

# How the government created 'complaints' against LaRouche

*In our last issue, EIR printed extensive excerpts of the motions to dismiss filed by attorneys for Lyndon H. LaRouche, Jr. in Boston federal court. Those excerpts supported LaRouche's contention that his indictment on one count of "conspiracy to obstruct justice" was the result of an attempt by government officials to eliminate a political opponent from the scene, by unconstitutional means.*

*The following excerpt was part of the same motion. It documents illegal government activities involved in the creation of the charge of credit card fraud, which was the government's pretext for carrying out the "investigation" that led to the indictment of LaRouche and more than a dozen of his associates.*

## **B.—THE WIRE AND MAIL FRAUD CHARGES**

As set forth above, defendant and his associates were subjects of government investigation involving legally questionable and intrusive techniques prior to the period the mail and wire fraud alleged in the indictment occurred. LaRouche sets forth the following facts concerning the alleged mail and wire fraud transactions in the indictment:

1.—Based on representations made by the government in this case, defendant believes that the bank accounts of The LaRouche Campaign and Independent Democrats for LaRouche were "monitored" by the government during the period of the presidential election campaign. The government has thus far refused to provide any information to the defendants concerning the circumstances of that monitoring pursuant to criminal discovery procedures.

2.—There is evidence of unsolicited FBI contacts with contributors to the campaign committees and instructions by the FBI to contributors concerning the disposition of disputed credit card charges, substantially *prior* to the date the FBI states it initiated its investigation. This is contrary to the FBI's position, expressed by Special Agent Richard Egan, that the instigation of the investigation was based upon its receipt of complaints from contributors in late October of 1984.

3.—There is evidence of contacts of contributors to the campaign committees by political adversaries of defendants who have functioned as informants to the FBI, substantially prior to the date FBI Agent Richard Egan testified the FBI spontaneously "received complaints" concerning unauthorized charges from contributors and initiated its investigations following such individual complaints to the FBI. These contacts were designed to and did suggest to political contributors that their political association with defendants was somehow illicit. These contacts involved active solicitation of complaints against defendants and the campaign committees.

4.—There is evidence that contributors were told by bank security officials that it was illegal to make contributions by credit card to a propaganda group, that campaign contributions by credit card are forbidden by law, that loans to political campaigns by credit card are forbidden by law, or that their contributions or loans to the campaign committees were otherwise illegal. The appropriate remedy for involvement in such illegalities by the contributor, according to bank officials, was to write bank fraud departments and state that the credit card charge was unauthorized. There is further evidence that there was extensive contact between these bank security officials and the FBI and/or Secret Service Agents involved in the investigation.

5.—There is evidence that contributors who disputed credit card charges were told by bank security officers that the amount could be charged back in exchange for an agreement to testify for the government in its case against the campaign committees.

6.—There are cases where the campaign committee and the contributor show an authorized credit card charge for a specified amount on a certain date, and the cardholder subsequently received a bill from his credit card company for a much larger amount of money. The larger amount of money billed to the contributor was never credited or known to the campaign committees. The credit card companies and the banks were unable to explain this occurrence to the campaign committees.

7.—In one exemplary case of an alleged credit card victim specified in the second superseding indictment, the “victim” has stated to investigators that he told the FBI he never had any problem with his credit card transactions with the campaign committees and that the FBI agent never told him he was investigating a criminal matter. According to the alleged victim, the FBI agent told him that the FBI was gathering evidence concerning a civil suit for federal election campaign matching fund monies which the FBI anticipated would be brought by the campaign committees.

8.—There was a persistent national pattern in the campaign committee accounts of the credit card authorization center, National Data Corporation of Atlanta, Georgia, authorizing credit card charges over a cardholders’ credit card limit. The typical case involved a cardholder telling a campaign volunteer that he or she wished to make a contribution in an amount of \$500-\$1,000.00. The volunteer would then call the authorization center to authorize that amount. In the normal course, the authorization center would decline the charge if the charge would drive the cardholder over his or her credit limit. In the pattern specified above, the authorization center authorized charges above the cardholder’s credit limit. Such charges resulted in an immediate notice to the cardholder stating that their credit card was subject to immediate termination as a result of the campaign committee charges. There were also cases where banks falsely stated to cardholders that their authorized credit card charges to the campaign committees had taken them over their credit card limit and arbitrarily subjected their cards to cancellation.

9.—There is evidence that the campaign committee accounts were designated “fraud merchant” accounts without justification and following consultation with the FBI, allowing circumvention of normal credit card dispute procedures and resulting in repeated statements and suggestions to contributors that the campaign committees were engaged in fraud by bank security officials. Additionally, designation as a “fraud account” allowed banks, upon information and belief, to automatically charge back credit card transactions without notification from or to the cardholder or to the campaign committee.

10.—In the credit card chargeback allegations recounted in the indictment, some of the cases involved a cardholder claiming an unauthorized charge and immediately seeking restitution from the campaign or from the cardholder’s bank. The majority of the cases involved chargebacks after a campaign loan became due and had not been repaid, that is, 3 to 6 months after appearance of the charge on the customer’s bill, or a claim of an unauthorized charge, apparently made to the FBI, with no claim to the bank or the credit card company concerning the charge.

11.—The facts set forth in (1)-(10) above suggest a campaign of government “inducement” of the fraud claims specified in the indictment.

12.—The most visible element of such a campaign by

the government is the nexus between the Justice Department and NBC Television and other news outlets at the instigation of the credit card investigation and subsequently.

13.—The government’s credit card investigation of the defendant campaign committees was published initially by the government through WBZ-TV, an NBC affiliate in Boston, on October 29th, 1984. The broadcast alleged one instance of non-repayment of campaign loans and four claims of unauthorized credit card charges. The limited nature of these complaints was stressed contemporaneously by William Fish, Board Chairman of Baybank Credit Corporation. Fish stated that the number of customer generated complaints was “extremely limited.”

14.—However, by November 1, 1984, wire stories circulated throughout the United States quoting U.S. Attorney William Weld that the campaign committees were under Justice Department investigation based upon the WBZ allegations. The FBI itself took to the airways in San Francisco, California on November 9th, to urge contributors to contact them concerning any unauthorized campaign contributions. This ABC television report cited five complaints in the San Francisco Bay Area and 12 complaints in Boston. The FBI participated in a similar news story on WPXI, the Pittsburgh NBC affiliate in January of 1985.

15.—FBI documents received under the Freedom of Information Act (Exhibit 10) quote U.S. Attorney Weld as follows:

On October 31, 1984, United States Attorney William F. Weld, Boston, advised that he wished to move expeditiously in this matter since it affected the integrity of the presidential election process.

16.—Justice Department policy in effect at the time of Weld’s actions required extensive pre-clearance procedures for any grand jury or field investigation of political campaign committees with the Public Integrity Section of the United States Department of Justice. This is particularly true where enforcement jurisdiction between the Federal Election Commission and the Department of Justice may overlap and the investigation involves potential criminal violations of the Federal Election Campaign Act.

17.—On October 31, 1984, Boston FBI Agent Richard Egan contacted First National State Bank of New Jersey (“FNSB”) concerning grand jury subpoenas to be issued to the bank for the records of the campaign committees. As a proximate result of the Egan telephone call, the campaign committees’ credit card accounts were terminated at FNSB, resulting in the cancellation of a planned national election eve CBS broadcast by candidate LaRouche. New Jersey Federal Judge Harold Ackerman subsequently ruled that the termination of the campaign accounts by the Bank was improper.

18.—From the period November 1984-January 1985, campaign committee accounts and bank accounts of pub-

lishing organizations associated with defendant LaRouche were subjected to

jury investigation. The accounts were systematically shut down by the banks as a result of these actions and the media stories accompanying the "investigation." The result for the campaign committees and defendant organizations was complete financial chaos and disruption. The campaign committees were unable to meet obligations, particularly to contributors who loaned money to the campaign. Defendant contends that the FBI knew this would be the result of its "investigative" activities and undertook this course of action to insure that outstanding loans to contributors could not be repaid promptly. The pattern of FBI interference and disruption of the financing of defendant corporations and entities, under the "pretext" of investigation, has been continuous from Novebmer 19

ment memorandum in February 19 stated their fixation and intent in this regard when it indicated, in an effort to generate additional activities that, "It is obvious that the fundraising continues!"

19.—

LaRouche was completing the trial of his libel suit against NBC-TV for a broadcast in which NBC, *inter alia*, had endeavored to "expose" LaRouche's connections to the Reagan administration, especially the National Security Council and the Central Intelligence Agency, and had additionally made allegations of financial improprieties regarding the

defendants in this case. As referenced previously, the First Camera broadcast at issue in the NBC case was aired in March of 19

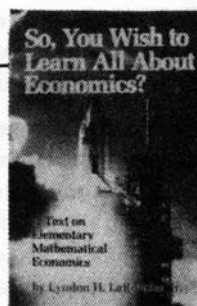
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20.—While Weld and the Boston NBC affiliate, WBZ-TV, were collaborating in actions against the LaRouche campaign committees, NBC's trial attorney, Thomas Kavalier, in his closing argument, was appealing to the jury in Alexandria to put LaRouche out of the campaign business:

Money, I submit, may stop him. How much money? . . . What will stop Lyndon LaRouche?

Let's look at his organization. He says he takes in two to four million dollars a year. He told us yesterday quite proudly his campaign raised five million dollars this year. Awful lot of people to fool. Maybe if we put him out of the campaign business for one year, maybe that will stop him. Maybe we have to take him off the airwaves for two years. . . . Let's take Lyndon off the air for two years.

An examination of the facts set forth above leads to the conclusion that it was the intent and result of the government's methodology to construct an appearance of credit card fraud and to strike at the heart of the fundraising activities associated with Lyndon H. LaRouche, particularly those activities which would support his 19 Campaign. At the t



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