Cold Warrior chases hot technology

By MICHAEL LYSTER

As a Marine intelligence officer in Vietnam and a soldier of fortune in Latin America, T. Craig Eschrich spent much of his life thwarting the influence of the Soviet military machine. Now, he's looking to cash in on it.

The 48-year-old entrepreneur has acquired the rights to low-earth-orbit Russian military satellites, which, when coupled with U.S. communications technology, form the basis of a system for tracking and recording information on everything from commercial cargo to weapons-grade nuclear material.

In the process, Eschrich, a soldier turned lawyer and investment banker, could end up playing a part in containing one of the most troublesome legacies of the Cold War.

Eschrich's fledgling Integrated Sat/Com Corp. of Huntington Beach is vying for a contract to monitor the movement of nuclear material in the former Soviet Union as part of the international Nuclear Nonproliferation Treaty. That would help prevent the spread of nuclear material from the former Soviet Union to rogue states and terrorist groups.

For Eschrich, ISC is a gambit that could establish him as a player in the satellite communications industry by leapfrogging corporate giants who are just now laying plans for similar communications systems.



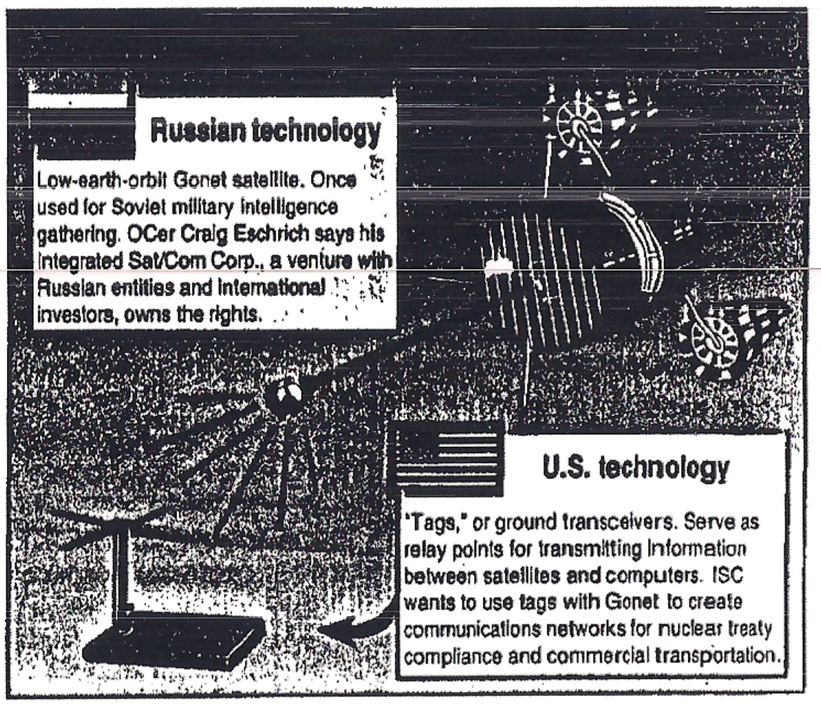
Eschrich

"This could be worth millions of dollars," Eschrich said. "It is a big proving ground for us."

Eschrich has a long way to go, however. While he says $300 million has been invested in the project, 2-year-old ISC has no revenue.

Most of the 75 people working on the project are employed by his Russian partners. Moreover, while Eschrich appears to have an inside track on this particular technology, there's no guarantee a bigger potential competitor won't outmaneuver him. And, of course, there is all the uncertainty that any Rus-

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sian deal entails.

Nonetheless, ISC is another intriguing example of how former enemies are making strange bedfellows in the post-Cold War global economy.

"Any business venture with the former Soviet Union is a new experiment," said Elliot Axelband, associate dean for research development at the University of Southern California's engineering school and an adviser to ISC. "There isn't a big track record. But there is significant promise in this approach."

"There are a lot of uncertainties," said Richard Williams, dean of engineering at California State University, Long Beach and also an adviser to ISC. "But on the other hand, the need to track nuclear materials is so compelling, it would be foolish not to do it."

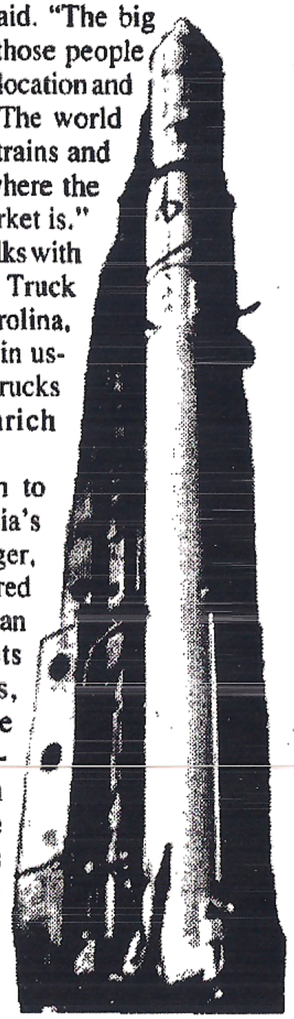
Eschrich, who is chairman and CEO of ISC, has been in talks with the U.S. Department of Energy, Eleron, its Russian counterpart, and the International Atomic Energy Association about using ISC as the basis of a nuclear monitoring system for the former Soviet Union.

Even with the global implications of the nuclear monitoring project, Eschrich sees it as only a part of a larger pie. Most of ISC's potential business lies with transportation companies.

"The nuclear market is important, but there are only so many nuclear things to be monitored," Axelband said. "The big thing is to find all those people who need positional location and reporting services. The world has a lot of trucks, trains and ships, and that is where the big commercial market is."

ISC already is in talks with Volvo GM Heavy Truck Corp. in North Carolina, which is interested in using the system in its trucks worldwide, Eschrich said.

Under a program to commercialize Russia's *Gonets*, or messenger, satellites, ISC acquired the rights to more than 30 Russian rockets and 57 satellites, which once were used for military intelligence, Eschrich said. As part of the deal, ISC also has access to a launch facility near Moscow. ISC is providing the "tags," or ground communication transceivers, which interact with the satellites.



Russian rocket carrying Gonet satellite

During the next two months, ISC plans to launch six Russian low-earth orbit satellites. Later this year, Eschrich said he intends to demonstrate the system to U.S. and Russian officials. In 1992, two prototype satellites were successfully launched.

ISC is an outgrowth of Eschrich's World Funding Group Inc., an investment banking firm he started in 1978 and that has put together deals for infrastructure projects in Thailand and real estate developments in Pakistan.

Through World Funding, Eschrich owns about 25% of ISC. SmalSat Association, a Russian consortium including the Russian Space Agency and two aerospace companies, owns another quarter. MexUS S.A. de C.V., which provides access to a satellite facility in Guadalajara, owns another 25%. International investors are negotiating for the remainder.

Eschrich puts the value of investments into ISC at $300 million. The company has enough funding and the necessary equipment to handle the nuclear monitoring project and others, Eschrich said. But Eschrich is continuing to look for new partners to bolster the company's capabilities and commercial viability, naming Rockwell International and Lockheed Martin as the kind of companies he'd like to link up with.

Currently, the Russian satellites offer the most immediate prospect for implementing a cost-effective tracking and reporting system, experts say. Companies such as Hughes, Motorola and Qualcomm, meanwhile, are working on low-orbit systems for communications networks. But none of those are expected to be launched until 1997 at the earliest.

That has Eschrich betting ISC has the inside track for the nuclear monitoring contract, to be awarded by Sandia National Laboratory, an Energy Department research facility in Albuquerque, N.M., that is managed by Lockheed Martin Corp. In fact, Eschrich said he has reached a tentative agreement with Sandia.

"The dye is cast," he said.

Eschrich's greatest asset may be an intangible one.

"It's who you know over the years," he said. "Most of the contacts were connected to my experience in the intelligence community."

During the Vietnam War, Eschrich served in a Marine ASI unit — assassination, sabotage and intelligence.

When Eschrich left the Marines, he was recruited by a Florida-based special operations and anti-terrorism firm that he declines to name. He said the company is a contractor to "the 13," the baker's dozen of agencies including the CIA that make up the U.S. intelligence community.

During the 1970s and '80s, Eschrich said he worked in Central and South America. He said he had "extensive interraction with intelligence and military groups in the region," declining to be more specific.

Eschrich said he learned about the low-orbit satellite technology from an associate in the Mossad, Israel's legendary intelligence agency. From there, Eschrich said he was able to set up meetings in Moscow and negotiate for the rights to use the satellite technology.

"It's kind of like when people who have battled it out on the gridiron on opposite football teams go out and drink beer when the game is over," said Williams of Cal State Long Beach.

Eschirch said his background hasn't hurt him in his dealings with his new Russian partners, some of whom trace their roots to the KGB.

"They know this is a commercial venture," he said. "We are all comfortable with who we are and where we come from. There is a normal amount of healthy paranoia. But nobody is preoccupied with that." ■