

LaRouche testifies for defense in New York trial of associates

by Warren J. Hamerman

Lyndon LaRouche took the witness stand at 12:30 p.m. on Aug. 11 in New York City, after being called by the defense in the trial of his associates, George Canning, Marielle Kronberg, Robert Primack, and Lynne Speed. They are charged with conspiracy and scheme to defraud for taking political loans in support of the purposes of the LaRouche political movement.

It was a victory for La Rouche, as state and federal prosecutors had unsuccessfully opposed his subpoena to testify. LaRouche's direct testimony was conducted by Jeffrey Hoffman, attorney for Primack.

LaRouche testified to his management consultant career and later lectures at various universities such as Columbia between 1966 and 1973, at the same time that he increased his published writings. In 1976 he ran for President on an independent ticket. In 1980 he joined the Democratic Party and again ran for President. After the 1980 presidential election he participated in a bipartisan election coalition with the newly elected Reagan administration. In 1984 and again in 1988 he again ran for President as a Democrat.

During 1978-1986 he had a relationship with New Benjamin Franklin House through authoring a dozen book titles. He was essentially an unpaid employee of Campaigner Publications, as their chief writing resource, by authoring articles for their international news service, their periodicals.

History of NCLC

LaRouche traced the history of the National Caucus of Labor Committees from its inception as the "pro-labor" faction of Students for a Democratic Society (SDS) in New York in the 1960s, to becoming a "membership" national federation which opposed both the leadership of SDS and the Vietnam War. He described the way in which the NCLC evolved into an informal association of like-minded people.

He testified about his international trips from 1978 to 1986 to Europe, South America, Asia, Belgium, Denmark, France, Spain, India, Italy, West Germany, and Mexico. His purpose, he said, was to reform the international monetary system. From Aug. 15, 1971 he knew that the international monetary system was doomed to a serious financial collapse.

He testified that he was motivated by the "cruel injustice"

being done to the people of the developing sector where the death rate had been deliberately increased due to the "Hitler-like genocide policies of the International Monetary Fund." He described his role in the period preceding the 80-nation Non-Aligned Summit in 1976 in Sri Lanka, as he campaigned for debt reform of the global monetary system.

LaRouche reported that he ran for President of the United States in 1976 to bring to the attention of as many Americans as possible the urgent need to stop the unnecessary suffering of the Third World.

In late 1984, LaRouche described how entities associated with NCLC members were "plunged into unexpected financial difficulties" when the FBI shut down the campaign accounts at Chemical Bank, and how this caused a "tornado" of suffering against non-campaign related companies. He reported that he had asked for information and suggested remedies, such as: upgrading management and accounting, ending inadequate financial control, and using more computer procedures.

He testified that in 1985 he was concerned that loan levels were much too high, and he recommended a ceiling on loans and a policy of "rolling down the level of loans." He recommended that since the people giving money were all part of the political movement, that sales of publications were good, contributions were nice, but loans were politically bad. The lender and political supporter lists were essentially the same, so on the average people were giving generously because these were not "ordinary loans," but were political.

He testified that in 1988 he was convicted of crimes in Alexandria which conviction was now on appeal, and that he had been in a day-to-day fight with factions influencing the U.S. government from 1978 to 1986.

On cross-examination, prosecutor Dawn Cardi spent hours in a sequence of hostile questions intended to impeach the credibility of LaRouche's testimony. These areas included the nature of LaRouche's claims to having combatted the leadership of SDS, and being the most published writer in the last 20 years, as well as his relationship to various entities managed by his political supporters and how he got the pocket change to get haircuts.

She also asked questions about how Ibykus Farm, La-

Rouche's Virginia residence, was purchased, his security expenses, and the memos by former NCLC member Wayne Hintz on which the prosecution has based much of its case.

In the last sequence of questions, the prosecutor focused on LaRouche's correspondence with a lender, Elizabeth Sexton, and his indictment and conviction in Alexandria federal court. LaRouche testified that he was not convicted of the tax count, as inaccurately paraphrased by the prosecutor. This was used by the prosecutor as a pretext to introduce the entire Alexandria indictment and conviction into evidence.

Kissinger subpoena quashed

The jury was denied the opportunity to hear testimony from one of LaRouche's principal political adversaries when Justice Stephen Crane quashed the defense subpoena of Henry Kissinger on Aug. 7. Crane gave the same reasons, by and large, that he had given when quashing the subpoena to Lawrence Kirwan, the former chairman of the New York Democratic Party—namely, that while there was no denying Kissinger's political hostility to LaRouche, government documents revealing that Kissinger had demanded a federal investigation of LaRouche were "insufficient" to establish the relevance of his testimony to the case. (See *Documentation*, for the file on Kissinger's role.)

Before LaRouche testified the defense had presented in little more than a week, 27 witnesses who testified that their loans had been made for political purposes, in particular for publishing enterprises, and that they had been told and were aware of the risk they might not be paid back. In three months, the prosecution had put on only 20 lender-witnesses, a number of whom gave testimony closely paralleling that of the defense witnesses.

Finally, the prosecution stipulated to, and read before the jury, an agreement with the defense that additional defense lender-witnesses could be called who would testify 1) that they had lent money to one of the LaRouche-related businesses named in the indictment; 2) that they had been informed beforehand that it was a political organization in financial difficulties; and 3) that some of those witnesses would also testify that they had not been repaid in full.

Harassment

Also testifying for the defense were a series of witnesses to political harassment and political terror campaigns run against the international LaRouche movement. Their testimony was offered both to show how it became increasingly impossible for the LaRouche movement to achieve financial stability and realize, for example, the kind of revenues from the sale of the books *Dope, Inc.* and *Narcotráfico*, SA that it had projected—and to show this jury that LaRouche fundraisers were not misrepresenting or bilking their supporters when they briefed them about the organization's involvement in the War on Drugs, or high-level government policy deliberations, for example.

On Aug. 10, Robyn Quijano testified on the circulation of *Narcotráfico* in Latin America, and on the disruption of that circulation (and its money-generating potential) in Venezuela, Peru, Colombia, Mexico, and elsewhere in 1985. A plan to sell 500,000 copies of the book that year in Latin America was derailed by the harassment, she testified, and the money expected from the book was never realized—nor was a \$500,000 contract which EIR was negotiating in Venezuela.

Next testified Max Londoño, the vice president of the Colombian Anti-Drug Coalition, who reported on the violent attacks, including kidnaping, to which he and his wife were subjected, because of their work in fighting drugs in Colombia. Although the prosecution objected shrilly, and much of Londoño's testimony was not able to come in, the jury still heard several times that Patricia Londoño had been abducted, and the couple forced out of the country, during 1984.

The last defense witness Aug. 10 was political organizer Mary Khouri, who testified to various forms of harassment she had witnessed in California. She pinpointed the surge in the harassment to the period after March 1986, when Hart and Fairchild, two LaRouche co-thinkers, won nominations to state office in the Illinois Democratic primary.

FBI agent fails to elude subpoena

On Aug. 10, FBI Special Agent Richard Egan of Boston arrived in Judge Stephen Crane's court accompanied by Assistant U.S. Attorney Gants, to try to quash a defense subpoena requiring Egan to appear for testimony.

The defense subpoena called for Egan to appear to testify to the fact that on May 9, 1989, in Boston, he destroyed financial documents belonging to three LaRouche-associated companies, Campaigner, CDI, and Fusion Energy Foundation—handed over to the Boston grand jury under subpoena—and including thousands of checks issued by those entities, many of them in repayment of loans. Egan had done this one day after he was present at a hearing before Federal Judge Robert Keeton, at which Keeton ordered that the checks and other documents in question be preserved to be turned back over to the entities to which they belonged.

AUSA Gants made a number of specious arguments to quash the subpoena, invoking Rule 6(e)—the grand jury secrecy rule—to claim absurdly that the Egan could not testify to destruction of the documents because the documents, as grand jury exhibits, were secret.

He also invoked federal rule 28CFR-1461, whereby Egan is, he claimed, barred from testifying because he requires authorization either from the U.S. Attorney in Massachusetts, or the Deputy Assistant Attorney General of the United States. Judge Crane commented that the application of that rule in this case seemed to "be on a collision course" with defendants' Sixth Amendment right to compulsory process, and that he would have to consider the rule, as applied in this case, unconstitutional.

Henry Kissinger should take the stand

The following affidavit, opposing the prosecution's motion to quash a subpoena to Henry Kissinger to testify at the New York State "LaRouche trial," was submitted by Sanford Roberts, a paralegal working with the defense team.

Sanford Roberts, being duly sworn, deposes and says:

1) I am over the age of eighteen years, reside in the Commonwealth of Virginia, and am not a party to this action. I make this affidavit in opposition to the motion to quash submitted by counsel for Henry Kissinger.

2) I am a paralegal and have been involved in assisting attorneys in defending the instant prosecution since March 17, 1987. I have been present at virtually all pretrial appearances and have attended every day of this trial.

3) I am also familiar with documents produced, pursuant to civil discovery and the Freedom of Information Act, by the United States Government in the case of *LaRouche v. Webster*, 75 Civ. 6010 (MJL), a civil rights lawsuit filed in 1975 which is still pending before Judge Mary Johnson Lowe in the Southern District of New York. I make this affidavit on the basis of my familiarity with the *LaRouche v. Webster* case and the documents at issue in that case, my familiarity with the proceedings in this court, and my familiarity with the other publications and broadcasts referred to herein. One of the contested issues in the pending *LaRouche v. Webster* lawsuit is the status of a domestic security investigation which began in 1968. The Government asserts this investigation terminated in September 1977; the plaintiffs claim the investigation continued as a domestic security investigation and under a variety of other pretexts.

4) The Webster case has revealed that various techniques during the course of the FBI's domestic security investigation of LaRouche and the National Caucus of Labor Committees included monitoring the financial stability of the NCLC and visiting the financial supporters of the organization in apparent efforts to discourage these individuals from rendering further financial assistance.

5) These documents obtained in *LaRouche v. Webster* show that on August 19, 1982, Henry Kissinger wrote a letter to FBI Director William Webster wherein Mr. Kissinger acknowledged receipt of a correspondence with an attached flyer from Director Webster. Mr. Kissinger asserts that since

"these people have been getting increasingly obnoxious," he has directed his lawyer to get in touch with Director Webster. See Exhibit A (Henry Kissinger Letter to William Webster dated August 19, 1982).

6) On September 16, 1982, FBI Director Webster wrote a letter to William Rogers, the attorney for Henry Kissinger, in which he acknowledged receipt of a letter from Mr. Rogers dated August 23, 1982. Director Webster indicated that Mr. Rogers' August 23 correspondence asked "that the FBI look into this group which has been distributing literature defaming Dr. Kissinger." The Director implied, without specifically stating, that there was no basis for an FBI investigation into the LaRouche group. See Exhibit B (William Webster letter to William D. Rogers dated September 16, 1982).

7) The "defamation" of Mr. Kissinger complained of to the FBI involved, upon information and belief, the *Executive Intelligence Review's* publication of allegations made in Italy that Kissinger was implicated in the assassination of former Prime Minister Aldo Moro. These allegations were first circulated by the Moro family during the summer of 1982. *Executive Intelligence Review* was one of the first, if not the first, American publication to print this story. See Exhibit C ("The Kissinger Scandal the American Press Refuses to Cover," *EIR*, November 30, 1982). In 1983, two Italian magistrates investigating the Moro assassination sought Kissinger, then in Italy attending a meeting of the Trilateral Commission, for questioning on the Moro affair, but Mr. Kissinger refused to appear. See Exhibits D & E (April 20, 1983 editions of *La Repubblica* and *Corriere della Sera*; English translation provided by Umberto Pascali of *EIR*).

8) On November 25, 1982, Henry Kissinger wrote another letter to William Webster urging an investigation of the LaRouche organization, including its finances.

9) On December 21, 1982, the Civil Rights Division of the Department of Justice reported that Mr. Kissinger's letter does "not indicate a violation of any federal criminal civil rights statutes." See Exhibit F (Notice of File Closing dated December 21, 1982).

10) On January 12, 1983, FBI Director Webster wrote a memorandum entitled U.S. Labor Party to Oliver Revell which memorialized a meeting held the same day of the President's Foreign Intelligence Advisory Board (PFIAB).

The U.S. Labor Party was an electoral party created in or about 1973 by members of the National Caucus of Labor Committees and which ran Lyndon LaRouche for President in 1976. This memorandum bears the main domestic security file number "100-457751," despite the Government's repeated assertions in *LaRouche v. Webster* that the investigation terminated more than five years before. See Exhibit G (William Webster Memorandum to Oliver Revell dated January 12, 1983).

11) Director Webster reported in his January 12 memorandum that the subject of LaRouche was raised by David Abshire. The memorandum further stated:

A number of the members present, including Edward Bennett Williams, raised the question of the sources of funding for these U.S. Labor Party activities. In view of the large amounts obviously expended worldwide, the question was raised whether the U.S. Labor Party might be funded by hostile intelligence agencies.

Edward Bennett Williams had previously delivered Mr. Kissinger's November 25, 1982 letter to William Webster. Director Webster concluded the memorandum by asking Mr. Revell for his "comments or observations on this matter."

12) The President's Foreign Intelligence Advisory Board (PFIAB) was established on October 20, 1981, pursuant to Executive Order 12331. On October 20, 1981, President Ronald Reagan announced his intention to appoint Anne Armstrong as Chairman of PFIAB and Leo Cherne as Vice Chairman. Board members included David Abshire and Edward Bennett Williams. See Exhibit H (Ronald Reagan, Public Papers of the Presidents of the United States, dated January 20 to December 31, 1981, pp. 973-75). Henry Kissinger was appointed to PFIAB on March 2, 1984. See Exhibit I (Ronald Reagan, Public Papers of the Presidents of the United States, dated January 1 to June 29, 1984, p. 288).

13) On January 31, 1983, Oliver Revell wrote a letter to Henry Kissinger announcing that the FBI was responding to his complaints by initiating an investigation of interstate telephone calls by persons affiliated with Lyndon LaRouche. See Exhibit J (Oliver Revell Letter to Henry Kissinger dated January 31, 1983).

14) On February 1, 1983, S. Klein sent a memorandum to Oliver Revell responding to the January 12 memorandum of Director Webster. Attached to the Klein memorandum is an addendum from the FBI Intelligence Division which was deleted in substantial part for national security reasons (coded as "A" in the document). Despite Mr. Klein's assertion that there is no currently active domestic security investigation of LaRouche or the U.S. Labor Party, the document bears the same domestic security file number "100-457751." See Exhibit K (S. Klein Memorandum to Oliver Revell dated February 1, 1983).

15) On June 15, 1983, FBI headquarters notified the

New York field office to hold all investigations of LaRouche in abeyance. Six months later, the New York office notified headquarters that they were placing the case in closed status pending a further request by the Director. See Exhibit L (New York ADIC Airtel to FBI Director dated December 20, 1983).

16) On March 4, 1984, NBC-TV's First Camera did a feature piece on Lyndon LaRouche which asserted that the LaRouche organization frequently met with prominent officials in the Reagan Administration. Dr. Norman Bailey of

Kissinger commented that he found the Reagan Administration's contacts with LaRouche "almost unforgiveable." Furthermore, he said, "I will do everything in my power to break the links between LaRouche and the Reagan Administration, and you can quote me."

the National Security Council was interviewed for the broadcast and characterized the LaRouche organization as "the best private intelligence service in the world."

17) On March 26, 1984, Democratic presidential candidate LaRouche aired a one-half hour national television broadcast on ABC-TV attacking Henry Kissinger for sabotaging the efforts of President Reagan to develop the Strategic Defense Initiative (SDI). Mr. LaRouche concluded the broadcast by urging that Mr. Kissinger be removed once and forever from the policymaking process of government.

18) Upon information and belief, Robert Ingraham is prepared to testify in this court that Henry Kissinger spoke before the convention of the California Dental Association in San Jose, California on or about April 10, 1984. Following this public speech, Mr. Ingraham asked Mr. Kissinger from the floor to comment on the LaRouche TV broadcast. Mr. Kissinger responded that "I will decide on what I wish to do with him after the primaries."

19) On or about November 1, 1984, the weekly edition of *New Republic* appeared on the newsstands. This cover story of this edition of the *New Republic* (actually dated November 19) was an article by Dennis King and Ron Radosh entitled "The LaRouche Connection" and subtitled "How the leaders of a lunatic fringe won access to Administration officials, and with it, respectability." The article details extensive ties between the LaRouche organization

and the Reagan Administration. Henry Kissinger is quoted in the article: "If this is true, it would be outrageous, stupid, and nearly unforgiveable." See Exhibit M.

20) The relationship between the LaRouche organization and the National Security Council was described in sworn testimony by Richard Morris, the Executive Assistant to Judge William Clark during the time when Judge Clark served as the National Security Advisor to President Reagan. Mr. Morris testified to numerous meetings with LaRouche representatives, including two or three meetings with Mr. LaRouche himself. See Exhibit N (Testimony of Richard Morris, *United States v. LaRouche, et al.*, December 13, 1988). The LaRouche representatives provided input on a variety of matters which were of concern to the NSC.

21) Mr. Morris further attested that "there were also detractors of Mr. LaRouche who were working for the National Security Council." See Exhibit N, p. 17. These detractors attempted to discourage NSC personnel from having any contact with LaRouche and his organization. Mr. Morris testified to the impact of these efforts to discourage contact with LaRouche:

I did not cease [contact with LaRouche]. Maybe I cooled a bit. I don't know. I didn't intentionally cool to these offers, and whether or not others did or not, I don't know, but others were forewarned not to deal with Mr. LaRouche on the ground that, as I was, that Mr. LaRouche was not working in the best interest of the United States, and for these reasons, his communications should be foreclosed from any political input to the process. Exhibit N, p. 19.

22) Mr. Herbert Quinde testified in the same trial that "[t]here was a significant break and chilling of all those relations beginning in late '83-'84." See Exhibit O (Testimony of Herbert Quinde, *United States v. LaRouche, et al.*, December 8, 1988). The relationship with the Reagan Administration was further chilled following the appearance of the *New Republic* article. Prior to this break in relations, Mr. Quinde stated:

Well, as I said, we had several score of people on the cabinet level who we had relations with. In effect, we had a real, not one foot but two feet inside the Government as a policy input. So we thought we were going places. Exhibit O, p. 22.

Mr. Quinde also stated that this disruption was "totally unexpected." Exhibit O, p. 23. Upon information and belief, the defendants believed that the growth of their political movement, including an increase in the influence of their ideas on government policy makers, was a principal means for raising funds [to repay loans.]

23) Upon information and belief, on November 7, 1984, Cristina Fiocchi would testify in this court if called that Henry Kissinger commented to her at an American Express

meeting that he found the Reagan Administration's contacts with Lyndon LaRouche detailed in *New Republic* magazine "almost unforgiveable." Furthermore, he said, "I will do everything in my power to break the links between LaRouche and the Reagan Administration, and you can quote me."

24) In or about April 1985, the parents and siblings of Lewis du Pont Smith, an heir to the du Pont family fortune, brought an injunctive action against Lewis Smith because he loaned more than \$200,000 to Caucus Distributors, Inc.

25) On June 23, 1986, E. Newbold Smith, the father of Lewis du Pont Smith, testified that he exchanged correspondences "on several occasions" with Henry Kissinger over his son Lewis's involvement in the LaRouche organization. See Exhibit P (Testimony of E. Newbold Smith, June 23, 1986, pp. 33-35). In February 1986, E. Newbold Smith traveled to Leesburg, Virginia to persuade his son to leave the LaRouche organization. Newbold Smith testified:

I had in my car, in my briefcase, some xerox copies of articles about LaRouche, which also had a letter from Dr. Kissinger to me. I wouldn't let him have the letter, but I gave him the articles. Exhibit P, p. 10.

This testimony was given in a proceeding to declare Lewis du Pont Smith incompetent to manage his financial affairs initiated, upon information and belief, in order to break Lewis's ties with the LaRouche organization. Your deponent has met Mr. Lewis du Pont Smith who is an extremely intelligent, well-spoken man who taught school and had no history of mental illness.

26) Upon information and belief, if Lewis du Pont Smith were called as a witness, he would confirm the existence of the Kissinger letters. Further, Lewis du Pont Smith would testify that he was made aware that his father had telephone conversations and met with Henry Kissinger, as well as with Mr. Kissinger's lawyer, the aforementioned William Rogers, to discuss his son's involvement with the LaRouche organization.

27) Furthermore, the Lewis du Pont Smith case brought to light a letter dated May 15, 1985 from Frates Seeligson, a close relative of the Smith family, a letter to the aforementioned Anne Armstrong, Chairman of PFIAB. The correspondence indicates that Armstrong had previously mentioned to Seeligson that she "had had some trouble with a man named Linden Larouche." The Seeligson letter asked Armstrong for the name of a "de-LaRoucher." See Exhibit Q.

28) In light of the foregoing, it is submitted that there is a sufficient nexus between the activities of Henry Kissinger and the financial stability—including the ability to raise contributions and repay loans—of the entities at issue in this case.

WHEREFORE, it is respectfully requested that the motion to quash the subpoena upon Henry Kissinger be denied.