

LaRouche gives testimony on patriots' movement

At 12:30 p.m. on Aug. 11, 1989, leading economist and former U.S. presidential candidate Lyndon LaRouche took the witness stand in New York State court, in order to lay bare the exclusively political nature of the trial against four of his associates. EIR presents the official verbatim court transcript of Mr. LaRouche's direct testimony, in which he presents the content of the policies for which he and his co-thinkers are being persecuted by his political enemies and the intergovernmental "Get LaRouche" task force acting on their behalf.

Although most readers of EIR are familiar enough with Mr. LaRouche's presidential campaigns and the policies he has proposed, it should be pointed out that this was the first time that such matters have been brought before the jury in this trial. The very fact that LaRouche testified, represents a victory over all those who were intent on "keeping politics out of it." The Alexandria, Virginia trial of Mr. LaRouche, which led to his unjust conviction in January, was conducted in such a hasty "railroad" fashion, that it was impossible for Mr. LaRouche to testify there.

Since this is an official court transcript, we reproduce it here precisely as it appears, even though it contains many obvious typographic and orthographic errors. Wherever those errors alter the meaning of the text, we have inserted corrections in brackets.

THE COURT [New York Supreme Court Justice Stephen G. Crane]: Who is going to be the next caller of the witness?

MR. [Jeffrey] HOFFMAN [attorney for defendant Robert Primack]: I am, your Honor.

THE COURT: Who do you wish to call?

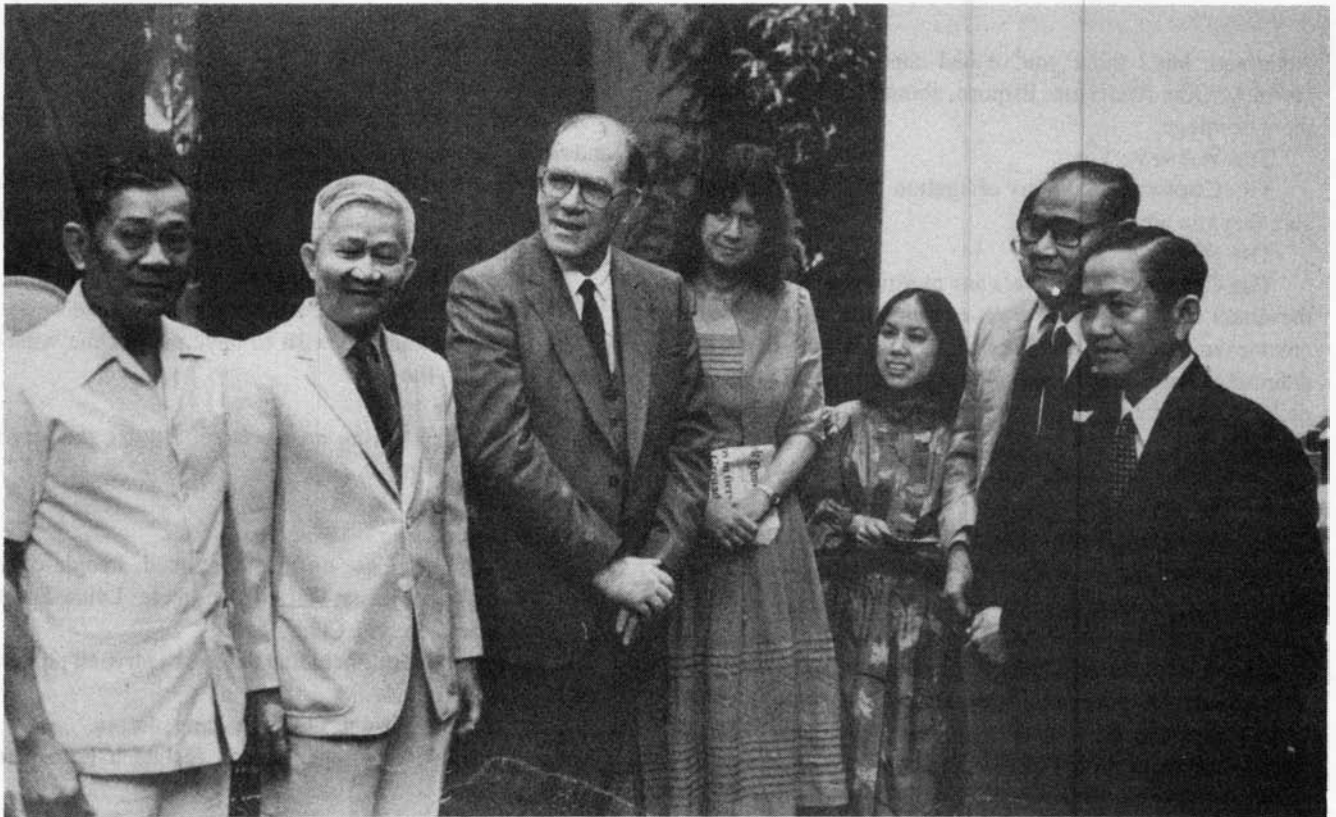
MR. HOFFMAN: Lyndon Larouche.

THE COURT: You have to go get him.

(Short pause in the proceedings.)

(The trial continued as follows:)

(Lyndon Larouche produced in the courtroom and seated on the witness stand.)



Lyndon and Helga LaRouche (third and fourth from the left) pose with Thai military and political leaders, during an October 1983 visit to Bangkok. On the witness stand in New York City on Aug. 11, 1989, LaRouche told the jury that he traveled to many foreign countries in an effort to reform the world monetary system, which is perpetrating "grave injustice" against the developing nations.

THE COURT: Mr. Larouche, I understand that you were previously represented by Mr. Morganroth [attorney for defendant Marielle Kronberg] in other proceedings elsewhere and that at one point, Mr. Morganroth was a witness, in which he gave some testimony that may have resulted in a waiver of the attorney-client privilege that existed between you at that time. Is that your understanding, sir?

THE WITNESS [Lyndon LaRouche]: I do know that he represented interests on my behalf implicitly, and I do know that in the recent proceedings in Federal Court, that he was a witness pertaining to tax reliance matters.

THE COURT: Are you willing to waive the attorney-client privilege with respect to those matters that are the subject of this testimony?

THE WITNESS: Yes.

THE COURT: That confirms?

THE WITNESS: Yes, exactly.

THE COURT: Would you want to consult with your attorney on that matter?

THE WITNESS: If your Honor and the other attorneys do not feel I need to, I probably do not need to.

THE COURT: It's not for me to say.

THE WITNESS: I mean.

THE COURT: If you're interested.

MR. [Odin] ANDERSON [LaRouche's attorney]: It's not

necessary, your Honor.

MR. [Lawrence] HOCHHEISER [attorney for defendant Lynne Speed]: Could I just have a word with Mr. Anderson? (Noting the presence of Odin Anderson, attorney for Lyndon Larouche, seated in the audience.)

MR. HOCHHEISER: Just I was reminded that I also represented Mr. Larouche, and my office represented Mr. Larouche previously, in a matter which is rather vague, to my recollection right now.

THE COURT: Is there to be a waiver on that matter as well?

MR. HOCHHEISER: You might as well ask him.

THE WITNESS: If it's in the common interest, I have no desire to cling to any attorney-client privilege in this matter.

MR. ANDERSON: It was a very peripheral matter, not directly involving Mr. Larouche, although indirectly of interest to him. I'm aware of it.

I was also one of the counsel in the case.

Mr. Hochheiser, in fact,—one of the New York judges barred me from the courtroom because I wasn't a New York attorney.

So, I think that—I recommend that Mr. Larouche exercise a waiver, if any is necessary, under the circumstances.

THE COURT: Thank you, Mr. Anderson.

Secondly, I understand that, in this matter, the possibility of an appeal, I don't remember if we discussed this, Mr.

Anderson, but I think you've had consultation with your attorney, Odin Anderson, Esquire, about your Fifth Amendment privilege.

THE WITNESS: Yes.

THE COURT: And it's my obligation, of course, to make sure that you are aware of it.

THE WITNESS: Yes.

THE COURT: And if there's any questions asked, either in the direct examination or cross-examination, whether it be cross-examination by the prosecutor in this case or by co-defense counsel, that might intend to incriminate you, you do have the right to assert the privilege against self-incrimination.

I prefer that it be done outside the jury, outside the presence of the jury, if it's to be done.

My understanding was that it's not going to be done.

I discussed this with Mr. Anderson Monday, was it, Mr. Anderson?

MR. ANDERSON: Correct.

THE COURT: And I mentioned potential for reversal in your case and a new trial, in which event, anything you say here, that might be relevant in a new trial, could be used against you by the prosecutor in Virginia.

THE WITNESS: Unless there was something extravagant, your Honor, I would prefer to take the risk.

THE COURT: But I just want you to know that you have that Constitutional Right, and it's a hallowed one.

THE WITNESS: Yes, your Honor.

THE COURT: And I also want you to know, if you wish, at any time, to consult with Mr. Anderson during your testimony, you feel quite at liberty to do so, he's here, I can have him seated right next to you, if you would like.

THE WITNESS: I would rather not burden the jury with that.

MR. ANDERSON: I prefer also to sit in the back.

THE COURT: But he is available if you need him.

MR. ANDERSON: I'll be here at all times.

THE COURT: Any time you want, or for the purpose of asserting privilege, simply turn to me and ask for a brief recess, and I'll be glad to.

THE WITNESS: Thank you, your Honor.

THE COURT: Thank you very much.

Is there anything else preliminarily that—

Ms. [Dawn] CARDI [New York Assistant Attorney General]: Yes.

I want the record to reflect that we have not received the direct testimony of Mr. Larouche in the NBC trial case,¹ and that is, of course, Damon material.²

We have also not received certain interrogatories that, it appears, and we've also not received an affidavit, which he refers to, in, I believe, the NBC depositions, in regard to certain expenses.

I understand that counsel has made efforts.

Mr. Anderson called Mr. Cavalla's [Thomas Kavalier,

attorney from NBC] office, and he was unavailable last evening.

I—I would ask him to continue to make those efforts, and obtain for me the remainder of the Damon material.

THE COURT: Will you consent to our engaging in direct examination, and, at such cross by the other counsel, before you're required to do so, until you get that material?

MS. CARDI: Yes, absolutely.

THE COURT: Thank you. Anything else?

Is there anything you wish to have me ask the witness before I bring in the jury?

(No response.)

THE COURT: Hearing no response, I'll ask the jury to enter the courtroom.

MR. HOFFMAN: No.

(Jury present.)

COURT CLERK: Case on trial continued, People of the State of New York against Marielle Kronberg, Lynne Speed, Robert Primack, George Canning.

All parties present, including the sworn jury, all properly seated.

THE COURT: All right. Good morning, Jurors.

I'm glad we're all together and feeling a little better anyway, I hear.

Saturday this week, we have insuperable obstacles.

I will keep my options open for Saturday next week, and ask you that you let us know, as you did this morning, whether you have any insuperable obstacles for Saturday the 19th of August.

MR. HOCHHEISER: So, what am I supposed to do?

THE COURT: Tomorrow is probably going to rain.

All right, call your next witness, Mr. Hoffman.

MR. HOFFMAN: Thank you, your Honor.

BY MR. HOFFMAN:

Q: State your name, please?

COURT CLERK: I have to swear the witness.

THE COURT: I've got to swear him.

MR. HOFFMAN: Good.

COURT OFFICER: Put your left hand on the Bible, raise your right hand.

COURT CLERK: Do you solemnly swear the testimony you're about to give in the case of the People of the State of New York against Lynne Speed, Marielle Kronberg, Robert Primack and George Canning shall be the truth, the whole truth, and nothing but the truth, so help you God?

THE WITNESS: I do.

COURT CLERK: Please be seated.

Give your full name to the Court, spelling your name, please.

THE WITNESS: My name is Lyndon Hermyle Larouche, Jr., first name, L-y-n-d-o-n, middle name, H-e-r-m-y-l-e, LaRouche, L-a, R-o-u-c-h-e and that's Junior.

THE COURT: You may inquire.

DIRECT EXAMINATION

BY MR. HOFFMAN:

Q: Mr. LaRouche, please keep your voice up, so we can hear you.

If I hear you back here, then everybody can hear you.

Can you tell me where you were born, sir?

A: I was born in Rochester, New Hampshire.

Q: And what is your highest level of education.

A: Several years of college.

Q: And what—after college, what were your areas of work experience?

A: I was an economist, and worked, gainful employment was chiefly that from 1947 until I terminated employment in 1972 as a management consultant.

Q: You're married, I take it?

A: Yes, I am.

Q: Can you tell me when you terminated employment, to the best of your memory?

A: It attenuated. It was self-employment as a management consultant over the period 1963 to 1972.

In 1972, it simply withered away, other activities prevented my continuing that.

Q: From 1972 on, can you tell us, not what you did each day, but as an overview, what you were doing?

A: I became, I had become involved at that time in dealing with a phenomenon we call The New Left, which I thought, in some features, was the most dangerous threat to the United States internally that I could conceive of, and therefore, I have, because of my animosity to the U.S. policy in the war on Viet Nam,—

Q: You've got to speak up a little bit.

A: Animosity towards the policy of the war in Viet Nam, not war as such, thought it was a bad war, it was a wrong war.

Therefore, I was sympathetic to the opposition of the war, to the anti-war movement, and many people in it.

I was completely hostile to The New Left philosophy of SDS³ leadership, for example, others of that sort.

Therefore, I felt it was my responsibility, being opposed to that war, to contend, to represent myself as one of the opposite poles, one of the opposite alternatives to the SDS leadership.

As a result of that, I attracted to my classes, I gave classes critical of Marxism as a way of doing this.

I attracted a great number of people, some of whom became associated with me, and continued to be associated after we had done our bit in dissolving SDS.

And so, in 1972, we had become a significant, if small, force, and it was felt that I had a moral obligation to continue to serve and assist these people who desired to continue their association with me.

Q: From 1972 on, did you do any writing, lecturing, things of that?

A: Yes. I lectured formally in one semester courses at

various university sites and other sites.

Over the period from 1966 through 1973, the last one I gave was at Columbia University in 1973, the spring.

And I also did increasing amounts of writing.

I, probably, as a result of that, have become one of the most publicized writers of the past 20 years.

Q: Well, let me ask you this.

Did there come a point in time when these activities of yours, the writing and the lecturing, culminated in something occurring in 1976?

A: Yes. I became—I ran for President of the United States on the Independent ticket.

Q: And between 1976 and 1984, did you continue the kind of activities you just described?

A: It was, it was the same general type of activities.

There were changes in circumstances, and thus, in the activities as such, but the general commitment, the general direction of my own activity was the same.

Q: In 1984, did something occur? Tell us what that was?

A: Well, in 1984, a number of things occurred that was—

Q: I'm sorry. I skipped 1980.

A: 1979, 1980, for 1980, I joined the Democratic Party, and became a candidate for the presidential nomination of the Democratic Party in 1980, beginning with the New Hampshire primary that year.

Q: And after that time period, between 1980 and '84, were you, once again, doing similar work that you had described earlier?

A: My activities had expanded qualitatively.

Perhaps I should say that I had entered into a sort of bi-partisan relationship with some circles in the Reagan administration, not necessarily because they were Reagan administration, but they were U.S. Government, on matters which I, as a private citizen, felt I had an obligation to assist our government in, and matters which I assisted, felt were of a bi-partisan, as opposed to a partisan nature.

Q: And did there come a time in 1984 where you were again involved in a presidential race?

A: Yes, I contended again in 1984, after some hesitation, I contended for the Democratic nomination again, beginning with the Pennsylvania primary that year.

Q: And did that occur again in 1988?

A: Yes.

Q: Now, did you—are you familiar with a company called Campaigner Publications, Inc.?

A: Yes, I'm familiar with it, yes.

Q: And are you familiar with a company called New Benjamin Franklin House?

A: I'm, with it, yes, in the general sense.

Q: From approximately 1978 through 1986, did you—describe to us what relationship you had, in terms of publications, et cetera, or being published, on behalf of those, or involved with those entities?

A: I had only one significant relationship with New Ben-

jamin Franklin House, that it was a book publishing firm, and a number of titles, which I had written, were published by New Benjamin Franklin House, particularly during that period, a dozen or more titles.

As a result of this, some friend of mine thought I ought to have an income, and they approached New Benjamin Franklin House with the idea that New Benjamin Franklin House would pay me some royalties or equivalent compensation, as an author, for books that had been published and sold by New Benjamin Franklin, and an agreement, proposal, was made to that effect, which I accepted.

However, New Benjamin Franklin House was unable to meet that requirement.

The point is, an agreement was made that, which I agreed to, that they would pay me royalties.

They found themselves unable to do so because of their financial situation and, therefore, they didn't.

And I said, fine, you can't pay it, don't, I don't ask you for it.

Q: Did you have any similar—

Ms. CARDI: Can we have a date?

THE COURT: A date, please?

A: Well, the date of which this transaction occurred would be approximately November of 1979.

Somewhere approximately February, March of 1980, and after, it became apparent to me they would never be able to issue a check, and therefore, I simply said, forget it.

Q: Did you have a similar relationship, I'm not talking about in terms of the economics, but in terms of work you did for CPI, Campaigner Publications, Inc.?

A: Campaigner Publications, I had a much more active relationship.

I am informed by legal counsel, who researched this matter thoroughly, that I was, for a number of years, a non-paid employee of Campaigner Employees.

It was largely a publishing enterprise, which maintained international news services, had editorial and publication control over a number of periodicals, literary items and over some other literary items which were published and circulated, pamphlets, that I was a resource.

Q: Speak up a little louder.

A: I was a resource for Campaigner Publications.

I wrote for them, I gave them technical advice on matters of intelligence, international intelligence, strategic intelligence, economic matters and so forth.

Q: Do you—can you tell us what the NCLC was during the years between 1976 and 1986?

A: Largely it was a—

Q: I'm sorry, 1978.

A: It had undergone a change.

Q: First of all, can you tell us what it was?

A: It was formed because of our opposition—let me scratch that and take it back, keep the answer simple.

At Columbia University, a group of people who were

FBI man trashed documents

The Aug. 18 court session at the New York "Get LaRouche" trial was enlivened when FBI Special Agent Richard J. Egan of Boston appeared as a witness, subpoenaed by defense attorney Mayer Morganroth, and ordered to testify by a federal judge. Egan was called to testify to his destruction, on May 9, 1989, of financial documents belonging to Campaigner and CDI—two of the three LaRouche-related companies named in the New York indictment. The defense asserts that the documents destroyed included many, perhaps thousands, of loan repayment checks issued by regional offices of those companies.

Charged in this case are George Canning, Marielle Kronberg, Robert Primack, and Lynne Speed, on trial for one count each of conspiracy and one of scheme to defraud. The prosecution claims the four took loans for LaRouche-related companies with no intention to repay them. In fact, as the defense argues, circumstances be-

affiliated with me, in opposition to the National SDS, New Left Leadership, got into a fight with the SDA [SDS] Leadership over the issue of labor.

The left wing of SDS was anti-labor at that time.

The—our friends in SDA [SDS], and a number of them were pro-labor.

Therefore, a fight broke out at Columbia University, in which the pro-labor faction of SDS, called itself the Columbia SDA [SDS] Labor Committee. The—this spread around the country, where various other campuses and other groups formed SDS Labor Committees, echoing the same fight.

At the beginning of 1969, a meeting of various such groups was held in Philadelphia, with the idea, should we continue the existence of this relationship.

We had come into a fraternal relationship after the dissolution of SDS, which we determined should occur.

We decided that we should continue our relationship, as a kind of Federal Organization, Association, after the dissolution of SDS, which occurred soon after that.

That became known as the National Caucus of Labor

yond the control of the LaRouche movement, including a vast campaign of government harassment, made it impossible to repay all those loans.

And now, what Egan has destroyed is hard evidence of large numbers of loan repayments to lenders!

Not only that. As became clear to the jury while Egan was on the stand, he destroyed those documents about 20 hours after an on-record, in-court stipulation, made in his presence by Assistant U.S. Attorney John Markham before federal Judge Robert Keeton in Boston, that Egan would preserve these and other documents related to aspects of the LaRouche movement—documents which the government possessed—in order to return them to representatives of the LaRouche-related companies in question. Moreover, the destruction occurred a month after the start of the New York trial, and *after* the defense team in New York had requested the documents for the trial.

According to Egan, even though he had attended the May 8 hearing before Judge Keeton as part of his job (Egan was responsible for the disposition of the documents, which the government had retained for four years for use in the Boston “LaRouche” case, which was eventually dismissed), he didn’t hear, or couldn’t recall, or was out of the room during any statement concerning preservation of the documents.

Egan remembered defense attorney Odin Anderson making some remarks at that hearing to the effect that “Agent Egan has a very fertile imagination, and might play some games . . . something might go in the furnace”; but he somehow lost his hearing halfway through the sen-

tence in which Anderson asserted that Slade Dabney, an attorney representing the bankruptcy trustees for Campaigner and CDI, had agreed to take possession of the documents on behalf of the defendants. (The federal government forced Campaigner and CDI into involuntary bankruptcy in April 1987.)

Egan testified that he heard the sentence up through the words “Slade Dabney,” but didn’t know who or what (or where) that was, became confused, and could not recall the rest of the sentence—namely, that Dabney was the authorized recipient of documents from Campaigner and CDI. And apparently, Anderson’s representation to Judge Keeton that Egan might destroy the documents made so little impression on Egan that he didn’t pay attention to what he was *supposed* to do with the documents!

Next morning, Egan says, he arrived at the Boston Federal Courthouse, and informed AUSA Markham (in a way Egan called “plainly ambiguous”) that representatives of Independent Democrats for LaRouche, The LaRouche Campaign, and the National Democratic Policy Committee had arrived for records of those organizations, and “I’m going upstairs to get rid of them.” He said he wasn’t sure how Markham interpreted that, couldn’t recall Markham’s response, was not sure if he himself had said (or meant) he was going to “get rid of” the documents, or the representatives.

Sometime in the next two hours, after “protecting” those documents from “unauthorized pickup,” Egan testified that he put the boxes of Campaigner and CDI records into the trash bin.

Committees.

That was the history of the thing.

The Caucus did have some kind of membership function from about that time into say ’76, ’77.

The NCLC ceased to be, I’m not sure of the date because I was out of the country, but it ceased to be a formal membership organization at that time, ceased to have any dues, any economic attachment.

It became an informal association of light [like-] thinking philosophical people, and so, it continued. I—all right. Anything—

Q: Now, during the, and you were, and I guess still are, a member of the NCLC, is that correct?

A: The NCLC, the only formal organization in the NCLC, apart from people being members, who consider each other members, that’s that sort of thing, no formal membership, that sort, mutual consent.

But there is formed a National Committee.

National Committee people are people who are selected for this position at conventions, or conferences of the mem-

bership conference, from the ranks of the National Committee people, who are indicated to be spokesman, public spokesman for the National Committee, on matters of policy and so forth, a group is called, created, called The National Executive Committee, which is generally people who meet together more frequently than the National Committee members meet.

Of that National Executive Committee, I have been repeated[ly] elected, nominated, elected Chairman.

Q: Now, during the years 1970—1978 through 1986, can you tell us approximately how much time you spent in this country?

A: During that period, approximately half of each calendar year, on the average.

It might vary from year to year.

Q: And the time that you were out of this country, can you tell us what you were doing?

A: I was traveling primarily in Europe, South and Central America, Asia, various countries in areas, which would include in European countries in Belgium, Denmark, touch-

ing there, Sweden, United Kingdom, France, Spain, Italy, and then frequently into India over a number of times, Thailand, Tai Pei [Taipei, capital of the Republic of China], Japan, Mexico, so forth.

Q: In these travels, with you, can you tell us what it was you were doing? Again not in detail, but just—

A: The principal activity for which I am best known internationally, over the entire period, is a campaign for reform of the international monetary system. It was my persuasion and advocacy that the international monetary system, particularly as it existed since August 15, 1971, was doomed to an ultimate collapse, a serious financial collapse unless during some intervening periods a fundamental change was made.

I was also concerned with the fact that the existing form of the international monetary system represents a kind of grave injustice, a cruel injustice to what we called developing nations a virtually neo colonial rape of developing nations. An increase in the death rate [rate] of populations of developing nations which most Americans, if they knew the connection, would abhor. And therefore, I was concerned with the reform because it was wrong, economically, it was contrary to the interests of the nations, the world to continue in this financial spiral.

I was also concerned because the results of the present policies of it, I mean of an associated institution are immoral to the point of being Hitler like genocide in some countries in terms of the death rate caused by these economic policies.

Q: And so you traveled, I take it to these various countries including Third World countries to express and gain support for these changes?

A: More than that, I entered into collaboration with a number of governments, or representatives of a number of governments, during the period 1975 and so forth, as a matter of fact, my presidency in 1966 [1976], candidacy for presidency was premised on that. There were negotiations during 1974, '75 and '76 preceding a planned conference of what is called the non alliance [Non-Aligned] nations group which was convened in August of 1976 in Sri Lanka [Sri Lanka]. That's the nation of India. South of India. Sometimes called Sa Lang (phonetic) [Ceylon], but, known properly as Sri Lanka.

At this conference the non Alliance [Non-Aligned] nations I believe were about eighty odd nations adopted a proposal, as part of their proposal which was consistent with what I had been advocating in economic reform. This was partly the result of the work of numbers of people, private individuals and governments, who had campaigned for that kind of proposal of reform. It was a reform which was intended to be submitted to the United Nations for United Nations consideration and support from that body, which is a member of the United Nations. And my candidacy in 1976, my primary purpose, two fold purpose, the primary is to bring to the attention of as many Americans as possible, including

policy makers, the urgency to support these third world countries on this kind of reform proposal. And also to indicate that the things that were happening in the third world represented the greatest problem.

Ms. CARDI: Objection.

THE COURT: Are you objecting?

Ms. CARDI: I think I'm going to object. Can we get back to the topic?

THE COURT: I sustain the objection.

Mr. Hoffman would you tailor your question to get less narrative and less background, and let's get to the heart of the matter.

MR. HOFFMAN: Sure.

THE COURT: Because we've been here four months already.

MR. HOFFMAN: Was it that long?

Q: Did there come a time in 19—

Yeah, did there come a time in 1984 or thereabout when anything was brought to our attention concerning the particular entities that we earlier discussed, Campaigner Publications or knew [New] Benjamin Franklin House or Caucus Distributors Inc.?

A: For a combination of reasons they were suddenly plunged into unexpected financial difficulties, which I considered an assaultive situation.

Ms. CARDI: Objection to the term unexpected financial difficulties.

MR. HOFFMAN: There is his observation.

Ms. CARDI: I object to this is characterization, he can testify to the financial difficulties if he knows of them as result of personal knowledge.

THE COURT: Overruled.

This word unexpected is a subjective word that the witness himself did not expect. And that's how it's taken. If it's to be the subject of cross-examination, you can take it from there, Ms. Cardi.

Unexpected financial difficulties?

THE WITNESS: Yes.

THE COURT: All three corporations?

THE WITNESS: All of them. Other entities were effected [affected], but they were caught in the hailstorm of things that hit a number of entities.

Q: Tell us what occurred, what you saw, what you knew, what you did.

A: Well, it started in a manner which had nothing to do with these firms. These—

Ms. CARDI: Could we have the entity, so it's clear?

MR. HOFFMAN: Caucus Distributors, Campaigner Inc., and New Benjamin Franklin House.

Ms. CARDI: Thank you.

A: I was running the presidential campaign, there were difficulties because, when F.B.I. men went to a bank, made certain representations, caused the bank to shut down the campaign accounts, unfortunately a press account was re-

leased which caused a tornado of people demanding their money back from the bank accounts because [of] the remarks made by the news accounts. This, since many of the people who were contributing to my campaign were also involved as financial supporters of the efforts of these companies[,] other entities which were associated with my name. They suffered as of, because of this. When, in addition to other bank accounts which were non campaign bank accounts, but bank accounts of some of these entities. At Chemical Bank here in New York, and Chase Manhattan here in New York. When these bank accounts were also disrupted as result of pressure by the F.B.I., this caused a chaotic situation in terms of the financial accounts of some of these entities. And since they did business with each other in significant amounts, bought things from each other, services, printing facilities, this effected [affected] all of them so suddenly, they were caught in a period of two months approximately, in my estimate, of discontinuity an disruption of orderly financial dealings. And also in getting back to their supporters, and explaining to them what had happened and trying to get things back to normal keel.

Q: At that point in time did you do anything as it involved that situation?

A: Well, not directly in respect to the matters of these firms, but in respect to the National Caucus of Labor Committes, since the firms involved people who were associated with us, and since these firms actually used the, participated in spreading the good words of the National Caucus of Labor Committes, so to speak, through the country, we were naturally concerned with their well-being, they're friends of ours, members are or ours, half of their business is done in a sense, with us, in terms of our activities.

Ms. CARDI: Your Honor would you direct the witness to answer the question.

THE COURT: Would you repeat the question, Mr. Hoffman.

Q: Can you tell us what if anything you did concerning this situation that we was brought to you attention.

A: I express[ed] this as a matter of concern, within the body of the National Executive Committe of the National Caucus of Labor Committe.

Q: Did you make any proposal to or suggestions to try and remedy the situation?

A: I made, I asked for and received a certain amount of information about the situation from the firms. On the basis of reviewing this information, I emphasized that there were certain remedies I thought they ought to make in the way they did business in order not to be caught by this sort of thing. Not to about unprepared for this sort of thing. The way obviously they had been unprepared for this kind of thing when it hit them.

Q: And what was the suggestion that you personally made?

A: I had made some suggestions back—

Q: Just—

A: I renewed certain suggestions I had made earlier on business matters, and suggested that this experience demonstrated the urgency of reconsidering adoption of a proposal I had made to them earlier.

Q: Can you tell us what, in essence the business proposals were?

Ms. [Rebecca] MULLANE [New York Assistant Attorney General]: Time frame, please.

Q: In 1984, again, just generally so we can understand.

A: What I had done then and repeated was, I believe they were required to upgrade their management accounting situation. A [—the] state of financial accounting system, improve their financial accounts. but I was emphasizing the management. That I thought they had inadequate fingertip control over the way things were coming down the pipeline. And thought that they would have an improved method of management accounts, making more use of computerized accounting procedures. That they could have a better indication of, first of all, of possible problems coming down the pipe. They might not see on a day-to-day basis, and also they might find easier and better ways to remedy situations when they had realized them.

For instance, I thought they did not have a way of precisely determining their actual cost, cost, one activity against another, and thought improved cost controls, improved cost reduction methods, and so forth would enable them to deal with this kind of problem in a much better way.

Q: In 1985 were you again in or about 1985, consulted concerning the ongoing financial situation of these companies?

A: Yes. I, I felt—

Q: Tell us what you did at that point in time.

A: I felt at that point that their loans, loan levels were much too high for them. They were not necessarily in excess of loan ranges I'd seen in corporations at that time—

Ms. CARDI: I object to what he's seen.

Q: What you told them.

A: I thought it was—

THE COURT: Sustained.

A: I thought it would not be prudent for them to risk maintaining this kind of growth with this kind of loan level. So, I recommended they put a ceiling on the percentage, on the volume of loans they would take in each case and proceed to roll down the level off [of] loans, retiring loan balances, getting them down to a much lower level and hopefully eliminating them all together.

Q: As part of that discussion in telling them your thoughts on these things, did you tell them to cut out loans altogether?

A: No.

Ms. CARDI: Objection.

THE COURT: Sustained.

Q: Can you tell us what if anything else you told them concerning what you just described, the roll down of loans

and what that means.

A: It's had to watch the loan, not—The total loan balance is what you had to watch. Not the individual loan. Of course you had to pay the individual loan when it comes due, but in the process of rolling this thing down, you've got to reduce. For example, if you have a loan balance, total loan balance which you could retire on the basis of current levels of income over 24 months, you have a lot of loans which say, are eight months maturity or twelve months maturity, you obviously can not wait 28, 24 months to pay a loan that is due in eight. Therefore, you may have to take an additional loan to replace the eight month loan, but you must do it in such a way that you are always taking in fewer loans than you had before. In other words, you have a smaller loan balance than you had the month before. And bring the level of total loan balance down until you can start to wipe the thing out entirely.

Q: Now, at the time that you made these suggestions, can you tell us what if anything you observed in terms of their implementation and any effects from outside or how that was effected?

A: I was not too much on top of these things, there were a couple of times that I dissipated, partly, my own suggestion. For example there was some memoranda which were called to my attention. I thought the memoranda was incompetent but I thought that none the less—

MS. CARDI: Excuse me I didn't hear what he said.

THE COURT: Incompetent.

THE WITNESS: Incompetent.

A: Incompetently constructed, but I thought the importance in them, though not accurate, none the less was such you couldn't ignorane [ignore] it. And you had to, rather than just simply throw them in the waste basket because of their inaccuracies, to recognize there was something, maybe not what the memorandum represented, but something, and you should look into it, find out what the truth is.

Q: Now, in terms of these loans that you were referring to, had you any participation in discussions with any of the people who were getting loans from, on behalf officer [of] C.P.I. or C.D.I., New Benjamin Franklin House, and if so, tell us what that was in terms of if you had any discussions in terms of the nature of lenders, et cetera?

A: Well, in terms of C.D.I., some people associated with C.D.I. had been involved as volunteers in my presidential campaign in 1984. And some facilities of C.D.I. were used, it's a, it was a public relations. And they were used to assist the campaign on a commercial basis—

MS. CARDI: Would you ask him to answer the question.

MR. HOFFMAN: Let me rephrase the question.

MS. MULLANE: Thank you.

Q: In terms of the nature of the kind of people one would be asking for loans from, did you have discussions about that kind of persons and what your suggestions were as to who that kind of person should be—

A: The prior, prior to—

MS. CARDI: I don't understand the question, your Honor.

THE COURT: Do you understand the question, Mr. LaRouche?

THE WITNESS: I would have maybe, I would say I'd break it down.

THE COURT: He'll have to break it down for you.

THE WITNESS: Thank you.

THE COURT: Sustained.

Q: Did you have any discussions with the people who were obtaining loans on behalf of these entities?

THE COURT: Do you want to call them fund raisers or persons?

MR. HOFFMAN: Fund raisers.

Q: As to the nature of their work?

A: Well, not directly. Some indirect things said and also particularly in terms of the 1984 campaign. Where of course we campaigned—

Q: We have to stay away from the campaign.

A: I'm saying it was the same population of persons involved.

Q: All right. What did you tell them, if anything, should be the type of loan they were getting, vis-a-vis to try to narrow it in more as vis-a-vis commercial loan, political loan, personal loan, et cetera?

A: Well, I didn't express this until the end of '84 and during '85. During that time I did say some things on a number of occasions. First of all, I said an organization which is political, which all these essentially were, is that you're building support, you're building political support in effect on a political movement. And therefore, what your financial dealings have to be subordinated morally to the fact of what, the kind of political movement you're trying to build, despite you're doing it through a commercial medium. That a sale of a publication is therefore a very good kind of income, if dollars being equal. Because, you're now providing a service, in contrast to the person who has paid for it. They are walking away with something which is a value to them. Their contribution, that's a nice thing, but apart from the fact that you're trying to honor the contribution by doing the kind of thing you think the contributor expects you to do. The contributor has nothing in hand in terms of service as they do with a publication report.

That a loan is politically bad, because you are, whenever you get into lending, when you borrow from a friends, and virtually all the people who we were doing business with were friends, supporters, they're virtually members. The best way to have a family quarrel is to have borrowing from one member of a family to another. And therefore, keep away from it. Friends should not borrow from each other, member, family members should not borrow from each other. Generally keep away from it.

Q: Did there come a point in time in 1984 and '85, when you observed that there was a problem with the loans?

A: It particularly—There was a minor problem with the loans. It was a matter of these were political loans, it was a matter of how you handle them. For example—

Q: When you say these were political loans, can you tell us what those words mean?

A: That people, as I looked at the list of lenders and, and actually supporters, at the same time, looked at these lists, they were essentially the same. So, people were giving amounts of money which they would not have given normally as loans, or presented as loans or gifts. With this level of income. There were exceptions to that. But, on the average, people were giving, shall we say, generously, whether they were lending, they were lending generously in many cases, not all cases, but in many cases. People will not make those kinds of contributions and loans unless they are highly committed. These are not ordinary loans, these are loans in this case, loans given out of a high degree of political support, a sense that is very important in a sense to sacrifice personally to support an effort which they think is very important.

Q: Now, I think we've come up to around 1985, '86 area. In, in 1988, were you convicted of a crime.

A: Yes.

Q: And were you convicted of a number of counts of mail fraud and conspiracy to commit mail fraud?

A: Twelve counts of that and conspiracy is a 13th count.

Q: And I take its those matters are being appealed?

A: Yes.

Q: Now, would it be accurate to say that over all this time period the various campaigns you've been in that you've described to us, presidential and political, that you have been in fact in an ongoing day to day fight with various elements of the government?

A: Factions which intersect government. They're no longer elements of the government, therefore.

Q: By the way, during the years between 1978 and 1986 and for your edification, those are the years this case is about, that's why I keep mentioning it. Can you tell us whether or not you ever had any conversations with Bob Primack directly that you remember during that time?

A: Probably directly, none, I was aware of him, of course, more or less constantly, but we didn't have the opportunity for direct conversation.

Q: And was your opportunity for direct conversation with people as a general rule during that time period, can you just describe why you didn't have an opportunity?

A: Well—

MS. CARDI: It sound leading, Judge.

THE COURT: Sustained.

Q: Can you tell us—

MR. HOFFMAN: Withdrawn.

Q: Did you have, can you tell us whether or not you ever had any conversations with either Bob Primack, Lynne Speed or Marielle Kronberg or George Canning or any of the other people who you knew as supporters or fund raisers or sales-

people concerning the taking of loans from the public with an intent not to repay?

MS. CARDI: Objection.

THE COURT: Sustained.

Q: Can you tell us whether or not you ever participated in conversations where you said or were told or heard with your own ears from any of these people that there was any intention to take loans from members of the public and not to repay them?

MS. CARDI: Objection.

THE COURT: Sustained.

MS. CARDI: Assumes a fact not in evidence, conversations.

THE COURT: Sustained.

Q: Did you ever agree or conspire with any of the defendants in this case or anyone else in the, any one else in this fund raising, in the, as supporters for the National Caucus of Labor Committes or for the various entities I mentioned before, C.D.I., C.P.I., New Benjamin Franklin House, to take any money from members of the public as unsecured loans with an intention not to repay.

MS. CARDI: Objection.

THE COURT: Sustained.

MR. HOFFMAN: May I have a moment, your Honor?

THE COURT: Yes.

MR. HOFFMAN: I have no further questions.

THE COURT: I think this is a timely break for lunch.

Jurors, please do not discuss anything about this is case among yourselves or with anyone else.

Keep an open mind on every issue connected with the case.

Don't read, watch or listen if it's reported in the media.

And promptly report to the Court any incident involving an attempt by any person improperly to influence any members of the jury. Please, I urge you, I direct you to be back promptly at 2:15.

(The jurors leave the courtroom.)

MR. HOFFMAN: While we wait, can I speak a moment with the witness, your Honor?

THE COURT: I don't see why not.

MS. CARDI: Only to discuss arrangements.

Notes

1. *LaRouche v. NBC*, the October 1984 civil suit brought by LaRouche in Alexandria, Virginia, after the network aired a program accusing LaRouche, among other things, of plotting the assassination of President Jimmy Carter.

2. *People of the State of New York vs. Damon* set a precedent in that state which entitles the prosecution to see any testimony which defense witnesses have given in previous trials in any jurisdiction.

3. Students for a Democratic Society was created in the early 1960s by the League for Industrial Democracy, as a means of steering the student ferment around the Vietnam War into the neo-malthusian, New Age agenda which had been defined earlier by Bertrand Russell and the Pugwash circles. By 1971, SDS had effectively ceased to exist, having been split between the Labor Committees on the one side, and the Weathermen terrorist and drug counterculture elements on the other.