

1 Q Are you aware that Mr. Billington was served with a  
2 subpoena for photographs, exemplars and the like?

3 A That's right.

4 Q That was earlier this year, correct?

5 A That's right.

6 Q In fact, he did appear personally for that subpoena,  
7 did he not?

8 A Yes, he did.

9 Q Do you recall that there were some arrangements being  
10 made that would accommodate the various parties that would  
11 appear at the FBI office in Alexandria?

12 A You and I spoke about that, yes.

13 Q That's correct.

14 And the arrangement was that once the FBI agent  
15 office, FBI office in Alexandria, was ready for him, that a  
16 call would be given and he would appear, essentially on call  
17 within a day or two; is that correct?

18 A That's what you said, sir, and that's what he did.

19 Q He showed up for that and gave all the exemplars and  
20 photographs that were within that subpoena, did he not?

21 A Yes, he did.

22 Q And he fully complied?



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1 A Yes.

2 Q Mr. Billington has not been served with a subpoena  
3 for any records of any sort, has he?

4 A No.

5 Q Have you checked to see if Mr. Billington has a  
6 criminal record?

7 A I could not find one. I sent a request in and I  
8 didn't get a response. I couldn't find one.

9 Q To your knowledge today, does he have a criminal  
10 record?

11 A Not to my knowledge, he doesn't.

12 Q Do you have any information that leads you to believe  
13 he has failed to appear at a prior court hearing?

14 A No. The only difficulty I had with Mr. Billington  
15 was --

16 Q I think you've answered my question. Thank you very  
17 much.

18 A Thank you.

19 MR. MARKHAM: Redirect very briefly, Your Honor.

20 THE COURT: All right, sir.

21 REDIRECT EXAMINATION

22 BY MR. MARKHAM:



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1 Q Mr. Egan, Mr. Moffitt put into evidence exhibit 6.  
2 Do you have exhibit 6 in front of you?

3 A No, I don't.

4 MR. MARKHAM: I hand one up to the Court for the Court  
5 to follow along with.

6 BY MR. MARKHAM: (resumed)

7 Q Turning to the face of exhibit 6, what's written on  
8 the front of that notebook?

9 A "Michelle Steinberg, January 4, 1985," and then an  
10 arrow pointing to the right.

11 Q And you were told by a lot of defectors that she  
12 took copious notes, correct?

13 A She did.

14 Q And that's why your search warrant commanded to seize  
15 those notes, correct?

16 A That's right.

17 Q In that portion of the notebook, there is a reference  
18 to the Boston investigation, is there not?

19 A That's right.

20 Q Would you read that reference, please?

21 A "Boston, et cetera, confident that within 30 days  
22 can spike everything. Can't take any further without GJ



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1 subpoenaas. There is no Interpol alert now but expect it."

2 Q What is Interpol?

3 A It's an international police liaison agency.

4 Q And that is under the heading "Boston," isn't it?

5 A Yes.

6 Q What is the date on that notebook?

7 A January 4, '85, forward.

8 Q So that is a notebook with Michelle Steinberg's name  
9 on it that corroborates Fick and Frankhauser about Europe,  
10 isn't it?

11 MR. MOFFITT: Objection. It doesn't corroborate  
12 Fick and Frankhauser about Europe. It simply says that -- it  
13 doesn't say they sent anybody away. It doesn't say --

14 THE COURT: Let's let the exhibit speak for itself.

15 BY MR. MARKHAM: (resumed)

16 Q Interpol is the agency that the FBI goes to look for  
17 fugitives for, isn't it?

18 MR. MOFFITT: Objection. There is no question here  
19 of any fugitive, nor has it been suggested that there is any  
20 fugitives involved.

21 BY MR. MARKHAM: (resumed)

22 Q What does the tape say they had done with the  
witnesses?



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1 A It said that they were a target of the investigation  
2 and they were transferred.

3 Q Where do you go when you want to look for parties  
4 who were transferred if you know they were transferred to  
5 Europe? What organization do you go to?

6 A Interpol.

7 Q Who hired Roy Frankhauser, the clansman? Who hired  
8 him?

9 A He was hired by the security staff of the LaRouche  
10 organization.

11 Q Who acknowledged that under oath?

12 A Lyndon LaRouche in a deposition taken in the lawsuit  
13 LaRouche versus NBC in the Eastern District of Virginia said  
14 that Frankhauser was a good man on security affairs. That's not  
15 an exact quote, but that's a pretty good approximation.

16 Q Mr. Moffitt asked you whether you believed that the  
17 First Amendment, exercise of the First Amendment rights, could  
18 in any way be an obstruction of justice. What was your  
19 unequivocal answer?

20 A No, it's not, absolutely not.

21 Q And picketing a courthouse, what is your answer?

22 A Absolutely not.



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1 Q He didn't ask you whether violating court orders of  
2 the United States District Judge could be considered by you to  
3 be an obstruction, but what's your answer to that, had he  
4 asked?

5 A Absolutely, yes.

6 Q How many times did Magistrate -- did Judge Mazzone  
7 ask these people to do something in Boston?

8 MR. MOFFITT: I'm going to object. He never asked  
9 Mr. and Mrs. Steinberg to do anything.

10 BY MR. MARKHAM: (resumed)

11 Q Mr. Frankhauser said that the Steinbergs gave  
12 Mr. Greenspan directions as to what he should do, correct?

13 A Yes.

14 Q And after those directions happened, what did  
15 Mr. Greenspan do?

16 A He went up and did essentially what Mr. Frankhauser  
17 related that he was instructed to do.

18 Q What did Judge Mazzone specifically order Elliot  
19 Greenspan to do in Boston in November of '85?

20 A Turn over the cards within ten days.

21 Q What cards?

22 A The index cards.



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1 Q Did he do so?

2 A No.

3 Q What did Judge Mazzone specifically find was the  
4 property of those index cards? I'll do that again. That was  
5 terrible.

6 Did Judge Mazzone make a finding as to whose index  
7 cards those were?

8 A The corporations or the entities.

9 Q A specific finding in the order?

10 A Yes.

11 Q Were any turned over?

12 A No.

13 Q Mr. Greenspan said what about the existence of those  
14 cards in Boston?

15 A He said that they -- he said two things: One is he  
16 checked with the Boston office and there were no cards which  
17 predated the subpoena into 1984, and he also said that he  
18 could not turn the cards over because they weren't owned by  
19 the organizations.

20 Q What did you find? What did the FBI find when they  
21 went in there two weeks ago or this week?

22 A Thousands of them in both Boston and Virginia.



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- 1 Q Covered by the order?
- 2 A Yes.
- 3 Q Not turned over?
- 4 A Yes.
- 5 Q Mr. Moffitt asked you if Mr. Fick had not been paid  
6 by Mr. Steinberg for his services. Do you recall that?
- 7 A That's right.
- 8 Q Do you recall there ever being a discussion where  
9 defendant Michelle Steinberg talked about not paying someone?
- 10 A Yes.
- 11 Q Who was that?
- 12 A A gentleman by the name of Michael Hudson.
- 13 Q What had he loaned them?
- 14 A He had loaned them either \$50,000 or \$75,000 to the  
15 LaRouche organization, the subject of litigation in New York.
- 16 Q Are you aware of other people that have lent them  
17 money?
- 18 A Yes.
- 19 Q How many?
- 20 A Hundreds.
- 21 Q Have they been repaid?
- 22 A No.



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1 Q Are any of them elderly?

2 A Yes.

3 Q What did Michelle Steinberg say when Mr. Hudson  
4 asked for his money?

5 A The quote that was related to me by Mr. Fick and  
6 by Mr. Tate was as follows: "Piss on him. Fuck him. That's  
7 what he gets for lending us money."

8 Q What did Michelle Steinberg say when Mark Babilon  
9 said, "You ought to turn these witnesses in and take your  
10 losses"?

11 MR. MOFFITT: I object. This isn't proper rebuttal.  
12 He's asked that on direct.

13 THE COURT: I think all of this has been brought out  
14 before.

15 MR. MARKHAM: Yes, Your Honor.

16 THE COURT: You're repeating yourself.

17 MR. MARKHAM: I'm sorry. I apologize. Could I just  
18 have a minute to look.

19 (Pause.)

20 MR. MARKHAM: I have nothing further, Your Honor.

21 Thank you.

22 MR. MOFFITT: One or two questions.



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## 1 RE CROSS EXAMINATION

2 BY MR. MOFFITT:

3 Q Your primary sources of information in this with  
4 regard to everything you've just testified to are  
5 Mr. Frankhauser and Mr. Fick; is that correct?6 A No. I had most of this information before I ever  
7 spoke to Mr. Frankhauser for the first time yesterday.8 Q How about Mr. Fick, is he your primary source of  
9 this information?10 A I kind of -- I wouldn't use the word "primary." I  
11 mean, I've gotten information from many different sources and  
12 Mr. Fick is just one of them.13 Q Sir, are you talking about personal loans to  
14 Michelle --15 A No, sir, I'm talking about loans to the LaRouche  
16 organization.17 Q So you're not talking about personal loans; is that  
18 correct?19 A No, I'm not talking about personal loans. I'm  
20 talking about what was related to me as her response as a  
21 member of the organization.

22 Q That was related to you by Mr. Frankhauser or



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1 Mr. Fick?

2 A It was -- no, sir, it was related to me by Mr. Fick  
3 and Mr. Tate.

4 Q By Mr. Fick and Mr. Tate, two people that we've  
5 already discussed their relationship with Mr. Steinberg and  
6 Mrs. Steinberg?

7 A Yes, those are two we discussed.

8 Q In fact, the same Mr. Fick who is described as a  
9 clansman had represented --

10 A I need to correct that, too, sir. Mr. Fick, in  
11 going back and reviewing something, Mr. Fick said he was  
12 associated with the Klan for a month or two and when he was a  
13 teenager.

14 Q That's the same person who lied to them about being  
15 involved with the CIA; is that right?

16 A I think the word you used, sir, was "employee," and  
17 I think the word that they said is they had contacts with the  
18 CIA.

19 Q Did they have contacts with the CIA, sir?

20 A Not to my knowledge.

21 Q So they were lying about it, isn't that right?

22 A Yes, sir.



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1 MR. MOFFITT: No further questions.

2 THE COURT: Mr. Jones do you have any questions of  
3 this witness:

4 MR. JONES: Just one brief series, Your Honor,  
5 prompted by Mr. Markham's redirect.

6 THE COURT: All right.

7 BY MR. JONES:

8 Q Mr. Egan, isn't it a fact that Mr. Greenspan  
9 produced several thousand cards to that grand jury?

10 A I don't have that recollection, sir. I remember, as  
11 I said, an insignificant amount relating -- coming from an  
12 office in Texas, Houston, Texas.

13 Q Would you disagree with me if I said that he produced  
14 between 4 and 5,000 cards and that there was then a dispute  
15 over whether that production was responsive to the subpoena?

16 A I'd have to -- I would disagree with you because  
17 that's not my recollection.

18 MR. JONES: No further questions.

19 THE COURT: Any further testimony or proffer on  
20 behalf of Mr. and Mrs. Steinberg? I would be glad to hear  
21 from you.

22 MR. JONES: Is the Government's case concluded,



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1 Your Honor?

2 MR. MARKHAM: Yes. The Government has no further  
3 evidence, Your Honor.

4 THE COURT: All right, sir.

5 MR. JONES: I call Mr. Niehardt, Your Honor.

6 THE COURT: All right. You're through with  
7 Mr. Egan?

8 MR. JONES: Yes, sir.

9 (Witness excused.)

10 MR. MOFFITT: Your Honor, he's putting him on for  
11 both of us. I won't be asking any questions.

12 THE COURT: All right, sir.

13 THEREUPON,

14 FRANKLIN B. NIEHARDT,

15 a witness, was called on behalf of defendants MICHELLE  
16 STEINBERG and JEFFREY STEINBERG and, after having been duly  
17 sworn, was examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. JONES:

20 Q State your name, please.

21 A Franklin Brook Niehardt.

22 Q Where do you live?



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- 1 A McLean, Virginia.
- 2 Q How long have you lived there?
- 3 A Twenty-three years.
- 4 Q Do you know Jeff and Michelle Steinberg?
- 5 A I do.
- 6 Q How long have you known them?
- 7 A Three years probably.
- 8 Q How well would you say you know them? Let me ask  
9 you this: Have they visited in your home?
- 10 A Yes, they've visited in my home socially.
- 11 Q Have you had other social contacts with them?
- 12 A No other social contacts. We had a business deal.  
13 When I got a new car, I sold them my old car. Their check was  
14 good.
- 15 Q That was my next question.  
16 Do you know whether Mr. Steinberg, since 1984, has  
17 been out of the country?
- 18 A I believe in '85 he went to -- not Nicaragua, to  
19 Guatemala as an investigative reporter on the drug traffic.  
20 His reports were published, and I've seen a videotape of his  
21 activities there that convinced me it was indeed in Guatemala.
- 22 Q Obviously, he returned?



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1 A He returned.

2 Q Have you ever heard either Jeff or Michelle say  
3 anything that indicated a propensity for violence, and have  
4 you ever heard or seen them do anything, either of them?

5 A No. I've never heard them use the language  
6 attributed to them, either.

7 MR. JONES: Thank you very much.

8 THE COURT: Cross examination of this witness?

9 MR. MARKHAM: Could I just have one moment, Your  
10 Honor?

11 THE COURT: Yes.

12 (Pause.)

13 MR. MARKHAM: No, Your Honor, we have no questions  
14 for this witness.

15 THE COURT: You can step down. Thank you.

16 (Witness excused.)

17 THE COURT: Anything else, Mr. Jones?

18 MR. JONES: We're not going to put on any other  
19 witnesses, Your Honor. Obviously, we'd like to argue the case  
20 at the appropriate time.

21 THE COURT: All right. Has the Government concluded  
22 its case?



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1 MR. MARKHAM: Yes, Your Honor, we have concluded.

2 THE COURT: Do you all want to be heard on the  
3 matter of bond?

4 MR. JONES: Your Honor, Mr. Moffitt has suggested,  
5 and I think he's right, that it would be appropriate by way  
6 of proffer, if the Court would allow me to do so, just to tell  
7 you that Mr. and Mrs. Steinberg do live just outside Leesburg  
8 at 415 Secolon Road and they've lived there since 1985.

9 THE COURT: Thank you.

10 MR. PILGER: Your Honor, on behalf of Michael  
11 Billington, I have a rather detailed proffer regarding his  
12 background, but concerning the fact that we are in discussion  
13 with the Government, perhaps that should be postponed until  
14 the break.

15 THE COURT: All right.

16 MR. PILGER: Thank you, Your Honor.

17 THE COURT: Are you ready to argue for the Government?

18 MR. HUDSON: I'd like to begin, first of all, I  
19 think I may have been remiss in not doing it early, in  
20 explaining to the Court the rationale for the Government's  
21 recommendation on the Billington bond, we are certainly willing  
22 to concede that Mr. Billington is basically a person of



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1 somewhat modest means.

2           If this Court were to set merely a monetary bond,  
3 cash or corporate, it's the United States' feeling that  
4 perhaps some other individual or organization would post that  
5 bond for him and it would be meaningless.

6           We feel that the best way to insure his appearance  
7 is for him to have to put up the most valuable item that he  
8 has. I know over the years the Government has been reluctant  
9 as this Court has to exercise property bonds, but I would  
10 suggest to the Court this may be a suitable situation for a  
11 property bond. This is probably the only thing that would,  
12 in our view, insure that he remain anchored to this community  
13 and appear in Boston, Massachusetts, when he's directed to  
14 appear in that court.

15           Turning now to the Steinbergs, Your Honor, I realize  
16 that it's probably somewhat uncommon for the Government to ask  
17 for detention in a case involving obstruction of justice, a  
18 single count.

19           I think it's also important in the Court's analysis  
20 of this case that it not just view the individual Steinbergs  
21 in the abstract or the charge in the abstract, but look at it  
22 collectively in light of the involvement of the Steinbergs in



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1 the LaRouche organization and the continuing course of conduct  
2 they have been involved in.

3 The obstruction of justice in the fashioning of the  
4 whole concept, statutory concept, of pretrial intention is  
5 such a significant one and such a determinative factor that  
6 statutorily it is one the court can raise on its own motion  
7 as a reason for detaining a defendant.

8 I think also the use of the term that has been raised  
9 a couple of times "quashed" is also one that has got to be  
10 carefully examined and analyzed in the evidence. The defen-  
11 dants used the word "quash" several times in various memoranda.  
12 I would suggest to the court that is not being used as a term  
13 of art, but that it's being used as a more perjorative term  
14 for a concerted effort to block by whatever means possible a  
15 criminal investigation.

16 I think the evidence that was introduced today has  
17 shown that the Steinbergs had been involved in a continuing  
18 course of conduct designed to thwart and disrupt the judicial  
19 process. We've heard extensive evidence about them secreting  
20 witnesses, about so-called vacations in Europe for Goldstein,  
21 Park, Gelber and Sanders.

22 We have also heard evidence, Your Honor, that they



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1 arranged for these individuals to be removed from the area in  
2 which grand juries have been conducting investigations. We  
3 have heard testimony that there were hundreds of conversations  
4 between the Steinbergs and the other members of the security  
5 organization to insure that these individuals would not be  
6 available for legal process.

7 As soon as they emerge in Boston, Massachusetts,  
8 these individuals will be witnesses in front of the grand  
9 jury, they merely took effort to try to relocate them to  
10 Europe and places where the Government could not subpoena  
11 them and also gave them instructions to remain virtually  
12 unavilable.

13 If it please the court, the evidence has also shown  
14 that the Steinbergs were the masterminds of the entire LaRouche  
15 scheme to frustrate the subpoenaing of documents for the  
16 grand jury in Boston, Massachusetts, for example, the index  
17 cards, and you have the First Circuit opinion affirming the  
18 citation of the group for contempt of court. In that instance,  
19 index cards were subpoenaed, they were either not produced or  
20 when they were produced, Your Honor, the witness for the  
21 organization, at the Steinbergs' direction, stated that they  
22 belonged to the individuals and not the corporation.



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1 Well, the U.S. District Court judge not only failed  
2 to adopt that argument, but when the court asked to examine  
3 the cards in camera to make his own decision, they were not  
4 produced and, in fact, when the issue was being argued with  
5 counsel, as that opinion points out, they indicated that many  
6 of the cards were not even available, as they had earlier  
7 indicated in their argument they would be.

8 There is also evidence today the corporate records  
9 were destroyed. There was indication that there was a  
10 direction from the security force to burn records rather than  
11 produce them for the grand jury. And counsel argues that the  
12 Government relies too much on the testimony of Fick and  
13 Frankhauser, but as Special Agent Egan testified, all the  
14 information that they provided was corroborated by other  
15 sources, and a lot of it is corroborated in the contents of  
16 notebooks that were actually produced by the Steinbergs them-  
17 selves, their own writing, which corroborates the testimony of  
18 Special Agent Egan.

19 We have testimony that the Steinbergs were the ones  
20 who directed organization members not to cooperate, not to  
21 testify in front of the grand jury, they counseled Greenspan  
22 not to provide evidence about the various documents that had



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1 been subpoenaed. In fact, that was one of the instructions  
2 that led Greenspan being cited for contempt by the U.S.  
3 District Court in Boston, Massachusetts. Again, all of this  
4 being done at the direction, suggestion and will of the  
5 Steinbergs, which really is the alterego of the security force  
6 which handles all the litigation, litigated strategy for the  
7 LaRouche organization.

8 As a matter of fact, Your Honor, we also have  
9 evidence that the LaRouche organization under the Steinberg  
10 direction harassed witnesses, they've harassed Mr. Steele of  
11 the Federal Election Commission, made phone calls all night  
12 long in an attempt to try to intimidate him and thwart the  
13 investigation.

14 Now, what happened in New York wherein Mr. Morgenthal,  
15 United States Attorney, attempted to conduct an investigation  
16 there, a grand jury investigation of the bogus supplement to  
17 the New York Times? It was Michelle Steinberg who destroyed  
18 the plate that was used to create the bogus supplement.

19 We have extensive information on the background of  
20 William Weld being emulated solely for the purpose to  
21 intimidate and frustrate the criminal justice system.

22 One of the points that was raised during redirect,



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1 Your Honor, the fact that the Steinbergs had been involved in  
2 an organization that preyed upon many elderly people. You  
3 heard the comments that Michelle Steinberg had when she was  
4 confronted with the fact that an elderly person had made a  
5 major loan to the LaRouche organization, and the LaRouche  
6 organization declined to make repayment. You heard her  
7 contemptuous words.

8 Basically, Your Honor, in the Government's view, a  
9 bond is a pledge to the court to honor a person's word. Any  
10 person who would be willing to bilk a person like that and  
11 create a policy, an organizational policy, of fraud and bilking  
12 is certainly not someone who this court can trust on bail.  
13 Someone who is that false to their word is someone whose  
14 actions have got to be judged very, very carefully.

15 In addition, despite the contempt citations, despite  
16 the -- conducted in Boston, Massachusetts, the LaRouche  
17 organization at the specific direction of the Steinbergs has  
18 not to this day ever complied with the U.S. District judge's  
19 order.

20 Fines have now accumulated to almost \$22 million.  
21 Your Honor, \$22 million bond at the rate of \$10,000 per day,  
22 is not sufficient to induce compliance on the Steinbergs' part.



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1 No amount of bond this court can set is ever going to induce  
2 their compliance or induce them to appear in court.

3 If anyone is willing to go to the ends the Steinbergs  
4 have to frustrate justice on behalf of Lyndon LaRouche, just  
5 think, Your Honor, what they'll do for themselves.

6 We urge the court to hold them both without bail  
7 awaiting their appearance in Boston, Massachusetts.

8 THE COURT: Mr. Moffitt.

9 MR. MOFFITT: Yes, sir.

10 Your Honor, I rise to take issue with Henry.  
11 Mr. Hudson has been a colleague of mine for years, and I do  
12 take issue with some of the things he said.

13 I think the first thing I would like to do, Your  
14 Honor, is tell you that I think it's important not to confuse  
15 the issue of the LaRouche organization with the people that we  
16 have here before the court. We do not have an organization  
17 before the court.

18 Despite how any of us might feel about the views of  
19 that particular organization, it is inappropriate to use those  
20 views as a basis to hold people without bond. The question  
21 here is whether or not the Steinbergs will appear before a  
22 court in Boston, Massachusetts, to answer the charges that



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1 have been filed against them. And that is the simple question  
2 that the court must decide.

3 We have decided that among the things that we should  
4 consider when we are considering whether or not an individual  
5 is a risk in a bonding situation, we must consider what is the  
6 nature of their criminal record.

7 Well, despite Mr. Hudson's statements regarding  
8 what he has accused the Steinbergs of doing here today, they  
9 have no criminal record. They've never had a criminal record  
10 and for all intents and purposes, as far as we know, despite  
11 what has been said today, they have never even been charged  
12 with a crime other than the one that has been suggested by the  
13 Government today.

14 Mr. Hudson says that in any situation when people  
15 are bilked, we're talking about people's words. Well, I agree  
16 to this extent, but I can't remember a fraud case in this  
17 court, frankly, that detention is the word.

18 I also think that Your Honor ought to take into  
19 consideration the seriousness of the crimes that the Steinbergs  
20 are charged with in terms of what the sentencing for those  
21 crimes are. The penalty in this particular case is five years  
22 or less. This is not one of the more serious crimes in terms



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1 of penalties charged in the Federal Code.

2 I would also ask Your Honor to view the evidence in  
3 this particular case, and I am going to separate that from the  
4 fact that when Mr. Steinberg's office was invaded they found  
5 documents concerning Mr. Weld, which the police officer here  
6 testified were public documents. And the Government doesn't  
7 dispute that there have been claims made regarding Mr. Weld  
8 and they have been public claims; they have not been made in  
9 the back.

10 But I would suggest, Your Honor, that this gentleman  
11 there is not doubt that he has been employed, he has been  
12 writing article, his name appears as an editor of a magazine,  
13 and none of that is inappropriate. Even the FBI agent testified  
14 that none of that is inappropriate. And I suggest that that's  
15 a subterfuge in this particular case.

16 The Government has offered no evidence that these  
17 people will not appear in court. What they have offered is  
18 that they believe that they have a good case against these  
19 people. But that in and of itself is insufficient to detain  
20 them.

21 And I would suggest, Your Honor, for only a second  
22 that we examine the case that the Government has proffered



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1 against the Steinbergs today. Despite what Agent Egan has  
2 said, the witness that gives him most of the information is  
3 Mr. Fick, Mr. Fick and Mr. Frankhauser, from the documents  
4 that the Government has presented in this courtroom, despite  
5 what Mr. Hudson says, and the evidence that has occurred before  
6 Your Honor here today -- of the plan that the Government is  
7 talking about here.

8 What has happened with regard to Mr. Fick and  
9 Frankhauser with regard to bonds in this case, because let's  
10 talk about some fundamental things here? Mr. Frankhauser is  
11 on a personal recognizance bond. Now, Mr. Frankhauser is a  
12 convicted felon who is on a personal recognizance bond, and  
13 there is a warrant for Mr. Frankhauser out of this jurisdiction  
14 for possession of a firearm after having been delcared a  
15 convicted felon.

16 None of that is true of either of my clients,  
17 certainly. There has been no evidence that he has ever  
18 possessed a weapon or used a weapon or done anything with a  
19 weapon.

20 Mr. Fick is out. He is a Government witness, and  
21 although he hasn't been promised anything, he is walking the  
22 street today and not having been charged in this case. If



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1 there was an obstruction in this case, it was initiated by  
2 those individuals, by the evidence that you heard today and  
3 passed to these people.

4 Now, what else did these people, Mr. Fick and  
5 Mr. Frankhauser, say? They are admitted liars. They didn't  
6 bring either Mr. Fick or Mr. Frankhauser into this courtroom  
7 and let me cross examine either one of them.

8 Every piece of evidence that was presented from that  
9 witness stand was the hearsay testimony of the police officer.  
10 I admit that's appropriate in a bond situation. But, Your  
11 Honor, you must examine the background of the sources of that  
12 information.

13 These people have lied to my client, have told him  
14 that they were CIA agents, or contract workers with the CIA.  
15 They have demonstrated a propensity to put together a scheme,  
16 first of all, to lie about being contract agents, and also to  
17 create the documents that the Government has exhibited so  
18 prominently.

19 So, I must suggest, Your Honor, that the Government's  
20 case, the case against the Steinbergs, is certainly not as  
21 strong perhaps as the Government would like to believe; that  
22 an opportunity to cross examine Mr. Fick and Mr. Frankhauser



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1 with their history, would probably be very, very important to  
2 a jury.

3 And I would suggest under those circumstances, if  
4 you will examine this case, I would suggest that it isn't  
5 really the strong case that the Government has suggested.  
6 Other than the case itself, other than the fact that they have  
7 charged these people in this obstruction, what evidence has  
8 the Government produced that there is not set of conditions  
9 that this court could impose upon these people so that they  
10 must be detained?

11 The Government hasn't even suggested a series of  
12 conditions, because what they're telling you, Your Honor, is  
13 that you can't impose any conditions on them that will cause  
14 them to be present.

15 The question now is what evidence, other than the  
16 indictment, is there that says that? I have told the  
17 Government that we are prepared to turn over these people's  
18 passports and we are prepared to deal with any reasonable set  
19 of conditions. As of yet, they have offered me no conditions.

20 I would suggest, Your Honor, there are numerous  
21 conditions that you could impose upon these people. There are  
22 reporting requirements. You could have them report to the



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1 probation officer.

2           Your Honor, I stood before you in a case very  
3 recently setting a similar bond situation where a man was  
4 charged with a life count, where the Government was seeking  
5 no bond in that case, and Your Honor imposed a bond and  
6 reporting conditions, and the charges were ten times more  
7 serious, and the Government offered much more evidence than  
8 they have offered here today.

9           They suggest that because they believe that  
10 Mr. Steinberg was involved in this particular crime, that he  
11 will not be present at the trial of this crime. I suggest  
12 that merely because Mr. Steinberg belongs to an organization  
13 that many people don't agree with, many of us don't agree  
14 with, that that isn't reason to hold him without bond.

15           That is the sole purpose of all the comments about  
16 Mr. LaRouche, not about Mr. Steinberg. You have heard very  
17 little evidence about Mr. Steinberg other than the Government's  
18 belief that he's involved in this case.

19           Every piece of evidence of obstruction in this case,  
20 every piece of evidence that they refer to regarding the  
21 calling of other people and the intimidation of other people  
22 comes from Mr. Fick or Mr. Frankhauser, and it comes from them



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1 under circumstances where we are unable to determine -- there  
2 is no other witness other than Mr. Fick or Mr. Frankhauser.

3 They talk about an individual named Mortichi Levy.  
4 That individual apparently has been involved in two murders  
5 for the JDL and that is the source of this information. He's  
6 a member of the Jewish Defense League, and we know what their  
7 history is. That's the source of this information. And the  
8 indication here is that that is the entire set of information  
9 that the Government possesses regarding these people on  
10 obstruction of justice.

11 So, what you're faced with is you've got to examine  
12 the source of the information that the Government uses, and  
13 does that information come from anywhere else in such a way  
14 that it can be corroborated. They say they corroborated it.  
15 They have Mr. Fick and Mr. Frankhauser corroborating each  
16 other.

17 They have Mr. Tate, who they admit is a disaffected  
18 member of the organization. He corroborates some of what  
19 Mr. Fick or Mr. Frankhauser says, but he can't corroborate the  
20 200 phone calls about the obstruction. He can't corroborate  
21 the documents that were created because he didn't see them.

22 So, what you have here, Your Honor, in some senses,



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1 and I would suggest that it may appear frankly that Mr. Fick  
2 may have been the provocator in creating those documents, and  
3 he created those documents, he passes those documents, he  
4 goes to the Government and he tells them that Mr. and  
5 Mrs. Steinberg are the instruments -- are instrumental in that.

6 There is no question that the whole idea for the  
7 obstruction -- what they claim now to be an obstruction of  
8 justice came from their main witness and his associate,  
9 Mr. Frankhauser. There is no question about that. That's  
10 what they've established.

11 So, I think that you have to look at these people.  
12 They have lived here for a year-and-a-half. They are not  
13 wealthy people. They rent their home. Their landlady is in  
14 California or she would be here. Each of them is over 35 years  
15 old and has not ever been charged with a criminal offense.

16 I would suggest to you that the fact that they belong  
17 to Lyndon LaRouche's organization doesn't take away from them  
18 the presumption of innocence. Where does it take away the  
19 benefit of the doubt that every individual gets when they walk  
20 into this courtroom? It shouldn't, because the fact that I  
21 may be a Republican or Democrat shouldn't take it away. It  
22 shouldn't mean any more than that.



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1 Your Honor, you can extract a promise from  
2 Mr. Steinberg that he will not intimidate anyone. You can  
3 tell him that if you hear that that has occurred or if it has  
4 been brought to your attention that it has occurred, you can  
5 revoke his bond. You have any number of devices before you  
6 and you can fashion any method that you choose to control  
7 the behavior of the Steinbergs.

8 And I would suggest before we talk about detention,  
9 it would be much more reasonable to talk about some reasonable  
10 sets of conditions that these people might be subjected to.  
11 I think when you examine the evidence, ask yourself what  
12 evidence has been put on here about Jeffrey Steinberg, the  
13 human being, that will tell you that he would not appear,  
14 other than the fact that he is charged with this crime.

15 And after you make that examination, I ask you to  
16 examine the sources of information that the Government is  
17 using to establish the existence of this conspiracy. And I  
18 would suggest when you examine both sources of information and  
19 examine the Government's own evidence about those sources of  
20 information.

21 Who was it who said don't turn over any documents?  
22 Who said that first? The memorandum that they have offered



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1 into evidence. Who says it was resist? The memorandum that  
2 they have offered into evidence. What said to burn documents?  
3 The memorandum that they offered into evidence. Who is the  
4 author of that memorandum? Mr. Fick and Mr. Frankhauser.

5 Now, I would further suggest, Your Honor, that there  
6 is no evidence that any documents have been destroyed despite  
7 what Mr. Hudson has said. There is no evidence that any  
8 documents have been burned. In fact, while there may have been  
9 a problem in the -- there is no evidence connecting either  
10 Mr. Steinberg or Mrs. Steinberg with the actual destruction of  
11 anything at this particular point.

12 Now, with regard to Mr. Greenspan, this is the kind  
13 of thing, Your Honor, I'm talking about. Who is the person  
14 that said Mr. Greenspan was told not to turn over any documents?  
15 Mr. Fick. But that's not what Mr. Greenspan said. I mean,  
16 that's not what Mr. Fick said. Mr. Fick said he was prepped  
17 by the Steinbergs. We don't know what that word means because  
18 nobody has bothered to ask.

19 The Government leaps to the conclusion that being  
20 prepped, that use of that term by Mr. Fick means that he was  
21 ordered by the Steinbergs not to turn over any documents. I  
22 would suggest, Your Honor, that there might be a very different



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1 interpretation if Mr. Greenspan were here, and that the word  
2 "prepped" does not necessarily mean obstruction. I have  
3 certainly prepped witnesses for appearances in court. I hope  
4 that I wasn't obstructing justice by doing so.

5 And yet we don't have any more recitation on the  
6 meaning of that word other than the Government's interpretation  
7 of it. And, again, it is completely uncorroborated. So, I  
8 think you have to look at the evidence that was uncorroborated  
9 and the evidence that was corroborated.

10 I would say that in preparing these memorandums, I  
11 note that they look very official and they have "Eyes Only  
12 For" on them and all of that silliness, I would suggest to  
13 you that it is the only "Eyes Only" document that I am aware  
14 of that has ever been produced by a typing crew somewhere in  
15 Loudoun where you can just go in and ask somebody to type it.

16 There is a naivete here, there is a silliness here,  
17 there are a lot of those kinds of things that float through  
18 this case, but none of them seem to float through in a manner  
19 that would be appropriate to hold these people without bond.

20 It could be we're clearly duped by two professionals,  
21 Mr. Fick and Mr. Frankhauser, and believe these people.

22 Clearly, if you believe what Mr. Egan said, the first contact



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1 Mr. Frankhauser got from Michelle Steinberg was to call  
2 Mr. Frankhauser and say, "Get your friends in the CIA to  
3 quash the indictment," or to stop the indictment.

4 Now, I don't know that that amounts to an obstruction  
5 of justice, if one agency were to stop an indictment, but  
6 clearly they believe that Mr. Frankhauser and Mr. Fick were  
7 tied into the intelligence system to that degree.

8 Mr. Frankhauser and Mr. Fick prepared those documents,  
9 as was testified today, so that if Mr. and Mrs. Steinberg  
10 didn't follow them, they would still remain employed. They  
11 prepared them for their own benefit.

12 And I think the most chilling aspect of this to me  
13 is that Mr. Frankhauser, who is clearly a man who has been  
14 around weapons, clearly a man who poses much more of a threat  
15 to people walking the street is out on a personal recognizance  
16 bond and the Government is here asking for detention for  
17 these people.

18 Examination, as I said, of the evidence indicates  
19 that there is not one shred of evidence other than --  
20 themselves. The fact that people have picketed, the fact that  
21 they made noise, this doesn't intimidate a federal court, it's  
22 never intimidated a federal court in this country. Picketing



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1 and exercising First Amendment -- when we get to the point  
2 where we are so sensitive that those kinds of things can  
3 intimidate federal courts so we abolish and we prosecute  
4 people for them, then we have gotten too paranoid and we can't  
5 live by the Constitution which we believe in.

6 So I would suggest, Your Honor, that under the  
7 circumstances you have a forum of conditions that you can  
8 impose. You certainly can control these people's behavior,  
9 you certainly hold the threat if they don't behave of locking  
10 them up during the pendency of that. These people have been  
11 locked up for three days, never having been locked up before.  
12 They understand that. They've been away from their family,  
13 they have been away from their friends, they have been away  
14 from their home and their animals and the things that make  
15 life important to us.

16 And I would suggest, Your Honor, and I would suggest  
17 more strenuously, whatever we believe, however wrong many of  
18 us might believe that is, that certainly isn't a reason to  
19 lock them up and hold them pending bond -- without bond.

20 Thank you very much.

21 THE COURT: Thank you, Mr. Moffitt.

22 Anything further?



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1 MR. HUDSON: From the Government?

2 THE COURT: Right.

3 MR. HUDSON: Yes, sir. Do you want to hear from  
4 other counsel first, Your Honor?

5 THE COURT: Yes. Mr. Jones, do you have anything  
6 to add?

7 MR. JONES: No, sir, Your Honor. I think  
8 Mr. Moffitt said it all.

9 THE COURT: I think he did a very good job.

10 Yes, sir, Mr. Pilger.

11 MR. PILGER: Thank you, Your Honor. I'd like to  
12 join with the Government in urging upon Your Honor the agree-  
13 ment that's been reached between Mr. Billington and the  
14 Government. Mr. Hudson did not have an opportunity to  
15 elucidate, I think, formally what the agreement is and perhaps  
16 if I let Your Honor know the other portions of it, it may help  
17 Your Honor some. It was a \$20,000 bond being satisfied by  
18 pledge of a house. I point out --

19 THE COURT: Has anybody examined the equity in this  
20 house. The local rules of court require that you have to have  
21 equity twice the value of the house free and clear of any  
22 liens, charges or encumbrances. The next thing you've got to



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1 have is a deed.

2 If the Government wants to undertake all of that on  
3 its own and furnish that to the court, then I might consider  
4 taking a property bond. But we have a lot of practical  
5 difficulties in that.

6 MR. PILGER: I furnished to the Government, Your  
7 Honor, a copy that I have of the deed. As far as the appraisal  
8 of the equity in the house, I do not have anything other than  
9 my client's representation of what it is at this point.

10 However, if the Government would wish to continue  
11 under the circumstances with the agreement, I would urge it  
12 in that the house is the sole largest asset which would very  
13 likely insure the appearance of my client. These are people  
14 of limited means. They do not make large salaries. But any  
15 funds that might otherwise go to a bond are certainly needed  
16 for their defense and for the costs of defending themselves in  
17 a foreign jurisdiction.

18 The other elements of the agreement between the  
19 Government and Mr. Billington was that he remain in Virginia --  
20 Boston metropolitan area where the trial will be taking place,  
21 that he have daily telephone contact with the probation office,  
22 that he not contact Government witnesses, and that he state for



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1 the record that he has no current valid passport. I believe  
2 those are the elements that we discussed with the Government.

3 If Your Honor finds that that agreement will not be  
4 satisfactory to the court, I would ask for a brief recess  
5 before going into my own long proffer of --

6 THE COURT: I'll grant you that recess, but right  
7 now I'm not going to -- in the absence of anything further,  
8 I'm not going to accept the property bond, but I'll reserve  
9 you the right and the United States to make sure further  
10 argument that you deem proper.

11 This is on behalf of Mr. Billington?

12 MR. PILGER: Yes, Your Honor.

13 THE COURT: All right.

14 MR. PILGER: Thank you.

15 THE COURT: Anything further from the United States  
16 in the matter of Michelle and Jeffrey Steinberg?

17 MR. HUDSON: Yes, sir, Your Honor.

18 If it please the court, in Mr. Moffitt's argument  
19 he seems to concentrate only on one office of bond, and that  
20 being the defendants' appearance in court. One of the other  
21 missions of bond is to make sure that during the pendency of  
22 the case justice is not obstructed and the efforts of the court



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1 to deal further with the issues are not thwarted. And that's  
2 the crux of the Government's argument in favor of detention in  
3 this case.

4 In reading the role of culpability, as counsel did,  
5 between Frankhauser and the Steinbergs, it's important to keep  
6 in mind that Frankhauser was hired as a consultant by the  
7 Steinbergs, and when he was hired he was hired for the very  
8 purpose that this memo addresses. He wasn't hired for the  
9 purpose of writing this memo, but when they hired him, Your  
10 Honor, he was hired to assist them in gathering tolerance  
11 about the investigation, how to approach the investigation and  
12 about how to deal with the issues of subpoenas, FBI agents and  
13 other people that would be proving into the organization.

14 So, it's naive to think that all these ideas that  
15 emerged from this memorandum were implanted in the mind of the  
16 Steinbergs from Frankhauser and Fick.

17 Additionally, counsel argues that the only evidence  
18 we have to support our obstruction of justice is that of Fick  
19 and Frankhauser. Your Honor, if you go back and survey your  
20 notes in this case, I think we've introduced quite an array  
21 of lesion evidence that supports Fick and Frankhauser on these  
22 points.



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1 First of all, we have the tape recording with  
2 DeFranco, a member of the LaRouche organization, where he says  
3 that Gelber was a target of the investigation so he shipped  
4 him out. We have the statements of Curran and Pienson,  
5 members of the LaRouche organization, interviewed by the FBI,  
6 where they say Gelber was sent to Europe. We have the  
7 statement of other members of the LaRouche organization to the  
8 grand jury that Agent Egan testified to. We have the notebooks  
9 of Michelle Steinberg which outline in some detail how the  
10 removal of these witnesses was planned. We have the reports  
11 from the German police that Special Agent Egan testified to  
12 supporting the removal of these witnesses to West Germany and  
13 the fact that they were there during the pendency of the  
14 investigation. We have the statement of Charles Park's  
15 parents to the FBI. We have the statement of Mr. Sanders'  
16 wife to the FBI, and we have the statement of Mr. Sanders'  
17 lawyer to the FBI.

18 Now, additionally, with respect to prepping witnesses,  
19 I think this court can draw reasonable inferences from the  
20 fact that the Steinbergs prepped Mr. Greenspan before he  
21 appeared in front of the grand jury. He failed to cooperate  
22 and was openly held in contempt of court. That inference is



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1 supported by the fact that the clearest message the Steinbergs  
2 had given to all witnesses is not to cooperate, to do your  
3 best to thwart the grand jury and not allow them to have any  
4 inside information about the LaRouche organization.

5 With respect to the violent tendencies of the  
6 organization in which they are the heart, the core of the  
7 operation, we have a statement from Mr. LaRouche himself that  
8 a bullet between Weld's eyes may be the best way to deal with  
9 him. We also have the comment about Jewish justice that  
10 Jeffrey Steinberg made.

11 I think when you look at all the evidence  
12 collectively, it shows a course of dealings to obstruct justice  
13 and is inconsistent with any amount of bail that this court  
14 could set.

15 THE COURT: All right, counsel. I have heard both  
16 sides and they both put on a very good case. And I call  
17 counsel's attention to what I deem the pertinent quotations  
18 in Title 18, U.S. Code, Sec. 3141(f), subparagraph (2), upon  
19 motions of the attorney for the Government, or upon the  
20 judicial auspices under motion in -- there is serious risk  
21 that the person will flee, and frankly there hasn't been any  
22 testimony offered in support of that as regards Michelle and



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1 Jeffrey Steinberg, other than they advised a few others --  
2 allegedly advised a few others to flee and they took the  
3 advice.

4           However, subsection (b) says, a serious risk that a  
5 person will obstruct or attempt to obstruct justice, or  
6 threaten, injure or intimidate or attempt to threaten, injure  
7 or intimidate a prospective witness or juror. Let me get  
8 down to the final sentence of that paragraph. The facts that  
9 a judicial officer uses to support a finding pursuant to  
10 subsection (e) that no condition or combination of conditions  
11 would reasonably insure the safety of any other persons in  
12 the community shall be supported by clear and convincing  
13 evidence.

14           Well, I have listened very carefully to this and  
15 the evidence is clear and convincing that the organizations  
16 that are the subject of this grand jury investigation have  
17 been since its inception and are still in contempt of a grand  
18 jury impaneled by a court of the United States. One of the  
19 most vital functions of justice is a grand jury of citizens  
20 to investigate crime.

21           The evidence before me today is all I have to go on.  
22 It points out that Michelle and Jeffrey Steinberg have engaged



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1 in a pattern of advice and/or instructions to the extent the  
2 parties have acted on that advice and have obstructed justice.  
3 I asked the witness for the Government if any of the parties  
4 had purged themselves of contempt before Judge Mazzone, and  
5 of this day they hadn't.

6 To me that is clear and convincing evidence that  
7 the Steinbergs are obstructing justice in that -- a vital  
8 function of justice in the United States District Court for  
9 the District of Massachusetts.

10 I know I considered other facts about a previous  
11 criminal record, which they don't have, and as I said, there  
12 is no serious risk of flight, but I don't know any better  
13 justification a court could have for holding a person without  
14 bond of itself than to prove that they have engaged in and  
15 attempted to obstruct an ongoing grand jury investigation.

16 As far as this court is concerned, this is clear  
17 and convincing evidence that the Steinbergs should be held  
18 without bond pending further appearance before the United  
19 States District Court for the District of Massachusetts, and  
20 I so find.

21 The court will take a 15-minute break.

22 (Thereupon, a brief recess was taken,



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1 and then the proceedings continued  
2 as follows:)

3 THE COURT: Having ordered that the defendants be  
4 removed to the jurisdiction of Massachusetts for further  
5 proceedings and having denied bond, the court has performed  
6 its ministerial function and signed what we call a removal  
7 order in the case of Jeffrey and Michelle Steinberg.

8 MR. HUDSON: Your Honor, can I file a certified  
9 copy of the indictment in this case with the court, please?

10 THE COURT: All right. It will so be considered a  
11 part of the court record.

12 With reference to the recommendation of bond --

13 MR. JONES: Your Honor.

14 THE COURT: Yes, Mr. Jones.

15 MR. JONES: If it please the court, if the Steinberg  
16 matter has been concluded with the entry of the removal order,  
17 may I be excused, please?

18 THE COURT: Yes, sir, you certainly may. I just  
19 wanted you to be advised. I didn't want to do anything in  
20 your absence.

21 MR. JONES: Thank you very much.

22 MR. HUDSON: On the issue of bond in the Billington



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1 case, would the Court entertain a motion by counsel to  
2 continue this matter until 2:00 o'clock tomorrow afternoon  
3 for further consideration?

4 THE COURT: Is that a joint motion, Mr. Pilger?

5 MR. PILGER: Yes, it is, Your Honor.

6 THE COURT: All right. Motion granted.

7 Mr. Pilger, I may point out that the Court makes  
8 mistakes, also. My secretary is an expert on bond paper, bonds  
9 and everything, and she'll be glad to help you and tell you  
10 what documents you might need from Mr. Billington to post a  
11 property bond.

12 Mr. Billington, your attorney will tell you what  
13 needs to be done.

14 MR. BILLINGTON: Yes, Your Honor.

15 THE COURT: All right, sir, we'll continue this  
16 until 2:00 o'clock tomorrow.

17 (Thereupon, at approximately 4:00 o'clock  
18 p.m., the above proceedings were  
concluded.)

19 \* \* \* \* \*



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CERTIFICATE OF COURT REPORTER

1  
2  
3 I, DEAN A. ROBINSON, a Notary Public in and for the  
4 Commonwealth of Virginia, do hereby certify that the foregoing  
5 proceedings were taken by me from a tape recording,

6 and thereafter reduced to typewriting under my direct  
7 supervision, and that the foregoing is a true and correct  
8 transcript of the proceedings,

9 and contains all of the proceedings that were audible  
10 from the aforesaid tape recording.

11  
12  
13 *Dean A. Robinson*

14  
15 DEAN A. ROBINSON

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