

1 do it again. I am sorry, Your Honor, that happens to be a fact.
2 He has done it again.

3 He now said three times, "Didn't you represent such
4 and such to the House Ethics Committee?" I would like him to
5 show me one piece of paper where that is stated.

6 THE COURT: She can answer yes or no, sir. She does
7 not answer directly the questions, as well you appreciate, and
8 the record will demonstrate. Obviously, if she doesn't know
9 the answer, the simplest thing in the world to say is, "I don't
10 know." Nobody can force them to say anything if they don't
11 know.

12 But the problem of saying, "I guess it could be so,"
13 or, "It might be so," certainly leaves it dangling. Mr.
14 Weingarten certainly, in cross-examination, as I gave you
15 latitude on cross-examination, clearly he is going to have to
16 come forward with something other than getting these unequivocal
17 answers. She is asked, "Will it help you if I show you a
18 document?" She says, "I don't want to see anything." That is
19 her answer.

20 MR. LEVIN: I am sorry. Mr. Weingarten is sort of
21 overbearing her.

22 MR. WEINGARTEN: This is a defense copy, and if
23 anybody wants to see the check --

24 MR. LEVIN: First of all, Mr. Weingarten, in answer
25 to my request for a proffer, has provided me with a document,

1 which I guess is Defendant's Exhibit #2, which we have not
2 introduced into evidence. Nonetheless, he has provided me with
3 that document. It is very interesting. I would like Mr.
4 Weingarten to show me where that representation is made.

5 MR. WEINGARTEN: Second to the last paragraph.

6 MR. LEVIN: It says, "I promise you I will deposit
7 your donation promptly into a special bank account I have set
8 up to pay off these funds."

9 THE COURT: The jury is going to hear you.

10 MR. LEVIN: Fine, because that is the truth. I would
11 like to have the reporter read to me what Mr. Weingarten said
12 at least three times.

13 THE COURT: I want you to keep your voice down,
14 please, sir.

15 MR. WEINGARTEN: Your Honor, what is the issue here?

16 MR. LEVIN: The issue is that you are representing to
17 the jury that she made a representation to the House Ethics
18 Committee and to the public that the funds that were in that
19 special bank account would not be used for any purpose other
20 than paying off those debts. That representation was not made
21 in this letter. It was not made.

22 MR. WEINGARTEN: A fair reading of that letter is
23 precisely that.

24 MR. LEVIN: It is absolutely false.

25 THE COURT: If it is such, then you will be able to

1 demonstrate that in your examination. If it is fairly read,
2 and you are not showing me the document, so if it is fairly
3 read --

4 MR. LEWIN: I am showing you the document.

5 THE COURT: Please, sir, control your temper a little
6 bit, Mr. Lewin, please. This is a "dear friend" letter, from
7 Mrs. George Hansen.

8 MR. LEWIN: Which is not in evidence, Your Honor, but
9 it is all right, it is a letter from Mrs. Hansen.

10 THE COURT: Which paragraph are you referring to, Mr.
11 Weingarten?

12 MR. WEINGARTEN: Right here, second to the bottom.

13 THE COURT: "I promise you that I will deposit your
14 donation promptly into a special bank account I have set up to
15 pay off these debts."

16 MR. WEINGARTEN: I think my questions are --

17 MR. LEWIN: I would like to have the reporter read
18 Mr. Weingarten's question, which he has three times made an
19 assertion of fact that is, I submit, false, and it is at least
20 the third time he has done that.

21 THE COURT: This one obviously is not to the Ethics
22 Committee; it is to "dear friend".

23 MR. LEWIN: In addition to that, it only says it will
24 be deposited in the account. Mr. Weingarten has said
25 repeatedly --

1 THE COURT: It says, "I will deposit it into a
2 special bank account I have set up to pay off these debts."

3 MR. LEWIN: Mr. Weingarten has now represented and I,
4 because I believed that the representation of an attorney, a
5 member of the bar, was making in the course of questioning
6 would be truthful, said three times in the presence of the jury,
7 "Didn't you tell the Ethics Committee and the public that these
8 funds would be carefully segregated and would not be used," I
9 forget the exact question, I would like the reporter to read it,
10 but the implication was clear that if it was put into a special
11 account, it would not be taken out of the special account to
12 pay for anything but those kinds of loans.

13 MR. WEINGARTEN: I have to answer this.

14 MR. LEWIN: I submit, Your Honor, that that letter
15 does not say that. It says it will go into a special account,
16 which it did, and that there is no such representation in that
17 letter and it is contrary to fact to make that assertion in the
18 presence of the jury as part of the question.

19 MR. WEINGARTEN: Your Honor, I am stunned by this.
20 The whole point of getting around the Ethics Committee Advisory
21 Opinion No. 4, was the burden upon them to show that Mrs. Connie
22 Hansen was not raising money on behalf of her husband. That is
23 exactly the purpose of the property separation agreement. That
24 is exactly what we have been talking about for two days.

25 Ethics Committee Ruling No. 4 said Connie Hansen

1 could not raise money on behalf of her husband. The whole gist
2 of the fund-raising effort was a representation by them to both
3 Congress and to the people they wanted to raise money from,
4 that this thing would be a separate operation. My questions
5 are entirely in line with the facts in this case.

6 THE COURT: Well, the question was coupled with the
7 Ethics Committee. I am looking at a letter that was written to
8 the Ethics Committee by Mrs. Hansen that is in evidence, and
9 that is the June 3rd, 1977, letter, whatever exhibit number it
10 is, which tells Mr. Prayer, a member of Congress, that "My
11 husband plans to abide by your decisions with regard to its
12 request to raise funds. Neither he nor I nor independent
13 committee will use funds in his behalf."

14 And then on the second page, it talks about "A
15 financial separation legally and properly dividing our property.
16 In part, the property settlement provides that my husband
17 assume such debts as those of the family, the home cars, charge
18 accounts and such and that I assume a substantial portion of
19 those debts politically incurred."

20 She refers to the separation of personal finances,
21 which is done with considerable difficulty to the family, and
22 then says, "I plan to raise funds at an early date to pay my
23 half of the debts in proper and legal fashion."

24 MR. LEWIN: That is right. That is absolutely what
25 she did.

1 MR. WEINGARTEN: I would show you Defendant's Exhibit
2 39.

3 THE COURT: Counsel has just given me the May 11th,
4 1978, letter, Defendant's Exhibit 39, communication from Mrs.
5 Hansen, again to Mr. Prager, which talks about the property
6 settlement agreement, that "Assets and debts assumed by me were
7 precisely what an equitable legal division would allow, and
8 nothing else. Having gone to this trouble and expense, I
9 consider myself an independent citizen absolutely and legally
10 not under the constructive control of my husband. I plan to
11 take care of my financial needs and problems in accordance with
12 the law and the highest standards of ethics and will in no way
13 be adversely influencing my husband's life.

14 "What I do with my private life is legally my private
15 business. I am not a member of Congress and have no further
16 obligation to you or your committee. What my husband does may
17 be yours to supervise, but my husband is in no legal position to
18 involve me."

19 MR. LEWIS: I submit everything the witness has done
20 with regard to putting money in that bank account --

21 THE COURT: We will all see this when it is
22 transcribed. Mr. Weingarten can raise his question in such a
23 way as within the cross-examination legitimacy he can embrace
24 the fact that this was addressed both to the public and the
25 Ethics Committee. Whether he couples them or does them

1 individually, the question can be asked.

2 You clearly, Mr. Lewin, have a right to come back and
3 say this wasn't so, was it, this isn't what you meant and so
4 forth.

5 I don't know if there are any more documents. We
6 have all read these three documents in any event, which you
7 have to look at the language. The language is there. There
8 are some things that certainly support what Mr. Weingarten has
9 said in his question. Mr. Lewin, I can understand the
10 irritation about it. If Mrs. Hansen doesn't know it or
11 understand it, she has not been say about equivocating on it.
12 But what I would like her to do and I hope she will, for
13 everyone's sake, is to just say I don't know, if she doesn't
14 know. That is the simplest thing in the world to say.

15 MR. LEWIN: Mr. Weingarten comes on her with an
16 assertion of fact which she assumes, just as I, assuming it in
17 the courtroom, because it came from a member of the bar, is
18 true. The assertion of fact, I submit was not true. If in
19 fact Mr. Weingarten had read to her the sentence from her
20 letter, "I will deposit it in an account," Mrs. Hansen would
21 have said, "Of course, I did deposit it in an account," and
22 that is exactly what she did.

23 Mr. Weingarten's statement, I submit, is not true.
24 It is improper to ask questions in that way. I submit it is
25 not permissible by an attorney, as a member of the bar, and

1 that is why I am shocked. I didn't even rise to object the
2 first two times he asked it.

3 THE COURT: You were both shocked. So we have a
4 proffer that he is going to use these documents, is that right,
5 Mr. Weingarten?

6 MR. WEINGARTEN: I am done with this, except for
7 introducing this exhibit. I made my point.

8 MR. LEWIN: what was that?

9 THE COURT: Then you are just going to introduce that
10 exhibit and then, Mr. Lewin, whenever your examination is
11 completed, we will come back and utilize whatever exhibits we
12 need to.

13 (End of bench conference)

14 BY MR. WEINGARTEN:

15 Q. Mrs. Hansen, were there occasions, ma'am, when monies
16 from the Connie Hansen Special Fund were deposited into joint
17 accounts that you and your husband had?

18 A. Yes, but the fund was never called the Connie Hansen
19 Special Fund. It was just called, I think, Connie Hansen Fund.

20 Q. Perhaps I have the wrong check. Let me approach the
21 witness with Government's Exhibit 72.

22 THE COURT: You may.

23 BY MR. WEINGARTEN:

24 Q. Mrs. Hansen, is Government's Exhibit 72 a check
25 written by you on the account that you were using for your

1 fund-raising?

2 A. Yes. Again, this is 1977, and it is my signature.
3 It was my check, that is correct.

4 Q. Is it a \$4,700 check that was deposited that day into
5 a joint account that you and the congressman had at the
6 Arlington bank?

7 A. Yes.

8 MR. WEINGARTEN: I move into evidence Government's
9 Exhibit 72.

10 THE COURT: Without objection?

11 MR. LEWIN: Your Honor, I just saw the document
12 briefly.

13 THE COURT: Surely. By all means, look at it again.

14 MR. LEWIN: As is true with other bank records, I
15 would appreciate it if the government would provide me with the
16 complete file. Mr. Weingarten has now selected one check.

17 THE COURT: Do you have any objection to this
18 particular document?

19 MR. LEWIN: I have no objection to this.

20 THE COURT: All right. It is in evidence.

21 (Whereupon, Government's Exhibit
22 No. 72 was received into evidence).

23 BY MR. WEINGARTEN:

24 Q. Mrs. Hansen, moving to Nelson Bunker Hunt, if it is
25 easier, you can close down all those exhibits and clear them

1 off -- moving, to Nelson Sunker Hunt, is it fair to say when he
2 was first approached to help, that was before the property
3 separation agreement?

4 A. I don't recall all the exact dates of when we
5 conversed with Mr. Hunt.

6 Q. If the soybean transaction was April 20th -- or maybe
7 I can use the chart.

8 Can you see that, Mrs. Hansen?

9 A. Yes.

10 THE COURT: That means yes?

11 THE WITNESS: Yes.

12 THE COURT: All right.

13 BY MR. WEINGARTEN:

14 Q. If the soybean transaction was April 20th, 1977, that,
15 of course, would have been before the property separation
16 agreement, is that correct?

17 A. Yes.

18 Q. So the approach to Mr. Hunt, which would have come
19 before April 20th, because that is when the soybean transaction
20 was, is that correct?

21 A. I suppose it is. I don't have a great memory for all
22 these dates.

23 Q. Let me ask it this way: Was there a conversation
24 with Mr. Hunt where your problems were explained to Mr. Hunt
25 and then Mr. Hunt turned around and helped you with soybeans?

1 A. Well, I wouldn't say it happened exactly that way.

2 Q. There was a conversation first?

3 A. There was a conversation.

4 Q. So the soybean transaction would be totally unrelated
5 to the property separation agreement, is that correct?

6 A. Rephrase your question, would you please?

7 Q. If the property separation agreement is effective
8 September, 1977, and all of the events of the soybean
9 transaction up until the time you received the loan from Dallas
10 took place in April and May, 1977, what relationship would
11 there be between your relationship with Nelson Bunker Hunt and
12 the property separation agreement?

13 A. I don't know of any.

14 Q. Now, do you know anything about soybeans?

15 A. Nothing other than that they are used for a lot of
16 protein.

17 Q. Did you select the commodity to invest in?

18 A. I made a choice. I made a decision.

19 Q. What was your decision?

20 A. To invest in soybeans.

21 Q. Did you tell us, when we chatted about this before,
22 that it was somehow related to receipes that you knew about?

23 A. I know there are lots of ways you can use soybeans,
24 and for high nutritional foods.

25 Q. Does that fact have anything to do with your

1 investment in April, 1977?

2 A. None whatsoever.

3 Q. What triggered your investment in soybeans?

4 A. Well, it appeared at the time that it might be a good
5 investment.

6 Q. That is because Sunker Hunt told you that?

7 A. Because Mr. Nichols who was the broker, said that it
8 was a good way to go.

9 Q. Mrs. Hansen, all these decisions about the purchase
10 and sale of soybean contracts valued in the millions of dollars,
11 were they made by Mr. Nichols, by you or by Nelson Sunker Hunt?

12 A. Mr. Hunt and I had a conversation, and I, in turn,
13 talked to Mr. Nichols. Mr. Nichols called me on a couple of
14 occasions and that is how that all came about.

15 Q. In the commodities market, somebody has to decide
16 when to buy; somebody has to decide when to sell. This
17 occurred on three separate occasions in your name in 1977. Who
18 made those decisions?

19 A. Mr. Nichols was advising me and telling me what was
20 happening, and I told him to use his good judgment because he
21 was the expert.

22 Q. So are you saying that Mr. Hunt had nothing to do
23 with these transactions?

24 A. Mr. Hunt put me in touch with Mr. Nichols.

25 Q. Is it your testimony that that is the extent of his

1 relationship with this transaction?

2 A. Mr. Hunt had told me he would put me in touch with
3 Mr. Nichols.

4 Q. Is it your testimony that Mr. Hunt didn't make every
5 decision as to when to buy and when to sell?

6 A. Mr. Hunt did no such thing.

7 Q. The bottom line, for the soybean transaction, was a
8 loss, was it not?

9 A. That is correct.

10 Q. You wrote out a check for \$40,000 to Cargill, is that
11 correct?

12 A. I believe that is the name.

13 Q. Is there any question about the amount?

14 A. It has been a long time, and I don't remember if that
15 was the exact dollar.

16 MR. WEINGARTEN: Could I have the government exhibit
17 on that, please, the soybean check.

18 BY MR. WEINGARTEN:

19 Q. While they are looking, Mrs. Hansen, is it fair to
20 say the check you wrote out to Cargill was \$40,000?

21 A. I would say that is essentially so.

22 Q. The amount you borrowed from the Dallas bank was
23 \$50,000?

24 A. That is correct.

25 Q. Why did you write a check to Cargill for \$40,000 when

1 your loss was only \$33,000?

2 A. I don't have the records at hand and I can't know. I
3 just simply don't remember.

4 Q. Do you recall that Cargill sent you back a check for
5 \$50,125?

6 A. Yes, I have recollection of that.

7 Q. How could it be that you paid \$50,000 for your loss
8 when your loss was only \$33,000?

9 A. I can't answer that question.

10 Q. Mrs. Hansen, why did you borrow \$50,000 when your
11 loss was only \$33,000?

12 A. Well, Mr. Hunt was attempting to assist me, as a good
13 friend and as a gentleman, and I think he felt perhaps I could
14 use the extra money to perhaps take care of some debts. I
15 think it was just an honest, sincere thing on his part.

16 Q. When you went to Mr. Henry at the Dallas bank, did
17 you notify him of the property separation agreement?

18 A. Yes, I think he was aware of that.

19 Q. Would he have been aware, because you told him?

20 A. I don't remember the exact conversation, but I did
21 tell him, I am pretty certain.

22 Q. Mrs. Hansen, where did the \$50,000 go?

23 A. It went into an account.

24 Q. Would that have been a joint account?

25 A. It could have been.

1 Q. Was the \$50,000 check endorsed by both you and the
2 Congressman?

3 A. Yes.

4 Q. Do you recall whether or not on that date \$5,500 in
5 cash was received, a \$44,500 deposit was made?

6 A. I don't remember that.

7 Q. Would you have received \$5,500 back in cash?

8 A. I simply don't remember.

9 Q. Do you remember if it was you or the Congressman who
10 did that?

11 A. I don't remember.

12 Q. Did the soybean deal, Mrs. Hansen, have anything at
13 all to do with the fund-raising effort?

14 A. You know, as I was able to acquire funds that some of
15 the money was put back into fund-raising.

16 Q. Well, the fund-raising was to garner some small sums
17 under \$100 from people around the country, is that correct?

18 A. Yes.

19 Q. That is what you were specifically asking permission
20 to do?

21 A. Yes.

22 Q. That is not what you were doing with Nelson Bunker
23 Hunt, is it?

24 A. Mr. Hunt was trying to help me to help myself. Mr.
25 Hunt did nothing that a lot of other people haven't done for

1 people who are looking for assistance.

2 Q. Mrs. Hansen, a year and a half later, or even more,
3 there was a silver transaction in January of 1978, was there
4 not?

5 A. That is correct.

6 Q. Did Mr. Hunt just simply call out of the blue and say,
7 a year and a half later, "I think silver might be a good
8 investment at this time"?

9 A. Mr. Hunt contacted me and told me I could get either
10 in touch with Mr. Ming or Mr. Ming would get in touch with me.
11 I don't recall the exact conversation because it has been a
12 long time.

13 Q. Had there been communication between the soybean
14 transaction and the silver transaction?

15 A. There could have been. I don't remember.

16 Q. Did you make any efforts or did he make any efforts
17 to help you in between the soybean and the silver?

18 A. I don't think so.

19 Q. Mrs. Hansen, is it fair to say that you know as
20 little about silver commodities, future commodities, as you do
21 about soybean future commodities?

22 A. That is correct.

23 Q. Again, you were relying on someone else to give you
24 advice?

25 A. That is what most people who deal in the market do.

1 A lot of people who deal in the market aren't all that
2 knowledgeable.

3 THE COURT: Excuse me. Your answer is that you were
4 so relying?

5 THE WITNESS: And I was again relying on a broker who
6 was knowledgeable.

7 BY MR. WEINGARTEN:

8 Q. Mrs. Hansen, were you relying on Nelson Bunker Hunt
9 or were you relying on Mr. Ming?

10 A. I was relying on Mr. Ming, at the advice of Mr. Hunt.

11 Q. Had you ever met Mr. Ming before?

12 A. No, I hadn't.

13 Q. Approximately how long did you talk to him on the
14 phone, to your knowledge, before you were into the market?

15 A. I don't remember.

16 Q. Was it a long time?

17 A. Gee, that has been several years, too, and, you know,
18 you talk to a lot of people. I talked to him several days or
19 on several occasions.

20 Q. Mrs. Hansen, do you know, as you sit here, that on
21 January 13th, the first day you would have spoken to Mr. Ming,
22 you were in the market with contracts valued at close to
23 \$4 million?

24 A. I was not aware of that. It would have been very
25 fortunate if I had made \$4 million.

1 Q. You did make \$87,000?

2 A. I did indeed, and I was very pleased.

3 Q. Do you know, Mrs. Hansen, whether or not the
4 contracts that you eventually wound up with were first
5 purchased in Mr. Hunt's account?

6 A. I am not aware of all the technicalities.

7 Q. Finally, you were relying on good Dr. Ming to carry
8 through on this?

9 A. That is right. You remember our earlier conversation
10 when I told you that when you were interrogating me in my
11 husband's office a couple of years ago that if you needed help
12 you went to a good doctor, and asked that doctor to recommend
13 somebody, maybe a specialist in the field who could help you,
14 and that was exactly what I did.

15 Q. You determined that Mr. Ming was a good doctor on
16 January 16th, after a short telephone conversation?

17 A. I don't remember whether it was a short telephone
18 conversation or not.

19 Q. Mrs. Hansen, what happened to the \$87,000?

20 A. It was deposited in a bank.

21 Q. What bank would that have been?

22 A. A bank in Idaho, Pocatello.

23 Q. What is the name of that bank?

24 A. I believe it was First Security. I am not sure.

25 Q. Was that a joint account?

1 A. Yes, I believe it was.

2 Q. What happened to the money from there?

3 A. Again, I wasn't able to enjoy the \$27,000. I did not
4 get to take a trip or go anywhere. Again, the money was used
5 to pay debts.

6 Q. What debts, Mrs. Hansen?

7 A. Debts that had been incurred because of the long,
8 long hassle.

9 MR. WEINGARTEN: Your Honor, may we approach the
10 bench, please.

11 THE COURT: Yes.

12 (Bench conference)

13 MR. WEINGARTEN: Your Honor, we have reached a
14 stipulation with defense counsel about the \$27,000. That was
15 that piece of paper that was hastily written when a banker
16 named Jones was on the stand. I believe this witness is
17 testifying differently than that stipulation, and I think we
18 should be entitled to get into the checks. The proffer we make
19 is that George Hansen wrote checks to himself on the First
20 Security Bank, deposited the money into a second Idaho bank.

21 THE COURT: Is this the stipulation you were
22 referring to, this handwritten matter?

23 MR. WEINGARTEN: Yes.

24 THE COURT: It was Stipulation No. 3. Let me see if
25 I can read it: "It is here By agreed and stipulated by the

1 parties that the entire \$87,475 silver profit deposited into
2 the First Security Bank was used by George V. Hansen through
3 checks written by George V. Hansen, with knowledge that it was
4 the profit for the 1979 silver commodities transaction," and
5 signed by the parties.

6 MR. LEWIN: I think what the witness has testified to
7 is not inconsistent with that at all.

8 THE COURT: Let's hear and then, of course, I will
9 listen to you.

10 MR. WEINGARTEN: My proffer is that George Hansen
11 wrote a cashiers checks on the First Security Bank to himself.
12 Those monies were deposited into a second Idaho bank and more
13 checks were written to George Hansen. I submit that is
14 different than paying debts, as Mrs. Hansen testified, and I
15 would like to inquire of her about the use of the checks.

16 THE COURT: If she knows. She has testified one way.
17 If she knows anything further, of course, you can make that
18 inquiry.

19 MR. WEINGARTEN: I understand. I wanted to be
20 careful and apprise defense counsel at the bench what I intend
21 to do.

22 THE COURT: She has made one statement concerning she
23 thinks it was in the First Security Bank in Idaho in a joint
24 account. It was used to pay debts. It wasn't used for any
25 personal living. Essentially that was her testimony as to that,

1 as far as it went.

2 MR. LEWIN: If she is asked whether, if Mr.
3 Weingarten asked her or if Your Honor will permit I will ask
4 her, that in fact money was withdrawn from George V. Hansen
5 through checks written by George V. Hansen, she would agree
6 with that. I don't see any basis for saying it is contrary to
7 the stipulation.

8 The purpose of the stipulation and the reason it was
9 entered into was to avoid the necessity, as Your Honor will
10 recall, of bringing in the checks and the amounts and those
11 sorts of things, which would simply be inflammatory, would be
12 prejudicial in various ways. That is why we entered into the
13 stipulation. Mr. Weingarten doesn't like the fact that we
14 entered into the stipulation right now so --

15 THE COURT: Mr. Lewin, excuse me, sir. That was when
16 we were talking about the checks that were rather sizeable
17 amounts, both in Arlington, and I guess in the First Security
18 Bank, rather than having the entire statement come in for that
19 particular period of time, it was agreed, also not to burden
20 the record with extra paper, it was agreed as to the
21 stipulation, am I correct?

22 MR. LEWIN: I think, Your Honor, the transcript would
23 show that the stipulation grew out of an extended discussion
24 here at the bench in which I made the point that a whole number
25 of checks were written, and the statement was simply raising

1 another suggestion that Mr. Weingarten would be trying to make
2 to the jury. It was not going to an issue in this case.
3 Consequently, the whole thing could be stipulated to, the fact
4 that Mr. Hansen had withdrawn the funds. Your Honor said, "Fine.
5 let's see if you can work out a stipulation." We worked out
6 that stipulation.

7 THE COURT: That is right.

8 MR. LEVIN: If the witness is asked whether
9 Congressman Hansen withdrew the funds, I think she would agree
10 that he did.

11 THE COURT: Why don't we see what the witness knows.

12 MR. WEINGARTEN: I am going to cross-examine her on

13 THE COURT: Of course you can cross-examine her.

14 MR. WEINGARTEN: -- on these checks.

15 THE COURT: You can ask her what she knows. If you
16 want to use the checks, fine.

17 MR. WEINGARTEN: Okay. The Court did rule, before
18 the stipulation, that we were permitted to use that he is
19 collection. The government's effort was to avoid a possible
20 collateral issue, so we stipulated.

21 THE COURT: I remember that.

22 MR. WEINGARTEN: I think this witness has turned the
23 tables by saying this money was used to pay debts. I am only
24 up here to be careful.

25 THE COURT: I understand that. This witness' memory

1 is fairly vague on a number of points. That wasn't vague. She
2 said very clearly and added some extra words that she wasn't
3 asked about, that she didn't use it for personal things, she
4 didn't use it for this or that. She wasn't asked that but --
5 she wasn't asked specifically everything about this, I
6 certainly agree with you, Mr. Lewin, if that is the point that
7 is being made. She was not asked each point by point that is
8 here in this stipulation.

9 MR. LEWIN: There is only one point in that
10 stipulation, whether Mr. George V. Hansen withdrew that, and
11 Mr. Weingarten didn't ask her that. If Mr. Weingarten asks her,
12 I believe the witness would say yes.

13 THE COURT: It says, "Was used by him through checks
14 written by him." She said it was put in the joint account used
15 to pay debts.

16 MR. LEWIN: And he may very well have --

17 THE COURT: She didn't say whether they were joint
18 debts or her debts or whether they were his debts, that is true.

19 You may cross-examine, Mr. Weingarten. Thank you for
20 coming up here and being prudent.

21 (End of bench conference)

22 BY MR. WEINGARTEN:

23 Q. Mrs. Hansen, you have testified that the \$87,000
24 silver profit, I believe, went into the First Security Bank, is
25 that correct?

1 A. I believe that is correct.

2 Q. Mechanically, ma'am, what happened with the money
3 thereafter, do you know?

4 A. I am not certain, except that I know the money was
5 used to pay debts, to pay outstanding loans and so forth.

6 Q. Do you know, ma'am, whether or not Mr. Hansen wrote
7 cashier's checks to himself and then deposited those cashier's
8 checks in the Idaho State Bank in Glens Ferry?

9 A. That could be so, but it would not have been without
10 my knowledge, and it being okay with me. That has been a long
11 time.

12 Q. Perhaps I can refresh your recollection with some
13 checks.

14 DEPUTY CLERK: Government's Exhibits 73A, B, C and D
15 marked for identification.

16 (Whereupon, Government's Exhibit Nos.
17 73A-73D were marked for identification).

18 BY MR. WEINGARTEN:

19 Q. Mrs. Hansen, let me approach you with some checks
20 marked Government's Exhibits 73A, B, C and D.

21 MR. LEWIN: Could I see those checks first, please?

22 BY MR. WEINGARTEN:

23 Q. I would ask you, ma'am, if you could identify these?
24 Some of the copies are not great, but I think if you strain,
25 you can make them out.

1 A. They are very poor copies.

2 Q. Can you tell well enough that they are checks from
3 the First Security Bank on a joint account?

4 A. Yes.

5 Q. Can you tell well enough, whether or not they are
6 signed by George Hansen?

7 A. That is correct.

8 Q. Can you make out the amounts, ma'am?

9 A. Yes, I think so.

10 Q. Could you please tell the jury?

11 A. One is for \$30,000. You might have to correct me on
12 this, because I can't really tell. One is for 43. It appears
13 that one is for 25 and another one for 30.

14 Q. Ma'am, is it your recollection that those checks
15 supported the cashier's checks?

16 A. I don't remember, in the vaguest, what these checks
17 were.

18 Q. Were they made pursuant to your instruction?

19 A. I didn't give my husband daily instructions.

20 Q. Who are those checks made out to?

21 A. One is made out to First Security. They are all made
22 out to First Security Bank.

23 Q. They are signed by whom?

24 A. They are signed by George Hansen.

25 Q. Is there a notation in the note line for what the

1 purpose of those checks were?

2 A. Cashier's checks.

3 DEPUTY CLERK: Government's Exhibits 74A through D
4 marked for identification.

5 (Whereupon, Government's Exhibit Nos.
6 74A-74D were marked for identification).

7 BY MR. WEINGARTEN:

8 Q. Mrs. Hansen, I show you 74A through D. See if you
9 can tell whether or not these are cashier's checks that were
10 supported by the checks indicated by Government's Exhibit 73?

11 A. It appears that that is so.

12 Q. Are there also deposit slips attached to those
13 cashier's checks?

14 A. I see one deposit slip. Here are others, yes.

15 Q. Are not all those cashier's checks deposited in the
16 Idaho State Bank?

17 A. Yes.

18 MR. WEINGARTEN: We move into evidence at this time
19 Government Exhibits 73 and 74 in their entirety.

20 THE COURT: Do you want a bench conference?

21 MR. LEWIN: Your Honor, may we approach the bench?

22 THE COURT: You may.

23 (Bench conference)

24 MR. LEWIN: Your Honor, I submit again that this
25 witness has indicated she knows nothing about these documents,

1 that all that has happened is Mr. Weingarten has sort of
2 bullied her into stating what the documents are and what they
3 appear to be on their face, and in view of Your Honor's ruling
4 that these things can be admitted, he is just launching off
5 into irrelevant issues that have nothing to do with the issues
6 of the case.

7 That is simply going to be extending this trial
8 extraordinarily, and I submit that they are irrelevant, that
9 there is no foundation for the documents, and that they should
10 not be admitted and they are contrary to the understanding that
11 we had arrived at at the time of the stipulation that there was
12 no reason to have these, that he is now simply putting them in
13 in an effort to try and inform the jury of issues that have
14 nothing to do with the issues of this case. Your Honor is
15 permitting him to do this by your ruling.

16 MR. WEINGARTEN: I think this is legitimate
17 cross-examination of a witness who testified those monies were
18 used to pay family debts.

19 THE COURT: She has answered that way, Mr. Lewin.
20 This is her response, that it was in a joint account, it was in
21 the First Security Bank, this was her money, her \$27,000, that
22 she doesn't remember the vaguest what they were, that she
23 doesn't give her husband daily instructions and the monies, she
24 doesn't know what has happened to it. It doesn't support the
25 stipulation, her testimony. I think that is clear, isn't it?

1 MR. LEWIN: I don't think so. It does support it.
2 The stipulation says that they were written by George V. Hansen.
3 It is entirely consistent with the stipulation, Your Honor,
4 entirely, 100 percent, because the checks were written by
5 George V. Hansen. The stipulation says they were used by
6 George V. Hansen they were checks written by George V. Hansen.
7 Mr. Weingarten is putting them in.

8 THE COURT: I think it said they were used by George
9 V. Hansen, and she used it to pay debts.

10 MR. LEWIN: She did not. She said they were used to
11 pay debts. And the point, I have said again, that if Your
12 Honor were to ask her or anybody were to ask her, weren't these
13 checks written out by Mr. Hansen, she would say, "Yes, they may
14 very well have been." It is not inconsistent with the
15 stipulation.

16 Mr. Weingarten is simply running away with this
17 matter right now and trying to introduce prejudicial,
18 irrelevant matters because Your Honor has permitted him to do
19 it on this purported claim with regard to a witness who does
20 not recognize these documents and we are just going to be here
21 for days or weeks.

22 THE COURT: We won't be here for days or weeks. It
23 is in evidence over objection.

24 (End of bench conference)

25 (Whereupon, Government's Exhibit

1 Nos. 73,74 were received into evidence)

2 BY MR. WEINGARTEN:

3 Q. Mrs. Hansen, when we went to the bench, I think we
4 were talking about Government's Exhibits 74. Those were the
5 cashier's checks, are they not, that were deposited in the
6 Glenns Ferry Bank, is that correct?

7 A. It appears that that is so.

8 Q. Was that done at your direction, ma'am, do you
9 remember?

10 A. Mr. Weingarten, I didn't give my husband explicit
11 directions, but he had my permission to use monies that were
12 mine.

13 Q. Now were the monies used from the Idaho State Bank at
14 Glenns Ferry?

15 A. Pardon?

16 Q. The \$87,000 now resides at the Glenns Ferry Bank,
17 does it not?

18 A. I can't answer that question.

19 Q. Those cashier's checks were deposited in the Glenns
20 Ferry Bank?

21 A. Yes.

22 Q. So it appears that the silver profit went from the.
23 First Security Bank to the Glenns Ferry Bank by cashier's
24 checks deposited by someone, I guess? Was it by you or by
25 Congressman Hansen?

1 A. Well, the cashier's checks were taken care of by my
2 husband, but I don't remember all the intricate details.

3 Q. The question is, how were debts paid from the monies
4 that are now at the Glenns Ferry Bank?

5 A. I can't answer that question.

6 Q. WEINGARTEN: Government's Exhibit 75.
7 mark them in a bunch.

8 BY MR. WEINGARTEN:

9 Q. While those are being marked, what are the dates of
10 the deposits of the cashier's checks?

11 A. 1-22-79, 1-23-79, 1-24 and 1-26.

12 Q. Just the the dollar amount of the cashier's checks,
13 if you would, please?

14 A. \$30,000, \$28,000, \$30,000 and \$43,000. Weren't those
15 the ones that I had read to you before?

16 Q. The cashier's checks were supported by the checks
17 written on the First Security Bank, isn't that correct?

18 A. It appears that that is so.

19 Q. Now, Mrs. Hansen, do you recall whether or not some
20 checks were written on the Glenns Ferry Bank?

21 A. That was a long time ago, and I do not recall.

22 Q. The focus is January 22nd, and the 3 days following,
23 1979.

24 A. I don't understand what the point is.

25 Q. You have testified, have you not, that the silver

1 profit that reached you on January 22, 1979, was used to pay
2 debts, is that correct?

3 A. That is correct.

4 Q. Now, the silver profit was taken out of the First
5 Security Bank by cashier's checks and placed in the Glenns
6 Ferry Bank, was it not?

7 A. It appears that that is so.

8 Q. What happened to the money once it got to the Glenns
9 Ferry Bank?

10 A. I don't know.

11 Q. When would the money have started to arrive at the
12 Glenns Ferry Bank?

13 A. I don't know how long it took the money to get from
14 one bank to the other.

15 Q. Well, the deposit slip is there. When would the
16 money have been deposited?

17 A. 1-22, 1-23, 1-24 and 1-25.

18 Q. Do you recall if you were physically in Idaho to
19 accomplish that or was your husband physically in Idaho to
20 accomplish that?

21 A. I don't believe that either of us were there.

22 Q. How would that money have been deposited then?

23 MR. LEWIN: This continues the line of speculation
24 which Mr. Weingarten has been going on for the last hour.

25 THE COURT: If you know, me'am. We don't want you to

1 speculate, just if you know.

2 THE WITNESS: Congress is usually in session at that
3 time.

4 THE COURT: You don't know?

5 THE WITNESS: I don't recall.

6 DEPUTY CLERK: Government's Exhibits 75A through 75J
7 marked for identification.

8 (Whereupon, Government's Exhibit Nos.
9 75A-75J were marked for identification).

10 BY MR. WEINGARTEN:

11 Q. Mrs. Hansen, I show you what have been marked as
12 Government's Exhibits 75A through J and ask you if you can
13 identify them, ma'am?

14 A. What am I supposed to identify?

15 Q. Have you ever --

16 A. They are more copies of checks.

17 Q. On what bank, ma'am?

18 A. The Idaho State Bank.

19 Q. What dates, ma'am?

20 A. 24 January, 1979. There are a lot of them here. Do
21 you want me to read them all?

22 Q. Why don't you see if you can find a range of dates.

23 MR. LEWIN: May we approach the bench?

24 THE COURT: Yes.

25 (Bench conference)

1 MR. LEWIN: Can Mr. Weingarten bring up the checks,
2 please?

3 THE COURT: I believe the witness left them there.

4 MR. LEWIN: This is speculation upon speculation on
5 checks which the witness has not seen. Mr. Weingarten is
6 simply asking her questions in order to drag in irrelevant
7 evidence.

8 THE COURT: Excuse me. Let me interrupt you at one
9 point. She has not said she hasn't seen them. It has not been
10 made clear. Maybe she hasn't seen them. They are on an
11 account that bears two names.

12 MR. LEWIN: I think, Your Honor, that I have asked
13 throughout, with regard to all this matter, that the matter of
14 her knowledge with regard to these things, if I can engage in a
15 voir dire with her as to these checks, this is going to be an
16 endless, just simply time consuming, irrelevant line that Mr.
17 Weingarten knows he is pursuing and it is irrelevant. He is
18 simply pursuing it in order to clutter up the record and for
19 ends that have nothing to do with this case wine.

20 THE COURT: They have nothing to do with this case,
21 Mr. Weingarten?

22 MR. WEINGARTEN: I would say the benefit and the use
23 of the \$37,000 is perhaps the single most important issue in
24 this case. I think I should be able to pursue it wherever it
25 goes.

1 MR. LEWIN: Nobody has disputed the fact that
2 Congressman Hansen wrote out the checks and benefited from the
3 \$27,000. That was the stipulation that we had entered into and
4 it was precisely in order to avoid doing something like this,
5 and yet, I submit, Your Honor, Mr. Weingarten, knowing that we
6 have stipulated to that, knowing that this is simply
7 prejudicial and serves totally purposes having nothing to do
8 with this litigation, is going into this.

9 MR. WEINGARTEN: Mrs. Hansen testified that the
10 monies from the silver profit were used to pay off family debts.
11 I think I am entitled to ask her how family debts were paid off
12 with checks written out to George Hansen amounting to the
13 silver profit.

14 THE COURT: Well, I think you have to first ask her
15 if those were the monies that were from the silver profit. I
16 mean, that is the foundational question.

17 MR. LEWIN: The question is, does she know these
18 checks? Why are these checks going into evidence, Your Honor?
19 Why are these checks going into evidence? I ask Your Honor to
20 please ask yourself that question, why is Mr. Weingarten
21 putting these checks into evidence, except for things that have
22 nothing to do with this litigation?

23 MR. WEINGARTEN: Use of the silver profit money is
24 central. We have a property separation agreement raised by the
25 defense where the property was separated between the parties.

1 Silver monies were generated for Mrs. Hansen by Nelson Sunker
2 Hunt. Now those monies were used is crucial to this litigation.

3 MR. LEWIN: The fact that the money was used by
4 Congressman Hansen has been stipulated. There is no question
5 about that. Whether they were checks that were written, and
6 there was a cashier's check and another check, a number of
7 checks in whatever amount it is with regard to these banks,
8 again is not at issue in this case. The fact that Congressman
9 Hansen used it was stipulated. And I have yet to hear from Mr.
10 Weingarten why these particular checks are going into evidence
11 and why even a prior series of checks going into evidence is
12 being done for anything other, and I will tell Your Honor
13 directly, to blacken the Congressman's name in terms of this
14 litigation for things that have nothing to do with this
15 litigation. And I submit that --

16 THE COURT: You are representing these checks have
17 nothing to do with the \$27,000?

18 MR. LEWIN: I am representing that if we have
19 stipulated, as we have, that Congressman Hansen used the funds
20 and that he withdrew them, then the precise checks, this
21 precise series of checks, has nothing to do with any issue in
22 this litigation, yes, Your Honor.

23 THE COURT: She has testified they were used to pay
24 off debts.

25 MR. LEWIN: She has testified, Your Honor, they were

1 used by Congressman Hansen, that she permitted him to use them
2 and that with regard to debts, or with regard to expenses, I
3 don't believe that Mr. Weingarten can prove whether or not that
4 there were particular debts. He is simply putting in these
5 checks, as I say, for prejudicial and inflammatory purposes.

6 MR. WEINGARTEN: He has represented there were no
7 debts and this is impeachment of Mr. Lewin's witness.

8 THE COURT: You may use them, Mr. Weingarten. We
9 have all heard the testimony in this case.

10 (End of bench conference)

11 BY MR. WEINGARTEN:

12 Q. Mrs. Hansen, Government's Exhibits 75A through J, the
13 series of checks before you, would you look at them, please.
14 Is it fair to say, ma'am, they are all checks written on the
15 Idaho State Bank at Glenns Ferry?

16 A. That is correct.

17 Q. Is it fair to say they are written on a joint account
18 between you and Congressman Hansen?

19 A. That is correct.

20 Q. Is it fair to say they were all written on January
21 23rd, 24th, 25th or 26th?

22 A. Through January 29.

23 Q. I am sorry, 29. Is that a fair statement?

24 A. That is a fair statement.

25 Q. How many checks are there?

1 A. It appears that there are ten.

2 Q. Is every check signed by Congressman Hansen?

3 A. That is correct.

4 MR. WEINGARTEN: We move them into evidence at this
5 time, Your Honor.

6 THE COURT: Over objection. They are in evidence.

7 (Whereupon, Government's Exhibit

8 Nos. 75A-75J were received into evidence).

9 BY MR. WEINGARTEN:

10 Q. Would you take them one by one and please read to
11 whom they are made out to, by who they are signed, the date and
12 the amount?

13 A. Does it matter which one?

14 Q. If you want to do it chronologically, I think they
15 are marked that way. If they aren't, it doesn't matter.

16 A. January 29, George Hansen.

17 Q. The amount, ma'am?

18 A. \$2,930.

19 Q. Is it made out to George Hansen?

20 A. Yes, it is.

21 Q. Is it signed by George Hansen?

22 A. Yes, it is.

23 Q. Please give us four pieces of information for each
24 check, the date, the amount, who it is made out to and who
25 signed it.

1 A. Okay. January 23th, George Hansen, \$9,915; 24th of
 2 January, George Hansen, \$9,000; 22nd of January, \$9,945;
 3 January 25th, George Hansen, \$9,500; 25th of January, \$9,920;
 4 25 January, \$9,925; 25 January, George Hansen, \$9,930; 24
 5 January, \$9,935; and George Hansen on 23rd of January, \$9,940.

6 Q. Is it fair to say that all the checks that are
 7 represented by that exhibit were checks written by George
 8 Hansen to George Hansen?

9 A. That is what the checks say.

10 Q. Is it fair to say that all those checks were written
 11 after the cashier's checks were deposited in the Glenns Ferry
 12 Bank?

13 A. It appears that that is so.

14 Q. How did those checks help to pay the family debt?

15 A. I can't relate that to you at this time.

16 Q. Mrs. Hansen, did the silver transaction have anything
 17 to do with the fundraiser?

18 A. Which fundraiser?

19 Q. The fundraiser that you sponsored or that you
 20 triggered, monies that went into the Connie Hansen Special Fund?
 21 Is it fair to say that the silver transaction with Bunker Hunt
 22 that netted the \$87,000 profit was totally unrelated to the
 23 fundraiser that was in your name?

24 A. I can't answer that question.

25 Q. Were they the same things? I mean, did the monies go

1 together? Were they related in any way at all?

2 A. I can't answer that question. I don't really know.

3 Q. The question is I think simpler than you probably
4 think it is. You sent out a bunch of letters looking for
5 contributions, is that fair?

6 A. That is correct.

7 Q. The silver transaction was totally unrelated from
8 that?

9 A. Yes.

10 Q. Mrs. Hansen, why wasn't the \$87,000 profit used to
11 pay off the Bunker Hunt loan?

12 A. Because we had more things at the time that were of
13 greater pressure.

14 Q. Mrs. Hansen, when the FBI came by your office with
15 this blackmail thing, you were fingerprinted so that the known
16 fingerprints on the letter would not be confused with the
17 blackmailers, isn't that true?

18 A. That is what you said but I didn't believe it.

19 Q. Was I there then?

20 A. I believe you were.

21 Q. During the blackmail?

22 A. Pardon me?

23 Q. During the blackmail interview in April of 1961?

24 A. You were there on a couple of occasions.

25 Q. I was in your office on a couple of occasions, Mrs.

1 Hansen?

2 A. Yes, you were. I remember two specifically.

3 Q. Okay. I am not going to argue with you.

4 A. Mr. Weingarten, isn't it true that you did see the
5 blackmail letter?

6 THE COURT: Ma'am. The questions come from counsel,
7 either counsel, to the witness, rather than the witness to
8 counsel.

9 THE WITNESS: Isn't the question related?

10 BY MR. WEINGARTEN:

11 Q. At least it was represented to you by someone that
12 you and your husband and Mr. Irwin and anyone else who may have
13 touched the blackmail letter were being fingerprinted so that
14 known specimens on the blackmail letter would be eliminated,
15 wasn't that the reason?

16 A. That is what was said but I did not believe it.

17 Q. Mrs. Hansen --

18 A. I felt that the letter possibly was a concoction of
19 some kind and I was very scared when we received that letter.
20 I feared for my very life. I was very offended that we were
21 never told that the blackmailer was never picked up.
22 I didn't know but what he was running around maybe going to
23 harm someone in our family.

24 Q. Mrs. Hansen, you have testified that the Secretary of
25 the Army is a frequent caller to your husband's office?

1 A. The Secretary himself is not, but his office does
2 call.

3 Q. Do you know what business your husband had with the
4 Secretary of the Army in November, 1931?

5 A. I don't recall.

6 Q. Now about in July of 1931, do you have any idea what
7 he was doing?

8 A. There are lots of calls that come through that office
9 and I don't remember every exact call.

10 Q. Do you know the full extent of your husband's
11 relationship with a man named Meade and a man named McAfee?

12 A. Yes. I have met those gentlemen. I know those
13 gentlemen not on an intimate level but, yes, I do know them.

14 Q. Some loans were made?

15 A. That is right.

16 Q. Whose loans were they?

17 A. They were, I believe, loans that perhaps someone else
18 could explain to you better than I could. They were for the
19 taxpayers organizational thing and some other things, but I
20 can't really give you an accurate answer on that.

21 Q. Well, the loans were paid off, were they not?

22 A. I can't even answer that question.

23 Q. You don't know if the loans were paid off?

24 A. I believe they have been.

25 Q. They were paid off by you, weren't they?

1 A. Well, Mr. Weingarten, I think that --

2 Q. You and your husband?

3 A. I would imagine so.

4 Q. They were paid off on a joint account shared by you
5 and your husband, isn't that true, ma'am?

6 A. I would assume that that is so.

7 Q. And interest paid on those loans was deducted on your
8 tax return, was it not, Mrs. Hansen?

9 A. I don't know.

10 Q. I would like to show you a tax return, please.

11 A. Like I say, Mr. Weingarten, our accountant took care
12 of our tax return. I couldn't fill out one of those forms if
13 someone were threatening me with my life.

14 DEPUTY CLERK: Government's Exhibit 76 marked for
15 identification.

16 (Whereupon, Government's Exhibit No.
17 76 was marked for identification).

18 BY MR. WEINGARTEN:

19 Q. Mrs. Hansen, I hand you what has been marked as
20 Government's Exhibit 76. It appears to be a tax return, 1922.
21 It appears to have your name and your husband's name on it,
22 does it not?

23 A. I wouldn't dare argue with a 1040 form.

24 Q. Under Schedule A and B, ma'am, is there not a place
25 for you to deduct interest so that your taxes won't be so high?

1 Do you see that, ma'am?

2 A. Yes, I do.

3 Q. You have attached a schedule to that on the back of
4 your tax return, have you not?

5 A. It appears that that is correct.

6 Q. In that schedule, ma'am, is there not listed an
7 interest expense from the Miners & Merchants Bank?

8 A. That is right.

9 Q. How much is there?

10 A. \$13,079.

11 Q. Those are interest payments that you and your husband
12 made on those loans from Mr. Meade and Mr. McAfee, are they not?

13 A. I would assume that is so.

14 MR. WEINGARTEN: Thank you, ma'am. No further
15 questions.

16 THE COURT: Redirect.

17 REDIRECT EXAMINATION

18 BY MR. LEWIN:

19 Q. Mrs. Hansen, Mr. Weingarten began this afternoon, I
20 believe, by giving you and placing before you a number of
21 warranty deeds and mortgages. I don't know whether you still
22 have them before you. Are those documents some that you read
23 at any time before?

24 A. I am certain that I probably have read them.

25 Q. Have you read them through? I mean, are these

1 documents that were given to you either for signature or
2 something in the course of some closing or meeting or something
3 like that where somebody said, "Sign it"?

4 A. Like most business transactions, in some legal
5 document, when you are dealing in these matters, lots of times
6 you don't read all the fine print, just like I don't read the
7 fine print that comes with my washing machine or my electric
8 iron or whatever.

9 Q. So in terms of a warranty deed or a deed of trust and
10 all these things, those are legal papers, aren't they?

11 A. That is right.

12 Q. Now, with regard to the indication on those legal
13 papers that they were transfers of property from Congressman
14 Hansen and yourself to various persons, isn't it a fact that
15 Mr. Runft told you that there was no restriction on your being
16 a joint owner of property with Congressman Hansen, from and
17 after the property separation agreement?

18 A. That is right, we have been married for 31 years and
19 there was never any intention that we would ever sever our
20 relationship.

21 Q. Was it explained to you that you could continue to
22 hold property jointly, if you so chose?

23 A. That is right.

24 Q. With regard to matters such as the series of
25 statements of financial condition which were submitted to banks,

1 was there any indication given you, by Mr. Runft, that there
2 was anything improper or impermissible in terms of Congressman
3 Hansen continuing to represent you and him as being co-owners
4 of the real property that you owned?

5 A. None whatsoever.

6 Q. Did he ever tell you you couldn't do that in the
7 future?

8 A. No.

9 Q. Did you rely on Mr. Runft in terms of the legal
10 consequences of that property separation agreement?

11 A. Absolutely.

12 Q. Mr. Weingarten has directed your attention to the
13 fact that at the bottom of each of Government's Exhibit SSA, B,
14 C, D, and E appears a statement that says, "Political assets
15 and liabilities not included".

16 Now, those are forms, basically, that your husband
17 filled out, is that right? His signature appears in the lower
18 right hand corner?

19 A. Yes.

20 Q. He had you read from each of those forms a line that
21 said above the political assets and liabilities not included,
22 "a net worth figure?"

23 A. Those net worth figures look awfully bloated and it
24 makes it appear that we would have many more resources than we
25 had.

1 Q. In fact, there were a substantial number of
2 liabilities that were included in that note with regard to
3 political assets and liabilities which are described down at
4 the bottom, which are noted at the bottom of those forms, is
5 that not right?

6 A. That is correct.

7 Q. With regard to those liabilities, they were a matter
8 of public notice throughout Idaho, weren't they?

9 A. That is correct.

10 Q. Do you think there is any banker in Idaho who didn't
11 know about George Hansen's substantial liabilities?

12 A. I think that probably 99 percent of the people in
13 Idaho know about everything we have ever done in our entire
14 lives.

15 Q. With regard to all these documents that Mr.
16 Weingarten has asked you about before, I think you testified on
17 direct examination that your formal education finished with
18 high school?

19 A. That is right, and I barely got through Algebra I.

20 Q. You haven't had any higher education, no college
21 training whatever?

22 A. No.

23 Q. Mr. Weingarten kept showing you entries on your tax
24 returns. Did you examine every item on those tax returns
25 before you signed them?

1 A. No way. Mr. Caldwell has been our accountant for
2 many years. He has taken care of these things legally and
3 properly for us. He is a very reputable individual and, like
4 I said earlier, I would not attempt to argue with an accountant
5 over a tax return.

6 Q. So what did you do with regard to those tax returns?

7 A. I signed them. I took it for granted that they were
8 correct.

9 Q. I think he directed your attention to a statement on
10 the tax return as to a piece of property that you had sold that
11 you owned it jointly. That was in fact true, you did own it
12 jointly, didn't you?

13 A. That is true.

14 Q. But you didn't read that line any way, did you,
15 before you signed it?

16 A. No.

17 Q. Mr. Weingarten has taken you through a whole series
18 of financial transactions relating to the proceeds of that
19 \$47,000 loan. Did you have any personal knowledge of any of
20 those sequence of checks? I mean, have you ever seen those
21 checks before?

22 A. No, I haven't. I don't think I have. There is a
23 possibility that I might have, but they certainly aren't fresh
24 in my memory.

25 Q. So you cannot explain, as you are sitting there on

1 the witness stand, exactly what those transactions consist of?

2 A. No.

3 Q. But you know that you authorized your husband to use
4 that \$27,000?

5 A. That is correct, and my husband has never done
6 anything that would lead me to believe that he would not act
7 properly in any business transaction.

8 Q. There is one point, I think, Mrs. Hansen, where you
9 said, in answer to a rapid fire series of questions from Mr.
10 Waingarten, that you think you told Mr. Henry about the
11 property separation agreement.

12 Let me just refresh your recollection. Mr. Henry was
13 the gentleman you saw in April or May, I am sorry, of 1977, and
14 that was before the property separation agreement. I mean, do
15 you recall having said anything to Mr. Henry about it?

16 A. I recall visiting with Mr. Henry and I recall
17 explaining to him what I was going to attempt to do, and I
18 don't recall if anything was said precisely about a property
19 settlement. I might have told him that I was planning to have
20 something of this nature done, but I do not recall my exact
21 conversation with Mr. Henry.

22 Q. That was in the course of discussion about the loan
23 that Mr. Hunt had arranged for you to have from the First
24 National Bank of Dallas?

25 A. That is right.

1 Q. Now, the property settlement agreement had certain
2 consequences that Mr. Runft told you about, did they not, in
3 terms of long term consequences?

4 A. Yes.

5 Q. I think you have testified about that on direct
6 examination, that you understood those?

7 A. Yes.

8 Q. Did he indicate in any way that your life was to be
9 changed in terms of the way you were living day-to-day, because
10 of the existence of the property separation agreement?

11 A. No, and you know, when you have been married for a
12 great number of years and raise your family, and you get into a
13 serious dilemma, you look for a way to solve the problem, you
14 don't just say, "Okay, today I am going to do this, this and
15 this, and I am going to confer with my lawyer on every step
16 that I take." It just isn't possible to live that way.

17 Q. So you looked to your lawyer to solve the problem
18 within the context of your day-to-day life, is that right?

19 A. That is correct.

20 Q. He came up with this solution, which he offered to
21 you, is that right?

22 A. That is right.

23 Q. Mr. Weingarten said repeatedly, I think, in
24 questioning you at one point, that you had made some
25 representation to the House Ethics Committee or to the public

1 that every cent of what was raised by your public solicitation
2 would be -- I forget his exact words, carefully secured in some
3 way, or something or other. Do you recall any other such
4 particular language?

5 A. I don't.

6 Q. Let me show you what I have marked as Defendant's
7 Exhibit 42 for identification and specifically direct your
8 attention to what I guess is the paragraph that he is referring
9 to, as he so indicated, the next to the last paragraph. First
10 or all, what is Defendant's Exhibit 42 for identification?

11 A. Would you like me to read it?

12 Q. No, I just want to ask you what is Defendant's
13 Exhibit 42 for identification?

14 A. It is a letter that I sent. It was a letter of
15 solicitation to raise funds.

16 Q. That was a letter that you sent to the public to
17 solicit the funds that you were able to do as a result of
18 entering into a property settlement agreement, is that right?

19 A. That is correct.

20 Q. That went out to the public at large?

21 A. Yes, it did.

22 Q. Now, would you read for us, please, that next-to-the-
23 last paragraph?

24 A. "I promise you that I will deposit your donation
25 promptly into a special bank account I have set up to pay off

1 these debts."

2 Q. That he understands the paragraph, right?

3 A. Yes.

4 Q. Did you keep that promise, Mrs. Hansen?

5 A. To the best of my ability.

6 Q. You took every penny that came in and put into a
7 special bank account, the Connie Hansen account that Mr.
8 Weingarten had been referring to?

9 A. That is correct.

10 Q. Was there anything in that letter that said that in
11 some way restricted that any further beyond the fact that it
12 was to be deposited in the account and then used for the
13 purpose as described in the letter?

14 A. There were no restrictions.

15 Q. No. So that that is the promise that Mr. Weingarten
16 was referring to? Is there any question in your mind about the
17 fact that you carried out that promise?

18 A. No, I felt it was done to the best of my ability.

19 THE COURT: Anything further? Mr. Lewin, does that
20 finish your examination?

21 MR. LEWIN: Yes.

22 RE CROSS EXAMINATION

23 BY MR. WEINGARTEN:

24 Q. The whole point of the advisory opinion from the
25 Ethics Committee, is that you were not permitted, nor was your

1 husband permitted, to raise money on his behalf, is that
2 correct?

3 A. Mr. Weingarten, I wrote the Ethics Committee a letter,
4 and I believe you probably have a copy of that letter, and I
5 received a response from them telling me that in no way were
6 they restricting me from raising funds.

7 Q. Mrs. Hansen, is not the property separation agreement
8 a response to the Ethics Committee rule that said you were not
9 permitted to raise money on behalf of your husband?

10 A. If you will read the letter that I wrote to the
11 Ethics Committee, you will see I told them in the letter that I
12 was not a member of Congress, therefore I was not subject to
13 their laws.

14 Q. Mrs. Hansen, were you under the impression you could
15 go out and raise as much money as you wanted and then simply
16 turn around and give it to your husband?

17 A. The Ethics Committee did not tell me that I could not
18 raise money.

19 Q. Mrs. Hansen, what liabilities were there that are not
20 represented by the financial statements that you have seen?

21 A. Mr. Weingarten, there were numerous ones, but I can't
22 relate it all to you right now.

23 MR. WEINGARTEN: Thank you, Mr. Am.

24 THE COURT: Anything further?

25 MR. LEWIN: We have no further questions.

1 THE COURT: You are excused, Mrs. Hansen. I would
2 ask, of course, that you not discuss your testimony with any
3 other possible witness in this case, except, of course, Mr.
4 Hansen, who is present in the courtroom. You are excused. You
5 can leave the documents up there, if you wish.

6 We are going to take, ladies and gentlemen, a ten
7 minute recess. That is our stretch for the evening. We will
8 come back and then continue testimony until about 7:00 tonight.
9 Ten minute recess for everyone.

10 (Recess at 5:15 p.m.)
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1 AFTER RECESS:

2 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

3 THE COURT: YES.

4 AT THE BENCH:

5 MR. WEINGARTEN: WE USED GOVERNMENT EXHIBITS 71 AND 76,
6 TAX RETURNS FOR 1979 AND 1982, AND I UNDERSTAND THERE IS A
7 SENSITIVITY ABOUT THE WHOLE RETURN AND I THOUGHT WE MIGHT MOVE
8 INTO EVIDENCE THE PORTIONS REFERRED TO BY THE WITNESS.

9 THE COURT: THE PORTION THAT DEALT WITH THE INTEREST

10 MR. WEINGARTEN: YES, AND IN ADDITION THERE WAS
11 REFERENCE TO REAL ESTATE.

12 THE COURT: ON ONE RETURN I THINK ONLY.

13 MR. LEWIN: YOUR HONOR, THE WITNESS TESTIFIED AND
14 SPECIFICALLY STATED AND CORROBORATED WHAT WAS ON THE TAX RETURN.

15 I DON'T SEE WHY THE TAX RETURN ITSELF SHOULD BE IN
16 EVIDENCE. NOT ONLY BECAUSE THERE IS SENSITIVITY, BUT I THINK
17 THERE IS A LEGAL INTEREST.

18 UNDER SECTION 6103 OF 26 U. S. C., THERE HAS TO BE A
19 SHOWING THAT THE RETURN IS NECESSARY ITSELF. AND SINCE THE
20 WITNESS DID STATE AND ACCEPT WHAT APPEARED THERE IN THE RETURN
21 THERE'S NO NEED FOR THE RETURN TO BE INTRODUCED INTO EVIDENCE.

22 MR. WEINGARTEN: THE DOCUMENT REPRESENTS AN ADMISSION
23 OF THE MATERIAL ISSUE OR ISSUES AND I WOULD LIKE TO BE ABLE TO
24 USE IT PHYSICALLY PERHAPS WITH OTHER WITNESSES OR IN CLOSING
25 ARGUMENT. IT IS PERFECTLY REASONABLE.

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1 MR. LEWIN: THE WITNESSES AGREED THAT EXACTLY WHAT IS
2 IN THE DOCUMENT IS TRUE, AND THE TRANSCRIPT SHOWS IT, AND WE
3 CAN STIPULATE TO IT AGAIN. HE CAN QUOTE. WE HAVE DAILY
4 TRANSCRIPT. HE CAN QUOTE FROM THE TESTIMONY AT CLOSING
5 ARGUMENT.

6 WHY MUST THE SPECIFIC TAX RETURN BE IN EVIDENCE?
7 PARTICULARLY, WHEN THERE IS A STATUTE AND THE TAX PRIVACY ACT
8 WHICH INDICATES THAT SHOULD NOT BE DONE JUST GRATUITOUSLY.

9 MR. WEINGARTEN: IT IS NOT GRATUITOUS. IT IS A
10 PROBATIVE ISSUE. THAT IS THE TEST. I AM NOT OFFERING ANYTHING
11 THAT IS NOT DIRECTLY RELEVANT TO THE ISSUE.

12 THE COURT: MAY I SEE THE ONE PAGE THAT WAS
13 REFERENCED? THE INTEREST PAGE. THIS IS 1979.

14 THE SALE OR EXCHANGE OF PERSONAL RESIDENCE WHICH MRS.
15 HANSEN REFERRED TO.

16 MR. LEWIN: THERE WAS ONE LINE, THIS LINE, WHICH HE
17 REFERRED THE WITNESS TO. SHE READ IT AND SAID YES. WHY IS ALL
18 THE OTHER INFORMATION ON THERE?

19 THE COURT: WELL, THE OTHER INFORMATION, I AGREE,
20 WOULD NOT BE RELEVANT. IF IT WERE TO BE USED, MR. WEINGARTEN,
21 IT WOULD HAVE TO HAVE THE PAGE BLANKED OUT SAVE FOR THE
22 SIGNATURE AND JUST AS TO THAT ONE LINE.

23 MR. WEINGARTEN: I PROPOSE TO DO WHAT WE DID BEFORE.
24 THEIR SCHEDULE C IS IN EVIDENCE. ONLY THE RELEVANT PART. IN
25 ADDITION, WE OFFER THE INTEREST STATEMENT WHICH WAS ATTACHED TO

1 THE SCHEDULE A AND B IN THE SAME RETURN.

2 THE COURT: THE SAME RETURN?

3 MR. WEINGARTEN: NO. THE ONE FOR 1982. I WOULD ALSO
4 LIKE THE INTEREST PORTION FROM THIS RETURN.

5 THE COURT: WITH THIS REFERENCE BY MRS. HANSEN?

6 MR. WEINGARTEN. YES.

7 THE COURT: WHERE IS THE INTEREST PAGE?

8 MR. COLE: IF I MAY, YOUR HONOR?

9 MR. LEWIN: ON GOVERNMENT EXHIBIT 76, FOR EXAMPLE,
10 THERE ARE OTHER PARTS THAT ARE TOTALLY IRRELEVANT.

11 MR. WEINGARTEN: THEN WE WILL WIPE THOSE OUT.

12 THE COURT. IN SHORT YOU WERE INDICATING AS TO THE
13 1982 FORM, YOU ARE INDICATING THAT THE LAST SHEET THAT WAS
14 ATTACHED TO THAT FORM WHICH WAS DESIGNATED, GEORGE V. HANSEN
15 SCHEDULE A-1, AND "STATEMENT-INTEREST " WHICH IS ALL THE
16 INTEREST AND FIGURES ASSOCIATED IN THAT. YOU ARE ONLY
17 INTERESTED IN MINORS AND MERCHANTS BANK OF \$13,079.00, AREN'T
18 YOU?

19 MR. WEINGARTEN: ABSOLUTELY.

20 MR. LEWIN: IF HE WHITES OUT THE REST OF IT, THAT IS
21 ALL RIGHT.

22 THE COURT: AND THE TOTAL?

23 MR. WEINGARTEN: ABSOLUTELY.

24 MR. LEWIN: AND HE WOULD WHITE-OUT EVERYTHING BUT THAT
25 ONE LINE ON THAT RESIDENCE THING?

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1 MR. WEINGARTEN: AND IN ADDITION THE OTHER THING WOULD
2 BE THIS PORTION.

3 THE COURT: FOR THE RECORD, THIS PORTION IS SCHEDULE A
4 OF 1979 TAX RETURN AND THIS PORTION IS INTEREST AND EXPENSE
5 SECTION. ON LINE 17, IT SAYS HOME MORTGAGE, \$16,768.00.

6 DID WE HAVE THE VARIOUS BANKS AND OTHERS? I KNOW WE
7 HAD THE \$818.00 FOR OTHERS. AND VARIOUS BANKS.

8 MR. LEWIN: THEY WERE ALL TESTIFIED TO. I HAVE NO
9 PROBLEM IF THE REST OF THAT PAGE IS WHITED-OUT.

10 THE COURT WHEN YOU SAY THE REST OF THE PAGE, ARE YOU
11 STIPULATING, GENTLEMEN, IT WOULD SAY SCHEDULE A&B, 1979, AND
12 SAY GEORGE AND CONNIE S. HANSEN WITH THE SOCIAL SECURITY NUMBER?

13 FAIR ENOUGH.

14 MR. LEWIN: AGREED.

15 THE COURT: IT WILL BE DONE. YOU CAN TAKE CARE OF IT
16 TOMORROW.

17 IN OPEN COURT:

18 THE COURT: MAY WE HAVE OUR JURY BACK?

19 (JURY ENTERS AT 5:30 P.M.)

20 THE COURT: ALL RIGHT. LADIES AND GENTLEMEN, WE WILL
21 CONTINUE WITH THE TESTIMONY. MR. LEWIN?

22 MR. LEWIN: THE DEFENDANT CALLS JAMES MCKENNA.
23 WHEREUPON,

24 JAMES T. MCKENNA

25 WITNESS CALLED BY THE DEFENDANT, HAVING BEEN DULY SWORN, WAS

1 EXAMINED AND TESTIFIED AS FOLLOWS.

2 THE COURT: GOOD AFTERNOON, MR. MCKENNA.

3 THE WITNESS: GOOD AFTERNOON, YOUR HONOR.

4 DIRECT EXAMINATION

5 BY MR. LEWIN:

6 Q. MR. MCKENNA, COULD YOU PLEASE STATE AND SPELL YOUR
7 FULL NAME?

8 A. JAMES T. MCKENNA. M C CAPITAL K E N N A.

9 Q. AND MR. MCKENNA, HOW ARE YOU EMPLOYED?

10 A. I AM A LEGISLATIVE AIDE TO CONGRESSMAN HANSEN.

11 Q. ARE YOU ALSO AN ATTORNEY?

12 A. YES, SIR, I AM.

13 Q. AND COULD YOU PLEASE TELL THE COURT AND JURY WHAT BARS
14 YOU ARE A MEMBER OF?

15 A. I AM A MEMBER OF THE BAR OF THE STATE OF NEW YORK, THE
16 SOUTHERN AND EASTERN DISTRICTS OF THE FEDERAL COURT IN NEW YORK,
17 THE SECOND CIRCUIT, AND THE FOURTH CIRCUIT.

18 Q. THOSE ARE COURTS OF APPEALS?

19 A. I AM SORRY. THE SECOND CIRCUIT COURT OF APPEALS AND
20 THE FOURTH CIRCUIT COURT OF APPEALS.

21 Q. AND SINCE WHEN HAVE YOU BEEN AN ATTORNEY?

22 A. SINCE 1957, SIR.

23 Q. COULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND?

24 A. I GRADUATED FROM A SMALL COLLEGE IN NEW YORK CALLED
25 CATHEDRAL COLLEGE. WENT FROM THERE FOR 3 YEARS POSTGRADUATE

1 THEOLOGICAL STUDIES.

2 AFTER 2 YEARS IN THE ARMY, I DID SOME POSTGRADUATE
3 PHILOSOPHICAL STUDIES AT FORDHAM UNIVERSITY, ULTIMATELY
4 GRADUATED FROM ST. JOHNS LAW SCHOOL IN 1957.

5 Q. AFTER YOU GRADUATED COULD YOU JUST BRIEFLY SUMMARIZE
6 YOUR PROFESSIONAL EXPERIENCE SINCE THEN?

7 A. I SPENT MORE THAN A DECADE AS A SURETY SPECIALIST FOR
8 SEVERAL LARGE SURETY COMPANIES IN NEW YORK CITY, PRACTICED
9 PRIVATE LAW IN THE SAME FIELD FOR 3 YEARS, THEN CAME DOWN TO
10 WASHINGTON AS THE GENERAL COUNSEL OF THE HERITAGE FOUNDATION, A
11 KIND OF THINK TANK. AND, THEREAFTER, I WORKED FOR A WHILE AS A
12 RESEARCHER ON THE SENATE CONFERENCE COMMITTEE, AND ACCEPTED MR.
13 HANSEN'S OFFER OF EMPLOYMENT IN DECEMBER OF 1978.

14 Q. AND WAS THERE EVER A TIME YOU WERE INVOLVED IN A
15 PUBLIC INTEREST LAW FIRM?

16 A. I AM SORRY. FOR TWO YEARS, I OPERATED A PUBLIC
17 INTEREST LAW FIRM CALLED, WITH OTHER PEOPLE, CALLED THE
18 FOUNDATION OF LAW SOCIETY.

19 Q. HERE IN WASHINGTON?

20 A. YES, SIR.

21 Q. AND THEN YOU SAY YOU BEGAN WORKING FOR CONGRESSMAN
22 HANSEN?

23 A. IN DECEMBER OF 1978, YES, SIR.

24 Q. YOUR TITLE IS LEGISLATIVE ASSISTANT?

25 A. MY TITLE IS LEGISLATIVE ASSISTANT BUT ON OCCASION I AM

1 CALLED STAFF COUNSEL.

2 Q. I'LL ASK YOU, MR. MCKENNA, WHETHER DURING YOUR SERVICE
3 FOR CONGRESSMAN HANSEN YOU HAVE SERVED AS A LEGAL ADVISOR AND
4 COUNSELOR TO HIM ON LEGAL MATTERS?

5 A. YES, VERY OFTEN.

6 Q. AND DOES HE CONSULT YOU ON LEGAL MATTERS PERTAINING TO
7 HIS PERSONAL CONCERNS AS WELL AS CONGRESSIONAL BUSINESS?

8 A. ON OCCASION.

9 Q. AND HAVE YOU GIVEN HIM LEGAL ADVICE WITH REGARD TO
10 PERSONAL MATTERS AS WELL AS CONGRESSIONAL BUSINESS?

11 A. YES, SIR.

12 Q. DID YOU IN THE COURSE OF THE PERIODS OF TIME THAT YOU
13 WERE WORKING FOR MR. HANSEN COME TO KNOW A GENTLEMAN BY THE
14 NAME OF JOHN RUNFT?

15 A. MR. RUNFT IS MR. HANSEN'S PERSONAL ATTORNEY. HIS
16 OFFICES ARE IN BOISE, IDAHO. YES, SIR, I KNOW HIM VERY WELL
17 FOR 10 YEARS, NINE YEARS.

18 Q. AND DURING THAT PERIOD OF TIME HAVE YOU ALSO COME TO
19 KNOW MRS. CONNIE HANSEN?

20 A. MRS. HANSEN IS THE ADMINISTRATIVE ASSISTANT IN THE
21 OFFICE. SHE IS CHIEF ADMINISTRATIVE EMPLOYEE AND I WORK IN
22 THAT OFFICE AND WE KNOW EACH OTHER ON A DAILY BASIS.

23 Q. AND SO FAR AS MR. RUNFT IS CONCERNED HAVE YOU MET WITH
24 HIM IN PERSON AT TIMES?

25 A. MR. RUNFT VISITS THE OFFICE QUITE REGULARLY WHEN HE

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1 COMES TO WASHINGTON, AND RARELY FEWER THAN SIX TIMES A YEAR,
2 FIVE TIMES A YEAR, AND WE REGULARLY MEET TO GO OVER VARIOUS
3 MATTERS OF LEGISLATIVE, POLITICAL, PERSONAL NATURE.

4 Q. AND HAVE YOU TALKED WITH MR. RUNFT ON THE TELEPHONE TO
5 IDAHO?

6 A. REGULARLY, YES, SIR, WE TALK QUITE REGULARLY ON ANY
7 NUMBER OF SUBJECTS.

8 Q. WHEN IS THE LAST TIME YOU WERE IN IDAHO MR. MCKENNA?

9 A. I HAVEN'T BEEN IN IDAHO IN 10 YEARS. EXCUSE ME. LET
10 ME CORRECT THAT. LAST YEAR, I HAD OCCASION TO PASS THROUGH
11 IDAHO WITH THE CONGRESSMAN AND WE STOPPED WITHIN A CITY IN
12 IDAHO. SO. OTHER THAN THAT, 10 YEARS.

13 Q. ALL RIGHT. LET ME DIRECT YOUR ATTENTION BACK TO THE
14 MIDDLE OF 1978, SPECIFICALLY, MAY OF 1978. YOU SAY YOU CAME
15 WITH THE CONGRESSMAN IN SEPTEMBER OF '78?

16 A. YES, SIR.

17 Q. WERE YOU PROVIDING ASSISTANCE AND ADVICE TO THE
18 CONGRESSMAN PRIOR TO THE TIME YOU CAME AND JOINED HIS STAFF?

19 A. YES, SIR, OCCASIONALLY. BECAUSE I HAD KNOWN HIM FOR A
20 NUMBER OF YEARS, I OCCASIONALLY WAS ASKED FOR ADVICE ON
21 PARTICULAR PROBLEMS AND DID PARTICIPATE IN SUCH MATTERS.

22 Q. AND IN MAY OF 1978, WERE YOU WITH THIS PUBLIC INTEREST
23 FIRM THAT YOU DESCRIBE?

24 A. YES, SIR.

25 Q. DIRECTING YOUR ATTENTION SPECIFICALLY TO THE MONTH OF

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1 MAY OF 1978. DID YOU THEN HAVE OCCASION IN THAT PERIOD OF TIME
2 TO DISCUSS WITH THE CONGRESSMAN AND WITH MR. RUNFT ANYTHING
3 HAVING TO DO WITH A PROPERTY SEPARATION AGREEMENT?

4 A. YES, SIR, I DID. MR. RUNFT WAS RESPONDING TO THE
5 CONGRESSMAN'S REQUEST AND MRS. HANSEN'S REQUEST TO SOLVE A
6 PROBLEM CONNECTED WITH DISPOSING OF OBLIGATIONS AND HE WAS IN
7 THE PROCESS OF RESEARCHING -- NOT -- IN 1978, HE HAD
8 ALREADY DONE IT.

9 THE COURT: EXCUSE ME. MAY I HAVE COUNSEL TO THE
10 BENCH? WOULD YOU MIND, MR. MCKENNA, STEPPING DOWN FOR ONE
11 MINUTE?

12 AT THE BENCH:

13 THE COURT: I TRUST MR. MCKENNA KNOWS HE IS NOT TO
14 SPEAK ABOUT ANYTHING CONCERNING MR. HANSEN'S FORMER CONVICTION,
15 OR EXPENSES PERTAINING THERETO. THE MOMENT HE STARTED TALKING
16 ABOUT OBLIGATIONS, I GOT THE FEELING WE WOULD GO INTO THAT
17 SITUATION. IF I KNOW THAT THE WITNESSES HAVE BEEN SO APPRISED,
18 I'LL BE MORE COMFORTABLE.

19 MR. LEWIN. YES, YOUR HONOR.

20 IN OPEN COURT:

21 THE COURT: ALL RIGHT. MR. MCKENNA, YOU MAY TAKE THE
22 STAND, PLEASE.

23 BY MR. LEWIN:.

24 Q. DO YOU KNOW ANYTHING, MR. MCKENNA, REGARDING A
25 SEPARATION OF PROPERTY AGREEMENT CONCERNING MR. AND MRS. HANSEN?

1 A. YES, SIR, I KNOW OF ITS EXISTENCE.

2 Q. AND TO THE BEST OF YOUR RECOLLECTION, ABOUT WHEN DID
3 YOU FIRST LEARN ABOUT THAT ARRANGEMENT?

4 A. PROBABLY TO THE BEST OF MY RECOLLECTION SOMETIME IN
5 1977. IT HAS TO BE SOMETIME AFTER IT WAS EXECUTED, SOMETIME IN
6 1977.

7 A. LET ME PLACE BEFORE YOU WHAT IS IN EVIDENCE AS
8 DEFENDANT'S EXHIBIT 73. THAT IS A DOCUMENT WHICH MR. RUNFT
9 IDENTIFIED AS HIS STATEMENT OF SERVICES FOR CONGRESSMAN HANSEN,
10 AND SPECIFICALLY ON MAY 8 OF 1978, THAT DOCUMENT STATES,
11 "TELEPHONE CONFERENCE WITH GEORGE AND JIM MCKENNA RE:
12 COMPLAINT ABOUT NO REPORT OF CONNIE DEBT AND REPORT BY
13 CONGRESSMAN TO ETHICS COMMITTEE. "

14 IS THE JIM MCKENNA REFERRED TO THERE, YOU?

15 A. IT IS, INDEED.

16 Q. CAN YOU TELL US ABOUT WHAT YOU RECALL YOU WERE DOING
17 ON MAY 8, 1978, THAT THAT WOULD BE REFERRING TO?

18 A. PUBLIC REPORTS HAD BEEN PUBLISHED DRAWING INVIDIOUS
19 CONCLUSIONS FROM THE FAILURE OF CERTAIN OF MRS. HANSEN'S ASSETS,
20 LIABILITIES, TO APPEAR ON THE ETHICS REPORT FOR THAT YEAR.

21 Q. NOW, THIS IS AN ETHICS REPORT THAT WAS REQUIRED BY
22 WHOM?

23 A. WELL, THIS IS AN ETHICS REPORT REQUIRED BY THE
24 INTERNAL RULES OF THE HOUSE OF THE REPRESENTATIVES AT THAT TIME.

25 Q. THIS IS PRIOR TO THE ENACTMENT OF THE ETHICS IN

1 GOVERNMENT ACT?

2 A. PRIOR, TO ITS COMING INTO FORCE. I AM NOT CERTAIN OF
3 THAT, MR. LEWIN.

4 Q. ALL RIGHT.

5 A. THE INVIDIOUS COMMENTS, THE NEWSPAPER REPORT QUOTED A
6 SOURCE WITHIN THE SENATE ETHICS COMMITTEE, AND THE CONGRESSMAN
7 AND MR. RUNFT WERE QUITE CONCERNED ABOUT THAT. AND GENERALLY
8 UNDER HIS DIRECTION, MR. RUNFT'S, I ACCOMPANIED THE CONGRESSMAN
9 TO REMONSTRATE WITH THE PERSON INVOLVED, AND PUT FORWARD OUR
10 POSITION WITH REFERENCE TO THE EFFECTIVENESS OF THE SEPARATION
11 AGREEMENT AS AUTHORIZING THE FILING IN THE FORM IN WHICH IT WAS
12 FILED.

13 Q. LET'S JUST GO BACK OVER THAT FOR A MOMENT. THERE WAS
14 AN ETHICS COMMITTEE REPORT THAT WAS REQUIRED TO BE FILED?

15 A. YES, SIR.

16 Q. AND TO YOUR KNOWLEDGE DID THAT REPORT CONTAIN OR NOT
17 CONTAIN REPORTS OF MRS. HANSEN'S ASSETS AND LIABILITIES?

18 A. IT DID NOT CONTAIN THAT REPORT.

19 Q. AND THIS WAS A DISCUSSION REGARDING COMPLAINTS THAT
20 HAD BEEN FILED BECAUSE OF THE ABSENCE OF THOSE ITEMS FROM THAT
21 REPORT?

22 A. MY RECOLLECTION IS THAT IT WASN'T A CASE OF FORMAL
23 COMPLAINTS BEING FILED. IT WAS PUBLIC, BASED ON PUBLIC
24 STATEMENTS BY A MEMBER OF THE COMMITTEE STAFF.

25 Q. AND YOU WERE CONSULTED BY THE CONGRESSMAN TO ADVISE

1 WITH REGARD TO THAT MATTER?

2 A. YES, SIR.

3 Q. HAD YOU PRIOR TO THAT TIME CONSIDERED AND EXAMINED THE
4 RULES OF THE HOUSE UNDER WHICH THESE REPORTS WERE TO BE FILED?

5 A. YES, SIR.

6 Q. AND HAD YOU DISCUSSED WITH MR. RUNFT THIS SEPARATION
7 OF PROPERTY AGREEMENT?

8 A. YES, SIR.

9 Q. AND HAD YOU COME TO ANY CONCLUSION AT THAT TIME
10 REGARDING WHETHER OR NOT MRS. HANSEN'S ASSETS AND LIABILITIES
11 HAD TO BE REPORTED ON THAT REPORT TO BE SUBMITTED TO THE HOUSE
12 COMMITTEE?

13 A. YES, SIR IT WAS MY OPINION BASED PARTIALLY ON MR.
14 RUNFT'S RESEARCH OF THE IDAHO COMMUNITY PROPERTY LAW AND THE
15 MANNER IN WHICH THE SEPARATION AGREEMENT WAS TO BE EFFECTED IN
16 THAT STATE-- BUT, PRINCIPALLY AND SOMEWHAT INDEPENDENTLY OF
17 THAT, ON A REVIEW OF CORRESPONDENCE THAT HAD OCCURRED BETWEEN
18 THE COMMITTEE AND THE HANSENS WITH REFERENCE TO THE MATTER IN
19 WHICH THESE FILINGS WERE TO OCCUR -- AND I SATISFIED MYSELF ON
20 THOSE TWO BASES THAT THE WIFE'S ASSETS AND LIABILITIES WERE NOT
21 SUBJECT TO REPORT.

22 Q. AND WAS THAT THE CONCLUSION THAT MR. RUNFT HAD COME TO
23 AS WELL?

24 A. HE HAD COME TO IT EARLIER THAN I. I WAS BROUGHT IN TO
25 MEET A PARTICULAR PROBLEM, BUT HE HAD ALREADY RESEARCHED AND

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1 COME TO THAT CONCLUSION. AT LEAST, THAT IS MY RECOLLECTION OF
2 THAT CONVERSATION.

3 Q. AND DID YOU COMMUNICATE ON OR ABOUT MAY OF 1978 TO
4 CONGRESSMAN HANSEN OR PRIOR THERETO?

5 A. WELL, HE WAS INTIMATELY INVOLVED IN THESE
6 CONVERSATIONS, OFTEN BEING ON THE PHONE WITH US. THERE ARE 2
7 OR 3 EXTENSIONS IN THE SAME ROOM.

8 Q. SO THE CONVERSATIONS WERE GENERALLY, MR. RUNFT,
9 YOURSELF AND THE CONGRESSMAN DISCUSSING THIS ISSUE?

10 A. THAT IS RIGHT.

11 Q. NOW, DID YOU AT THE TIME THAT YOU JOINED CONGRESSMAN
12 HANSEN'S STAFF REVIEW ANY DOCUMENTS RELATING TO THIS QUESTION
13 OF THE SEPARATE PROPERTY AGREEMENT AND ITS EFFECT ON FINANCIAL
14 DISCLOSURE REQUIREMENTS?

15 A. NOT THE DOCUMENT ITSELF, NOT THE SEPARATION AGREEMENT,
16 BUT THE ENTIRE FILE OF MR. HANSEN'S FILE OF CORRESPONDENCE WITH
17 THE THEN ETHICS COMMITTEE, YES, SIR. IT SEEMED APPROPRIATE
18 UNDER THE CIRCUMSTANCES TO REVIEW IT, AND I DID AT THAT TIME
19 AGAIN REVIEW IT.

20 Q. AND INCLUDED IN THAT FILE WERE WHAT KINDS OF
21 CORRESPONDENCE, WHAT KINDS OF LETTERS.

22 A. WELL, THEY WERE LETTERS FROM MR. HANSEN, LETTERS FROM
23 MRS. HANSEN, AND MY RECOLLECTION IS THAT THERE WAS VERY LITTLE
24 BACK, BUT THERE WAS AT LEAST ONE PIECE OF CORRESPONDENCE BACK
25 FROM THE COMMITTEE.

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1 Q. AND THOSE WERE LETTERS WRITTEN IN 1977 RELATING TO THE
2 INTENTION OF MRS. HANSEN TO ENGAGE IN A SOLICITATION FOR
3 CONTRIBUTIONS TO COVER PERSONAL EXPENSES?

4 A. YES. THE PROBLEM AT THAT TIME HAD BEEN THAT THE
5 COMMITTEE HAD RULED THAT MRS. HANSEN COULD NOT ACT AS AN AGENT
6 FOR MR. HANSEN IN THE SOLICITATION OF FUNDS TO RETIRE AN
7 EXISTING DEBT.

8 THE RESULT OF THAT RULING WAS A LEGAL OPERATION WHICH
9 ESSENTIALLY RESULTED IN A SEPARATION OF ASSETS AND LIABILITIES
10 AND IT WAS IN RESPONSE TO THE REQUEST FOR AUTHORITY TO SOLICIT
11 FUNDS FIRST BY MR. HANSEN, HIMSELF -- AND I THINK ONLY BY MR.
12 HANSEN. I THINK THE COMMITTEE GRATUITOUSLY ADDED MRS. HANSEN
13 AND ANY OTHER AGENT, COMMITTEE, OR SOMETHING LIKE THAT, AS
14 BEING DEBARRED FROM SOLICITING FUNDS TO RETIRE MR. HANSEN'S
15 DEBT.

16 Q. YOU ARE SAYING IT WAS AS A RESULT OF THAT, THAT THE
17 PROPERTY SETTLEMENT AGREEMENT HAD BEEN WORKED OUT?

18 A. YES, SIR. THAT IS MY UNDERSTANDING.

19 Q. COULD YOU JUST DESCRIBE BRIEFLY IF YOU CAN WHAT YOUR
20 UNDERSTANDING WAS REGARDING THE LEGAL EFFECT OF THAT PROPERTY
21 SETTLEMENT AGREEMENT?

22 A. WELL, THE STATE OF IDAHO IS A COMMUNITY PROPERTY STATE.
23 THE BASIC REALITY OF A SEPARATION AGREEMENT IN THIS NATURE WAS
24 TO TERMINATE THE RIGHTS OF BOTH PARTIES, OBVIOUSLY, TO CERTAIN
25 LEGAL REMEDIES WHICH WOULD ENABLE THEM TO MAKE A CLAIM OF RIGHT

1 AGAINST THE ASSETS OF THE OTHER PARTY.

2 IN GENERAL -- AND I DON'T CLAIM TO BE AN EXPERT --
3 BUT, IN GENERAL, COMMUNITY PROPERTY STATES, ARRANGE THAT
4 ANYTHING SUBSEQUENT TO THE MARRIAGE ACQUIRED BY EITHER PARTY IS
5 THE JOINT PROPERTY OF BOTH PARTIES, AND THAT EITHER PARTY CAN
6 MAKE A LEGAL CLAIM TO IT.

7 THE SEPARATION AGREEMENT EFFECTIVELY NULLIFIED,
8 TERMINATED THE RIGHTS THAT ARE ACQUIRED IN SUCH A STATE BY
9 EITHER PARTY AGAINST THE OTHER PARTY.

10 THE NATURE OF THE AGREEMENT ITSELF WAS A PARTITION OF
11 THE EXISTING RIGHTS AND LIABILITIES AND A PROSPECTIVE
12 TERMINATION OF SEVERAL SERIOUS RIGHTS.

13 MR. RUNFT, HIMSELF, WAS SERIOUSLY CONCERNED ABOUT THE
14 TERMINATION OR SOLUTION OF ONE PROBLEM CREATING A SERIOUS
15 DISABILITY IN BOTH OF THE PARTIES LATER ON.

16 HE EXPRESSED THAT CONCERN TO ME LATER, AND THE EFFECTS
17 WERE WHAT HE FEARED. THAT IS, THAT ABSENT VERY CAREFUL DRAFTING
18 OF WILLS, THERE COULD BE A PROBLEM WITH REGARD TO SUBSEQUENT
19 RIGHTS, IN EITHER PARTY, THE SURVIVOR OF THE TWO. AND IT COULD
20 LATER ON CREATE PROBLEMS WITH REGARD TO THE INVESTING AND
21 DIVESTITURE OF REAL PROPERTY, AND SEVERAL OTHER AREAS.

22 Q. WOULD THERE BE PROBLEMS IF FOR ONE REASON OR ANOTHER,
23 THE COUPLE DECIDED TO SEPARATE OR DIVORCE?

24 A. WELL, THE DOCUMENT WOULD HAVE LEGAL EFFECT, AND
25 NEITHER PARTY COULD CLAIM THE RIGHTS AVAILABLE TO HIM OR HER,

1 UNDER THE EXISTING COMMUNITY PROPERTY STATUTES OF IDAHO. IT
2 WAS ESSENTIALLY A PRIVATE ACT NULLIFYING THE RIGHTS OF THE
3 PARTIES UNDER THAT COMMUNITY PROPERTY, UNDER THAT SERIES OF
4 COMMUNITY PROPERTY STATUTES THAT CONSTITUTES THE STATE AS A
5 COMMUNITY PROPERTY STATE.

6 SO THAT, IN THE EVENT OF A TERMINATION OF THE MARRIAGE,
7 EITHER PARTY OR BOTH PARTIES COULD RELY ON THAT DOCUMENT, WITH
8 REGARD TO THEIR RIGHTS TO PROPERTY, MONEY, REAL ESTATE, IN SUCH
9 AN EVENT.

10 Q. TO YOUR UNDERSTANDING, DID THE PROPERTY SEPARATION
11 AGREEMENT FORCE THE PARTIES TO KEEP THEIR PROPERTIES SEPARATE
12 EVEN IF THEY WISHED NOT TO DO SO? IN OTHER WORDS WERE THEY --?

13 A. NOT REALLY. THE EFFECT OF THE DOCUMENT WENT TO RIGHTS
14 AND NOT TO PRIVILEGES. IN OTHER WORDS, THE DOCUMENT
15 ESTABLISHED THE RIGHTS OF THE PARTIES. IT DID NOT PRECLUDE
16 THEM EXERCISING WHATEVER RIGHTS THEY HAD IN ANY MANNER THEY
17 CHOSE. IT WAS NOT A PROHIBITORY DOCUMENT IN THAT SENSE. IF
18 THE PARTIES WANTED TO COMINGLE, THEY COULD COMINGLE. IF THEY
19 WANTED TO PURCHASE REAL PROPERTY, THEY PROBABLY, AT LEAST, IN
20 IDAHO COULD NOT, PROBABLY, BUY IT IN A TENANCY BY THE
21 ENTIRETIES AS MARRIED COUPLES DO. THEY WOULD PROBABLY HAVE TO
22 BUY IT IS A TENANT IN COMMON, SHARES.

23 BUT, EFFECTIVELY, THE DOCUMENT DEALT WITH RIGHTS. NOT
24 WITH WHETHER OR NOT THE PARTY HAD A RIGHT TO EXERCISE, OR COULD
25 EXERCISE THOSE RIGHTS IN ANY WAY THEY CHOSE.

1 Q. DID IT PREVENT THEM FROM HOLDING IF THEY WISHED EITHER
2 REAL PROPERTY OR PERSONAL PROPERTY JOINTLY?

3 Q NO, IN FACT, THEY DID THAT. THEY CONSISTENTLY
4 SUBSEQUENT TO THAT TIME.

5 Q. AND TO YOUR UNDERSTANDING THAT WAS PERFECTLY
6 CONSISTENT WITH THE SEPARATION OF PROPERTY AGREEMENT?

7 A. YES, SIR, THERE WAS NOTHING IN THE PROPERTY AGREEMENT
8 THAT PRECLUDED THESE PEOPLE FROM CONTINUING THEIR LIVES AS
9 MARRIED PEOPLE.

10 Q. AND FROM USING EACH OTHERS' PROPERTY WITH PERMISSION?

11 A. THAT IS STRICTLY A CONSENTUAL MATTER, THAT IS WHAT THE
12 PARTIES WERE WILLING TO DO WITH EACH OTHER.

13 Q. FROM THE TIME THAT -- STRIKE THAT. YOU SAY YOU
14 REVIEWED THE FILE WITH REGARD TO THIS MATTER IN CONGRESSMAN
15 HANSEN'S OFFICE. DID IT APPEAR TO YOU FROM THE FILE THAT THE
16 HOUSE ETHICS COMMITTEE HAD BEEN NOTIFIED OF THE EXISTENCE OF
17 SUCH AN AGREEMENT?

18 A. OH, YES, UNQUESTIONABLY.

19 Q. AND FROM AND AFTER THE TIME THAT YOU JOINED
20 CONGRESSMAN HANSEN'S STAFF, WAS THE HOUSE ETHICS COMMITTEE OR
21 THE HOUSE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
22 CONTINUALLY NOTIFIED OF THE FACT THAT SUCH AN ARRANGEMENT HAD
23 BEEN ENTERED INTO AND WAS IN EFFECT?

24 A. YES, SIR.

25 Q. BY WHOM?

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1 A. I, PERSONALLY, HAVE HAD CONVERSATIONS WITH MEMBERS OF
2 THAT STAFF, SPECIFICALLY INVOLVING THE EXISTENCE AND EFFECT
3 THAT DOCUMENT.

4 Q. AND DURING WHAT PERIOD OF TIME HAVE YOU HAD SUCH
5 CONVERSATIONS?

6 A. IT BEGAN?

7 Q. I AM NOT ASKING FOR SPECIFIC DATES. GIVE ME A
8 BEGINNING AND ENDING TIME.

9 A. PROBABLY NO LATER THAN EARLY 1980, AND AT LEAST FOUR
10 OR FIVE TIMES SINCE THAT TIME.

11 Q. AND IN THESE DISCUSSIONS YOU HAVE ADVISED THEM THAT
12 THIS SEPARATION OF PROPERTY AGREEMENT CONTINUES TO BE IN EFFECT?

13 A. IN TRUTH, I DID NOT HAVE TO ADVISE THEM. THEY WERE
14 AWARE OF IT BEFORE I GOT THERE, BY WHAT MEANS I DON'T KNOW.

15 Q. YOU SAW THE CORRESPONDENCE?

16 A. I AM SORRY. OF COURSE, BY WHAT MEANS I CANNOT TESTIFY
17 OTHER THAN WHAT THE DOCUMENTS INDICATE, THEY WERE ADVISED. BUT
18 I KNOW I PERSONALLY DID THIS. THESE PEOPLE WERE AWARE OF IT
19 BECAUSE THEY DISCUSSED IT WITH ME.

20 Q. WAS THERE A TIME FROM AND AFTER THE PERIOD WHEN YOU
21 BEGAN WORKING FOR CONGRESSMAN HANSEN IN DECEMBER OF 1978 THAT
22 YOU DISCUSSED WITH CONGRESSMAN HANSEN THE EFFECT OF THE ETHICS
23 IN GOVERNMENT ACT ON HIS OBLIGATION TO REPORT VARIOUS FINANCIAL
24 TRANSACTIONS?

25 A. YES, SIR. IT WAS A SUBJECT OF DISCUSSION ONCE THE

1 ETHICS IN GOVERNMENT ACT WAS PASSED. ALTHOUGH THE NATURE OF
2 THE REPORTING PROCEDURE CHANGED, AS THE NATURE OF THE MECHANICS
3 WENT FROM RULE TO STATUTE.

4 OUT OF AN EXCESS OF CAUTION, MR. RUNFT EXAMINED THE
5 STATUTE IN GREAT DETAIL. I EXAMINED THE STATUTE AND WE
6 DISCUSSED THE EFFECT OF THE STATUTE WITH THE CONGRESSMAN, THE
7 AFFECTED PARTY.

8 Q. DID YOU DISCUSS WITH THE CONGRESSMAN THE EFFECT OF THE
9 STATUTE ON HIS OBLIGATION TO REPORT THE ASSETS AND LIABILITIES
10 OF MRS. HANSEN?

11 A. YES, SIR.

12 Q. DID THAT HAPPEN ON ONE OCCASION OR ON SEVERAL
13 OCCASIONS?

14 A. IT HAPPENED ON MORE THAN ONE OCCASION.

15 Q. AND DID YOU IN THOSE CONVERSATIONS WITH THE
16 CONGRESSMAN EXPRESS YOUR OPINION AS TO WHETHER OR NOT HE HAD AN
17 OBLIGATION UNDER THE ETHICS IN GOVERNMENT ACT TO REPORT ASSETS
18 AND LIABILITIES OF MRS. HANSEN ON THE ETHICS IN GOVERNMENT ACT
19 FORM?

20 A. YES, I DID.

21 Q. AND WHAT WAS THAT OPINION?

22 A. IT WAS MY OPINION THAT GIVEN THE LEGAL STATUS OF THEIR
23 RELATIONSHIP, THAT THEY WERE IN FACT SEPARATE INDIVIDUALS, MY
24 CONCERN WENT FURTHER AS TO WHETHER OR NOT THE CONGRESSMAN EVEN
25 HAD AN OPTION UNDER THE PRIVACY STATUTES IN ORDER TO REVEAL

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1 THIS WAS HE NOT PERHAPS GOING BEYOND THE RIGHTS THAT MRS.
2 HANSEN HAD FOR HER PRIVACY. AT THE TIME, MY CONCERN WAS LESS
3 WITH THE REPORTING OR THE OPTION OF THE REPORTING THAN A
4 VOLUNTARY REPORT MIGHT IN FACT HAVE VIOLATED MRS. HANSEN'S
5 RIGHTS.

6 WE WERE BOTH STRONGLY OF THE OPINION THAT THE ETHICS
7 IN GOVERNMENT ACT DID NOT CONTEMPLATE THE SITUATION THAT MR.
8 AND MRS. HANSEN FOUND THEMSELVES IN BY REASON OF THE SEPARATION
9 AGREEMENT.

10 Q. AND COULD YOU PLEASE EXPLAIN FOR THE COURT AND JURY
11 WHAT WERE THE GROUNDS FOR YOUR CONCLUSION IN THAT REGARD? WHAT
12 DID YOU BASE THAT CONCLUSION ON?

13 A. WELL, I BASED THE CONCLUSION ON THE FACT THAT, ONE,
14 THIS SOLUTION HAD IN ESSENCE ALREADY BEEN IN SUBSTANTIAL WAYS
15 WORKED OUT WITH THE DOMINANT COMMITTEE, WHICH REMAINED THE
16 DOMINANT COMMITTEE, THE SUPERVISORY COMMITTEE BOTH UNDER THE
17 RULE AND UNDER THE STATUTE, THAT THE SEPARATION AGREEMENT HAD
18 IN FACT, THEY HAD BEEN APPRISED OF IT; THEY HAD AT LEAST
19 ACQUIESCED IN IT, AND THAT THE STATUTE CONTEMPLATED AN ECONOMIC
20 SPOUSAL RELATIONSHIP THAT WE FELT WAS NO LONGER IN EXISTENCE;
21 THAT THE PARTIES WERE AS TO THEIR ECONOMIC REALITIES WHICH WERE
22 REQUIRED TO BE REPORTED ON THE FORM, ACTUALLY, FROM THAT POINT
23 OF VIEW NO LONGER JOINT AS HUSBAND AND WIFE.

24 Q. IS IT FAIR TO SAY THEN THAT THERE WERE TWO BASES FOR
25 YOUR DECISION, ONE WAS THE PRACTICE AND THE UNDERSTANDING WITH

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1 THE COMMITTEE, AND THE OTHER WAS THE STATUTE AND THE PURPOSE OF
2 THE STATUTE?

3 A. YES, SIR, THAT IS A FAIR STATEMENT.

4 Q. LET ME ASK YOU, MR. MCKENNA, YOU ARE IN THAT OFFICE
5 EVERY DAY, THAT IS RIGHT, YOU COME TO WORK THERE EVERY DAY?

6 A. YES, SIR.

7 Q. WHEN ARE THESE ETHICS IN GOVERNMENT ACT FORMS FILED,
8 WHAT MONTH?

9 A. THEY ARE REQUIRED TO BE FILED BY THE END OF BUSINESS
10 ON MAY 15 OF EACH YEAR OR THE NEXT BUSINESS DAY THEREAFTER.

11 Q. WELL, COULD YOU DESCRIBE FOR US AT WHAT TIMES, AND
12 UNDER WHAT OCCASIONS, YOU WOULD MOST FREQUENTLY BE ASKED BY THE
13 CONGRESSMAN YOUR OPINIONS REGARDING THE OBLIGATIONS UNDER THE
14 ETHICS IN GOVERNMENT ACT?

15 A. ACTUALLY, THE CONGRESSMAN HAS SOLICITED MY ADVICE ON
16 ONLY TWO OR 3 OCCASIONS. THE REPORTS ARE ONLY FIVE YEARS OLD.
17 HE SOLICITED MY OPINION WITH REGARD TO A REAL ESTATE
18 TRANSACTION IN WHICH HE WAS INVOLVED, AND THE QUESTION WAS
19 WHETHER OR NOT THE SPECIFIC REAL ESTATE WAS REQUIRED TO BE
20 REPORTED UNDER THE RULE OF THE ETHICS IN GOVERNMENT ACT.

21 Q. LET ME INTERRUPT YOU. NOW, YOU ARE TALKING ABOUT
22 OCCASIONS OTHER THAN THE SPOUSAL QUESTION?

23 A. YES.

24 Q. SO, THERE WERE OCCASIONS WHEN YOU DISCUSSED
25 SPECIFICALLY THE MATTER OF MRS. HANSEN'S ASSETS AND LIABILITIES?

1 A. YES, WE WERE DISCUSSING THAT ON A FAIRLY REGULAR BASIS,
2 BECAUSE SOME OF THE CONGRESSMAN'S ACTIVITIES ARE PREDICATED ON
3 THE EFFECT OF THAT DOCUMENT, AND HE WOULD CALL MR. RUNFT, AND
4 ASK ME ABOUT THESE SECTIONS.

5 Q. WHAT YOU ARE ACTUALLY TELLING US ABOUT WERE OCCASIONS
6 OTHER THAN THOSE?

7 A. I AM SORRY, YES.

8 Q. YOU BEGAN ACTUALLY TELLING US ABOUT THE OCCASIONS
9 OTHER THAN THOSE.

10 A. ONE OF THE YEARS, 1981, I THINK THE QUESTION WAS: HE
11 WAS IN FACT IN POSSESSION OF TWO HOMES IN WASHINGTON, ON
12 DECEMBER 31 OF THE PRECEDING YEAR, AND THE STATUTE EXEMPTS ONLY
13 ONE HOME, PRESUMPTIVELY TO PREVENT SPECULATION IN REAL ESTATE
14 BY THE APPEARANCE OF OWNING A HOME. THE REASON HE HELD THE
15 SECOND HOME WAS THAT IN THE TRANSFER OF RESIDENCE FROM ONE HOME
16 TO THE OTHER, THE REAL ESTATE MARKET CREATED A PROBLEM, AND HE
17 WAS STUCK WITH THE HOUSE FOR A PERIOD OF MONTHS.

18 I ADVISED HIM THAT I THOUGHT THE PURPOSE OF THE
19 STATUTE WAS OTHER THAN A BRIDGE-TYPE SITUATION, THAT I DIDN'T
20 THINK THAT IT WAS RESPONSIVE TO THE REQUEST OF THE FORM OF THE
21 COMMITTEE.

22 Q. SO, THEREFORE, THE ITEM SHOULD NOT BE LISTED ON THE
23 FORM?

24 A. YES, SIR,. ONE OF THE HOUSES WAS EXCLUDED, THE ONE IN
25 WHICH HE DID NOT RESIDE AT THE TIME. AND THE OTHER, OF COURSE,

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1 WAS NOT REPORTED WAS BECAUSE THAT WAS HIS RESIDENCE, AND HE
2 DISPOSED OF IT IN A MATTER OF A COUPLE OF MONTHS AT SOME
3 MARGINAL LOSS.

4 Q. AND THERE WAS ANOTHER OCCASION, BEYOND THAT?

5 A. THERE WAS AN OCCASION I BELIEVE IT WAS EARLIER, I
6 BELIEVE IT WAS FOR THE 1980 YEAR, IN WHICH THERE WAS A QUESTION
7 OF THE NATURE OF AN ESCROW AGREEMENT FOR THE TRANSFER OF
8 CERTAIN BUSINESS PROPERTY AND THE DISCUSSION WAS WHETHER OR NOT
9 AN ESCROW AGREEMENT WHICH WAS ESSENTIALLY AN ACCUMULATION OF
10 PURCHASE MONEY WAS COVERED UNDER THE STATUTE, AND I AM
11 EMBARRASSED TO ADMIT, I DON'T REMEMBER WHICH WAY I ADVISED HIM
12 AT THE TIME.

13 Q. NOW, ABOUT WHAT TIME OF THE YEAR WOULD THIS ADVICE
14 GENERALLY BE SOUGHT, AND WOULD YOU PROVIDE IT?

15 A. WITHIN A WEEK OR TWO OF THE REQUIREMENT THAT THE FORM
16 BE FILED. IT WOULD USUALLY BE IN THE EARLY PART OF MAY. ON
17 ONE OCCASION IT WAS ON THE FILING DATE ITSELF.

18 Q. AND THE DISCUSSIONS WITH THE CONGRESSMAN WERE IN HIS
19 OFFICE HERE?

20 A. YES, SIR. MY DESK IS A FEW FEET FROM HIS OFFICE.

21 Q. LET ME LEAVE THAT SUBJECT THEN, MR. MCKENNA, AND GO
22 AND DIRECT YOUR ATTENTION, SPECIFICALLY, TO 1981 AND THE MONTH
23 OF APRIL IN 1981. DO YOU RECALL PARTICIPATING AT THAT TIME IN
24 ANY DISCUSSIONS CONCERNING THE RECEIPT OF WHAT HAS COME TO BE
25 KNOWN AS A BLACKMAIL LETTER?

1 A. YES, SIR.

2 Q. COULD YOU DESCRIBE?

3 A. ON THURSDAY OF THAT WEEK, WHICH I THINK WAS APRIL 2,
4 THE CONGRESSMAN CALLED ME INTO HIS OFFICE AND ADVISED ME THAT
5 HE RECEIVED A TELEPHONE CALL FROM AN ATTORNEY FOR THE PARTY WHO
6 RECEIVED THE BLACKMAIL NOTE ADVISING MR. HANSEN THAT THE TERMS
7 OF THE NOTE IMPLICATED HIM IN AN ALLEGATION OF BRIBERY.

8 HE SAID THAT HE HAD DEMANDED THAT A COPY OF THE NOTE
9 BE SENT TO HIM, AND EXPRESSED HIS INTENTION OF IMMEDIATELY
10 GOING TO THE ATTORNEY GENERAL AS SOON AS HE GOT A COPY OF THE
11 NOTE TO PRODUCE.

12 Q. CONGRESSMAN HANSEN SAID THAT TO YOU?

13 A. YES, SIR. I CONCURRED IN THAT OPINION. I FELT THAT
14 IT WOULD HAVE BEEN IMPROVIDENT TO NOT DELIVER THE THING. IF HE
15 DESCRIBED IT TO ME AS IT REALLY EXISTED IT WOULD CLEARLY HAVE
16 BEEN A FELONY, AT LEAST UNDER THE MAIL STATUTES, AND I FELT
17 THAT HE HAD NO OPTION, HE HAD TO REPORT IT, WHICH IS WHAT HE
18 ALREADY DECIDED TO DO ANYWAY.

19 THE NEXT DAY THAT ATTORNEY OR ANOTHER ONE APPEARED IN
20 THE OFFICE WITH A COPY OF THE INSTRUMENT AND MY RECOLLECTION IS
21 THAT MR. HANSEN UNABLE TO GET TO THE ATTORNEY GENERAL SETTLED
22 FOR APPOINTMENT WITH ASSOCIATE OR ASSISTANT ATTORNEY GENERAL, A
23 MAN NAMED GIULIANI, FOR THE SUCCEEDING MONDAY AT 11 O'CLOCK.

24 PURSUANT TO THAT APPOINTMENT, MR. RUNFT, WHO WAS HIS
25 ATTORNEY, WHOSE NAME I HAVE MENTIONED, MR. IRWIN, WHO IS AN

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1 ATTORNEY FOR THE RECIPIENT OF THE BLACKMAIL NOTE --

2 Q. WHO WAS THE RECIPIENT OF THE BLACKMAIL NOTE?

3 A. NELSON BUNKER HUNT. -- MR. HANSEN AND MYSELF, WENT
4 TO THE JUSTICE DEPARTMENT. I THINK THE APPOINTMENT WAS 11
5 O'CLOCK AND IT LASTED ABOUT A HOUR AND 10 MINUTES.

6 Q. AND AT THAT MEETING AT THE JUSTICE DEPARTMENT, DID
7 CONGRESSMAN HANSEN DESCRIBE THE TRANSACTION THAT WAS THE
8 SUBJECT OF THE BLACKMAIL LETTER?

9 A. YOU MEAN THE SILVER, THE 87 THOUSAND DOLLARS IN SILVER?

10 Q. THAT IS RIGHT?

11 A. YES, SIR, HE EXPLAINED TO MR. GIULIANI AND AN
12 ASSOCIATE NAMED CARUSO THAT MRS. HANSEN HAD TRANSACTED A
13 BUSINESS ARRANGEMENT IN THE COMMODITIES FUTURE MARKET, AND HAD
14 INDEED MADE A PROFIT OF 87 THOUSAND DOLLARS, AND THAT
15 UNDOUBTEDLY WAS THE SOURCE OF THE NUMBER IN THE BLACKMAIL NOTE,
16 AND EXPLAINED THE GENERAL NATURE OF THE TRANSACTION.

17 Q. DID YOU, IN EITHER OF THE DISCUSSIONS WITH CONGRESSMAN
18 HANSEN PRIOR TO THE MEETING OR IN THE MEETING ITSELF DISCERN
19 ANY RELUCTANCE OR HESITATION ON HIS PART TO DISCLOSE ANY PART
20 OF THAT TRANSACTION?

21 A. NO, ONE OF THE PRICES WHICH WE HAD DISCUSSED FRIDAY,
22 THE PRECEDING FRIDAY WAS THAT IT WAS INEVITABLE THAT IN
23 ADDITION TO LOOKING FOR THE BLACKMAILER THEY WOULD LOOK FOR HIS
24 JUSTIFICATION, SO THERE WAS SUBSTANTIAL REASON TO BELIEVE MR.
25 HANSEN WOULD BE UNDER INVESTIGATION TO DETERMINE WHETHER OR NOT

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1 HE WAS IN FACT THE RECIPIENT OF A BRIBE OR A BRIBE ATTEMPT FROM
2 THIS MR. HUNT.

3 HE EXPRESSED THAT TO THE ASSISTANT ATTORNEY GENERAL,
4 MR. GIULIANI ON THE OCCASION OF THAT MEETING, THAT HE KNEW HE
5 WAS GOING TO BE SUBJECT TO INVESTIGATION.

6 Q. AND WHAT WAS MR. HANSEN'S REACTION TO THAT? WAS HE
7 READY TO UNDERGO ANY INVESTIGATION?

8 A. IT WASN'T A PROBLEM. OUT OF CAUTION I EXPLAINED TO
9 HIM WHAT THE CONSEQUENCES OF REVEALING SUCH A DOCUMENT WERE,
10 AND HE SAID WELL THAT IS THE WAY IT IS.

11 Q. ALL RIGHT. AFTER YOU RETURNED FROM THE DEPARTMENT OF
12 JUSTICE, DO YOU RECALL WHAT HAPPENED THAT AFTERNOON?

13 A. I RECALL SITTING AROUND WAITING FOR A PROMISED
14 INVESTIGATOR OR INVESTIGATING TEAM TO SHOW UP IN THE OFFICE.

15 THERE WAS A TELEPHONE CALL FOR I THINK IT WAS MR.
16 IRWIN, THE ATTORNEY FROM DALLAS, WHICH GOT HIM ANNOYED BECAUSE
17 THE CALLER ALLEGED HIMSELF TO BE FROM THE JUSTICE DEPARTMENT
18 AND WANTED A TELEPHONIC COMMUNICATION, AND MR. IRWIN THOUGHT
19 THAT WAS INAPPROPRIATE. MR. HANSEN FELT THAT THAT WAS NOT THE
20 WAY HE HAD BEEN PROMISED THEY WOULD START ON THE MATTER, AND HE
21 CALLED THE DEPARTMENT OF JUSTICE, AND SOMETIME SUBSEQUENT TO
22 THAT, I REMEMBER THAT IT WAS IN THE EARLY EVENING, TWO F B I
23 MEN SHOWED UP, MR. TRAILER AND MR. HOY.

24 Q. IS IT FAIR TO SAY THAT CONGRESSMAN HANSEN WAS
25 INSISTING ON A PROFESSIONAL INVESTIGATION OF THAT MATTER?

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1 A. THAT IS WHAT HE WENT TO THE JUSTICE DEPARTMENT TO GET,
2 AND THAT IS WHAT HE ASKED FOR WHEN MR. IRWIN SUGGESTED THAT
3 THEY WERE NOT PREPARED TO PROCEED EXPEDITIOUSLY.

4 Q. AND THAT IS WHAT HE ASKED FOR ON THE TELEPHONE IN THE
5 CONVERSATION WITH THE JUSTICE DEPARTMENT?

6 A. HE WAS QUITE ANNOYED THAT THEY WERE NOT DOING WHAT
7 THEY PROMISED TO DO WHICH WAS TO GET ON IT QUITE PROMPTLY.

8 Q. LET ME TAKE YOU BACK FROM APRIL OF 1981, MR. MCKENNA,
9 TO THE MIDDLE OF 1980, AND, SPECIFICALLY, LET ME PUT BEFORE YOU
10 WHAT IS IN EVIDENCE AS DEFENDANT'S EXHIBIT 12. AND ASK YOU
11 WHETHER YOU RECOGNIZE THAT VOLUME?

12 A. YES, SIR. IT IS A COPY OF A BOOK WRITTEN JOINTLY BY
13 MR. HANSEN AND THE OTHER NAME, THE OTHER PERSON IS LARRY
14 ANDERSON. I HAD SOME SMALL PART IN DRAFTING THE FINAL TWO
15 SECTIONS OF IT.

16 Q. THE FINAL TWO SECTIONS OF IT?

17 A. YES, SIR.

18 Q. COULD YOU TELL US WHAT THE SUBJECT OF THAT BOOK IS?

19 A. THE SUBJECT OF THE BOOK IS A DISCLOSURE OF VARIOUS
20 CASES INVOLVING A FEDERAL AGENCY'S INAPPROPRIATE ACTIONS
21 AGAINST INDIVIDUALS AND GROUPS IN THE SOCIETY.

22 Q. YOU SAY A FEDERAL AGENCY, WHICH FEDERAL AGENCY?

23 A. THE INTERNAL REVENUE SERVICE.

24 Q. AND WAS THAT A SUBJECT THAT WAS OF INTEREST TO
25 CONGRESSMAN HANSEN, THE ABUSES OF THE INTERNAL REVENUE SERVICE?

1 A. YES, SIR, HE HAD HAD OCCASION IN 1976 BEFORE MY COMING
2 WITH HIM, TO HAVE HAD TO INTERCEDE.

3 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

4 THE COURT: YES.

5 AT THE BENCH:

6 MR. WEINGARTEN: I RESPECTFULLY REQUEST A PROFFER. I
7 WAS WONDERING WHAT MR. LEWIN IS ANTICIPATING ELICITING FROM
8 THIS WITNESS TO WHAT EXTENT HOW FAR BACK WE ARE GOING?

9 MR. LEWIN: NOT FAR. QUITE HONESTLY. I DON'T KNOW
10 WHAT HE IS REFERRING TO. I THINK A GRAND TETON THING IN '79.
11 I WAS NOT EXPECTING HIM TO BE THAT DETAILED ON IT. I JUST
12 WANTED HIM GENERALLY TO GIVE ME A DESCRIPTION OF WHAT THE BOOK
13 IS ABOUT.

14 THE COURT: IS HE GOING TO RELATE CONCERNING THE
15 EXAMPLES OF ABUSE?

16 MR. LEWIN: YES. AND I WANTED TO INDICATE THAT IT HAS
17 BEEN PUBLISHED SOMETIME BEFORE 1980 THAT CONGRESSMAN HANSEN HAD
18 BEEN FOLLOWING THE ABUSES OF THE INTERNAL REVENUE.

19 THE COURT: AND THAT WILL END IT?

20 MR. LEWIN: THE SUBJECT MATTER BUT THE BOOK AND THE
21 OTHER MATTER CONTINUES IN THE FUTURE. IT IS PART OF THE
22 DEVELOPMENT OF TAXPAYERS.

23 THE COURT: WE ARE LEADING INTO ITS ASSOCIATION WITH
24 TAXPAYERS?

25 MR. WEINGARTEN: DO YOU KNOW HOW LONG YOU WILL BE, DO

1 YOU THINK YOU WILL FINISH?

2 MR. LEWIN: I AM NOT SURE I AM GOING TO FINISH.

3 THE COURT: EVEN IF YOU DON'T FINISH, YOU WILL
4 CERTAINLY NOT FINISH.

5 MR. WEINGARTEN: I THINK I CAN COLLECT MY NOTES BETTER
6 IF IT IS 10 TO 7 IF WE START IN THE MORNING.

7 THE COURT: SORT OF CLUE ME. YOU CAN GET SOME
8 BACKGROUND IN THERE. WE ARE GOING TO STOP AROUND 7 IN ANY
9 EVENT.

10 IN OPEN COURT;

11 THE COURT: MR. MCKENNA, PLEASE RESUME THE STAND.

12 BY MR. LEWIN:

13 Q. WITHOUT GOING INTO ANY SPECIFIC DETAIL ABOUT
14 PARTICULAR THINGS IN THE PAST, IS IT A FACT THAT CONGRESSMAN
15 HANSEN INTERESTS IN THE ABUSES OF THE INTERNAL REVENUE SERVICE
16 DATED BACK FOR A SUBSTANTIAL PERIOD PRIOR TO 1980?

17 A. AT LEAST FOUR YEARS.

18 Q. AND AS A RESULT OF HIS INTERESTS, HE, TOGETHER WITH
19 MR. ANDERSON HAD WRITTEN THIS BOOK, AND YOU SAY YOU ASSISTED
20 SOMEWHAT?

21 A. IN THE FINAL TWO SECTIONS, YES.

22 Q. WHAT SPECIFICALLY ARE THE FINAL TWO SECTIONS?

23 A. THE FINAL TWO SECTIONS ARE PROPOSALS FOR REMEDIAL
24 LEGISLATIVE ACTION.

25 Q. AND IS IT FAIR TO SAY THAT YOU DRAFTED THOSE OR WORKED

1 ON THE DRAFTING OF THOSE SECTIONS?

2 A. OF THOSE SECTIONS, YES.

3 I PREPARED THE FIRST DRAFT.

4 Q. AND YOU SAY THESE ARE SOLUTIONS TO THE PROBLEM OF WHAT,
5 OF ABUSES OF THE INTERNAL REVENUE SERVICE?

6 A. PROPOSALS FOR SOLUTIONS.

7 Q. RIGHT. PROPOSED SOLUTIONS. SPECIFICALLY, WHAT WERE
8 THOSE PROPOSED SOLUTIONS?

9 MR. WEINGARTEN: I DON'T KNOW IF WE HAVE TO APPROACH
10 THE BENCH. BUT I OBJECT.

11 MR. LEWIN: WELL, THIS ALL LEADS UP.

12 THE COURT: LET'S GET TO THE OTHER MATTER BECAUSE WE
13 ARE NOT GOING TO GET INTO THOSE DETAILS.

14 MR. LEWIN RIGHT.

15 BY MR. LEWIN:

16 Q. THEY WERE PROPOSALS FOR HOW TO DEAL WITH THE PROBLEM,
17 RIGHT?

18 A. YES, SIR.

19 Q. COULD YOU JUST TELL US WHAT THOSE PROPOSALS WERE?

20 A. ONE WAS THE PROPOSAL TO LIMIT THE COLLECTION PRACTICES
21 OF THE INTERNAL SERVICE TO WHAT IS CALLED THE FAIR DEBT
22 COLLECTION PRACTICES ACT. THE OTHER WAS TO ABANDON THE
23 PROGRESSIVE TAX RATE, AND INSTITUTE A SINGLE RATE THAT HAS COME
24 TO BE CALLED A FLAT RATE TAX.

25 Q. SO THOSE WERE THE TWO PROPOSALS FOR LEGISLATIVE ACTION

1 THAT WERE SUGGESTED IN THAT BOOK?

2 A. YES, SIR.

3 Q. NOW, COULD YOU JUST DESCRIBE FOR THE COURT AND JURY,
4 IN GENERAL TERMS, FROM YOUR EXPERIENCE IN CONGRESSMAN HANSEN'S
5 OFFICE WHAT HIS APPROACH WAS TO LEGISLATIVE MATTERS. HOW WOULD
6 HE APPROACH DEALING WITH SITUATIONS THAT REQUIRED SOLUTIONS, IN
7 AN OVERALL GENERAL WAY?

8 A. MR. HANSEN IS WHAT WE CALL A POPULIST. HIS RELIANCE
9 IS MORE ON GRASS ROOTS SUPPORT, THAN THE STRUCTURAL ORGANIZED
10 OPERATION OF THE LEGISLATURE IN ITS NORMAL FUNCTION. IF HE
11 DECIDES THAT HE IS TO PURSUE AN ISSUE, HE PURSUES IT BY GOING
12 OUTWARD TO THE PEOPLE AND STATING A NEED AND OBJECTIVE, AND
13 THEN SEEKING THEIR ASSISTANCE IN ARRANGING TO HAVE THE CONGRESS
14 TAKE AN INTEREST IN THE PROBLEM THAT HE IS ADDRESSING.

15 Q. WAS IT FROM YOUR EXPERIENCE IN HIS OFFICE HIS PRACTICE
16 TO TRY TO GENERATE PUBLIC SUPPORT IN THE WAY OF LETTERS AND
17 POSTCARDS AND CALLS IN TO THE CONGRESSMEN ON MATTERS WITH WHICH
18 HE WAS CONCERNED?

19 A. THAT IS THE WAY HE HAS OPERATED -- THE THREE-- OTHER
20 THAN THIS-- IN MY TIME THERE. HE BEGINS A MAIL CAMPAIGN,
21 ORGANIZES AN AD HOC COMMITTEE OF SOME KIND, PROPOSES A SOLUTION,
22 AND SOLICITS THE GENERAL PUBLIC TO RESPOND TO THAT SOLUTION BY
23 WRITING THEIR CONGRESSMAN SAYING SUPPORT, WHATEVER IT IS THAT
24 MR. HANSEN IS AT THAT MOMENT ESPOUSING.

25 Q. WITH REGARD TO THIS MATTER OF CORRECTING THE ABUSES OF

1 THE INTERNAL REVENUE SERVICE, DID THE CONGRESSMAN FOLLOW
2 ESSENTIALLY THE SAME COURSE?

3 A. YES, SIR.

4 Q. ALL RIGHT. COULD YOU TELL US WHAT IN TERMS OF
5 APPROACH WAS DESIGNED TO BE DONE THE WITH REGARD TO EFFORTS TO
6 CORRECT THE ABUSES OF THE INTERNAL REVENUE SERVICE?

7 A. WELL, THE 3 ELEMENTS WERE THIS, AS A DEVICE TO REACH
8 THE GENERAL PUBLIC WITH WHAT HE PERCEIVED TO BE THE PROBLEM.

9 Q. THIS, YOU ARE POINTING TO?

10 A. I AM SORRY. THE BOOK AS A STIMULANT TO POPULAR
11 RESPONSE TO HIS PROPOSALS; THE PROPOSALS, THEMSELVES, WHICH I
12 JUST MENTIONED.

13 Q. THE LEGISLATIVE PROPOSALS?

14 A. THE LEGISLATIVE PROPOSALS; AND AN ORGANIZATION TO
15 FOCUS THAT MASS RESPONSE BACK TO THE CONGRESSMAN.

16 Q. SO FAR AS YOUR DISCUSSIONS WITH THE CONGRESSMAN, IN
17 1980, WAS IT HIS INTENTION TO FOLLOW THAT 3-PART COURSE AT THAT
18 TIME?

19 A. YES, SIR, WE WERE OPERATING UNDER THE ASSUMPTION THAT
20 WE WOULD DO ALL 3 THINGS, RELATIVELY CONTEMPORANEOUSLY.

21 Q. NOW, WHEN WAS THAT BOOK YOU HAVE LYING BEFORE YOU
22 PUBLISHED?

23 A. MY RECOLLECTION IS OCTOBER 1980. IT DOESN'T SAY, BUT
24 I THINK IT WAS OCTOBER 1980.

25 Q. AND WHO WAS THE PUBLISHER OF THAT BOOK?

1 A. MR. HANSEN, HIMSELF. IT SHOWS POSITIVE PUBLICATION.
2 THAT IS THE CONGRESSMAN.

3 Q. IT WAS JUST HE PERSONALLY FINANCED THE PRINTING OF IT?

4 A. YES, SIR.

5 Q. AND THE DISTRIBUTION?

6 A. EVERYTHING.

7 Q. AND WERE EFFORTS MADE TO SELL THE BOOK AT THAT POINT?

8 A. VIGOROUS EFFORTS WERE MADE. HE HAD INVESTED AT THAT
9 TIME A SUBSTANTIAL SUM OF MONEY IN IT.

10 Q. OF MONEY FROM HIS OWN PERSONAL FUNDS, HIS AND MRS.
11 HANSEN'S PERSONAL FUNDS?

12 A YES, SIR.

13 Q. TO YOUR KNOWLEDGE, AT THE FIRST STAGE WHEN THAT BOOK
14 WAS PUBLISHED, DID THE CONGRESSMAN HAVE IN MIND THE POSSIBILITY
15 OR LIKELIHOOD THAT HE MIGHT REALIZE A PERSONAL PROFIT IN TERMS
16 OF THE SALE OF THAT BOOK?

17 A. OH, CERTAINLY, HE WAS IN FACT IN A POSITION OF
18 SUBSTANTIAL DEBT. THE BOOK UNDOUBTEDLY COULD HAVE ASSISTED HAD
19 IT SHOWN A PROFIT, AND HE ISSUED THE BOOK CERTAINLY PARTLY AT
20 LEAST FOR PROFIT MOTIVES.

21 Q. YOU MENTIONED HE WAS IN DEBT. YOU KNEW HE WAS IN
22 SUBSTANTIAL DEBT?

23 A. IT WAS A MATTER OF PUBLIC KNOWLEDGE, YES, SIR.

24 Q. AND YOU KNEW ALL THE BACKGROUND THAT WENT BACK TO THE
25 PROPERTY SETTLEMENT AGREEMENT THAT WAS SIGNED?

1 A. WELL, I HAD READ THOSE FILES.

2 Q. WAS THERE A TIME LATER IN THE EFFORT WHEN THAT BOOK OR
3 A SUBSEQUENT FORM OR VERSION OF IT WAS IN FACT USED AS PART OF
4 ANOTHER PORTION OF THIS 3-PART EFFORT?

5 A. YES, SIR, THE ORIGINAL MAILINGS, THE ORIGINAL MASS
6 MAILINGS USED THIS BOOK AS A PREMIUM. YOU ARE RIGHT. I AM NOT
7 SURE IT WAS THIS BOOK. IT MIGHT HAVE BEEN THE SUBSEQUENT BOOK.
8 ULTIMATELY OR LATER THAN THE PUBLICATION OF THIS, MR. HANSEN
9 SOLD THE RIGHTS OF THE BOOK TO SIMON AND SCHUSTER, A NEW YORK
10 PUBLISHING HOUSE. IT CAME OUT IN A DIFFERENT FORMAT. IT WAS
11 ESSENTIALLY THE SAME BOOK.

12 THIS, OR THE SIMON AND SCHUSTER BOOK WAS USED AS A
13 PREMIUM IN THE MASS MAILINGS, TO INDUCE PEOPLE TO GIVE IF-- MY
14 RECOLLECTION IS IF THEY GAVE 20 DOLLARS OR MORE THEY WOULD GET
15 A FREE BOOK.

16 Q. YOU ARE SPEAKING OF A SUBSEQUENT EDITION, WHICH YOU
17 SAY WAS SUBSTANTIALLY THE SAME. I PLACE BEFORE YOU DEFENDANT'S
18 EXHIBIT 21 AND ASK YOU IS THIS WHAT YOU ARE REFERRING TO?

19 A. THIS IS THE BOOK PUBLISHED BY SIMON AND SCHUSTER, YES,
20 SIR.

21 Q. WERE THERE -- ALL RIGHT. THE SECOND ASPECT THAT YOU
22 SPOKE OF, MR. MCKENNA, WAS THE LEGISLATIVE ASPECT, IS THAT
23 CORRECT?

24 A. THAT IS RIGHT, THAT IS CORRECT.

25 Q. AND WERE STEPS TAKEN WITH REGARD TO THAT, IMPLEMENTING

1 THAT?

2 A. YES MR. HANSEN INTRODUCED H R 4093.

3 MR. LEWIN. MAY WE APPROACH THE BENCH, YOUR HONOR?

4 THE COURT: YES, SIR.

5 AT THE BENCH:

6 THE COURT: I TAKE IT, IT IS THE 3 BITS OF LEGISLATION
7 WE HAVE DISCUSSED?

8 MR. LEWIN: PURSUANT TO YOUR HONOR'S RULING WE DRAFTED
9 THIS STIPULATION. I UNDERSTAND THE GOVERNMENT HAS SOME PROBLEM
10 WITH THE STIPULATION.

11 THE COURT: DO YOU HAVE THE BILLS THAT ARE THE SUBJECT
12 MATTER OF THAT?

13 THE PROPOSED STIPULATION WHICH IS NOW SIGNED, " IT IS
14 HEREBY STIPULATED AND AGREED BY THE PARTIES ON JULY 9, 1981,
15 THAT CONGRESSMAN HANSEN INTRODUCED H R 4093, THE TAXPAYER
16 PROTECTION ACT. " THIS IS DEFENDANTS EXHIBIT 43. AND I JUST
17 WANT TO SEE.

18 AND THEN, ON OCTOBER 22, 1981, THE STIPULATION GOES ON
19 TO SAY, CONGRESSMAN HANSEN INTRODUCED IN CONGRESS H R 4821, THE
20 TAX SIMPLIFICATION ACT.

21 AND ON NOVEMBER 10, 1981, CONGRESSMAN HANSEN
22 INTRODUCED IN CONGRESS H R 4931, A REVISED BILL ENTITLED
23 "TAXPAYER PROTECTION ACT. "

24 THAT CONCLUDES THE STIPULATION.

25 MR. WEINGARTEN: OUR HESITANCY ONLY INVOLVED A REQUEST

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1 FOR CLARIFICATION. DOES THIS MEAN THAT WE CAN DO LIKEWISE,
2 INTRODUCE LEGISLATION, WITH THE SAME SORT OF STIPULATION?

3 MR. LEWIN: WE JUST WANTED THAT FILED BEFORE --

4 THE COURT: AS I UNDERSTAND, THE LEGISLATION WILL NOT
5 BE INTRODUCED. THE STIPULATION WILL INDICATE AND ADVISE THE
6 JURY THAT THERE HAS BEEN SUCH LEGISLATION INTRODUCED AND IT IS
7 A SHORTHAND VERSION PRESUMABLY OF THE 3 LINES OR SO THAT GO
8 RIGHT BENEATH THE H R NUMBER OR THE TWO LINES. I DON'T KNOW
9 WHICH BILL YOU ARE LOOKING AT.

10 NO PROBLEM WITH THEM. YOUR CONCERN IS, I TAKE IT, CAN
11 YOU HAVE QUID PRO QUO? IS THAT IT?

12 MR. WEINGARTEN: YES.

13 MR. LEWIN: I HAVE NO IDEA WHAT MR. WEINGARTEN --

14 MR. WEINGARTEN: SO WE DON'T BEAT AROUND THE BUSH, WE
15 REPRESENT TO THE COURT THERE IS A BILL INTRODUCED BY
16 CONGRESSMAN HANSEN JANUARY 15, 1979, ONE DAY BEFORE THE SILVER
17 CONTRACTS WERE PURCHASED WE BELIEVE WE CAN SHOW WAS OF PECULIAR
18 BENEFIT TO NELSON BUNKER HUNT AND SIMPLY STATED IF THERE IS A
19 STIPULATION. I AM NOT SURE WHETHER OR NOT THIS STIPULATION
20 MEETS ALL RAMIFICATIONS. IF WE ARE GOING TO INTRODUCE
21 LEGISLATION OF CONGRESSMAN HANSEN, WE SHOULD BE ABLE TO DO
22 EXACTLY LIKEWISE.

23 THE COURT: WE ARE NOT INTRODUCING THE LEGISLATION PER
24 SE. WE ARE INTRODUCING A STIPULATION THAT THERE WAS
25 LEGISLATION ON A DATE WITH THE SPECIFIC H R NUMBER WITHOUT ANY

1 OTHER DETAIL.

2 ONE IS INDICATED, TAXPAYERS PROTECTION, ONE IS CALLED
3 TAXPAYERS PROTECTION ACT AND ONE IS CALLED TAX SIMPLIFICATION
4 ACT. NOW THE LEGISLATION DOES STATE-- IT SAYS UNDER THE TITLE.
5 IS THAT WHERE YOU TOOK THE INFORMATION FROM, GENTLEMEN?

6 MR. WEINGARTEN: THEN, I GUESS WHAT I AM SAYING DOESN'T
7 HAVE TO BE MET AT THIS MOMENT.

8 THE COURT: I DON'T THINK SO. AND I DON'T ENVISION
9 THE PROBLEM THAT I THINK YOU ENVISION AT THIS MOMENT. NOW
10 DEFENSE COUNSEL IS NOT GOING TO AGREE AT THE TIME YOU WISH TO
11 DO SOMETHING WITH THE OTHER MATTER, THAT THEY WILL ENTER INTO A
12 STIPULATION. I DON'T KNOW WHETHER THEY WILL ENTER INTO A
13 STIPULATION OR NOT.

14 MR. LEWIN: WE CERTAINLY ARE NOT WAIVING ANYTHING AT
15 THIS TIME. WE THINK THIS IS ADMISSIBLE AND WHATEVER MR.
16 WEINGARTEN WANTS TO PRESENT, WE WILL CONSIDER IT AT THAT TIME.

17 MR. WEINGARTEN: WE WILL AFFIX OUR SIGNATURES AND WE
18 WILL BE HAPPY TO.

19
20
21
22
23
24
25

(IN OPEN COURT)

THE COURT: WE WILL ONLY BE ABOUT 35 MINUTES MORE, LADIES AND GENTLEMEN. THE MERE FACT THAT YOU SEE A CHANGE OF THE REPORTERS DOES NOT SIGNIFY THAT WE ARE GOING ON FOREVER TONIGHT. ONLY FOR ABOUT 35 MORE MINUTES, GIVE OR TAKE A FEW MOMENTS.

WE HAVE A STIPULATION THAT MR. LEWIN I UNDERSTAND IS GOING TO READ INTO THE RECORD AS SOON AS THE REPORTER IS READY TO LEAVE.

WE'RE READY. THANK YOU. YES, MR. LEWIN.

MR. LEWIN: LADIES AND GENTLEMEN OF THE JURY, THIS IS STIPULATION NO. 12: "IT IS HEREBY STIPULATED AND AGREED BY THE PARTIES THAT ON JULY 9, 1981, CONGRESSMAN HANSEN INTRODUCED IN CONGRESS H.R. 4093, A BILL ENTITLED 'THE TAX-PAYER PROTECTION ACT.' ON OCTOBER 22, 1981, CONGRESSMAN HANSEN INTRODUCED IN CONGRESS H.R. 4821, A BILL ENTITLED 'THE TAX SIMPLIFICATION ACT,' AND ON NOVEMBER 10, 1981, CONGRESSMAN HANSEN INTRODUCED IN CONGRESS H.R. 4931, A REVISED BILL ENTITLED 'THE TAXPAYER PROTECTION ACT.'"

THE COURT: ALL RIGHT. LADIES AND GENTLEMEN OF THE JURY, AS WITH ALL PRIOR STIPULATIONS, YOU MAY CONSIDER THAT STIPULATION AS UNDISPUTED EVIDENCE.

MR. MCKENNA, WILL YOU RESUME THE WITNESS CHAIR, PLEASE.

BY MR. LEWIN:

1 Q NOW, MR. MCKENNA, YOU HAVE HEARD THAT STIPULATION
2 READ. WERE THOSE THREE PIECES OF LEGISLATION THE LEGISLATIVE
3 PORTION OF THAT THREE-PART PROGRAM THAT YOU DESCRIBED FOR
4 US?

5 A YES, SIR.

6 Q NOW, THE OTHER -- THE THIRD PORTION I THINK THAT
7 YOU DESCRIBED FOR US WAS THE ORGANIZATION OF A GRASS ROOTS
8 MOVEMENT.

9 A YES, SIR.

10 Q AND COULD YOU TELL US WHAT STEPS, IN YOUR EXPERIENCE
11 WITH CONGRESSMAN HANSEN, ARE ORDINARILY TAKEN AS INITIAL
12 STEPS IN THAT REGARD.

13 A NORMALLY, THE CONGRESSMAN CASTS ABOUT FOR AN
14 EXISTING ORGANIZATION TO WHICH HE CAN ATTACH THIS PARTICULAR
15 PROGRAM WHICH HE WISHES TO ESPOUSE, AND USES THAT ORGANIZATION
16 AS THE PARENT GROUP FOR WHATEVER PROJECT IT IS HE HAS IN MIND
17 THAT OPTION WAS CONSIDERED AND REJECTED BECAUSE OF THE NATURE
18 OF THIS PARTICULAR PROJECT. AND BY MID-1981, IT WAS CLEAR
19 THAT WE WOULD HAVE TO ORGANIZE A NEW GROUP.

20 THERE WAS SUBSTANTIAL DISCUSSIONS AT THAT TIME WITH
21 A GENTLEMAN NAMED JARMAN --

22 Q COULD YOU SPELL THAT?

23 A J-A-R-M-A-N. GARY JARMAN, WHO IN FACT BECAME AN
24 OFFICER OF THE ORGANIZATION WHEN IT WAS FINALLY INCORPORATED
25 -- ABOUT THE FORM OF THE ORGANIZATION, WHETHER IT SHOULD BE

1 DIRECTLY A TAX ORGANIZATION OR ANOTHER KIND OF GROUP TO WHICH
2 THIS PARTICULAR PROJECT WOULD BE AN INDIVIDUAL PROJECT.

3 Q YOU MEAN A BROADER ORGANIZATION, AND THIS WOULD
4 BE ONE PROJECT OF A MORE --

5 A AN ORGANIZATION CONTEMPLATED TO BE BROADER, OF WHICH
6 THIS WOULD BE THE FIRST OF MANY PROJECTS, YES, SIR.

7 Q AND WERE THESE DISCUSSIONS CONCERNING SUCH AN
8 ORGANIZATION AND SUCH AN EFFORT IN PROGRESS IN 1981?

9 A BEGINNING IN THE EARLY SUMMER OF 1981, WE HAD THESE
10 DISCUSSIONS WHICH ULTIMATELY, AFTER SOME DISCUSSION ABOUT
11 WHO WOULD BE THE FUND-RAISER AND WHO WOULD MANAGE THIS AND
12 WHO WOULD DO THAT, THE INCORPORATION CAME ABOUT SOMETIME IN
13 SEPTEMBER OF 1981.

14 Q I PLACE BEFORE YOU, MR. MCKENNA, WHAT I HAVE MARKED
15 AS DEFENDANT'S EXHIBIT 48 FOR IDENTIFICATION AND 49 FOR
16 IDENTIFICATION, AND I ASK YOU WHETHER YOU CAN IDENTIFY THOSE
17 DOCUMENTS.

18 A THE DOCUMENTS ARE, RESPECTIVELY, THE ARTICLES OF
19 INCORPORATION OF THE NATIONAL BUSINESS ECONOMIC FREEDOM
20 COUNCIL AND THE BY-LAWS OF THAT SAME ORGANIZATION.

21 Q AND WHAT WAS THE NATIONAL BUSINESS ECONOMIC FREEDOM
22 COUNCIL?

23 A IT WAS A CORPORATION WHICH MR. JARMAN, CONGRESSMAN
24 HANSEN, AND I INCORPORATED, TO WHICH WE HAD INTENDED TO AND
25 DID APPEND THE ORGANIZATION WHICH WE CALL THE ASSOCIATION OF

4
1 CONCERNED TAXPAYERS, AND THE NATIONAL BUSINESS ECONOMIC
2 FREEDOM COUNCIL WAS JUST THE PARENT GROUP FOR THE ASSOCIATION
3 OF CONCERNED TAXPAYERS PROJECT.

4 Q WAS THERE SOME DISCUSSION PRIOR TO THE FORMATION
5 OF THIS ORGANIZATION AS TO PRECISELY WHAT KIND OF AN ORGANIZA-
6 TION UNDER THE INTERNAL REVENUE CODE SHOULD BE CREATED?

7 A YES, SIR. WE WERE GREATLY CONCERNED ABOUT WHETHER
8 OR NOT WE SHOULD SEEK WHAT IS CALLED A 501(C)(3) TAX EXEMPTION.

9 Q WHAT IS THE CONSEQUENCE OF HAVING A 501(C)(3) TAX
10 EXEMPTION?

11 A THE 501(C)(3) TAX EXEMPT ORGANIZATION IS LIMITED
12 IN PURPOSE TO CHARITABLE, EDUCATIONAL, SCIENTIFIC WORK. AND
13 IT IS BOTH, ITSELF, EXEMPT FROM FEDERAL TAXES, AND DONATIONS
14 TO IT ARE EXEMPT UNDER A SEPARATE SECTION OF THE INTERNAL
15 REVENUE CODE, SO THAT PEOPLE WHO DONATE TO A 501(C)(3) CAN
16 TREAT THEIR DONATIONS SIMILAR TO THEIR DONATIONS TO A CHURCH.

17 THE 501(C)(3) PROVED UNDESIRABLE TO US, BECAUSE
18 WE WERE GREATLY CONCERNED AT THE TIME ABOUT CONFIDENTIALITY
19 AND ANONYMITY. THE CONFIDENTIALITY OF DONORS WAS A MATTER
20 OF GRAVE CONCERN FROM THE VERY BEGINNING TO US, SO WE OPTED
21 NOT TO ATTEMPT TO DO A 501(C)(3) AND, INSTEAD, INCORPORATED
22 THIS ORGANIZATION AS A 501(C)(4), WHICH IS, ON ONE SIDE,
23 AUTHORIZED TO INVOLVE ITSELF IN LEGISLATIVE INITIATIVES, BUT
24 ON THE OTHER SIDE, LOSES THE TAX EXEMPTION AS TO DONATIONS
25 FROM SUPPORTERS. THEY CANNOT DEDUCT CONTRIBUTIONS TO SUCH

1 AN ORGANIZATION FROM THEIR OWN TAX RETURNS.

2 Q SO THE ORGANIZATION COULD BE ONE THAT COULD LOBBY,
3 BUT TO WHICH CONTRIBUTIONS ARE NOT TAX-DEDUCTIBLE.

4 A THAT IS CORRECT, SIR.

5 MR. LEWIN: NOW, I OFFER DEFENDANT'S EXHIBITS 48
6 AND 49 IN EVIDENCE.

7 MR. WEINGARTEN: NO OBJECTION, YOUR HONOR.

8 THE COURT: THEY ARE IN EVIDENCE, WITHOUT OBJECTION.

9 (DEFENDANT'S EXHIBITS 48 AND 49
10 WERE RECEIVED IN EVIDENCE)

11 BY MR. LEWIN:

12 Q THE LAST PAGE OF EXHIBIT 48 SPECIFIES THE THREE
13 INDIVIDUALS WHO ARE TO BE DIRECTORS, THE INITIAL BOARD OF
14 DIRECTORS OF THE NATIONAL BUSINESS ECONOMIC FREEDOM COUNCIL,
15 AND THEY ARE GEORGE HANSEN, JAMES MCKENNA -- THAT'S YOU; IS
16 THAT RIGHT?

17 A YES, SIR.

18 Q AND GEORGE HANSEN IS CONGRESSMAN HANSEN?

19 A THAT IS CORRECT.

20 Q AND GARY JARMAN. THAT IS THE INDIVIDUAL YOU WERE
21 MENTIONING BEFORE.

22 A YES, SIR.

23 Q AND WAS IT YOUR TESTIMONY THAT THE ASSOCIATION OF
24 CONCERNED TAXPAYERS WAS TO BE A PROJECT OF THE NATIONAL
25 BUSINESS ECONOMIC FREEDOM COUNCIL?

1 A YES, SIR. THIS ORGANIZATION, THE NATIONAL BUSINESS
2 ECONOMIC FREEDOM COUNCIL, WAS FORMED SPECIFICALLY FOR THE
3 PURPOSE OF SPAWNING THE ASSOCIATION OF CONCERNED TAXPAYERS.

4 Q AND WHO WAS IT WHO WAS TO BECOME THE DIRECTOR, AS
5 IT WERE, OF THE A.C.T. GROUP?

6 A IT WAS ANTICIPATED THAT MR. JARMAN WOULD ACT AS
7 THE EXECUTIVE DIRECTOR OF THE GROUP. MR. HANSEN WOULD BE
8 THE PRESIDENT, AND I WOULD BE THE VICE PRESIDENT, OR CHAIRMAN
9 AND VICE CHAIRMAN, RESPECTIVELY. MR. JARMAN WOULD BE THE
10 TREASURER, AND IT WAS ANTICIPATED THAT HE WOULD BE THE
11 EXECUTIVE DIRECTOR WHEN THERE WAS ANYTHING TO DIRECT.

12 Q ALL RIGHT. WHAT WAS ANTICIPATED WOULD BE THE FIRST
13 MEASURES THAT THIS ASSOCIATION OF CONCERNED TAXPAYERS WOULD
14 DO TO GATHER THE GRASS ROOTS SUPPORT THAT WAS CONTEMPLATED?

15 A MR. HANSEN'S STANDARD PROCEDURE WAS CONTEMPLATED
16 HERE, THAT IS, TO ORGANIZE AND MAIL WHAT IS CALLED A DIRECT
17 MAIL EFFORT, THAT YOU SEND TO SPECIFIED INDIVIDUALS AN ENVELOPE
18 CONTAINING WHATEVER IT IS YOU ARE CONCERNED ABOUT AND WHAT-
19 EVER IT IS YOU PROPOSE TO DO ABOUT IT AND WHAT YOU ASK THEM
20 TO DO ABOUT IT. IT'S CALLED A DIRECT MAIL PACKAGE, AND IT
21 IS DISTRIBUTED IN ACCORDANCE WITH ADDRESSEES WHOM YOU ACQUIRE
22 FROM A SERVICE.

23 Q THE DIRECT MAIL PACKAGE THAT IS SENT OUT SEEKS
24 CONTRIBUTIONS?

25 A OH, YES, SIR. THAT IS ONE OF ITS PRIMARY PURPOSES.

1 Q DID HE -- I'M SORRY. DID I INTERRUPT YOU?

2 A WELL, ITS OTHER PURPOSE, OF COURSE, IS TO SENSITIZE
3 THE RECIPIENT TO THE NATURE OF THE PROBLEM AND SOLICIT HIS
4 RESPONSE ON A POLITICAL OR LEGISLATIVE LEVEL.

5 Q I'M SORRY. SOLICIT HIS RESPONSE ON A --

6 A POLITICAL OR LEGISLATIVE LEVEL, DEPENDING ON WHAT
7 THE PROBLEM IS.

8 Q WHICH MEANS, WHAT? I MEAN IN TERMS OF A POLITICAL
9 OR LEGISLATIVE --

10 A YOU ARE ASKING HIM TO RESPOND BY ASKING HIS
11 CONGRESSMAN TO DO SOMETHING, WHATEVER IT HAPPENS TO BE AT
12 THAT TIME.

13 Q IN TERMS OF ACTUALLY IMPLEMENTING SUCH A PROGRAM,
14 WHO ACTUALLY DOES THE WRITING OF THE LETTER AND DETERMINING
15 WHAT GOES INTO AN ENVELOPE OF THAT KIND?

16 A THAT PACKAGE IS DEVELOPED BY DIRECT MAIL SPECIAL-
17 ISTS. THERE ARE A NUMBER OF SUCH COMPANIES WHICH HAVE GROWN
18 UP OVER THE YEARS WHICH SPECIALIZE IN PUTTING THIS PACKAGE,
19 THIS TYPE OF THING, TOGETHER. THEY DRAFT THE DOCUMENT --
20 THE BASIC DOCUMENT, THE LETTER. THEY ADVISE ON THE KIND OF
21 CONTENTS: SHOULD YOU PUT A PIECE OF SLICK PAPER WITH A
22 PICTURE IN? WHAT SORT OF POSTCARD FOR RESPONSE; WHAT SORT
23 OF ENVELOPE ANTICIPATING SOMEBODY PUTTING A CHECK IN IT TO
24 COME BACK? THE WHOLE INTRICATE, COMPLICATED PROCESS IS
25 NORMALLY GIVEN TO ONE AGENCY, AND THAT AGENCY, SUBJECT TO

1 THE DIRECTION OF THE PARTY HIRING HIM, PRODUCES ONE OF THESE
2 PACKAGES.

3 Q WAS THERE A PARTICULAR AGENCY THAT THE DIRECTORS
4 OF THIS GROUP HAD DETERMINED WOULD BE DOING THIS JOB?

5 A AFTER SOME DISCUSSION, THE GROUP RETAINED MARTIN
6 ADVERTISING AGENCY.

7 Q AND THAT WAS AN ADVERTISING AGENCY WITH WHICH
8 CONGRESSMAN HANSEN HAD DEALT BEFORE?

9 A MARTIN ADVERTISING AGENCY HAD HAD PRIOR DEALINGS
10 WITH MR. HANSEN ON A BUSINESS BASIS, YES, SIR.

11 Q WERE THERE OTHERS THAT WERE CONSIDERED AND REJECTED?

12 A YES, THERE WERE. OR PERHAPS SINGULAR WOULD BE
13 BETTER. MR. JARMAN HAD SUGGESTED AN ALTERNATIVE. WE HAD
14 SOLICITED FROM THAT ALTERNATIVE A SAMPLE WRITING, AND MR.
15 HANSEN WAS NOT ENTIRELY ENTHUSIASTIC ABOUT THAT SAMPLE AND,
16 THEREFORE, CHOSE TO GO WITH SOMEONE HE KNEW.

17 Q NOW, WERE THE PLANS FOR SUCH A DIRECT MAIL SOLICI-
18 TATION BEING DISCUSSED IN THE SUMMER OF 1981?

19 A IT WAS DISCUSSED EARLIER THAN THAT, BUT THEY WERE
20 BEING DISCUSSED IN THE SUMMER OF 1981.

21 Q AND AS OF THAT TIME, IN ORDER TO BEGIN A MAIL
22 SOLICITATION OF THIS KIND, MR. MCKENNA, COULD YOU DESCRIBE
23 FOR US WHETHER THERE HAS TO BE ANY FINANCIAL INITIAL INVEST-
24 MENT?

25 A THE WAY THAT THE COST OF SUCH AN ENDEAVOR IS BROKEN

1 DOWN IS BY THE COST OF A SINGLE ENVELOPE, THE ENTIRE PACKAGE.
2 THOSE COSTS RUN ANYWHERE FROM 35 TO 50 CENTS PER DELIVERY,
3 PER ITEM SENT OUT. I DON'T KNOW SPECIFICALLY, BUT PERHAPS
4 AS MUCH AS HALF OF THAT MUST BE RAISED IN ADVANCE. SO THAT,
5 YES, THE FIRST THING YOU NEED IS SUBSTANTIAL START-UP MONEY.

6 Q ALL RIGHT. WHAT IS THAT MONEY USED FOR? YOU SAY
7 YOU NEED MONEY IN ORDER TO HAVE THIS MAIL SOLICITATION.
8 WHAT DO YOU USE THE MONEY FOR?

9 A THERE ARE SOME COSTS WHICH YOU CAN DEFER ON A
10 BUSINESS BASIS, 10 DAYS, 30 DAYS, 60 DAYS. THERE ARE OTHERS
11 WHICH ARE, BY TRADITION AND PERHAPS ECONOMIC CAUTION, WHAT'S
12 CALLED UP FRONT. THE DIRECT MAIL OPERATOR HIMSELF USUALLY
13 WANTS HIS CREATIVE COSTS UP FRONT. SOMETIMES THE PRINTING
14 COSTS MUST BE PAID IN ADVANCE. THE COLLATERAL SERVICES FROM
15 PEOPLE WHO RECEIVE THE RETURNS AND PACKAGE THEM -- THEY ARE
16 CALLED A CAGING OPERATION --

17 Q CAGING?

18 A C-A-G-I-N-G, IS THAT PART OF THIS LITTLE COMPLEX
19 WHICH RECEIVES THE RETURN ENVELOPES, OPENS IT, TABULATES THE
20 CHECKS, AND REPORTS TO THE SPONSOR, WHOEVER THAT MIGHT BE.

21 THE ADVANCE COSTS DEPEND ENTIRELY UPON THE SIZE
22 OF THE ANTICIPATED ORIGINAL MAILING.

23 Q NOW, HOW ABOUT THE MAILING LISTS, THE LISTS OF NAMES?

24 A I'M SORRY. THE MAILING LISTS THEMSELVES ARE DONE
25 ON A BASIS OF PER THOUSAND, SO MANY DOLLARS PER THOUSAND.

10

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1 THEY ARE NEVER DONE ON A BILLED BASIS -- DEFERRED BILLING.
2 YOU PAY IN ADVANCE FOR THOSE, SOMETIMES AS MUCH AS MONTHS
3 IN ADVANCE OF YOUR ABILITY TO USE THE LIST.

4 Q SO THAT THERE ARE COMPANIES THAT PROVIDE LISTS OF
5 NAMES AND REQUIRE THAT THEY BE PAID FOR THOSE LISTS OF NAMES.

6 A YES, SIR. THEY ARE CALLED MAILING LIST COMPANIES,
7 AND THERE ARE AT LEAST THREE OR FOUR, TO MY KNOWLEDGE.

8 Q AND HOW ABOUT THE POSTAL SERVICE? DOES IT REQUIRE
9 PAYMENT IN ADVANCE?

10 A YOU MUST ESTABLISH AN ACCOUNT FOR THE PAYMENT OF
11 THE BUSINESS RETURN ENVELOPES FOR REASONS OF SOLICITATION
12 TO MAKE IT AS EASY FOR SOMEBODY TO DONATE MONEY TO THE CAUSE
13 AS POSSIBLE. THE RETURN ENVELOPE, WHICH THEY CALL A "BRE",
14 A BUSINESS REPLY ENVELOPE, IS POSTAGE-FREE TO THE PERSON
15 SENDING IN THE CONTRIBUTION. POSTAGE IS GUARANTEED BY THE
16 ADDRESSEE ON THE ENVELOPE, AND THAT MUST BE PAID IN ADVANCE.
17 AN ACCOUNT IS MAINTAINED IN THE POST OFFICE AGAINST WHICH
18 EACH LETTER IS CHARGED AS A DEBIT. THAT MUST BE PAID IN
19 ADVANCE, BASED, AGAIN, ON THE NUMBER OF OUTGOING ENVELOPES
20 AND THE ANTICIPATED RETURN.

21 Q NOW, WAS IT EXPECTED IN THE SUMMER OF 1981 -- AND
22 SPECIFICALLY, I AM REFERRING TO JULY AND AUGUST OF 1981 --
23 THAT FUNDS WOULD BE NEEDED IMMINENTLY TO UNDERWRITE SUCH A
24 DIRECT MAIL CAMPAIGN?

25 A WE WERE ANTICIPATING GOING INTO THE MAIL PROCESS

11

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1 RELATIVELY IMMEDIATELY, IN JULY. PART OF THE PROCEDURE IS
2 TO PUT YOUR LEGISLATIVE PROPOSAL INTO PLACE AND THEN SOLICIT
3 THE GRASS ROOTS REACTION TO THAT LEGISLATIVE PROPOSAL WHILE
4 IT IS RELATIVELY NEW.

5 Q THE STIPULATION THAT HAS BEEN READ TO THE JURY
6 REFERS TO THE FACT THAT THE TAXPAYER PROTECTION ACT WAS
7 ACTUALLY INTRODUCED AS LEGISLATION ON JULY 9, 1981.

8 A THAT'S CORRECT.

9 Q SO IT WAS ABOUT THAT TIME THAT -- OR FOLLOWING THAT
10 TIME THAT THESE MAILINGS --

11 A WELL, WE WERE HOPEFUL THAT WE WOULD BE IN THE MAIL
12 SOMETIME IN THE MID-SUMMER TO LATE SUMMER OF 1981. THAT DID
13 NOT PROVE OUT TO BE THE FACT.

14 Q DID CONGRESSMAN HANSEN EXPRESS TO YOU AT THAT POINT
15 ANY FIGURES AS TO THE NUMBER OF LETTERS HE WAS THINKING OF
16 SENDING OUT ON THIS PROJECT?

17 A YES, SIR. HE WAS TALKING IN TERMS OF A MILLION
18 LETTERS.

19 Q A MILLION LETTERS.

20 A WHICH I TRIED TO DISCOURAGE.

21 Q AND YOU DESCRIBED, I BELIEVE, PREVIOUSLY, THE COST
22 OF A LETTER, ONE LETTER IN SUCH A CAMPAIGN, AS COMING TO
23 WHAT? BETWEEN THIRTY --

24 A BETWEEN 35 AND 50 CENTS, DEPENDING ON THE MATERIALS
25 IN -- THE COST OF THE RAW MATERIALS IN THE LETTER.

12

1379

1 Q SO THE TOTAL COST FOR A MILLION LETTERS WOULD BE
2 BETWEEN \$350,000 AND \$500,000?

3 A 350,000 TO A HALF A MILLION; THAT'S CORRECT, SIR.

4 Q AND ABOUT HOW MUCH OF THAT WOULD HAVE TO BE PAID
5 IN ADVANCE TO START OFF SUCH A MAIL CAMPAIGN?

6 A SOMEWHERE BETWEEN ONE HUNDRED AND TWO HUNDRED
7 THOUSAND DOLLARS. IT WOULD BE DIFFICULT IN ADVANCE TO BE SURE.

8 Q WERE THERE REASONS WHY THIS MAIL EFFORT WAS NOT
9 DONE IN THE SUMMER?

10 A YES. THE PROBLEM THAT WE DISCUSSED EARLIER HAD
11 AN EFFECT. WE WERE DEALING WITH THE INVESTIGATORY AGENCIES
12 WITH REGARD TO THE BLACKMAIL MATTER; THAT SLOWED US DOWN.
13 THE INEVITABLE DISAGREEMENTS AMONG THE PARTIES AS TO THE TECH-
14 NIQUES TO BE USED AND THE PERSONNEL TO BE HIRED; THAT SLOWED
15 US DOWN.

16 THE NET EFFECT OF IT WAS THAT WE DIDN'T GET INTO
17 OPERATION UNTIL NEAR THE END OF THE SUMMER, RATHER THAN AS
18 WE ANTICIPATED, AT THE BEGINNING OF THE SUMMER.

19 Q THE REVISED TAXPAYER PROTECTION ACT WAS INTRODUCED
20 ON NOVEMBER 10, 1981, WASN'T IT?

21 A THAT'S CORRECT.

22 Q SO DID IT APPEAR AROUND THAT TIME AGAIN AS IF
23 SOMETHING MIGHT BE GENERATED?

24 A WELL, SPECIFICALLY, THE OTHER OF THE LATTER TWO
25 BILLS, 4821, WHICH IS OF ALL OF THEM THE EASIEST TO DRAFT --

13

1380

1 IT IS A VERY SIMPLE BILL -- WAS PUT INTO THE HOPPER -- WAS
2 INTRODUCED INTO THE CONGRESS IN OCTOBER, WITH THE SPECIFIC --
3 AS TO ITS TIMING, ANYWAY, WITH THE SPECIFIC IDEA OF PUTTING
4 MAIL OUT IN ORDER TO TAKE ADVANTAGE OF THE POPULARITY OF THAT
5 IDEA.

6 Q WITH REGARD TO MAILINGS, DID YOU ALSO HAVE TO PLAN
7 IN ADVANCE AS TO THE TIME WHEN THE MAILINGS WOULD BE MADE?

8 A THE PEOPLE WHO RENT YOU -- AND THAT IS THE LITERAL
9 TERM THAT THEY USE -- RENT YOU OTHER PEOPLE'S NAMES; ALSO
10 IN THEIR CONTRACT REQUIRE YOU TO DROP THAT MATERIAL IN THE
11 MAIL ONLY BETWEEN SEVERELY RESTRICTED DATES. ONE OF THE
12 PROBLEMS OF ANY MASS MAILING OF ANY SUBSTANTIAL SIZE IS THAT
13 YOU MUST AMASS THE NUMBER OF NAMES YOU WANT AND AMASS EITHER
14 IMMEDIATELY CONTIGUOUS OR RELATIVELY CLOSE DATES IN ORDER
15 TO SEND THEM OUT. THAT, ALSO, IS A LIMITING FACTOR ON WHEN
16 YOU CAN DO CERTAIN THINGS. IN OUR CASE, IT SERIOUSLY
17 IMPEDED OUR EFFORTS TO MAIL IN NOVEMBER AND DECEMBER,
18 ALTHOUGH WE GOT SOME MAIL OUT IN DECEMBER. THERE WAS AN
19 INTERNAL DISPUTE ABOUT WHETHER OR NOT ONE SHOULD MAIL DURING
20 THE CHRISTMAS SEASON, AND THERE WERE ONLY SOME LIMITED TEST
21 MAILINGS.

22 AND FINALLY, ALL OF THE FACTORS THAT HAVE TO COME
23 TOGETHER DIDN'T COME TOGETHER UNTIL LATE FEBRUARY OR EARLY
24 MARCH.

25 Q LET ME PLACE BEFORE YOU, MR. MCKENNA, DEFENDANT'S

1 EXHIBIT 81 FOR IDENTIFICATION.

2 A YES, SIR.

3 Q . I'VE GOT IT IN SORT OF TWO VERSIONS, I GUESS.

4 THAT'S A COPY, BUT THIS IS ONE THAT APPEARS IN THAT FORMAT.

5 COULD YOU TELL US WHAT DEFENDANT'S EXHIBIT 81 IS?

6 A THIS IS A LETTER WHICH IS THE PRINCIPAL THRUST OF
7 THE KIND OF PACKAGE THAT I DESCRIBED TO YOU EARLIER. IN THIS
8 CASE, IT IS THE PRINCIPAL THRUST OF THE ASSOCIATION OF
9 CONCERNED TAXPAYERS. IT IS A LETTER ANNOUNCING WHAT THE
10 PROBLEM IS, TRYING TO INTEREST THE PARTY TO WHOM IT IS
11 ADDRESSED -- A RECIPIENT TYPE OF A PARTY -- AND ANNOUNCING
12 THE PROPOSAL FOR SOLUTION AND ASKING FOR ASSISTANCE, BOTH IN
13 THE WAY OF FINANCIAL CONTRIBUTION AND BY WAY OF RESPONSE TO
14 MEMBERS OF CONGRESS THAT THEY BECOME CONCERNED ABOUT THE
15 ISSUE.

16 MR. LEWIN: I OFFER DEFENDANT'S EXHIBIT 81 IN
17 EVIDENCE.

18 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

19 THE COURT: ALL RIGHT.

20 (AT THE BENCH)

21 MR. WEINGARTEN: YOUR HONOR, THE WITNESS HAS JUST
22 DESCRIBED THE DOCUMENT; HE HAS DESCRIBED THE PURPOSE OF THE
23 DOCUMENT. I SAY THE CONTENTS OF THE DOCUMENT ARE INFLAMMATORY.
24 THEY COULD DIVERT THE ATTENTION OF THE JURY. THIS ANALOGY
25 BETWEEN THE GESTAPO AND THE IRS IN THE DOCUMENT CAN ONLY

15

1382

1 SERVE AS A DIVERSION. ANY USE -- ANY LEGITIMATE USE OF THIS
2 DOCUMENT HAS BEEN ACCOMPLISHED THROUGH THE TESTIMONY OF THE
3 WITNESS.

4 THE WHOLE ISSUE IS WHETHER OR NOT THE MONIES
5 RECEIVED WENT THROUGH THIS PROGRAM; NOT WHETHER OR NOT THIS
6 PROGRAM IS A GOOD PROGRAM, NOT WHETHER OR NOT THE IRS IS THE
7 GESTAPO, NOT WHETHER THE IRS IS A PROSECUTOR, JUDGE AND JURY.
8 AND WHAT LEGITIMATE PURPOSE CAN THIS DOCUMENT SERVE IN THE
9 JURY ROOM OTHER THAN TO DISTRACT THE JURY FROM THE REAL
10 ISSUE?

11 AND FOR THAT PURPOSE, WE OBJECT TO ITS ADMISSION.

12 MR. LEWIN: YOUR HONOR, THIS IS THE LETTER THAT
13 WAS SENT OUT WITH THE MONEY THAT CONGRESSMAN HANSEN SOLICITED.
14 WE ARE ENTITLED TO SHOW THE JURY THE LETTER THAT WAS SENT
15 OUT.

16 THE COURT: FOR THE MONEY. NOT WITH THE MONEY.
17 FOR THE MONEY. IS THAT RIGHT?

18 MR. LEWIN: YES.

19 THE COURT: THIS IS WHERE HE IS ASKING FOR MONEY.

20 MR. LEWIN: NO, NO. HE SOLICITED THE MONEY FROM
21 MR. MCAFEE AND ROGERS AND MEADE FOR THE ASSOCIATION OF
22 CONCERNED TAXPAYERS.

23 THE COURT: OH, I SEE. SURE, SURE.

24 MR. LEWIN: THIS RESULTED FROM THAT SOLICITATION.
25 THIS IS SQUARELY THE DEFENSE, AND THE PURPOSE IS TO DEMONSTRATE

1 EXACTLY THAT THIS IS THE PROJECT FOR WHICH FUNDS WERE BEING
2 SOUGHT AT THAT PERIOD OF TIME. IT IS PROPER FOR THE JURY
3 TO CONSIDER.

4 THE COURT: IT WILL BE ADMITTED IN EVIDENCE, OVER
5 OBJECTION.

6 NOW, I'VE GOT YOU UP HERE. IT IS SIX MINUTES OF
7 SEVEN. I TAKE IT YOU ARE NOT GOING TO FINISH.

8 MR. LEWIN: NO. SHOULD WE STOP HERE, YOUR HONOR?
9 THAT'S FINE WITH ME.

10 THE COURT: IS THERE ANYTHING ELSE SURROUNDING THIS
11 THAT WE COULD FINISH IN THE NEXT FIVE MINUTES, OR IS IT JUST
12 GOING TO BE GOING FOR A WHILE CONCERNING THE ASSOCIATION?
13 I DON'T MEAN THE LETTER SPECIFICALLY.

14 MR. LEWIN: THERE ARE A FEW THINGS REGARDING THE
15 LETTER SPECIFICALLY. I SUPPOSE I COULD TAKE TWO OR THREE
16 MINUTES.

17 THE COURT: WHAT DO YOU WANT TO DO NOW, MR. LEWIN,
18 WHEN YOU GET IT IN EVIDENCE?

19 MR. LEWIN: I WANT TO REFER TO THE FACT THAT IT
20 HAS A SOLICITATION AND IT HAS CARDS TO SEND TO THE SENATORS
21 AND CONGRESSMEN.

22 THE COURT: O.K.

23 MR. LEWIN: AND TO THE FACT THAT THE PEOPLE WERE
24 TOLD THAT THE REPLIES WOULD BE KEPT STRICTLY CONFIDENTIAL.

25 THE COURT: FINE. I JUST DON'T WANT A READING OF

1 THE ENTIRE FOUR OR FIVE OR SIX-PAGE LETTER.

2 FINE. GOOD.

3 (IN OPEN COURT)

4 BY MR. LEWIN:

5 Q WITH REGARD TO EXHIBIT 81, MR. MCKENNA --IT'S IN
6 EVIDENCE?

7 THE COURT: IT IS IN EVIDENCE.

8 MR. LEWIN: THANK YOU, YOUR HONOR.

9 (DEFENDANT'S EXHIBIT 81 WAS
10 RECEIVED IN EVIDENCE)

11 BY MR. LEWIN:

12 Q EXHIBIT 81 IS FOUR PAGES OF A LETTER SIGNED BY
13 CONGRESSMAN GEORGE HANSEN, IS THAT CORRECT?

14 A THAT'S CORRECT, SIR.

15 Q AND IT'S ON A LETTERHEAD HEADED, "CONGRESSMAN
16 GEORGE HANSEN, HOUSE OF REPRESENTATIVES, WASHINGTON, D. C."
17 IS THAT CORRECT?

18 A THAT IS CORRECT.

19 Q AND ATTACHED TO IT, OR ENCLOSED -- WHY DON'T YOU
20 OPEN UP THE ENVELOPE THAT YOU'VE GOT ON THERE. IS THAT THE
21 FORMAT IN WHICH IT WOULD COME TO THE RECIPIENT, IN AN
22 ENVELOPE OF THAT KIND?

23 A YES, SIR. THIS IS THE NATURE OF THE MAILING.

24 Q O.K. AND JUST OPEN THAT UP SO EVERYBODY CAN SEE
25 HOW IT LOOKS IN TERMS OF WHAT'S INSIDE. JUST UNFOLD THAT.

- 1 O.K. THERE IS ESSENTIALLY A LETTER.
- 2 A A LETTER --
- 3 Q WHICH IS FOUR PAGES, IS THAT RIGHT?
- 4 A YES, SIR.
- 5 Q THERE IS A --
- 6 A A FINANCIAL RESPONSE.
- 7 Q A FINANCIAL RESPONSE.
- 8 A THE RETURN ENVELOPE.
- 9 Q THERE'S A RETURN ENVELOPE.
- 10 A AND THE POSTCARD, SIR.
- 11 Q AND A POSTCARD. AND THE POSTCARD HAS GOT POSTCARDS
- 12 TO SENATORS AND CONGRESSMEN, IS THAT CORRECT?
- 13 A THAT IS CORRECT, SIR. EVERYBODY HAS TWO SENATORS
- 14 AND ONE CONGRESSMAN.
- 15 Q SO PEOPLE ARE BEING ASKED TO SEND THE POSTCARDS
- 16 TO THEIR TWO SENATORS AND THEIR CONGRESSMAN, ASKING THEM TO
- 17 DO WHAT?
- 18 A ASKING THEM TO SUPPORT MR. HANSEN'S BILLS.
- 19 Q AND SPECIFICALLY, IN THIS CASE, THE TAXPAYER PRO-
- 20 TECTION ACT; IS THAT CORRECT?
- 21 A THAT'S CORRECT, SIR.
- 22 Q AND SO FAR AS THE LETTER ITSELF IS CONCERNED, IS
- 23 THERE ANY REFERENCE IN THE LETTER TO THE MATTER OF CONFI-
- 24 DENTIALITY?
- 25 A YES, SIR. THERE IS MORE THAN ONE REFERENCE TO IT.

1 Q WHERE DO THEY APPEAR, MR. MCKENNA?

2 A ON THE FIRST PAGE, THE LETTERHEAD PAGE, A LITTLE
3 MORE THAN HALFWAY DOWN: "YOUR REPLY WILL BE KEPT STRICTLY
4 CONFIDENTIAL", ALL UNDERLINED.

5 Q IT'S THE ONLY SENTENCE THAT IS FULLY UNDERLINED
6 ON THE FIRST PAGE; IS THAT CORRECT?

7 A YES, SIR. THAT'S CORRECT.

8 Q ALL RIGHT. AND THEN WHERE ELSE DOES IT APPEAR IN
9 THE -- IN THIS MATERIAL?

10 A IT APPEARS IN THE POSTSCRIPT, WHICH IS AFTER THE
11 -- WELL, IT'S SILLY; ALL POSTSCRIPTS ARE AFTER THE SIGNATURE.
12 BUT IT'S AFTER THE CONGRESSMAN'S SIGNATURE; IT HAS A POST-
13 SCRIPT ANNOUNCING THAT "A.C.T. WILL KEEP YOUR NAME AND
14 ADDRESS AND THE AMOUNT YOU CONTRIBUTE STRICTLY CONFIDENTIAL."
15 AND IT GOES ON TO SAY OTHER THINGS.

16 Q AND HOW ABOUT THE MAILING, THE MAILER ITSELF, THE
17 ONE TO SEND IN THE CONTRIBUTION? THE LAST SENTENCE.

18 A "PLEASE KEEP MY NAME AND ADDRESS AND THE AMOUNT
19 I AM DONATING IN STRICT CONFIDENCE" IS WRITTEN AS PART OF
20 THE PACKAGE THAT GOES OUT ON THIS ACKNOWLEDGEMENT AND OFFER
21 OF CONTRIBUTION.

22 Q SO THAT SOMEBODY WHO SENDS IT IN IS ESSENTIALLY
23 SAYING, TOGETHER WITH HIS OR HER CONTRIBUTION, "PLEASE KEEP
24 MY NAME AND ADDRESS AND THE AMOUNT I AM DONATING IN CONFIDENCE."

25 A YES, SIR.

1 Q AND ON THAT VERY SAME FORM THAT YOU HOLD IN YOUR
2 HAND, THERE IS A BOX WHICH ONE CHECKS IF ONE SENDS IN A
3 DONATION OF \$20 OR MORE, WHAT HE'S GOING TO GET?

4 A THE PREMIUM THAT I MENTIONED EARLIER, A COPY OF
5 THE CONGRESSMAN'S BOOK ON THE MATTER UNDER DISCUSSION.

6 Q AND THE WHOLE FORMAT OF THAT SLIP IS "A.C.T",
7 WHICH STANDS FOR ASSOCIATION OF CONCERNED TAXPAYERS, "TO
8 STOP", WITH A STOP SIGN IN RED, IS THAT CORRECT -- "IRS
9 ABUSES."

10 A YES, SIR.

11 Q AND THAT WAS THE ORGANIZATION THAT YOU HAVE BEEN
12 DESCRIBING, THE ASSOCIATION OF CONCERNED TAXPAYERS.

13 A YES, SIR, IT IS THAT ORGANIZATION.

14 THE COURT: ALL RIGHT. WE ARE GOING TO STOP HERE
15 AT THIS POINT, COUNSEL, AND CONTINUE WITH MR. MCKENNA TOMORROW.

16 MR. MCKENNA, YOU ARE IN THE MIDST OF YOUR TESTIMONY.
17 I ASK, THEREFORE, THAT YOU NOT DISCUSS IT WITH ANY OTHER
18 POSSIBLE WITNESS IN THIS CASE UNTIL THIS MATTER IS CONCLUDED.
19 WE WILL SEE YOU BACK HERE AT 10:00 O'CLOCK TOMORROW MORNING
20 FOR A CONTINUATION OF YOUR TESTIMONY.

21 AND, LADIES AND GENTLEMEN OF THE JURY AND COUNSEL
22 AND MR. HANSEN, IT WILL BE 10:00 O'CLOCK TOMORROW MORNING
23 THAT WE WILL RESUME. WE WILL PLAN ONCE AGAIN TOMORROW TO
24 SIT UNTIL APPROXIMATELY 7:00 P.M. IN THE EVENING. AND I
25 WOULD ASK THAT YOU HAVE A GOOD EVENING. I HOPE IT'S NOT

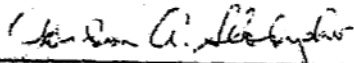
1 RAINING OUT THERE OR THUNDERING. I DID HEAR SOME NOISE, AND
2 PERHAPS YOU DID, TOO. MAYBE IT WAS JUST THE CLEANING CREW.
3 I CAN ALWAYS BE OPTIMISTIC.

4 NONETHELESS, 10:00 O'CLOCK TOMORROW MORNING.
5 REMEMBER THE CONTINUING ADMONITION NOT TO DISCUSS THE CASE
6 WITH ANYONE. HAVE A GOOD EVENING. SEE YOU TOMORROW MORNING,
7 10:00 O'CLOCK FOR ALL OF US.

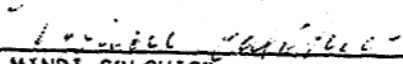
8 (WHEREUPON, AT 7:00 P.M., THE TRIAL WAS ADJOURNED,
9 TO RECONVENE AT 10:00 A.M., THURSDAY, MARCH 29, 1984)

10
11
12 CERTIFICATE OF REPORTER

13 I HEREBY CERTIFY THAT THE FOREGOING IS THE OFFICIAL
14 TRANSCRIPT OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER,
15 AND THAT IT IS COMPLETE AND ACCURATE, TO THE BEST OF MY
16 KNOWLEDGE AND ABILITY.

17
18 

19 GORDON A. SLODYSKO
OFFICIAL COURT REPORTER

20
21 
MINDI COLCHICO

22 OFFICIAL COURT REPORTER

23
24 
SHIRLEY POREJOY

25 OFFICIAL COURT REPORTER

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA

VS.

GEORGE VERNON HANSEN,

DEFENDANT

CRIMINAL ACTION
NO. 83-75

VOLUME NO. 9

WASHINGTON, D. C.

THURSDAY, MARCH 29, 1984

THE ABOVE-ENTITLED MATTER CONVENED FOR FURTHER
TRIAL BY JURY, BEFORE THE HONORABLE JOYCE HENS GREEN, UNITED
STATES DISTRICT JUDGE, AT APPROXIMATELY 10:00 A.M.

APPEARANCES:

FOR THE GOVERNMENT:

REID WEINGARTEN, ESQ.
JAMES COLE, ESQ.

FOR THE DEFENDANT:

NATHAN LEWIN, ESQ.
FRANK A. S. CAMPBELL, ESQ.
STEPHEN BRAGA, ESQ.

GORDON A. SLODYKO
OFFICIAL COURT REPORTER
4800-E U.S. COURTHOUSE
WASHINGTON, D. C. 20001
(202) 371-1734

I N D E XWITNESSDIRECTCROSSREDIRECTRECROSS

JAMES T. MCKENNA (RESUMED)

1396

1472

1523

1533

1540

GARY JARMIN

1558

1568

1581

1587

DAVID SCOTT

1589

1603

1620

EXHIBITFOR IDENTIFICATIONIN EVIDENCE

GOVERNMENT'S

77-A

1495

77-B

1501

87

1508

78

1592

1598

79

1596

DEFENDANT'S

38

1397

46

1405

51 THROUGH 68

1408

87

1410

88

1454

1454

3

1557

41

1557

46-A

1557

P R O C E E D I N G S

1
2 THE COURT: MORNING, ALL.

3 MR. LEWIN: GOOD MORNING, YOUR HONOR.

4 MR. WEINGARTEN: GOOD MORNING, YOUR HONOR.

5 THE COURT: YES, MR. LEWIN, ARE WE READY TO BEGIN?
6 SHALL WE CALL THE JURY IN?

7 MR. LEWIN: YES, YOUR HONOR. JUST TWO SMALL ITEMS.

8 WE HAVE, I THINK, SERVED ON GOVERNMENT COUNSEL AND
9 FILED WITH THE COURT A COPY OF PROPOSED JURY INSTRUCTIONS.

10 THE COURT: YES. I RECEIVED THE GOVERNMENT'S, I
11 THINK, SOME TIME AGO, AND NOW I HAVE YOURS, SO I HAVE A SET
12 THAT I CAN LOOK OVER. DOES THAT SAY TO ME WITH SOME OPTIMISM
13 THAT WE ARE MOVING IN THAT DIRECTION?

14 MR. LEWIN: I TRUST WE ARE.

15 THE COURT: AND WHAT DOES THAT MEAN?

16 MR. LEWIN: WELL, THAT MEANS I ADVISED MR.
17 WEINGARTEN THIS MORNING--WE HAVE, AS YOUR HONOR IS AWARE, A
18 FUNDAMENTAL QUESTION WHICH IS COMMON IN ALL CRIMINAL CASES,
19 AT LEAST, WHICH IS THE QUESTION OF WHETHER THE DEFENDANT WOULD
20 OR WOULD NOT TESTIFY. THAT'S A MATTER WHICH WE WILL HAVE
21 TO BE MAKING A DECISION ON AT THE APPROPRIATE TIME. I ANTI-
22 CIPATE THAT IS SOMETHING WHICH, IF WE DETERMINE THAT HE DOES
23 NOT TESTIFY, WOULD SUBSTANTIALLY SHORTEN THE DEFENSE.
24 AND CONSEQUENTLY, AS I ADVISED HIM THIS MORNING, IF HE DOES
25 NOT TESTIFY, WE MIGHT VERY WELL BE RESTING BY VERY EARLY IN

1 THE DAY TODAY. WE JUST HAVE SOME VERY SMALL WITNESSES BEYOND
2 MR. MCKENNA.

3 AND, CONSEQUENTLY, I WOULD THINK THERE WOULD BE
4 EVERY HOPE THAT IF THE REBUTTAL IS EITHER NONEXISTENT OR
5 SHORT, THAT THIS CASE COULD BE WRAPPED UP EVIDENCE-WISE MAYBE
6 EVEN TODAY.

7 THE COURT: AND IF MR. HANSEN CHOSE TO TAKE THE
8 WITNESS CHAIR, WHICH, OF COURSE, IS ENTIRELY UP TO HIM, AS
9 WE ALL RECOGNIZE, ABOUT HOW LONG DO YOU THINK THAT WOULD BE
10 AS FAR AS ADDING TO THE CASE?

11 MR. LEWIN: I THINK, FRANKLY, IN TERMS OF HIS
12 DIRECT TESTIMONY, I SUSPECT IT MIGHT VERY WELL BE A MATTER
13 OF AN HOUR-AND-A-HALF, TWO HOURS, MAYBE TWO-AND-A-HALF HOURS.
14 IN TERMS OF CROSS-EXAMINATION, JUDGING BY WHAT MR. WEINGARTEN
15 DID IN TERMS OF THE LENGTH OF HIS CROSS-EXAMINATION OF MRS.
16 HANSEN, IT COULD BE A SIMILAR AMOUNT OF TIME, OR MORE. SO
17 I SUSPECT WE ARE TALKING ABOUT CERTAINLY ANOTHER HALF DAY
18 OR MORE OF TRIAL IF HE DOES TAKE THE WITNESS STAND.

19 THE COURT: ALL RIGHT. AND I TAKE IT, FROM YOU SAY,
20 YOU HAVEN'T YET MADE THAT FINAL DECISION.

21 MR. LEWIN: MY EXPERIENCE HAS SHOWN ME THAT THAT
22 IS A DECISION WHICH IS WISEST MADE REALLY -- OR LEFT OPEN
23 TO THE TIME.

24 THE COURT: I AGREE WITH YOU ENTIRELY. VERY GOOD.
25 LET'S MOVE ON. OH, I'M SORRY.

1 MR. WEINGARTEN: IS IT THE COURT'S INTENTION, IF
2 IT DOES EXTEND OVER FRIDAY, TO COME IN THIS WEEKEND? CAN
3 I JUST ASK THAT?

4 THE COURT: WELL, LET ME FOLLOW THROUGH AND SEE
5 HOW CLOSE WE GET TO THAT TIME. MUCH OF IT WILL DEPEND ON
6 TIMING. I'M ALSO AWARE OF YOUR SITUATION OF TOMORROW, MR.
7 WEINGARTEN. SO I HAVE TO FEED ALL OF THESE THINGS INTO THE
8 EQUATION. AND I THINK THAT WE CAN ONLY MAKE THOSE DECISIONS
9 ONCE WE KNOW FINALLY WHAT THE DEFENSE HAS DONE AND WHEN THE
10 DEFENSE RESTS. ONCE WE KNOW THAT, THEN, OF COURSE, I TURN
11 TO YOU TO SEE IF THERE IS GOING TO BE ANY REBUTTAL AND, IF
12 SO, THE LENGTH OF THAT. BY THAT TIME -- YOU KNOW, IT'S VERY
13 HARD TO MAKE A JUDGMENT ON IT.

14 MY PREFERENCE WOULD BE NOT TO DO ANYTHING ON THIS
15 WEEKEND. AND I HAVE BEEN TALKING TO THE MARSHALS THAT IF
16 WE WENT TO THIS WEEKEND, AS I HAD SURMISED WE PROBABLY WERE
17 GOING TO, HAD ALL SORTS OF DELIGHTFUL PLANS FOR THE JURY THAT
18 I WAS TRYING TO WORK OUT FOR THEM. ON THE OTHER HAND, I MAY
19 HAVE TO RECONSIDER THAT AND MAY HAVE TO DO SOMETHING ON THE
20 WEEKEND. I WOULD REGRET DOING IT. I WOULD PREFER NOT TO.
21 I WOULD PREFER TO HAVE THEM START FRESH, IF THEY CAN, MONDAY,
22 OR WE TO START FRESH ON MONDAY IF WE ARE IN THE CLOSING
23 ARGUMENTS ASPECT OF IT OR SUCH.

24 BUT, AGAIN, I HAVE TO PLAY THAT BY WHERE WE ARE.

25 MR. WEINGARTEN: ONE THING I AM CONCERNED ABOUT,
IF MR. LEWIN RESTS, LET'S SAY EARLY AFTERNOON, I'M NOT SURE

1 THAT WE CAN GET ALL OUR REBUTTAL TOGETHER BY THAT SHORT NOTICE.
2 I'M SURE WE WILL NEED SOME SORT OF CHARGE CONFERENCE.

3 THE COURT: OH, OF COURSE.

4 MR. WEINGARTEN: SO PERHAPS; IF WE HAD AN OPPORTUNITY
5 TO HAVE A LITTLE BIT OF REBUTTAL TOMORROW MORNING, AND THEN
6 IF WE CLOSED, I SUPPOSED WE COULD CLOSE AND CHARGE, ALL
7 TOMORROW.

8 THE COURT: YES. BUT I AM CONCERNED ALSO ABOUT
9 WHAT YOU HAD TOLD ALL OF US AT THE BENCH THE OTHER DAY ABOUT
10 YOUR SITUATION AND THE TIMING THERE. AND THIS IS SOMETHING
11 THAT I HAVE TO FACTOR IN. I HAVE MR. LEWIN'S PROBLEM,
12 4:00 O'CLOCK, BUT THAT COULD BE EXTENDED, THEN, AS WE HAD
13 TALKED ABOUT EARLIER, IF NEED BE, AND IF WE WERE AT A CERTAIN
14 POINT.

15 SO, THERE ARE SO MANY HYPOTHETICALS THAT LET US
16 GO ON, BUT I WOULD SUGGEST THAT IN LIGHT OF WHAT MR. LEWIN
17 SAID, THAT IF YOU ALREADY KNOW OF SOME POTENTIAL REBUTTAL
18 WITNESSES, THAT YOU PUT THEM ON AN ALERT TO HAVE THEM ON
19 STANDBY.

20 MR. WEINGARTEN: YES; WE WILL DO THAT.

21 MR. LEWIN: FRANKLY, YOUR HONOR, THAT'S PRECISELY
22 WHY I CALLED MR. WEINGARTEN EARLY THIS MORNING. AND I THINK
23 HE WILL CORROBORATE THE FACT THAT I HAD TOLD HIM ALL ALONG
24 THAT THE QUESTION OF WHETHER THE DEFENDANT TAKES THE WITNESS
25 STAND IS SOMETHING I MAKE A DECISION ON AT THE VERY LAST

1 MINUTE. THAT'S MY INVARIABLE RULE -- IN CONSULTATION WITH
2 THE DEFENDANT, OF COURSE. BUT IT IS A DECISION WE LEAVE UNTIL
3 THE LAST MINUTE.

4 THE COURT: ALL RIGHT. FINE. SURELY.

5 MR. LEWIN: ONE OTHER MATTER, YOUR HONOR, I DIS-
6 CUSSED WITH MR. WEINGARTEN. HE IS, WITHOUT OBJECTION, OFFERING
7 IN EVIDENCE -- EXCEPT FOR THE OBJECTION THAT WE HAD MADE PRIOR
8 TO THE TRIAL -- RELEVANT LINES AND PORTIONS OF TAX RETURNS,
9 AND WE WOULD LIKE SIMILARLY TO OFFER THE PAGE OF THE SCHEDULE
10 D FOR THE 1979 RETURN, WHICH REFLECTS REPORTING OF THE
11 \$87,475 IN THE SILVER COMMODITY TRANSACTION.

12 MR. WEINGARTEN: THAT'S FINE.

13 THE COURT: I TAKE IT THERE IS NO PROBLEM. THEY
14 ARE BOTH IN. FINE. GOOD.

15 ARE WE READY FOR THE JURY?

16 MR. LEWIN: YES, YOUR HONOR.

17 THE COURT: WHY DON'T WE BRING THE JURORS IN.

18 (THE JURY RETURNED TO THE COURTROOM)

19 THE COURT: GOOD MORNING, LADIES AND GENTLEMEN.

20 THE JURY (EN MASSE): GOOD MORNING.

21 THE COURT: SHALL WE CONTINUE WITH THE TESTIMONY.

22 MR. MCKENNA, IF YOU WILL RESUME THE STAND. I HAVE TO REMIND
23 YOU, OF COURSE, THAT YOU CONTINUE UNDER OATH, AND WE WILL
24 HAVE A CONTINUATION OF THE DIRECT EXAMINATION.

25 THE WITNESS: YES, MA'AM.

1 JAMES T. MCKENNA

2 RESUMED THE STAND AS A WITNESS AND, HAVING BEEN PREVIOUSLY
3 DULY SWORN, WAS EXAMINED AND TESTIFIED FURTHER AS FOLLOWS:

4 THE COURT: GOOD MORNING.

5 THE WITNESS: GOOD MORNING.

6 THE COURT: ALL RIGHT, MR. LEWIN.

7 DIRECT EXAMINATION (RESUMED)

8 BY MR. LEWIN:

9 Q MR. MCKENNA, JUST TO RETURN TO ONE SUBJECT AREA
10 THAT WE HAD COVERED BRIEFLY YESTERDAY, BACK IN MAY OF 1978,
11 I BELIEVE YOU TESTIFIED -- AND I SHOWED YOU MR. RUNFT'S
12 ITEMIZATION ON HIS BILL -- YOU TESTIFIED THAT YOU HAD HAD
13 DISCUSSIONS WITH THE CONGRESSMAN AND MR. RUNFT CONCERNING
14 THE PROBLEM WITH THE HOUSE SELECT COMMITTEE ON ETHICS. DO
15 YOU RECALL THAT TESTIMONY?

16 A YES, SIR.

17 Q AND IN THAT REGARD, THAT WAS, I BELIEVE, ON MAY
18 5 OF 1978, ACCORDING TO THE RECORD THAT I PLACED BEFORE YOU.

19 A I DON'T REMEMBER THE SPECIFIC DATE, BUT THAT SOUNDS
20 RIGHT.

21 Q AND THAT WAS A MATTER IN WHICH, AS I RECALL, YOU
22 SAID YOU WERE CONSULTING ON THE QUESTION OF THE PRESS REPORTS
23 CONCERNING THE OMISSION OF MRS. HANSEN'S ASSETS AND LIABILITIES
24 FROM THE HOUSE FORM.

25 A YES, SIR.

1 Q NOW, TO YOUR KNOWLEDGE, PURSUANT TO THOSE DISCUS-
2 SIONS AND SUBSEQUENT TO THEM, WAS A LETTER SENT TO THE
3 CHAIRMAN OF THE HOUSE SELECT COMMITTEE ON ETHICS?

4 A YES, SIR.

5 Q AND I PLACE BEFORE YOU WHAT HAS BEEN MARKED AS
6 DEFENDANT'S EXHIBIT 38 FOR IDENTIFICATION, AND I ASK YOU
7 WHETHER YOU CAN IDENTIFY THAT LETTER.

8 A YES, SIR. THAT'S THE LETTER THAT WAS DRAFTED BY
9 MR. RUNFT AND SIGNED BY MR. HANSEN ON THAT OCCASION, RECITING
10 THE PROBLEM THAT WE HAD ADDRESSED AND DEALING WITH THE MATTER
11 OF HIS LEGAL POSITION WITH REGARD TO THE REPORT.

12 Q AND DID YOU SEE THAT LETTER OR A DRAFT THEREOF
13 BEFORE IT WAS SENT?

14 A YES, SIR. THE LETTER IS SUBSTANTIALLY MR. RUNFT'S
15 WORK, BUT I DID SEE IT, AND WE DID TO THAT EXTENT CONSULT.

16 MR. LEWIN: I OFFER DEFENDANT'S EXHIBIT 38 IN
17 EVIDENCE.

18 MR. WEINGARTEN: NO OBJECTION.

19 THE COURT: IT IS IN EVIDENCE WITHOUT OBJECTION.

20 (DEFENDANT'S EXHIBIT NO. 38

21 WAS RECEIVED IN EVIDENCE)

22 BY MR. LEWIN:

23 Q THAT LETTER DID DISCUSS THE PROPERTY SETTLEMENT
24 AGREEMENT, DID IT NOT?

25 A YES, SIR. IN SOME DETAIL.

1 Q ON PAGE 2 OF THAT LETTER.

2 A THAT'S CORRECT. YES, SIR.

3 Q AND IT DISCUSSED, SPECIFICALLY, THE RULES OF THE
4 HOUSE AND THE ADVISORY OPINION NO. 12 WHICH THE HOUSE HAD
5 ISSUED?

6 A IT REFERS TO ADVISORY OPINION NO. 12 AND RULE 44.

7 Q AND THE CLOSING, THE BOTTOM PARAGRAPH ON PAGE 2
8 READS, "I AM CONFIDENT THAT MY FILING, DONE CAREFULLY WITH
9 ADVICE OF LEGAL COUNSEL, IS COMPLETELY IN ACCORD WITH THE
10 APPROPRIATE RULES OF THE HOUSE AND IN ACCORD WITH THE COURSE
11 OF ACTION OF WHICH WE HAVE KEPT YOUR OFFICE COMPLETELY ADVISED.
12 AT THIS TIME, I RESPECTFULLY REQUEST CONFIRMATION OF THE
13 VALIDITY OF MY REPORT."

14 A THAT IS AN ACCURATE QUOTATION.

15 Q YOU TESTIFIED YESTERDAY THAT THE HOUSE COMMITTEE
16 ON ETHICS WAS ADVISED OF THE PROPERTY SETTLEMENT AGREEMENT
17 AND THEN CONTINUED TO BE ADVISED. IS IT THIS LETTER AND THEN
18 SUBSEQUENTLY ORAL DISCUSSIONS --

19 A AS FAR AS I KNOW, THIS IS THE EARLIEST DOCUMENTARY
20 REFERENCE TO THAT.

21 Q DID YOU AT ANY TIME IN THE FUTURE BUTTRESS THAT
22 WITH ORAL STATEMENTS?

23 A AS I TESTIFIED YESTERDAY, I HAVE SPOKEN TO STAFF
24 ON THIS SPECIFIC ISSUE AT LEAST FOUR, AND I THINK FIVE TIMES.

25 Q TO YOUR KNOWLEDGE, DID CONGRESSMAN HANSEN EVER

1 RECEIVE A RESPONSE FROM MR. PREYER TO THIS LETTER ASKING --
2 WHICH IN ANY WAY REJECTED THE VALIDITY OF HIS REPORT?

3 A MY PERSONAL RECOLLECTION IS NO. AND I HAVE SEARCHED
4 THE FILES, AND WE CAN'T FIND A RESPONSE.

5 Q SO THERE HAS BEEN NO RESPONSE TO THIS LETTER.

6 A AS FAR AS I KNOW.

7 Q THANK YOU.

8 O.K. LET'S GO BACK TO WHERE WE LEFT OFF YESTERDAY,
9 MR. MCKENNA. WE WERE DISCUSSING, YOU WILL RECALL, THE
10 MATTER OF THE A.C.T. LETTER, WHICH IS EXHIBIT 81 IN EVIDENCE.
11 HAVE YOU GOT THAT BEFORE YOU?

12 A YES, SIR, I DO.

13 Q AND I BELIEVE WE HAD CONCLUDED AT THE POINT WHERE
14 WE HAD POINTED OUT THE VARIOUS REFERENCES TO THE FACT THAT
15 ANY REPLY AND THE NAME OF ANY CONTRIBUTOR WOULD BE KEPT
16 STRICTLY CONFIDENTIAL. COULD YOU EXPLAIN FOR THE COURT AND
17 JURY WHAT THE REASON WAS FOR THIS CONFIDENTIALITY?

18 A IT WAS THE PERCEPTION OF THE CONGRESSMAN, IN WHICH
19 I CONCURRED, THAT THERE WAS REASON TO BELIEVE THAT PEOPLE
20 WHO INVOLVED THEMSELVES IN CONTROVERSIAL ACTIVITY WITH
21 REFERENCE TO THAT AGENCY SUFFERED CONSEQUENCES OTHER THAN
22 THE NORMAL CONSEQUENCES.

23 Q SO THE PURPOSE WAS TO ASSURE PEOPLE THAT THEIR
24 NAMES WOULD NOT BECOME KNOWN IF THEY CONTRIBUTED TO THIS
25 EFFORT.

1 A TO ASSURE THEM THAT THEY WOULD NOT, BY REASON OF
2 ANY CONTRIBUTION, BECOME A TARGET.

3 Q OF THE INTERNAL REVENUE SERVICE.

4 A YES, SIR.

5 Q NOW, THE LETTER THAT YOU HAVE BEFORE YOU,
6 DEFENDANT'S EXHIBIT 81 IN EVIDENCE, WAS THAT THE ONLY LETTER
7 THAT WAS SENT OUT, OR WERE THERE OTHERS -- LET ME STRIKE THAT.

8 CAN YOU JUST DESCRIBE FOR US WHAT WAS DONE IN THE
9 WAY OF MAILING, THEN, OF THESE KINDS OF LETTERS? AND APPROXI-
10 MATELY WHEN?

11 A THERE WERE A NUMBER OF -- IT ISN'T PROPER TO CALL
12 THEM REVISIONS -- VERSIONS OF THE SAME GENERAL STORY, WHICH
13 IS QUITE THE ACCEPTED AND COMMON THING. YOU KEEP ADJUSTING
14 THE GENERAL CONTENT OF THE LETTER TO ALLOW FOR SUBSEQUENT
15 EVENTS, TO ALLOW FOR CHANGES IN THE LEGISLATIVE PICTURE.
16 YOU ALLOW FOR ANY OF THE VARIABLES THAT WOULD INFLUENCE
17 PEOPLE. AS A CONSEQUENCE, THIS, AS ALMOST ANY DIRECT MAIL
18 EFFORT, WENT THROUGH A SERIES OF REVISIONS -- VERSIONS. AND
19 OVER THE COURSE OF TIME -- THE TOTAL MAILING WAS IN THE
20 NEIGHBORHOOD OF THREE MILLION. THAT WAS DONE -- THE FIRST,
21 MILLION WAS SOMEWHERE BETWEEN JANUARY 1 OF 1982, AND BY THE
22 EARLY PART OF JUNE OR JULY. THE NEXT MILLION WAS SOMETIME
23 BETWEEN THEN AND THE END OF THE YEAR. AND, QUITE FRANKLY,
24 SOMETIME IN 1983 THE TOTAL GOT UP TO THREE MILLION. THEY WERE
25 DONE ON AN OCCASIONAL BASIS, BASED ON THE AVAILABILITY OF

1 OF THE LISTS THAT I MENTIONED YESTERDAY, ON THE AVAILABILITY
2 OF FUNDS TO FINANCE MAILINGS, ON THE OPPORTUNENESS OF THE
3 OCCASION; OCCASIONALLY ON THE BASIS OF SPECIFIC NEEDS FOR
4 SPECIFIC ASPECTS OF THE PROJECT.

5 Q AND WERE YOU PERSONALLY INVOLVED AND KEPT CURRENT
6 ON HOW THIS PROJECT WAS BEING CARRIED OUT?

7 A YES, SIR. I WAS ONE OF THE THREE OFFICERS AND THREE
8 DIRECTORS, AND WE WERE KEPT ADVISED BY THE DIRECT MAILER
9 ON A RELATIVELY CONSTANT BASIS.

10 Q DID YOU HAVE FINANCIAL RESPONSIBILITIES, AS WELL,
11 WITH REGARD TO THIS ASSOCIATION?

12 A WELL, MR. JARMIN WAS DIRECTLY THE TREASURER, BUT
13 SINCE I WAS INTERNAL TO THE OFFICE, I WAS CHARGED WITH KEEPING
14 AN EYE ON THAT ASPECT OF IT, YES.

15 Q DID YOU HAVE CHECK SIGNING PRIVILEGES OR RESPONSIBILITIES?
16

17 A ON THE A.C.T. ACCOUNT I WAS ONE OF TWO CO-SIGNORS
18 FOR ALMOST THE ENTIRE PERIOD, AND PERHAPS FOR THE ENTIRE
19 PERIOD.

20 Q COULD YOU TELL US APPROXIMATELY WHAT TIME OF THE
21 YEAR IN 1982 THERE WAS THE HEAVIEST CONCENTRATION OF MAILING
22 OF THESE A.C.T. LETTERS TO THE PUBLIC?

23 A LATE FEBRUARY, EARLY MARCH. I THINK THE TOTAL AT
24 THAT TIME APPROACHED 800,000.

25 Q WAS THERE A PARTICULAR REASON WHY THERE WAS THAT

1 HEAVY A MAILING IN MARCH?

2 A WELL, THERE WAS A REASON OF NECESSITY AND A REASON
3 OF, SO TO SPEAK, MAKING A LEMON OF LEMONADE. I DISCUSSED
4 EARLIER THE DIFFICULTIES WITH GETTING A PACKAGE TOGETHER
5 WITH THE CONSTRICTION IMPOSED UPON YOU BY THE PERSON WHO
6 RENTS YOU THE LIST OF NAMES, BY INTERNAL DISAGREEMENTS AS
7 TO WHETHER OR NOT IT WAS APPROPRIATE TO MAIL OVER THE CHRISTMAS
8 SEASON. THE NEXT TIME A WINDOW OF AVAILABILITY WAS OPEN
9 CAME AFTER MID-FEBRUARY.

10 THE OTHER ASPECT OF IT, WHICH WAS SORT OF A FORTUI-
11 TIOUS THING, IS THAT THAT PUT THE MAIL IN THE POSSESSION OF
12 THE PEOPLE WE HOPED WOULD TAKE AN INTEREST IN IT JUST PRIOR
13 TO APRIL 15TH, WHICH IS, OF COURSE, A DAY THAT EVERYBODY
14 DREADS.

15 Q NOW, WITH REGARD TO THESE MAILINGS, COULD YOU JUST
16 NAME OFFHAND WHO SOME OF THE SUPPLIERS WHO WOULD BE PROVIDING
17 SERVICES AND WOULD HAVE TO BE PAID WERE? DO YOU RECALL THEM
18 JUST OFF THE TOP OF YOUR HEAD?

19 A YOU MEAN AS TO THE ENTIRE PACKAGE?

20 Q YES. WHO WOULD BE --

21 A WELL, THE PRINTER. IN THE MAIN, THAT WAS AN
22 ORGANIZATION KNOWN AS METRO PRINTING.

23 Q METRO PRINTING. ALL RIGHT.

24 A YES, SIR. THE LIST RENTALS WHICH I MENTIONED TO
25 YOU EARLIER WERE PRINCIPALLY THE AMERICAN MAILING LIST COMPANY,

1 WHICH IS OUT ON LEESBURG PIKE.

2 OF COURSE, THE MAIL COSTS OF THE UNITED STATES
3 GOVERNMENT ARE --

4 Q THE POSTMASTER.

5 A THE POSTMASTER. OF COURSE, THE CREATIVE COSTS,
6 THE DIRECT MAILER HIMSELF IS ENTITLED TO A PERCENTAGE FEE
7 ON THE COSTS THAT GETS MAILED, AND THAT'S A SUBSTANTIAL
8 AMOUNT OF MONEY IN ITSELF.

9 Q AND WHO WAS THAT?

10 A THE MARTIN ADVERTISING COMPANY.

11 Q COULD YOU TELL THE COURT AND JURY, PLEASE, MR.
12 MCKENNA, WHO PROVIDED THE FUNDS FOR THESE MAILINGS THAT WERE
13 DONE IN THAT PERIOD IN NOVEMBER OF 1981--FROM NOVEMBER OF
14 1981 UNTIL THE BEGINNING OF 1982? WHERE DID THE CASH COME
15 FROM TO PAY THOSE PEOPLE?

16 A OUT OF MR. HANSEN, PERSONALLY.

17 Q MR. HANSEN PERSONALLY.

18 A YES, SIR.

19 Q AND TO YOUR KNOWLEDGE, IN WHAT FORM? WHAT DID HE
20 DO? DID HE DELIVER --

21 A HE DID TWO THINGS. HE PAID CHECKS DIRECTLY TO THE
22 SUPPLIERS AND PROVIDERS OF SERVICES, AND ON A FEW OCCASIONS
23 PAID THEM DIRECTLY TO A.C.T. AND ALLOWED FOR THE DISTRIBUTION
24 OF THE FUNDS THROUGH THE A.C.T. ACCOUNT.

25 Q AGAIN, YOU WERE AT THAT TIME INVOLVED IN SOME

1 SUPERVISORY CAPACITY AS A DIRECTOR WITH OVERSEEING HOW THIS
2 WAS BEING CARRIED OUT; IS THAT CORRECT?

3 A YES, SIR.

4 Q COULD YOU GIVE US SOME IDEA, IN TERMS OF YOUR
5 RECOLLECTION, OF APPROXIMATELY HOW MUCH MONEY CONGRESSMAN
6 HANSEN PUT INTO THIS EFFORT IN THE FIRST PART OF 1982?

7 A WELL, I DON'T KNOW THE FIRST PART OF '82, BUT
8 BEGINNING IN THE FIRST TEST MAILINGS AND COMING TO THE END
9 OF THE 800,000 MAILINGS THAT I MENTIONED EARLIER, THE FIGURE
10 IS IN EXCESS OF \$138,000.

11 Q LET ME PUT BEFORE YOU WHAT I HAVE MARKED AS
12 DEFENDANT'S EXHIBIT 46 FOR IDENTIFICATION.

13 A YES, SIR. I REMEMBER THIS LETTER.

14 Q COULD YOU TELL US WHAT DEFENDANT'S EXHIBIT 46 FOR
15 IDENTIFICATION IS?

16 A IT IS A LETTER OR A MEMORANDUM FROM A LADY NAMED
17 GINA JARMIN, WHOM I THINK I IDENTIFIED FOR YOU BEFORE AS THE
18 WIFE OF GARY JARMIN, ONE OF THE THREE DIRECTORS OF THIS A.C.T.,
19 TO THE THREE PARTICIPATING MEMBERS: CONGRESSMAN HANSEN, HER
20 HUSBAND, AND MYSELF. THE SUBJECT MATTER WAS ADMINISTRATIVE
21 PROCEDURES. AND IT'S ONLY A PAGE LONG.

22 MR. LEWIN: WE OFFER DEFENDANT'S EXHIBIT 46 FOR
23 IDENTIFICATION IN EVIDENCE.

24 MR. LEWIN: NO OBJECTION, YOUR HONOR.

25 THE COURT: IN EVIDENCE.

(DEFENDANT'S EXHIBIT NO. 46

WAS RECEIVED IN EVIDENCE)

BY MR. LEWIN:

Q THE DATE OF THAT MEMORANDUM IS APRIL 7, 1982, IS IT NOT?

A THAT'S CORRECT.

Q ALL RIGHT. LET ME --

MR. LEWIN: YOUR HONOR, COULD WE MARK -- OH, IT IS MARKED-46-A. SORRY. LET ME PUT THAT UP.

THE COURT: COUNSEL HAVE SEEN IT? NO PROBLEMS?

MR. WEINGARTEN: THIS IS RELEVANT.

THE COURT: VERY GOOD.

JUST PUT IT IN SUCH MANNER THAT I MAY ALSO SEE IT, COUNSEL. THAT'S ALL RIGHT. I WANT EVERYBODY TO SEE IT, AND IT MAKES IT A LITTLE AWKWARD, I RECOGNIZE. PERHAPS A LITTLE BIT FARTHER BACK MIGHT DO THE TRICK. THAT'S FINE, AS FAR AS I'M CONCERNED.

CAN THE JURORS SEE IT? THE JURORS CANNOT SEE IT. I SEE ONE OF THE JURORS IN THE BACK ROW SHAKING HIS HEAD NEGATIVELY.

MR. LEWIN: SHOULD WE PUT IT ON THAT SIDE, YOUR HONOR?

THE COURT: SURELY. JUST AS LONG AS EVERYONE CAN SEE IT. AND I KNOW THE COURTROOMS AREN'T TOO WELL SET UP FOR THIS KIND OF DISPLAY. LET'S TRY IT THIS WAY, AS WE DID

1 WITH OTHER MATTERS, LADIES AND GENTLEMEN OF THE JURY.

2 NOW, MR. MCKENNA, HOW IS YOUR VIEWING OF THAT? CAN
3 YOU SEE THAT?

4 THE WITNESS: WELL, I THINK I HAVE THE ORIGINAL.

5 THE COURT: I KNOW. BUT WE WANT YOU TO BE ABLE
6 TO LOOK.

7 MR. LEWIN: THAT'S A DUPLICATE COPY, YOUR HONOR,
8 OF THE PAPER, SO --

9 THE WITNESS: YES, MA'AM, I CAN SEE IT FINE.

10 THE COURT: FINE. LADIES AND GENTLEMEN OF THE JURY,
11 CAN EACH OF YOU SEE THAT?

12 BY MR. LEWIN:

13 Q THAT'S A MEMORANDUM THAT YOU RECEIVED ON OR ABOUT
14 APRIL 7TH OF 1982 FROM MRS. JARMIN; IS THAT CORRECT?

15 A THAT IS CORRECT.

16 Q O.K. AND DID THAT -- IF YOU WILL JUST LOOK AT THAT,
17 IT INDICATES A RECOMMENDATION THAT A PARTICULAR ACCOUNTING
18 FIRM BE USED; IS THAT CORRECT?

19 A YES, SIR.

20 Q NOW, UNDER IT, IN THIS KIND OF INDENTED SECTION,
21 THERE ARE A LIST OF WHAT? WHAT IS THAT -- TO YOUR RECOLLEC-
22 TION, WHAT IS THAT LIST?

23 A IT'S A LIST OF OUTSTANDING OBLIGATIONS INCURRED
24 BY A.C.T. IN THE COURSE OF MAILING THE MAIL PACKAGES THAT
25 I REFERRED TO EARLIER.

1 Q ALL RIGHT. LET ME DIRECT YOUR ATTENTION SPECIFICALLY
2 TO WHAT I WILL MARK HERE WITH AN ARROW. THERE IS AN ENTRY
3 THERE THAT SAYS "GEORGE HANSEN, \$135,000." WHAT DOES THAT
4 REFLECT, TO YOUR RECOLLECTION?

5 A IT REFLECTS THE FUNDS THAT I JUST MENTIONED, THAT
6 MR. HANSEN PAID PERSONALLY OUT OF HIS PERSONAL ACCOUNTS TO
7 SEED -- TO GET A.C.T.'S DIRECT MAILING STARTED.

8 Q O.K. AND DID YOU KNOW AT THE TIME THAT THOSE PAY-
9 MENTS WERE BEING MADE THAT HE WAS MAKING THOSE -- PAYING THOSE
10 CHECKS TO VARIOUS SUPPLIERS?

11 A YES, I DID.

12 MR. LEWIN: ONE MOMENT, PLEASE, YOUR HONOR.

13 BY MR. LEWIN:

14 Q LET ME PLACE BEFORE YOU, MR. MCKENNA, WHAT HAVE
15 BEEN MARKED AS DEFENDANT'S EXHIBITS 51 THROUGH -- LET'S SEE.
16 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65,
17 66, 67, AND 68 FOR IDENTIFICATION, AND ASK YOU WHETHER YOU
18 CAN IDENTIFY THAT GROUP OF DOCUMENTS.

19 THE COURT: DO YOU NEED A COLORED PENCIL OR SOME-
20 THING?

21 MR. BRAGA: THERE ARE SOME RIGHT HERE I SEE, YOUR
22 HONOR.

23 THE COURT: VERY GOOD.

24 THE WITNESS: YES, SIR.

25 BY MR. LEWIN:

1 Q WHAT ARE THOSE DOCUMENTS?

2 A THEY ARE A GROUP OF CHECKS ISSUED BY MR. HANSEN
3 ON A COUPLE OF DIFFERENT ACCOUNTS, BUT, BASICALLY, HIS OWN
4 PERSONAL ACCOUNTS, PAYABLE TO SERVICERS OR SUPPLIERS OF A.C.T.
5 OVER A PERIOD OF TIME, FROM THE 9TH OF NOVEMBER THROUGH THE
6 24TH OF MARCH -- 9TH OF NOVEMBER, 1981, TO THE 24TH OF MARCH,
7 1982.

8 Q AND TO THE BEST OF YOUR RECOLLECTION, ARE THEY THE
9 PAYMENTS THAT MR. HANSEN MADE AT THAT TIME FOR THAT A.C.T.
10 PROJECT?

11 A THEY MAY NOT BE ALL THE PAYMENTS, BUT THEY ARE PAY-
12 MENTS THAT HE MADE.

13 MR. LEWIN: ALL RIGHT. I OFFER THEM IN EVIDENCE.

14 MR. WEINGARTEN: NO OBJECTION.

15 THE COURT: THEY ARE IN EVIDENCE NOW.

16 (DEFENDANT'S EXHIBITS 51 THROUGH
17 68 WERE RECEIVED IN EVIDENCE)

18 BY MR. LEWIN:

19 Q CAN YOU, MR. MCKENNA, PLEASE, AS I WRITE THESE ON
20 THE BOARD, FIRST TELL ME WHAT THE EXHIBIT NUMBER IS, THEN
21 WHOM THE CHECK IS MADE OUT TO, WHAT THE DATE IS, AND WHAT THE
22 AMOUNT IS.

23 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

24 THE COURT: ALL RIGHT.
25

1 (AT THE BENCH)

2 MR. WEINGARTEN: I JUST REQUEST AN OPPORTUNITY TO
3 KNOW WHAT MR. LEWIN IS GOING TO DO.

4 MR. LEWIN: I'M GOING TO ADD UP THOSE CHECKS. THEY
5 COME TO 135,000 -- JUST UNDER 135,000.

6 MR. WEINGARTEN: I THOUGHT YOU HAD A CHART FOR THAT.

7 MR. LEWIN: NO. WE HAVE A CHART THAT GOES BEYOND
8 MARCH. AND INSTEAD, WHAT I'M GOING TO DO, SINCE -- IN TERMS
9 OF DEALING WITH THIS WITNESS, I AM JUST GOING TO MAKE A CHART
10 RIGHT HERE. IT WON'T TAKE LONG, JUST A COUPLE MINUTES. THE
11 OTHER CHART GOES BEYOND MARCH.

12 THE COURT: THE OTHER CHART IS NOT THE SAME; IT
13 DUPLICATES AND GOES BEYOND.

14 MR. LEWIN: THAT'S RIGHT. IT WOULD HAVE TO DO WITH
15 ANOTHER WITNESS.

16 THE COURT: IT DOESN'T DUPLICATE ANY OF IT?

17 MR. LEWIN: NO, IT DOESN'T DUPLICATE ANY OF IT.

18 THE COURT: ALL RIGHT. GOOD. IT SHOULD BE MARKED,
19 THOUGH, I WOULD SUGGEST, MR. LEWIN.

20 (IN OPEN COURT)

21 THE COURT: MR. LEWIN, SINCE YOU ARE WORKING ON
22 SOMETHING THERE, WHY DON'T YOU HAVE IT MARKED AS YOUR NEXT
23 PROPOSED EXHIBIT. ALL RIGHT?

24 MR. LEWIN: FINE.

25 MR. WEINGARTEN?

1 THE COURT: MR. WEINGARTEN, YOUR ATTENTION IS
2 NEEDED UP HERE AGAIN.

3 (AT THE BENCH)

4 MR. LEWIN: I HAD ADVISED MR. GIULIANI THAT WE MIGHT
5 CALL HIM THIS MORNING. HE IS GOING TO BE IN WASHINGTON ANYWAY.
6 I DISCUSSED THIS WITH MR. WEINGARTEN BEFORE THE SESSION BEGAN,
7 AND REALLY, SINCE I THINK HIS TESTIMONY WOULD BE DUPLICATIVE,
8 SINCE WE ARE TRYING TO GET THE THING DONE, I HAVE A NOTE THAT
9 HE'S ARRIVED, AND I AM PREPARED TO EXCUSE HIM. AND MR.
10 WEINGARTEN INDICATED --

11 MR. WEINGARTEN: I HAVE NO PROBLEM WITH THAT. AND
12 IF WE CHANGE OUR MINDS, WE WILL JUST BRING HIM BACK.

13 MR. LEWIN: RIGHT. I JUST WANTED TO TELL THE COURT.
14 SO WE WILL EXCUSE HIM.

15 THE COURT: THANK YOU.

16 (IN OPEN COURT)

17 MR. LEWIN: SO THIS WILL BE MARKED --

18 THE DEPUTY CLERK: DEFENDANT'S EXHIBIT 87 MARKED
19 FOR IDENTIFICATION.

20 (DEFENDANT'S EXHIBIT NO. 87 WAS
21 MARKED FOR IDENTIFICATION)

22 MR. LEWIN: DEFENDANT'S EXHIBIT 87.

23 BY MR. LEWIN:

24 Q THE FIRST EXHIBIT NUMBER?

25 A IS 51.

1 Q 51. AND THE DATE OF THE CHECK?

2 A 11/9/81.

3 Q AND THE PAYEE?

4 A MARTIN ADVERTISING.

5 Q AND THE AMOUNT?

6 A \$4,500.

7 Q EXHIBIT 52? THE DATE?

8 A 11/23/81.

9 Q PAYEE?

10 A IS THE SAME, MARTIN ADVERTISING.

11 Q ALL RIGHT. AND THE AMOUNT?

12 A \$8,000.

13 Q NEXT CHECK? 53?

14 A 53, 11/24/81. THE SAME PAYEE.

15 Q AND THE AMOUNT?

16 A \$7,500.

17 Q 54?

18 A DECEMBER 4, 1981.

19 Q AND THE PAYEE?

20 A POSTMASTER. THE WHOLE PAYEE IS WASHINGTON, D. C.

21 POSTMASTER, WASHINGTON.

22 Q ALL RIGHT. AND THE AMOUNT?

23 A \$200.

24 Q 55?

25 A 11/9/81.

1 Q PAYEE?

2 A MARTIN ADVERTISING.

3 Q AND THE AMOUNT?

4 A \$5,000.

5 Q I'M SORRY. WHY DON'T YOU TELL ME, AS TO EACH OF
6 THOSE WHICH YOU HAVE ALREADY DESCRIBED, THE PARTICULAR ACCOUNT
7 THAT THEY WERE DRAWN ON.

8 A 51, A JOINT ACCOUNT, FIRST INTERSTATE BANK,
9 POCATELLO, IDAHO.

10 Q SO IT'S A JOINT ACCOUNT IN POCATELLO:

11 A OF MR. AND MRS. HANSEN.

12 Q O.K. AND THE SECOND CHECK?

13 A THE SAME.

14 Q ALL RIGHT. THE THIRD CHECK?

15 A THE SAME.

16 Q THE FOURTH CHECK, EXHIBIT 54?

17 A THE SAME.

18 Q AND EXHIBIT 55?

19 A THE SAME.

20 Q ALL RIGHT. LET'S GO ON TO EXHIBIT 56. DATE?

21 A I'M SORRY. I WAS JUST CHECKING TO BE SURE IT WAS
22 THE SAME ACCOUNT NUMBER.

23 Q EXHIBIT 56. DATE?

24 A 12/14/81.

25 Q AND THE PAYEE?

1 A METRO PRINTING AND MAILING.

2 Q METRO PRINTING. IS THAT THE PRINTER THAT YOU HAD
3 PREVIOUSLY MENTIONED TO US?

4 A THAT IS THE PRINTER TO WHOM I ADVERTED EARLIER,
5 YES, SIR.

6 Q AND THE AMOUNT?

7 A \$5,000.

8 Q AND ON WHAT ACCOUNT WAS THAT DRAWN?

9 A THE SAME AS THE OTHERS.

10 Q ALL RIGHT. 57? DATE?

11 A 12/17/81.

12 Q AND THE PAYEE?

13 A MARTIN ADVERTISING.

14 Q AND THE AMOUNT?

15 A \$1750.

16 Q AND THE ACCOUNT?

17 A THE SAME.

18 Q 58?

19 -A 2/12/82.

20 Q THE PAYEE?

21 A MARTIN ADVERTISING.

22 Q THE AMOUNT?

23 A \$7,500.

24 Q THE ACCOUNT?

25 A THE SAME.

1 Q 59? THE DATE?
2 A MARCH 4, 1982.
3 Q THE PAYEE?
4 A AGAIN THE POSTMASTER.
5 Q THE AMOUNT?
6 A \$48.35.
7 Q AND THE ACCOUNT?
8 A THIS IS A DIFFERENT ACCOUNT. IT'S DENOMINATED THE
9 GEORGE HANSEN REACH ACCOUNT, RIGGS NATIONAL BANK.
10 Q ALL RIGHT. SO WE'LL CALL IT HANSEN REACH?
11 A R-E-A-C-H.
12 Q AND THAT'S RIGGS NATIONAL BANK?
13 A THAT'S CORRECT, SIR.
14 Q SO THAT'S WASHINGTON, D. C.?
15 A YES, SIR.
16 Q ALL RIGHT. LET'S JUST CALL IT RIGGS.
17 60? DATE?
18 A 3/15/82.
19 Q PAYEE?
20 A METRO PRINTING AND MAILING.
21 Q AND THE AMOUNT?
22 A \$10,000.
23 Q TEN THOUSAND. AND THE ACCOUNT?
24 A THE SAME AS THE PRECEDING.
25 Q HANSEN REACH?

1 A YES, SIR.
2 Q ALL RIGHT. 61? DATE?
3 A MARCH 16TH, 1982.
4 Q THE PAYEE?
5 A METRO PRINTING AND MAILING.
6 Q AND THE AMOUNT?
7 A \$10,000.
8 Q AND THE ACCOUNT?
9 A THE SAME AS THE OTHER TWO.
10 Q 62? DATE?
11 A MARCH 18, 1982.
12 Q PAYEE?
13 A THE SAME, METRO PRINTING AND MAILING.
14 Q THE AMOUNT?
15 A \$15,000.
16 Q AND THE ACCOUNT?
17 A THE SAME, THE GEORGE HANSEN REACH.
18 Q NO. 63? DATE?
19 A MARCH 19, 1982.
20 Q THE PAYEE?
21 A METRO PRINTING AND MAILING.
22 Q THE AMOUNT?
23 A \$15,000.
24 Q THE ACCOUNT?
25 A THE REACH ACCOUNT, THE SAME AS THE PRECEDING.

1 Q 64? DATE?

2 A MARCH 22ND, 1982.

3 Q PAYEE?

4 A THE SAME, METRO PRINTING AND MAILING.

5 Q THE AMOUNT?

6 A \$10,000.

7 Q AND THE ACCOUNT?

8 A THE SAME AS THE PRECEDING.

9 Q NEXT ONE, 65.

10 A 3/24/1982.

11 Q PAYEE?

12 A IT'S FOUR INITIALS: AMLC, WHICH STAND FOR AMERICAN
13 MAILING LIST COMPANY.

14 Q AMERICAN MAILING -- WHO WAS THE AMERICAN MAILING
15 LIST COMPANY?

16 A IT IS ONE OF THE COMPANIES FROM WHICH ONE RENTS
17 LISTS OF NAMES TO USE IN THE DIRECT MAIL PROGRAM.

18 Q AND THE AMOUNT OF THAT CHECK?

19 A \$9600.

20 Q AND THE ACCOUNT?

21 A THE REACH ACCOUNT.

22 Q 66? DATE?

23 A 3/24/82.

24 Q THE PAYEE?

25 A THE SAME AS THE PRECEDING ONE, AMERICAN MAILING

1 LIST COMPANY.

2 Q AMOUNT?

3 A \$9700.

4 Q AND THE ACCOUNT?

5 A THE SAME.

6 Q 67? DATE?

7 A THE SAME DATE, 3/24/82.

8 Q AND THE PAYEE?

9 A AMERICAN MAILING LIST COMPANY.

10 Q THE AMOUNT?

11 A \$6200.

12 Q AND THE ACCOUNT?

13 A THE REACH ACCOUNT, THE SAME ONE.

14 Q 68? DATE?

15 A SAME DATE, 3/24/82.

16 Q PAYEE?

17 A THE SAME AS THE ABOVE, AMERICAN MAILING LIST COMPANY.

18 Q THE AMOUNT?

19 A \$9,500.

20 Q AND THE ACCOUNT?

21 A THE SAME, THE REACH ACCOUNT.

22 Q I'M GOING OFF TO THE RIGHT, I SEE.

23 HOW ABOUT 69?

24 A I END AT 68.

25 Q OH, YOU END AT 68.

1 BY THE WAY, CAN YOU JUST -- THAT WORD "REACH" THAT
2 APPEARS IN THE ACCOUNT, DO YOU HAVE ANY UNDERSTANDING OF WHAT
3 THAT MEANS?

4 A MR. HANSEN ADVISED ME THAT HE SET UP THAT ACCOUNT
5 FOR VARIOUS KINDS OF OFFICE-RELATED EXPENSES PURSUANT TO A
6 CHANGE IN THE HOUSE RULES EARLIER THAN MY ARRIVAL, AND I
7 JUST CAN'T TESTIFY AS TO WHAT THOSE CHANGES WERE AND WHY HE
8 SET IT UP.

9 Q BUT TO YOUR KNOWLEDGE, THOSE WERE FUNDS THAT WERE
10 HIS PERSONAL FUNDS THAT WERE PUT INTO THOSE ACCOUNTS?

11 A OH, YES.

12 Q THOSE ARE ALL THE CHECKS YOU'VE GOT THERE, IS THAT
13 RIGHT?

14 A YES, SIR.

15 Q DO YOU KNOW -- RATHER THAN GOING THROUGH THE --
16 PROVIDING YOU WITH A CALCULATOR AND HAVING YOU ADD IT UP, MIGHT
17 I JUST REPRESENT TO THE COURT THAT WHAT THAT ADDS UP TO
18 \$134,498.35, AS OF MARCH 24, 1982.

19 TO YOUR RECOLLECTION, MR. MCKENNA, ARE THOSE CHECKS
20 SUBSTANTIALLY WHAT IS REFLECTED ON EXHIBIT 46, WHICH IS AS
21 OF APRIL 7TH, 1982, THE FACT THAT MR. HANSEN HAD PROVIDED
22 \$135,000 FOR THIS ASSOCIATION OF CONCERNED TAXPAYERS EFFORT?

23 A OH, IT'S THE SAME AMOUNT. MRS. JARMIN WAS,
24 UNDOUBTEDLY, ROUNDING ALL THE FIGURES ON THERE. NONE OF THOSE
25 FIGURES -- OR VERY FEW OF THEM WOULD ROUND OUT TO WHOLE

1 DOLLARS THE WAY THEY ARE THERE.

2 Q AND IN ADDITION TO THOSE, EXHIBIT 46, WHICH IS UP
3 HERE AS 46-A, LISTS OTHER OBLIGATIONS WHICH WERE THEN OWING.
4 METRO PRINTING WAS STILL OWED \$65,000, ACCORDING TO J.M.
5 WHAT'S J.M.?

6 A THAT'S THE OPERATOR OF MARTIN ADVERTISING AGENCY.
7 JAMES MARTIN.

8 Q SO THAT'S THIS GENTLEMAN, THAT'S JIM MARTIN. THAT'S
9 NOT YOU. YOU'VE GOT THE SAME INITIALS, JIM MCKENNA.

10 A I HADN'T REALIZED IT, BUT NO, THAT'S NOT ME. THAT'S
11 THE OTHER GENTLEMAN.

12 Q ALL RIGHT. AND EACH ONE OF THESE WHERE SHE PUTS
13 APPROXIMATE DEBT, SO ON AND SO FORTH, "J.M.", THAT'S WHAT
14 JIM MARTIN TOLD HER IS APPROXIMATELY WHAT WAS OWING.

15 A HE WAS RECEIVING THE INVOICES, AND HE PROVIDED THE
16 INFORMATION -- A GOOD DEAL OF IT.

17 Q AND HERE, WHERE IT SAYS ASCERTAIN DEBT BEING
18 OWED "GAJ", WHO IS "GAJ"?

19 A GARY A. JARMIN.

20 Q ALL RIGHT. TO YOUR KNOWLEDGE, MR. MCKENNA, DID
21 CONGRESSMAN HANSEN PROVIDE OTHER FUNDS IN ADDITION TO THOSE
22 THAT WE HAVE NOW LISTED ON EXHIBIT 87?

23 A DO YOU MEAN LATER THAN THAT?

24 Q YES.

25 A YES, SIR. AT ONE TIME, THE OUTSTANDING AMOUNT OF

1 MONEY THAT HE HAD PUT OUT EXCEEDED \$170,000.

2 Q AND AS THE FUNDS CAME BACK -- OR, STRIKE THAT.

3 HOW WAS IT ANTICIPATED THAT THIS AMOUNT WAS GOING
4 TO BE REPAID, IF AT ALL?

5 A THE OPTIMISTIC ANTICIPATION WAS THAT THE A.C.T.
6 GENERAL MAILINGS AND UNSOLICITED DONATIONS WOULD EVENTUALLY
7 REACH THE POINT OF PAYING ITSELF BACK, BEING SELF-SUSTAINING.
8 AND AT THAT POINT, IT WAS EVERYBODY'S HOPE AND EXPECTATION
9 THAT ALL THESE DEBTS, INCLUDING THE DEBT TO MR. HANSEN, WOULD
10 BE THEN PAID.

11 Q O.K. AND WAS THAT COMMON IN THE DIRECT MAIL SOLICI-
12 TATIONS? IS THAT THE USUAL FORMAT? WHAT YOU DO IS YOU LAY
13 IT OUT AND THEN YOU EXPECT IT WILL COME BACK FROM THE
14 CONTRIBUTIONS?

15 A IT IS THE USUAL EXPECTATION, AND IT USUALLY IS DIS-
16 APPOINTED.

17 Q WAS IT IN THIS CASE?

18 A VERY MUCH SO.

19 Q NOW, WE HAVE TAKEN YOU TO I GUESS THERE'S THAT
20 MEMORANDUM OF APRIL, 1982, MR. MCKENNA. JUST GOING ONE
21 MONTH BEYOND THAT, TO MAY OF 1982, YOU HAVE TESTIFIED, I
22 BELIEVE, THAT MAY 15TH EVERY YEAR IS THE TIME WHEN THE ETHICS
23 IN GOVERNMENT ACT FORMS WERE TO BE FILED. IS THAT CORRECT?

24 A YES, SIR. UNDER THE NEW LAW. IT WAS SLIGHTLY
25 DIFFERENT UNDER THE RULE.

1 Q I'M SORRY. BEFORE I GET TO THAT, LET ME ASK YOU
2 ONE MORE QUESTION ABOUT THE MAILING. BESIDES THE MAILINGS,
3 IT IS A FACT -- OR TELL ME: DID A.C.T. PRINT UP OTHER
4 MATERIALS FOR DISTRIBUTION TO THE PUBLIC AND TO THOSE WHO
5 WERE SENT IN INDICATING AN INTEREST IN --

6 A WE HAD A THING CALLED A.C.T. NEWS, WHICH WAS
7 PUBLISHED A FEW TIMES WHEN FUNDS WERE AVAILABLE.

8 Q DEFENDANT'S EXHIBIT 47 FOR IDENTIFICATION.

9 A YES, SIR. THIS IS A SAMPLE OF THAT. IT WAS DIS-
10 TRIBUTED IN VARIOUS WAYS, INSTITUTIONALLY WITHIN THE CONGRESS,
11 TO PRIOR DONORS, TO PROSPECTIVE DONORS.

12 MR. LEWIN: I OFFER EXHIBIT 47 IN EVIDENCE.

13 MR. WEINGARTEN: MAY WE JUST APPROACH, PLEASE?

14 THE COURT: YES.

15 (AT THE BENCH)

16 THE COURT: MAY I SEE A COPY OF IT?

17 MR. LEWIN: YES.

18 THE COURT: THANK YOU. HERE'S THE BILL THAT WE
19 HAD TALKED ABOUT.

20 MR. LEWIN: ALL RIGHT, YOUR HONOR. I DON'T MEAN --

21 THE COURT: NO, NO, I UNDERSTAND. I JUST WANTED
22 TO SEE THE FIRST PAGE.

23 MR. LEWIN: IT'S JUST THE FIRST PAGE.

24 THE COURT: THE FIRST PART OF THE TAXPAYER PROTEC-
25 TION BILL.

1 MR. LEWIN: RIGHT.

2 THE COURT: THAT'S ONE.

3 MR. LEWIN: THAT IS A NEWSLETTER.

4 THE COURT: AND A NEWLETTER OF SEVERAL PAGES.

5 MR. LEWIN: I'M JUST TRYING TO SHOW THAT THE
6 ORGANIZATION --

7 THE COURT: I UNDERSTAND. IS THAT THE ACT ITSELF
8 THAT IS IN HERE UNDER "CONGRESSIONAL RECORD"? IT IS CALLED
9 "TAXPAYER PROTECTION ACT", AND I DON'T KNOW WHETHER --

10 MR. LEWIN: YOU'RE RIGHT. I GUESS IT IS IN THE
11 CONGRESSIONAL RECORD. YOU KNOW, IF WE CAN STIPULATE THAT
12 THEY SIMPLY SENT OUT THE A.C.T. NEWS, WE WILL NOT NECESSARILY
13 OFFER IT IN EVIDENCE, IF WE CAN JUST DESCRIBE IT.

14 MR. WEINGARTEN: O.K. FINE. WHY DON'T WE DO IT
15 THAT WAY.

16 MR. LEWIN: O.K. HE WILL JUST DESCRIBE IT. I WON'T
17 OFFER IT IN EVIDENCE.

18 THE COURT: THERE WOULD BE TOO MUCH YOU'D HAVE TO
19 DELETE FROM IT.

20 MR. LEWIN: FINE.

21 THE COURT: NO PROBLEMS IN HIM TESTIFYING THAT THERE
22 WAS SUCH, TO SUBSTANTIATE YOUR THEORY.

23 MR. LEWIN: ALL RIGHT, FINE.

24 (IN OPEN COURT)

25 BY MR. LEWIN:

1 Q THIS A.C.T. NEWS THAT YOU HAVE DESCRIBED, MR.
2 MCKENNA, DID THAT INFORM THE PEOPLE WHO WERE INTERESTED ABOUT
3 THE EXISTENCE OF THE LEGISLATION THAT THE CONGRESSMAN HAD
4 INTRODUCED, THE TAXPAYER PROTECTION ACT?

5 A YES, SIR. THERE IS A REPRODUCTION OF THE FIRST
6 PAGE OF THE BILL ON THE COVER OF THE THING.

7 Q AND DID IT CONTAIN ARTICLES AND OTHER MATERIALS
8 MAKING THE ARGUMENTS THAT THERE SHOULD BE SUCH LEGISLATION
9 CURBING THE INTERNAL REVENUE SERVICE?

10 A YES, SIR. IT WAS DEFINITELY AN INDUCEMENT ITEM
11 AND A STATUS REPORT COMBINED INTO ONE DOCUMENT.

12 Q AND LOOK AT THE BACK PAGE. WHAT DO YOU FIND ON
13 THE BACK PAGE? IS THAT A FAMILIAR-LOOKING --

14 A IT IS A REPRODUCTION OF THE COVER OF THE SIMON AND
15 SHUSTER EDITION OF MR. HANSEN'S BOOK.

16 Q AND THAT WAS THE BOOK THAT WAS BEING OFFERED AS
17 A PREMIUM TO THOSE WHO WOULD PROVIDE A CERTAIN CONTRIBUTION;
18 IS THAT CORRECT?

19 A I THINK SO. BUT AS I SAID YESTERDAY, I'M NOT CERTAIN
20 THAT THAT WAS THE ENTIRE -- THAT THERE WEREN'T SOME OF THE
21 OLDER BOOKS IN THE PREMIUM. BUT THIS WAS ALSO OFFERED.

22 Q ALL RIGHT. LET ME, THEN, PROCEED, AS I SAID, TO
23 MAY OF 1982. YOU SAID THAT WAS THE PERIOD OF TIME -- MAY
24 15TH IS THE TIME WHEN ETHICS IN GOVERNMENT ACT FORMS ARE FILED.
25 AND DIRECTING YOUR ATTENTION SPECIFICALLY TO MAY OF 1982, AT

1 THAT TIME THE A.C.T. MAILING EFFORT WAS IN FULL FORCE; IS
2 THAT RIGHT? THE MAILINGS HAD GONE OUT IN MARCH?

3 A BY THAT TIME WE HAD ABOUT THAT 800,000 LETTERS OUT
4 THAT I MENTIONED.

5 Q DID YOU AT ANY TIME IN MAY OF 1982 HAVE ANY DISCUS-
6 SION WITH CONGRESSMAN HANSEN ABOUT THE RELATIONSHIP BETWEEN
7 A.C.T., THE ASSOCIATION OF CONCERNED TAXPAYERS, AND THE
8 ETHICS IN GOVERNMENT ACT FORM WHICH HE WAS TO FILE ON MAY
9 15TH, 1982?

10 A WE HAD EXTENSIVE DISCUSSIONS ABOUT IT.

11 Q O.K. COULD YOU PLEASE DESCRIBE FOR THE COURT AND
12 JURY WHAT DISCUSSIONS YOU HAD WITH CONGRESSMAN HANSEN.

13 A WELL, AT APPROXIMATELY THAT TIME, I BELIEVE IT WAS
14 TWO DAYS BEFORE THE 15TH, HE FOR THE FIRST TIME ADVISED ME
15 THAT THE FUNDS, OR SOME OF THE FUNDS WHICH HE HAD INVESTED
16 IN A.C.T. HAD IN FACT BEEN BORROWED FROM INDIVIDUALS WITH
17 THE ANTICIPATION THAT THEY WOULD BE USED IN THIS PROGRAM.
18 AND THE ISSUE WAS ADDRESSED, WHAT DO YOU DO ABOUT IT ON THE
19 LIABILITY PAGE -- ON THE LIABILITY ITEM OF THE DISCLOSURE
20 FORM.

21 WE HAD EXTENSIVE DISCUSSIONS ABOUT, YOU KNOW, WHAT
22 WAS THE COMMITMENT MADE AT THE TIME AND THAT SORT OF THING.
23 AND HE ADVISED ME THAT HE HAD SOLICITED THIS OBLIGATION, AND
24 QUITE FRANKLY, AT THE TIME I DON'T THINK I WAS AWARE -- IT'S
25 DIFFICULT IN VIEW OF SUBSEQUENT EVENTS, BUT I DON'T THINK I

1 WAS AWARE THERE WAS EVEN A MULTIPLICITY. ALL I WAS AWARE
2 OF WAS THAT THERE WAS AN INDIVIDUAL LENDER INVOLVED AND THAT
3 THE MONEY HAD GONE INTO A.C.T.

4 IN VIEW OF THE PROMISE OF CONFIDENTIALITY, IN VIEW
5 OF THE FACT THAT AT THAT TIME A.C.T. WAS ACKNOWLEDGING, AND
6 AS FAR AS I KNOW STILL ACKNOWLEDGES, THE LIABILITY TO MR.
7 HANSEN FOR THE FUNDS HE ADVANCED, I ADVISED HIM THAT IT WOULD
8 BE PRUDENT TO LEAVE IT OFF THE FORM ON THE APPREHENSION
9 THAT: ONE, WE HAD PROMISED CONFIDENTIALITY TO DONORS, OR TO
10 FINANCIAL SUPPORTERS IN ANY ONE OF SEVERAL CATEGORIES, DONORS,
11 WHATEVER; THAT A.C.T. HAD BY THAT TIME ACKNOWLEDGED ITS
12 OBLIGATION; AND THAT IN FACT THE MONEY HAD BEEN SPENT AS HE
13 HAD REPRESENTED TO THE LENDERS.

14 IN ADDITION, I BELIEVE IT'S IN THE NEXT SECTION,
15 WE PUT HIS POSITION AS THE DOMINANT PERSON IN THE A.C.T.
16 ORGANIZATION AND LEFT OFF THE THREE ITEMS ON MY ADVICE THAT
17 IT WOULD NOT CONSTITUTE A PERSONAL OBLIGATION OF MR. HANSEN
18 IN THE EXACT SENSE OF THE WORD.

19 Q I PLACE BEFORE YOU, MR. MCKENNA, WHAT IS IN EVIDENCE
20 AS GOVERNMENT EXHIBIT 4-D, A COPY OF THE ETHICS IN GOVERNMENT
21 ACT FORM FOR THE YEAR 1981, FILED ON MAY 15TH, 1982, AND
22 SPECIFICALLY DIRECT YOUR ATTENTION TO THE SECOND PAGE. THERE
23 IS A SECTION IV ON THERE THAT LISTS LIABILITIES. IS THAT
24 CORRECT?

25 A YES, SIR.

1 Q AND UNDER IT IS A SECTION V THAT LISTS TRANSACTIONS?

2 A YES, SIR.

3 Q AND UNDER IT IS A SECTION VI THAT LISTS POSITIONS.

4 A YES, SIR.

5 Q THIS HAS BEEN INTRODUCED IN EVIDENCE AS GOVERNMENT

6 EXHIBIT 5-D. IT IS A FACT, IS IT NOT, THAT ONLY THAT

7 LIABILITIES SECTION APPEARS HERE ON THIS GOVERNMENT EXHIBIT?

8 IS THAT RIGHT? BUT THERE'S MORE ON THAT PAGE THAN THAT

9 LIABILITIES SECTION.

10 A WELL, THE HEADING AND SIGNATURE ALSO APPEAR.

11 Q BUT ON THE SPECIFIC PAGE THAT YOU'VE GOT, THAT IS

12 THE SECOND PAGE. THE PAGE I PUT BEFORE YOU IS THE SECOND

13 PAGE -- I'M SORRY. FROM THE SECOND PAGE, ALL THAT APPEARS

14 ON THIS BLOW-UP IS LIABILITIES AND THE SIGNATURE LINE, RIGHT?

15 AND WHAT APPEARS ABOVE THE SIGNATURE.

16 A WELL, ONE OF THE SIX ITEMS APPEARS: THE LIABILITIES

17 SECTION.

18 Q RIGHT. IN FACT, ON THE PAGE THAT YOU HAVE BEFORE

19 YOU, THERE ARE SECTIONS V AND VI UNDERNEATH SECTION IV; IS

20 THAT CORRECT?

21 A YES, SIR.

22 Q AND SECTION --

23 A THERE'S ALSO SECTION VII.

24 Q AND SECTION VI SAYS "POSITIONS", AND IT SAYS WHAT

25 UNDER "POSITIONS"?

1 A IT SAYS, "CHAIRMAN, ASSOCIATION OF CONCERNED TAX-
2 PAYERS", AS FAR AS THIS PARTICULAR FORM IS CONCERNED.

3 Q RIGHT. AND IS IT YOUR TESTIMONY THAT WAS IN THERE
4 UNDER "POSITIONS" PURSUANT TO THE DISCUSSION THAT YOU HAD
5 WITH CONGRESSMAN HANSEN?

6 A YES, SIR.

7 Q AND YOU TOLD HIM THAT -- WHAT, WITH REGARD TO THAT?

8 A I TOLD HIM THAT IT IS NOT UNCOMMON FOR ACTIVIST
9 ORGANIZATIONS TO BORROW MONEY AND TO HAVE THE POLITICAL FIGURE
10 WHO MIGHT BE THE DOMINANT PERSON IN THAT ACTIVIST ORGANIZA-
11 TION SIGN IN HIS REPRESENTATIVE CAPACITY. IT WAS MY VIEW
12 THAT GIVEN THE EVIDENCE AS IT EXISTED ON MAY 15TH, THAT WHAT
13 WE HAD HERE WAS IN THE NATURE OF AN ANTICIPATORY REPRESENTATIVE
14 SITUATION.

15 THE EVIDENCE I HAD IN FRONT OF ME AT THE TIME WAS
16 THAT -- AND IT'S STILL THE EVIDENCE, AS FAR AS I KNOW -- WAS
17 THAT ON OR BEFORE DECEMBER 31ST HE HAD ACQUIRED FUNDS WITH
18 THE REPRESENTATION THAT THEY WOULD BE USED BY AND FOR AN
19 ORGANIZATION TO DO WHAT A.C.T. ULTIMATELY CAME INTO EXISTENCE
20 TO DO. IN FACT, AT THAT TIME I DIDN'T KNOW WHETHER THE LOANS
21 PRECEDED OR SUCCEEDED THE INCORPORATION OF THE GROUP.

22 Q YOU DIDN'T KNOW THE SPECIFIC DATE OF THE LOANS.

23 A I DID NOT.

24 Q BUT HE TOLD YOU THEY WERE SOMETIME IN 1981?

25 A YES, SIR.

1 Q AND DID HE TELL YOU THAT HE HAD SIGNED FOR THEM
2 PERSONALLY?

3 A OH, YES.

4 Q ALL RIGHT.

5 A AND HE ALLEGED TO ME THAT THE LENDERS SPECIFICALLY
6 UNDERSTOOD THAT THESE THINGS WOULD BE -- THAT THESE LOANS
7 WOULD BE USED FOR THIS GENERAL PURPOSE, AND THAT HE TOOK THE
8 MONEY ON MAKING THAT REPRESENTATION AND USED IT FOR THAT
9 PURPOSE.

10 ALSO IN MY POSSESSION AT THAT TIME WAS THE MATERIAL
11 THAT YOU HAVE ELICITED HERE, NAMELY THE UNQUESTIONED FACT
12 THAT HE HAD SPENT CONSIDERABLY IN EXCESS OF WHAT AT THE TIME,
13 TO BE FRANK, I UNDERSTOOD TO BE \$125,000. I DON'T KNOW WHY.
14 IT IS NOW CLEAR THAT IT WAS A DIFFERENT AMOUNT OF MONEY. BUT
15 AT THAT TIME, I TOTALED UP THE OBLIGATION -- I DIDN'T TOTAL
16 IT UP. I GOT THE IMPRESSION FROM MR. HANSEN THAT THE AMOUNT
17 OF MONEY INVOLVED WAS \$125,000; AND HE CLEARLY EXCEEDED THAT
18 IN THE DONATIONS TO A.C.T., IN THE CONTRIBUTIONS BY WAY OF
19 FINANCING A.C.T., AND A.C.T. HAD ACKNOWLEDGED ITS OBLIGATION
20 TO HIM.

21 Q NOW, WHAT HAD YOU UNDERSTOOD FROM YOUR DISCUSSION
22 WITH CONGRESSMAN HANSEN ABOUT WHAT HAD HAPPENED TO THE FUNDS
23 BETWEEN THE TIME HE BORROWED IT IN 1981 AND THE TIME HE HAD
24 WRITTEN OUT THE CHECKS THAT ARE REFLECTED ON DEFENDANT'S
25 EXHIBIT 84? WHAT USE HAD BEEN MADE OF THOSE FUNDS?

1 A QUITE FRANKLY, THAT NEVER ENTERED INTO THE CONVERSA-
2 TION BECAUSE MY CONCERN WAS THAT THEY WERE IN 1981, AND NOT
3 WHEN IN 1981. AND PERHAPS THAT WAS IMPROVIDENT ON MY PART,
4 IN VIEW OF SUBSEQUENT EVENTS, BUT I WAS NOT AWARE AT THE TIME
5 OF THE DATE ON WHICH THESE TRANSACTIONS TOOK PLACE. AS FAR
6 AS I WAS CONCERNED, THEY TOOK PLACE IN THE APPROPRIATE TIME
7 PERIOD.

8 Q APART FROM THE DATE, THOUGH, WAS IT RELEVANT IN
9 ANY WAY TO YOUR JUDGMENT THAT YOU CONVEYED TO CONGRESSMAN
10 HANSEN WHETHER THE FUNDS HAD SIMPLY SAT IN A BANK ACCOUNT
11 DURING THAT PERIOD OF TIME OR WHETHER THEY HAD BEEN USED IN
12 THE INTERIM BY HIM FOR OTHER PURPOSES? IN OTHER WORDS, WERE
13 YOU ASSUMING THAT THE ACCOUNTS -- THAT THE AMOUNTS THAT HE
14 HAD BORROWED HAD SIMPLY BEEN SITTING IN THE JOINT ACCOUNT
15 IN POCATELLO OR IN THE HANSEN REACH ACCOUNT AT RIGGS DURING
16 THAT ENTIRE PERIOD OF TIME?

17 A I DON'T THINK IT'S RELEVANT. I DIDN'T THINK IT
18 WAS RELEVANT THEN.

19 THE COURT: NO. SORRY. ARE YOU SAYING YOU DIDN'T
20 THINK ABOUT IT?

21 THE WITNESS: OH, NO. THE QUESTION IS -- AS I UNDER-
22 STAND COUNSEL, YOUR HONOR, THE QUESTION IS WHAT DID I TAKE
23 INTO CONSIDERATION: THE FACTOR OF WHETHER OR NOT THE FUNDS
24 WERE THE IDENTICAL FUNDS THAT WERE LENT OR WERE NOT. AND
25 I GUESS THE ANSWER TO THE SPECIFIC QUESTION IS THAT I DIDN'T

1 CONSIDER IT, BECAUSE HAD I, I WOULD THINK IT WAS AN IRRELEVANCY.

2 BY MR. LEWIN:

3 Q WHY WOULD IT BE AN IRRELEVANCY?

4 A BECAUSE THE MONEY THAT WAS BORROWED IS IDENTICAL
5 OR GREATER THAN -- OR, I'M SORRY, THE MONEY THAT WAS BORROWED
6 IS IDENTICAL OR LESS THAN THE MONEY THAT HE PUT INTO THE
7 ORGANIZATION. I AM NOT AN ACCOUNTANT, BUT THERE IS A CASH
8 FLOW IN EVERYONE'S LIFE. THE ABILITY TO IDENTIFY A PARTICULAR
9 DOLLAR BILL DOES NOT STRIKE ME AS RELEVANT TO THE QUESTION.

10 Q ALL RIGHT. THE ALTERNATIVE, AS YOU HAVE TESTIFIED,
11 MR. MCKENNA, THAT WAS QUESTIONED WAS WHETHER THE PARTICULAR
12 LENDERS SHOULD BE LISTED UNDER SECTION IV AS TO LIABILITIES.
13 IS THAT RIGHT? THAT WAS THE QUESTION THAT WAS DIRECTED TO
14 YOU?

15 A IT WAS THE SOLE QUESTION, SO FAR AS I KNOW.

16 Q ALL RIGHT. AND IF THEY HAD BEEN LISTED, THEIR NAMES
17 WOULD HAVE APPEARED ON THERE WITH A LETTER NEXT TO THEM; IS
18 THAT CORRECT? THEIR NAME OR NAMES. YOU SAID YOU DIDN'T KNOW
19 WHETHER THEY WERE SINGLE OR MULTIPLE LENDERS.

20 A WITH THAT LIMITATION, THAT I DIDN'T KNOW THE IDENTITY
21 OF THE PARTY OR PARTIES, YES, THAT WOULD BE THE CONCLUSION.

22 Q AND IT IS YOUR TESTIMONY THAT YOU ALSO CONSIDERED
23 THE FACT THAT BY LISTING THEM, YOU WOULD BE VIOLATING THE
24 CONFIDENTIALITY PROMISE THAT HAD BEEN MADE TO DONORS OF A.C.T.

25 A IT WAS A DOMINANT CONSIDERATION IN THE MATTER.

1 Q WERE YOU THERE OR PRESENT WHEN CONGRESSMAN HANSEN
2 ACTUALLY FILLED OUT THAT FORM?

3 A I DON'T REMEMBER. I WAS THERE ON THREE OR UP TO
4 FOUR OCCASIONS. PROBABLY, YES.

5 Q WAS THIS DISCUSSION THAT TOOK PLACE IN 1982--OTHER
6 THAN THE FACT THAT THERE WAS A PARTICULAR MATTER RELATING
7 TO 1982 INVOLVED, WAS IT DIFFERENT IN KIND FROM SIMILAR
8 DISCUSSIONS YOU PREVIOUSLY TESTIFIED THAT TOOK PLACE IN 1981,
9 IN 1980, WITH REGARD TO THE ETHICS IN GOVERNMENT ACT FORM?

10 A WELL, IT WAS A PROBLEM CONNECTED WITH FILING. IT
11 WAS IN THAT SENSE NOT DIFFERENT FROM THE PROBLEMS I TESTIFIED
12 TO YESTERDAY. I GUESS EVEN THE AMOUNT OF MONEY ISN'T MUCH
13 DIFFERENT. THE HOUSE THING WAS, UNDOUBTEDLY, OF A SIMILAR
14 SIZE OF FINANCE. THAT IS, WE WOULD BE TALKING ABOUT A
15 \$125,000 OBLIGATION ONE WAY OR ANOTHER.

16 Q BUT IT'S FAIR TO SAY THAT IT WAS ALMOST AN ANNUAL
17 PRACTICE THAT AROUND THE TIME OF MAY 15TH, 1982, CONGRESSMAN
18 HANSEN WOULD DISCUSS WITH YOU ANY ISSUE THAT WOULD COME UP
19 IN HIS MIND CONCERNING THE ETHICS IN GOVERNMENT ACT.

20 A OUR PERCEPTION WAS IF HE HAD A PROBLEM, HE WOULD
21 CALL ON ME AND ASK ME ABOUT IT.

22 Q AND THAT HAPPENED BEFORE 1982, AS WELL AS IN 1982?

23 A AT LEAST ON TWO OCCASIONS UNDER THE LAW, AND ON
24 ONE OCCASION UNDER THE RULE.

25 Q O.K. NOW, FOLLOWING THE MAY 15TH, 1982 -- I'M SORRY.

1 YOU TESTIFIED THAT YOU DID NOT KNOW THE NAME OF THE LENDERS
2 AS OF THAT TIME. THAT WAS NOT DISCUSSED.

3 A TO THE BEST OF MY RECOLLECTION, I DID NOT.

4 Q DID THERE COME A TIME AFTER THE FILING OF THE ETHICS
5 IN GOVERNMENT ACT, INDEED SHORTLY AFTER THE FILING OF THE
6 ETHICS IN GOVERNMENT ACT, THAT YOU HAD OCCASION TO CALL ANY
7 OFFICER OF THE MERCHANTS AND MINERS BANK IN VIRGINIA?

8 A YES, SIR. MR. HANSEN BROUGHT TO MY ATTENTION A
9 CERTIFIED LETTER THAT HE HAD RECEIVED AT HOME SOMETIME ABOUT
10 A WEEK AFTER THE FILING DATE. SOMETIME IN LATE MAY.

11 Q ALL RIGHT.

12 A THE LETTER WAS FROM MR. REASOR, WHO LISTED HIMSELF
13 AS THE MANAGER. IN LATER CONVERSATION WITH HIM, IT TURNED
14 OUT HE WAS THE ACTING PRESIDENT OF THE BANK.

15 Q O.K. LET ME PUT BEFORE YOU WHAT IS IN EVIDENCE
16 AS DEFENDANT'S EXHIBIT 23.

17 A YES, SIR.

18 Q WOULD YOU TELL US WHAT DEFENDANT'S EXHIBIT 23 IS,
19 TO YOUR RECOLLECTION.

20 A IT IS THE LETTER FROM THIS GENTLEMAN, MR. REASOR,
21 TO MR. HANSEN AT HIS HOME ADDRESS, CERTIFIED IN FORM, RETURN
22 RECEIPT -- NO, I'M WRONG. IT'S DATED MAY 18TH. THE STAMP
23 IS DATED MAY 18TH, AND THE LETTER IS DATED MAY 17TH.

24 Q THE LETTER IS DATED MAY 17TH, WHICH IS TWO DAYS
25 AFTER THE FILING OF THAT ETHICS IN GOVERNMENT ACT FORM. IS

1 THAT CORRECT?

2 A YES, SIR.

3 Q AND IT'S POSTMARKED MAY 18TH. IS THERE ANY INDICA-
4 TION ON THE ENVELOPE AS TO WHEN IT WAS RECEIVED? IT WAS A
5 CERTIFIED LETTER, IS THAT CORRECT?

6 A YES. THE CLAIM CHECK DATE IS MAY 20TH.

7 Q SO, LOOKING AT THAT, CAN YOU RECONSTRUCT ABOUT WHEN
8 YOU FIRST RECEIVED THAT LETTER FROM CONGRESSMAN HANSEN?

9 A NOT EARLIER THAN MAY 21ST, 1982.

10 Q ALL RIGHT. COULD YOU TELL US, MR. MCKENNA, WHAT
11 CONVERSATION, TO THE BEST OF YOUR RECOLLECTION, ENSUED UPON
12 YOUR RECEIVING THAT LETTER FROM CONGRESSMAN HANSEN?

13 A WITH CONGRESSMAN HANSEN, OR WITH MR. REASOR?

14 Q WITH CONGRESSMAN HANSEN.

15 A HE SHOWED IT TO ME, AND HE SAID THAT HE WAS SURPRISED
16 TO SEE THAT THIS WAS A PROBLEM OR THAT THERE WAS A PROBLEM
17 HERE INVOLVING THIS SORT OF SITUATION. HE DIDN'T KNOW WHY
18 HE WOULD BE ON SUCH A LIST, AND ASKED ME TO INQUIRE OF MR.
19 REASOR.

20 Q O.K. LET ME JUST --

21 MR. LEWIN: IT'S A VERY SHORT LETTER, YOUR HONOR.
22 JUST SO IT IS UNDERSTANDABLE TO THE JURY, IT'S A LETTER THAT
23 SAYS:

24 "ON MAY 6, 1982" -- ADDRESSED TO GEORGE V. HANSEN
25 IN ARLINGTON, VIRGINIA. "ON MAY 6, 1982, MINERS AND MERCHANTS

1 BANK WAS SERVED WITH A SUBPOENA TO TESTIFY OR PRESENT CERTAIN
2 DOCUMENTS BEFORE THE GRAND JURY ON JUNE 8TH, 1982. YOUR
3 NAME WAS LISTED AS ONE OF THE INDIVIDUALS OR ENTITIES TO BE
4 COVERED. THE BANK IS REQUIRED TO PRESENT ANY AND ALL LOAN
5 RECORDS AND A LISTING OF ANY ACCOUNTS FOR THE PERIOD JANUARY
6 1, 1980, TO MAY 1, 1982, THAT YOU MAY HAVE HAD WITH MINERS
7 AND MERCHANTS BANK. IF YOU HAVE ANY QUESTIONS REGARDING
8 THIS SUBPOENA, YOU SHOULD CONTACT YOUR ATTORNEY AND/OR THE
9 UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF
10 VIRGINIA BEFORE JUNE 8, 1982. UNLESS WE HEAR FROM YOU PRIOR
11 TO THIS DATE, YOUR RECORDS WILL BE DELIVERED TO THE GRAND
12 JURY." SIGNED, JACKSON REASOR.

13 BY MR. LEWIN:

14 Q SO THAT WAS A LETTER WHICH ADVISED CONGRESSMAN
15 HANSEN THAT SOME DOCUMENTS PERTAINING TO HIM WERE BEING
16 SUBMITTED TO A FEDERAL GRAND JURY; IS THAT CORRECT?

17 A OBVIOUSLY, YES, SIR.

18 Q IT DIDN'T SPECIFY THE NAME OF ANY INDIVIDUAL WHO
19 WAS BEING TARGETED BY THE GRAND JURY?

20 A NO, SIR.

21 Q O.K. WHAT DID YOU DO AFTER THE DISCUSSION WITH
22 CONGRESSMAN HANSEN?

23 A I IMMEDIATELY CALLED THIS MR. REASOR AT THE BANK
24 IN GRUNDY, VIRGINIA.

25 Q AND WHAT WERE YOU TOLD BY MR. REASOR?

1 A HE TOLD ME THAT THE FEDERAL GRAND JURY WAS -- IN
2 ROANOKE, I BELIEVE, WAS LOOKING INTO THE AFFAIRS OF A FORMER
3 CHIEF OFFICER OF THE BANK NAMED MEADE, AND THAT MR. HANSEN'S
4 -- A NOTE FROM MR. HANSEN WAS IN THEIR ACCOUNT AS COLLATERAL
5 FOR A LOAN, AND THAT IT WAS SPECIFICALLY SUBJECT TO THE SUBPOENA.
6 AND THIS WAS THE FORMAL NOTICE TO ALLOW MR. HANSEN TO TAKE
7 WHATEVER APPROPRIATE ACTION HE CHOSE TO TAKE WITH REGARD TO
8 THE SUBPOENA.

9 Q DID YOU COMMUNICATE THAT INFORMATION TO CONGRESSMAN
10 HANSEN?

11 A YES, SIR.

12 Q IN THE CONVERSATION WITH CONGRESSMAN HANSEN, DID
13 HE INDICATE HE -- WELL, WHAT DID HE SAY? STRIKE THAT.

14 A WELL, HE WAS SHOCKED AND SURPRISED THAT MR. MEADE
15 WAS INVOLVED IN ANY PROBLEM. AND I DON'T KNOW THAT THERE
16 WAS MUCH OF A CONVERSATION. HE MERELY ASKED ME TO GO DOWN
17 IMMEDIATELY AND LOOK INTO THE SITUATION, TAKE A LOOK AT
18 WHATEVER IT WAS THAT WAS THERE, AND REPORT TO HIM.

19 Q WAS THERE ANY INDICATION THAT HE EVEN REALIZED
20 THAT HIS NOTES HAD BEEN COLLATERALIZED TO THAT BANK?

21 A I DON'T THINK AT THAT TIME THERE WAS, NO. NOT
22 PRIOR TO MY VISIT.

23 Q AND WAS THERE ANY INDICATION THAT HE KNEW AT ANY
24 TIME PRIOR TO YOUR ADVISING HIM THAT MR. MEADE WAS IN TROUBLE
25 IN ANY WAY?

1 A NO. THAT'S CLEAR. HE DIDN'T KNOW ABOUT IT.

2 Q DID YOU IN FACT GO DOWN TO GRUNDY, VIRGINIA, TO
3 THE BANK?

4 A YES, SIR. I WENT DOWN A FEW DAYS LATER. AND I
5 CAN'T HONESTLY TELL YOU -- WITHIN A WEEK. CERTAINLY PRIOR
6 TO THE TRIGGER DATE MENTIONED IN THE LETTER HERE, JUNE 8TH.

7 Q AND WHAT WAS THE PURPOSE OF THAT VISIT THAT YOU
8 MADE DOWN THERE?

9 A SPECIFICALLY, TO FIND OUT WHAT IT WAS THAT WAS GOING
10 TO BE DELIVERED TO THE GRAND JURY AND WHAT IT WAS THAT WAS
11 THE PROBLEM WITH MR. MEADE, TO GET A L INFORMATION ON THE
12 INVOLVEMENT HERE OF THE CONGRESSMAN'S NAME.

13 Q DID YOU GO DOWN IN ANY WAY WITH ANY INSTRUCTIONS
14 TO PAY OFF ANY NOTE AT THAT TIME?

15 A NOT AT THAT TIME, NO, SIR.

16 Q THERE WAS ANOTHER TRIP YOU MADE SOMETIME LATER IN
17 WHICH YOU DID GO DOWN THERE TO PAY OFF A NOTE.

18 A OH, YES. YES, SIR.

19 Q AND COULD YOU TELL US HOW THAT HAPPENED AND WHEN
20 THAT HAPPENED?

21 A MID-AUGUST, MORE THAN TWO MONTHS AFTER THE FIRST
22 TRIP, THE CONGRESSMAN ASKED ME TO GO DOWN AND DISPOSE OF HIS
23 OBLIGATION ON A \$60,000 NOTE WHICH WAS IN THE POSSESSION OF
24 THE MERCHANTS AND MINERS BANK AS COLLATERAL. HE WAS DISPOSING
25 OF IT AT THE REQUEST OF MR. MCAFEE, AS I REMEMBER HIS ADVICE

1 TO ME. AND I DID DISPOSE OF IT. HE GAVE ME TWO CHECKS, BLANK
2 AS TO AMOUNT, AND ASKED ME TO DIVIDE THE PAYMENT BETWEEN TWO
3 DIFFERENT CHECKS. AND I DID SO. AND THE TOTAL, SIXTY-FOUR
4 THOUSAND AND CHANGE, CONSISTING OF 30,000 IN ONE INSTRUMENT
5 AND 34,000-PLUS. THE REASON THEY WERE BLANK AS TO AMOUNT,
6 WE DIDN'T KNOW WHAT THE INTEREST COMPUTATION WAS BEFORE WE
7 WENT -- BEFORE I WENT.

8 Q AND THAT PAYMENT WAS MADE BECAUSE MR. MCAFEE
9 REQUESTED AT THAT POINT THAT IT BE MADE?

10 A YES, SIR.

11 Q AND DID YOU IN GOING DOWN TO MAKE THAT PAYMENT AT
12 THAT POINT LEARN THAT CONGRESSMAN HANSEN HAD PAID AN INTEREST
13 PAYMENT EARLIER ON THAT NOTE?

14 A YES, SIR.

15 Q SO THAT HE HAD KNOWN PRIOR TO MAY THAT THE BANK
16 HELD THE NOTE --

17 A I THINK THE PAYMENT WAS IN APRIL, SO I DREW THE
18 CONCLUSION HE HAD TO KNOW IT WAS THERE.

19 Q BUT WITH REGARD TO WHETHER HE HAD KNOWN AT ALL
20 WHETHER MR. MEADE WAS IN TROUBLE, WHAT WAS THE INDICATION
21 ON MAY AND THEREAFTER? HAD HE HAD ANY KNOWLEDGE PRIOR TO
22 MAY 15TH, 1982?

23 A TO THE BEST OF MY KNOWLEDGE, NO. HIS RESPONSE TO
24 THE INFORMATION I EXTRACTED FROM MR. REASOR WAS ONE OF SURPRISE
25 AND SOME SHOCK. HE FELT MR. MEADE WAS A FRIEND.

1 Q NOW, THAT LOAN, THE \$60,000 LOAN WAS REPAID WITH
2 PERSONAL CHECKS OF MR. AND MRS. HANSEN OUT OF A JOINT ACCOUNT
3 OR -- DO YOU RECALL?

4 A I DON'T REMEMBER WHETHER IT WAS A JOINT ACCOUNT
5 OR NOT. I THINK IT WAS A SINGLE-SIGNATURE ACCOUNT.

6 Q O.K.

7 A OR SINGLE SIGNATURE ACCOUNTS. THERE WERE TWO, I
8 THINK.

9 Q IT WAS NOT PAID OUT OF AN A.C.T. ACCOUNT, WAS IT?

10 A OH, NO.

11 Q AND WHY WAS THAT?

12 A BECAUSE MR. HANSEN HAD SIGNED THE NOTE. HE FELT
13 IT WAS -- SINCE A.C.T. WAS NOT IN A POSITION TO DISPOSE OF
14 IT, HE HAD AN OBLIGATION TO DISPOSE OF IT, AND HE DISPOSED
15 OF IT.

16 Q DID A.C.T. AT THAT POINT HAVE \$60,000 TO PAY A NOTE?

17 A IT PROBABLY DIDN'T HAVE 10 PERCENT OF \$60,000.

18 Q HAD A.C.T. BY THAT TIME PAID -- REPAID CONGRESSMAN
19 HANSEN SOME -- AT VARIOUS TIMES SOME PORTIONS OF THE ADVANCES
20 HE HAD MADE?

21 A RELATIVELY SMALL PORTIONS, YES, SIR.

22 Q DID YOU ON SUBSEQUENT DATES, MR. MCKENNA, ALSO IN
23 REPRESENTING CONGRESSMAN HANSEN IN THIS REGARD, REPAY THE
24 \$25,000 NOTE?

25 A ULTIMATELY, YES. ALTHOUGH IN THE REPAYMENT WE

1 ULTIMATELY UTILIZED THE SERVICES OF THE FIRM OF HEMSLEY AND
2 CAMPBELL.

3 Q BY CAMPBELL, YOU MEAN MR. FRANK CAMPBELL, WHO IS
4 COUNSEL --

5 A THE FIRM OF WHICH MR. CAMPBELL, THERE, WAS A PARTNER.

6 Q SO HE WAS INVOLVED IN THE FINAL NEGOTIATIONS --
7 OR THE FINAL DISCUSSIONS WHICH RESULTED IN THE PAYMENT OF
8 THAT NOTE.

9 A YES, SIR.

10 Q AND WHY WAS IT NECESSARY TO HAVE ANOTHER LAWYER,
11 AN OUTSIDE LAWYER INVOLVED IN THAT PAYMENT?

12 A WELL, THE THING GOT COMPLICATED BECAUSE A SUIT WAS
13 FILED AGAINST MR. HANSEN BY JOINTLY -- THE DELIVERY OF THE
14 DOCUMENT -- THE COMPLAINT READ CARL MCAFEE AND ODELL ROGERS,
15 THE OBLIGEEES ON THE NOTE, THE PAYEES OF THE INSTRUMENT, AGAINST
16 HANSEN FOR THE COLLECTION OF THE \$25,000.

17 I CALLED MR. MCAFEE AND REMONSTRATED WITH HIM THAT
18 HE HAD IN FACT REPRESENTED THAT THERE WAS SOME LATITUDE IN
19 THE REIMBURSEMENT OF THAT AMOUNT OF MONEY; AND THAT EVEN IF THERE
20 WERE NOT SOME LATITUDE, A SUIT IN COURT WAS NOT KINDLY
21 RECEIVED WHEN A CONGRESSMAN WAS INVOLVED. AND HE AGREED TO
22 MEET ME, AND DID IN FACT MEET ME IN FAIRFAX COUNTY AT SOME
23 OFFICE WHERE HE WAS -- HAD SPACE WHILE HE WAS TRYING A CASE
24 IN WASHINGTON, AND DENIED TO ME THAT HE HAD IN FACT AUTHORIZED
25 THE SUIT, AND SAID HE WOULD DO WHAT HE COULD TO AMELIORATE.

1 THE SITUATION, MAKE IT PALATABLE.

2 Q BUT IT WAS NECESSARY FOR THE CONGRESSMAN TO RETAIN
3 AN ATTORNEY BECAUSE THERE WAS A COURT SUIT FILED, IS THAT
4 CORRECT? A LITIGATION WAS FILED ON THAT NOTE.

5 A YES, SIR. AND THAT COMPLICATION OF WAS THE SUIT
6 AUTHORIZED OR WAS IT NOT AUTHORIZED HAD CREATED A COMPLICATION
7 WITH THE PLAINTIFF'S ATTORNEY, TO WHOM I REPORTED THE CONVERSA-
8 TION. HE BECAME UPSET THAT ANYBODY WOULD REPRESENT TO HIM
9 THAT HE HAD AUTHORITY TO FILE A SUIT. AND THE MATTER BECAME
10 OF SUFFICIENT COMPLEXITY THAT I HAD OTHER THINGS TO DO AND
11 I ASKED THE HEMSLEY AND CAMPBELL FIRM TO ASSIST IN DISPOSING
12 OF THE MATTER.

13 Q WAS THAT NOTE ULTIMATELY PAID WITH FULL INTEREST
14 AT THAT TIME?

15 A OH, YES. WELL, "AT THAT TIME". WITHIN A PERIOD
16 OF APPARENTLY I GUESS EIGHT OR TEN DAYS THEREAFTER. THE
17 BONE OF CONTENTION, THE THING THAT IRRITATED ME ABOUT IT WAS
18 THAT I HAD ALREADY BEEN IN NEGOTIATION WITH THE FELLOW
19 REASOR TO DISPOSE OF THE OBLIGATION. MR. REASOR HAD PUT
20 PRESSURE ON MR. MCAFEE TO PAY THE NOTE, AND HE HAD DISCUSSED
21 THAT WITH ME, AND I HAD CALLED REASOR, AND THE ONLY QUESTION
22 WAS THE PHYSICAL ABILITY TO GET TO THIS PLACE, GRUNDY. IT'S
23 THE SORT OF PLACE THAT YOU CAN'T GET THERE FROM HERE. AND
24 WE WERE TRYING TO MAKE ALL SORTS OF ARRANGEMENTS ABOUT WE
25 WOULD MEET AT THE BRISTOL AIRPORT, WHICH IS THE CLOSEST

1 AIRPORT, AND THAT'S THREE HOURS AWAY FROM GRUNDY. THAT SORT
2 OF THING. AND WHEN WE RECEIVED THE SUIT, I WAS SOMEWHAT
3 IRRITATED.

4 THE COURT: I'M SORRY. WHO IS "WE"?

5 THE WITNESS: WELL, I'M SORRY. WHEN THE SUIT CAME
6 INTO THE OFFICE. WE GET KIND OF COLLEGIAL IN THESE CIRCUM-
7 STANCES. I APOLOGIZE.

8 BY MR. LEWIN:

9 Q NOW, MR. MCKENNA, WAS THE \$50,000 NOTE TO JOHN
10 MEADE PAID BY YOU? I MEAN THROUGH YOUR OFFICES?

11 A WELL, IT WAS PAID BY MR. HANSEN.

12 Q I DON'T MEAN BY YOU.

13 A YES. I WAS INVOLVED IN THE NEGOTIATIONS.

14 Q YOU WERE INVOLVED IN THE NEGOTIATIONS AND PAYMENT
15 OF THAT AMOUNT. AND COULD YOU TELL US HOW THAT CAME ABOUT?

16 A YES, SIR. I RECEIVED A TELEPHONE CALL FROM MR.
17 BOWIE, B-O-W-I-E, WHO REPRESENTED, AND PROBABLY STILL REPRESENTS
18 MR. MEADE, DEMANDING PAYMENT OF THE \$50,000 NOTE WITH
19 INTEREST. I TOLD HIM THAT I WOULD SPEAK TO THE CONGRESSMAN
20 AND GET BACK TO HIM. I DID, AND ADVISED HIM THAT THE
21 CONGRESSMAN WAS NOT IN A POSITION TO DISPOSE OF THIS THING
22 ON A ONE-PAYMENT BASIS. I OFFERED A 13-MONTH PAYMENT OF
23 5,000 A MONTH TO DISPOSE OF THE ITEM --

24 MR. LEWIN: I'M SORRY. WE CAN JUST REMOVE THAT
25 RIGHT NOW. IT'S NOT REALLY NECESSARY.

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1 THE COURT: WHILE YOU ARE DOING THAT, COULD YOU WAIT A
2 MOMENT WHILE WE CHANGE REPORTERS? YOU MAY PROCEED.

3 THE WITNESS: MR. BOWIE DECLINED MY OFFER. WELL, THAT
4 IS NOT TRUE. HE SAID HE WOULD HAVE TO CONSULT HIS CLIENT.

5 HE CALLED ME BACK IN A FEW HOURS, AND ADVISED THAT HIS
6 CLIENT WAS ADAMANT FOR IMMEDIATE FULL PAYMENT. WE ADVISED HIM
7 WE WERE UNABLE TO ACCOMPLISH THAT. WE JUST DIDN'T HAVE THE
8 FUNDS AVAILABLE AT THAT TIME AND WE HAD NO OPTION BUT TO HAVE
9 HIM SUE.

10 I POINTED OUT TO MR. BOWIE THAT THAT WOULD DELAY THE
11 PAYMENT, THE NATURAL COURSE OF SUITS, FOR THE 13 MONTHS, I
12 DIDN'T SEE WHY THE CLIENT WAS SO ADAMANT, BUT I HAD NO CONTROL
13 OVER THAT.

14 AT THAT POINT, I TURNED THE MATTER OVER TO -- WELL, I
15 AM NOT SURE -- I EITHER TURNED IT OVER THEN, OR SUBSEQUENTLY TO
16 THE SAME PEOPLE, HEMSLEY AND CAMPBELL, FOR THE PURPOSE OF
17 NEGOTIATING SETTLEMENT.

18 ULTIMATELY, THE NOTE WAS PAID WITH FULL INTEREST TO
19 THE DATE OF SETTLEMENT, AND THE MATTER WAS CLOSED.

20 BY MR. LEWIN:

21 Q. WAS THERE A LAWSUIT BROUGHT PRIOR TO THE TIME THE NOTE
22 WAS PAID?

23 A. YES, SIR.

24 Q. O. K. THERE WAS A LAWSUIT THAT WAS INSTITUTED IN
25 VIRGINIA, WAS THERE NOT?

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1 A. YES, SIR. FORGIVE ME IF I DIDN'T GET MAKE THAT CLFAR.
2 WHEN I SAID AT THAT TIME I MEANT IMMEDIATELY SUBSEQUENT TO MR.
3 BOWIE'S CONVERSATION OR AT THE FILING OF THE LAWSUIT. I DIDN'T
4 REMEMBER WHICH TIME I HAD TURNED IT OVER TO THE ATTORNEY.

5 Q. SO, THERE WAS A LAWSUIT FILED, AND A SETTLEMENT
6 FOLLOWED THE FILING OF THE LAWSUIT?

7 A. BY A CONSIDERABLE PERIOD OF TIME, YES, SIR.

8 Q. BUT THE PAYMENT WAS MADE IN FULL, WITH INTEREST TO THE
9 DATE OF PAYMENT?

10 A. YES, SIR.

11 Q. ALL RIGHT. NOW, HOW ABOUT THE LOAN OR THE OBLIGATION
12 THAT MRS. HANSEN HAD IN THE NOTE TO BUNKER HUNT? WAS THERE ANY
13 DISCUSSION WITH MRS. HANSEN OR CONGRESSMAN HANSEN ABOUT PAYING
14 THAT NOTE?

15 A. YES, INDEED.

16 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

17 THE COURT: YES. WOULD YOU STEP DOWN, MR. MCKENNA?

18 AT THE BENCH:

19 THE COURT. ALL RIGHT.

20 MR. WEINGARTEN: THERE HAS BEEN AN ENORMOUS AMOUNT OF
21 HEARSAY. I WAS NOT OBJECTING BUT I AM OBJECTING NOW. MRS.
22 HANSEN HAS TESTIFIED ALREADY AND THIS IS A SENSITIVE POINT. IF
23 THIS IS GOING TO BE HEARSAY, I OBJECT. HE CAN TESTIFY AS TO
24 WHAT HE DID VIS-A-VIS THE LOAN AND NOTHING MORE.

25 THE COURT: ALL RIGHT, MR. LEWIN?

1 MR. LEWIN: IN TERMS OF THE INTENTION TO MAKE PAYMENT,
2 I SUBMIT THAT ANY STATEMENTS THAT WERE MADE TO HIM BY ANYBODY
3 WHICH DECLARED AN INTENTION TO MAKE PAYMENT ARE ADMISSIBLE
4 UNDER THE DECLARATION OF INTENTION EXCEPTION TO THE HEARSAY
5 RULE, AND HE CAN TESTIFY IF SOMEONE SAID TO HIM, OR CONGRESSMAN
6 HANSEN SAID TO HIM I INTEND TO PAY, THEN THAT IS AN ADMISSIBLE
7 EXCEPTION UNDER THE HEARSAY ROOM.

8 IT IS NOT A DECLARATION OF SOMETHING IN THE PAST. IT
9 IS A DECLARATION OF AN INTENTION TO IN THE FUTURE. IT IS A
10 SPECIFIC INTENTION IF YOU WANT ME TO LIMIT MY QUESTION AND
11 SAY PLEASE TELL ME ONLY WHAT WAS SAID WITH REGARD TO ANY
12 DECLARATION WITH INTENTION TO DO IN THE FUTURE.

13 MR. WEINGARTEN: THAT IS FINE.

14 THE COURT: YOU SHOULD BE ABLE TO KEEP IT TO THAT.

15 IN OPEN COURT:

16 THE COURT. I KNOW YOU WILL LISTEN VERY CAREFULLY TO
17 THE QUESTION ADDRESSED TO YOU, MR. MCKENNA, AND ANSWER IT
18 ACCORDINGLY.

19 THE WITNESS: YES.

20 BY MR. LEWIN:

21 Q. IN ANSWER MY QUESTION, I WANT YOU TO LIMIT STATEMENTS
22 THAT ARE MADE TO YOU ONLY TO ANY STATEMENTS BY CONGRESSMAN AND
23 MRS. HANSEN IN WHICH THEY DECLARE AN INTENTION TO DO OR NOT DO
24 SOMETHING IN THE FUTURE. DON'T TELL ME ANYTHING THAT THEY MAY
25 HAVE SAID ABOUT THE PAST, BUT ONLY IF THEY MADE STATEMENTS TO

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1 YOU AS TO WHAT THEY INTENDED TO DO IN THE FUTURE.

2 IN DISCUSSIONS WITH CONGRESSMAN AND MRS. HANSEN
3 CONCERNING -- WELL MAYBE THAT IS NOT CLEAR, YOU ARE SHAKING
4 YOUR HEAD?

5 A. I AM NOT CERTAIN AS TO THE PROSCRIPTION THAT YOU JUST
6 DESCRIBED.

7 THE COURT: IT WILL BE STATED AGAIN.

8 BY MR. LEWIN:

9 Q. FOR PURPOSES OF ADMISSIBILITY OF EVIDENCE?

10 A. I UNDERSTAND THERE IS A PROBLEM. I AM NOT SURE WHAT
11 YOU ARE ALLOWING ME TO TESTIFY ABOUT.

12 Q. JUST SAY TO ME, WHEN YOU REPEAT IN ANSWER TO MY
13 QUESTION ONLY THINGS THAT YOU HEARD FROM CONGRESSMAN AND MRS.
14 HANSEN WHICH RELATE TO AN INTENTIONTEENS TO DO SOMETHING IN THE
15 FUTURE. NOT A RECITATION OF ANYTHING THAT MAY HAVE HAPPENED IN
16 THE PAST.

17 IN CONVERSATIONS WITH CONGRESSMAN OR MRS. HANSEN DID
18 EITHER OR BOTH OF THEM DECLARE TO YOU AT ANY POINT, AN
19 INTENTION TO REPAY NELSON BUNKER HUNT ON THAT NOTE?

20 THE COURT: YOU MAY ANSWER YES OR NO.

21 THE WITNESS: YES.

22 BY MR. LEWIN:.

23 Q. COULD YOU TELL US WHAT STATEMENT WAS MADE IN THAT.
24 REGARD, WITH REGARD TO ANY INTENTION TO REPAY MR. HUNT IN THE
25 FUTURE?

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1 A. THEY ASKED ME, COULD THEY PAY THE NOTE OFF AT THAT
2 TIME.

3 Q. AND DID THEY INDICATE AN INTENTION THAT THEY WISHED TO
4 REPAY THE NOTE AT THAT TIME?

5 A. THAT WAS THE QUESTION ADDRESSED TO ME. COULD THEY PAY
6 OFF THE NOTE AT THIS TIME.

7 Q. WHAT DID YOU RESPOND, AND WHAT DID YOU DO?

8 A. I ADVISED THEM AGAINST PAYING OFF THE NOTE.

9 Q. AND WHY DID YOU ADVISE THEM AGAINST PAYING OFF THE
10 NOTE?

11 A. BECAUSE THE QUESTION WAS ADDRESSED TO ME LATE ENOUGH
12 IN THE INVESTIGATION THAT I WAS AFRAID THAT IT MIGHT BE VIEWED
13 AS AN ATTEMPT TO CHANGE THE POSITION OF THE PARTIES AND I DID
14 NOT WANT TO IN ANY WAY APPEAR, OR TO HAVE THE HANSENS APPEAR AS
15 THOUGH THEY WERE ATTEMPTING TO CHANGE THE POSITIONS OF THE
16 PARTIES IN AN ONGOING INVESTIGATION.

17 Q. DID YOU SUBSEQUENT TO THAT CONVERSATION DISCUSS THAT
18 QUESTION WITH ANYBODY ELSE?

19 A. I DISCUSSED IT WITH MR. CAMPBELL OF THE HEMSLEY AND
20 CAMPBELL GROUP, YES, SIR.

21 Q. THAT WAS AFTER HE WAS RETAINED IN REGARD TO THIS
22 MATTER?

23 A. OH, YES, SIR.

24 Q. AND THAT IS THE MR. CAMPBELL WHO IS SITTING THERE?

25 A. HE IS THE SAME.

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1 Q. AND WHO ELSE DID YOU DISCUSS IT WITH?

2 A. I DISCUSSED IT WITH YOU.

3 Q. ALL RIGHT, AND COULD YOU TELL US WHAT WAS DECIDED AS A
4 RESULT OF THOSE DISCUSSIONS AND WHAT YOU DID?

5 MR. WEINGARTEN: YOUR HONOR.

6 THE COURT: COUNSEL TO THE BENCH, PLEASE. MR. MCKENNA
7 SUE MAY STEP DOWN.

8 AT THE BENCH:

9 THE COURT: YOU HAVE BEEN UNHAPPY ABOUT WHEN MR.
10 WEINGARTEN MENTIONED THE OTHER DAY INTRUDING HIMSELF PERSONALLY.

11 MR. LEWIN: I KNOW, BUT IF I SAID TO A WITNESS THAT I
12 CONFLICTED WITH HIS VERSION OF THE EVENTS THEN I WOULD BE
13 MAKING MYSELF A WITNESS IN THE CASE. I DON'T DISAGREE WITH MR.
14 MCKENNA'S VERSION. MR. MCKENNA SPOKE TO MR. CAMPBELL. AND HE
15 SPOKE TO ME. WE BOTH SAID TO HIM, AND HE IS TESTIFYING THAT.
16 WE ARE NOT GOING TO BECOME WITNESSES IN ITS CASE BECAUSE OUR
17 VERSION IS ENTIRELY CONSISTENT. WE BOTH SAID TO HIM IT WOULD
18 BE UNWISE TO PAY THE NOTE WHEN THE CHARGES ARE PENDING AND IT
19 WOULD LOOK LIKE A LAST MINUTE INTENTION.

20 MR. WEINGARTEN: THAT IS TOTALLY OBJECTIONABLE. WHAT
21 MR. LEWIN SAID TO HIM.

22 THE COURT: HE IS NOT GOING TO SAY WHAT YOU SAID TO
23 HIM?

24 MR. LEWIN: HE CAN SAY WHAT HIS CONCLUSION WAS.

25 THE COURT: HE CAN SAY WHAT HIS CONCLUSION WAS BUT YOU

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1 CANNOT INTRUDE YOURSELF. THE SAME THING I SAID TO MR.
2 WEINGARTEN. AND WHAT I SAID TO YOU. I DON'T POINTING TO MR.
3 CAMPBELL AS BEING ONE OF THE TWO PERSONS. BUT THE MOMENT IT
4 STARTS PUTTING YOUR CREDIBILITY ON THE LINE -- IT WAS YOUR
5 OBJECTION THE OTHER DAY AND I AGREED AGREE WITH YOU ABSOLUTELY
6 THAT AN ATTORNEY CANNOT INTRUDE HIMSELF INTO IT PERSONALLY. I
7 HAVE NO PROBLEM WHATSOEVER, IF THROUGH TESTIMONY OF MR. MCKENNA
8 THE WITNESS WISHES TO SAY: ACTING ON THE DISCUSSION WITH
9 PERSONS INVOLVED, HE DID THUS AND SO. WHATEVER IT WAS.

10 MR. LEWIN: THAT WAS THE CONSENSUS AND THERE WAS NO
11 DISAGREEMENT, YOUR HONOR. THERE IS QUITE A BIT OF DIFFERENCE
12 IN PUTTING YOURSELF IN THE CASE IN TERMS OF CREDIBILITY. THE
13 GOVERNMENT SAID OVER AND OVER HAS HUNT'S NOTES BEEN REPAID. HE
14 IS TRYING TO MAKE A SUGGESTION.

15 THE COURT: HE COULDN'T TESTIFY TO THIS, YOU KNOW.

16 MR. LEWIN: NOBODY IS DISAGREEING WITH WHAT MR.
17 MCKENNA IS SAYING. I AM NOT MAKING MYSELF A WITNESS. I AM
18 SIMPLY SAYING HE HAD THIS DISCUSSION. HE HAD IT WITH MR.
19 CAMPBELL AND WITH ME.

20 THE COURT: HE CAN SAY WHAT HE DID WITHOUT GETTING
21 INTO THE CONSENSUS.

22 IN OPEN COURT:

23 THE COURT: ALL RIGHT, MR. MCKENNA, YOU MAY RESUME.
24 THE STAND, PLEASE LISTEN CAREFULLY TO THE QUESTION.

25 THE WITNESS: YES, MA'AM.

1 BY MR. LEWIN:

2 Q. FOLLOWING THE DISCUSSIONS THAT YOU HAD THAT YOU HAVE
3 DESCRIBED, WHAT DID YOU DO, WHAT DID YOU DO OR SAY?

4 A. CAN I ASK HIM TO CLARIFY THE QUESTION?

5 THE COURT: WELL, AS A RESULT OF THE DISCUSSIONS, YOU
6 HAD?

7 THE WITNESS: WITH THE ATTORNEYS OR WITH THE HANSENS?

8 THE COURT ALL RIGHT.

9 BY MR. LEWIN:

10 Q. FOLLOWING THE DISCUSSION WITH THE ATTORNEYS, WHAT DID
11 YOU DO, EITHER WHAT YOU DID IN TERMS OF WHAT YOU SAID TO THE
12 ATTORNEYS OR TO THE HANSENS, LIMIT IT TO WHAT YOU DID, WHAT YOU
13 DID OR SAID. NOT TO WHAT THE ATTORNEYS, MR. CAMPBELL OR I SAID.

14 A. I DID NOTHING. I ADVISED NONPAYMENT.

15 Q. ALL RIGHT. AND TO YOUR KNOWLEDGE, THE LOAN HAS NOT TO
16 THIS DATE BEEN REPAID, IS THAT CORRECT?

17 A. TO THE BEST OF MY KNOWLEDGE, IT IS OUTSTANDING AT THIS
18 MOMENT.

19 Q. AND TO THE BEST OF YOUR KNOWLEDGE, HAS THE INTENTION
20 OF MRS. HANSEN OR CONGRESSMAN HANSEN WITH REGARD TO THAT NOTE
21 CHANGED FROM THE TIME THAT THEY SPOKE TO YOU ABOUT IT THAT
22 FIRST TIME?

23 A. I HAVE NO REASON TO BELIEVE THERE IS ANY CHANGE.

24 Q. MR. MCKENNA, YOU HAVE TESTIFIED TO VARIOUS
25 CONVERSATIONS AND THINGS THAT YOU DID REALLY IN TERMS OF

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1 REPRESENTING CONGRESSMAN AND MRS. HANSEN WITH REGARD TO THE
2 NOTES AND OTHER THINGS.

3 DID YOU REPRESENT CONGRESSMAN AND/OR MRS. HANSEN IN
4 CONNECTION WITH THE INVESTIGATION THAT GREW OUT OF THE RECEIPT
5 OF THE BLACKMAIL LETTER?

6 A. I PARTICIPATED IN SOME PHASES OF IT.

7 Q. WERE YOU PRESENT AT SOME PHASES OF THAT INVESTIGATION
8 AS A LEGAL CONSULTANT OR LEGAL ADVISOR TO EITHER CONGRESSMAN OR
9 MRS. HANSEN?

10 A. YES, SIR.

11 Q. SPECIFICALLY, WERE YOU PRESENT AT INTERVIEWS THAT THE
12 FEDERAL BUREAU OF INVESTIGATION HAD WITH CONGRESSMAN OR MRS.
13 HANSEN?

14 A. I WAS PRESENT AT ALL SAVE ONE BECAUSE AT THAT ONE MR.
15 RUNFT REPRESENTED MRS. HANSEN.

16 Q. THAT WAS THE VERY FIRST INTERVIEW RIGHT AFTER THE
17 REPORT OF THE BLACKMAIL LETTER?

18 A. YES.

19 Q. DO YOU RECALL A TIME IN --

20 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

21 AT THE BENCH:

22 MR. WEINGARTEN: ARE YOU SEEKING TO ELICIT WHAT
23 CONGRESSMAN HANSEN AND MRS. HANSEN SAID?

24 MR. LEWIN: I AM SEEKING TO ELICIT THE FACT THAT AT AN
25 INTERVIEW WHICH HE ATTENDED IN SEPTEMBER OF 1991, CONGRESSMAN

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1 HANSEN TOLD THE F B I, WITH MR. MCKENNA, PRESENT, THAT HE HAD
2 DISCUSSED, THAT HE WAS SKED THE FIRST TIME. YES, THE FIRST
3 TIME HE WAS ASKED WHETHER HE HAD RECEIVED A PROFIT OF 87
4 THOUSAND, WHETHER IT WAS REPORTED ON THE ETHICS AND GOVERNMENT
5 ACT FORM. CONGRESSMAN HANSEN ADVISED THE FBI AT THAT TIME THAT
6 HE HAD DISCUSSED THIS MATTER AT LENGTH WITH HIS ATTORNEY, JAMES
7 MCKENNA, AND JOHN RUNFT. IT SEEMS TO ME THAT IT IS HIGHLY
8 RELEVANT AND PROBATIVE WITH REGARD TO ADVICE OF COUNSEL THAT
9 FROM THE VERY FIRST TIME THAT THE CONGRESSMAN WAS ASKED THAT,
10 THE GOVERNMENT WAS PUT ON NOTICE. HE HAD TALKED ABOUT IT TO
11 HIS ATTORNEY AND BOTH ATTORNEYS WERE MENTIONED.

12 THE COURT: YOU WANT TO ASK MR. MCKENNA, THAT IF MR.
13 HANSEN ADVISED IN THE PRESENCE OF MR. MCKENNA, AND IN THE
14 PRESENCE OF THE F B I, IF HE HAD DISCUSSED THIS MATTER AT
15 LENGTH WITH HIS ATTORNEY -- ARE YOU STOPPING THERE OR GOING TO
16 THE NEXT PART?

17 MR. LEWIN: I WOULD LIKE TO PUT THAT WHOLE DOCUMENT
18 INTO EVIDENCE.

19 THE COURT: THIS F B I INVESTIGATION REPORT?

20 MR. LEWIN YES, A ONE PAGE F B I INVESTIGATION REPORT.
21 I THINK IT IS RELEVANT FOR THE JURY TO KNOW IN SEPTEMBER OF
22 1931, JUST ABOUT WHEN THE INVESTIGATION BEGAN THE CONGRESSMAN
23 TOLD THAT TO THE AGENT. THAT HAS TO -- PRECISELY, IT IS A ONE
24 PAGE F B I REPORT. IT IS A VERY SHORT INTERVIEW. IT DOESN'T
25 GO INTO ANY IRRELEVANT THING JUST DIRECTLY AND SQUARELY FULLY

1 CORROBORATIVE OF THE DEFENSE THAT HAS BEEN PRESENTED HERE IN
2 COURT.

3 THE COURT: YOU WANT TO DO THIS THROUGH MR. MCKENNA?

4 MR. LEWIN: YES, OF COURSE.

5 MR. WEINGARTEN: IT IS FULL OF SELF-SERVING HEARSAY.
6 I'M NOT PERMITTED TO CROSS-EXAMINE CONGRESSMAN HANSEN THROUGH
7 THIS. THAT IS A REPORT OF WHAT HE DID. THAT IS OFFERED PURELY
8 FOR THE TRUTH OF THE MATTER ASSERTED. FOR THAT REASON WE
9 OBJECT.

10 MR. LEWIN: THE GOVERNMENT KNOWS IF THEY WANT TO CALL
11 THE AGENT OR EITHER OF THE AGENTS THAT WERE THERE, THEY HAVE
12 DONE THAT MANY TIMES BEFORE TO TESTIFY TO WHAT THE DEFENDANT
13 SAYS.

14 MR. WEINGARTEN: AM I PERMITTED TO CROSS-EXAMINE HIM ON
15 ANYTHING THAT CONGRESSMAN HANSEN SAID?

16 THE COURT: OF COURSE.

17 MR. WEINGARTEN: NOT JUST THIS, EVERY STATEMENT HE WAS
18 PRESENT AT WITH THE F B I. I CAN CROSS-EXAMINE HIM ON WHAT
19 CONGRESSMAN HANSEN SAID?

20 MR. LEWIN: IF YOU WANT TO QUESTION HIM THAT
21 CONGRESSMAN HANSEN SAID XYZ IN HIS PRESENCE, YES, I THINK SO.

22 MR. WEINGARTEN: INCLUDING THE TRANSCRIPT?

23 MR. LEWIN: OF COURSE. YOU CAN PUT THE WHOLE
24 TRANSCRIPT IN. IT IS ALL ADMISSIONS OF THE DEFENDANT. YOU CAN
25 PUT IT IN WITHOUT HIM.

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1 THE COURT: IN SHORT, IT OPENS THE DOOR.

2 MR. LEWIN: SURE, I HAVE OPENED THE DOOR. I AGREE.

3 IN OPEN COURT:

4 THE COURT: MR. MCKENNA, I HAVE GIVEN YOU YOUR
5 EXERCISE TODAY UP AND DOWN.

6 BY MR. LEWIN:

7 Q. MR. MCKENNA, DO YOU RECALL IN SEPTEMBER OF 1981, BEING
8 PRESENT IN THE CONGRESSMAN -- LET ME GO BACK. THE BLACKMAIL
9 LETTER MEETING OCCURRED IN APRIL OF 1981, IS THAT CORRECT? DO
10 YOU RECALL THAT?

11 A. THE MEETING WITH THE ASSOCIATE ATTORNEY GENERAL OR
12 ASSISTANT ATTORNEY GENERAL?

13 Q. RIGHT.

14 A. APRIL 6, 1981.

15 Q. AND IMMEDIATELY THEREAFTER THERE WERE INTERVIEWS ON
16 THAT DAY LATE THAT DAY THEY BEGAN AND THE FOLLOWING DAY WITH
17 AGENTS OF THE F B I COMING OVER TO THE CONGRESSMAN'S OFFICE TO
18 CONDUCT INTERVIEWS, IS THAT RIGHT?

19 A. THAT IS RIGHT.

20 Q. AND YOU SAT IN ON AT LEAST SOME OF THOSE INTERVIEWS;
21 YOU SAT IN ON THE INTERVIEW WITH CONGRESSMAN HANSEN, IS THAT
22 CORRECT?

23 A. THAT IS CORRECT.

24 Q. DID YOU ALSO SIT IN ON THE INTERVIEW THAT WAS HELD
25 WITH CONGRESSMAN HANSEN IN SEPTEMBER OF 1981? AND I WILL PLACE

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1 BEFORE YOU WHAT I AM MARKING AS DEFENDANT'S EXHIBIT 88 FOR
2 IDENTIFICATION.

3 (WHEREUPON, THE DOCUMENT REFERRED TO
4 ABOVE WAS MARKED DEFENDANT'S EXHIBIT 88
5 FOR IDENTIFICATION.)

6 BY MR. LEWIN:

7 Q. DO YOU RECALL?

8 A. YES, SIR, I WAS AT THE MEETING WHICH IS REFLECTED IN
9 THIS NOTE.

10 Q. AND THAT NOTE REFLECTS A MEETING OF SEPTEMBER 24, 1981.
11 IT IS DOWN BELOW THE LEFT HAND CORNER?

12 A. I'LL SORRY, ON SEPTEMBER 24; THE INSTRUMENT ITSELF WAS
13 DATED SEPTEMBER 29.

14 Q. AND IT IS A F B I INTERVIEW REPORT, IS THAT CORRECT?

15 A. MAYBE YOU ARE NOT FAMILIAR.

16 Q. IT SAYS F B I ON THE TOP OF IT. I HAVE NOT ENOUGH
17 TROUBLE TO IDENTIFY IT OTHERWISE.

18 MR. LEWIN: WE OFFER THAT, 88.

19 MR. WEINGARTEN: NO OBJECTION.

20 THE COURT: IT IS IN EVIDENCE.

21 (WHEREUPON, DEFENDANT'S EXHIBIT 88 FOR
22 IDENTIFICATION WAS RECEIVED INTO EVIDENCE.)

23 BY MR. LEWIN:

24 Q. THAT DOES REFLECT, THAT F B I REPORT REFLECTS THAT
25 CONGRESSMAN HANSEN WAS INTERVIEWED IN HIS OFFICE, AT 11:25 IN

1 THE LONGWORTH BUILDING, IS THAT CORRECT?

2 A. YES.

3 Q. AND THAT CONGRESSMAN HANSEN ADVISED -- AND THAT YOU
4 WERE PRESENT, THAT IS RIGHT?

5 A. THAT IS CORRECT.

6 Q. AND IT REFLECTS THAT YOU WERE PRESENT AS HANSEN'S
7 ATTORNEY, ALSO PRESENT WAS JAMES MCKENNA, HANSEN ATTORNEY?

8 A. THAT IS WHAT MR. HOY REPORTS.

9 Q. AND THEN IT SAYS THAT HANSEN ADVISED THAT NELSON
10 BUNKER HUNT HAD ABSOLUTELY NO INFLUENCE, FINANCIAL OR OTHERWISE,
11 OR ANY CONNECTION WITH THE \$125,000 LOAN THAT HE OBTAINED FROM
12 THE FIRST SECURITY BANK, POCA TELLO, IDAHO, IN JANUARY, 1979, TO
13 PAY A MARGIN CALL ON HIS WIFE'S SILVER INVESTMENTS. IS THAT
14 CORRECT?

15 A. THAT IS WHAT IT SAYS HERE.

16 Q. NOW, THE TWO AGENTS THAT CAME OVER TO THE OFFICE ON
17 THAT DATE, CAME OVER AND ASKED CONGRESSMAN HANSEN, DID THEY NOT,
18 WHY HE HAD NOT REPORTED CERTAIN TRANSACTIONS INCLUDING A PROFIT
19 ON THE 37 THOUSAND SILVER COMMODITIES TRANSACTION ON HIS ETHICS
20 IN GOVERNMENT ACT FORM, IS THAT CORRECT?

21 A. THAT IS CORRECT.

22 Q. THAT WAS SEPTEMBER 24, 1981?

23 A. YES, SIR.

24 Q. AND THE DOCUMENT, EXHIBIT 88, REFLECTS THE FOLLOWING:
25 HANSEN ADVISED, THE ANSWER TO THAT SPECIFIC QUESTION, HE HAD

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1 DISCUSSED THIS MATTER AT LENGTH WITH HIS ATTORNEYS, JAMES
2 MCKENNA, AND JOHN RUNFT?

3 A. THAT IS WHAT THE DOCUMENT SAYS.

4 Q. DO YOU RECALL THAT THAT IS WHAT CONGRESSMAN HANSEN
5 TOLD THE AGENTS?

6 A. YES, SIR.

7 Q. SO THAT WHEN THEY FIRST ASKED HIM WHY YOU DID NOT
8 REPORT THOSE TRANSACTIONS ON YOUR ETHICS IN GOVERNMENT ACT FORM
9 IN SEPTEMBER OF 1991, THE CONGRESSMAN SAID THAT HE HAD
10 DISCUSSED THIS MATTER AT LENGTH WITH HIS ATTORNEYS AND YOU WERE
11 THEN PRESENT AND HE MENTIONED YOU AND JOHN RUNFT?

12 A. YES, SIR.

13 Q. SO HE TOLD THEM THAT FROM THE OUTSET?

14 A. FROM NO LATER THAN SEPTEMBER 24.

15 Q. AND DOES THAT MEMORANDUM ACCURATELY REFLECT THE
16 CONVERSATION THAT TOOK PLACE ON THAT DATE?

17 A. AS TO THAT ITEM, YES.

18 Q. SUBSEQUENT TO THAT DAY, AND THAT INTERVIEW, GOVERNMENT
19 AGENTS CAME BACK AGAIN, DID THEY NOT, TO INTERVIEW CONGRESSMAN
20 AND MRS. HANSEN ANOTHER TIME?

21 A. YES, SIR.

22 Q. IN FACT, MESSRS. WEINGARTEN AND COLE CAME, DID THEY
23 NOT?

24 A. THAT IS CORRECT.

25 Q. AND DID THEY SET UP ANY MEETING IN THE CONGRESSMAN'S

1 OFFICE?

2 A. YES, SIR. THEY ASKED FOR A MEETING AND FOR A
3 STENOGRAPHER TO BE ALLOWED TO BE PRESENT, AND THE CONGRESSMAN
4 ACCEDED TO THAT, AND THE MEETING OCCURRED IN HIS OFFICE.

5 Q. ON THURSDAY, JUNE 17TH, 1982?

6 A. IT WAS IN JUNE, AND IF THAT IS WHAT THE RECORD SHOWS
7 THAT WAS THE DATE.

8 Q. AND WERE YOU PRESENT AT THAT TIME?

9 A. I WAS.

10 Q. AND MRS. HANSEN AND CONGRESSMAN HANSEN WERE PRESENT,
11 RIGHT?

12 A. YES.

13 Q. AND MR. WEINGARTEN AND MR. COLE WERE PRESENT?

14 A. YES, SIR.

15 Q. AND MR. HOY OF THE F B I WAS PRESENT?

16 A. YES, SIR.

17 Q. AND A STENOGRAPHER TOOK DOWN THE QUESTIONS AND ANSWERS
18 THAT CONGRESSMAN HANSEN AND MRS. HANSEN GAVE WHEN MESSRS.
19 WEINGARTEN AND COLE ASKED THEM QUESTIONS AND ANSWERS?

20 A. YES, SIR.

21 Q. O. K. AND DO YOU RECALL THAT AT THE BEGINNING OF THAT
22 SESSION, MR. WEINGARTEN EXPLAINED WHY HE WAS THERE IN JUNE OF
23 1982?

24 A. YES, SIR.

25 Q. O. K.. AND DO YOU RECALL, AS HE SAYS --

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1 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

2 THE COURT: GENTLEMEN, WOULD YOU BRING THE DOCUMENT
3 WITH YOU? I DON'T HAVE A COPY OF IT.

4 AT THE BENCH:

5 THE COURT: IS THIS THE TRANSCRIPT YOU JUST REFERRED
6 TO A MOMENT AGO?

7 MR. LEWIN: YES. I WANT TO INDICATE THAT AFTER THAT
8 INTERVIEW, MR. WEINGARTEN CALLED HIM OVER. THEY EXPLAINED WHAT
9 THEY WERE DOING TO THE CONGRESSMAN; CONGRESSMAN AND MRS. HANSEN
10 ANSWERED THERE QUESTIONS UNDER NO COMPULSION, ANSWERED.

11 THE COURT: MR. HANSEN? MRS. HANSEN WAS ASKED TO BE
12 PRESENT?

13 MR. LEWIN: YES. IT WAS A SEPARATE INTERVIEW.

14 THE COURT: MR. MCKENNA WAS PRESENT FOR HER INTERVIEW
15 AS WELL AS THE CONGRESSMAN?

16 MR. LEWIN: YES.

17 MR. WEINGARTEN: IT IS TOTALLY INAPPROPRIATE TO PUT
18 INTO EVIDENCE REPRESENTATIONS MADE BY A GOVERNMENT AGENT
19 PURSUANT TO AN INTERVIEW. IF HE WANTS TO ELICIT WHAT
20 CONGRESSMAN ON ANYTHING HAD TO SAY ON RELEVANT POINTS THAT IS
21 ONE THING. THIS IS WELL AFTER THE ALLEGED INCIDENT TOOK PLACE.
22 WE OBJECT TO WHAT I MAY HAVE SAID OR MR. COLE OR MR. WEINGARTEN
23 MAY HAVE SAID.

24 MR. LEWIN: KNOWING THE FOCUS OF THE INVESTIGATION,
25 THESE PEOPLE VOLUNTARILY SPOKE TO MR. WEINGARTEN AND MR. COLE.

1 THEY ANSWERED ALL THE QUESTIONS THEY WERE ASKED. THEIR WORDS
2 WERE TAKEN DOWN AND THAT IS WHERE WE ARE.

3 MR. WEINGARTEN: HE CAN ELICIT THAT.

4 MR. LEWIN: WELL, I THINK IT IS IMPORTANT TO KNOW
5 EXACTLY WHAT MR. WEINGARTEN TOLD CONGRESSMAN HANSEN.

6 THE COURT: MAY I SEE IT?

7 MR. LEWIN: YES. ALL I WANT TO INTRODUCE IS FROM
8 THERE TO WHERE CONGRESSMAN HANSEN IS SAYING, "I THINK THAT IS
9 FINE." WHAT MR. WEINGARTEN SAID AND CONGRESSMAN HANSEN SAID
10 "FINE, WE CAN GO AHEAD. " I THINK IS APPROPRIATE, YOUR HONOR,
11 IN TERMS OF SHOWING -- I HAVE NO DOUBT THEY CAN USE ANYTHING.
12 I ALWAYS ASSUMED THEY WOULD USE ANYTHING IN THOSE INTERVIEWS
13 THEY THOUGHT WAS INCUPLATORY. THEY ARE ENTITLED TO DO IT. IT
14 IS AN ADMISSION OF THE DEFENDANT. THEY WELL KNOW IT IS. IF
15 THE DEFENDANT AFTER BEING TOLD ALL THAT, SAYS IT IS FINE AND
16 THEN SPEAKS TO THEM.

17 I AM ENTITLED TO TO PRESENT TO THE JURY EVIDENCE THAT
18 SHOWS THE DEFENDANT WAS AVAILABLE; ANSWERED ALL THE QUESTIONS.

19 I JUST WANT TO GO THROUGH PAGE 3.

20 THE COURT: NONE OF THIS?

21 MR. LEWIN: NO. IF HE WANTS TO PUT IT IN.

22 THE COURT: DO YOU WANT ANY OF THE QUESTIONS?

23 MR. LEWIN: I'LL ASK NONE OF THE QUESTIONS.

24 THE COURT: YOU HAVE NO OBJECTION IF MR. WEINGARTEN
25 PUTS IN THE RESPONSE. OF COURSE, THEY ARE NOT IN A POSITION TO

1 TESTIFY.

2 MR. LEWIN: OF COURSE. I ALWAYS ASSUMED AND I THINK
3 IT IS CLEARLY RIGHT MR. WEINGARTEN CAN USE ANY STATEMENT
4 CONGRESSMAN HANSEN MADE, AND THAT WAS THE PURPOSE OF SUBMITTING
5 THIS TO US UNDER RULE 16. IT IS A STATEMENT OF THE DEFENDANT.
6 AND I ALSO ALWAYS ASSUMED IT TO BE A STATEMENT.

7 THE COURT: WHAT IS YOUR PROBLEM, MR. WEINGARTEN?

8 MR. WEINGARTEN: DEFENDANTS CAN SUBMIT TO INTERVIEWS
9 FOR ANY NUMBER OF REASONS. HIS STATE OF MIND AS OF HIS FILING
10 THOSE FORMS IS WHAT IS RELEVANT.

11 PERHAPS THE FACT THAT HE DID SUBMIT TO AN INTERVIEW
12 WAS RELEVANT. BUT CERTAINLY WHAT I MAY HAVE SAID TO HIM OR
13 WHAT MR. COLE OR WHAT ANY OTHER GOVERNMENT AGENT MAY HAVE SAID
14 IN SOME PREFATORY COMMENT IS NOT ADMISSIBLE.

15 MR. LEWIN: NO, IF MR. WEINGARTEN HAD MADE SOME
16 STATEMENT, OF COURSE, IT IS VERY RELEVANT TO KNOW EXACTLY WHAT
17 THE DEFENDANT IS TOLD PRIOR TO THE TIME HE AGREED.

18 MR. WEINGARTEN CERTAINLY WON'T SAY IF HE TOLD
19 CONGRESSMAN HANSEN: LOOK, THERE IS NO PROBLEM. NOBODY LOOKING
20 INTO YOUR THINGS AT ALL. THAT THAT WOULD BE IRRELEVANT. THE
21 POINT, PRECISELY, IS, THAT HE TOLD CONGRESSMAN HANSEN, YOU ARE
22 THE TARGET. I AM LOOKING AT YOU FOR BRIBERY. AND HE SAID I
23 THINK THAT IS FINE, AND HE WENT ON AND ANSWERED THE QUESTIONS
24 AND I THINK THAT IS VERY RELEVANT.

25 I AM ENTITLED TO PUT THAT BEFORE THE JURY PRECISELY IN

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1 CONTEXT OF MR. WEINGARTEN'S STATEMENT. I AM NOT
2 RECONSTRUCTING. MR. WEINGARTEN DECIDED TO HAVE A TRANSCRIPT.

3 THE COURT: WHAT ARE YOU GOING TO DO WITH THE ENTIRE
4 TRANSCRIPT?

5 MR. LEWIN: I AM NOT GOING TO PUT IT IN. I AM GOING
6 TO READ THAT.

7 THE COURT: YOU ARE GOING TO READ SELECTED PORTIONS?

8 MR. LEWIN: JUST THAT AND PUT IT AWAY.

9 THE COURT: MR. WEINGARTEN'S FIRST FEW PARAGRAPH OF
10 PAGE ONE?

11 MR. LEWIN: AND THE FACT THAT CONGRESSMAN HANSEN SAID
12 THAT IS FINE. AND THEN THE INTERVIEW WENT ON WITH CONGRESSMAN
13 HANSEN AND MRS. HANSEN AND THEY ANSWERED ALL THE QUESTIONS.

14 THE COURT: NOW, IF THAT MUCH IS USED BY YOU, HOW FAR
15 WOULD YOU WITHOUT OBJECTION EXTEND THE USE OF IT TO THE
16 GOVERNMENT, AS FAR AS CROSS-EXAMINATION IS CONCERNED?

17 MR. LEWIN: AS FAR AS THEY WANT. THEY CAN PUT THE
18 WHOLE THING IN. I HAVE ALWAYS ASSUMED THEY COULD.

19 THE COURT: OF COURSE, THE END RESULT OF THIS
20 INVESTIGATION ON JUNE 17, 1982, WAS AN INDICTMENT FLOWED FROM
21 IT. FROM THIS AND FROM WHATEVER ELSE OCCURRED.

22 MR. LEWIN: SURE. THAT IS RIGHT.

23 MR. WEINGARTEN: I CAN'T IMAGINE WHAT THE RELEVANCE OF
24 MY WORDS ARE AND THE FACT THAT HE VOLUNTEERED FOR AN INTERVIEW

25 MR. LEWIN: IF MR. WEINGARTEN'S WORDS WERE STRAIGHT

1 AND HONEST, I DON'T KNOW WHAT HE IS CONCERNED ABOUT. THE POINT
2 IS AFTER WHAT HE SAID, THE CONGRESSMAN SAID FINE, FINE AND IT
3 IS IMPORTANT TO KNOW WHAT MR. WEINGARTEN SAID, AND I'LL BE
4 INTERVIEWED AFTER THAT. AND IT IS FINE.

5 THE COURT: THAT WAS THE PURPOSE OF BEING THERE, TO BE
6 INTERVIEWED.

7 MR. LEWIN: YES. AND MR. WEINGARTEN SAID --

8 THE COURT: IT IS IMPROPER TO INTERJECT COUNSEL.
9 OBVIOUSLY, I HAVE TO KNOW IF THERE WOULD BE ANYTHING
10 CONTROVERSIAL HERE TO EXPLAIN OR TO CHALLENGE WHAT HAS BEEN
11 POINTED OUT TO ME. THE ONLY THING THAT WANTS TO BE USED BY THE
12 DEFENSE FROM THIS PARTICULAR TRANSCRIPT IS BASICALLY PAGE TWO
13 AND THE FIRST 3 OR FOUR OR FIVE LINES ON PAGE 3. FRANKLY, I
14 DON'T UNDERSTAND WHY THEY WANT TO USE IT. I THINK IT IS
15 INNOCUOUS, BUT CERTAINLY IT WILL OPEN THE DOOR. IF THEY USE IT,
16 I WANT IT CLEARLY UNDERSTOOD THAT THE GOVERNMENT CAN USE IT.

17 MR. WEINGARTEN: THROUGH THIS WITNESS?

18 THE COURT: THIS WITNESS WAS PRESENT ACCORDING TO
19 COUNSEL. ALL RIGHT.

20 IN OPEN COURT:

21 THE COURT: MR. MCKENNA, WILL YOU RESUME THE STAND?

22 BY MR. LEWIN:

23 Q. MR. MCKENNA, ON THAT MORNING OF THURSDAY, JUNE 17, YOU
24 WERE PRESENT AT THAT SESSION, AND I WILL READ TO YOU AND ASK
25 YOU WHETHER IT AN ACCURATE REFLECTION OF YOUR RECOLLECTION.

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1 JUST THE OPENING OF THAT SESSION, AND WHAT OCCURRED AT THAT
2 TIME.

3 MR. WEINGARTEN SAID, AND I AM READING FROM THAT
4 TRANSCRIPT HERE.

5 "MR. WEINGARTEN: IT IS JUNE 17, 11 A.M.. HERE
6 PRESENT ARE CONGRESSMAN GEORGE HANSEN OF IDAHO FALLS, AT 1125
7 LONGWORTH. PRESENT HERE, REED WEINGARTEN, DEPARTMENT OF
8 JUSTICE, JIM COLE, DEPARTMENT OF JUSTICE. TOM HOY, F B I,
9 CONGRESSMAN HANSEN, MRS. HANSEN AND MR. MCKENNA, WHO IS, I
10 UNDERSTAND, ON THE STAFF OF CONGRESSMAN HANSEN. HE IS ALSO
11 REPRESENTING CONGRESSMAN HANSEN FOR THIS PURPOSE.

12 " WE ARE HERE PURSUANT TO A REQUEST BY THE DEPARTMENT
13 OF JUSTICE TO CONDUCT INTERVIEWS WITH THE HOPE THAT THEY WOULD
14 ADVANCE THE INVESTIGATION THAT BEGAN WHEN CONGRESSMAN HANSEN
15 AND AN ATTORNEY FOR NELSON BUNKER HUNT BROUGHT A BLACKMAIL
16 LETTER TO THE DEPARTMENT OF JUSTICE ON APRIL 3, 1981.

17 " FOR YOUR EDIFICATION, PURSUANT TO YOU BRINGING THAT
18 LETTER, OF COURSE, WE BEGAN AN INVESTIGATION INTO THE BLACKMAIL.
19 IT TOOK LONGER THAN WE HAD HOPED. THERE WERE SOME
20 COMPLICATIONS. BUT THERE WAS WORK DONE IN THE GRAND JURY, AND
21 THERE WAS SOME LOOKING AT RECORDS OVERSEAS, BUT AS YOU MUST
22 KNOW BY NOW, A MONTH AGO OR LAST MONTH AN INDIVIDUAL NAMED
23 ARTHUR EMENS PLEAD GUILTY TO BLACKMAIL IN THE DISTRICT OF
24 COLUMBIA, AND WILL BE SENTENCED NEXT MONTH.

25 " OBVIOUSLY, YOU HAVE SEEN THE LETTER. THE LETTER

1 CONTAINS AN ALLEGATION THAT THERE WAS WRONGDOING BETWEEN YOU
2 AND NELSON BUNKER HUNT, AND WE ARE DUTYBOUND, OF COURSE, TO
3 FOLLOW-UP ON THAT ONCE WE HAVE COMPLETED THE BLACKMAIL
4 INVESTIGATION. THAT IS WHAT WE ARE DOING. WE CONCLUDED THAT.

5 " PERHAPS, IT IS BEST NOW IF WE DEAL WITH YOU DIRECTLY
6 AND HEAR WHAT YOU HAVE TO SAY ABOUT THIS PARTICULAR TRANSACTION.

7 " SO, WITH THAT, I THINK WE ARE READY TO BEGIN, UNLESS
8 YOU HAVE ANY QUESTIONS YOU WOULD LIKE TO ASK OF US.

9 CONGRESSMAN HANSEN SAYS: " I THINK THAT IS FINE."

10 NOW I HAVE READ THAT TO YOU. DOES THAT REFLECT THE
11 OPENING OF THE MEETING AS YOU RECALL IT?

12 A. YES, SIR, HE SIMPLY SAID WE ARE FINISHED WITH THE
13 BLACKMAIL, NOW WE WILL START ON THE BRIBERY, BUT HE TOOK TWO
14 PARAGRAPHS TO SAY IT.

15 Q. AND PURSUANT TO THAT, THERE WAS THEN AN INTERVIEW,
16 FIRST, WITH CONGRESSMAN HANSEN AND MRS. HANSEN JOINTLY?
17 IS THAT CORRECT?

18 A. THAT IS MY RECOLLECTION.

19 Q. AND THEN THERE WAS AN INTERVIEW CONDUCTED SEPARATELY
20 WITH CONGRESSMAN HANSEN?

21 A. YES.

22 Q. AND AN INTERVIEW CONDUCTED SEPARATELY WITH MRS. HANSEN?

23 A. THAT WAS THE STRUCTURE THEY REQUESTED, YES, SIR.

24 Q. AND YOU SAT IN ON ALL OF THOSE INTERVIEWS?

25 A. I DID.

1 Q. AND THE GOVERNMENT ASKED ALL THE QUESTIONS THEY WANTED
2 TO ASK TO YOUR KNOWLEDGE?

3 A. WELL, I HOPE SO.

4 Q. THERE WAS NO TIME LIMITATION IS WHAT I MEAN. NO ONE
5 TOLD THEM YOU HAVE GOT TO BE OUT OF HERE IN HALF AN HOUR?

6 A. WE IMPOSED NONE.

7 Q. AND WHEN THEY GOT DONE. THE QUESTIONS WERE ANSWERED,
8 THEY PACKED THEIR BAGS AND THEY LEFT?

9 A. YES, SIR.

10 Q. O. K.

11 Q. WERE YOU EVER TOLD BY ANY, BY MR. WEINGARTEN OR MR.
12 COLE OR ANY F B I AGENTS WHAT THE RESULTS WERE OF THE
13 INVESTIGATION AND PROSECUTION OF THE BLACKMAILER?

14 A. NO, SIR.

15 Q. APART FROM WHAT WAS SAID?

16 MR. WEINGARTEN: MAY WE APPROACH THE BENCH ON THIS?

17 THE COURT: ALL RIGHT. MR. MCKENNA?

18 AT THE BEEN:

19 MR. WEINGARTEN: THINK THIS HAS BEEN BEAT TO DEATH, AND
20 IF THERE IS ANY FURTHER INFORMATION THAT HAS NOT ALREADY BEEN
21 ELICITED, WE OBJECT.

22 MR. LEWIN: OF COURSE, YOU OBJECT. WE TOLD YOUR HONOR
23 WE WOULD LIKE TO INTRODUCE AND WILL DO IT WITH THIS WITNESS.

24 THE COURT: WHAT ARE YOU TALKING ABOUT NOW?

25 MR. LEWIN: THESE ARE THE CERTIFIED COPIES FROM THE

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1 COURT RECORDS OF THE DISPOSITION OF THE PROCEEDINGS REGARDING
2 MR. EMENS.

3 THE COURT: WHY DO YOU WANT THIS?

4 MR. LEWIN: WE LEFT IT OPEN. I SAID WE WANT TO PUT IN
5 OFFICIAL CERTIFIED COURT PAPERS.

6 THERE WAS A STIPULATION. WE HAVE CERTIFIED COURT
7 RECORDS OF THE PROCEEDINGS OF MR. EMENS. THERE WAS A
8 STIPULATION WHILE MR. MING WAS ON THE STAND REGARDING THINGS HE
9 COULD TESTIFY ABOUT, SPECIFICALLY MR. EMENS WAS IN HIS EMPLOY
10 AND SO ON.

11 BEYOND THAT, IT IS RELEVANT TO POINT OUT WHAT ACTUALLY
12 HAPPENED TO THIS BLACKMAILER JUST FROM THE COURT RECORDS. I AM
13 NOT ASKING ANY EVIDENCE THAT HAS BEEN DISPUTED OR SUBJECT TO
14 CONTROVERSY. PURELY, CERTIFIED COURT RECORDS REGARDING THE
15 DISPOSITION OF THE CASE REGARDING THE BLACKMAIL.

16 THE COURT: HOW IS IT RELEVANT THAT THESE BE
17 INTRODUCED IN EVIDENCE?

18 ONE, THAT MR. EMENS WORKED FOR MR. MING.

19 TWO, MR. EMENS WAS CONVICTED IN THIS BLACKMAIL.

20 THREE, MR. EMENS WAS SENTENCED.

21 FOUR, MR. EMENS RECEIVED WHATEVER THEY SAID YESTERDAY,
22 A FINE AND COMMUNITY SERVICES.

23 THOSE ARE THE MATTERS, THINGS THAT HAVE ALREADY BEEN
24 PUT IN THE EVIDENCE AND ARE BEFORE THE JURY. WHAT ELSE IS
25 NECESSARY TO SHOW THAT THAT WAS THE DISPOSITION OF THE CASE OF

1 MR. EMENS?

2 THE FACTS THAT YOU ALREADY READ INTO THE TRANSCRIPT
3 JUST A FEW MINUTES AGO. HE PLEAD GUILTY IN DISTRICT COURT AND
4 WAS TO BE SENTENCED.

5 MR. LEWIN: WELL, I THINK THAT THE FACTS THAT WERE
6 KNOWN REGARDING MR. EMENS IN THE INTERVIEW AND SUBSEQUENT IS
7 RELEVANT TO THE WHOLE BLACKMAIL MATTER, YOUR HONOR.

8 WE DON'T WANT TO GO INTO IT IN ANY PERIPHERAL
9 TANGENTIAL WAY. THE BLACKMAIL IS VERY MUCH IN ISSUE IN THIS
10 CASE. AND WE THINK THE COURT DOCUMENTS ARE APPROPRIATE TO
11 ALLOW THE JURY TO SEE PURELY OUT OF THE COURT RECORD WHAT
12 APPEARS REGARDING THAT BLACKMAIL CHARGE AND ITS DISPOSITION.

13 I MAKE NO ARGUMENT. I'LL EXCUSE THIS WITNESS AFTER I
14 PUT IN THE DOCUMENTS.

15 THE COURT: WE WANT TO MAKE SURE WHAT YOU WANT IN, AND
16 WHAT I HAVE RULED ADMISSIBLE OR INADMISSIBLE.

17 MR. LEWIN: WHAT I AM OFFERING IN THIS REGARD IS THE
18 JUDGMENT ORDER DATED JULY 26, 1982, CONCERNING ARTHUR EMENS, A
19 CERTIFIED COPY OF THAT. THE INFORMATION IN WHICH MR. EMENS WAS
20 CHARGED AND FILED ON MAY 18, 1982. AND THE GOVERNMENT'S
21 STATEMENT OF FACTS SIGNED BY MR. WEINGARTEN AND MR. COLE, AS
22 WELL AS THE PLEA AGREEMENT LETTER, SIGNED ON MAY 27, 1982, BY
23 MR. EMENS, AND BY GOVERNMENT COUNSEL, AND A SUBSEQUENT LETTER
24 FROM MR. WEINGARTEN TO MR. EMENS' COUNSEL, ALL OF WHICH ARE IN
25 THE COURT FILES, IN THE UNITED STATES DISTRICT COURT FOR THE

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1 DISTRICT OF COLUMBIA.

2 THE COURT: NOW, WHAT IS YOUR PROFFER?

3 MR. LEWIN: THAT THE BLACKMAIL LETTER AND THE RESPONSE
4 TO THE BLACKMAIL LETTER ARE PROPER SUBJECTS OF INQUIRY FOR
5 PURPOSES OF THE DEFENSE OF NO WRONGFUL INTENT IN THIS CASE.

6 THAT MATTER HAVING BEEN PRESENTED TO THE JURY, IT IS
7 APPROPRIATE TO COMPLETE SIMPLY THE OFFICIAL RECORD REGARDING
8 THAT, SO THAT THE JURY MAY SEE THE DISPOSITION NOT ON A HEARSAY
9 BUT IN A PRECISE WAY THAT BLACKMAIL LETTER DISPOSITION.

10 THE COURT: WHAT DOES IT HAVE TO DO WITH THE FINANCIAL
11 DISCLOSURES WHICH ARE THE FOCUS OF THE COUNTS IN THIS CASE?

12 MR. LEWIN: IT HAS TO DO WITH THE STATE OF MIND SHOWN
13 BY THE REACTION TO THE BLACKMAIL LETTER. OR THE EVIDENCE
14 REGARDING BLACKMAIL ALL REFLECTS ON CONGRESSMAN HANSEN'S STATE
15 OF MIND. IT SHOWS THAT HE WAS INNOCENT AT THE TIME HE
16 SUBMITTED THE ETHICS IN GOVERNMENT ACT FORMS, AND SINCE THAT IS
17 RELEVANT, WE THINK THAT FOR THE PURPOSE OF SIMPLY NOT HAVING
18 THE JURY BE IN THE DARK, REGARDING THE DISPOSITION OF THE
19 BLACKMAIL LATER MATTER THAT SHOULD BE IN EVIDENCE.

20 THE COURT: THE GOVERNMENT OF COURSE, WILL SPEAK FOR
21 ITSELF.

22 THE GOVERNMENT CAN SPEAK FOR ITSELF BUT LET ME EXPRESS
23 THE THOUGHTS THAT COME TO MIND RIGHT AT THIS MOMENT:

24 ONE, OVER THE GOVERNMENT'S OBJECTION I ALLOWED THE
25 INTRODUCTION, INITIALLY, OF THE BLACKMAIL LETTER PER SE AND THE

1 INTRODUCTION OF THE SUBJECT IN THIS CASE.

2 CERTAINLY, THE TESTIMONY THAT WE HAVE HAD THUS FAR
3 WHETHER IT WAS WITH OR WITHOUT OBJECTION CONCERNING THE
4 DISPOSITION OF MR. EMENS CASE; THE FACT MR. EMENS HAD BEEN AN
5 EMPLOYEE OF MING COMMODITIES COMPANY.

6 AND IT SEEMS TO ME THAT THAT HAS SAID A GREAT DEAL AS
7 TO THE INTRODUCTION OF THIS AND THE JURY SQUARELY HAS BEFORE IT
8 AND I ALLOWED THAT TO SHOW THE INTENT AND STATE OF MINE OF THE
9 CONGRESSMAN, YOUR DEFENSE, AND ALLOWED IT. TO GO MORE THAN
10 THAT, I FRANKLY WOULD LIKE TO HEAR THE GOVERNMENT'S POSITION ON
11 IT.

12 MR. WEINGARTEN: OBVIOUSLY, MR. LEWIN DOESN'T LIKE THE
13 DISPOSITION OF THE EMENS SITUATION. THAT IS TOTALLY IRRELEVANT,
14 HOWEVER, TO THE ISSUES BEFORE THE JURY. THIS IS NOTHING BUT A
15 DIVERSION. THIS CAN DO NOTHING BUT SERVE TO CONFUSE THE JURY
16 ON THE RELEVANT ISSUES. WHAT HAPPENED TO ARTHUR EMENS AFTER HE
17 PLEAD GUILTY IS JUST NOT IN THIS CASE. BUT PERHAPS BECAUSE THE
18 JURY IS PROBABLY CURIOUS OF THIS SORT OF BLACKMAIL LETTER, IT
19 MAY HAVE BEEN APPROPRIATE TO SHOW WHO DID IT; WHO PLEAD GUILTY
20 AND WHAT HIS SENTENCE WAS.

21 BUT BEYOND THAT, IT IS NOTHING BUT IRRELEVANT.

22 THE COURT: SINCE YOU DO HAVE THESE FACTS BEFORE THE
23 JURY, WE ARE TRYING A DIFFERENT CASE, AND NONE OF THESE COUNTS
24 PER SE REFLECT A BLACKMAIL LETTER. THE JURY IS FULLY
25 ACQUAINTED WITH MR. EMENS, THROUGH THE PREVIOUS TESTIMONY THAT

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1 HAS BEEN ADDUCED IN THE CASE. AND WERE YOU TO OFFER THESE
2 MATTERS AS I TAKE IT YOU NOW ARE FOR THE RECORD, MR. LEWIN,
3 THOSE THAT YOU JUST RECITED A FEW MOMENTS AGO WILL BE DEEMED
4 INADMISSIBLE, AND, OF COURSE, THE RECORDS CANNOT BE, THERE CAN
5 BE NO INQUIRY DIRECTED TO THE WITNESS. THIS ONE OR ANY OTHER
6 CONCERNING THIS PARTICULAR MATTER.

7 ALL RIGHT, SIR, YOU HAVE MADE THE RECORD.

8 IN OPEN COURT:

9 THE COURT: LADIES AND GENTLEMEN, I KNOW YOU HAVE
10 HEARD THAT RUMBLIONG, AND THERE IS SOMEONE COMING TO RECTIFY IT.
11 PROBABLY DURING THE THE LUNCHEON. IF THERE COMES A TIME THAT
12 YOU DON'T HEAR CLEARLY WHAT IS BEING SAID BY COUNSEL OR WITNESS
13 OUT THERE, LET ME KNOW.

14 SIMILARLY, IF YOU HEAR ANYTHING EMANATING FROM THE
15 BENCH CONFERENCE, I WANT YOU TO SIGNAL THAT, BECAUSE CLEARLY,
16 WE DON'T WANT YOU TO HEAR IT. SOMETIMES, IT IS A SIMPLE MATTER
17 OF: SHALL WE BREAK NOW OR I WANT TO MAKE A PHONE CALL OR I WANT
18 TO SEE IF THERE IS A WITNESS OUT THERE. AND SOMETIMES IT IS A
19 MORE SUBSTANTIAL MATTER AND IT IS IMPORTANT THAT YOU NOT HEAR
20 WHAT IS HAPPENING UP HERE. AND THAT IN THESE PECULIAR
21 BACKGROUND NOISES, YOU WILL NOT HEAR SOMETHING YOU SHOULD HEAR.

22 MR. LEWIN: YOUR HONOR, I HAVE NO QUESTIONS OF THIS
23 WITNESS.

24 THE COURT: SHALL WE BEGIN THE CROSS EXAMINATION NOW?

25 MR. WEINGARTEN: I PREFER TO START AFTER LUNCH.

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1 THE COURT: LADIES AND GENTLEMEN, WE WILL TAKE OUR
2 LUNCHTIME RECESS AT THIS TIME. YOU GET 10 MINUTES MORE THAN
3 YOU NORMALLY WOULD HAVE HAD.

4 WE WILL COME BACK AT 1:30 FROM THAT LUNCHTIME RECESS,
5 AND PLEASE REMEMBER NOT TO DISCUSS THE CASE.

6 AND, MR. MCKENNA, YOU ARE IN THE MIDST OF YOUR
7 TESTIMONY, AND I WILL GIE YOU A SIMILAR ADMONITION NOT TO
8 DISCUSS IT WITH ANYONE UNTIL YOUR TESTIMONY IS OVER.

9 HAVE A GOOD LUNCH, AND WE WILL CONTINUE THE TESTIMONY.
10 AT 1:30 THIS AFTERNOON, AND PLEASE REMEMBER, UNLESS SOMETHING
11 HAPPENS EVEN WORSE THAN THE WEATHER, THAN IT WAS THIS MORNING,
12 WE WILL PROBABLY CONTINUE TO SIT UNTIL 7 O'CLOCK TONIGHT.

13 WE WILL HAVE TO MAKE SOME JUDGMENTS AS TO THE WEATHER.
14 WE ARE IN A WINDOWLESS ROOM, AND I HAVE NO IDEA WHAT IS GOING
15 ON OUT THERE.

16 (WHEREUPON, AT 12:05 P.M., THE ABOVE-ENTITLED MATTER
17 WAS RECESSED FOR LUNCHEON, TO RECONVENE THE SAME DAY AT
18 1:00 P.M.)
19
20
21
22
23
24
25

1 AFTERNOON SESSION

2 THE COURT: Good afternoon. Mr. McKenna, why don't
3 you resume the stand as cross-examination is about to begin?
4 As soon as you do that, we will bring the jury in here.

5 (Jury present at 1:45 p.m.)

6 THE COURT: Good afternoon, ladies and gentlemen.
7 Without asking any details, I hope your lunch was all right.
8 Let us continue now with the testimony. We commence upon the
9 cross-examination. Mr. McKenna is back on the stand.

10 Whereupon,

11 JAMES MCKENNA

12 resumed the stand and, having been previously duly sworn by the
13 Deputy Clerk, was examined and testified further as follows:.

14 CROSS-EXAMINATION

15 BY MR. WEINGARTEN:

16 Q. Good afternoon, Mr. McKenna.

17 A. Good afternoon.

18 Q. How long have you been with Congressman Hansen?

19 A. December, 1978, five years and several months.

20 Q. You have been on his personal staff that entire time?

21 A. Yes, sir.

22 Q. Have you known Congressman Hansen before that?

23 A. Yes, sir.

24 Q. Is it fair to say that you are friends with
25 Congressman Hansen?

1 A. It is an employer/employee relationship, and I think
2 we mutually like each other, yes.

3 Q. At least since December, 1978, you have been with him
4 every business day or when he is in town and you are in town?

5 A. Substantially.

6 Q. So, frequent contact?

7 A. Yes, sir.

8 Q. Is it fair to say you are familiar with the affairs
9 of Congressman Hansen?

10 A. His legislative affairs, his project affairs, his
11 personal affairs, no.

12 Q. There is a bridge or there is a wall, I should say,
13 between his personal life and his professional life?

14 A. Until the personal life impinges on his professional
15 legislative life, I am not involved. I have never been to his
16 home or anything like that.

17 Q. Are you familiar with his personal financial affairs?

18 A. I am aware of his financial difficulties, but in
19 particular, not without particularity.

20 Q. Do you know his accounts? Do you know what loans he
21 has? Do you know his mortgages?

22 A. I know the loans that are the subject of the
23 discussion here. I know that he has mortgages. I testified we
24 dealt with that in one of our discussions, but I only know that
25 he owns a home in Idaho, he owns a home here and a home

1 somewhere else for another family member.

2 Q. Is it fair to say you served in the capacity as
3 defense counsel in this case?

4 A. For a period of time.

5 Q. You came to the Justice Department on behalf of
6 Congressman Hansen. You have written documents, and it is fair
7 to say, is it not, that you are familiar with the entire facts
8 of the case?

9 A. I think so.

10 Q. You have been in the courthouse every day, every day
11 of this trial?

12 A. At your request.

13 Q. At my request?

14 A. Yes, sir.

15 Q. I requested you be here?

16 A. You put me on your witness list.

17 Q. Were you subpoenaed by the government?

18 A. No, but you put me on the witness list and I was
19 advised of that by counsel and I have been out there ever since.

20 Q. You have been in the courthouse the entire trial
21 because of the government's actions?

22 A. Yes, sir.

23 Q. I am interested, Mr. McKenna, Defendant's Exhibit 85
24 is a list of a Congressional staff directory. You are not in
25 it under Congressman Hansen. Is there a reason?

1 A. I asked that same question when I saw the exhibit.

2 Q. It was just a mistake?

3 A. Probably. I do exist, and I do work for him.

4 Q. You are on his payroll?

5 A. I am on his Congressional payroll.

6 Q. You have been on his Congressional payroll since
7 December of 1978?

8 A. Yes, sir.

9 Q. Mr. McKenna, when was the first time you saw the
10 Hansens' property separation agreement?

11 A. Since the inception of this case.

12 Q. The inception of the indictment would you say or the
13 when the investigation began? Can you give us a date?

14 A. The first time I physically saw that document was
15 within the past 60 days, precisely when within that 60 days, it
16 is difficult to say.

17 Q. Were you providing legal advice to Congressman Hansen
18 on the basis of that agreement without ever having seen it?

19 A. That was not my testimony. What I said was as to the
20 effect of that document, in Idaho, and its effect on their
21 economic relationship, I relied on a reputable well-known Idaho
22 attorney.

23 Q. You also testified in your direct about the legal
24 effect of community property, did you not?

25 A. Yes, sir.

1 Q. You, of course, know that Idaho, like California and
2 a few other states, are community property states?

3 A. I think that is the fair fodder of a law school
4 education, yes, sir.

5 Q. From a law school education, of course, you
6 understand that if there is to be a separation of community
7 property, it is to be based on the conduct of the parties?
8 That is a fair statement, is it not, Mr. McKenna?

9 A. I am not prepared to argue at all with you, sir.

10 Q. Is that a fair legal statement?

11 A. I don't think so, but I am not prepared to argue law
12 with you.

13 Q. If the parties enter into a separation agreement and
14 then never separate their property, a court of law, in a
15 community property state, would be apt to decline to find that
16 the property had been separated, is that not a fair statement,
17 Mr. McKenna?

18 A. Would it be possible for a court of law to make a
19 determination based on subsequent conduct?

20 Q. Yes.

21 A. It would be possible.

22 Q. Let me give you a hypothetical. What if two people
23 entered into a property separation agreement in a community
24 property state, and the agreement turned out to be a fraud and
25 they never separated their property at all. What do you think

1 a court in that state would say about whether or not there was
2 a separation?

3 A. I am not sure whether or not you are suggesting to me
4 that the court found the fraud or you found the fraud.

5 Q. Let's say, Mr. McKenna, that in fact the property
6 separation agreement was a fraud and that the parties never
7 separated their property at all. What would be the legal
8 effect, in a community property state, of that property
9 separation agreement?

10 A. I am not trying to be difficult. I don't know the
11 answer because you put a conjunctive in it. It was a fraud
12 and/or it was a fraud because. There is a legal difference
13 between something being a fraud because of a series of events,
14 or a fraud and the series of events, and you know that
15 difference.

16 Q. Why don't you answer either one.

17 A. Either one?

18 Q. Yes.

19 A. That it was a fraud and? Then the "and" part is an
20 irrelevancy, isn't it?

21 Q. Maybe I will simplify it this way. What if two
22 people sat down in a community property state and wrote out a
23 property separation agreement, never intended to carry it out,
24 never separated their property, and there was a challenge in
25 court as to the legal effect of that agreement. You know what

1 the answer would be, don't you?

2 A. No, no, I don't.

3 Q. Is it fair to say, sir, that the sole purpose of the
4 property separation agreement of the Hansens was to get around
5 the Ethics Committee rule that said that neither Congressman
6 Hansen or Mrs. Hansen could solicit money on behalf of
7 Congressman Hansen through a direct mailing?

8 A. Other than the word "get around", I think there is no
9 question that this arrangement was arranged in order to
10 liberate her to make those solicitations, of course.

11 Q. She did in fact solicit money, is that correct?

12 A. That is my understanding.

13 Q. If the money that was solicited wound up immediately
14 into a joint account of the Hansens, would that be consistent
15 with representations that were made to the House Ethics
16 Committee, sir?

17 A. I would think so.

18 Q. You would think that Mrs. Hansen, after declaring a
19 property separation agreement to the House Ethics Committee
20 could have gone out and solicited money and put that money
21 directly into an account that Congressman Hansen used?

22 A. And that she used.

23 Q. You think that would be okay?

24 A. I do.

25 Q. What was the point of House Ethics Advisory Opinion

1 No. 4, sir, do you know?

2 A. You tell me. I don't know.

3 Q. Are you familiar with it, as you sit there?

4 A. Not as I sit here. You would have to refresh my
5 recollection.

6 Q. You know this book, don't you, sir?

7 A. I am aware of it.

8 THE COURT: Exhibit number what?

9 MR. WEINGARTEN: Defendant's Exhibit No. 1.

10 BY MR. WEINGARTEN:

11 Q. Find Ethics Committee, 95th Congress, opinion No. 4,
12 if you would, sir. Do you have it, sir?

13 A. Yes, sir.

14 Q. Mr. McKenna, what is the subject of the opinion?

15 A. The subject of the opinion is may a member or spouse --
16 member of the House or spouse solicit cash gifts of less than \$100
17 for personal use through direct mail.

18 Q. What is the bottom line?

19 A. Summary opinion is that they are not.

20 Q. Are you saying, sir, it would have been okay,
21 pursuant to this rule, for Mrs. Hansen to go out and solicit
22 monies and then put that money into an account that they both
23 use?

24 A. It wouldn't be okay pursuant to this rule. It would
25 be okay pursuant to a course of action that was taken

1 specifically to legally exempt Mrs. Hansen from the effect of
2 this rule.

3 Q. That course, sir, was a representation that those
4 parties had separated their effects, had become separate
5 economic beings?

6 A. That is right. Before you go further, I missed the
7 first couple of words and therefore I don't have the full
8 effect of your question.

9 Q. Are you testifying that if Mrs. Hansen went out and
10 solicited monies after representing to the House of
11 Representatives there was a legal separation between her and
12 Congressman Hansen, that she could have turned around and put
13 that money into a joint account that Mr. Hansen used?

14 A. I think I already did testify to that, that is the
15 case.

16 Q. That is okay. Why did Mrs. Hansen set up a special
17 fund?

18 THE COURT: What was your answer?

19 THE WITNESS: I think I already testified to that.

20 THE COURT: That answer was what?

21 THE WITNESS: Yes.

22 BY MR. WEINGARTEN:

23 Q. What was the point of Connie Hansen setting up a
24 special fund?

25 A. I am sorry, the point of it?

1 Q. Yes.

2 A. The donations were in check form. What other
3 possibilities were there?

4 Q. She didn't use that account to segregate monies that
5 she received?

6 A. I don't know what you mean by segregate. The monies
7 that were donated went into that account and went to that
8 account only. It was used, according to my information,
9 specifically to pursue the purposes for which it was given.

10 Q. Which was?

11 A. To retire the debt obligations of the parties.

12 Q. Both parties?

13 A. As far as I know.

14 Q. What debt obligations were there, Mr. McKenna, and
15 what debt obligations were retired?

16 A. I am not aware of that. I said I was not personally
17 aware of the ebb and flow of the personal economic problems of
18 the parties.

19 Q. The property separation agreement separates the
20 assets and liabilities of the parties, does it not?

21 A. That is my understanding.

22 Q. The property separation agreement purports to
23 represent that Mrs. Hansen had personal debts of about
24 \$372,000, is that correct?

25 A. It establishes a division assigning to her a certain

1 number of debts, yes, sir, that is my understanding.

2 Q. What debts were they? What constituted the \$372,000
3 of personal debts?

4 A. I think you misunderstood me. I said I was not privy
5 to the specific obligations, personal obligations of the
6 parties, and that includes both the Congressman and the wife.

7 Q. Let me just make sure I understand. Do you have any
8 idea what made up the \$372,000 in debts that is represented in
9 the property separation agreement?

10 A. I know now, because of the attention centered on it
11 by reason of the current situation, of the bank obligations.

12 Q. Well, the bank obligations are listed for Congressman
13 Hansen.

14 A. I understand that. I am trying to answer your
15 question. I know about those. About the specifics of to whom
16 and in what amount, monies are owed by either party to other
17 individuals, I am unaware.

18 Q. How about one specific?

19 A. I said as to others, I am unaware. I can't give a
20 specific if I am unaware of it.

21 Q. You saw the property separation agreement for the
22 first time 60 days ago or less?

23 A. Within that period.

24 Q. You opened up and you saw that it purports to
25 represent that Mrs. Hansen owes \$372,000 in personal debts?

1 A. It assigns that amount of debts to her, if that is
2 the right amount. Somewhere in that area, yes, sir.

3 Q. You knew, of course, this was to become an issue at
4 this trial, did you not?

5 A. I knew long before this trial.

6 Q. As you sit here now, you cannot provide one specific
7 as to the content of those \$372,000 in debt, is that correct?

8 A. Yes, sir, that is correct.

9 Q. Now, when you talked about a debt of Mrs. Hansen,
10 that is, a matter of public record, is that the debt that you
11 are referring to?

12 A. The debt of Mrs. Hansen that is a matter of public
13 record?

14 Q. Yes. I think you testified words to that effect in
15 your direct examination, sir.

16 A. If I did, I may have been careless. What I meant to
17 say was that it was publicly known she was indebted.

18 Q. When you talk about her debt, is it the \$372,000 that
19 you are talking about?

20 A. That is my assumption, yes, sir.

21 Q. Mr. McKenna, you testified about a May 9th, 1978,
22 letter that was directed to the honorable Richardson Preyer of
23 the House Ethics Committee, May 9th, 1978, wherein Congressman
24 Hansen talked about allegations that had been made that under
25 the old House rules he had filed financial disclosure

1 statements that didn't include his wife's assets?

2 A. I identified that document, yes, sir.

3 Q. I don't know the defense number.

4 MR. COLE: 38.

5 MR. WEINGARTEN: May I have 38, please.

6 BY MR. WEINGARTEN:

7 Q. Do you need the document or do you know what is in it?

8 A. It deals with some very specific allegations with
9 regard to the legal effect, and I would not like to testify, if
10 you are going to ask me specific questions, without the
11 document.

12 MR. WEINGARTEN: That is fair.

13 I represent to the Court this is a copy of it.

14 THE COURT: Is there any additional copy the Court
15 can follow?

16 MR. WEINGARTEN: There is, Your Honor.

17 MR. LEWIN: We have one.

18 BY MR. WEINGARTEN:

19 Q. Mr. McKenna, this letter includes a specific request,
20 does it not, on the bottom of page 2?

21 A. It does indeed.

22 Q. And the request is, "At this time I respectfully
23 request confirmation of the validity of my report."

24 Now, did you receive a response from the House Ethics
25 Committee, in writing, sir?

1 A. I did not, and I do not know that the Congressman did.

2 Q. Did you follow up and request a written response?

3 A. I thought this was that request.

4 Q. Did you follow up?

5 A. Did we make a subsequent one?

6 Q. Yes.

7 A. I did not. I do not know whether Mr. Runft did.

8 Q. Is there a piece of paper, sir, from the House Ethics

9 Committee, anywhere, that represents that Congressman Hansen,

10 prior to the Ethics in Government Act, that he needn't report

11 his wife's assets?

12 A. A piece of paper?

13 Q. Yes.

14 A. I doubt it. In fact, I think I testified that we had

15 no response from the House, and I suspect that the House had an

16 obligation to us.

17 Q. Let me ask it this way: Prior to the Ethics in

18 Government Act, and that became effective in 1979, is that

19 correct?

20 A. That is my understanding.

21 Q. Is there a written document anywhere in the world,

22 from the House Ethics Committee to Congressman Hansen telling

23 him he needn't report things in his wife's name?

24 A. Precisely, there is not.

25 Q. Thank you.

1 Mr. McKenna, the Ethics in Government Act came along
2 and became effective in 1979, did it not?

3 A. Yes, sir.

4 Q. It includes financial disclosure provisions, does it
5 not?

6 A. Yes, sir.

7 Q. One of the primary purposes of the Act is to preserve
8 and promote public confidence in the integrity of federal
9 officials through financial disclosure. Is that not how the
10 Act begins, sir?

11 A. Yes, sir.

12 Q. In addition to that, in Defendant's Exhibit No. 1,
13 the ethics manual, there is a long discussion about why
14 financial disclosure is necessary, is there not, sir?

15 A. There is.

16 Q. Would you turn to page 112, please. Do you see an
17 indentation where in bold print it says, "Financial Disclosure"?

18 A. I do.

19 Q. Would you read the first two sentences that follow,
20 sir?

21 A. "The major deterrent to the potential conflicts of
22 interest, which might arise because of the personal financial
23 holdings of a member or an employee of the house, is the
24 requirement of an annual public financial disclosure by certain
25 employees and by members and the discipline of the electoral

1 process." Is that a period?

2 Q. Please continue. That is the first sentence. One
3 more, please.

4 A. "As noted by the House Committee on Administrative
5 review of the 95th Congress, in its recommendation of adoption
6 of the broader financial disclosure requirements, the
7 objectives of financial disclosure are to inform the public
8 about the financial interests of government officials in order
9 to increase the public confidence in the integrity of
10 government and deter potential conflicts of interest."

11 Q. Had you ever seen that language before, sir?

12 A. Of course.

13 Q. You considered that language, of course, in your
14 legal advice to Congressman Hansen?

15 A. I did indeed.

16 Q. Who gets these financial disclosure statements, Mr.
17 McKenna, as a matter of practice?

18 A. The Clerk of the House.

19 Q. Pardon me?

20 A. Who is the recipient of the form when it is executed?

21 Q. Yes.

22 A. The Clerk of the House.

23 Q. In your experience, who in the public goes out and
24 gets these documents? Is it fair to say that the press is very
25 interested in these documents?

1 A. Oh, yes.

2 Q. How about political opponents?

3 A. It has been known to be used.

4 Q. How about law enforcement officials?

5 A. That, I don't know. You would have to testify.

6 Q. How about Idaho election officials? Are these forms
7 not sent, as a matter of course, to the state election
8 officials of the House?

9 A. Not as a matter of course, as a matter of law.

10 Q. As a matter of law. So these forms of a congressman
11 are shipped out to the home state?

12 A. Yes, sir.

13 Q. And they are made available to the public?

14 A. I don't know what happens to them in the state
15 capitol, sir.

16 Q. Of course, these financial disclosure statements are
17 available to a congressman's peers?

18 A. You mean other congressmen?

19 Q. Right.

20 A. They are available to anyone who wants to go down to
21 the room in the Longworth Building and go ask to see a copy.

22 Q. Now, Mr. McKenna, are you familiar with the
23 provisions of the Ethics in Government Act?

24 A. Moderately.

25 Q. There is no dispute, is there, sir, that liabilities

1 of a congressman of more than \$10,000, excluding a mortgage,
2 generally have to be disclosed?

3 A. Yes, sir.

4 Q. There is no dispute, is there, that commodities
5 transactions of a congressman generally have to be disclosed?
6 There is no dispute there, is there, sir?

7 A. I don't know that I have disputed that.

8 Q. I am just establishing it. That is correct, isn't it?

9 A. Yes.

10 Q. Generally speaking, the transactions in the name of a
11 spouse must be included as well, as a general rule? And we
12 will get to the exceptions in a second.

13 A. Yes, sir.

14 THE COURT: I don't know if our ladies and gentlemen
15 of the jury can see it at the same time you are examining. We
16 will see if we can get an easel.

17 MR. WEINGARTEN: Maybe I can set it right here.

18 BY MR. WEINGARTEN:

19 Q. Mr. McKenna, are you familiar with the rules of
20 exemptions for spouses contained right in the Ethics in
21 Government Act?

22 A. Yes, sir.

23 Q. Is it a fair statement that the standards for
24 exemption are contained on that board to your right, which is a
25 government exhibit, a chart admitted into evidence?

1 THE COURT: If you can see it, Mr. McKenna.

2 THE WITNESS: I read it over there, Your Honor.

3 I think it is a reasonable representation.

4 BY MR. WEINGARTEN:

5 Q. Is it a fair statement that a congressman must
6 include transactions in the name of his wife unless he meets
7 not one, not two, but all three of those tests?

8 A. With certain exceptions which are the subject of this
9 situation.

10 Q. Well, you acknowledge the validity of that test?

11 A. I acknowledge that that is what the statute says,
12 yes, sir.

13 Q. Now, what are you saying are the exceptions to this
14 rule, sir?

15 A. I am saying that in the situation that the Hansens
16 were in, subsequent to the execution of their document, they
17 were outside the purview and intent of that law.

18 Q. Where, in the Ethics in Government Act do you find
19 one word to support your conclusion?

20 A. Within the act?

21 Q. Yes, sir.

22 A. I don't find any word. It is inapplicable, these
23 provisions.

24 Q. Are you saying, sir, that there was one test for
25 every member of Congress and another test for Congressman

1 Hansen for spousal property?

2 A. Not at all. I am saying there is one test for
3 everybody in the same situation and that those who are not in
4 that situation are not under that rule.

5 Q. Is there a word anywhere in the Ethics in Government
6 Act that supports your conclusion?

7 A. Sir, I think I just testified that our position is it
8 is not within the Act.

9 Q. Well, you acknowledge, sir, that there is nothing in
10 the Ethics in Government Act, passed in 1978, to support your
11 legal conclusion that Congressman Hansen didn't have to report
12 certain properties?

13 A. I have said it twice. I will say it a third time.

14 Q. Now, are you familiar with the fact that Mr. Runft
15 relies on a provision in the Act relating to spouses living
16 separate and apart from their husband?

17 A. I am aware of it, yes, sir.

18 Q. Do you rely on that interpretation, sir?

19 A. I rely on Mr. Runft's conclusion with respect to the
20 effect of the separation agreement on the obligation to file
21 under the AIGA act.

22 Q. Are you aware of the provision in 2 U.S.C. 702 a
23 provision of the Act that says, "No report shall be required
24 with respect to a spouse living separate and apart from the
25 reporting individual with intention of terminating the marriage

1 or providing for permanent separation, or with respect to any
2 income or obligations of an individual arising from the
3 dissolution of his marriage or the permanent separation from
4 his spouse," are you familiar with that provision?

5 A. Yes, sir.

6 Q. Now, that clearly has nothing to do with Congressman
7 and Mrs. Hansen, does it? You will agree with that, won't you?

8 A. No, I won't agree with that.

9 Q. Were they living apart at the time, sir, at the time
10 of the reportings?

11 A. If you are asking me to re-testify for somebody else,
12 I can't do that.

13 Q. I am asking you for your opinion, sir. Does that
14 provision that I just read have any applicability whatever to
15 the situation of Congressman and Mrs. Hansen when they filled
16 out their forms?

17 A. It was the opinion of Mr. Runft that it did.

18 Q. How about your opinion, sir?

19 A. I followed that opinion.

20 Q. You had no independent conclusions of your own?

21 A. I understood his reasoning and thought it was cogent.

22 Q. You agreed with it?

23 A. I think so, yes.

24 Q. Were Mr. and Mrs. Hansen during the filing living
25 separate, sir?

1 A. Living separate in the interpretation that Mr. Runft
2 gave that Act, it meant something specific with regard to
3 economics, and they were, in that sense.

4 Q. Mr. McKenna, name me one thing that was separate
5 about Mr. and Mrs. Hansen during the filing of these financial
6 disclosure statements.

7 A. It is my understanding that all of the assets and
8 obligations were separate.

9 Q. If you found out, sir, that all the assets remained
10 commingled and all the liabilities remained commingled, what
11 would your conclusion be then, sir?

12 A. Remained commingled?

13 Q. Never separated whatever, that wouldn't affect
14 anything, is that correct?

15 A. I am not sure it would, no.

16 Q. Mr. McKenna, is there a document from Congress that
17 told Mr. Hansen that he didn't have to report the Hunt loan,
18 the Dallas loan or the silver transaction?

19 A. Of course not. If there were a document, it would
20 indicate a previous report, wouldn't it?

21 Q. If there was a document, it would be in evidence,
22 isn't that true, Mr. McKenna?

23 A. If there were a document authorizing Mr. Hansen not
24 to report the matter?

25 Q. Yes.

1 A. It would be in evidence?

2 Q. Yes.

3 A. I suppose so, but it seems kind of a weird
4 supposition.

5 Q. Just so we are clear, Mr. McKenna, is there one word,
6 from the House Ethics Committee or the House Standards
7 Committee ever authorizing Congressman Hansen not to report
8 transactions that are in his wife's name?

9 A. Yes.

10 Q. Where is it, sir?

11 A. I don't think it is written.

12 Q. It is not written?

13 A. No. But I think a course of conduct is indicated.

14 Q. The course of conduct?

15 A. Yes, sir, course of conduct.

16 Q. Now, Mr. Hansen holds himself out, I think in your
17 words, as a populist?

18 A. That is correct.

19 Q. Grass roots person?

20 A. Yes, sir.

21 Q. Get to the little man?

22 A. That is his political style.

23 Q. It is true, is it not, that accepting large amounts
24 of money from Nelson Bunker Hunt wouldn't be too popular for a
25 populist?

1 A. It hadn't occurred to me one way or another.

2 Q. You were present during the interview, were you not,
3 sir?

4 A. I was, sir. Which interview?

5 Q. The interview that I conducted with Mr. and Mrs.
6 Hansen?

7 A. That one, you bet, yes, sir.

8 MR. WEINGARTEN: I would like to have marked the next
9 Government's Exhibit.

10 DEPUTY CLERK: Government Exhibit 77A marked for
11 identification.

12 (Whereupon, Government's Exhibit No.
13 77A was marked for identification).

14 BY MR. WEINGARTEN:

15 Q. I hand you Government's Exhibit 77A and ask you, sir,
16 if that is not a transcript of the interview of Congressman and
17 Mrs. Hansen, June 17th, 1982, about which you testified on your
18 direct examination?

19 A. That is what it purports to be.

20 Q. Turn to page 12, sir.

21 THE COURT: Is there a copy? If not, we will live
22 with it.

23 MR. WEINGARTEN: I only have two.

24 THE COURT: That is all right.

25 BY MR. WEINGARTEN:

1 Q. Do you have page 12, sir?

2 A. I do.

3 Q. Do I not ask Mr. Hansen, "Has Mr. Hunt or anyone in
4 the Hunt family ever contributed to a campaign of yours?"

5 Does Mr. Hansen not answer, "I don't think so. I
6 don't think so. I don't watch these contributions very closely.
7 I have an accountant who handles it but as far as I know he is
8 not much of a contributor to campaigns and I never personally
9 go out to ask people for money but I frankly don't think so.
10 In Idaho, any time you run for election, any of your large
11 contributors usually get a lot of exposure in the press and I
12 am sure he would have heard about it if he had."

13 Did Congressman Hansen say that?

14 A. I assume it is a accurate transcript.

15 Q. Were you present?

16 A. I was present.

17 Q. As a matter of politics, what would be the effect for
18 a populist in Idaho if he were receiving large amounts of money
19 from one Nelson Bunker Hunt?

20 A. He was re-elected after the disclosure last year.

21 Q. What would be the effect politically?

22 A. I said he was re-elected last year.

23 Q. You are saying there is no effect at all?

24 A. All I can tell you is history. It was exposed in the
25 press long before last election, and he was elected.

1 Q. Mr. McKenna, did you provide specific advice to
2 Congressman Hansen for his 1978 AIGA form? I am talking now
3 about the Dallas loan.

4 A. Are you talking about 1979, not 1978?

5 Q. Yes, the form he filled out in 1979 for 1978, did you
6 provide specific advice and tell Congressman Hansen he need not
7 report that Dallas loan?

8 A. My recollection is that I concurred in an opinion by
9 another counsel, yes, sir.

10 Q. Did you know, sir, that the monies that were at issue
11 had begun with a soybean transaction?

12 A. No, not at that time.

13 Q. Not at that time?

14 A. No.

15 Q. Did you know anything about the soybean transaction
16 when you gave that advice to Congressman Hansen?

17 A. No.

18 Q. Did you know that the Congressman had solicited
19 Nelson Bunker Hunt for monies and that had resulted in a
20 soybean transaction?

21 A. I still don't know that.

22 Q. You still don't know that. Did you know at the time
23 that the soybeans that were purchased in Mrs. Hansen's name
24 were first purchased in Bunker Hunt's name and were only
25 transferred after the market had risen, did you know that when

1 you gave the advice?

2 A. I can't argue with you. I don't know that to be a
3 fact. I don't know whether you do.

4 Q. When you sat down with Congressman Hansen in 1979 and
5 gave him your legal opinion, you knew nothing about the soybean
6 transaction, is that correct?

7 A. That is correct.

8 Q. Did you know where the proceeds of the Dallas loan
9 went, sir?

10 A. The proceeds of the Dallas loan?

11 Q. Yes.

12 A. No, sir.

13 Q. Did you know it went into a joint account, upon which
14 Congressman Hansen wrote checks?

15 A. I might even have recommended it, had I known.

16 Q. You did know that?

17 A. I said I did not but I might have even recommended it.

18 Q. Recommended what?

19 A. That it be put in a joint account.

20 Q. Why would you have done that?

21 A. As a vehicle for disposing of the money for the
22 specific purpose for which it was disposed of, I would imagine
23 that that would be perfectly relevant.

24 Q. How was it disposed?

25 A. The majority of it, I understand now, was disposed of

1 by paying off the obligation.

2 Q. Did you know that back when you gave the advice?

3 A. No, sir.

4 Q. Do you recall when I interviewed Mrs. Hansen and
5 asked her why it was, or words to the effect, why she purchased
6 soybeans that she started talking about how it was when she
7 grew up in Arkansas, there were soybean and soybean receipes,
8 do you recall that sir?

9 A. Yes, sir.

10 Q. Is that your understanding why Mrs. Hansen went into
11 the soybean market?

12 A. It is a little difficult to answer when I have
13 already told you I didn't even know about it.

14 Q. Were you present during that interview?

15 A. Of course I was.

16 Q. When Congressman Hansen described the soybean
17 transaction as a financial bath?

18 A. I assume he would have used those terms. He has used
19 them on other occasions.

20 THE COURT: The question was were you present?

21 THE WITNESS: I was present.

22 BY MR. WEINGARTEN:

23 Q. Do you recall that usage?

24 A. Yes, sir.

25 Q. That was a financial bath?

1 A. Of course.

2 Q. Did you know at the time, sir, that the loan that was
3 received was \$50,000?

4 A. I knew the amount of the loan, yes, sir.

5 Q. And the loss was \$33,000?

6 A. Yes, sir.

7 Q. When did you give the advice to the Hansens that they
8 shouldn't pay Bunker Hunt off because of this litigation?

9 A. Subsequent to the indictment.

10 Q. So that would have been at least six years after the
11 soybean transaction, is that fair?

12 A. Of course.

13 Q. So the soybean financial bath represented Mrs. Hansen
14 getting a \$50,000 loan for a \$33,000 transaction that she
15 didn't pay back for at least six years, without benefit of your
16 legal advice, is that a fair statement?

17 A. If those are the facts, I guess it is a fair
18 statement.

19 Q. Did you give Congressman Hansen specific legal advice
20 that he didn't have to report the silver transaction?

21 A. The silver transaction is 19 --

22 Q. If the transaction was 1979 and the form filled out
23 was 1980, did you sit down and say, "Congressman Hansen, you
24 needn't report that \$87,000 profit"?

25 A. I don't think so.

1 Q. Did you know about the silver transaction, sir?

2 A. No.

3 Q. Did you know, as it was going on?

4 A. No. I was unaware of the commodities transactions in
5 any way.

6 MR. WEINGARTEN: Would you mark this, please.

7 DEPUTY CLERK: Government's Exhibit 77B marked for
8 identification.

9 (Whereupon, Government's Exhibit No.
10 77B was marked for identification).

11 BY MR. WEINGARTEN:

12 Q. Mr. McKenna, is 77B not the interview of Congressman
13 Hansen alone, sir?

14 A. That is what it purports to be.

15 Q. Do I ask Congressman Hansen, on page 32, what
16 happened to the \$87,000 profit?

17 A. It appears that that is Mr. Cole, by this transcript.

18 Q. I beg your pardon. Did my colleague, Mr. Cole, or
19 did I, I am not sure it was Mr. Cole --

20 A. The transcript seems to read that way.

21 Q. Did one of us, on the top of the page say, "Question:
22 Do you know what happened to all the money? Was the \$87,000
23 that was remaining after the \$125,000 margin call was taken
24 care of, do you know what happened to that money?"

25 What was Congressman Hansen's answer, Mr. McKenna?

1 A. "I sure couldn't tell you, but I am sure that she had
2 plenty of debts to satisfy."

3 Q. Please turn the page, sir. On page 33 do I not ask
4 or Mr. Cole not ask, "Was it the mechanics as far as how to do
5 it would that be the mechanics of wiring, and now are we not
6 talking about the margin?"

7 Does Congressman Hansen not answer, "Basically, it
8 was a Boy Scout effort on the part of me, with Mr. Garvin as to --
9 because I knew him a little better than I knew him, as to how
10 you do something like this, and to see what the process was and
11 maybe advise him a little bit about it which she could have
12 done but it didn't need two phone calls for one to do it. So
13 that was also a very, very routine thing and it didn't signify
14 that I had any kind of controlling factor over what she was
15 doing."

16 Do you recall those two statements by Congressman
17 Hansen, Mr. McKenna?

18 A. Yes.

19 Q. As you sit here, Mr. McKenna, what happened to that
20 \$87,000?

21 A. I am not sure I know. I know it was deposited in a
22 joint account and it was expended thereafter, and I know
23 nothing further than that.

24 Q. Mr. McKenna, in preparation for this trial, did you
25 not know that the use and the benefit of the \$87,000 would be a

1 crucial issue?

2 A. I still don't think it is.

3 Q. You still don't think it is. As you sit here now,
4 you have no idea what happened to the \$87,000?

5 A. No, sir.

6 Q. Did you specifically tell Mr. Hansen that he didn't
7 have to report the Bunker Hunt loan in 1981?

8 A. I don't think so.

9 Q. Did you specifically tell Congressman Hansen that he
10 didn't have to report the Virginia loans?

11 A. Yes.

12 Q. Now, were you aware, sir, when the Virginia loans
13 were made?

14 A. No.

15 Q. Did you know --

16 A. I was aware they were made on or before December 31st,
17 1981.

18 Q. You were aware then?

19 A. It would not have been a problem unless they were
20 within the reporting year.

21 Q. Excuse me, sir. The question is when did you first
22 find out? I had understood from your direct that you found out
23 just before the 1982 form was filled out. Maybe I
24 misunderstood.

25 A. No, no. I think we are at cross-purposes. I was

1 answering the question, when the loans were made. I thought
2 that was the question you were asking. I said, "I was unaware of
3 when they were made other than they had to have been made on or
4 about December 31st or they would not have been a subject for
5 discussion."

6 Q. I guess we were at cross-purposes. Mr. McKenna, when
7 did the existence of those loans first come to your attention?

8 A. In May, 1982.

9 Q. If I may use a Government's Exhibit which is a chart.
10 It is fair to say, sir, when Congressman Hansen received \$25,000,
11 pursuant to a note to a Mr. McAfee and Mr. Rogers, on July 17th,
12 you didn't hear about that for about ten months?

13 A. That is what I just said.

14 Q. The \$60,000 note dated August 14, you didn't know
15 about that for nine months?

16 A. Whatever the time differential is.

17 Q. The \$50,000 loan from Mr. Meade, about six months?

18 A. December or November.

19 Q. Did you know at the time that Congressman Hansen was
20 having dealings with individuals named Meade, McAfee and Rogers?

21 A. I knew Mr. McAfee, from visiting the office on
22 several occasions. I knew Mr. Meade casually. I had met him,
23 my recollection is, on one occasion, in the office, and I
24 passed Mr. Rogers on one occasion, without knowing him.

25 Q. Did you have any idea that they were involved in a

1 hydrogen car back in 1981?

2 A. I knew that there was some kind of a project
3 involving the utilization of hydrogen as a fuel.

4 Q. Did you know of Congressman Hansen's efforts at the
5 Pentagon, on behalf of Messrs. Meade and McAfee?

6 A. I knew he introduced them to the Secretary.

7 Q. Did you know it at the time of the introduction?

8 A. Oh, sure.

9 Q. Did you know, on that particular day, Congressman
10 Hansen deposited a \$25,000 check from Mr. McAfee?

11 A. No.

12 Q. That you didn't know?

13 A. No.

14 Q. Do you know of any efforts of Congressman Hansen, at
15 the Pentagon, on behalf of McAfee and Meade?

16 A. All I know is that he introduced them and later
17 complained to the Pentagon about treatment of employees of the
18 Pentagon by reason of their involvement in the thing.

19 Q. How many calls did Congressman Hansen make to the
20 Pentagon on behalf of these Virginia fellows, do you have any
21 idea, sir?

22 A. I have no idea how many calls he made on behalf of
23 the Virginia people. I know of one call he made on behalf of
24 the employees.

25 Q. Do you know of a call that Congressman Hansen made to

1 the Pentagon on Monday, November 23, 1981, the day after he
2 returned from Mr. Meade's farm with \$50,000 from Mr. Meade, do
3 you know about that, sir?

4 A. No, I am not aware of it or I don't remember it.

5 Q. Did you learn, sir, that the water car was deemed to
6 be a hoax?

7 A. Out of prior experience, I had thought any hydrogen
8 fuel at all was a hoax.

9 Q. You yourself thought the project of Mr. Meade and
10 McAfee was a hoax?

11 A. No. I said I thought all of those things were a hoax.
12 I didn't even know it had to do with an automobile fuel type of
13 operation at all.

14 Q. In the summer of 1981, you didn't know what
15 Congressman Hansen was doing was lobbying the Pentagon on
16 behalf of a "water car"?

17 A. I still don't know that.

18 Q. There was some talk about a book, sir, about the IRS,
19 and I think you chaptered the last two, or you wrote the last
20 two chapters?

21 A. I drafted them.

22 Q. The book was a personal venture of Congressman Hansen,
23 was it not?

24 A. He financed it, yes, sir. He wrote it. I would
25 assume it is called a personal venture.

1 Q. When the book hit the book stands and books were sold,
2 the royalties went to him?

3 A. That is the normal system.

4 THE COURT: Excuse me. Is the answer, yes, sir?

5 THE WITNESS: Yes, ma'am.

6 THE COURT: I understood.

7 BY MR. WEINGARTEN:

8 Q. He deducted his expenses for the book on his tax
9 return like a normal person would, on a personal venture?

10 A. I have never seen it, but I would assume that any
11 sensible person would do that.

12 Q. Do you know that in August, 1981, he told a banker
13 that he was going to pay off a personal loan with monies he was
14 going to receive from his book?

15 A. I told you, I was not aware of those transactions at
16 the time they occurred. How could I know what you are asking
17 me?

18 Q. Do you know that in 1980, he sold the rights to the
19 book to Simon & Schuster and Simon & Schuster retained the
20 rights to the book until 1984?

21 A. Yes, sir.

22 Q. And under that agreement Congressman Hansen received
23 royalties when the book sold?

24 A. To be more accurate, if the book sold.

25 Q. If the book sold. Mr. McKenna, as far as Count 1 of

1 the indictment is concerned, the \$135,000, the real issue is it
2 not, is whose money was it, if it was Congressman Hansen's
3 personal money he had to report it, is that not correct?

4 A. I think so.

5 Q. That is the issue, is it not?

6 A. Yes, sir.

7 Q. That is a fair statement?

8 A. Yes, sir.

9 Q. By this chart, Congressman Hansen began making
10 expenditures in November, 1981, to ACT, is that not true?

11 THE COURT: That chart is what, for the record?

12 MR. WEINGARTEN: Defendant's Exhibit 87.

13 MR. LEWIN: We forgot to move that into evidence. If
14 we can do that now.

15 MR. WEINGARTEN: No objection.

16 THE COURT: It is in evidence.

17 (Whereupon, Defendant's Exhibit
18 No. 87 was received into evidence).

19 THE COURT: I am sorry. The question was lost in the
20 exchange.

21 THE WITNESS: Yes, you lost me.

22 BY MR. WEINGARTEN:

23 Q. The expenditures Congressman Hansen started making
24 personally for ACT started in 1981?

25 A. Yes, sir.

1 Q. Of course, the loans are dated or the monies were
2 received July 23rd, to start with, and how many months before
3 November is July? It is five months, is it not, July, August,
4 September, October, November?

5 A. Sir, I can't argue with your mathematics.

6 Q. It is fair to say, is it not, that the \$25,000 was
7 received about five months before the first check; the \$60,000
8 was received about four months before and the \$50,000 was
9 received about the same time?

10 MR. LEWIN: I hate to quarrel with Mr. Weingarten's
11 arithmetic, but I think July to November is four.

12 THE COURT: What would we do without our hands?

13 BY MR. WEINGARTEN:

14 Q. We are talking about July to November, that is the
15 time span?

16 A. We are talking about July to November, however many
17 months that is.

18 Q. Who signed the notes, the notes to Mr. McAfee, Meade
19 and Rogers?

20 A. Mr. Hansen.

21 Q. Who signed the collection to pay off these notes?

22 A. George Hansen.

23 Q. And interest was paid, was it not?

24 A. Yes, it was.

25 Q. The interest was written off Congressman Hansen's tax

1 return, was it not?

2 A. That I don't know, but I would assume it was.

3 Q. Did Congressman Hansen tell the accountant, who did
4 the books for ACT, that monies had come in from three
5 individuals named Meade, McAfee and Rogers?

6 A. I do not know. I think it is less likely, since he
7 didn't tell me.

8 Q. Okay.

9 MR. WEINGARTEN: Could I have Stipulation No. 11, sir.

10 BY MR. WEINGARTEN:

11 Q. Mr. McKenna, a stipulation has been reached by the
12 parties that reads as follows: "It is hereby agreed and
13 stipulated by the parties, that the \$25,000 that George V.
14 Hansen received on July 23rd, 1981, from Messrs. McAfee and
15 Rogers, the \$50,000 that George V. Hansen received on August
16 19th, 1981, from Messrs. McAfee and Rogers and the \$50,000 from
17 George V. Hansen received on November 21, 1981, from John Meade,
18 were deposited in an account in the Riggs National Bank of
19 Washington called the George Hansen Reach Account and were
20 withdrawn within one week of each deposit by George V. Hansen,
21 through checks written by George V. Hansen. The payments made
22 by these checks were not related to the Association for
23 Concerned Taxpayers."

24 Do you quarrel with this stipulation, sir?

25 A. I have no knowledge to controvert it or to endorse it.

1 Q. Mr. McKenna, what happened to the monies that were
2 received by Congressman Hansen on July 23rd, August 19th, and
3 November 21? What happened to that money?

4 A. Right there.

5 Q. How do you know that, sir?

6 A. How do I know it?

7 Q. Yes.

8 A. The Congressman borrowed money for a specific purpose,
9 put money into that specific purpose, either identical to or
10 greater than the money he borrowed for that purpose, and there
11 is, to my mind, an identity of borrowing and purpose.

12 Q. Mr. McKenna, you are aware, sir, that that money went
13 into the George Hansen Reach Account, the 135 that is
14 represented on that board, you are aware of that, aren't you,
15 sir?

16 A. You have just read to me a stipulation. I am aware
17 of it.

18 Q. You were aware, before you came to court, that that
19 is in fact what happened?

20 A. No.

21 Q. Mr. McKenna, you are testifying that you had no idea
22 that the Virginia money went into George Hansen's Riggs'
23 account?

24 A. Don't misunderstand me. I am not surprised, and I
25 have always assumed that it went into a George Hansen account.

1 To the narrow question of which account or on what occasion, no,
2 I had no specific knowledge.

3 Q. Did the money sit in a CD or a separate account
4 waiting for ACT to get off the ground?

5 A. You just read to me a stipulation. Obviously it did
6 not.

7 Q. He spent the money. How many times can you spend
8 money, Mr. McKenna?

9 Can you spend the same money twice?

10 A. I don't know. I don't appropriate for the government
11 but in normal circumstances I would guess not.

12 Q. But if he spent the money that was given to him,
13 given to him in the summer of 1981, in large part, how could
14 that money remain in November, 1981, all the way to March, 1982?
15 How can you spend the same money twice, sir?

16 A. The answer to that, I suppose, is if you put it in a
17 CD you are not getting the same dollar bills you put in either.

18 Q. Did he put the money in a CD? You would know if he
19 did?

20 A. You read me the stipulation, and I have no knowledge
21 to controvert it. Therefore he did not put the money in a CD.

22 Q. Let me ask you something, Mr. McKenna: If
23 Congressman Hansen spent the money that he received on July
24 23rd within a week, could that money be the same money that he
25 used to finance ACT?

1 A. It couldn't be the identical money. Nor could it, if
2 he had put it in a CD.

3 Q. You see no difference there?

4 A. Of course I see a difference.

5 Q. If he used that money for other purposes and that
6 money was gone, it was no longer his, could he then use that
7 same money for something six months later? Of course not?

8 A. You are asking me an obvious and I am answering it as
9 well I can.

10 MR. LEWIN: Objection.

11 THE WITNESS: It is obvious that he cannot give these
12 dollars to somebody and then give the same dollars to somebody
13 else. That is an obvious, and I agree to it and have agreed to
14 it three times now.

15 BY MR. WEINGARTEN:

16 Q. If he put the money in a CD that money would remain
17 there and he could use that money six months later?

18 A. Yes, he could use the recovery six months later.

19 Q. Now, Mr. McKenna, as you sit here, as his friend, as
20 his counselor, as his workmate, what did the man do with the
21 135 that he received from the Virginia people?

22 A. Are we asking the same question the fourth time now?

23 Q. 'Do you know the answer?

24 A. I know what you read me in a stipulation. I have
25 testified I do not have specific knowledge of his personal

1 finances.

2 Q. Mr. McKenna, the real money that was used on this
3 chart was March-money, March 1982, to correspond with the
4 mailing, is that a fair statement? The large majority of the
5 \$134,498.35 was put into ACT by Congressman Hansen starting on
6 March 15th, is that correct?

7 A. Is this another stipulation? I don't know what we
8 are discussing.

9 THE COURT: It is a question.

10 BY MR. WEINGARTEN:

11 Q. Is it a fair statement, when was most of the money
12 put into ACT by Congressman Hansen?

13 A. I am sorry. You are asking a simple question.

14 Q. Simple question.

15 A. When the large bulk of the money was put in.

16 It would appear to be between 3-4 and 3-24.

17 Q. 3-15, is it not?

18 A. I am sorry, 3-15. It is hard to read the lines
19 across.

20 Q. Is it fair to say we are talking about nine days here,
21 in March of 1982?

22 A. 3-15 to 24 is ten, but I don't want to get into that.

23 Q. Ten plus ten is 20, plus 15 is 35, plus 15 is 50,
24 plus ten is 60, plus 96 will say is 70, 80, 86, let's say
25 \$95,000 was put into ACT by Congressman Hansen on those ten

1 days, is that a fair statement?

2 A. Yes, sir.

3 Q. That is what the defense exhibit reflects?

4 A. Yes, sir.

5 Q. Mr. McKenna, are you representing to the jury that to
6 your knowledge that \$95,000 came from the Virginia money?

7 A. You mean that it was identical money?

8 You mean identical money, no, I never intended to
9 represent that to the jury at all.

10 Q. Was the original source of the money the Virginia
11 money?

12 A. Yes, I think so.

13 Q. Are you aware, sir, that on March 2nd, 1982, that
14 Congressman Hansen opened an account at the Commerce Bank of
15 Idaho entitled the George Hansen ACT account?

16 MR. LEWIN: We object to that, if counsel is making
17 some kind of assertion, I would like to have a proffer at the
18 bench.

19 THE COURT: All right.

20 (Bench conference)

21 MR. WEINGARTEN: I represent that on March 2nd, 1982,
22 George Hansen opened up an account in the Bank of Commerce in
23 Idaho called the George Hansen ACT account and thereupon
24 borrowed \$90,000, the first two weeks of March, 1982.

25 MR. LEWIN: It is your representation, Mr. Weingarten,

1 that the \$90,000 that he borrowed was in that George Hansen ACT
2 account, is that your representation?

3 MR. WEINGARTEN: I am representing that he borrowed
4 the money. I am representing that he opened the account and
5 that he borrowed the money from that account and we have the
6 banker to come up and testify on the stand.

7 MR. LEWIN: And I am advising the Court that my
8 understanding is that there was an account opened but that
9 \$90,000, or no part of the \$90,000 was put into the George
10 Hansen ACT account in Idaho.

11 There was an ACT account in Idaho. It did not have
12 the \$90,000 in it. If what Your Honor wants to do is have the
13 banker come in, let's have him come in and let's have a voir
14 dire or presentation of evidence regarding the banker before
15 the assertion is made to Mr. McKenna.

16 THE COURT: Do you have any records there?

17 MR. WEINGARTEN: I sure do.

18 THE COURT: Mr. Lewin, perhaps this will expedite
19 matters. Are these exact copies?

20 MR. WEINGARTEN: This is what we got from the
21 subpoena.

22 MR. LEWIN: May I see those, please?

23 THE COURT: Surely.

24 MR. LEWIN: Yes, Your Honor.

25 THE COURT: All right?

1 MR. LEWIN: Yes. It is entirely consistent with
2 exactly what I have told Your Honor. And I submit if the
3 banker gets on the witness stand, we will have this evidence.
4 What happened was that Mr. Hansen opened the account in Idaho,
5 what we call an ACT account. The ACT account was opened on a
6 date in the beginning of March, March 1, 1982. There was also
7 taken from the Bank of Commerce, and not put into the ACT
8 account, there was in no way money that went into the ACT
9 account or had anything to do with it, a loan or loans, these
10 are notes, in the amount of \$90,000 which went to other bank
11 accounts and were used for other purposes. It was not in the
12 ACT account in Idaho.

13 If Your Honor wants to put the banker on the stand, I
14 submit Mr. McKenna will be here later, we can hear from the
15 banker. If in fact what Mr. Weingarten said is true, he can
16 confront Mr. McKenna with it then if he wishes. If what I say
17 is true, it is not a basis for confronting Mr. McKenna and not
18 a basis for submitting it to the jury.

19 THE COURT: If Mr. McKenna doesn't know about it he
20 doesn't know about it.

21 MR. LEWIN: Again, this is Mr. Weingarten's technique.
22 He makes assertions.

23 THE COURT: The jury will hear you. The whole
24 purpose of the bench conference is so that the jury will not
25 hear you.

1 MR. LEWIN: The reporter said she couldn't hear.

2 THE COURT: Yes, but that was a different reporter.

3 MR. LEWIN: I am trying to make sure what I say goes
4 on the record.

5 THE COURT: I agree with you it should go in the
6 record. All right. If the jury hears it, the jury hears it.

7 MR. LEWIN: What I am saying, Your Honor, is that Mr.
8 Weingarten has a technique, and I am going to interfere with
9 his technique, of making assertions of fact, which I submit are
10 not true. In this case, if his assertion of fact is true, he
11 should be able to ask it to Mr. McKenna. I submit my assertion
12 of fact is true.

13 There are two separate transactions. There was the
14 opening of a local account in of Idaho, which did not contain
15 \$50,000, did not contain the proceeds of these loans. There
16 was a separate loan, a series of loans, which were used for
17 other purposes and given to other bank accounts. And therefore
18 it has nothing to do with this case. It shouldn't be presented.
19 It is not relevant evidence in this case and it certainly
20 shouldn't be confronted to Mr. McKenna.

21 THE COURT: Is your chart dealing with March of 1982?

22 MR. LEWIN: Yes, ma'am.

23 THE COURT: For those periods of time, counsel talked
24 about whether it is nine days or ten days, but for that period
25 of time in March from the 15th to the 24th?

1 MR. WEINGARTEN: I represent to the Court that we
2 subpoenaed this account because we had a lead from other
3 accounts. The banker was in my office for the first time this
4 morning. He told me that George Hansen borrowed \$90,000 for
5 his tax promotion program. He represented to me that that is
6 the money. He represented to me that George Hansen opened an
7 account on March 2nd. I think I can go into it with this
8 witness. I represent to you the witness is subpoenaed. If he
9 doesn't know, we are certainly going to put him on in rebuttal.

10 MR. LEWIN: They are two separate things. I don't
11 know what questions Mr. Weingarten asked him, and I am not
12 disputing the fact, but as I say, I told Your Honor when we
13 came up to the bench that my understanding was an ACT account
14 as opened on March 1, 1982. It did not contain any proceeds of
15 any \$90,000 loan.

16 MR. WEINGARTEN: What happened to the \$90,000 as far
17 as you understand?

18 MR. LEWIN: That is not relevant to this case, what
19 happened to the \$90,000. The fact of the matter is, there was
20 a \$90,000 loan taken out, which was used for other purposes.
21 We don't have to demonstrate that it was, but it was used. I
22 have bank records. There is no reason for it to come into
23 evidence in this case.

24 The March checks that are in here are not from this
25 bank.

1 MR. WEINGARTEN: Are you suggesting, Mr. Lewin, that
2 you wouldn't object if we trace the monies?

3 MR. LEWIN: I don't know what you did, Mr. Weingarten.
4 I am telling you that with regard to the relevance of this
5 matter to this case, I submit it is not relevant, and I submit
6 that the statement that you made, the representation you made
7 to the Court, is based on your misunderstanding of the facts.
8 I am not saying you did it deliberately but I am saying you
9 don't understand what happened in March.

10 THE COURT: Gentlemen, would it help if both of you
11 went outside of the courtroom and talked to the banker, if he
12 is here, for a moment?

13 MR. WEINGARTEN: Probably not.

14 THE COURT: It probably would not help?

15 MR. WEINGARTEN: I am sure it wouldn't.

16 MR. LEWIN: I submit the proper course is if the jury
17 is excused, and Mr. Weingarten wants to go into this he can put
18 the banker on the stand and ask him the questions. I will
19 examine him on voir dire to see if in fact there is some
20 relevance between these documents.

21 MR. WEINGARTEN: Does he know about this loan?

22 MR. LEWIN: Does he know about the loan?

23 THE COURT: Both of you, gentlemen, please, keep your
24 voices down.

25 MR. LEWIN: I think he does not. I think he does not,

1 but that is why you can't make any assertions of fact in the
2 questions you ask him.

3 MR. WEINGARTEN: I submit that the \$90,000 spent in
4 March was the same \$90,000 obtained from the bank.

5 MR. LEWIN: If you want to ask him, Mr. Weingarten,
6 without asserting any facts whether there was a \$90,000 loan
7 obtained by Mr. Hansen, whether that affects his judgment, that
8 is something else.

9 THE COURT: Mr. McKenna has testified that he had
10 much activity himself with ACT. It would seem to me that he
11 would know if there was any banking accomplished with ACT. If
12 he did not know it, that makes the case all the more
13 interesting. If he did know, he can tell us what happened.

14 I think the question could be phrased in that manner.
15 We can get off this particular problem that we have here at
16 this time. Obviously if he knows, if he starts talking about
17 this, then that is okay, and you can do what you have to with
18 it, Mr. Weingarten. If he doesn't, you may have to bring the
19 banker in and use him for rebuttal, if you think that is
20 appropriate, because he has talked about his personal
21 involvement and he was an originator.

22 MR. LEWIN: He is one of three directors.

23 THE COURT: That is what I am saying. I used the
24 word "originator", but in any event one of the three directors.
25 Certainly he should know exactly where the money went and what

1 happened to it.

2 (End of bench conference)

3 BY MR. WEINGARTEN:

4 Q. Mr. McKenna, I think when we were last talking, we
5 established that about \$95,000 of the monies expended by
6 Congressman Hansen into ACT were placed by Congressman Hansen
7 between March 15th, 1982, and March 24th, 1982, is that correct?

8 A. Yes, sir.

9 Q. Are you aware, sir, that Congressman Hansen opened an
10 ACT account in the Bank of Commerce in Idaho on March 2nd, 1982?

11 A. I am of aware it now. I was not aware of it at the
12 time.

13 Q. When did you become aware of it?

14 A. Today.

15 Q. When today?

16 A. I apologize. Yesterday.

17 Q. When yesterday?

18 A. Early in the day, before I testified.

19 Q. How did you become aware of it, sir?

20 A. Somebody mentioned that there was a Bank of Commerce
21 account that was going to be involved here.

22 Q. Who mentioned that, sir?

23 A. I don't remember, quite frankly. I think it was
24 somebody said a messenger arrived with material from the Bank
25 of Commerce or something.

1 Q. Did you learn that Congressman Hansen borrowed some
2 money from the Bank of Commerce in March, 1982, sir?

3 A. No.

4 Q. You never learned that? As you sit here today, do
5 you know whether or not Congressman Hansen borrowed money from
6 the Bank of Commerce in March, 1982?

7 A. I have no way of knowing that.

8 Q. You have no idea about that?

9 A. No.

10 MR. WEINGARTEN: No further questions.

11 THE COURT: Redirect.

12 REDIRECT EXAMINATION

13 BY MR. LEWIN:

14 Q. Mr. Weingarten asked you about maintaining funds that
15 were obtained from Virginia in a certificate of deposit, for
16 example, for them to wait to be used until March of 1982. Do
17 you have any idea what the interest was on certificates of
18 deposit at that time?

19 A. 12 percent, 12 and a half, sometimes as high as 13,
20 if you are lucky.

21 Q. It is a fact, is it not, that these notes, which have
22 now been introduced in evidence from Mr. McAfee, Rogers, Meade,
23 bore interest rates of 20 percent or prime plus one percent?

24 A. Two of them were 20 and one was prime plus one.

25 Q. So that if they were held in a certificate of deposit,

1 it would simply be a losing proposition, you would be paying
2 out more interest than you would be getting from a certificate
3 of deposit?

4 A. You would be paying out the difference of one over
5 the other over the term of however long they were both
6 outstanding.

7 Q. In terms of collection and payment of funds, what
8 does the word "fungible" mean? Does it have sort of a legal
9 significance?

10 A. Well, it does. I guess in this circumstance, it
11 means that it is non-identifiable. They say money is fungible
12 and what they mean is that there is no specific piece of
13 currency that is identifiable, and the free substitution of one
14 amount for another is unnoticeable by the law.

15 Q. So that if I give you a \$5 bill today and ask you to
16 go out and buy a book for me and bring it back next week, my
17 expectation is not that you are going to be using the very same
18 \$5 bill when you buy the book next week?

19 A. I would think not.

20 Q. Indeed, you might spend that \$5 bill and get
21 something next week?

22 A. I think your expectation would be irrelevant any way.

23 Q. Indeed, you might borrow the \$5 from somebody else
24 the next week before you buy the book?

25 A. Yes, sir.

1 Q. Now, Mr. Weingarten asked you about hypotheticals --
2 about a property separation agreement which was a fraud or if
3 people never separated their property. Could you just tell us
4 whether your understanding was that there was any obligation,
5 under the property separation agreement, for these people to
6 separate their property?

7 A. Not according to my understanding of that agreement.

8 Q. Does the agreement become a sham or a fraud simply
9 because they chose voluntarily to keep their property together?

10 A. I know of no context which makes that document a sham.

11 Q. Is it possible to carry out such an agreement and for
12 it to be valid, according to its terms, even if the property
13 isn't separated?

14 A. I expressed in direct testimony, and I attempted to
15 express in cross-examination, that the subsequent activities of
16 the parties has no bearing on the validity of the document, if
17 the subsequent activities of the parties is in accordance with
18 their legal rights, there is no one outside the union who can
19 complain about it.

20 THE COURT: Outside the union?

21 THE WITNESS: The marriage union, Your Honor.

22 BY MR. LEWIN:

23 Q. Mr. Weingarten asked you whether there was ever any
24 answer to the letter to Congressman Preyer, and you answered
25 that there was not, to your knowledge. On what basis did you

1 conclude that the House Committee had some obligation to
2 respond?

3 A. On the basis of the Act itself, which I believe puts
4 an affirmative duty on them to respond to a statement that I
5 have filed, that I have performed an act required under that
6 statute; having performed the act required under that statute,
7 the Congressman brought that act to the attention of the
8 committee and then subsequently wrote them a letter saying,
9 "I am relying on this state of facts in filing my form, and I
10 ask you to tell me whether I am right or wrong."

11 I believe they had an affirmative duty to decide
12 right or wrong and tell him at that point.

13 Q. Does the law assign responsibilities within the
14 Congress to any particular subdivision of the House of
15 Representatives?

16 A. The Ethics in Government Act?

17 Q. Yes, the Ethics in Government Act.

18 A. The Ethics in Government Act assigns that
19 responsibility to the Committee on Standards of Official
20 Conduct.

21 Q. In 1978, where were those responsibilities? Not
22 under the Ethics in Government Act but under the predecessor?

23 A. In the same place, under a pair of names. The Select
24 Committee on Ethics still existed but the House Committee on
25 Standards of Official Conduct also existed so House Ethics

1 Committee, in essence.

2 Q. On May of 1978, the letter we have been referring to,
3 Defendant's Exhibit 38, do you still have that before you?

4 A. Yes, sir.

5 Q. The last page of that letter shows that copies there-
6 of were sent to various individuals, were they not?

7 A. Four members of the Congress are carbon copied on the
8 letter. All of them are members of supervisory committees to
9 the Ethics Committee and to the Standards of Official Conduct
10 Committee, Congressmen Wiggins, Frenzel, Flynt and Spence.

11 Q. And the letter itself went to Congressman Preyer. So
12 the letter went to the chairman of the Select Committee on
13 Ethics, the ranking minority member of the Select Committee on
14 Ethics, another member of the Select Committee on Ethics, the
15 chairman of the Standards of Official Conduct and to
16 Congressman Floyd Spence, who was then the ranking minority
17 member on the Committee on Standards of Official Conduct, is
18 that correct?

19 A. That is correct.

20 Q. Congressman Floyd D. Spence, will you open up that
21 red book that you have before you, and just on the inside page,
22 the Committee on Standards of Official Conduct, could you tell
23 us who is the ranking minority member of that committee today?

24 A. The same man, Floyd D. Spence.

25 Q. So he received a copy of that letter on May 9, 1978?

1 A. Yes, sir.

2 Q. It is that committee which has supervisory
3 responsibility in the Congress over the submission of these
4 reports today, is that correct?

5 A. That is correct.

6 Q. Now, Mr. Weingarten asked you whether you gave
7 specific advice to Congressman Hansen with regard to the form
8 filed in 1980 and 1981, in other words, the forms relating to
9 the silver transaction and the form relating to the loan from
10 Nelson Bunker Hunt, and I believe you replied you did not. You
11 didn't recall that you gave specific advice on those particular
12 transactions?

13 A. That is correct.

14 Q. Tell us, Mr. McKenna, on the subject of spousal
15 property, the property owned or liabilities incurred by Mrs.
16 Hansen, by 1980 and 1981, in Congressman Hansen's office, was
17 it necessary to give specific advice on those particular kinds
18 of questions?

19 A. The subject had been discussed. A conclusion had
20 been reached. The matter was considered closed as far as we
21 were concerned. By "we", I mean both myself and Mr. Runft. It
22 would not surprise me that the Congressman would not consult us
23 on individual items pursuant to the advice that he had been
24 receiving for four years at that time.

25 Q. Was there any condition or any qualification whatever

1 to the advice that you and Mr. Runft had been giving him
2 previously concerning property or transactions which Mrs.
3 Hansen had engaged in or received, property received or
4 transactions she had engaged in?

5 A. Only were that they joint, they would not drop out,
6 under our consistent advice under the rule.

7 Q. But if it was her transaction, it was her note, as in
8 1981, there was no question about that?

9 A. Right or wrong, it has been our consistent opinion
10 that the arrangement under the Idaho community property law
11 exempted Mrs. Hansen as an independent economic entity as
12 reports from under that act.

13 Q. A transaction such as a the silver transaction, which
14 she alone was the person on the papers, was also "dropped out",
15 is that right?

16 A. As far as we were concerned, it was a closed issue.

17 Q. You have had some questions from Mr. Weingarten about
18 the matter of the hydrogen car and the Secretary of the Army
19 and all that. How common is it, first of all, in Congressman
20 Hansen's office and, second of all, in the Congress generally,
21 to make appointments for constituents or others with Pentagon
22 officials or officials in government agencies?

23 A. It is a daily occurrence.

24 Q. It is done without any fanfair or without expecting
25 anything in return?

1 A. You just hope the people will go away, but you make
2 the appointments for them.

3 Q. Congressmen go with them to the original, even at
4 times, to the original meeting and then leave after the
5 introductions, is that common?

6 A. Get away as quickly as possible, yes, sir.

7 Q. You said that your recollection is that the second
8 call, or not the second call, the other time that you recall
9 that Congressman Hansen was involved with it, he was involved
10 on behalf of the employees. Now, can you just elaborate on
11 that a little bit more?

12 A. The only thing I know about the transaction was that
13 these two entrepreneurs, McAfee and Rogers, had asked the
14 Congressman to get them an appointment with the Department of
15 the Army for the specific purpose of asking the Army to
16 evaluate some scheme that they had. The Congressman made that
17 contact, got them in to see the Secretary, and their suggestion
18 apparently, at some time during that negotiation, was that they
19 would pay the expenses of personnel employed by the Army to
20 make a trip to, I believe it was Australia, to view a hydrogen
21 farm and make some kind of expert determination as to the
22 validity of this idea.

23 It came about, or at least the Congressman felt it
24 came about, that two men who had volunteered to do this on
25 their own time, at the expense of these entrepreneurs, had

1 suffered some career damage by reason of of their volunteering.
2 It was that call that I am aware of, that he called to an
3 agency within the Department of the Army -- I am not even sure
4 which one -- and complained about it -- that these men should
5 not suffer for volunteering for this operation, for this expert
6 analysis. That is all I know about the thing. I do not know
7 what the validity of hydrogen farms are or anything else.

8 Q. Now, at the conclusion of your cross-examination, Mr.
9 Weingarten asked you whether you had any knowledge of the
10 opening by Congressman Hansen of an ACT account in Idaho in
11 March of 1982, and you replied you learned about that yesterday
12 morning. It is a fact, is it not, you learned about that
13 yesterday morning because I told you that we understood the
14 government had received some information concerning the opening
15 of that account?

16 A. That is probably the information. I wasn't sure
17 where I got it, but I know I had heard it in conversation.

18 Q. That was the full extent of your knowledge before you
19 got on the witness stand and to this moment?

20 A. That is all I know of it.

21 Q. Now, Mr. Weingarten also asked you whether you knew
22 anything about Congressman Hansen taking out a loan in Idaho in
23 about March of 1982. Is that right?

24 A. He did.

25 Q. Let me ask you hypothetically, assuming that there

1 had been a loan in March of 1982 to Congressman Hansen of some
2 amount, and assume you had known it in May of 1982, and
3 Congressman Hansen had said, "I personally took out a loan in
4 Idaho at about that time," would that have made any difference
5 in terms of your legal judgment concerning whether that should
6 appear on the Ethics in Government Act form?

7 A. I don't think so, because it is my view, and was my
8 view, that however he acquired \$125,000 or \$135,000, whichever
9 is the correct figure, and having derived it, upon a
10 representation that he was going to do this thing, organize
11 this drive, that he did that thing at a subsequent date and
12 there is substantial reason to know that he did it and expended
13 monies equal to the monies he got, I think that it would be an
14 irrelevancy whether over the course of time that money rolled
15 over, when the time came to expend it, he expended it in
16 accordance with his commitment to his sources, I am not sure
17 there is any relevancy to the question of whether or not the
18 money is the identical amount of money.

19 Q. Even if it were borrowed from some other source prior
20 to the time it was spent?

21 A. I am becoming convinced that there is no relevancy
22 whatsoever to the source of the money, other than by theft or
23 something.

24 Q. One other question that occurs to me that Mr.
25 Weingarten did ask you, and I should ask you about, has to do

1 with the book. Mr. Weingarten asked you whether that book was
2 printed and initially sold for purposes, with the expectation
3 of receiving personal profit, and I believe you replied yes?

4 A. Yes, sir, I did.

5 Q. Was it also true that as of 1981, that book was, in
6 addition to the profit objective, also intended to be used by
7 Congressman Hansen in the non-profit aspects of the Association
8 of Concerned Taxpayers?

9 A. Yes, but it was non-profit in both areas.

10 Q. One deliberately and the other one unintentionally?

11 A. Yes, sir.

12 Q. Do you believe use of a book or a venture, does that
13 raise any problems to you as a matter of law? Is there any
14 legal obstacle, any legal hindrance to using a book initially
15 for profit purposes and then secondly, at a later time, also
16 for non-profit lobbying or other efforts?

17 A. I see no legal prohibition of it.

18 MR. LEWIN: Thank you.

19 RE CROSS EXAMINATION

20 BY MR. WEINGARTEN:

21 Q. Mr. McKenna, if you give me \$1,000 today and tomorrow
22 I go out and spend that money, and six months later I spend
23 another \$1,000, are you telling the jury that it is fair to say
24 that six months later I am spending your money?

25 A. I don't know enough from that kind of example to even

1 give you an answer. You give me the money or you lend it to me,
2 what is the context of such a question?

3 Q. You give me \$5 --

4 A. If I give you \$5 I have no right to claim anything
5 about it.

6 Q. Let's say you do, and I go out and spend it and six
7 months later I buy a book for \$5, am I buying that book with
8 your money?

9 A. My money ceased to be my money when I gave it for you.

10 Q. Mr. McKenna, are you suggesting that what Mr. Hansen
11 was doing with the 135 that he received from the Virginia boys
12 was investing it in a high interest rate? Was that what he was
13 doing with the money before he spent it?

14 A. Neither I made any such allegation, nor in response
15 to yours or anybody else questions, did I ever suggest that.

16 Q. The 135 was gone before he put the money in here, or
17 at least the first two loans were gone before he put the money
18 in there. You know that, don't you, sir?

19 A. Mr. Weingarten, you persist in ignoring the nature of
20 the money.

21 Q. Have you ever seen the Riggs account?

22 A. The Riggs account?

23 Q. Yes, Congressman Hansen's Riggs's accounts. Have you
24 ever seen the monthly statements?

25 A. I don't think so. I might have, but I doubt it.

1 Q. If I showed them to you, perhaps would that trigger a
2 recollection?

3 A. If I had seen them and I see them again, I might know,
4 but I doubt if I have seen them.

5 MR. WEINGARTEN: This is marked Government's Exhibit
6 57C. I hope that is still a good marking.

7 THE COURT: I would certainly hope if it is marked 57C,
8 it is still marked 57C. Is it?

9 DEPUTY CLERK: Yes.

10 MR. WEINGARTEN: It has not been introduced.

11 BY MR. WEINGARTEN:

12 Q. Mr. McKenna, I hand you what has been marked as
13 Government's Exhibit 57C and ask you, sir, if you can identify
14 that?

15 A. I know what it says here, and I don't think I have
16 seen it and its companions before.

17 Q. I show you 57A and E and ask you if you can identify
18 those, sir?

19 A. I would have to give you the same answer. I don't
20 think I have ever seen these documents.

21 THE COURT: Is the answer you can't identify them?

22 THE WITNESS: I can't.

23 BY MR. WEINGARTEN:

24 Q. Is it fair to say that what those documents are are
25 the monthly Riggs statements for the accounts in which those

1 checks were deposited, is that correct?

2 A. They purport to be what they purport to be. I don't
3 know.

4 Q. Mr. McKenna --

5 MR. LEWIN: Which checks? I didn't hear the question.

6 MR. WEINGARTEN: Monthly statements, July, August and
7 November, Riggs account.

8 BY MR. WEINGARTEN:

9 Q. Is that what they purport to be?

10 A. Yes, they do.

11 Q. Are you suggesting, in the course of your involvement
12 in this case, you never bothered to look at those monthly
13 statements?

14 A. I didn't suggest it. I made a flat out statement.

15 Q. Was there a little conscious avoidance on your part?

16 A. There wasn't any conscious avoidance on my part, Mr.
17 Weingarten.

18 Q. Was your testimony that the property separation
19 agreement has absolutely no effect on the outside world -- no
20 effect outside the marriage?

21 A. I didn't testify to that, sir. I testified in
22 response to a specific question with regard to the
23 inter-spousal relationships.

24 Q. Does the property separation agreement have any
25 effect on creditors?

1 A. No, it has no effect on the obligation of obligors to
2 the obligees.

3 Q. Is it fair to say, Mr. McKenna, if this document has
4 any effect at all -- and the document wasn't filed of record,
5 was it?

6 A. No, sir.

7 Q. It remained in Mr. Runft's office for seven years?

8 A. That is what I am led to believe, yes, sir.

9 Q. Isn't it fair to say, sir, if the document has any
10 effect at all, it affects only the marital union?

11 A. And matters consequent upon that affect on the
12 marital union.

13 Q. Was the Congress part of the marital union, sir?

14 A. The Congress is not part of a marital union, even of
15 a congressman.

16 Q. Now, you said that when constituents and perhaps
17 others come by looking for appointments, it is a routine thing,
18 and you try to get rid of them as rapidly as possible, is that
19 correct?

20 A. Consistent with courtesy.

21 Q. Are Meade, McAfee and Rogers constituents?

22 A. No, sir.

23 Q. Did Congressman Hansen try to get rid of Meade,
24 McAfee and Rogers?

25 A. I would guess not, no. First of all, let me be clear,

1 Meade, McAfee and Rogers do not exist in our office as an
2 entity. I don't know that they have ever been in the office
3 together.

4 Q. Are you aware of the fact that Congressman Hansen
5 called up Odell Rogers looking for money?

6 A. No, I am not.

7 Q. Did Congressman Hansen think the water car was a hoax,
8 sir?

9 A. I have no knowledge of that. I honestly did not
10 discuss the hydrogen thing with Mr. Hansen. I was a peripheral
11 observer to some parts of it.

12 Q. Mr. McKenna, if you knew that the \$87,000 in silver
13 profit was spent by Congressman Hansen, and Congressman Hansen
14 alone, would your legal advice have been not to report that?

15 A. Sir, I was not solicited for legal advice at that
16 time, and with the paucity of the information you give me, I
17 would not give advice.

18 Q. Mr. McKenna, that loan by Congressman Hansen from the
19 Bank of Commerce was transacted between March 2nd, 1982, and
20 March 17th, 1982.

21 A. I am sorry, what loan?

22 Q. Mr. Lewin asked you a number of hypotheticals about a
23 loan from the Bank of Commerce that may have been transacted by
24 Congressman Hansen. I am following up, sir. Okay?

25 Let's start from the beginning. You learned

1 yesterday that there was an ACT account opened in the Bank of
2 Commerce on March 2nd, 1982, is that correct?

3 A. Everything except the date, I learned that there was
4 such a thing, yes, sir.

5 Q. I want you to look at this chart. March 2nd, 1982,
6 if you learned, sir, Congressman Hansen, thereupon, between
7 March 2nd and March 17th, borrowed \$90,000 from the Bank of
8 Commerce, would your opinion, sir, as to where the money that
9 was used in the ACT accounts came from change at all, sir?

10 A. I am sorry, does the hypothetical include that it
11 went into these things?

12 Q. Do you know if it did, sir?

13 A. I don't know, sir. I testified that I didn't even
14 know about the existence of the account.

15 Q. Are you saying, sir, that Congressman Hansen -- let
16 me just ask one more question. If Congressman Hansen opened an
17 ACT account in Idaho on March 2nd --

18 MR. LEWIN: The two things are totally unrelated.
19 May we approach the bench again?

20 MR. WEINGARTEN: I think I can respond to his
21 questions.

22 THE COURT: I think in light of the examination we
23 have had on your examination, Mr. Lewin, Mr. Weingarten can ask
24 the questions that he is posing.

25 You may ask again, Mr. Weingarten.

1 MR. WEINGARTEN:

2 Q. Mr. McKenna, if it is true that Congressman Hansen
3 opened an ACT account in the Bank of Commerce of Idaho on March
4 2nd, 1982, and thereupon borrowed \$90,000 between March 2nd and
5 March 17th, 1982, at that bank, that you never knew about it?

6 A. I didn't know about it.

7 MR. WEINGARTEN: I have no further questions.

8 THE COURT: Mr. Lewin, anything further?

9 REDIRECT EXAMINATION

10 BY MR. LEWIN:

11 Q. Do you know anything about whether if there was an ACT
12 account, some ACT account opened in Idaho in March of 1982, you
13 say all that you knew was what I told you yesterday morning, is
14 that right?

15 A. Yes, sir.

16 Q. In terms of a loan, if there was a loan made out in
17 March of 1982, you don't know whether it had anything at all to
18 do with any ACT account that was opened up there?

19 A. I don't know anything about it pro or con.

20 Q. Assume with me hypothetically, just hypothetically,
21 that there was a loan made to Congressman Hansen in March of
22 1982, in Idaho, not related to any ACT account and not part of
23 any ACT account, in the amount of \$90,000.

24 A. Yes, sir.

25 Q. As of the beginning of March of 1982, would the