efficiency of D.E.A.”

Mr. Peroff, an admitted stock and currency swindler, is a native of the Bronx. He became a Government informant in March, 1972, while living in Rome, where he had become involved in a sizable counterfeiting operation.

The Secret Service, for which he worked in trying to crack the counterfeiting ring, later introduced Mr. Peroff in Europe to agents of the Bureau of Narcotics and Dangerous Drugs, one of the D.E.A.'s predecessor agencies.

Mr. Peroff said, according to the subcommittee report, that at the behest of agents of the narcotics bureau and Bureau of Customs, he inserted himself into a scheme being run by Conrad Bouchard, a Canadian national of his acquaintance, to bring some \$300,000 worth of heroin to the United States from Marseilles aboard a private jet that Mr. Peroff had borrowed from the Government.

On July 6, 1973, according to the report's account by Mr. Peroff, Mr. Bouchard told Mr. Peroff in a telephone conversation from Montreal that Mr. Vesco, then a Federal fugitive believed to be living in Costa Rica, would supply the \$300,000 to finance the heroin "buy."

Accused in Stock Case

The previous November, Mr. Vesco and others had been accused by the Securities and Exchange Commission of looting more than \$200 million from four mutual funds controlled by Investors Overseas Services, which Mr. Vesco purchased from Bernard Cornfield in 1971.

In May of 1973, less than two months before his name was invoked by Mr. Bouchard as the financier in the alleged heroin deal, Mr. Vesco was indicted by a Federal grand jury in New York City along with former Attorney General John N. Mitchell and former Commerce Secretary Maurice H. Stans.

The grand jury charged that Mr. Mitchell and Mr. Stans had tried to influence the outcome of the S.E.C. action against Mr. Vesco in return for a \$200,000 contribution to President Nixon's re election campaign in 1972.

Mr. Mitchell and Mr. Stans were acquitted of the charges last April. Two attempts by the Justice Department to return Mr. Vesco from the Bahamas and Costa Rica to stand trial proved unsuccessful. Mr. Vesco now lives in Costa Rica.

Courts in each of the countries held that their extradition treaties with the United States made no allowance for fraud or obstruction of justice, the offenses with which Mr. Vesco was then charged.

A narcotics smuggling charge might have been held sufficient grounds for Mr. Vesco's return to stand trial with Mr. Mitchell and Mr. Stans.

The New York Times had reported that, according to sources close to the Mitchell-Stans case, Mr. Vesco would have been willing to testify against the two former Cabinet members in return for immunity and the appointment of special prosecutor.

According to Mr. Peroff in the Senate report, by the time the Bouchard heroin scheme had progressed to the discussion of Mr. Vesco as the source of the necessary cash, the Bureau of Narcotics and Dangerous Drugs and narcotics branch of the Customs service had been supplanted by the Drug Enforcement Administration in government wide reorganization.

Allegiance Shifted

The agent controlling Mr. Peroff also shifted to Drug Enforcement Administration, the report said and it was to a supervisor there that, in July of 1973, he first played a tape recording of the Bouchard conversation involving Mr. Vesco.

According to the subcommittee report, "some Federal officials and agents conducted themselves in a highly unprofessional manner once the names of Vesco and LeBlanc came into the picture.

No one involved in the Bouchard case, the report disclosed "thought the Vesco LeBlanc lead to be worthy of being committed to writing." The Senate staff said this was "a blatant violation of D.E.A. rules."

In addition, according to Mr. Peroff, D.E.A. officials insisted that if he did go to Costa Rica to receive the money from Mr. Vesco, he travel by commercial airliner and not in the government supplied private jet.

The report termed that decision a "highly questionable" one since, without the private jet, Mr. Peroff's value to Mr. Bouchard in the alleged smuggling scheme, and thus his value to the Government as an informant was nil.

It also criticized the Drug Enforcement Administration's decision to sever its relationship with Mr. Peroff at that point by abandoning him, his wife and five children in an airline terminal.

"The Government," the report said, "got Peroff into the narcotics investigation. Government had some responsibility for extricating him from it."

Mr. Peroff said, according to the report, that he began to try to talk to other Federal officials about what he considered a cover up.

In mid July of 1973, he said he placed calls to Archibald Cox, then the Watergate special prosecutor, Vernon Acree, the Commissioner of Customs and J. Fred Buzhardt, at the time a special consultant to President Nixon.

Mr. Peroff said he had not spoken with any of the three, but the call to Mr. Buzhardt had been diverted to the White House detail of the Secret Service, which had dealt with Mr. Peroff in the European counterfeiting case the year before.

Although the Secret Service had known since February of 1973 that warrants were outstanding on Mr. Peroff in Florida in a bad check case, it was only after his attempt to call Mr. Buzhardt, he said, that the service informed the Drug Enforcement Administration of the Florida charges.

John J. O'Neill, a drug agency group supervisor, told the subcommittee that he had initiated action to have Mr. Peroff arrested not only "because he was a fugitive," but also to encourage him to become a more cooperative informant.

Mr. Peroff was seized later that month in a hotel room at the Kennedy Airport.

Three days later, Mr. Peroff said the drug agency arranged for his release on bail, gave him the designation of "cooperating individual," rented a new private jet and began to pick up the thread of the Bouchard case.

But within less than a week, on July 30, 1973, Mr. Peroff said, he was unaccountably awakened by the Canadian police in his hotel room in Montreal, where he had gone to meet with Mr. Bouchard, taken to the airport and put on a plane for New York.

The drug enforcement agent who met him in New York, Mr. Peroff told the subcommittee, "did not have an explanation that satisfied him as to why he was abruptly ordered to leave Montreal at a time when Bouchard seemed ready to go forward with the heroin transaction."

Two days later, the report said, Mr. Bouchard told Mr. Peroff in a telephone conversation recorded by the Drug Enforcement Administration that "the deal was as good as dead," and that if Mr. Peroff were ever in Montreal again he would have him killed.

Mr. Bouchard was later arrested in a counterfeiting case with Mr. Peroff's help. In an interview with the Royal Canadian Mounted Police a year later, Mr. Bouchard reportedly said that he had lied to Mr. Peroff about the drug scheme and Mr. Vesco's involvement in it.

According to the report, John R. Bartels Jr. told the subcommittee that Mr. Bouchard's admission "supported D.E.A.'s long standing position that Peroff was being used by Canadian criminals and that there never was a big heroin conspiracy."

2 Agencies Explain End of Drug Inquiry With Link to Vesco

By Wallace Turner

Nov. 27, 1973



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Two Federal agencies are developing preliminary answers to the question of whether they halted a narcotics investigation when it led to Robert L. Vesco, the controversial financier.

The Bureau of Customs position is that information alleging that Mr. Vesco would provide \$300,000 financing for 100 kilogram heroin smuggling scheme came in just after the bureau's antinarcotics responsibilities had been transferred to another agency on July 1.

The Drug Enforcement Administration, which assumed responsibility for antinarcotics work from the Customs Bureau, said that the man who gave it the information about Mr. Vesco was being misled by Canadian underworld figures, who meant to victimize him, and had become "hard to handle" about payment of expenses.

Both agencies, as well as the Secret Service, have been under pressure from the Senate Permanent Subcommittee on Investigations, headed by Senator Henry M. Jackson of Washington, to explain why they did not pursue the tips about Mr. Vesco from Frank Peroff, the government source. An article about the investigation appeared in The New York Times Sunday.

Mr. Vesco has been a matter of public interest in recent months because of his relationship with the Nixon Administration. He has been indicted on Federal charges along with two former Nixon Cabinet members, for instance, and the President's nephew, Donald A. Nixon, is, employed as a Vesco aide.

In interviews with The New York Times, top officials of both Customs and the drug agency explained their positions and gave no indication that they had tried to explore the chain of their underworld contacts to determine whether Mr. Vesco actually was involved in the heroin case.

The result of the drug agency's handling of the matter destroyed Mr. Peroff's usefulness as an agent after he had been used successfully to seize huge stuns of counterfeit money and 25 kilos of heroin, as well as to bring about the arrest of eight drug smugglers.

His career as an undercover worker for the D.E.A. came to an end in a Canadian court early this month when he was identified by a Royal Canadian Mounted Police constable as the source of information leading to the arrest of Conrad Bouchard, 42, leader of a Canadian underworld group.

Agents of the Senate subcommittee have interviewed Mr. Peroff and confirmed the basic elements of the bizarre story he has told them. The story, which provides a rare insight into the way law enforcement agencies deal with their underworld sources, is this:

When Mr. Peroff owned a small airline charter service, some of his customers were underworld figures, among them Mr. Bouchard.

Late in 1971, Mr. Bouchard, now 42, was arrested in Canada on charges of preparing a huge heroin smuggling scheme, and Mr. Peroff had no further contact with him.

Early in 1973, Mr. Peroff said, he met by chance on Roman street a man who told him Mr. Bouchard was free on bail and "back in business." Within a few weeks the Canadian's couriers called Mr. Peroff from Rotterdam and asked him to get hotel rooms for them in Rome.

The couriers eventually gave \$450,000 in counterfeit United States fifties and one hundreds to Mr. Peroff. He said it was not of particularly good quality, but that he could have realized as much as 50 per cent of its face value, had he decided "to move" the entire batch.

Possession of the money worried Mr. Peroff, he said. "I couldn't give it back, and figured somebody had followed them and knew I had it," he said. "I figured I might get bagged any time."

Mr. Peroff delivered the counterfeit money to the United States agents in Rome, Agents in Paris told him the couriers were not in Europe just to deliver the counterfeit money, but really were on a narcotics run. With Mr. Peroff's help, the French police arrested eight smugglers and seized 25 kilos of heroin.

After this, the Bureau of Customs narcotics intelligence branch persuaded Mr. Peroff to return to the United States to help penetrate the Bouchard group.

A narcotics agent in Customs was assigned to be Mr. Peroff's control.

Mr. Peroff was supplied on occasion with a leased Lear jet plane that he could pass off as being leased by himself. But one of the pilots was a Federal agent. And when the plane landed in Montreal, it and its occupants and everyone they met were under close surveillance.

By then Mr. Peroff and his family were living in an apartment on the outskirts of San Juan, Puerto Rico, and he was in constant contact with Bureau of Customs agents there and in New York.

By April he and Customs were in conflict over his contention that payment of his expenses was below what he had actually spent from his own funds.

After a meeting between Mr. Peroff and Customs Commissioner Vernon D. Acree in Washington, a payment of several thousand dollars was made to Mr. Peroff.

As the days of spring passed, the plot from Mr. Bouchard that Mr. Peroff relayed to his control agent began to take form around the availability of the airplane that the Canadian group believed Mr. Peroff controlled.

The plane was to fly to Europe, pick up the heroin, and fly back to the United States or Canada. Mr. Peroff said American agents had told him they wanted, "the deal to come down in the United States" so they could arrest the smugglers.

At the end of June, the Customs Bureau lost more than 500 narcotics agents to the new Drug Enforcement Administration. Among the agents moved was Mr. Peroff's control. And Mr. Peroff moved with him.

In the last days of June, Mr. Vesco's name came into Mr. Bouchard's conversations for the first time, according to Mr. Peroff's account. This detail, was confirmed by D. E. A. and Customs officials.

Then, on either July 2 or 3, by which time the reports were going to an entirely new set of officials in an entirely new agency, Mr. Peroff recorded a conversation in which Mr. Bouchard said that Mr. Vesco was to supply the \$300,000 that the deal would require.

On July 8, Mr. Peroff recorded another conversation where Mr. Bouchard implicated Mr. Vesco, and also Norman LeBlanc, a Canadian who is one of Mr. Vesco's close associates in the operation of the Bahamas Commonwealth Bank in Nassau.

No other evidence exists that implicates either Mr. Vesco or Mr. LeBlanc in Mr. Bouchard's schemes.

On July 16, at the request of his agent, Mr. Peroff came to New York. But contrary to instructions, he brought his family. The D.E.A. officers who met him accused him of trying to load the cost of his family's transportation onto the Government account. He denied this.

The Peroffs moved into an airport hotel. Mr. Peroff was by then distrustful of D.E.A.'s intentions about pursuing the Vesco matter. One thing that upset him was the refusal of D.E.A. to provide a plane and agent pilot to enable him to go ahead with the arrangement worked out with Mr. Bouchard. By then the plan called for Mr. Peroff to fly to San José, Costa Rica, pick up the money, fly to Europe to meet Mr. Bouchard, pick up the heroin, and fly back to North America.

“They said why didn't I fly down commercial,” Mr. Peroff said. “Don't they know that would get me killed? They think some guy is going to give me 5300,000 in a suitcase and let me try to walk it through security searches and Customs? I got no plane when I get to San Jose, I get no money. I get shot.”

So, on July 18, Mr. Peroff thought of Archibald Cox, then the special Watergate prosecutor, but could not reach him. He thought of calling J. Fred Buzhardt Jr., the President's counsel.

Agents of the Senate subcommittee have validated Mr. Peroff's story that he had more than a dozen telephone calls to and from the White House. He also set off the alarm within the Secret Service protection detail at the White House. When he had been involved with Secret Service over the counterfeit money many months before, a check of his background had been made.

Control Agent Intercedes Mr. Peroff said he was asked then about a Justice of the Peace fugitive warrant issued against him in 1972 in Florida over some checks issued by a company in which he was partowner. He said the agents had accepted his explanation that the checks were passed during his absence after having been pre signed. At noon on Sunday, July 22, two New York detectives took him into custody on the Florida warrant. He was in jail until Wednesday.

Michael Armstrong, Queens District Attorney, confirmed that Federal agents had helped Mr. Peroff gain release, and also that one of them had said Mr. Peroff was a witness in a narcotics matter involving Mr. Vesco.

Mr. Peroff said the agent had told him, “We'll get you out if you do what we tell! you.” Pursuant to this agreement, Mr. Peroff went to Canada and tried to create problems about finance and other details that would wreck the smuggling plan.

Mr. Peroff said he was surprised that Mr. Bouchard accepted these conditions and said that at noon the following day he would have the arrangements made. Mr. Peroff said that at 10 A.M. next day, “the Mownties came and told me to pack to leave and they put me on the plane without a chance to call Bouchard.”

He was met in New York and allowed to call but found Mr. Bouchard's phone out of order. He said that when he reached Mr. Bouchard later, the Canadian was outraged “because he thought I had run out on him.” Mr. Peroff said that acting on agents' instructions, he told Mr. Bouchard that the leasing company had repossessed the Lear jet.

Early in August, Mr. Peroff moved his family into a residential hotel in Manhattan and began quarreling with D.E.A. and Customs over whether he was to be paid what he felt was due him.

About Oct. 1, Mr. Peroff came into contact with the Senate subcommittee and told his story under questioning by the committee staff.

Toward the end of October he was reached by the Royal Canadian Mounted Police from Montreal and offered a payment if he would help them penetrate the Bouchard group once more.

After some vacillation, on Friday, Nov. 2, Mr. Peroff flew to Montreal, introduced an undercover policeman into the Bouchard group and provided the information that led to the arrest of Mr. Bouchard on counterfeiting charges on Sunday, Nov. 4.

Mr Peroff returned to New York that same night and at the request of the mounties, security guards from D.E.A. lived with the Peroff family for the next 10 days.

On Tuesday, Nov. 6, a mounted police constable testifying at, a bail hearing held for Mr. Bouchard in Montreal identified Mr. Peroff as the source of information about Mr. Bouchard, Photos were shown of Mr. Bouchard's presence at an airport, which was contrary to his bail requirement when he was freed after his narcotics arrest in 1971.

"That made me as hot as man can be," Mr. Peroff said. His protests to D.E.A, were met with an offer of \$500 and suggestion that he relocate. He refused and would not sign the receipt that was requested, so he did not get the money. At noon on Nov. 13, his D.E.A. guards were withdrawn.

"After all, we could not be expected to guard a man who had made charges against us to the Senate subcommittee," said George Brosan, a top official of D.E.A. who is directing the investigation of Mr. Peroff's charges.

Mr. Peroff has since left New York. He said he is in contact with the Senate subcommittee, but has had no recent direct contact with Customs or the D.E.A.

Mr. Brosan said he was hazarding the guess that really Mr. Bouchard was just lying to Mr. Peroff about Mr. Vesco's involvement as financial backer for the heroin smuggling. scheme. Mr. Brosan also said he was not in D.E.A. when these matters occurred. He was in Customs.

Mr. Brosan said he thought Mr. Bouchard really wanted to have Mr. Peroff and his airplane available so he could use the plane to escape from Canada if his trial on the earlier narcotics charge went against him.

But he really had no hard evidence of this, Mr. Brosan said. He said the investigation of. Mr. Peroff's dealings with D.E.A. was about 75 per cent complete.

It included service of a grand jury subpoena on Mr. Peroff before he left New York where he was questioned by one of the assistant United States district Attorneys while investigators from Customs and D.E.A., listened. His tape recording of the Bouchard conversations were taken and copies of them returned to him.

The investigation also included a Canadian Mountie's asking Mr. Peroff while he was in Canada, "What did you tell the Senate down there?"

'A HORRIBLE PLACE A WONDERFUL PLACE'

 Add to list

By S and
ra G. Boodman
October 8, 1989

NO MATTER HOW BADLY HE WANTED TO, RAY OSHEROFF COULDN'T stop pacing. For months he had spent nearly every waking moment -- sometimes 16 hours -- trudging an estimated 18 miles a day up and down the hall of a locked ward in a mental hospital. The soles of his feet blistered, ulcerated and turned black. He lost 40 pounds and stopped bathing and shaving. His uncut hair hung in limp hanks on his shoulders. He couldn't sit still long enough to eat with a knife and fork -- instead, he would snatch food off a plastic tray as he paced. Osheroff, a doctor, repeatedly asked for medication to control the crushing despair that propelled him up and down the hall. Forget drugs, his hospital psychiatrist told him, they would only obscure his real problem -- a narcissistic personality disorder rooted in his relationship with his mother. Only a few months earlier, Dr. Raphael Joseph Osheroff had been a hard-driving, 41-year-old kidney specialist with a \$300,000-a-year practice and a lavish house in Alexandria. But Osheroff was also the victim of a worsening depression, and his regular psychiatrist, whom he saw frequently, grew alarmed at his preoccupation with suicide and recommended hospitalization. Osheroff asked his partner and closest friend to drive him to Chestnut Lodge, a private psychiatric hospital in suburban Maryland. His psychiatrist had referred him there, assuring Osheroff that it was considered one of the best hospitals in the country. After Osheroff had been at Chestnut Lodge for seven months, his elderly parents, appalled by his deterioration, had him transferred to Silver Hill, a private hospital in Connecticut. "He was the most pathetic person I've ever seen," remembers Joan S. Narad, the psychiatrist who admitted him to Silver Hill. Narad decided he was suffering from agitated depression and immediately prescribed antidepressants, the same kind of drugs Osheroff had requested at Chestnut Lodge. The change in his condition was dramatic: After three weeks on medication, Osheroff stopped pacing; nine weeks later he was discharged. When Ray Osheroff returned to Washington after a 10-month absence, he'd lost nearly everything. A judge had declared him incompetent and appointed a guardian to manage his finances. His wife had filed for divorce and, according to Osheroff, tried to prevent him from seeing their child. His ex-wife was attempting to terminate joint custody of his two older sons, whom he would not see for three years. His privileges at Alexandria Hospital had been suspended. And his trusted partner, the man who had driven him to Chestnut Lodge, had tried to oust him from his practice. "I literally had to rebuild my whole life," Osheroff says. "Chestnut Lodge let me suffer unnecessarily while everything I ever loved or cared about walked out the door." In 1982, he sued the hospital for malpractice, and in the process inflamed one of the most bitter debates in modern psychiatry. A UNIQUE AND MYSTERIOUS INSTITUTION An extraordinarily

persistent and articulate man, Osheroff has spent nine years and \$1 million pursuing various lawsuits that followed his stay at Chestnut Lodge in 1979. Today, he practices medicine in a New York City suburb; he has remarried, and he has never been rehospitalized. His malpractice suit was finally settled two years ago, yet Osheroff has not completely put the experience behind him. Nor has Chestnut Lodge. The Osheroff case continues to haunt the hospital -- it was the subject of a long panel discussion at the recent annual meeting of the American Psychiatric Association, it is still debated in the pages of the American Journal of Psychiatry and similar publications, and the questions it has raised about the quality of care at the hospital may have an impact on Chestnut Lodge for years. The case has attracted so much interest in the mental health community in part because Chestnut Lodge is a unique and mysterious institution. Its patients have always included the rich and famous: relatives of movie stars, heirs to America's industrial fortunes, the children of Cabinet officers and generals. And its staff has included some of psychiatry's luminaries, renowned for their pioneering work in psychoanalysis and in treating schizophrenia. Doctors trained at Chestnut Lodge helped start the National Institute of Mental Health and have run some of the country's most prestigious psychiatric hospitals -- McLean, a Harvard-affiliated teaching hospital near Boston, Sheppard Pratt in Baltimore and Austen Riggs in western Massachusetts. But Chestnut Lodge is also one of the most obsessively secretive institutions around. Although it has been located in downtown Rockville for nearly 80 years, most Washingtonians have never heard of it. That is precisely the way the Bullard family, the dynasty that founded Chestnut Lodge and still runs it, wants to keep it. Unlike many psychiatric hospitals, Chestnut Lodge rarely advertises, and the Bullards loathe publicity, turning down nearly all interview requests from the press. Two best-selling novels (both made into movies) have been written about the hospital -- *I Never Promised You a Rose Garden*, by a young woman who recovered from schizophrenia there, and *Lilith*, a love story about an occupational therapist who is seduced by a patient, written by a former staff member. Nevertheless, this is the first extensive nonfiction article ever written about Chestnut Lodge. While all hospitals, especially psychiatric hospitals, have a moral and legal responsibility to protect their patients' confidentiality, Chestnut Lodge has been far less open about itself and its patients than any other mental hospital I have written about. Although Chestnut Lodge provided some information, it refused to permit me on any wards, even escorted by staff members; to let me walk around its grounds unaccompanied; to allow the exterior of its buildings to be photographed; or to answer questions about specific patients and their treatment, despite signed releases from patients or their families authorizing comment. Apparently, Chestnut Lodge's zeal for confidentiality extends to its own employees: The hospital refused to release a list of its medical staff -- even though their names recently appeared in an ad in a professional journal. Only one member of the Bullard family, medical director Dexter Means Bullard Jr., agreed to be interviewed -- but after a one-hour session, he refused repeated requests to answer follow-up questions or clarify hospital practices. Instead, Chestnut Lodge designated administrative psychiatrist Wayne S. Fenton as its spokesman. Although the Bullards were loath to talk about themselves and their hospital, other people were not. This story is based on seven months of interviews with more than 100 people, thousands of court documents, videotapes, books and articles about Chestnut Lodge published in professional journals. What emerges is a portrait of a celebrated but

controversial hospital. Once it was at the vanguard of psychiatry because of its humane and innovative therapies. Now, profound changes in the treatment of serious mental illnesses have left Chestnut Lodge struggling to retain its reputation as an institution on the cutting edge of the most inexact of medical specialties. THE STYLE OF THE BULLARDS Known to its staff and patients as "the Lodge," the 132-bed hospital, located on a lush, 100-acre tract about a mile from the Rockville Metro station, is sometimes mistaken for a country inn. The entrance is marked by a black wrought-iron sign that omits the word "hospital." A curving, tree-lined driveway leads to its main building, a four-story Gothic mansion set far back from West Montgomery Avenue. To a visitor, Chestnut Lodge feels like a small town frozen in the 1950s. Some younger doctors refer to famous psychiatrists once on the hospital's staff -- now dead for decades -- by their first names, as though they have just left the room and will soon return. The hospital's old buildings are eerily quiet and gloomy, with linoleum floors, musty carpeting and battered Danish modern furniture. (In 1987, the hospital embarked on a \$5 million program to construct four new buildings for patients, which opened two weeks ago.) The staff still eats together, as it has since the 1940s, in a dining hall where lunch costs \$1. Even by the restrictive standards of mental hospitals, life at the Lodge is unusually controlled. Visitors generally must be approved in advance by the staff. Some patients are allowed to go home on weekend passes provided they are accompanied by a staff member who must remain with them. Stays at the Lodge are measured in months -- 15 months is the average for adults at a cost of at least \$136,000 per year. At other private psychiatric hospitals, adults stay an average of 24 days. Patients typically remain dependent on the hospital far beyond their stay as inpatients. Many become outpatients, often in Lodge-owned housing near the hospital, to which they frequently return for therapy. In large and even small ways -- from treatment philosophy and length of hospitalization to the flowered chintz curtains on the new wards and the white boulders that line the roads -- Chestnut Lodge reflects the style of the Bullards, the family that has ruled it for three generations. Many private psychiatric hospitals are now owned and managed by corporate chains. At Chestnut Lodge, the top officers are all members of the Bullard family whose personal and professional fortunes are inextricably intertwined with those of their hospital. Chestnut Lodge opened in 1910, a sanitarium for alcoholics and people with "nervous disorders" founded by Ernest L. Bullard, a Wisconsin surgeon who had run a state mental hospital near Madison. Bullard came to Washington to start his own hospital, shrewdly figuring that the federal government would expand and render the area immune to economic fluctuations. He bought the bankrupt Woodlawn Hotel, once Rockville's most elegant summer resort, and named his hospital for the 125 chestnut trees that dotted the grounds. Along with his wife, Rose, who became the hospital's first administrator, and his young son, Dexter, Bullard moved into a suite on the first floor. Patients lived upstairs. Dexter, an only child, had an unusual upbringing. His baby sitters and friends were often mental patients, some of whom hallucinated or heard voices as they played cards or croquet with him. Apparently inspired by the experience, he went on to graduate from Yale, then received his medical degree from the University of Pennsylvania and trained in Boston as a psychiatrist. In 1925, after his father had a heart attack, he was summoned home to help run Chestnut Lodge. Two years later, he married Anne W. Wilson, the daughter of one of Maryland's oldest families, and in 1931, when his father died, Dexter

inherited the hospital. A few years later, he and Anne moved into Rose Hill, a mansion on the grounds of the hospital. Anne had already taken over as administrator, a position she held until her retirement in 1967 and the post their youngest child, Anthony Ray Bullard, holds now. When Dexter Bullard took over Chestnut Lodge, he found an institution offering little more than custodial care for the seriously mentally ill. In Boston he had been exposed to psychoanalysis, the enormously influential new "talking cure" pioneered by Sigmund Freud. Bullard decided to gamble. The cure for mental illness, he believed, lay not in the so-called "biological" treatments, such as insulin coma or electroshock, but in an intense therapeutic relationship between doctor and patient. Chestnut Lodge, he decided, would use psychoanalysis to treat the kind of psychotic patients he had known as a boy. Orthodox Freudian analysts were horrified by this heretical approach. Strict psychoanalysis demands that a patient lie on a couch and talk about his or her childhood in an attempt to unearth unconscious memories believed to be the source of problems. The doctor remains distant and neutral. Freudians believed that psychotic patients, like those at Chestnut Lodge, were too disturbed to participate in, or benefit from, psychoanalysis. Dexter Bullard's philosophy -- and, by extension, Chestnut Lodge's approach to treatment -- was shaped by the "interpersonalists." Unlike the distant Freudians, the interpersonalists maintained that an analyst's job was to forge an intense bond with patients. Their method usually involved letting patients regress to the point of trauma in childhood or infancy, and then properly "reparenting" them, thereby curing the illness. Drugs were viewed as coercive agents that would mask a patient's real problem. In 1935, Bullard made a decision that would greatly influence Chestnut Lodge and cement its reputation -- he hired Frieda Fromm-Reichmann, a Nazi refugee and gifted therapist known for her work with schizophrenics. Several years later, Harry Stack Sullivan, one of the most famous interpersonalists and a brilliant eccentric who probably suffered from bouts of schizophrenia himself, joined the staff. "It was a great time," remembers Robert A. Cohen, the hospital's 79-year-old director of psychotherapy, who first went to work there in 1946. "We thought we were on the cutting edge and felt sure we'd unravel the mysteries of the mind." Fueled by the explosive post-war growth in the influence of psychiatry, Chestnut Lodge quickly developed an international reputation. "At a meeting, when I would say I was from the Lodge, I was instantly the focus of attention," says Robert W. Gibson, a former Lodge administrator who is now chief executive officer of Sheppard Pratt. "Everyone wanted to know what was going on at the Lodge." For the staff, the attraction was never money. Salaries at Chestnut Lodge have always been low. Experienced psychiatrists are paid about \$60,000, far below the \$76,862 to \$82,162 their counterparts earn at Maryland state mental hospitals. For Gibson, Cohen and others, the lure was a passionate commitment to psychoanalysis, the freedom to work intensively with a few patients and the fervent belief that, in time, even those with devastating mental illnesses could not only learn to function, but actually be cured.

INTENSITY AND INSULARITY State hospitals of the 1940s and early '50s were little more than teeming snake pits devoid of treatment and rife with abuse. At Springfield, Maryland's largest state mental hospital, for example, there was one nurse for 3,000 patients. Few ever even saw a doctor and many worked for free, virtual slaves in the self-contained community that resembled a feudal fiefdom. Chestnut Lodge was a world apart. It never employed psychiatry's most controversial and destructive treatments -- electroshock,

overdrugging, lobotomy, insulin coma -- offering instead dance and art therapy and psychoanalysis four times each week. There were, in fact, two psychiatrists responsible for each patient's care, a system still in effect. In order to preserve the sanctity of the therapeutic encounter, an administrative psychiatrist ran the ward and made decisions about a patient's privileges and daily life, while a treating psychiatrist, with whom the patient was supposed to develop the primary relationship, conducted psychotherapy. Drugs were viewed with disdain at Chestnut Lodge and would be for decades. Even after Thorazine, a powerful antipsychotic, was introduced in American mental hospitals in 1955, making it possible for thousands to function well enough to return to communities they had left, the Lodge used it only in extraordinary circumstances. To calm and control agitated patients, the staff relied on cold wet sheet packs, commonly used in mental hospitals before the advent of Thorazine. Patients were stripped to their underwear, placed in a hospital gown, wrapped like mummies from neck to ankle in icy white sheets, then strapped to a bed for several hours. The process is supposed to induce shivering, followed by womb-like warmth and, ultimately, exhaustion. Though most hospitals abandoned sheet packs in the 1950s, Chestnut Lodge continued using them until 1987. Some patients found these methods of treatment enormously helpful. "I feel very fortunate that I had a chance to be there," says Penelope D. Gregory, 60, who spent three years at Chestnut Lodge after a breakdown in 1949 during her freshman year at Radcliffe. "The Lodge was much more humane than other places," adds Gregory, who previously had been a patient at two private Massachusetts mental hospitals. One of Gregory's friends at Chestnut Lodge was Joanne Greenberg, the novelist who, using the pseudonym Hannah Green, wrote *I Never Promised You a Rose Garden*. Greenberg, a patient between 1948 and 1952, dedicated the novel to her mother and her therapist, the eminent Frieda Fromm-Reichmann. "It was a horrible place and a wonderful place, but it was the place I should have been," Greenberg says. "I got well there." Like Gregory, who has worked at Harvard's Smithsonian Astrophysical Observatory for the past 30 years, Greenberg has never been rehospitalized. She graduated from American University, married a psychotherapist, raised two sons and has written more than a dozen novels. The Lodge understandably rejoiced when patients like Gregory and Greenberg made full recoveries from severe mental illness. But by the end of the '50s, some Lodge psychiatrists had begun to wonder if the hospital's treatment worked as well as they had initially hoped. "By 1958 I had come to the considered conclusion that I had seen every effort to test the limits, but in my view this was really not a very effective approach," says Sheppard Pratt's Robert Gibson, a past president of the American Psychiatric Association, who left the Lodge in 1960. Doctors tried anything they thought might enable them to make contact with patients -- they read plays or took walks or listened to music. Some patients responded slowly, while others fell asleep, cowered in a corner or simply refused to speak -- sometimes for years. Some psychiatrists required that threatening or assaultive patients be "packed" for psychoanalysis; others conducted therapy from outside the locked door of a seclusion room. Yet, no matter how hopeless or unresponsive a patient seemed, four hours of individual therapy were required each week. To overcome their own terrors and frustrations, doctors were required to undergo psychoanalysis themselves (this is no longer a prerequisite for employment). They also met in twice-weekly groups to discuss one another and their patients, and every Wednesday afternoon they gathered for a case conference in the hospital library, a dank basement

room complete with a photograph of Freud. The intensity of the work and the insularity of the Lodge inspired in the staff a fervent devotion reminiscent of a religious crusade. "We fought the illness, we fought the dragon, and we had this tremendous esprit because we were engaged in a heroic struggle," remembers Harold I. Eist, president-elect of the Washington Psychiatric Society and a former Lodge administrator, who left to start the D.C. Institute of Mental Hygiene, a network of highly regarded clinics providing psychoanalytic treatment to the poor. Some doctors, however, believed that this intense, protracted, quasi-parental relationship with patients, while frequently helpful, was not always benign. "No one really got a second opinion," says David N. Ratnavale, a former Lodge psychiatrist, now an administrator at the D.C. Institute. "The therapist could say, 'Well that guy is really assaultive with me,' and there was no one else to say, 'Well, he was really nice to me yesterday.' There was a romanticizing of the special relationship with the patient." Despite the family-like intimacy, there was no mistaking that Chestnut Lodge belonged to Dexter Means Bullard. A blunt, opinionated, chain-smoking Republican with a prodigious capacity for bourbon, Bullard ruled for nearly four decades with an iron hand. He tolerated dissent, but in the end all power resided with him. He had the final say in hiring doctors, whom, with rare exceptions, he made no attempt to keep. "It was like a plantation," recalls Clarence G. Schulz, a former president of the Washington Psychoanalytic Society, who spent 11 years at the Lodge before departing for Sheppard Pratt in 1963. "They {the Bullards} were the overseers, they lived there, they worked there. I grew a little tired of working for the family, of making money for them." Money was the topic about which Dexter Bullard was most secretive. He pressured the admissions staff to keep the beds full and told those who complained about low salaries that they could leave. "There was always a sense from the family that the Lodge was on the brink, that they were losing money and things could fall apart at any moment," says Edward M. Podvoll, a psychiatrist who resigned as director of admissions in 1974. "Frankly, I never took it all that seriously. I'd been to the manor house, and I knew the Bullards were quite comfortable." By the late 1960s, Dexter Bullard was pondering retirement. He had made it clear that one of his sons would inherit the medical directorship. The question was, which one? The answer stunned many of his staff and caused a painful rift in his own family. In 1969, he chose his oldest child and namesake, Dexter Jr., nicknamed Rusty, to run the hospital. A respected child psychoanalyst with an appointment at Harvard Medical School and a thriving practice on Beacon Hill, Rusty had followed precisely in his father's footsteps -- undergraduate degree from Yale, medical degree from Penn, training at Boston Psychopathic (now Massachusetts Mental Health Center). In choosing Rusty, Dexter Sr. passed over his second son, James Wilson Bullard, who was already on the staff of Chestnut Lodge. "One day at a meeting," Harold Eist recalls, "the old man announced that Rusty was coming back and Jim was resigning and then he broke down and wept." Jim Bullard, who has a private practice in Washington, declined to give his version. "I have not had anything to do with Chestnut Lodge for 20 years," he says. He is the only member of the immediate family who is not an officer or a director of the hospital corporation. Dexter Sr. died of cancer in 1981 at the age of 83. Before he died, the Bullards were forced to confront the continued on page 38 CHESTNUT LODGE continued from page 24 kind of family tragedy they were most accustomed to treating, not experiencing themselves. In the mid-1970s, one of Rusty's sons, a high school student bound for Yale, committed suicide.

The event shocked the staff and caused the Bullards to withdraw into their grief. Ironically, though their life's work involved persuading others to talk about their losses, the Bullards seemed unable to do the same. "My husband was a very good friend of Dexter's and used to see him a great deal," says Margaret Rioch, a psychologist and close family friend. "He told me that they never, ever, discussed it." THE QUALITY OF CARE Most people who spend time in psychiatric hospitals do not remember the experience fondly. Similarly, some families hold hospitals responsible for a patient's failure to improve, when the debilitating nature of chronic mental illness might be the cause. Still, a hospital, even a famous one, is only as good as its treatment. Assessing the quality of care at Chestnut Lodge beyond its reputation is unusually difficult. First, it is a private institution and as such is not subject to the same degree of scrutiny as public hospitals. Second, Chestnut Lodge has been caught in the cross-fire as psychiatry has split into warring camps: The psychoanalysts, once supreme, have seen their power steadily eroded by the emergence of other therapies, particularly drug therapy, and the rise of biological psychiatry. Proponents of biological psychiatry believe that serious illnesses such as schizophrenia are caused by organic factors in the brain, while orthodox analysts maintain that psychosis is a response to environment. Most psychiatrists today have a foot in both camps, relying on antipsychotic drugs combined with psychotherapy, rehabilitation and brief hospitalization to treat serious mental illness. Even so, there are vast differences in philosophy and practice, and what works for one patient may not work for another. Some doctors believe long hospitalization is inherently harmful; others feel its benefits outweigh its consequences. Some doctors say that drugs are an integral part of treatment, others that they should be used sparingly and only as a last resort. Some believe that a relationship with a therapist is paramount, others claim that it is more important for severely ill people to master daily living skills, such as taking the bus and holding a conversation. Where Chestnut Lodge stands in this battle depends upon whom one asks. "Chestnut Lodge {is} one of the outstanding psychiatric hospitals in the U.S.," says Wayne S. Fenton, the hospital's spokesman. The hospital, he says, continues to be the subject of "a lot of mystery, misconceptions and strange ideas. The fact is that medication is highly emphasized, rehabilitation is highly emphasized. Psychotherapy is no longer considered the ultimate treatment." Even among those who do not always find its methods practical, the Lodge inspires respect. "Doctors there engage in the kind of treatment that very few have the patience for," says Daniel R. Weinberger, a schizophrenia researcher at Washington's St. Elizabeths Hospital, who has consulted on several Lodge cases. Stephen S. Sharfstein, medical director of Sheppard Pratt, agrees. "Mostly the quality of care at the Lodge is very high," he says. "I don't think I'd hesitate sending a relative there." Other psychiatrists are not as complimentary. They believe that Chestnut Lodge is isolated, inflexible, and that its lengthy stays and emphasis on prolonged treatment foster harmful dependence, making it difficult for patients to leave and live in the real world. "The Lodge seems to have a bit of tunnel vision, to dismiss life's realities as trivial," says William Z. Potter, chief of clinical psychopharmacology at NIMH. "Nobody thinks that what it offers is very practical or realistic anymore." While the opinions of peers are one measure of quality, the recent experiences of patients in the hospital and after discharge may be more telling. The Washington Post repeatedly asked Chestnut Lodge to contact patients it considers successful to see if they would be willing to talk to a reporter. The Lodge refused, saying

that while most patients have had positive experiences, it would be unethical to contact any patient for that purpose. "A doctor is only supposed to act in the patient's benefit, not out of personal or professional gain," Wayne Fenton said. "To do otherwise would strain what we see as the limits of confidentiality." Nevertheless, more than 20 current or former Lodge patients or their relatives were interviewed for this story; eight have been patients there in the last five years. Most were located through ex-patients' groups or through the National Alliance for the Mentally Ill, an advocacy group that represents families. Many recounted negative experiences similar to the ones described below, several gave positive accounts, and two outpatients said they were afraid or unwilling to speak publicly because they still have extensive contact with the hospital. When Chestnut Lodge was asked to comment on the experiences of some of these patients, it initially agreed to do so, provided that they or their families supplied the hospital with written authorizations permitting comment. After the releases had been signed, however, Chestnut Lodge again refused to answer questions, saying in a written statement, "While a patient may waive confidentiality and speak to the press or public about their particular treatment and symptoms, the Hospital may not." Some families were located through court records. Chestnut Lodge has been sued for malpractice six times in its history, according to Fenton. National averages of malpractice cases filed against psychiatric hospitals are not available, so it is impossible to compare Chestnut Lodge's record with other institutions'. Fenton said that Chestnut Lodge believes it has been sued less frequently than other mental hospitals. He said that the hospital won two malpractice cases; three, including Ray Osheroff's, were settled out of court; and one -- Giller v. Chestnut Lodge Hospital Inc., et al -- is pending (see box, Page 22). Together, the following accounts provide a window on treatment at Chestnut Lodge, yet no one case can be considered indicative of overall care. Alan S. Goldin, the son of a New York furrier and a graduate of Brooklyn Law School, was transferred to Chestnut Lodge in 1978 after spending five years as a patient at the Menninger Foundation in Topeka, Kan. Although he could drive a car and had a girlfriend, his chronic schizophrenia made it extremely difficult for him to function outside a hospital. Neither medication nor intensive psychotherapy, both of which had been tried at Menninger's, seemed to help much. Doctors there suggested a transfer to Chestnut Lodge. His father, Fred Goldin, says Lodge doctors told him that they were "going to get Alan down to no medication and that even if he hit bottom they were going to see if he could rebound from there." The Goldins, desperate to try anything that might work, agreed. Many months later, when Leslie Goldin visited her older brother, she was shocked by what she saw. "He was a totally different person," she recalls, "completely submissive. His teeth had been knocked out, and they told me he spent a lot of time 'in pack.' The doctor said he was doing fine, and I said, 'You're crazy.'" On subsequent visits, the Goldins found Alan in a sheet pack, lying in a seclusion room, staring at the sprinkler nozzle in the ceiling. Sometimes he was tormented by vivid hallucinations that he was a prisoner in a concentration camp about to be gassed by Nazis. In 1981, three years after Alan was admitted to Chestnut Lodge, Leslie Goldin and her father, concerned over Alan's continuing deterioration, insisted that he be evaluated by an outside consultant, Frank J. Ayd Jr., a Baltimore psychopharmacologist. Ayd says he saw Goldin several times. "He was a challenging patient, no question about it," Ayd says. But he said that Goldin, who according to his records had started receiving antipsychotic drugs shortly before Ayd's first visit after two

years off medication, was getting too low a dose to do much good. "That's like a diabetic who's in trouble and not getting enough insulin," Ayd says. According to Ayd, Goldin's chart showed that he had spent months "packed" or in seclusion. "He felt caged, and I thought that some of his assaultiveness was being provoked by the way he was being managed. I was pretty emphatic that he should be transferred somewhere. He was really being deprived of his human rights." Goldin was transferred to Taylor Manor, a private, family-owned psychiatric hospital in Ellicott City with which Ayd is affiliated. Because the Lodge insisted Goldin was dangerous, he left the hospital in an ambulance, wearing a straitjacket. "Chestnut Lodge said he was very dangerous," Ayd says, "but to my knowledge he never hurt anybody." For the past four years, Goldin, 45, has been a member of the Way Station, a nationally respected rehabilitation program in Frederick, Md. Although disabled by mental illness, he takes medication, attends a day program and lives in a supervised group home in a middle-class neighborhood. Sometimes, he says, he has nightmares about Chestnut Lodge. "I remember I was locked in my room most of the time," he recalls. "It seemed like unusually harsh treatment." For the past year, the 18-year-old son of Adil Shamoo, a research biochemist at the University of Maryland School of Medicine, has been a patient at Chestnut Lodge, where he was transferred after three years in and out of Sheppard Pratt. Shamoo says his son has improved substantially thanks to Chestnut Lodge. "He is completely functional," says Shamoo, "and he doesn't have a lot of the symptoms he used to have." "I think {the Lodge} is . . . on the cutting edge of psychiatric treatment," Shamoo adds. Several times, he says, the Lodge, with his permission, briefly took the youth off medication to see if he could function, only to discover that his "schizophrenia-like symptoms" recurred. No medication, Shamoo says, "would be my goal too." Jeanne M. Sorenson, 27, has been a patient at Chestnut Lodge since November 1985, when she was admitted with a diagnosis of borderline personality disorder. She had been treated at several hospitals in Los Angeles for suicide attempts and eating disorders. For about a year after her arrival at the Lodge, Sorenson and her mother say, she received no medication, a decision made by her administrative psychiatrist, Wayne Fenton. "I fought with Dr. Fenton all the time about medication, but he used to tell me I should go to NA {Narcotics Anonymous}," Jeanne Sorenson recalls. Alberta Sorenson, Jeanne's mother and a retired California teacher, says, "My husband and I have the highest regard for Chestnut Lodge." When her daughter showed only slight improvement after a year at the hospital, however, she wrote several letters to Fenton urging that he medicate Jeanne. "We were at loggerheads sometimes," she remembers. "Basically, my central question always is, is everything being done that can be, and that would include medication." Chestnut Lodge doctors "had their own system and they made that very clear," she says. "It was, 'Give us time. This {drugs} is not part of our philosophy, it's not the way things are done here.'" Jeanne Sorenson, who is now taking antidepressants, thinks Chestnut Lodge saved her life, as does her mother. Being there, she believes, has made her more open and aware of her feelings. She says she is now worried about what will happen in the next few weeks, when her insurance is due to run out, since she has not succeeded as an outpatient. "I think {Chestnut Lodge} is great. They've helped me a lot," Jeanne says, but adds, "I think it doesn't prepare you for the real world. I'm institutionalized, I know I am. Why? Because I don't want to leave the hospital. Isn't that being institutionalized?" OSHEROFF V. CHESTNUT LODGE Ray Osheroff, the kidney specialist, may not have started the

war that has divided psychiatry, but his lawsuit against Chestnut Lodge certainly became a major battleground. Unlike many psychiatric patients who seek anonymity, Osheroff waged a public campaign. He talked to reporters while his case was pending, he visited some of the nation's most eminent psychiatrists to tell his side of the story -- several later became his expert witnesses -- and he peppered professional journals with letters and phone calls about his case. Soon the entire profession was talking about Osheroff v. Chestnut Lodge. Even now, though a cease-fire was declared two years ago, skirmishes continue: Last May at the annual meeting of the American Psychiatric Association, the case was the subject of a three-hour panel discussion featuring Osheroff and six psychiatrists, including an official from Chestnut Lodge. From the beginning, some believed that the real significance of the case was the prospect that a court would settle the long-running battle between the biological and psychoanalytic schools of psychiatry. "Everyone thought, 'Holy mackerel, the outcome of this case is going to establish the standard of care,' " says Alfred L. Scanlan Jr., a Baltimore lawyer who represented Chestnut Lodge. But nothing is ever quite that simple, especially when it comes to a field as inexact and emotionally charged as psychiatry. In his suit, Osheroff claimed that Chestnut Lodge and two doctors responsible for his treatment -- Manuel Ross, his treating psychiatrist, and administrative psychiatrist C. Wesley Dingman -- committed malpractice by misdiagnosing his biologically based depression and treating it with intensive psychotherapy alone, when effective and widely prescribed medication was available. He also alleged that the Lodge failed to obtain his informed consent about the probable duration and method of treatment. Chestnut Lodge's lawyers contended that Osheroff was actually suffering from a narcissistic personality disorder for which drugs are not the appropriate therapy. The Lodge's treatment, they maintained, was endorsed by a respectable minority of psychiatrists and therefore was not malpractice. One of the few things on which everyone agrees is that when Ray Osheroff signed himself in to Chestnut Lodge, he appeared to be suicidally depressed. Ross and others involved in his treatment decided to try to "restructure" Osheroff's personality, a course they later estimated could take at least three years of hospitalization and had no guarantee of success. One of the goals of therapy, Ross testified, was to get Osheroff into "a safe regression," a process by which he would review his life and accept responsibility for some of his problems. Medication, it was decided, would interfere with that process. Osheroff said that his goal had been to feel better and return to work as fast as possible. Within months, he said, he had deteriorated so badly he was incapable of signing himself out of Chestnut Lodge, where he claimed he was a virtual prisoner limited to two phone calls per week. He said that Ross and Dingman ordered that he be addressed as "Ray," not as "Dr. Osheroff." In therapy, he testified, Ross frequently berated him, blaming him for his problems and telling him that he was "symbolically dead." Ross denied those allegations. In 1984, a three-member panel of the Health Claims Arbitration Board, which hears all malpractice cases in Maryland, awarded Osheroff \$250,000. Both sides appealed the award, and the case was settled in September 1987, a few weeks before the start of a long-awaited jury trial in Montgomery County Circuit Court. Under terms of the sealed settlement, both parties agreed not to reveal the amount Osheroff was paid -- believed to be more than \$250,000 -- or to discuss the case with the press. During the arbitration board hearing, Chestnut Lodge denied that Osheroff's dramatic improvement at Silver Hill, which began 10 days after he started taking

medication, was attributable to drugs. His recovery, they said, was an example of "narcissistic repair" stemming from the reinvolvement of his mother and a relationship with a female patient. Osheroff's expert witnesses, among them psychiatrists from Harvard, Duke and Columbia, dismissed those theories. They testified that Chestnut Lodge had committed malpractice by failing to give a clearly deteriorating patient medication, a treatment known to be effective in cases of serious depression. Gerald L. Klerman, then a professor at Harvard Medical School and director of psychiatric research at Massachusetts General Hospital, called the Lodge's treatment "criminal . . . cruel and negligent." The diagnosis of agitated depression, Klerman said, is "bread-and-butter psychiatry" that can be made "usually by a first-year resident." Because the case was settled out of court, no standard of care was established. But 10 years after it admitted Ray Osheroff, Chestnut Lodge still finds itself on the firing line. Even today, Rusty Bullard declines to discuss the case, citing concern for Osheroff's privacy as the reason. "I will say it made us more aware of the forces in psychiatry that were shaping treatment," he says.

IDEOLOGY AND CHANGE Has Chestnut Lodge changed since Ray Osheroff was a patient? Rusty Bullard and others say it has. "Overall I think they have moved much closer to the mainstream than they were," says William T. Carpenter Jr., director of the Maryland Psychiatric Research Center. Two years ago, after months of debate, the hospital discontinued use of cold wet sheet packs. They can be used now only with the consent of a clinical review panel. The length of stay at the hospital is dropping, partly because insurance companies are refusing to pay for expensive, long-term inpatient treatment anymore. But the hospital's attitude toward drugs used routinely by other hospitals remains a source of confusion and debate among psychiatrists. Thomas H. McGlashan, director of the Chestnut Lodge Research Institute, told the APA annual meeting that "drugs are used more frequently now than a decade ago in 1979 but not substantially so." He said that currently about 93 percent of adult Lodge patients receive medication. The reason for the change, McGlashan said, was primarily internal. A major follow-up study he conducted of 532 patients treated between 1950 and 1975 showed that most schizophrenics did not do well after leaving the Lodge, though patients with personality disorders -- Ray Osheroff's Lodge diagnosis -- did. "One of the things the follow-up study did was temper the psychoanalytic gestalt, which is that if you work long and hard and deep enough you'll be cured," McGlashan said in an interview. The impetus for the study, he said, was his own "lousy" results with patients. Manuel Ross, the psychiatrist who treated Osheroff and is a defendant in the Giller malpractice case, agrees with McGlashan that drugs are used more frequently now at Chestnut Lodge. He says that the persistent myth that the Lodge is "some kind of monolith, a stagnant backwater" that does not use medication is untrue. "Whether we're using them right or wrong, 90 percent of people here are on drugs," he said in an interview. But some say the drug issue is more complicated. "The question," says NIMH psychopharmacology chief Potter, "is not, When they recognize that drugs are needed, do they use them? The question is, Is their mindset {such} that they tend to bend over backward to see something as psychodynamic that may be physiological? What's the lag time between admission and treatment with drugs? Does the atmosphere prolong the evaluation?" Wayne Fenton contends that Chestnut Lodge offers state-of-the-art drug therapy and points out that it was the first Washington area hospital to use Clozapine, a promising experimental schizophrenia drug. The hospital furnished data showing average drug

doses, which pharmacologists say appear to be appropriate. The Lodge's chief medication consultant, Richard Wyatt, did not return several telephone calls. Another key issue for Chestnut Lodge -- expected to figure prominently in the Giller case -- is its use of seclusion and restraint, two of the most controversial practices in psychiatry. Fenton and Chestnut Lodge attorney Joanne E. Pollak say that they are used only when "clinically indicated" and in accordance with legal and procedural safeguards. In 1988, the Lodge says, 17 of 178 patients spent some time in seclusion and 26 were placed in restraints. However, the hospital would not disclose the total number of hours patients were placed in seclusion or restraints, a more meaningful figure. "It's a lot of hours," Pollak said in response to a request for the information, adding that the hospital declined to disclose it for fear it might be misinterpreted. The hospital has acknowledged that one of its patients, a man in his late thirties, has been confined to a specially designed seclusion room for 13 years, extraordinary by any standard. His case was reviewed last year by Kenneth Tardiff, a New York psychiatrist who served as chairman of an APA task force on seclusion and restraint and was called in by the Maryland Disability Law Center, a public-interest law firm that was investigating complaints by patients at Chestnut Lodge. Tardiff says he recommended that the man, who is violent, self-destructive and deeply disturbed, be gradually mainstreamed onto a ward using behavior modification techniques and medication. "It was a very difficult case," Tardiff says, adding that he has seen similar patients at other hospitals, but none who had been in seclusion longer than a year. "The problem in such cases is that patients and staff get used to the idea of having a person in seclusion. For a patient, it's a way of avoiding, and for staff, it solves a management problem." The Lodge declined to discuss the case or to say whether Tardiff's recommendations have been followed. Pollak said in a letter that "the clinicians, family and outside consultants concur in this treatment for this patient." Every Lodge patient still receives the hallmark of analytic treatment: four weekly sessions of intensive psychotherapy. But the Lodge's Thomas McGlashan says, "The nature of that interaction has evolved enormously over the years." These days, he says, therapy is as likely to focus on keeping a checkbook as it is on reliving childhood trauma. What the Lodge provides, he adds, is "a positive paternalism, a benevolent asylum, always at the same time noodging, pushing to get patients to the maximum potential." To outsiders, the extent of change at the Lodge remains a matter of debate. "I think they are continuing to do a very psychoanalytically oriented kind of work with patients," says John M. Henderson, a Maryland psychiatrist who served as one of the Lodge's experts in the Osheroff case. "They still use minimal psychotropic agents of any kind. The major mover in changing the hospital is insurance reimbursement," he says, which has shortened the length of stay. Some psychiatrists believe the kind of treatment the Lodge provides is outmoded and inappropriate. They argue that what chronically mentally ill people need most is to learn how to function outside a hospital. "Would I send a patient to Chestnut Lodge? The answer is no," says former APA president Paul J. Fink, who runs a private psychiatric hospital in Philadelphia and moderated the Osheroff panel at the APA meeting. "I wouldn't recommend long-term hospitalization for my patients. I think it fosters regression." "The Lodge is an anachronism, a relic of psychiatry from 30 or 40 years ago," argues E. Fuller Torrey, a schizophrenia researcher at St. Elizabeths Hospital. "I continue to be appalled by their failure to use modern techniques . . . People need to get back into a job situation, into a structured environment and into the

community." Stanley R. Platman, Maryland's former assistant secretary for mental health and a nationally respected mental health administrator, applauds the Lodge's willingness to treat difficult patients but agrees with Torrey. "We've long known that hospitals are not the best settings for patients," Platman cautions. "I know of no data that says long-term hospitalization is good for people and a lot that says it's not. Patients are going to learn a great deal more in the real world." Rusty Bullard says he agrees that long hospitalization can be destructive, but emphasizes that Chestnut Lodge deals with unusually difficult patients. "We don't care if we're treating people in the hospital or not; we care about having enough time to deal with a patient who's been very sick for many years." Meanwhile, Ray Osheroff, whose case thrust Chestnut Lodge into the limelight it did not seek, says he feels lucky that he's been able to work his way back to normalcy. He married a high school classmate who is, ironically, the widow of a psychoanalyst, and he has reestablished relationships with his three sons. In 1986, he received nearly \$900,000 from a lawsuit he filed against his former partner, the man who drove him to Chestnut Lodge and then tried to appropriate his practice. "I was treated in a way that people at the Lodge assumed was correct because it conformed to their ideology," Osheroff says. "As a doctor, I don't think that treatment decisions based on ideological assumptions constitute good medicine." Sandra G. Boodman covers health issues for The Washington Post.

WHEN SHE SIGNED HERSELF IN TO CHESTNUT LODGE IN October 1982, Rachel Ann Giller was 26. Some doctors had diagnosed her illness as schizophrenia, others thought she might have a borderline personality disorder, a condition characterized by self-destructive behavior, impulsiveness and brief psychotic episodes. At times, Rachel seemed to function well: She had worked in a bank and had lived with a boyfriend. Even so, she had been hospitalized six times since her freshman year at the University of Texas, and both she and her parents hoped Chestnut Lodge could break the cycle. When she left the Lodge three years later in an ambulance, she was nearly dead from a drug reaction. Her treatment is the subject of a malpractice case that is expected to go to trial next year. A quiet, slightly built, dark-haired woman, Rachel Giller was assigned to therapist Manuel Ross, the same psychiatrist who treated Ray Osheroff. She was admitted to an unlocked ward and, after about a month, taken off all drugs, including an antipsychotic. Ross wrote in her chart that, in part, he wanted "to see how deep the regressive processes will go." Rachel quickly deteriorated. Within weeks she was screaming, hitting staff, crawling around nude and smearing feces. Hospital records show that she spent most of the next three years "packed," in seclusion or in restraints. After several months, the staff medicated Rachel, but she did not get better. For reasons that are unclear, schizophrenic patients do not always respond to medication, and some never do. Eight months after Rachel arrived at Chestnut Lodge, the Gillers flew from Dallas for their first visit. Earlier trips had been discouraged by the Lodge's social worker. "She was like a zombie," her mother, Sheila Giller, recalls, "disheveled, dirty, angry. She looked crazy. She said, 'Get me out of here.' And we said, 'Oh, Rachel, this is a good hospital.' We thought she was having the normal ups and downs of hospitalization." After nearly two years during which she showed no improvement, Rachel was moved to a locked ward in the Main Building. At one point, when she refused to eat, she was tube-fed. Twice she formally asked Robert Cohen, the Lodge's director of psychotherapy, for a new psychiatrist, a request that was not granted. At the recommendation of Dr. Richard Jed Wyatt, the hospital's primary medication consultant, she was started on a

new drug regimen, which did not seem to help. In May 1985, Wyatt recommended she take Tegretol, an antiseizure drug often used with aggressive psychiatric patients. Tegretol must be closely monitored through frequent blood tests because it can cause bone marrow suppression leading to aplastic anemia, which can be fatal. Rachel began taking Tegretol in July 1985, about the time her parents, who were making plans to transfer her, paid an unscheduled visit. Her parents say they found her tied to a chair. "She was animalistic, like a monkey in a cage that lunges at people," recalls her father, Sam Giller. "She screamed at us, 'I'm being tortured, you're not my real parents, my real parents would have gotten me out of here.'" A blood test performed on November 14, 1985, showed that she might have borderline anemia, according to the Gillers' attorney. Chestnut Lodge's consulting internist, who is also a hematologist, indicated in her chart that the condition might be related to Tegretol. He ordered another complete blood count to be done a month later. That test, the Gillers' lawyers say, was never performed. By mid-December, Rachel displayed symptoms consistent with severe anemia: Her gums bled, she complained of headaches, and large bruises covered her legs. In late December, for the second time, a Lodge doctor prescribed erythromycin for a sore throat, an antibiotic that is contraindicated with Tegretol in the Physicians' Desk Reference because it can increase the risk of a toxic reaction to Tegretol. On December 30, 1985, Rachel was rushed to Shady Grove Adventist Hospital in Gaithersburg because she was hemorrhaging. When Sheila Giller arrived the next day, she found her daughter bleeding from virtually every orifice, including her eyes, mouth and ears. Doctors diagnosed her illness as aplastic anemia. The Gillers filed suit against Chestnut Lodge and four doctors in December 1988, accusing them of malpractice for failing to do blood counts and ignoring signs of life-threatening anemia. Their lawyers, David J. Fudala of Fairfax, who represented Ray Osheroff, and Leonard Rubenstein, legal director of the Washington-based Mental Health Law Project, say that the Gillers, who are Rachel's guardians, were never told their daughter was taking Tegretol nor were they informed of the risks. Attorneys for Ross and the other three doctors have denied any wrongdoing and declined further comment. Kathleen Howard Meredith, the Lodge's lawyer, said Rachel Giller's treatment was "well within the standard of care" and that "her reaction, while unfortunate, was an idiosyncratic reaction to the medication." Ten days after she arrived at Shady Grove, Giller was transferred to Johns Hopkins Hospital. Her parents were told that the only chance of saving her life was a bone marrow transplant. Although her older sister was a perfect match, Hopkins and other hospitals refused to perform a transplant because Rachel was too psychotic to cooperate. In desperation, the Gillers called Sam's uncle, Hollywood mega-producer Aaron Spelling. Spelling arranged for Rachel to be admitted to UCLA Medical Center, which has an internationally famous bone marrow transplant unit. Doctors there performed an experimental treatment that took six months, reversed the anemia and saved Rachel's life, but she was left with permanent liver damage, according to her parents. She then spent more than two years at a private psychiatric hospital in Philadelphia. She was discharged last January and now lives in Maryland near relatives in a house her parents bought and staffed. The Gillers say she had regressed so badly and was in seclusion so much at Chestnut Lodge that she had to relearn simple skills: how to sleep in a bed, how to eat with utensils. "Rachel is scarred for life," says Sam Giller, who estimates that he

and his insurance company have spent nearly \$2 million on her care since she checked in to Chestnut Lodge.
"We are trying to recoup some of our terrible losses."

 **Comments**
