

1 Q Approximately when?

2 A He said it was after the election, and he put it at
3 some time in late November or early December 1984.

4 Q Did he tell you who was present at that restaurant
5 at that meeting?

6 A He said there were present at the meeting Paul
7 Goldstein, Michelle Steinberg, Lee Fick, himself and Mark
8 Bablin, and he said there were others from the LaRouche
9 organization, but he has an unclear recollection of who else
10 was there.

11 Q What did Mr. Frankhauser tell you that he said to
12 Michelle Steinberg on that occasion?

13 A He said that after having conversations with fund-
14 raisers and hearing something -- rumors within the organization,
15 he told her that he believed that the organization had in fact
16 fraudulently prepared credit card slips.

17 Q Did he tell you what the reaction was?

18 A He said that she snickered and then said, "Even if
19 they did, they'll never catch us."

20 MR. MOFFITT: Could I have a date and time of that
21 meeting, Your Honor?

22 BY MR. MARKHAM: (resumed)



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1 Q Would you tell us again the date that you testified
2 to already?

3 A Yes, sir. I said it was late November and early
4 1984 -- early December 1984, and that he had timed this date
5 by recalling that it was after the election and about the same
6 time that he submitted his written report to the Steinbergs and
7 Goldstein.

8 Q Did he say that Mr. Bablin was at that meeting?

9 A Yes.

10 Q Did you attempt to do anything this morning to
11 verify Mr. Frankhauser's account of that conversation with
12 Michelle Steinberg?

13 A I spoke with Mr. Bablin at his residence this morning.

14 Q What did Mr. Bablin tell you he recalls about that
15 dinner meeting?

16 A He recalls Frankhauser's comment, Steinberg's
17 response, and he recalled that he also made advise to --
18 offered advise to Michelle Steinberg. He said that he told
19 Michelle Steinberg that if these people were -- the people
20 who responsible for doing it had really done it, the organiza-
21 tion should turn them in and cut their losses.

22 Q Did he say that Michelle Steinberg made any response



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1 to him?

2 A He said that she snickered and said that the people
3 were gone, there was no problem.

4 Q I ask you to refer down to the bottom of page 2 of
5 exhibit 3, starting with "No subpoena."

6 A "No subpoena should be honored without proper
7 counsel. No documents or notes or information should be turned
8 over to anyone voluntarily." And then again it has the number
9 451 and the letter "F" in parentheses.

10 Q Did Mr. Frankhauser tell you what he meant by that?

11 A To either burn or destroy incriminating documents.

12 Q I ask you to read the last sentence.

13 A "If you do not act in a high-calculated manner with
14 your own personnel, the results could be catastrophic. Start
15 writing a concerto for canaries in D major."

16 Q Did Mr. Frankhauser tell you yesterday with his
17 lawyer present what he meant by "canaries in D major"?

18 A He felt that the four fundraisers would turn on the
19 organization.

20 Q May I ask you, sir, if you would turn now to
21 Government's 4 for identification.

22 A (Complying.)



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1 Q The first two pages of this, the first two-and-a-half,
2 again they speak for themselves, address the Boston credit card
3 investigation, correct?

4 A That's right.

5 Q May I ask you to read the last two sentences on the
6 first page, starting with "We recommend"?

7 A "We recommend" --

8 Q If you could just read the last sentence.

9 MR. MOFFITT: Your Honor, the document has been
10 submitted to Your Honor as a whole. I would suggest that
11 taking those lines out of context and reading that -- that
12 document is some 15 or 16 pages long. It involves a lot of
13 other things other than that, and to take those two lines out
14 of context is inappropriate. The Court should read the docu-
15 ment for itself. It's been put into evidence, and I don't
16 think we need to have the testimony with those lines taken out
17 of context.

18 THE COURT: You have copies there, Mr. Moffitt.
19 Let's try to keep up with them.

20 What do you want him to read?

21 MR. MARKHAM: Well, Your Honor, I would like him to
22 address his attention to the last two sentences on page 1,



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1 starting with "Otherwise."

2 THE WITNESS: "Otherwise, legal fees, should you
3 decide to contest the investigation in court, would be astro-
4 nomical. For an adequate defense attorney fees for four men
5 going to trial would amount to \$100,000 plus court costs."

6 BY MR. MARKHAM: (resumed).

7 Q Did Mr. Frankhauser indicate that he had sent this
8 document December 7th like he sent the other one?

9 A Yes.

10 Q Did he indicate that apart from this document he had
11 had discussions with the Steinberg's on this matter?

12 A Yes.

13 Q Approximately how many discussions?

14 A He said several hundred.

15 Q In those several hundred conversations, did the
16 Steinbergs ever tell him what happened to -- well, before I
17 get to that, have you recently conducted a search of the
18 Leesburg headquarters of the LaRouche organization?

19 A Accompanied by others, yes.

20 Q Were you during that search looking for notebooks?

21 A Yes, we were.

22 Q Will you tell the Court why it was you were looking



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1 for notebooks?

2 A Because every defector in the organization that I
3 interviewed told me that the members of the organization
4 religiously copied down in notebooks their conversations, and
5 that in the notebooks is a virtually verbatim record of
6 discussions regarding the Boston Grand Jury investigation and
7 any other topics that would be of interest to the security
8 staff.

9 Q Did you find any notebooks?

10 A Yes, we did.

11 Q Did you find any notebooks that had references to
12 the Boston Grand Jury investigation?

13 A We found several of them.

14 Q Let me show you what is marked as Government Exhibit
15 Number 5.

16 MR. MOFFITT: May I see a copy of that, please?

17 MR. MARKHAM: (Handing document.)

18 MR. MOFFITT: I have been furnished a copy, Your
19 Honor, I would like to examine it, please.

20 (Thereupon, the document was marked
21 as Government's Exhibit No. 5 for
22 identification.)



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1 MR. MOFFITT: Your Honor, we would like to take
2 the matter up at the bench. May we approach, Your Honor?

3 THE COURT: All right, if you think it's necessary.

4 (Thereupon, a bench conferences was held
5 which was completely inaudible for
6 transcription.)

7 THE COURT: All right. Are you ready to proceed?

8 MR. MARKHAM: Yes, Your Honor.

9 BY MR. MARKHAM: (resumed)

10 Q Let me go back. Have you been told by anybody in
11 the LaRouche organization undercover that Gelber, Park and
12 Sanders were sent overseas because they were targets?

13 A Yes, we were told that by Mr. DeFranco.

14 Q And you have that undercover?

15 A Yes.

16 Q On tape?

17 A Yes.

18 Q Did Mr. Frankhauser ever tell you that he discussed
19 that matter with Michelle Steinberg?

20 A Yes.

21 Q How many times?

22 A He says he recalls hundreds of conversations about



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1 Gelber, Park and Sanders.

2 THE COURT: Who were the conversations --

3 THE WITNESS: Between Michelle Steinberg, Frankhauser
4 and --

5 BY MR. MARKHAM: (resumed)

6 Q What did Mr. Frankhauser say that Michelle Steinberg
7 said to him had happened to these witnesses?

8 A He said that when he finally submitted the written
9 report Michelle Steinberg told him that the report wasn't
10 necessary because they already shipped the people to Europe.

11 Q Did she say that she'd had conversations with Jeff
12 Steinberg to the same effect?

13 MR. MOFFITT: Did she say --

14 BY MR. MARKHAM: (resumed)

15 Q I'm sorry. Did Mr. Frankhauser say to you that he
16 had had conversations with Jeff Steinberg to the same effect?

17 A That's right.

18 Q What did Frankhauser say that Mr. Steinberg told him
19 they had done with the witnesses?

20 A They shipped Park, Gelber and Sanders to Europe.
21 They were concerned about Billington's ability to exist in
22 Europe so they decided to bring him to Virginia where they



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1 could keep a better eye on him.

2 Q That's the same Park, Gelber and Sanders that are
3 referred to in numerous counts of the indictment?

4 A That's correct.

5 Q That's confirmed by the tape recording that you
6 have for Mr. DeFranco, that they were sent overseas?

7 A That's right.

8 Q Let's go back to Fick for a minute. Did Fick tell
9 you that he received any calls from Michelle Steinberg about
10 the fact that they'd been sent to Europe?

11 A Yes.

12 Q When did he say he got that call?

13 A He said he got a call in mid-January 1985 from
14 Michelle Steinberg.

15 Q What did he say that Michelle Steinberg told him.

16 A He said that Michelle Steinberg told him that the
17 Boston people had been arrested in Europe, and that the
18 security staff was concerned that they were going to be deported
19 into the waiting arms of FBI Boston.

20 Q Did Michelle Steinberg ask him to do anything?

21 A She wanted him to fix the arrests in Europe and
22 ensure that they would not be deported.



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1 Q Did you do an investigation to find out whether in
2 fact anybody had been arrested in Europe?

3 A Yes, I did.

4 Q What did you do?

5 A I requested our legal attache in Bonn to make
6 inquiries of the German police.

7 Q Did you discover any arrest record?

8 A The German police reflect an arrest for Deborah
9 Gelber, who is Michael Gelber's wife, on January 23, 1985, for
10 disorderly conduct.

11 Q Was that about the time of the phone took place
12 between himself and Michelle?

13 A Correct.

14 Q Do you know what Mrs. Gelber was arrested for?

15 A Disorderly conduct.

16 Q Do you know the resulting disposition of that case?

17 A She was ordered to pay a fine and skipped bail.

18 Q Did you discuss with Mr. Frankhauser yesterday any
19 discussions that he had had with Michelle Steinberg or Jeff
20 Steinberg about sending these witnesses overseas?

21 A He told me essentially the same, confirmed Mr. Fick's
22 account, that the witnesses were overseas and they had been



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1 arrested in Bonn, and that he had been instructed to go to see
2 the U.S. Congressman's representative in Reading, Pennsylvania,
3 to see if the congressman could somehow intercede to make sure
4 that the people would be released from jail.

5 Q So that what would be avoided?

6 A Well, so that they wouldn't -- the Government
7 wouldn't make the connection that the people in Europe who were
8 being held were the ones that were wanted in Boston.

9 Q Did Mr. Frankhauser tell you what he did in response
10 to that request?

11 A He said he went down to the congressman's office and
12 he just had a cup of coffee with the manager, the officer
13 manager. He said he knew there was nothing he could do. He
14 said he told Jeffrey and Michelle Steinberg that it was stupid
15 to have people to go to Europe and then -- because they were
16 wanted in one jurisdiction, and then picket and make themselves
17 very noticeable in another.

18 Q Did Mr. Frankhauser tell you yesterday how many times
19 approximately Michelle Steinberg said that she had shipped
20 these witnesses to Europe?

21 A He said hundreds of times.

22 Q Did he tell you how many times that he had discussions



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1 about that with Mr. Steinberg?

2 A Hundreds of times.

3 Q How about with Mr. Goldstein, the other security
4 person?

5 A Hundreds of times.

6 Q Did Mr. Tate tell you anything about who within the
7 LaRouche organization would be responsible for handling a grand
8 jury investigation?

9 A He said the security staff would handle that under
10 the function of damage control.

11 Q Did Mr. Tate tell you that the security had ever
12 handled any other grand jury investigation?

13 A Yes.

14 Q What grand jury investigation was that that they
15 handled?

16 A That was a grand jury investigation handled by
17 Mr. Morgenthal of New York.

18 Q Who is Mr. Morgenthal?

19 A He's a district attorney for New York.

20 Q What was the New York District Attorney's office
21 investigating.

22 A There was a complaint of forgery by the New York



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1 Times. Sometime in, I believe, November of 1982 a fraudulent
2 supplement to the New York Times appeared in -- stuffed into
3 a New York Times newspaper which were distributed. The
4 supplement purported to be an interview by Barbara Walters of
5 Roy Coomb, who was a New York lawyer, and during the interview
6 Mr. Coomb purportedly admitted to Barbara Walters that he had
7 been a homosexual for his entire life and now as he reached
8 the twilight of his years he was proud to be able to say he
9 was coming out of the closet.

10 Q Well, was this a real interview?

11 A No, sir.

12 Q Who devised it, according to Tate?

13 A According to Tate, it was devised by the security
14 staff as a reprisal against Mr. Coomb.

15 Q After they had this interview printed up, what format
16 did they have it printed up in?

17 A The exact format would be a supplement to the New
18 York Times magazine, like the Book Review.

19 Q How many supplements of this fake New York Times
20 article did they print?

21 A I think it was several hundred thousand.

22 Q What did they do with them after they printed these



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1 several hundred thousand fake New York Times supplements?

2 A They rented trucks and went around to distribution
3 points for New York Times and got off the truck and went to the
4 newsstands and told the newsstand employee that the Times had
5 incorrectly assembled the newspapers, and that they would --
6 they wanted to put the supplements in the newspapers, and they
7 stuffed the newspapers.

8 Q So approximately how many New York Times recipients
9 the next day read about this interview and believed it to be
10 real?

11 A One for each -- one printed, presumably, 200,000.

12 Q After this occurred, what did the District Attorney's
13 office do?

14 A Began a grand jury investigation and attempted to
15 execute search warrants.

16 Q Did Mr. Fick and Mr. Frankhauser tell you that they
17 ever had any discussions with Jeff Steinberg about this
18 investigation?

19 A Yes.

20 Q What did they tell you that Mr. Steinberg told them?

21 A Mr. Steinberg told them that there was an employee
22 at the printing plant who was -- they perceived to be weak and



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1 perhaps would cooperate with the police, would talk to the
2 police, and that they wanted Mr. Frankhauser to go down and
3 lean on this man to make sure that he wouldn't cooperate.

4 Q Did Mr. Tate tell you anything about a witness that
5 was sought by subpoena in that case?

6 A Paul Goldstein.

7 Q Paul Goldstein, again, is one of the security
8 operators?

9 A That's right.

10 Q What did Mr. Fick say about Mr. Goldstein in that
11 regard?

12 A Tate and Fick both say that Mr. Goldstein took a
13 European vacation.

14 Q Is it correct that Mr. Fick spoke to Mr. Goldstein
15 over in Europe on that occasion?

16 A He said that was where he first met Goldstein.

17 Q Did he tell you what Mr. Goldstein told him about
18 why Mr. Goldstein was in Europe at this time?

19 A "I'm here because" -- he quoted him as saying, "I'm
20 here because Lyn wants me here because it's too hot in New
21 York."

22 Q Incidentally, we've heard about a lot of people



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1 going to Germany. Does the LaRouche organization have any
2 facility in Germany?

3 A I've seen their publications which reflects an
4 address and telephone number in Wiesbaden, and I've spoken to
5 some of their former members which say they have offices in
6 Wiesbaden, Paris, Rome and several other cities.

7 Q Did you speak to Mr. Frankhauser last evening about
8 this New York Times incident?

9 A Yes.

10 Q Did he tell you what happened to the actual plate
11 that had been used to make this bogus New York Times supple-
12 ment?

13 A Yes.

14 Q What did he tell you had happened?

15 A He said that Jeffrey and Michelle Steinberg destroyed
16 the printing plates and that they had managed to have some kind
17 of leak of information from the District Attorney's office
18 which allowed them to destroy the plates before the New York
19 Police Department executed a search warrant.

20 Q Did Mr. Steinberg tell you that he had had a recent
21 conversation with Michelle Steinberg about the Boston Grand
22 Jury investigation?



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1 A I haven't spoken to Mr. Steinberg.

2 Q I'm sorry, I apologize.

3 Did Mr. Frankhauser tell you that he had a recent
4 conversation with Michelle Steinberg about the Boston Grand
5 Jury investigation?

6 A Yes, he said it was in the past three or four weeks.

7 Q What did Mr. Frankhauser say that Michelle Steinberg
8 said on that occasion?

9 A He said that a conversation came up that Michelle
10 Steinberg said that with Weld's leaving the office, that he
11 believed the investigation had been effectively quashed, and
12 I think he used the word "held up," and that they attributed --
13 Michelle Steinberg attributed this to several reasons. One
14 is that the nominee to replace Mr. Weld had a reputation as a
15 conservative, and that she did not think that a conservative
16 would push the investigation.

17 **And she said that they still had the people hidden**
18 **so well, he quoted her as saying, "They have them hidden where**
19 **the sun doesn't shine."**

20 Q Government exhibit in this case number 4 refers to
21 a recommendation of Frankhauser that there be personal vacations
22 and transfers, correct?



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1 A That's right.

2 Q Did Mr. Frankhauser tell you what he meant by that
3 reference?

4 A To ship the people out of the jurisdiction of the
5 United States where they couldn't be found.

6 Q When you searched the security department earlier
7 this week, did you find any reference in notebooks as to
8 vacations for Boston people?

9 A Yes, I did.

10 Q What did those records say?

11 A European vacation for at least one year.

12 MR. MOFFITT: Your Honor, do we have those here?
13 We have other documents. We don't seem to have those records.
14 Are they present here?

15 BY MR. MARKHAM: (resumed)

16 Q Did you see them at the search?

17 A Yes.

18 Q Are they present here?

19 A No, those ones aren't.

20 Q Where are they?

21 A Those are in a storage area.

22 Q How many boxes of notebooks did you seize?



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1 A I think our last toll was 60 to 70 notebooks we
2 seized.

3 Q Have you been through all of them?

4 A No, sir, I've only scanned several of them.

5 Q And you found that reference to personal vacations
6 in one of the notebooks?

7 A That's right.

8 Q Has anybody of the many people in the LaRouche
9 organization that you've asked about the whereabouts of Gelber,
10 Park and Sanders told you where they were?

11 A No, sir.

12 Q Have you tried?

13 A Yes.

14 Q Yet when you went in undercover, what did they say?

15 A Said they were in Europe, they were in Germany, they
16 were tired of the investigation, they were transferred to make
17 things easier.

18 Q Where do their parents say they are?

19 A Europe.

20 Q What did Frankhauser and Fick say that Michelle and
21 Jeff Steinberg said they were going to do with them?

22 A Well, they said that Michelle and Jeff Steinberg said



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1 that they shipped them to Europe.

2 Q For what purpose?

3 A To get them away from the FBI and Secret Service in
4 Boston.

5 Q Apart from your inability to find Gelber, Park and
6 Sanders, has the grand jury investigation had any other
7 difficulties?

8 A Yes, sir.

9 Q Would you describe for the Court briefly what those
10 difficulties are?

11 A There's been a series of non-production of -- there's
12 been contempts, a series of contempt orders regarding non-
13 production of records.

14 Q Yesterday did you speak to Mr. Frankhauser about his
15 discussions with Michelle and Jeff Steinberg about production
16 of records to the grand jury?

17 A Yes, I did.

18 Q What is it that Mr. Frankhauser said that Michelle
19 and Jeff Steinberg told him?

20 A He said that Michelle and Jeff Steinberg told him
21 that they prepped Elliot Greenspan, who's a defendant in this
22 case, as to how to appear before the grand jury.



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1 THE COURT: Where is Mr. Greenspan?

2 THE WITNESS: Your Honor, he was surrendered to the
3 FBI in Newark the other day. I believe he was released on
4 bail.

5 THE COURT: All right.

6 BY MR. MARKHAM: (resumed)

7 Q What is it that Michelle and Jeff Steinberg said
8 that they did with Mr. Greenspan?

9 A Frankhauser used the word "prepped" him on how to
10 testify before the grand jury.

11 Q After he had been prepped, did he in fact appear
12 before the grand jury?

13 A Yes.

14 Q What occurred when he appeared before the grand jury?
15 Did he answer questions asked of him?

16 A No, he didn't.

17 MR. MOFFITT: Objection, Your Honor, unless he can
18 show how he knows. Did he read his grand jury testimony?

19 THE WITNESS: Yes, I did, sir.

20 BY MR. MARKHAM: (resumed)

21 Q Were you in the court on subsequent proceedings
22 where he was held in contempt?



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1 A I attended several of them.

2 THE COURT: What jurisdiction was this?

3 THE WITNESS: District of Massachusetts, Your Honor.

4 THE COURT: In other words, Mr. Greenspan was
5 apprehended and brought before the grand jury in Massachusetts?

6 THE WITNESS: No, Your Honor. Mr. Greenspan appeared
7 before the grand jury in Massachusetts in the fall of 1985 as
8 a keeper of records, and Mr. Frankhauser -- and was held in
9 contempt for refusing to testify and refusing to provide
10 records.

11 Mr. Frankhauser told me yesterday that prior to
12 Mr. Greenspan's appearance in the grand jury, Michelle and
13 Jeffrey Steinberg had prepped Mr. Greenspan on how to testify
14 and what to say to the grand jury.

15 BY MR. MARKHAM: (resumed)

16 Q Did Mr. Frankhauser tell you what Michelle and Jeff
17 told him they were going to do by way of selecting individuals
18 to go to the Boston Grand Jury pursuant to the corporate
19 subpoenas that were served?

20 A Yes, they did.

21 Q What did Michelle and Jeff Steinberg say they were
22 going to do?



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1 A He said that there were people who were selected to
2 appear -- the people who would be selected to appear before
3 the grand jury in Boston were selected on the basis that they
4 knew absolutely nothing about the records that they were
5 supposed to explain to the grand jury.

6 Q Frankhauser said that Michelle and Jeff told him they
7 were going to select people who didn't know anything about the
8 records that were being produced?

9 A That's right.

10 Q Did he tell you why they were going to do that?

11 A Because that would further blunt the investigation.

12 Q In fact, did the people who showed up before the
13 Federal Grand Jury with production of records pursuant to grand
14 jury subpoena know anything about the records they were pro-
15 ducing?

16 A No, sir.

17 Q Can you give the Court an example of one of the
18 witnesses and what he said about how he was selected to appear
19 before the Federal Grand Jury?

20 A One of the keeper of records said that he was
21 selected the day before. Another one of the keeper of records,
22 we asked Mr. Small, the U.S. Attorney and I, asked to meet him



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1 in an office and review what kind of records he had there, and
2 his statement to me was: "You are the FBI. You figure it out.
3 I know nothing about them."

4 Q Exactly how many organizations that are affiliated
5 with LaRouche did the Boston Grand Jury subpoena to produce
6 their records?

7 A Six.

8 Q Would you name them for the Court, please?

9 A Caucus Distributors, Incorporated, Campaign of
10 Publications, Incorporated, The LaRouche Campaign, Independent
11 Democrats for LaRouche, Fusion Energy Foundation and The
12 National Democratic Policy Committee.

13 Q Did each of those corporations produce what they
14 said was a recordkeeper?

15 A Yes.

16 Q Did any of those recordkeepers offer testimony,
17 knowledgeable testimony, about the records that were being
18 produced?

19 MR. MOFFITT: That calls for a conclusion on the
20 part of the witness, Your Honor.

21 BY MR. MARKHAM: (resumed)

22 Q What did those witnesses say they knew about the
documents?



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1 A Nothing.

2 Q Isn't it a fact that one of them said he was
3 appointed several hours before the grand jury appearance just
4 to appear and dump the records in?

5 A That's correct.

6 Q Is that consistent with what Mr. Frankhauser told
7 you Michelle and Jeff said they were going to do?

8 A That's right.

9 Q As a result of these keepers of the records saying
10 what they said about their lack of knowledge, did the U.S.
11 Attorney's office in Boston move to hold these organizations
12 in contempt for failing to produce keepers of records?

13 A Yes.

14 Q Were you present at these contempt proceedings?

15 A Several of them.

16 Q What judge were they before?

17 A U.S. District Judge David Mazzone in the District of
18 Massachusetts.

19 Q How many hearings did he have on this matter?

20 A I can remember five or six.

21 Q What was his ultimate result after having these
22 hearings about the -- just on the keepers of records?



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1 A He held the organizations in contempt and ordered
2 them to pay a fine of \$10,000 a day initially until the
3 records were turned over. I think two of the organizations
4 were assessed additional fines at a somewhat later period.

5 Q Did he also order them to produce knowledgeable
6 keepers of records?

7 A Yes.

8 Q Were the records that he referred to that they
9 should turn over ever turned over after his court order that
10 they do so?

11 A No.

12 Q Have they produced knowledgeable keepers of records
13 since that time?

14 A No.

15 Q Has the First Circuit Court of Appeals reviewed these
16 contempt orders?

17 A Yes.

18 Q What was the result of that review?

19 A Judge Mazzone was affirmed.

20 Q The contempt orders were affirmed?

21 A That's right.

22 Q Have any of the fines been paid?



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1 A No.

2 Q Have any of the records been produced?

3 A No.

4 Q Have any of the keepers of records ordered to appear
5 actually appeared?

6 A No.

7 THE COURT: Was any appeal taken from the First
8 Circuit as in a writ of certiorari for the Supreme Court or --

9 THE WITNESS: I don't know.

10 THE COURT: -- did it stop there?

11 THE WITNESS: I don't know, Your Honor.

12 BY MR. MARKHAM: (resumed)

13 Q When was the decision from the Court of Appeals in
14 this matter?

15 A It came down in July of this year.

16 Q Was there any state of the District Court order
17 pending appeal?

18 THE COURT: Just a moment. That First Circuit, you
19 say it came down in July. Does anybody have a citation on
20 that case?

21 MR. MARKHAM: No, Your Honor, but I will be able --

22 THE COURT: First Circuit?



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1 MR. MARKHAM: It's a First Circuit. If you want at
2 a lunch break I can get a telefax down here from Boston. We
3 have the slip opinion in our office affirming the judge in
4 all respects.

5 I should also point out, as a matter of public
6 record in Boston, Judge Mazzone's orders on the matter were
7 entered in early 1986. No stay was sought for or obtained and
8 no records were produced.

9 THE COURT: As far as you know, Mr. Egan, is that
10 \$10,000 fine a day still in effect until the records are
11 produced?

12 THE WITNESS: Yes, Your Honor. The last tabulation
13 I saw of it, the four organizations owed somewhere over
14 \$21 million.

15 BY MR. MARKHAM: (resumed)

16 Q That \$21 million has not produced one record, has it?

17 A No, sir.

18 Q Not one compliance with the court order, has it?

19 A No.

20 Q This is what Mr. Frankhauser told you they were going
21 to do?

22 A That's right.



1 Q Was there one particular type of document that you,
2 as the investigative agent, was particularly looking for?

3 A Yes, it was a document that was described to me as
4 a contact card. It's really an index card.

5 Q Who described it to you as a contact or index card?

6 A People who had dropped out of the organization
7 described it and described its use to me.

8 Q Did you interview anybody in the organization that
9 described these cards to you?

10 A Well, Mr. Greenspan describes their use before the
11 grand jury, but then he didn't turn them over to the grand
12 jury.

13 Q What is it?

14 MR. ALCORN: Your Honor,, I'm an attorney. I would
15 ask to join defense counsel, if I could --

16 THE COURT: What is your name, counsel?

17 MR. ALCORN: I'm Daniel Alcorn, and I --

18 THE COURT: Court started at 10:00 o'clock. What
19 are you doing coming in at this hour?

20 MR. ALCORN: Your Honor, I've been watching the
21 proceedings, and I wanted to discuss with counsel at some point
22 the discussions which occurred over the status of this appeal



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1 up in Boston. I think there is relevant information that I
2 would like to brief defense counsel on this matter.

3 THE COURT: Who are you associated with in this,
4 counsel?

5 MR. ALCORN: I represent a campaigner publications
6 in this matter since May of 1985.

7 THE COURT: Who do you want to talk to?

8 MR. ALCORN: Mr. Moffitt, Your Honor.

9 MR. MOFFITT: Could we have a recess for a second,
10 Your Honor.

11 THE COURT: All right. We'll take a ten-minute
12 break.

13 (Thereupon, a brief recess was taken,
14 and then the proceedings continued
15 as follows:)

16 BY MR. MARKHAM: (resumed)

17 Q Before the break, we were discussing the index cards,
18 correct?

19 A That's right.

20 Q Who did you talk to about the existence of index
21 cards within the organization?

22 A I talked to several defectors who were involved in



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1 fund raising.

2 Q Who else gave an explanation of these index cards?

3 A Mr. Greenspan gave an explanation before the grand
4 jury in Boston.

5 Q What did Mr. Greenspan before the Boston Grand Jury
6 initially say about the index cards? How did he describe them?

7 A He described them as being a record kept by the
8 organization of individuals who were contacted by the organi-
9 zation, and on the record -- on these cards were reflected
10 people's names, addresses, telephone numbers and then a
11 handwritten notation by each of the individuals who had called
12 them as to what the person on the other end was interested in,
13 whether they would buy something, or whether they would loan
14 money to the organization, or whether they would --

15 THE COURT: What you call prospects?

16 THE WITNESS: Prospect cards, Your Honor.

17 BY MR. MARKHAM: (resumed)

18 Q Did Mr. Greenspan tell you what these prospect cards
19 what happened to them after they were made up for each
20 individual contributor?

21 A He said every time someone -- a fundraiser used them
22 they were annotated by the fundraiser.



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1 Q When the fundraiser made telephone calls and asked
2 for money, what notation was on the card?

3 A What date the call was made, what was said and what
4 the response was.

5 Q Did you want these cards?

6 A Yes.

7 Q Would you tell the Court why you wanted them?

8 A I wanted the cards because I felt that the cards
9 would provide handwritten documentary evidence of which fund-
10 raiser had called which person who had complained, and through
11 the use of handwriting analysis, the cards could be attributed
12 to a specific person -- the call could be attributed to a
13 specific person.

14 Q When Mr. Greenspan was initially asked to produce
15 these cards as the keeper of records of Caucus Distributors,
16 what was his response initially?

17 A He said he would produce them.

18 Q Did he say when he would produce them?

19 A At his next appearance.

20 Q Did he have a next appearance?

21 A Yes.

22 Q Did he produce any of these cards?



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1 A No.

2 Q What did he say?

3 A He said, and I can't quote exactly, but it went to
4 the effect that he had determined that the cards were not the
5 property of the organization, rather that the cards were the
6 property of individual political consultants and they were
7 protected by the First Amendment. And in ordering him as a
8 representative of the organization to take these cards from
9 the individual political consultants was the equivalent of
10 ordering him to commit a theft and he didn't want to do that.

11 Q Did you subsequently interview any LaRouche people
12 who had used these cards while they were with the organization?

13 A Yes.

14 Q Approximately how many?

15 A Oh, 15 or so.

16 Q What did they tell you about the ownership of these
17 cards?

18 A That they were corporate property.

19 Q Did they give you any examples of the fact that they
20 were the property of Caucus?

21 A One of them provided me with a copy of an internal
22 document in which there was discussed how to handle the cards,



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1 and that the cards were to be forwarded to national headquarters
2 for evaluation. Others provided me with comments about how a
3 fundraiser was being transferred from either New York or New
4 Jersey to Texas and tried to take the cards with him, and the
5 organization -- members of the organization were very upset
6 because they said the cards belonged to the office.

7 Q When the undercover agent went into the Boston
8 office of the Caucus Distributors, a LaRouche organization
9 entity, in September of this year, were there any instructions
10 about the index cards that Mr. Greenspan had refused to produce?

11 A Yes, sir. Mr. Curran, who was an employee of the
12 office, told her that he was in the process of reducing the
13 information on the index cards to a computer so that the
14 organization could use the information more efficiently.

15 Q Did anything else occur while the undercover agent
16 was in the headquarters that indicated the cards belonged to
17 LaRouche, not to the individuals?

18 A She noted that the cards that she saw were prepared in
19 several different styles of handwriting.

20 Q When Mr. Greenspan was in front of the Boston Grand
21 Jury, was he specifically asked whether there were any index
22 cards in Boston relating to fundraising activities in 1984 up



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1 until February 1985, the date of that subpoena?

2 A Yes, he was.

3 Q What did he say?

4 A He said that he had made inquiries of this to
5 Mr. Black, who was the Boston office manager, and Mr. Black
6 told him that no such cards existed.

7 Q That's defendant Black in this action charged with
8 conspiracy to obstruct justice?

9 A That's right.

10 Q Did you search the Boston office this week?

11 A The FBI and Secret Service in Boston did, yes.

12 Q Did they find any index cards?

13 A Thousands of them.

14 Q Did they find any index cards that were dated as
15 early as 1984?

16 A They told -- I was told they found at least 85 and
17 they're continuing the count.

18 Q Did they find any index cards which had more than
19 one handwriting on them indicating that they were used by
20 various members of the organization?

21 A I was told by the agent that did the search that that
22 was the routine.



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1 2 When you searched the headquarters in Leesburg, did
2 the FBI find any -- did you and the FBI find any index cards
3 in Leesburg?

4 A Yes, sir.

5 Q How many?

6 A Thousands of them.

7 Q Would these index cards have more than one type of
8 writing on them?

9 A Yes, sir.

10 Q On November 22nd of 1985, what was it specifically
11 that Judge Mazzone ordered Elliot Greenspan to do?

12 A To turn over these index cards.

13 Q He gave him until what time to do that?

14 A Two or three days, I think. His next appearance
15 was -- I know it was within a week, but I'm not sure.

16 Q Did Mr. Greenspan comply with that order?

17 A No.

18 Q Did he turn over any of these thousands of index
19 cards?

20 A I believe we got 10 or 15 from the Houston office
21 and that was it.

22 Q Any from Boston?



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1 A None.

2 Q Any from Leesburg?

3 A None -- I don't know where the 15 that we got came
4 from. They reflected contacts in Texas.

5 THE COURT: They are the ones that were turned over
6 pursuant to Judge Mazzone's directive?

7 THE WITNESS: Yes, sir.

8 THE COURT: You said there were how many?

9 THE WITNESS: Ten or 15.

10 BY MR. MARKHAM:

11 Q There were 1984 dates on the cards when you found
12 them in Boston, when the FBI found them?

13 A That's right.

14 Q What is it again that Mr. Frankhauser said that the
15 Steinbergs were to tell Mr. Greenspan to do in front of the
16 grand jury?

17 A His word was they "prepped" him on how to testify
18 before the grand jury.

19 Q How many defectors have you interviewed who have
20 told you about the hierarchial nature of this organization?

21 A Fifteen or so.

22 Q Who do they say is in charge of matters like this,



1 like grand jury compliance?

2 A The security staff.

3 Q Are you aware that the LaRouche organization has in
4 the past had a dispute with the Federal Election Commission?

5 A Yes.

6 Q Do you know who is the general counsel for the
7 Federal Election Commission?

8 A Charles Steele.

9 Q Have you spoken to any former member of the security
10 staff about anything that happened to Mr. Steele as a result
11 of Jeff Steinberg and Michelle Steinberg?

12 A Yes, I have.

13 Q Who have you spoken with?

14 A Charles Tate.

15 Q Again, he was on the security staff until recently?

16 A Recently.

17 Q What did Mr. Tate tell you happened?

18 A He said that he recalled that during one of the
19 periods in which The LaRouche Campaign, Independent Democrats
20 for LaRouche, was disputing something with the Federal Election
21 Commission, he had a conversation with Jeffrey and Michelle
22 Steinberg in which they told him they were particularly tired



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1 that morning because they had stayed up all night making
2 harassing telephone calls to Mr. Steele's residence.

3 Q Did Mr. Steele confirm that he in fact got such
4 phone calls?

5 A Yes.

6 Q What was the attitude that the Steinbergs expressed
7 about these phone calls?

8 A Mr. Tate said that they were giggling and thought it
9 was pretty funny.

10 Q Did you have a discussion with Mortichi Levy about
11 the matters we've been talking about today?

12 A Yes.

13 Q Who is Mortichi Levy?

14 A Mortichi Levy is a resident of New York. He holds
15 himself out as running a Jewish defense organization. He says
16 that he is a --

17 (Thereupon, the cassette was changed and
18 words were missing.)

19 BY MR. MARKHAM: (resumed)

20 Q Did Mr. Levy tell you that he'd ever had a conversa-
21 tion with the security staff about disappearing?

22 A Yes.



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1 Q When did he have that conversation?

2 A He said sometime in 1983 or '84 he had a conversation
3 with Jeffrey and Michelle Steinberg. He said that for about
4 a two-year period of time he had associated himself with The
5 LaRouche Campaign as a contract employee in a situation that
6 would be analagous to Mr. Fick or Mr. Frankhauser, but his
7 purpose was to gather information about The LaRouche Campaign.
8 He was infiltrating the LaRouche organization as a freelancer.

9 In the course of his association, he had become
10 knowledgeable regarding certain facts that were involved in
11 the lawsuit of LaRouche versus NBC, and that the security
12 staff was concerned that he would be subpoenaed to give a
13 deposition, and that at the direction of Michelle and Jeffrey
14 Steinberg, he said he took a long vacation in San Francisco,
15 using his words, "to duck process."

16 Q Did Mr. Levy tell you he'd ever had a conversation
17 with Mr. Jeff Steinberg about Ramsey Clark?

18 A Yes, he did.

19 Q Approximately when?

20 A He said that somewhere in the time that he was
21 associated with them, and he was unclear to me exactly when,
22 he said he was associated with them for about two years, that



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1 the organization had come afoul of Ramsey Clark, or Ramsey
2 Clark was representing someone that was litigating against
3 the organization, and that Jeffrey Steinberg told him that he
4 would give him more money than he could spend in a week if he
5 would go out and administer Jewish justice on Ramsey Clark.
6 He said that Mr. Steinberg and he used the euphenism Jewish
7 justice as a -- to describe an assault.

8 Q When the FBI searched the Leesburg headquarters this
9 Monday, did they find any materials about one William Weld?

10 A Yes, sir, there were at least -- I saw at least two
11 file cabinets full of it.

12 Q Who then was Mr. Weld until very recently?

13 A The United States Attorney for the District of
14 Massachusetts.

15 Q And that's the district that's been conducting this
16 investigation?

17 A Yes, sir.

18 Q While this investigation was being conducted, did
19 anything happen in or around the courthouse involving comments
20 against Mr. Weld?

21 A Yes.

22 Q What happened?



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1 A There were -- the courthouse was picketed routinely
2 on the days that grand jury investigations were held.

3 THE COURT: This is the U.S. Courthouse?

4 THE WITNESS: Yes, sir.

5 THE COURT: Go ahead.

6 THE WITNESS: On the days the grand jury was held,
7 by individuals I recognized as being associated with the Boston
8 LaRouche office, there were comments made in there about
9 Mr. Weld's virility, and there were comments made in there
10 about Mr. Weld being a dope dealer, there were comments made
11 in there about -- on the placards -- about Mr. Weld -- other
12 ones that were just generally unfavorable about Mr. Weld.

13 Q Were there any placards about the Honorable Judge
14 Mazzone?

15 A Yes.

16 Q What did those placards say?

17 A I remember particularly one of -- seeing one man
18 dressed up in a judicial robe standing on the steps of the
19 courthouse with a card on him of Judge Mazzone and a sign that
20 said "Justice for sale or rent."

21 Q Did you have a discussion with Mr. Frankhauser last
22 evening about why these types of things occurred?



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1 A Yes.

2 Q Did he say he discussed that with Michelle and Jeff
3 Steinberg?

4 A Yes.

5 Q Did he say they said why those things were occurring?

6 A Yes. He said that they were -- those things
7 occurred at their direction to intimidate the Boston Grand
8 Jury investigation.

9 Q On the dossier of Mr. William Weld, who is now the
10 Assistant Attorney General in charge of the Criminal Division,
11 that you found what was contained in those files, Mr. Egan?

12 A I saw in the offices of the security staff files
13 that included background investigations on the Roosevelt family,
14 or review of public records that would be available regarding
15 the Roosevelt family.

16 Q What is the significance of the Roosevelt family?

17 A Mr. Weld's wife's maiden name is Roosevelt, and I
18 believe she is a great-granddaughter of the former President.

19 Q What else did you see?

20 THE COURT: Teddy or Franklin?

21 THE WITNESS: Teddy, Your Honor.

22 THE COURT: All right.



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1 THE WITNESS: I saw investigations that were files
2 where there were clippings of births and deaths of the Weld
3 family. I saw one folder that appeared to me to be an attempt
4 to develop background investigations regarding the members of
5 the wedding party of Mr. Weld's wedding. I saw another folder
6 that to me looked like a Massachusetts public record of people
7 that donated to Mr. Weld's campaign in 1978 to run for
8 Attorney General. I saw another folder that appeared to me to
9 be a listing of Mr. Weld's neighbors in Cambridge, Massachusetts

10 THE COURT: Where did you find all this?

11 THE WITNESS: I saw it in the security staff office,
12 Your Honor, at Leesburg Professional Building.

13 BY MR. MARKHAM: (resumed)

14 Q Did Mr. Frankhauser tell you that he was present at
15 a discussion with the security staff and Lyndon LaRouche at
16 which the investigation, the Boston Grand Jury investigation,
17 was discussed?

18 A Yes.

19 Q Did he believe that the Steinbergs were there?

20 A He said the security staff, and I'm sorry, I neglected
21 to ask him which ones were there.

22 Q What did Mr. Frankhauser say about Mr. Weld during



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1 that discussion?

2 A Mr. Frankhauser quoted Mr. LaRouche as saying that
3 he was frustrated with the grand jury investigation and he
4 was frustrated with Mr. Weld. And he quoted Mr. LaRouche as
5 saying the following statement: "The sonofabitch does not
6 deserve to live. He should get a bullet between the head --
7 between the eyes."

8 Q Who is it that Michelle and Jeffrey Steinberg have
9 been devoted to for the last 15 years?

10 A Lyndon LaRouche.

11 Q What was it that Michelle Steinberg said when
12 Mark Bablin asked her in the restaurant in New York, "Why
13 don't you just turn these people in and cut your losses"?

14 A It was quoted to me by Mr. Frankhauser as saying,
15 "Go to hell." Mr. Bablin had substantially the same recollec-
16 tion.

17 Q Have you found those witnesses that are over in
18 Germany?

19 A No.

20 Q Are they named in the indictment?

21 A Yes.

22 Q What was it that was said on that tape when you got



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1 the undercover?

2 MR. MOFFITT: Your Honor, this has been asked and
3 answered. I can understand why he would like to --

4 THE COURT: What tape are we referring to now?

5 MR. MARKHAM: Your Honor, on September 22nd, 23rd
6 and 24th, about two weeks ago, the FBI agent went undercover
7 in the LaRouche organization in Boston pretending to be a
8 fundraiser.

9 THE COURT: I remember that testimony.

10 BY MR. MARKHAM: (resumed)

11 Q What was specifically said on that tape?

12 MR. MOFFITT: I object. It's been asked and
13 answered. I don't understand why he's going back into it. I
14 do understand. It's a great tactic, but it's already been
15 asked and answered. He's put it into evidence once. I don't
16 know why he's going to put it into evidence again.

17 THE COURT: What was it?

18 THE WITNESS: Gelber was a fundraiser. He was a tie
19 with the investigation. To make things easier, he was
20 reassigned.

21 MR. MARKHAM: I have nothing further, Your Honor.
22 Thank you.



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1 THE COURT: Who wants to cross examine first, you,
2 Mr. Moffitt?

3 MR. MOFFITT: Yes, sir.

4 THE COURT: All right.

5 CROSS EXAMINATION

6 BY MR. MOFFITT:

7 Q When did your investigation begin, sir, on the
8 credit card issue?

9 A The FBI investigation began in the last week of
10 October 1984. The first grand jury subpoena was issued either
11 November 5 or 6, 1984.

12 Q The grand jury investigation began almost immediately
13 after the first part of the FBI investigation; is that what
14 you're telling me?

15 A Yes, sir.

16 Q You are familiar, of course, with the fact -- can I
17 have my briefcase, please?

18 You testified that Mr. Steinberg works security for
19 Mr. LaRouche; is that correct? Are you familiar with that
20 publication, sir?

21 A (Perusing document.) Not this issue, but I've seen
22 several similar books.



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