

was underlined when the magistrate at a Philadelphia bond hearing for defendant Frankhouser, released the reputed author of the "conspiracy document" on his own recognizance.

But it was not until the government was forced into a new detention hearing, with the arrest of Spannaus and Greenberg, that the truth began to come out. Egan was proven to be a perjurer, who had lied his way through the Steinbergs' detention hearing in early October.

The "evidence" of the Steinbergs' alleged obstruction of justice relied upon most heavily by Alexandria, Va. Magistrate Grimsley, who originally ordered their incarceration, was Egan's testimony that *no* documents had been produced for the Boston grand jury in response to subpoenas and court orders. In the Alexandria hearing, the prosecution had called Jeffrey and Michele Steinberg the "masterminds" of a conspiracy to obstruct justice by withholding documents from the grand jury.

At the Alexandria hearing, Egan's testimony was unequivocal. He testified, under oath, that absolutely no documents were produced by the "LaRouche organizations" in response to the subpoenas, court orders, or even after \$21 million in fines for contempt of court had been sought by the government. For example:

Q: Have any of the records been produced?

A: No.

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

A: No.

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

A: No.

In ordering the jailing of the Steinbergs, Magistrate Grimsley stated: "I don't know of any better justification a court could have for holding a person without bond of itself than to prove they are engaged in an attempt to obstruct an ongoing grand jury investigation."

Egan's 'mistake'

During the Dec. 18-19 detention hearing for Spannaus and Greenberg, Egan was confronted with grand jury minutes and evidence which showed that, in fact, hundreds of thousands of documents had been produced to the Boston grand jury. At that point, the prosecutor Markham jumped up to say that the government would stipulate that "a wealth of material" had been produced by the defendants to the grand jury, and that they "produced a lot of records." Egan then testified that in fact "boxes and boxes and cartons and cartons" had been turned over to the grand jury.

When pressed on the matter of his previous testimony, Egan shamefacedly conceded that "I was wrong. I was mistaken." Because of Egan's "mistake," Jeffrey and Michele Steinberg spent three months in jail, and Paul Goldstein spent two months in jail.

Weld himself made the same perjurious "error" during his confirmation hearings in front of the Senate Judiciary Committee last August. There, in an effort to refute charges that

he had carried out a politically inspired vendetta against LaRouche, Weld tried to justify his conduct by arguing that "no documents" had been produced for the grand jury by the "LaRouche organizations." Weld's "mistake" was no mistake; numerous sources have confirmed that Weld is taking the LaRouche case "very personally," and that he is still pushing for an indictment of LaRouche himself, despite the fact that there is no evidence to back it up. Justice Department sources cited in the *Washington Post* shortly after the Oct. 6 FBI raid on LaRouche offices said that Weld had "thrown a hand grenade" into the Department of Justice to demand action against LaRouche.

It was not until New Year's Eve, nearly two weeks after the hearing at which Egan was discredited, that Spannaus and Greenberg were released on \$25,000 bond each, when Magistrate Collings handed down his decision. It took 10 more days, until Jan. 9, before the Steinbergs and Goldstein were released on bond as well.

Weld covers up for Colombian drug cartel

Last August, *EIR* warned that if the nomination of William Weld as assistant attorney general were confirmed by the U.S. Senate, the Reagan administration's War on Drugs would be turned to dust. We documented that Weld, through his family ties and his own actions, is part of the international multibillion-dollar dope racket.

But Weld was confirmed anyway as director of the Justice Department's Criminal Division, and now evidence has surfaced that he may have suppressed vital intelligence relating to the Nicaraguan Contras' involvement in illegal narcotics trafficking. Weld apparently sat on information supplied to him by Sen. John Kerry (D-Mass.), which implicates Southern Air Transport (SAT), the airline which ferried weapons to the Contras, in running drugs for the Medellin cartel, the Colombian cocaine mafia which supplies 80% of the cocaine flowing into the United States.

The CIA-linked SAT is the airline that flew secret shipments of U.S. arms to the Khomeini regime, and that owned the plane, piloted by Eugene Hasenfus, which was shot down over Nicaragua last fall carrying guns to the Contras. Immediately thereafter, the FBI halted an inquiry into the airline's Contra links, on orders from Weld's crony, Associate Attorney General Stephen Trott.

Weld's involvement in the coverup was chronicled in the Jan. 20 *Washington Post*, which reported that Irangate special counsel Lawrence Walsh had received a report,

Government tries again

Nor has the Boston ruling put a stop to the use of "KGB legal methods" against LaRouche's supporters. On Jan. 16, Michael Billington, previously indicted in the Boston case, was arrested on the authority of an extradition warrant issued by Virginia Gov. Gerald Baliles. The warrant was issued on the basis of an outstanding arrest warrant for alleged securities fraud from the state of Missouri, a warrant on which Billington was roused out of bed and arrested at midnight last October. Billington has never been in the state of Missouri in his life!

Circuit Judge Carleton Penn denied Billington's application for bail, claiming that Virginia courts have no jurisdiction over extradition warrants issued by the governor. Billington had already posted a \$20,000 bond, following his initial arrest in October.

The timing of the arrest was apparently precalculated to maximize Billington's stay in jail. Billington plans to fight

extradition to Missouri, and a hearing has been set for Feb. 5. Under present court rulings, he must remain in jail until that date.

According to Virginia Attorney General Mary Sue Terry, Governor Baliles personally approved the 400-man Leesburg raid of last October; Virginia authorities are now visibly nervous about their role in the case. On Jan. 22, in the Circuit Court of Loudoun County, Judge Ernest Ballou refused to go through with an evidentiary hearing, previously ordered by Judge Penn, on a motion by the attorney representing *EIR* and other firms to vacate the state search warrant for the raid. Attorney John Flannery came to court with documents and witnesses prepared to prove that the search warrant was invalid and the search a sham, because, among other things, the "crime" the state claimed to be investigating, issuing notes for borrowed money without registering them as "securities," was a practice carried on by Governor Baliles himself in his 1986 campaign!

"allegedly given short shrift at the Justice Department," of a connection between SAT and the Colombian drug mafia. The *Post* reported that Senator Kerry, a member of the Senate Foreign Relations Committee, met with Weld on Sept. 26 to discuss the case of an informant with eyewitness knowledge of SAT's complicity in drug-running. The witness told the FBI last summer that he had seen a cargo plane with Southern Air markings being used for a guns-for-drug transfer at an airfield in Colombia, in 1983. Jorge Ochoa, one of the five leaders of the Medellín cartel, supervised the operation, according to the witness.

According to the *Post* account, the witness first volunteered the information to the FBI in July, but was ignored. The situation came to the attention of Senator Kerry, who had been working since January 1986 on a probe of Contra involvement in illegal activities including drug-running. Kerry set up a meeting with Weld to discuss what evidence the witness might provide if given federal protection.

Kerry followed up with a formal proffer Oct. 7, said the *Post*, but, according to a letter he wrote later that month, he was told, "the Justice Department considers the information provided to date insufficiently detailed."

Weld's view of the witness' reliability and the quality of his intelligence differs sharply from Kerry's, who, according to the *Post*, had told his staff that "the informant has given us significant information regarding connections between narcotics trafficking and foreign governments, corruption involving past and present U.S. government officials in connection with narcotics trafficking, and an eyewitness account of weapons and narcotics trafficking involving Southern Air Transport."

Weld's attitude toward the witness raises grave questions as to that individual's physical safety, especially in light of the fate of Barry Seal, another Southern Air Transport-connected operative who served as a pilot for the Ochoa family. Seal became an informant for the Drug Enforcement Administration in 1984, and provided information on the Medellín cartel which led to a series of indictments against its leaders. Seal was put into a work-release program in the United States, and was murdered in Baton Rouge in February 1986, reportedly on orders from the drug cartel.

This won't be the first time that Weld has been caught running interference for dope dealers. Two years ago, Weld's handling of the Bank of Boston money-laundering case drew sharp criticism from various quarters. The bank had laundered \$1 billion in hot money through its accounts, in combination with Swiss banks (like *Crédit Suisse*, in which the Weld family held an interest). Instead of prosecuting the bank officers for failing to comply with federal reporting requirements, Weld, then the U.S. Attorney in Boston, made a deal which resulted in a piddling \$500,000 fine, and *no* prosecution of the bank's officials.

Weld may not find it so easy to wriggle out of his current predicament. The Senate Foreign Relations Committee has reopened its inquiry into Contra drug-running, and set up a special subcommittee, headed by Sen. Edward Zorinsky (D-Nebr.), to focus on the issue. Congressional sources say Weld may be called to testify on why he squelched the evidence provided by Kerry. Moreover, independent counsel Lawrence Walsh not only has the information, but also the mandate, to bring Weld to justice.