

# COPY

UNITED STATES DISTRICT COURT,  
FOR THE DISTRICT OF MASSACHUSETTS

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3  
4 THE UNITED STATES OF AMERICA, X

5 Plaintiff, :

6 v. :

7 JEFFREY STEINBERG, et al., :

8 Defendants. X

CRIMINAL NUMBER: 86-323-K  
(Boston, Mass., number)

VIOLATION NUMBER: 86-1379-M  
(Alexandria, Va., number)

9  
10 Alexandria, Virginia

11 Thursday, October 9, 1986

12  
13 The above-entitled cause came on for hearing, before  
14 the Honorable W. Harris Grimsley, Magistrate for the United  
15 States District Court, Eastern District of Virginia,  
16 Alexandria Division, in his courtroom, 333 North Fairfax  
17 Street, Alexandria, Virginia 22314, when were present on behalf  
18 of the respective parties:  
19  
20  
21  
22



CAROL J. THOMAS STENOTYPE  
REPORTING SERVICES, INC.

3162 MUSKET COURT  
FAIRFAX, VIRGINIA 22030  
(703) 273-9221

1 APPEARANCE OF COUNSEL

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3 UNITED STATES GOVERNMENT  
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6 AND

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I-N-D-E-X

Witness:

Page:

Richard J. Egan

Direct Examination by Mr. Markham	7
Cross-Examination by Mr. Moffitt	100
Cross-Examination by Mr. Pilger	151
Redirect Examination by Mr. Markham	155
Recross-Examination by Mr. Moffitt	163
Cross-Examination by Mr. Jones	165

Franklin B. Niehordt

Direct Examination by Mr. Jones	166
---------------------------------	-----

- 0 -

Exhibits: (not included in transcript)

Marked:

Rec'd:

Government's No. 1	17	20
Government's No. 2	20	20
Government's No. 3	48	50
Government's No. 4	48	50
Government's No. 5		59

- 0 -



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P-R-O-C-E-E-D-I-N-G-S

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MR. HUDSON: Good morning, Your Honor.

The matter before the Court this morning is for a Rule 40 hearing and for a detention hearing. I understand that the detention hearing will be the first matter the Court will hear.

THE COURT: That's correct.

MR. HUDSON: Counsel on behalf of the United States is ready to proceed.

I would like to introduce to the Court this morning Mr. John J.E. Martin, III. He's Assistant United States Attorney from Boston, Massachusetts. He is also a special assistant in this district, and he will examine witnesses if we could have legal court for him to do so.

THE COURT: Permission granted.

MR. HUDSON: Thank you, Your Honor.

MR. MARKHAM: Thank you very much, Your Honor.

THE COURT: You may proceed.

MR. MARKHAM: If it please the Court, I would like to make it very brief to outline for you what I expect the Government's proffer is to be from the stand so that it might be clear in the context.



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1 Starting in November 1984, many citizens from  
2 Massachusetts and thereafter from all parts of the United  
3 States complained to local banks, local police departments and  
4 the FBI that the LaRouche organization had stolen their credit  
5 card numbers and had forged credit card slips and obtained  
6 over a million dollars from these many victims across the  
7 country in an unauthorized manner by using their credit cards.

8 The Federal Bureau of Investigation in Boston and  
9 elsewhere quite naturally commenced an investigation into this  
10 matter, and what happened was that the FBI located the people  
11 who they believe were responsible for this in Boston. And  
12 right after that time these people left Boston and we will  
13 show that there was a conspiracy among the two defendants in  
14 this courtroom today, Jeffrey Steinberg and Michelle Steinberg,  
15 to squirrel these people away from Boston and out of the United  
16 States, in fact, to frustrate the investigation.

17 We will show that these defendants all worked for  
18 the LaRouche organization, they were dedicated to it, and that  
19 they decided that the way to beat this investigation was to  
20 get rid of the target so that they could not be examined and  
21 brought to justice.

22 We will also show that they talked about, discussed



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1 and agreed, Your Honor, to frustrate the grand jury investiga-  
2 tion by having people fail to produce documents and produce  
3 inadequate documents and to produce incomplete sets of  
4 documents; that the Honorable Judge Mazzone from the United  
5 States District Court in Massachusetts held several people in  
6 contempt; they still refused to produce documents. The First  
7 Circuit Court of Appeals has affirmed those contempt citations  
8 and yet still those documents have not been produced.

9 We will show that a recent search of LaRouche  
10 headquarters in Leesburg, Virginia, and in Boston, Massachusetts,  
11 many of the documents that were the subject of these court  
12 orders were found. So they could have been produced and were  
13 not produced.

14 And we will show that the failure to produce docu-  
15 ments and the agreement to squirrel these witnesses off to  
16 Europe was a direct result of a conspiracy created by Jeff  
17 Steinberg and Michelle Steinberg, Michael Billington and the  
18 people who ran, along with the other LaRouche organizations.

19 We will argue that, Your Honor, not only to show  
20 that there is clear and convincing evidence that the charges  
21 against them are substantial, but also to show that these  
22 individuals are a very bad flight risk because they, like the



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1 people who went before them, could easily go to Germany where  
2 they have a headquarters and where they have previously sent  
3 people to avoid an investigation.

4 And for that reason we would ask for detention  
5 because there is a serious risk of flight. We would also ask  
6 for their detention because they are very likely to continue  
7 to engage in obstruction of justice that brings us here today,  
8 and they have a long and further unfortunate history of  
9 harassing witnesses with late night phone calls and death  
10 threats.

11 That would be our proffer, Your Honor, and with the  
12 Court's permission I will call the first witness.

13 THE COURT: All right. Who is your first witness.

14 MR. MARKHAM: Your Honor, I would call Special Agent  
15 Richard Egan of the FBI from the Boston field office.

16 THEREUPON,

17 RICHARD J. EGAN,

18 a witness, was called on behalf of the Government and, after  
19 having been duly sworn by the Clerk, was examined and testified  
20 as follows:

21 DIRECT EXAMINATION

22 BY MR. MARKHAM:

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1 Q Would you tell the Court your full name for the  
2 record, please?

3 A Richard J. Egan.

4 Q What is your occupation?

5 A I'm a special agent of the Federal Bureau of  
6 Investigation.

7 Q How long have you been an FBI agent?

8 A Approximately seven years.

9 Q Where are you presently stationed?

10 A The Boston office.

11 Q How long have you been stationed there?

12 A Six-and-a-half years.

13 Q Commencing in November of 1984, did you start an  
14 investigation into credit card fraud?

15 A Yes, I did.

16 Q Would you tell the Court what it was that brought  
17 that investigation to your attention?

18 A The first week in November we started getting tele-  
19 phone calls from citizens who claimed their credit cards were  
20 used without authority.

21 THE COURT: When was this?

22 THE WITNESS: 1984, Your Honor.



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1 At approximately the same time the United States  
2 Secret Service in Boston contacted us and said they had been  
3 getting similar type telephone calls. Bank security officers  
4 in Boston contacted us and said that their banks had been  
5 issuing complaints, and the local TV news station ran a series  
6 of stories interviewing people who had similar complaints.

7 BY MR. MARKHAM: (resumed)

8 Q The first complaint, when did you receive it in  
9 relation to the election, Presidential election in November of  
10 '84?

11 A Oh, a week to ten days before the election in 1984.

12 Q Approximately how many complaints did you initially  
13 receive?

14 A About 40.

15 Q After you got these initial complaints, did you  
16 conduct interviews of any citizens?

17 A Yes, we interviewed the first 40 people that made  
18 their complaints.

19 Q What exactly did those interviews say?

20 A They're all quite similar. They all said that they  
21 had met someone that was supporting Lyndon LaRouche at the  
22 airport or a public place, and they had purchased a piece of



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1 literature or magazine and made a small donation and they paid  
2 for it with a credit card number. They said that after they  
3 had paid for it with a credit card number, they were asked  
4 information about where they lived, what's your home telephone  
5 number, and following that they started receiving telephone  
6 calls at home asking for donations to The LaRouche Campaign  
7 or the Independent Democrats for LaRouche or loans to the  
8 Independent Democrats for LaRouche or The LaRouche Campaign in  
9 the amount of \$1,000.

10 The idea of the loan was that the victim would put --  
11 would agree to a thousand dollar charge on his credit card and  
12 at some time afterward the organization would reimburse him  
13 for the thousand dollars. They were told by the solicitors  
14 that it was important to get the thousand dollars because that  
15 was the maximum amount that the Federal Election Commission  
16 would authorize, and for the thousand dollar donation The  
17 LaRouche Campaign, the Independent Democrats for LaRouche  
18 could receive matching funds from the Federal Election  
19 Commission.

20 The 40 people we initially interviewed said that they  
21 were called by -- primarily by four people.

22 Q Did they say who those four people were?



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1 A Yes.

2 Q Who did they say they were?

3 A Michael Gelber, Rick Sanders, Chuck Park and Michael  
4 Billington.

5 Q Did those four people tell you -- did those 40 people  
6 tell you that their credit card numbers were misused?

7 A Yes.

8 Q What did they tell you in that regard?

9 A They told me that they had been called by one of  
10 these four people, and then told -- asked to give donations,  
11 and they refused to give donations. They said they would not  
12 authorize the charge on the basis of a telephone order, and  
13 despite their refusal they had received -- their cards had  
14 been charged with a thousand dollars and the thousand dollars  
15 had shown up in their bills.

16 One woman specifically told me that she had had a  
17 telephone call from Michael Gelber and Gelber asked her for a  
18 loan for a thousand dollars. She said that she couldn't  
19 afford to loan him a thousand dollars because she needed to  
20 have the credit line on her credit card to go see her family  
21 in Italy, and Gelber told her that, "If you can go to see your  
22 family, you can give the money to LaRouche," and the next time



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1 she got a bill there was a thousand dollar charge on the  
2 credit card.

3 Q After you spoke to these initial 40 people, did you  
4 involve another agency in this matter?

5 A Yes, the Secret Service joined the investigation  
6 immediately.

7 Q Did the FBI or the Secret Service conduct yet still  
8 more interviews?

9 A Yes, sir.

10 Q Approximately how many?

11 A We conducted another 150 or so interviews.

12 Q What areas of the country were these people living  
13 that were interviewed?

14 A In the Nordman area.

15 Q So about 200 in the Nordman area?

16 A That's right.

17 Q What, in essence, briefly did they tell you was  
18 their experience?

19 A The additional 150 or so people had parallel exper-  
20 iences with the first 40 that we interviewed.

21 Q Did they name the names of the people that spoke to  
22 them on the phone?



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1 A Most of them remembered one of the names who called.  
2 Some of them simply said that they had gotten so many tele-  
3 phone calls that they tried to turn it off and they didn't  
4 recall the names.

5 Q What names did this larger group of people give you?

6 A The same four names, Michael Gelber, Rick Sanders,  
7 Chuck Park, Michael Billington.

8 Q After you had conducted these interviews, sir, what  
9 did you next proceed to do with this investigation?

10 A We attempted to locate Park, Gelber, Sanders and  
11 Billington.

12 Q Did your investigation reveal to you that they had,  
13 in fact, been in Boston during the time period involved?

14 A Oh, yes.

15 Q What was the time period involved of the unauthorized  
16 charges as told to you by the victims?

17 A May '84 to November '84.

18 Q Did you determine whether or not Gelber, Park,  
19 Billington and Sanders were in fact in Boston during that time  
20 period?

21 A Yes, I did.

22 Q What did you do to determine that?



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1           A     We checked the Massachusetts registry of motor  
2 vehicles and found that there were driver's licenses issued  
3 to Billington and Sanders -- Billington, Gelber and Park. We  
4 checked with landlords, examined leases, went to the houses,  
5 saw names on mailboxes, interviewed Massachusetts State Police  
6 who provide security at Boston's Logan Airport who recalled  
7 them, interviewed officials in charge of the registry of  
8 motor vehicles who recalled them by name.

9           Gelber was fairly well known in the City of Boston.  
10 He had run for mayor in 1983. I interviewed a reporter for  
11 WBZ-TV who made an attempt to contact him.

12           Q     Did that reporter tell you he made contact with any  
13 of the four?

14           A     Yes, sir, he said that he called the local office.

15           Q     When?

16           A     October 28, 1984.

17           Q     What was his purpose for calling the local office?

18           A     To get a comment from Chuck Park.

19           Q     About what?

20           A     The allegations of credit card fraud. One of the  
21 people that he had interviewed regarding misuse of his credit  
22 card had mentioned Chuck Park's name as the person being



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1 responsible for it.

2 Q Did he tell you what happened when he made that  
3 call?

4 A He called and asked Chuck Park for comments. He  
5 said that Park laughed and called him a fairy and then hung up.

6 Q Did you talk to any members of the LaRouche organiza-  
7 tion in Boston that were still there?

8 A Yes, sir, we attempted to interview with varying  
9 degrees of success members of the LaRouche organization who  
10 were there. We even sent an agent undercover into their office.

11 Q Did you talk to anybody from the LaRouche organiza-  
12 tion?

13 A Yes, we did.

14 Q Who?

15 A We talked to Mr. Curran, Ms. Geldon, Mr. Malleck and  
16 Mr. DeFranco.

17 Q What did Mr. Curran say about whether or not these  
18 gentlemen were there during the time period that these frauds  
19 occurred?

20 A He said that they were there.

21 Q Did he tell you what happened to them after November?

22 A He said that Mr. Pineson and Mr. Black had told him



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1 that Gelber had been -- and his wife had been reassigned.

2 Q Who is Mr. Black?

3 A Mr. Black was Mr. Gelber's replacement as the  
4 manager of the Boston office.

5 Q Who is Mr. Pineson?

6 A He was the assistant.

7 Q What did you observe when you went over to their  
8 houses, to the houses reflected on the leases? What did you  
9 observe at those locations?

10 A The names were still on the mailbox and in some cases  
11 on the doors. The landlord had told me that there had been no  
12 moving vans, nothing had moved out, and that people who were  
13 still associated with Mister -- that they knew to be friends  
14 and associates of Mr. Gelber and Mr. Park still resided there.

15 Mr. Sanders' landlord told me that in November or  
16 December of 1984 she had not seen Mr. Sanders for a while and  
17 asked Mrs. Sanders where he was.

18 Q Did you examine any credit card slips of the credit  
19 card transactions complained of by these victims?

20 A Yes, sir. Banks provided us with film copies of the  
21 credit card slips.

22 MR. MARKHAM: Your Honor, I have a copy of all these



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1 credit card slips that I would like to authorize. I made a  
2 slightly smaller one available to the defendants. Those ought  
3 to be included, Your Honor.

4 THE COURT: All right.

5 (Thereupon, the document was marked  
6 Government's Exhibit No. 1 for  
7 identification.)

8 BY MR. MARKHAM: (resumed)

9 Q Referring to Government's 1 for identification,  
10 Agent Egan, have you ever seen that document before?

11 A I've seen the original.

12 Q Where did you see it?

13 A In Boston.

14 Q Does the name Joseph Childs -- what does that name  
15 refer to?

16 A That's the individual whose credit card number is  
17 derived directly above it, and he's one of the people who  
18 complained to us regarding misuse of his credit card.

19 Q Did Mr. Childs tell you whether or not he authorized  
20 the charges that are on that credit card slip?

21 A He reported to us he did not.

22 Q You will notice there, will you not, that there is



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1 some handwriting on that slip?

2 A That's right.

3 Q Do you know whether the FBI has done a handwriting  
4 analysis of the handwriting on that slip?

5 A Yes, they have.

6 Q How do you know that?

7 A I've seen the report.

8 Q Does the report tell you whose handwriting that is?

9 A Michael Romero Billington's.

10 Q Let me refer to you, sir, to the middle right portion  
11 of Government's 1 for identification where it says "MB." Do  
12 you know whose initials those are?

13 A Michael Billington's.

14 Q How do you know that, sir?

15 A I know that because the handwriting report says  
16 they're his handwriting, and I know that because interviews of  
17 people in the Boston office who are his contemporaries told me  
18 that the only persons who used the initials "MB" were Michael  
19 Billington. I know that because people who had left the  
20 organization have told me that they have recognized his hand-  
21 writing. I know that because people who have left the organi-  
22 zation told me that Michael Billington was -- Michael



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1 Billington's initials were unique, that he was the one that  
2 used the "MB" in Boston.

3 Q I would like to hand you and the Court as well a  
4 copy of the indictment which has been filed in this case.  
5 Defense counsel already has them but I have some more copies  
6 here.

7 Let me refer you to Count 106 of the indictment  
8 which is on page 20. Count 106 refers to an allegation that  
9 defendant Billington mischarged Joseph Childs by \$100 on  
10 1/28/84; is that correct?

11 A That's correct.

12 Q What is Government's 1 for identification?

13 A The credit card slip which corresponds to that  
14 charge.

15 MR. MARKHAM: Your Honor, at this time I would move  
16 Governments 1 and 2 into evidence.

17 THE COURT: What is this? Is this supposed to be a  
18 copy of this credit card transaction on page 20 of this indict-  
19 ment?

20 MR. MARKHAM: Yes, it is, Your Honor.

21 THE COURT: The item we're referring to now is 106?

22 MR. MARKHAM: Yes, Your Honor.



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1 THE COURT: "Billington; Caucus, TLC" --

2 MR. MARKHAM: Yes, Your Honor.

3 THE COURT: -- "1/28/84"?

4 MR. MARKHAM: Yes, Your Honor.

5 THE COURT: Joseph Childs. All right. Any comment  
6 from the defense?

7 MR. MOFFITT: Your Honor, he is only relying upon the  
8 report he has seen. He has no firsthand knowledge himself  
9 other than the report that he's relying on, and we object on  
10 that basis, Your Honor.

11 THE COURT: All right. I'll overrule the objection  
12 as to the copy of the credit card transaction

13 (Thereupon, Government's Exhibit  
14 Nos. 1 and 2 were received into  
15 evidence.)

16 BY MR. MARKHAM: (resumed)

17 Q Agent Egan, there are in this indictment 115  
18 separate unauthorized credit card charges set forth, are there  
19 not?

20 A Correct, sir.

21 Q Have you or the Secret Service interviewed each of  
22 the people whose credit cards were misused as alleged in the  
indictment?



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- 1 A Yes, we have.
- 2 Q What does each one of them say?
- 3 A The credit cards were used without their authority.
- 4 Q Have you examined credit card slips comparable to
- 5 Government's 1 for identification for each of the other 114
- 6 counts in the indictment?
- 7 A Yes, I have.
- 8 Q What do those credit card slips indicate?
- 9 A They indicate that they were prepared similarly with
- 10 the -- using other initials of "RS," "CP" or "MG," which
- 11 correspond to Rick Sanders, Chuck Park or Michael Gelber.
- 12 Q Do some others of them indicate Mr. Billington as
- 13 well?
- 14 A Others indicate Mr. Billington, yes.
- 15 Q How do you know that the handwriting on the credit
- 16 card slips alleged against Mike Gelber is in fact that of
- 17 Mike Gelber?
- 18 A FBI laboratory analysis said that the handwriting
- 19 is the same based on documents we obtained from Gelber's lease
- 20 applications.
- 21 Q How about for Mr. Parks?
- 22 A Similarly for Mr. Parks.



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1 Q How about for Mr. Sanders?

2 A Mr. Sanders' handwriting has been identified by  
3 several of his former associates.

4 Q On the basis of all of this, did you start looking  
5 for Mr. Park, Mr. Sanders, Billington and Gelber?

6 A Yes, sir.

7 Q When?

8 A November 6, 1984.

9 Q Did you find Mr. Gelber?

10 A No.

11 Q Mr. Park?

12 A No.

13 Q Mr. Sanders?

14 A No.

15 Q What did you do to look for them?

16 A We conducted surveillances of their offices, we sent  
17 the woman agent into their office to make -- saying that she  
18 was making a complaint on behalf of a credit card holder and  
19 asking information regarding the location of Chuck Park. We  
20 reviewed their bank records, we looked for credit card records  
21 for them, we looked for registry of motor vehicles for them,  
22 we looked for forwarding addresses for them, we attempted to



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1 serve subpoenas by going to -- leaving copies of subpoenas  
2 underneath the doorways of houses in which they lived, we  
3 attempted to do the same at the local office of Caucus  
4 Distributors.

5 MR. MOFFITT: Your Honor, can we have a time  
6 frame? They didn't do all this in one afternoon. They must  
7 have done this over the course of several months.

8 THE COURT: All right. Tie it together.

9 BY MR. MARKHAM: (resumed)

10 Q When did you start this activity and how long has it  
11 been going on?

12 A That activity began November 7, 1984, and that  
13 continued until about April of '85.

14 Q Did you ultimately speak with anybody who told you  
15 where these individuals were?

16 A Yes.

17 Q Did you speak to any parent of Charles Park?

18 A Yes, we did.

19 Q Who did you speak with?

20 A We spoke to a Charles A. Park who is his father.

21 Q What did Mr. Charles A. Park say about his son's  
22 whereabouts?



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1 A He said that his son was in Europe.

2 Q Did you speak to any parents of either Mr. or Mrs.  
3 Gelber?

4 A We spoke to Mrs. Gelber's father.

5 Q What did he say?

6 A He said that his daughter and Michael Gelber were in  
7 Europe.

8 Q Did you speak to a woman by the name of Anna Burns?

9 A Yes, I did.

10 Q Who is she?

11 A Anna Burns had a similar complaint regarding a  
12 credit card. Her slight difference was that she had authorized  
13 a loan of a thousand dollars by Gelber and had not been repaid.  
14 She told me that she called the New York office for The  
15 LaRouche Campaign, the number that had been given to her, and  
16 asked for Gelber and was told by the woman that Gelber was in  
17 Germany learning how to speak German.

18 Q Did you speak to anybody about the whereabouts of  
19 Mr. Sanders?

20 A I spoke to his landlady who said that his wife had  
21 told her that he was in Germany. About four weeks ago,  
22 Mr. Sanders' son was in some kind of problem with the Loudoun



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FAIRFAX, VIRGINIA 22030  
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1 County Sheriff's office, and Mrs. Sanders made a representation  
2 to an official out there that Mr. Sanders was employed as a  
3 freelance journalist by Fusion Energy Foundation in Europe.

4 THE COURT: This is four months dated from today?

5 THE WITNESS: Four weeks ago, sir.

6 THE COURT: Four weeks ago dated from today?

7 THE WITNESS: Yes, sir.

8 BY MR. MARKHAM: (resumed)

9 Q Let's go back to two weeks ago dating from today.  
10 Did you cause the FBI to conduct an undercover investigation  
11 at the Boston headquarters of the LaRouche organization?

12 A Yes, I did.

13 Q Would you describe what that undercover agent did to  
14 verify what was said to her?

15 A She went to the office of the LaRouche organization  
16 on two nights, September 23rd and September 24th that year.  
17 She offered -- she made an offer to give some money to the  
18 LaRouche organization and engaged them in conversation regarding  
19 specifically Michael Gelber.

20 Q Did she have any -- when did she go there?

21 A The evening of September 23, 1984, was the first  
22 time.



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FAIRFAX, VIRGINIA 22030  
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1 Q Did she go back in again?

2 A September 24th she was back again.

3 Q Those were the only two times?

4 A That's right.

5 Q Were you present on those occasions in the area?

6 A Yes.

7 Q What were you doing?

8 A She was wearing a recording device in a microphone  
9 and I was listening to it as it was being transmitted.

10 Q Did you hear her ask any questions on the first night  
11 she went in about the whereabouts of Mike Gelber?

12 A Yes.

13 Q Who did she ask?

14 A She asked Mr. Pienson.

15 Q Did you recognize his voice?

16 A I didn't recognize his voice, but I heard him  
17 introduce himself as Pienson.

18 Q What did Mr. Pienson say about the whereabouts of  
19 Mr. Gelber?

20 A He said he was in Europe.

21 Q Did she speak on that subject with Mr. William  
22 Curran?



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3162 MUSKET COURT  
FAIRFAX, VIRGINIA 22030  
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- 1 A Yes.
- 2 Q What did Mr. Curran say?
- 3 A He said he was in Germany.
- 4 Q Hadn't you previously asked Mr. Curran where he was?
- 5 A He had been asked by the grand jury, yes.
- 6 Q What did he say?
- 7 A He said he didn't know.
- 8 Q You went back on the 24th, or she did?
- 9 A Yes.
- 10 Q Were you out in the car?
- 11 A Yes, I was.
- 12 Q Did she again raise the subject of Mr. Gelber?
- 13 A Yes, she did.
- 14 Q Who was she speaking with on the second night?
- 15 A Anthony DeFranco.
- 16 Q What did Mr. DeFranco tell her about the whereabouts  
17 of Mr. Gelber?
- 18 A He said that Mr. Gelber was a fundraiser, he was a  
19 target of an investigation and to make things easier he was  
20 reassigned.
- 21 Q You listened to the tape recording of that?
- 22 A Yes.



- 1 Q They said he was a target?
- 2 A Of the investigation.
- 3 Q And that's why he was reassigned?
- 4 A That's right.
- 5 Q You have that tape?
- 6 A Yes.
- 7 Q Have you ever heard the term "Labor Committee member"?
- 8 A Yes, I have.
- 9 Q Who have you heard that from?
- 10 A I've heard it from many people who were formerly  
11 associated with the organization. I've read it in literature  
12 of the LaRouche organization.
- 13 Q Who are those committee members?
- 14 A Supporters of Lyndon LaRouche.
- 15 Q Is Mr. Gelber a Labor Committee member?
- 16 A He would fit the definition, yes, sir.
- 17 Q How about Park, Sanders and Billington?
- 18 A They would, sir.
- 19 Q Curran?
- 20 A Yes.
- 21 Q Skelderly?
- 22 A Yes.



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FAIRFAX, VIRGINIA 22030  
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- 1 Q DeFranco?
- 2 A Yes.
- 3 Q How about defendant Michelle Steinberg?
- 4 A She would probably be a slightly higher level.
- 5 Q Is she a Labor Committee member?
- 6 A Committee member, yes.
- 7 Q How about defendant Jeffrey Steinberg?
- 8 A Yes.
- 9 Q How about defendant Michael Billington?
- 10 A Yes.
- 11 Q Incidentally, did you try to find Mr. Michael
- 12 Billington in Boston after the victims complained to you?
- 13 A Yes, I did.
- 14 Q Did you go through the same exercise with respect
- 15 to Mr. Billington?
- 16 A Yes, sir.
- 17 Q Did you find him in the Boston area?
- 18 A No.
- 19 Q Was he ultimately located?
- 20 A Yes, he was.
- 21 Q Would you describe the circumstances under which he
- 22 was located, stating first approximately when he was located?



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FAIRFAX, VIRGINIA 22030  
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1           A     Well, I'd say it was early January 1986. We had  
2 been provided with information that Mr. Billington was in the  
3 Leesburg, Virginia, area. We requested the United States  
4 Attorney's office in Boston to prepare a subpoena for  
5 Mr. Billington for fingerprints and handwriting and photograph,  
6 and I sent the subpoena to the Alexandria FBI office to be  
7 served.

8                     About 7:00 in the morning I got a call from  
9 Agent Malinchak who said that he was around the corner from  
10 Billington's house, that he had knocked on the door of  
11 Billington's house and the door had been answered by a woman  
12 who said she was Mrs. Billington. He told her that he had a  
13 subpoena to serve on Mr. Billington. She said that he was too  
14 sick to come to the door. She closed the door in his face.  
15 He knocked a second time. He said that he was to come to --  
16 he wanted to serve the subpoena. She said that Mr. Billington  
17 would not accept the subpoena.

18                     At that point, Mr. Malinchak left someone to watch  
19 the house and went around the corner to call me. I called the  
20 United States Attorney's office and on the advice of the  
21 United States Attorney's office I called Mrs. Billington and  
22 made the following statement: I told her that I had been



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FAIRFAX, VIRGINIA 22030  
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1 instructed by the Assistant U.S. Attorney in Boston to advise  
2 her that if Mr. Billington did not accept service of the  
3 subpoena, the U.S. Attorney's office in Boston would move for  
4 material witness arrest warrant, and would instruct the agents  
5 to execute the warrant as soon as possible.

6 THE COURT: What date was this?

7 THE WITNESS: I don't recall exactly, Your Honor,  
8 but it was January or early February of 1986.

9 BY MR. MARKHAM: (resumed)

10 Q. What happened after you made that communication to  
11 Mr. Billington's wife?

12 A I called the Alexandria office and I told them to  
13 attempt to reserve the subpoena one more time.

14 Q What happened on that occasion?

15 A Mr. Billington accepted service.

16 Q What was his demeanor?

17 A Malinchak told me he was quite upset.

18 MR. MOFFITT: Your Honor, I'm going to object.  
19 What's the relevance to his demeanor? He accepted the service  
20 of the subpoena.

21 BY MR. MARKHAM: (resumed)

22 Q What did he initially give through his wife as his



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FAIRFAX, VIRGINIA 22030  
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1 reason for not accepting it?

2 A He was too ill to come to the door.

3 Q Did they describe his demeanor when he came to the  
4 door?

5 A He appeared to be healthy.

6 Q Does the LaRouche organization have a Security and  
7 Intelligence Division?

8 A Yes.

9 Q Do you know any defendants who are part of that  
10 division of the organization?

11 A Yes, I do.

12 Q Who?

13 A Paul Goldstein, Michelle Steinberg, Jeffrey Steinberg.

14 Q Are there others?

15 A Yes.

16 Q How do you know that Jeffrey Steinberg and Michelle  
17 Steinberg and Paul Goldstein are part of the Security and  
18 Intelligence Division of the LaRouche organization?

19 A I read a deposition authored by Mr. Steinberg in a  
20 civil court hearing of LaRouche versus NBC in the Eastern  
21 District of Virginia.

22 Q That was just concluded in this district here in the



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FAIRFAX, VIRGINIA 22030  
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1 last year?

2 A Yes, sir.

3 Q In that Mr. Steinberg gave a sworn deposition?

4 A Yes.

5 Q And you read it?

6 A Yes, I have.

7 Q It says he has what role in the organization?

8 A He says he's a security consultant to Mr. LaRouche.

9 Q What did he tell you Michelle Steinberg did? What  
10 did he tell in the deposition under oath that Michelle  
11 Steinberg did?

12 A Similar position.

13 Q How about Paul Goldstein?

14 A Goldstein similar position.

15 Q Have you interviewed -- does he indicate other people  
16 on the security staff?

17 A Yes.

18 Q Have you interviewed anybody who was on the security  
19 staff?

20 A Oh, yes.

21 Q Who?

22 A Charles Tate.



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FAIRFAX, VIRGINIA 22030  
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1 Q He was on the security staff from when to when  
2 approximately?

3 A Approximately a ten-year period up until '84.

4 Q '85 or '84?

5 A I believe -- I know it was through a period -- no,  
6 it had to have been '85 because it was through the period of  
7 the election.

8 Q Did Mr. Tate tell you what the function of the  
9 security department was?

10 A Yes, he did.

11 Q What did Mr. Tate tell you the function of the  
12 security department was?

13 A He said the security department has three functions.  
14 The first function is physical security for Mr. LaRouche.

15 Q Describe what Mr. Tate told you the security depart-  
16 ment did by way of providing physical security for Mr. LaRouche.

17 A Contracted -- in some cases carried firearms and  
18 contracted with people to provide physical security and  
19 contracted with a company which would provide physical security.

20 Q Do you mean the people who provided physical security  
21 carried weapons?

22 A Yes.



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FAIRFAX, VIRGINIA 22030  
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1 MR. MOFFITT: Objection as to the relevance. Can  
2 you establish that any of these people carried weapons, Your  
3 Honor? It isn't relevant to establish that some contracted  
4 person carries a weapons if you're trying to deny my clients  
5 bond. If there is any evidence --

6 THE COURT: What we're talking about now, I think  
7 we're talking just about the overall security division.  
8 There's certainly been no mention made of your clients at this  
9 point, Mr. Moffitt.

10 MR. MOFFITT: Thank you, Your Honor.

11 BY MR. MARKHAM: (resumed)

12 Q Sir, have you ever heard from anybody that Michelle  
13 Steinberg is trained and carries and weapon?

14 A Yes.

15 Q From whom?

16 A Mr. Tate, Mr. Fick.

17 Q Who is Mr. Fick?

18 A Mr. Fick is a contract employee, or was a contract  
19 employee of the LaRouche organization.

20 Q Apart from providing physical security for  
21 Mr. LaRouche, did Mr. Tate tell you what else the Security and  
22 Intelligence Division did?



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FAIRFAX, VIRGINIA 22030  
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1           A     He said the second function was to gather what was  
2 described as intelligence on topics and areas in which  
3 Mr. LaRouche was interested.

4           Q     What's the third function that he told you about?

5           A     The phrase he used was "damage control." He said  
6 that the Security Division was responsible for remedying the  
7 exposure of LaRouche organization's in those situations in  
8 which they got in over their head, was his word.

9           Q     Did Mr. Tate give you an example of the those types  
10 of situations in which the security staff would have partici-  
11 pated?

12          A     The Boston Federal Grand Jury investigation into  
13 credit card fraud and a grand jury investigation conducted by  
14 Robert Morgenthal in New York regarding a fraud.

15          Q     Do you know whether --

16          A     Excuse me, forgery.

17          Q     Do you know whether the Security and Intelligence  
18 staff ever hired someone by the name of Forrest Lee Fick?

19          A     Yes, I do.

20          Q     How do you know that?

21          A     Mr. Fick told me so.

22          Q     When did you speak to Mr. Fick for the first time?



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FAIRFAX, VIRGINIA 22030  
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1 A Early June of 1986.

2 Q Where did you speak with him?

3 A In his residence.

4 Q How long did he tell you that he worked for the  
5 Steinbergs and Goldstein in security?

6 A He said since late '82 or early '83.

7 Q What did he tell you that he did for the Security  
8 Division?

9 A He provided both physical security and conducted  
10 investigations for them.

11 Q Again, when did he start working for them?

12 A Late '82 and early '83.

13 Q How long did he work for them?

14 A Until August '85.

15 Q Did Mr. Fick tell you that he ever had any discussions  
16 with either defendant Michelle Steinberg or Jeff Steinberg  
17 about the Boston Grand Jury investigation?

18 MR. MOFFITT: Your Honor, I'm going to ask --  
19 that's a leading question. It presumes that he did.

20 THE COURT: Well, I think it's set forth, if I  
21 remember correctly, in the indictment anyway, isn't it,  
22 Mr. Markham?



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FAIRFAX, VIRGINIA 22030  
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1 MR. MARKHAM: Yes, sir.

2 THE COURT: I'll overrule the objection.

3 THE WITNESS: Yes, he did.

4 BY MR. MARKHAM:

5 Q When was the first time that Mr. Fick recalls hearing  
6 about the Boston Grand Jury investigation into the credit card  
7 matter?

8 A November '84.

9 Q Did he tell you who first brought it to his  
10 attention?

11 A Roy Frankhauser.

12 Q Who is Mr. Roy Frankhauser?

13 A Frankhauser is a contract employee of LaRouche  
14 organization, and he was the gentleman who hired Fick as his  
15 assistant.

16 Q Fick lives where?

17 A Reading, Pennsylvania.

18 Q Where does Frankhauser live?

19 A Reading.

20 Q What is it that Mr. Fick told you that Frankhauser  
21 said to him about the credit card investigation?

22 A He said that he had been called by the Steinbergs



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FAIRFAX, VIRGINIA 22030  
(703) 273-9221

1 and that there was a problem in Boston, and that the Steinbergs  
2 wanted something done about the problem.

3 MR. MOFFITT: Your Honor, he just changed the  
4 question. It went from grand jury to investigation. Now, we  
5 haven't gotten a time or reference to when the grand jury  
6 began. The questions all were directed at an investigation  
7 earlier. I would like you to tell me when there was a grand  
8 jury investigation, inasmuch as what my clients are charged  
9 with obstructing was a grand jury matter and investigation.

10 BY MR. MARKHAM: (resumed)

11 Q When did the grand jury investigation into this  
12 matter commence?

13 A The first subpoenas were issued either November 5 or  
14 November 6, 1984.

15 Q Has the grand jury been investigating the matter  
16 since that time?

17 A Continually.

18 Q What was it that Mr. Fick said Mr. Frankhauser said  
19 about the grand jury investigation?

20 A He said the Steinbergs had called Frankhauser,  
21 Steinbergs had told him that they had problems in Boston and  
22 ordered Frankhauser to do something about it.



**CAROL J. THOMAS STENOTYPE  
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FAIRFAX, VIRGINIA 22030  
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1 Q Did Frankhauser say what they wanted him to do?

2 A They said that they wanted -- Fick reported  
3 Frankhauser was told to fix it, the investigation, with his  
4 friends at the Central Intelligence Agency.

5 Q Did Mr. Fick tell you why it was that they would ask  
6 anybody to fix it with the Central Intelligence Agency?

7 MR. MOFFITT: Objection, if Mr. Fick knew. If  
8 Mr. Fick knew of his own personal knowledge or he acquired that  
9 knowledge from someone, and Your Honor, I would ask to lay a  
10 predicate as to where he acquired the knowledge if it wasn't  
11 of his own personal knowledge.

12 THE COURT: What's that question again, Counsel?

13 MR. MARKHAM: Your Honor, I'll back up and withdraw  
14 it. But the question was: Did Mr. Fick say why it was they  
15 had asked Frankhauser to fix it with the CIA? I'm asking what  
16 Mr. Fick said.

17 THE COURT: Go ahead. Do you know anything about  
18 that?

19 THE WITNESS: Yes, sir. He said that he was asked  
20 to fix it with the CIA because the Steinbergs presumed that  
21 Fick and Frankhauser had connections with the CIA.

22 BY MR. MARKHAM: (resumed)



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FAIRFAX, VIRGINIA 22030  
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1 Q Did Fick tell you that he had entertained the  
2 Steinbergs about that connection?

3 A Yes, sir.

4 Q What did he tell you about that?

5 A He said that to keep their employment with the  
6 LaRouche organizations he and Frankhauser had concocted a  
7 story that they had connections at senior levels at the  
8 Central Intelligence Agency.

9 Q Did they use a name?

10 A I believe they called them "the source."

11 THE COURT: Who then made these representations now  
12 that -- are you alleging that the Steinbergs made these?

13 THE WITNESS: Fick and Frankhauser --

14 THE COURT: Oh, Fick and Frankhauser.

15 THE WITNESS: -- made representations to Jeffrey and  
16 Michelle Steinberg that they had connections at the Central  
17 Intelligence Agency for a variety of purposes providing  
18 information, so that they would have a level of validity --

19 THE COURT: They made representations to the  
20 Steinbergs that they had this?

21 THE WITNESS: Yes, sir.

22 THE COURT: The in with the CIA?



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FAIRFAX, VIRGINIA 22030  
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1 THE WITNESS: Yes, sir.

2 THE COURT: All right.

3 BY MR. MARKHAM: (resumed)

4 Q That representation was made before or after the  
5 credit card investigation?

6 A Before that.

7 Q Did Fick ever have any discussions with Michelle  
8 Steinberg about the credit card investigation?

9 A Yes.

10 Q What did Mr. Fick tell you that he discussed with  
11 Michelle Steinberg and when?

12 A He said that in mid-November 1984 he had had a series  
13 of telephone calls with Michelle Steinberg in which Michelle  
14 Steinberg instructed Fick to "call your friends at the cookie  
15 factory," which was a phrase that they used to refer to the  
16 CIA, "and tell them to get off their ass and fix this investi-  
17 gation."

18 Q Did Mr. Fick tell you that he had any conversations  
19 with Mr. Steinberg about the grand jury investigation?

20 A He said that he had had similar calls from  
21 Mr. Steinberg.

22 Q Did Mr. Fick tell you what his response to Michelle



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FAIRFAX, VIRGINIA 22030  
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1 Steinberg was in their discussions?

2 A He said that that was impossible, the CIA would not  
3 involve itself in any domestic investigation.

4 Q Did Mr. Fick tell you what he and Mr. Frankhauser  
5 told them to do, or discussed what they should do?

6 A Yes.

7 Q What was that?

8 A He said that he advised them to ship the people out  
9 of the country and destroy documents and refuse to turn docu-  
10 ments over to the grand jury.

11 Q Did Mr. Fick tell you how many times he discussed  
12 that with Michelle Steinberg?

13 A He recalls at least 30 conversations with Michelle  
14 Steinberg.

15 Q On that subject?

16 A That's right.

17 Q How about with Jeff Steinberg?

18 A Similar amount.

19 Q Did Fick tell you that at any time this idea about  
20 witnesses being sent away and documents being hidden or  
21 destroyed was reduced to writing?

22 A Yes, sir.



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FAIRFAX, VIRGINIA 22030  
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1 Q What did he say about that?

2 A He said that he and Frankhauser had been preparing  
3 a weekly report for the Security Division, ultimately to be  
4 forwarded to Mr. LaRouche, for four or five months before this  
5 on various topics of intelligence interest for Mr. LaRouche,  
6 and that he and Frankhauser had decided that it would be  
7 appropriate to reduce these recommendations to writing so that  
8 they would have a written record of what they had recommended.

9 Q Did Mr. Fick explain to you the procedure for how  
10 these writings were created, copied and shipped?

11 A Yes.

12 Q What was that?

13 A He said the work product -- the writings were the  
14 work product of Roy Frankhauser, and that he was responsible  
15 for getting them typed, which he had done by his wife.

16 Q Who had it done by his wife?

17 A Fick's wife typed them, and then Fick had them copied  
18 in a local commercial copy shop and then mailed them to the  
19 Steinbergs.

20 Q Did Mr. Fick provide any copies of these reports to  
21 you?

22 A He provided me with his file copies.



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FAIRFAX, VIRGINIA 22030  
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1 Q How many approximately did he provide you with?

2 A Oh, about 30, six-month's worth.

3 Q Once a week?

4 A It was mostly once a week. Some were a little bit  
5 irregular.

6 Q For what time period?

7 A June and July of 1984 into early 1985.

8 Q Did you do anything to verify the procedure that  
9 Fick had explained to about how he had these reports prepared,  
10 typed, copied and sent?

11 A Yes.

12 Q What did you do?

13 A I traveled to Reading, Pennsylvania, brought Fick  
14 with me to the commercial copy shop, located a woman who had  
15 worked in the copy shop, and asked her if she recognized Fick.  
16 She told me she hadn't seen him for a year-and-a-half or two  
17 years, but he used to come in every week with something to get  
18 copied.

19 I interviewed Fick's wife and asked her if she  
20 recalled typing these and she told me that she did.

21 Q Did Fick tell you what happened after he stopped  
22 being involved with these reports in January of 1985?



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1           A     He said that the reports were continually --  
2 continued to be prepared by Frankhauser and an associate of  
3 Frankhauser.

4           MR. MOFFITT:     Your Honor, I would like to know  
5 how Mr. Fick would know that if he wasn't preparing the  
6 reports.

7           BY MR. MARKHAM:     (resumed)

8           Q     How did Mr. Fick know that? Did he ever see any of  
9 the subsequently prepared reports?

10          A     Yes, he did.

11          Q     Where?

12          A     He saw them in LaRouche headquarters.

13          Q     Did you do anything to verify that in fact after  
14 Fick stopped preparing the reports they continued to be  
15 prepared?

16          A     Yes, I did.

17          Q     What did you do?

18          A     Fick had told me that the reports were prepared now  
19 by Frankhauser and a gentleman by the name of Mark Bablin. I  
20 went to a -- and they were prepared by a commercial typing  
21 service in Reading. I went to the typing service in Reading  
22 and bought a copy of one of the older ones and found a woman



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3162 MUSKET COURT  
FAIRFAX, VIRGINIA 22030  
(703) 273-9221

1 that typed them and asked her if she did, the typing and asked  
2 her if she recognized them.

3 She told me that the reports were brought in by  
4 Mark Bablin and that she provided me with copies of receipts  
5 from Mark Bablin as recent as late August or early September,  
6 where they were typed on a weekly basis.

7 She said that she didn't recognize the content of  
8 the report that I had because she hadn't typed it, but she  
9 recognize the format, especially with the heading at the top  
10 "Eyes Only," and then "LL HL MS PG JS."

11 Q Do any of these current reports that Fick provided  
12 you address the subject of the grand jury investigation?

13 A Yes, sir.

14 MR. MARKHAM: Your Honor, may I pass up two reports  
15 to the witness and give copies of them to you? I have provided  
16 them to opposing counsel.

17 THE COURT: All right.

18 MR. MARKHAM: These will be Government's Exhibits 2  
19 and 3.

20 Excuse me, Your Honor. Your courtroom deputy has  
21 corrected me. The indictment was Exhibit 2, so I would have  
22 these both marked as Exhibits 3 and 4.



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1 (Thereupon, the documents were marked  
2 as Government's Exhibit Nos. 3 and 4  
3 for identification.)

4 MR. MARKHAM: Your Honor, I have copies for you.

5 BY MR. MARKHAM: (resumed)

6 Q Are Government's 3 and 4 copies of reports that Fick  
7 gave you?

8 A Yes, they are.

9 Q In addition to talking to the typist, the copy  
10 service and the second typist, have you recently had any  
11 further corroboration that these reports were in fact prepared  
12 and sent as Mr. Fick said they were?

13 A Yes, I have.

14 Q Would you tell the Court what that corroboration is.

15 A I spoke to Roy Frankhauser yesterday.

16 Q You spoke to defendant Roy Frankhauser, a defendant  
17 in this action?

18 A Yes, sir.

19 Q Where did you speak to defendant Frankhauser?

20 A In the federal courthouse in Philadelphia.

21 Q Approximately what time did you speak to  
22 Mr. Frankhauser?



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3162 MUSKET COURT  
FAIRFAX, VIRGINIA 22030  
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1           A     From about 4:00 in the afternoon until about 5:00  
2 in the afternoon.

3           Q     Was his lawyer present when you spoke to him?

4           A     Yes, he was.

5           Q     He has been indicted in this case?

6           A     Yes, he has.

7           Q     Did you have another agent present with you when  
8 you spoke to Mr. Frankhauser, defendant Frankhauser?

9           A     Special Agent Raley of the Philadelphia FBI office.

10          Q     What did Mr. Frankhauser say about these reports to  
11 you?

12          A     He said that the reports were prepared exactly as  
13 they were, as I outlined the preparation of them to a court in  
14 Philadelphia, which is exactly as I've outlined them today.

15          Q     Did defendant Frankhauser tell you that he had in  
16 fact written exhibits 3 and 4?

17          A     Yes, sir.

18          Q     Did he tell you what had happened to these exhibits  
19 after he had written them?

20          A     He said that they were sent to Jeffrey and Michelle  
21 Steinberg and Paul Goldstein.

22          Q     Did he tell you whether or not he spoke to defendant



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1 Michelle Steinberg and Jeffrey Steinberg after these exhibits  
2 were sent to them?

3 A Yes.

4 Q Did he tell you he discussed the contents of these  
5 reports with them?

6 A Yes.

7 MR. MARKHAM: Your Honor, at this time before I go  
8 through some of the details of these reports, I'd offer them  
9 as Government's 3 and 4 in evidence.

10 MR. MOFFITT: No objection, Your Honor.

11 MR. PILGER: No objection.

12 THE COURT: They will be admitted.

13 (Thereupon, Government's Exhibit Nos.  
14 3 and 4 were received into evidence.)

15 BY MR. MARKHAM: (resumed)

16 Q Let me ask you to turn, if you would, first to  
17 Government's Exhibit 3.

18 A (Complying.)

19 Q Did Mr. Frankhauser and Mr. Fick tell you why it is  
20 that the report which is Government's 3 mentioned the Boston  
21 Grand Jury investigation?

22 A Because they had been alerted to the Boston Grand



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1 Jury investigation by conversations with Jeffrey Steinberg,  
2 Michelle Steinberg, Paul Goldstein and others in the LaRouche  
3 organization.

4 Q Why was it that they wanted to write these reports?

5 A Because they wanted to continue their relationship  
6 with the organization. I mean, they were being paid, and they  
7 felt that they should make a written record of their recommen-  
8 dations so that in the event the security staff chose not to  
9 follow their recommendations, they would have something to fall  
10 back on and say, "This is what we told you."

11 Q I ask you to turn to page 1 of Government's Exhibit  
12 3 and read the first sentence.

13 A "There can be no doubt that regardless of whether  
14 by mistake or design contributions of an illegal nature  
15 deducted from unwilling participants or sting type ringers  
16 has taken place."

17 Q I ask you to read the second -- the sentence in the  
18 second full paragraph.

19 A "At present we're being investigated by the Federal  
20 Trade Commission, FTC, four agents, the Federal Election  
21 Commission, FEC, three agents, the Interstate Commerce Division,  
22 ICC, one agent, Securities & Exchange Commission, Fraud



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1 Section, DOJ, five agents, FBI, 15 agents, under the command  
2 of Special Agent Egan, U.S. Secret Service Criminal Division,  
3 five agents, four jurisdictions, all information compiled and  
4 gathered by U.S. Attorney's office, Boston, under the leader-  
5 ship of U.S. Attorney Weld."

6 Q Who was U.S. Attorney Weld as of November 29, 1984?

7 A William F. Weld was the U.S. Attorney for the  
8 District of Massachusetts.

9 Q What position does he hold now?

10 A He's Assistant Attorney General in charge of the  
11 Criminal Division, Department of Justice.

12 Q The report correctly states that the FBI agent who  
13 was in charge of Boston was yourself?

14 A That's right.

15 Q I ask you to turn to page 2.

16 A (Complying.)

17 Q Read the second full sentence on page 2 of Exhibit 3.

18 A "We at this point, assuming that you are honest in  
19 election campaign dealings, are advising that should you find  
20 a false set of record books, that paper burns at 451 F., a  
21 scientific fact. We also urge you not to obstruct justice."

22 Q Did you ask Mr. Frankhauser yesterday what he meant



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3142 MUSKET COURT  
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1 when he said, "should you find a false set of record books,  
2 paper burns at 451 F., a scientific fact"?

3 A Yes, I did.

4 Q What did he tell you that he meant?

5 A He told me that he was advising the Steinbergs and  
6 Goldstein not to turn over records which were incriminating  
7 to the grand jury. He said that the reason for the caveat in  
8 there about "should you find a false set of record books" is  
9 he was initially informed by the Steinbergs and Goldstein that  
10 the organization was not guilty of fraudulently preparing  
11 credit card slips, and that this was some form of sting opera-  
12 tion by someone who opposed them.

13 Q Did he ultimately tell you that he had discussions  
14 with anybody that changed his mind on that?

15 A Yes.

16 Q With whom?

17 A Several of the fundraisers had mentioned it to him  
18 and then he had a conversation with Michelle Steinberg and  
19 Paul Goldstein.

20 Q Did he tell you where that conversation was?

21 A It was in a Spanish restaurant, ElHanandez in  
22 Manhattan.



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