

IN THE MATTER OF REPRESENTATIVE
GEORGE V. HANSEN

REPORT
OF THE
COMMITTEE ON STANDARDS OF OFFICIAL
CONDUCT
HOUSE OF REPRESENTATIVES



JULY 19, 1984.—Referred to the House Calendar and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1984

34-569 O

H743-2

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

LOUIS STOKES, Ohio, *Chairman*

NICK JOE RAHALL II, West Virginia

ED JENKINS, Georgia

JULIAN C. DIXON, California

VIC FAZIO, California

WILLIAM J. COYNE, Pennsylvania

FLOYD D. SPENCE, South Carolina

BARBER B. CONABLE, Jr., New York

JOHN T. MYERS, Indiana

HANK BROWN, Colorado

JAMES V. HANSEN, Utah

THOMAS J. BLILEY, Jr., Virginia

JOHN M. SWANNER, *Staff Director*

JOHN F. DAVISON, *Chief Counsel*

STANLEY M. BRAND, *Special Counsel*

ABBE DAVID LOWELL, *Special Counsel*

(II)

IN THE MATTER OF REPRESENTATIVE
GEORGE V. HANSEN

JULY 19, 1984.—Referred to the House Calendar and ordered to be printed

Mr. STOKES, from the Committee on Standards of Official Conduct,
submitted the following

REPORT

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

| | | |
|---|---------------------------------|-----------------------------|
| IN THE MATTER OF REPRESENTATIVE GEORGE V. HANSEN | : : : : : : : | 98th Congress 2d Session |
|---|---------------------------------|-----------------------------|

STIPULATION

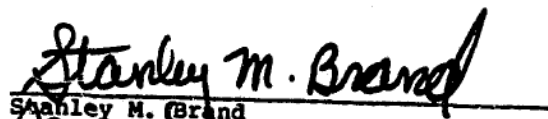
It is hereby stipulated by and between Special Counsel for the Committee on Standards of Official Conduct of the House of Representatives ("the Committee") and counsel for Representative George V. Hansen that for purposes of the above-entitled proceedings:

1. The transcript of the trial docketed as Number Cr. 83-75 in the United States District Court for the District of Columbia ("trial"), now in the possession of Special Counsel, shall be deemed a true and accurate copy of the original trial transcript, so that a certified copy of the original trial transcript need not be made part of the Committee record.
2. The copies of trial exhibits which are now in the possession of Special Counsel, shall be deemed true and accurate copies of the originals of such exhibits, so that certified copies of the original exhibits need not be made part of the Committee records.
3. Those portions of the trial transcript and the exhibits recited above, which have been designated by Special Counsel and cross-designated by counsel for Congressman Hansen, shall be

deemed the only portions of the trial record which will be considered relevant and material to the Committee's investigation, provided, however, that by so stipulating, neither Special Counsel nor counsel for Congressman Hansen concedes that all such portions are necessarily relevant and material to such investigation.



Nathan Lewin
Counsel for Representative Hansen



Stanley M. Brand



Abbe David Lowell

Special Counsel to the Committee

May 17, 1984

TRANSCRIPT OF TRIAL PROCEEDINGS IN THE CASE OF THE UNITED STATES OF AMERICA

V.

GEORGE VERNON HANSEN

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

CRIM. NO. 83-75

CONTENTS

| <u>DATE OF PROCEEDING</u> | <u>WITNESSES</u> | <u>TRANSCRIPT PAGE NO.</u> |
|---------------------------|-------------------------------|----------------------------|
| March 21, 1984 | James M. Reed ----- | 3 |
| | David R. Scott ----- | 33 |
| | Nelson Bunker Hunt ----- | 78 |
| | Owen Nichols ----- | 159 |
| March 22, 1984 | Owen Nichols ----- | 183 |
| | Samuel Patrick Henry ----- | 255 |
| | Michael Marenick ----- | 290 |
| | Leslie Ming ----- | 309 |
| | Stuart Perry Goldberg ----- | 392 |
| March 23, 1984 | C. Lee Galdwell ----- | 413 |
| | Richard W. Garvin ----- | 462 |
| | George Jones ----- | 493 |
| | Carl McAfee ----- | 507 |
| March 26, 1984 | Carl McAfee ----- | 551 |
| | Gwendolyn Yvonne Jones ----- | 612 |
| | Ode11 Rogers ----- | 619 |
| | Malcolm Eugene Van Dyke ----- | 644 |
| | John D. Meade, Jr. ----- | 658 |
| | Thomas G. Miller ----- | 838 |
| | Robert Lee Norwood ----- | 848 |
| March 27, 1984 | Jackson E. Reasor, Jr. ----- | 871 |
| | Ivan Irwin, Jr. ----- | 930 |
| | Kenneth A. Caruso ----- | 992 |
| | John L. Runft ----- | 1008 |
| March 28, 1984 | Constance S. Hansen ----- | 1169 |
| | James T. McKenna ----- | 1334 |
| March 29, 1984 | James T. McKenna ----- | 1396 |
| | Gary Jarmin ----- | 1558 |
| | David Scott ----- | 1589 |
| March 30, 1984 | Richard Nielson ----- | 1630 |
| | Robert G. Rowe, III ----- | 1657 |

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF COLUMBIA

3 ----- X
4 UNITED STATES OF AMERICA :

5 VS. :

6 GEORGE VERNON HANSEN, :

7 DEFENDANT :

CRIMINAL ACTION
NO. 83-75

VOLUME 3-A

8 ----- X
9 WASHINGTON, D. C.

10 WEDNESDAY, MARCH 21, 1984

11 THE ABOVE-ENTITLED MATTER CAME ON FOR FURTHER TRIAL
12 BEFORE THE HONORABLE JOYCE HENS GREEN, UNITED STATES DISTRICT
13 JUDGE, AT APPROXIMATELY 9:30 A.M.

14 APPEARANCES:

15 FOR THE GOVERNMENT:

16 REID WEINGARTEN, ESQ.
17 JAMES COLE, ESQ.

18 FOR THE DEFENDANT:

19 NATHAN LEWIN, ESQ.
FRANK A. S. CAMPBELL, ESQ.
20 STEPHEN BRAGA

21 (EXCERPT - OPENING STATEMENTS)

22
23 GORDON A. SLODYSKO
24 OFFICIAL COURT REPORTER
4800-E U.S. COURTHOUSE
WASHINGTON, D. C. 20001
25 (202) 371-1734

1 MR. COLE: GOOD MORNING, LADIES AND GENTLEMEN. WE
2 WERE ALL INTRODUCED YESTERDAY, BUT YESTERDAY WAS A PRETTY
3 LONG DAY, SO LET ME JUST DO IT ONE MORE TIME.

4 MY NAME IS JIM COLE. AND ALONG WITH MR. REID
5 WEINGARTEN, WHO IS AT THE END OF THIS TABLE, WE WILL BE
6 PRESENTING THE EVIDENCE FOR THE GOVERNMENT IN THE CASE OF
7 THE UNITED STATES VERSUS GEORGE VERNON HANSEN.

8 BASICALLY, AS THE JUDGE HAS ALREADY TOLD YOU,
9 THIS CASE INVOLVES CHARGES OF HAVING MADE FALSE STATEMENTS
10 TO AN AGENCY OF THE UNITED STATES. THAT AGENCY, THE EVIDENCE
11 WILL SHOW, IS THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES
12 CONGRESS. THESE STATEMENTS WERE MADE ON WHAT'S KNOWN AS A
13 FINANCIAL DISCLOSURE STATEMENT, WHICH ARE FILED EACH YEAR
14 BY MEMBERS OF CONGRESS, SUCH AS CONGRESSMAN HANSEN.

15 NOW, YOU'VE HEARD A LOT ABOUT THIS ALREADY, BUT
16 I THINK IT'S IMPORTANT AND WE NEED TO GO THROUGH IT AGAIN,
17 AND THAT IS EVIDENCE. THE PURPOSE OF THIS OPENING STATEMENT
18 IS TO TELL YOU WHAT THE EVIDENCE IS GOING TO BE FOR THE GOVERN-
19 MENT. IT'S KIND OF IF YOU ENVISION A JIGSAW PUZZLE. THE
20 WAY A TRIAL WORKS IS YOU ARE GOING TO HAVE WITNESSES COMING
21 UP ON THE STAND, AND THEY ARE GOING TO GIVE YOU LITTLE PIECES
22 OF EVIDENCE. AND ALL THIS MAY NOT BE IN ORDER, AND IT MAY
23 NOT MAKE SENSE AT THE TIME IN RELATION TO OTHER PIECES OF
24 EVIDENCE. THE PURPOSE OF THE OPENING IS TO GIVE YOU THE
25 COVER OF THE BOX OF THE JIGSAW PUZZLE, SO THAT WHEN YOU'RE

3

3

1 HEARING THE EVIDENCE AND YOU'RE PUTTING IT TOGETHER IN YOUR
2 MIND, YOU WILL KNOW WHAT IT IS GOING TO LOOK LIKE WHEN IT'S
3 ALL PUT TOGETHER.

4 NOW, WHAT IS EVIDENCE? IT'S BEST BY STARTING OUT
5 BY TELLING YOU WHAT IS NOT EVIDENCE. WHAT IS NOT EVIDENCE
6 IS WHAT I'M SAYING TO YOU RIGHT NOW. WHAT IS NOT EVIDENCE
7 IS WHAT ANY OF THE LAWYERS SAY TO YOU, UNLESS THEY ARE READING
8 WHAT'S KNOWN AS A STIPULATION; BUT WE'LL GET TO THAT LATER.
9 WHAT IS NOT EVIDENCE IS SOMETHING THAT A WITNESS SAYS THAT
10 THE JUDGE INSTRUCTS YOU TO DISREGARD. THAT'S NOT EVIDENCE.
11 AND YOU ARE ONLY TO MAKE YOUR DECISIONS BASED ON WHAT IS
12 EVIDENCE. SO, WHAT IS EVIDENCE?

13 EVIDENCE IS BASICALLY TWO THINGS: IT'S TESTIMONY
14 YOU ARE GOING TO HEAR FROM THAT GREEN CHAIR OVER THERE, FROM
15 LIVE PEOPLE, WITNESSES, AND IT'S DOCUMENTS WHICH WILL BE
16 ADMITTED INTO EVIDENCE. AND YOU WILL KNOW WHEN IT'S ADMITTED
17 INTO EVIDENCE, BECAUSE THERE WILL BE A MOTION MADE TO THE
18 JUDGE AND SHE WILL RULE THAT IT EITHER IS OR IS NOT IN EVIDENCE.
19 IF SHE SAYS IT IS, IT'S EVIDENCE, AND THAT IS MATERIAL ON
20 WHICH YOU CAN BASE YOUR DECISION.

21 NOW, YOU COME HERE WITH A VERY IMPORTANT TOOL IN
22 LOOKING AT THIS EVIDENCE -- ALL OF YOU BROUGHT WITH YOU TODAY.
23 IT'S A VALUABLE TOOL. IT'S CALLED YOUR COMMON SENSE. AND
24 I URGE YOU TO USE THAT WHEN YOU LOOK AT EVIDENCE. YOU ARE
25 ALLOWED TO DRAW WHAT'S KNOWN AS INFERENCES FROM EVIDENCE.

4
4
1 YOU CAN LOOK AT WHAT THE EVIDENCE IS AND DRAW LOGICAL CON-
2 CLUSIONS THAT COME FROM THAT EVIDENCE. YOU ARE PERMITTED
3 TO DO THAT, AND THAT IS ALLOWED.

4 YOU ARE ALSO GOING TO BE THE JUDGES OF THE CREDI-
5 BILITY OF THE EVIDENCE, THE TRUTHFULNESS OF THE EVIDENCE.
6 NOW, THE WAY YOU DO THAT IS BY LOOKING AT, FOR EXAMPLE, THE
7 WITNESSES. YOU GET TO JUDGE THE WITNESS. YOU CAN BELIEVE
8 EVERYTHING THE WITNESS SAYS; YOU CAN BELIEVE NOTHING THE
9 WITNESS SAYS; YOU CAN BELIEVE SOME OF IT AND NOT BELIEVE OTHER
10 PARTS. HOW DO YOU DO THIS? SEVERAL WAYS. AGAIN, USE YOUR
11 COMMON SENSE. AND ALSO, LOOK AT THE WITNESS. DOES THIS
12 PERSON HAVE ANY RELATIONSHIP TO THE CASE, ANY STAKE IN THE
13 CASE? ARE THEY FRIENDS WITH THE DEFENDANT? DO THEY KNOW
14 THE DEFENDANT? IF SO, ARE THEY FRIENDS; ARE THEY NOT FRIENDS?
15 YOU CAN USE THAT. DO THEY HAVE ANY STAKE IN WHAT'S GOING
16 ON HERE IN THIS COURTROOM? WERE THEY INVOLVED IN ANY OF
17 THE TRANSACTIONS THAT ARE GOING TO BE TALKED ABOUT IN THE
18 COURSE OF THIS TRIAL? AND IF THEY WERE INVOLVED, WHAT WAS
19 THAT INVOLVEMENT? YOU CAN USE THAT.

20 YOU CAN ALSO JUDGE HOW THEY LOOK AND HOW THEY
21 SOUND FROM THE WITNESS STAND. DO THEY STRIKE YOU AS A TRUTH-
22 FUL PERSON. DOES THEIR TESTIMONY STRIKE YOU AS BEING CREDIBLE.
23 YOU, THE JURY, ARE TO MAKE THOSE JUDGMENTS. THAT'S PART OF
24 YOUR FUNCTION.

25 WHAT IS THIS CASE ABOUT? WELL, IT ALL STARTS WITH

5

5

1 SOMETHING CALLED THE ETHICS IN GOVERNMENT ACT. IT WAS A LAW
2 THAT WAS PASSED IN 1978, AND IT PROVIDES A NUMBER OF THINGS.
3 THE PURPOSE FOR THESE THINGS IS TO INSURE THAT THERE IS ETHI-
4 CAL CONDUCT BY GOVERNMENT OFFICIALS. THAT'S THE PURPOSE OF ..
5 THE ACT.

6 THE PROVISION THAT WE ARE GOING TO DEAL WITH IN
7 THIS TRIAL IN THIS ACT IS THE FINANCIAL DISCLOSURE PROVISIONS,
8 AS YOU ALREADY KNOW. THE PURPOSE OF THE FINANCIAL DISCLOSURE
9 IS TO INFORM THE PUBLIC ABOUT THE FINANCIAL INTERESTS OF
10 GOVERNMENT OFFICIALS, IN ORDER TO INCREASE THE PUBLIC'S CONFI-
11 DENCE IN THE INTEGRITY OF GOVERNMENT AND TO DETER POTENTIAL
12 CONFLICTS OF INTEREST. THAT'S THE REASON, THE EVIDENCE WILL
13 SHOW, THAT THERE IS A FINANCIAL DISCLOSURE REQUIREMENT UNDER
14 THIS LAW EVERY YEAR.

15 THE EVIDENCE IS GOING TO SHOW YOU THAT A NUMBER
16 OF PEOPLE HAVE TO FILE FINANCIAL DISCLOSURE FORMS EVERY YEAR.
17 AND FOR OUR PURPOSES, ONE OF THOSE PEOPLE ARE UNITED STATES
18 CONGRESSMEN. THE EVIDENCE WILL SHOW YOU THAT THE DEFENDANT,
19 GEORGE HANSEN, IS A UNITED STATES CONGRESSMAN, FROM THE STATE
20 OF IDAHO, AND DURING THE TIMES THAT ARE COVERED BY THE
21 INDICTMENT, HE WAS A UNITED STATES CONGRESSMAN AND UNDER THE
22 REQUIREMENTS OF THIS ACT.

23 NOW, THE ACT SAYS THAT MEMBERS OF CONGRESS, AMONG
24 OTHERS, HAVE TO REPORT CERTAIN FINANCIAL INTERESTS AND TRANS-
25 ACTIONS THAT THEY ENGAGE IN EACH YEAR. AND NOT ONLY THAT,

1 BUT THEY HAVE TO REPORT THE FINANCIAL INTERESTS AND TRANS-
2 ACTIONS OF THE DEPENDENT CHILDREN WHO LIVE AT HOME WITH THEM,
3 AND OF THEIR SPOUSES.

4 WHAT KINDS OF TRANSACTIONS, WHAT KIND OF FINANCES
5 ARE SUPPOSED TO BE REPORTED? LET ME GIVE YOU A BRIEF SUMMARY.
6 THE EVIDENCE WILL SHOW THAT THEY HAVE TO REPORT THINGS SUCH
7 AS INCOME, HOW MUCH MONEY THEY TAKE IN THAT THEY EARN EACH
8 YEAR OTHER THAN THEIR GOVERNMENT SALARY. THEY HAVE TO REPORT
9 GIFTS THAT THEY GET, OTHER THAN GIFTS FROM A RELATIVE OR DINNER
10 AT SOMEONE'S HOUSE, BUT A MORE SUBSTANTIAL GIFT.

11 THEY HAVE TO REPORT THINGS LIKE REIMBURSEMENTS.
12 IF SOMEBODY PAYS THEM BACK FOR HAVING TRAVELED SOMEWHERE AND
13 IT'S A PRIVATE SOURCE THAT PAYS THEM BACK, THEY HAVE TO
14 REPORT IT.

15 THEY HAVE TO REPORT HOLDINGS. NOW, WHAT THIS MEANS
16 IS STOCKS AND BONDS AND INVESTMENTS AND BUSINESSES THAT THEY
17 OWN THAT PRODUCE INCOME FOR THEM, THAT PRODUCE MONEY.

18 THEY HAVE TO REPORT LIABILITIES -- AND THIS IS GOING
19 TO PLAY A BIG ROLE IN THIS CASE -- MEANING THEIR DEBTS. ANY
20 DEBT WHICH DURING THE PREVIOUS YEAR, THE YEAR THAT THEY ARE
21 REPORTING ON -- ANY DEBT THAT AMOUNTED TO OVER \$10,000 AT
22 ANY TIME DURING THAT YEAR HAS TO BE REPORTED ON THESE FORMS.

23 "TRANSACTIONS" IS ANOTHER HEADING. THIS IS ALSO
24 GOING TO BE IMPORTANT. THESE ARE THINGS LIKE BUYING AND SELL-
25 ING STOCK, BUYING AND SELLING BONDS, BUYING AND SELLING

1 COMMODITIES FUTURES. COMMODITIES FUTURES ARE GOING TO PLAY
2 A ROLE IN THIS TRIAL, AND THE EVIDENCE WILL SHOW YOU HOW THEY
3 DO PLAY A ROLE IN THIS TRIAL. AND I WILL EXPLAIN THAT IN
4 A MINUTE.

5 THEY ALSO NEED TO SHOW AND REPORT POSITIONS THEY
6 HOLD IN ORGANIZATIONS, IF THEY ARE AN EMPLOYEE, A PARTNER,
7 A DIRECTOR, AN OFFICER, SOMETHING LIKE THAT. AND THEY NEED
8 TO SHOW AGREEMENTS AND DISCLOSE THOSE ON THESE FORMS. AGREE-
9 MENTS MEAN IF THEY HAVE PAYMENTS STILL COMING TO THEM FROM
10 THEIR FORMER EMPLOYER WHILE THEY ARE SERVING IN GOVERNMENT,
11 THEY HAVE TO REPORT THIS PUBLICLY. IF THEY HAVE AN AGREEMENT
12 TO GO TO WORK FOR SOMEBODY WHEN THEY FINISH WITH THEIR
13 GOVERNMENT SERVICE, THEY HAVE TO REPORT THAT PUBLICLY, AS WELL.

14 NOW, I HAD MENTIONED TO YOU THAT THERE IS A REQUIRE-
15 MENT THAT THEY REPORT ALL THESE TRANSACTIONS, ALL THESE CATE-
16 GORIES FOR THEIR SPOUSE, THEIR HUSBAND OR WIFE, WHOEVER IT
17 MAY BE. NOW, THE EVIDENCE IS GOING TO SHOW IN THE COURSE
18 OF THIS TRIAL THAT THERE IS A VERY LIMITED TIME WHEN THEY
19 DON'T HAVE TO REPORT THESE TRANSACTIONS FOR A SPOUSE, AND IT'S
20 WHEN THREE EXEMPTIONS ARE MET, AND ALL THREE. IF YOU JUST
21 MEET ONE OF THE EXEMPTIONS, THE EVIDENCE WILL SHOW, YOU HAVE
22 TO REPORT IT. YOU HAVE TO MEET ALL THREE IN ORDER TO NOT
23 REPORT THESE EXEMPTIONS -- OR THESE TRANSACTIONS. WE WILL
24 TELL YOU WHAT THOSE ARE.

25 THE FIRST ONE IS KNOWN AS THE KNOWLEDGE TEST.

1 BASICALLY, THE KNOWLEDGE TEST MEANS THAT THE ITEM, THE
2 TRANSACTION OR THE INVESTMENT, WAS THE SOLE FINANCIAL INTEREST
3 OR RESPONSIBILITY OF THAT SPOUSE, AND THAT THE PERSON WHO
4 IS REPORTING HAD NO KNOWLEDGE OF THE ITEM. THAT'S THE FIRST
5 ONE.

6 THEN THEY ALSO HAVE TO SATISFY WHAT IS KNOWN AS
7 THE INDEPENDENCE TEST. THIS MEANS THAT THE THING THAT WAS
8 TO BE REPORTED WAS NOT IN ANY WAY, PAST OR PRESENT, DERIVED
9 FROM THE INCOME, ASSETS, OR ACTIVITIES OF THE PERSON WHO IS
10 FILING THE REPORT. THEY HAVE TO MEET THAT TEST, TOO.

11 AND THEY HAVE TO MEET A THIRD TEST KNOWN AS THE
12 BENEFIT TEST. BASICALLY, WHAT THAT MEANS IS IF THEY ARE GOING
13 TO GET ANY BENEFIT WHATSOEVER FROM THIS TRANSACTION, THEY'VE
14 GOT TO REPORT IT.

15 THE EVIDENCE WILL SHOW IN THIS CASE, LADIES AND
16 GENTLEMEN, THAT ON CERTAIN ITEMS IN QUESTION, THE CONGRESSMAN
17 BOTH KNEW OF THE ITEM, WAS ACTIVE IN SECURING THE ITEM, AND
18 BENEFITED FROM THE ITEMS THAT WERE NOT REPORTED.

19 WHAT HAPPENS WITH THESE REPORTS? WELL, THEY'RE
20 FILED. THE EVIDENCE IS GOING TO SHOW YOU THAT THEY ARE FILED
21 IN A PUBLIC PLACE WHERE ANYONE IN THE PUBLIC CAN GET AT THEM,
22 ANYONE CAN LOOK AT THEM, INCLUDING FELLOW CONGRESSMEN, OTHER
23 MEMBERS OF CONGRESS, AND THE PUBLIC.

24 NOW, THIS CASE INVOLVES FOUR SUCH FINANCIAL DIS-
25 CLOSURE STATEMENTS. AS I TOLD YOU, THE ACT WAS PASSED IN

1 1978, AND THE FIRST FORM WAS REQUIRED TO BE FILED COVERING
2 THE YEAR 1978. CONGRESSMAN HANSEN FILED A FORM COVERING THE
3 YEAR 1978, AND THAT FORM DID NOT INCLUDE -- IT EXCLUDED CERTAIN
4 LOANS THAT HE HAD FROM A BANK IN DALLAS, LOANS THAT WERE MADE-
5 TO HIS WIFE, THAT WERE GUARANTEED BY NELSON BUNKER HUNT. YOU
6 WILL HEAR MR. HUNT'S NAME AGAIN. HE'S A WEALTHY OILMAN OUT
7 OF DALLAS, TEXAS.

8 NEXT YEAR, 1979, CONGRESSMAN HANSEN FILES ANOTHER
9 REPORT. THIS TIME, CONGRESSMAN HANSEN EXCLUDES FROM THAT
10 REPORT A COMMODITIES TRANSACTION THAT HE ENTERED INTO WITH
11 THE AID -- OR HIS WIFE ENTERED INTO WITH THE AID OF NELSON
12 BUNKER HUNT THAT IN TWO DAYS NETTED THEM \$87,475.

13 1980'S REPORT WAS FILED BY THE CONGRESSMAN, AND
14 THAT ONE EXCLUDED A LOAN FROM NELSON BUNKER HUNT TO THE
15 CONGRESSMAN'S WIFE OF \$61,000 -- ABOVE \$61,000.

16 AND FINALLY, 1981 HE FILES A REPORT, AND THIS REPORT
17 EXCLUDES \$135,000 IN LOANS, UNSECURED PERSONAL LOANS MADE
18 TO THE CONGRESSMAN BY THREE MEN IN SOUTHERN VIRGINIA.

19 NOW, YOU'RE GOING TO HEAR A LOT OF EVIDENCE IN THIS
20 CASE, AND IT'S GOING TO TELL YOU A STORY. THE EVIDENCE IS
21 GOING TO SHOW THAT STARTING IN LATE 1966, EARLY -- LATE 1976
22 OR EARLY 1977, THE CONGRESSMAN MET NELSON BUNKER HUNT, AND
23 DURING THIS TIME HE ASKED HUNT FOR MONEY. HUNT SAID, "I'M
24 NOT GOING TO GIVE YOU A DIRECT DONATION. I'M NOT GOING TO
25 GIVE YOU A GIFT OF MONEY RIGHT HERE, BUT I'LL KEEP MY EYE OPEN

1 FOR AN INVESTMENT, AND IF I SEE SOMETHING GOOD, I'LL LET YOU
2 KNOW." HUNT THEN WENT ON TO SAY, "I'M NOT SURE THAT IT MIGHT
3 NOT GET YOU AND ME BOTH IN TROUBLE, YOU BEING A CONGRESSMAN,
4 IF I GIVE YOU MONEY." CONGRESSMAN HANSEN'S RESPONSE TO THAT
5 WAS, "DON'T WORRY ABOUT IT; MY WIFE AND I DIVIDED OUR PROPERTY
6 GIVE IT TO HER."

7 SO WHAT HAPPENS OUT OF THIS? WELL, A SOYBEAN
8 COMMODITIES DEAL. NOW, YOU ARE GOING TO HAVE AN EXPERT
9 WITNESS UP HERE, A MR. OWEN NICHOLS. HE WAS AT ONE TIME THE
10 CHAIRMAN OF THE CHICAGO BOARD OF EXCHANGE. IT'S A BIG
11 COMMODITIES EXCHANGE IN CHICAGO. HE IS GOING TO EXPLAIN THE
12 COMMODITIES MARKET TO YOU. BUT FOR THE PURPOSES OF RIGHT
13 NOW, YOU NEED TO UNDERSTAND, THE EVIDENCE WILL SHOW YOU, THE
14 COMMODITIES MARKET IS A VERY RISKY TYPE OF INVESTMENT MARKET.
15 PRICES GO UP AND DOWN WILDLY ALL DAY LONG. PEOPLE GAIN OR
16 LOSE THOUSANDS OF DOLLARS IN A MATTER OF MINUTES. THIS IS
17 THE INVESTMENT THAT MR. HUNT INTRODUCED THE HANSENS TO.

18 HOW DID HE DO IT? THE EVIDENCE WILL SHOW THAT ON
19 APRIL 20TH, 1977, MR. HUNT CALLED HIS SOYBEAN BROKER, OWEN
20 NICHOLS. MR. NICHOLS WAS IN CHICAGO AT THE TIME. AND HE TOLD
21 MR. NICHOLS TO BUY 50 CONTRACTS OF SOYBEAN FUTURES. NOW,
22 THIS IS A WAY YOU MAKE AN INVESTMENT, BY BUYING WHAT'S CALLED
23 FUTURES. IT WILL BE EXPLAINED TO YOU.

24 NOW, 50 CONTRACTS, THAT'S THE EQUIVALENT OF 250,000
25 BUSHELS OF SOYBEANS. A BUSHEL IS ABOUT THIS BIG. 250,000 OF

1 THEM. HUNT TOLD NICHOLS TO BUY THESE CONTRACTS. THE VALUE
2 OF THESE CONTRACTS AT THE TIME THEY WERE BOUGHT ON APRIL 20TH
3 WAS \$2,489,700. NOW, THE EVIDENCE WILL SHOW YOU THIS IS A
4 SIGNIFICANT NUMBER, BECAUSE IF THESE CONTRACTS ARE NOT SOLD,
5 SOMEBODY IS GOING TO COME TO YOUR HOUSE WITH 250,000 BUSHELS
6 OF SOYBEANS AND ASK YOU FOR \$2,489,700, AND YOU'RE GOING
7 TO HAVE TO GIVE TO HIM.

8 NOW, THESE CONTRACTS WERE BOUGHT FOR NELSON BUNKER
9 HUNT. A LITTLE LATER THAT DAY, MR. HUNT CALLS MR. NICHOLS
10 BACK. HE SAYS, "MR. NICHOLS, YOU KNOW THOSE CONTRACTS I
11 BOUGHT TODAY? I WANT YOU TO SELL THEM. THE MARKET IS UP;
12 I WANT YOU TO SELL THEM, AND I WANT YOU TO PUT THEM INTO AN
13 ACCOUNT YOU ARE GOING TO OPEN FOR CONNIE HANSEN." AND THAT
14 WAS DONE. THE ACCOUNT NUMBERS WERE CHANGED ON THE DOCUMENTS
15 USED TO BUY THESE CONTRACTS. THE CONTRACTS WERE SOLD, AND
16 IT RESULTED IN A PROFIT OF \$51,775 IN ONE DAY.

17 THE EVIDENCE IS ALSO GOING TO SHOW YOU THAT MRS.
18 HANSEN AT THIS POINT HAD NEVER BEEN CONTACTED NOR HAD BEEN
19 IN CONTACT WITH MR. NICHOLS, WHO IS THE SOYBEAN BROKER. THEY
20 HAD NEVER TALKED AT THIS POINT. AFTER THESE CONTRACTS WERE
21 SOLD, MR. NICHOLS CALLS HER AND HE GETS SOME BASIC INFORMA-
22 TION: HER NAME, HER ADDRESS, WHERE SHE LIVES. INFORMATION
23 HE NEEDS TO OPEN THE ACCOUNT. AND THAT IS THE LAST CONTACT
24 HE EVER HAD WITH HER, AND THAT IS THE SUM TOTAL OF THE INFORMA-
25 TION HE GOT FROM HER. THIS WOMAN IS NOW \$51,000 RICHER.

1 TWO DAYS LATER, ON APRIL 22ND, THERE'S ANOTHER
2 SOYBEAN DEAL THAT GOES ON. AGAIN HUNT CALLS MR. NICHOLS,
3 SAYS, "I WANT YOU TO BUY 20 CONTRACTS OF SOYBEANS." THIS
4 IS 100,000 BUSHELS. THE VALUE OF THIS CONTRACT, \$1,046,000.
5 THE CONTRACTS ARE SOLD THE SAME DAY FOR THE SAME PRICE. IT'S
6 A WASH. THERE IS A SMALL COMMISSION TAKEN OFF. NO CONTACT
7 WITH CONNIE HANSEN DURING THIS DAY. CONNIE HANSEN IS THE
8 WIFE OF THE CONGRESSMAN.

9 THREE DAYS LATER, ON THE 25TH OF APRIL, THERE'S
10 ANOTHER SOYBEAN DEAL. HUNT AGAIN CALLS. HE TELLS NICHOLS
11 TO BUY 40 CONTRACTS OF SOYBEANS. THIS IS 200,000 BUSHELS
12 OF SOYBEANS, WHICH COST \$2,050,000. THEY'RE BOUGHT ON THAT
13 DAY, BUT THEY'RE NOT SOLD UNTIL APRIL 29TH. THE MARKET WENT
14 DOWN; THERE WAS A LOSS. THE LOSS AMOUNTED TO OVER \$85,000.

15 NOW, THE END RESULT OF ALL THESE TRANSACTIONS, ALL
16 THESE TRANSACTIONS WHICH WERE ONLY DIRECTED BY HUNT, WITH
17 NO CONTACT OR INPUT FROM CONNIE HANSEN OR ANYONE BUT HUNT,
18 THEY DID RESULT IN A \$33,000 LOSS TO CONNIE HANSEN. NOW,
19 SHE HAS TO PAY THIS LOSS; IT'S A REQUIREMENT. SO WHAT DOES
20 SHE DO? THE EVIDENCE WILL SHOW SHE GOES TO DALLAS AND CONTACTS
21 MR. HUNT. AND MR. HUNT HAS HER TAKEN DOWN TO HIS BANK IN
22 DALLAS, TEXAS, WHERE HE GUARANTEES FOR HER -- AND A GUARANTEE
23 BASICALLY IS HE'S SAYING, "IF SHE WON'T PAY THE LOAN OFF,
24 I WILL." AND HE GUARANTEES A \$50,000 LOAN FOR THIS WOMAN.
25 NOW, HER LOSS WAS ONLY \$33,000. SHE GETS A \$50,000

1 LOAN FROM HUNT. THAT CHECK IS PUT INTO A JOINT ACCOUNT FOR
2 THE HANSENS. IT IS ENDORSED BY BOTH CONNIE HANSEN AND GEORGE
3 HANSEN. AND THE MONEY THEREAFTER THAT IS LEFT OVER, \$16,000
4 AFTER THEY PAY OFF THE SOYBEAN LOSS, IS USED BY BOTH CONNIE
5 AND GEORGE HANSEN.

6 NOW, THAT LOAN, THAT DALLAS LOAN EXISTED IN 1978.
7 AND IT WAS NEVER REPORTED ON THE CONGRESSMAN'S FINANCIAL
8 DISCLOSURE FORMS.

9 NOW, THE CONGRESSMAN HAD A LOT OF DEALINGS WITH
10 THIS LOAN. WHENEVER THERE WERE LATE PAYMENTS, WHENEVER NOTICES
11 WENT OUT, WHENEVER THERE WAS CONTACT FROM THE BANK, THE PERSON
12 WHO CALLED THE BANK TO DEAL WITH THE BANK ON THE LOAN WAS
13 CONGRESSMAN HANSEN. THE ONLY DEALING MRS. HANSEN EVER HAD
14 WITH THIS LOAN WAS THE DAY SHE SIGNED THE NOTE AND GOT THE
15 \$50,000. OTHERWISE, IT WAS CONGRESSMAN HANSEN.

16 NOW, EVENTUALLY THIS LOAN WAS NOT PAID OFF. THE
17 PAYMENTS BECAME VERY LATE AND EVENTUALLY WEREN'T MADE. AND
18 THE EVIDENCE WILL SHOW YOU THAT IN JUNE OF 1980, NELSON BUNKER
19 HUNT WAS FINALLY REQUIRED TO MAKE GOOD ON HIS GUARANTEE. HE
20 PAID OFF THE LOAN. AT THIS POINT, WITH ALL THE INTEREST THAT
21 HAD ACCUMULATED OVER THE YEAR, IT WAS WORTH \$61,500 AND SOME
22 CHANGE. AND THIS IS NOW A LOAN FROM HUNT TO CONNIE HANSEN.
23 THIS EXISTED IN 1980. AND THE EVIDENCE WILL SHOW, LADIES AND
24 GENTLEMEN, THAT THAT LOAN WAS NOT REPORTED BY CONGRESSMAN
25 HANSEN ON HIS FINANCIAL DISCLOSURE FORM, A LOAN DIRECTLY FROM

1 BUNKER HUNT.

2 NOW, THIS LOAN FROM THE DALLAS BANK, THAT'S COUNT
3 2 OF THE INDICTMENT. EXCUSE ME. THAT'S COUNT -- I BELIEVE
4 IT IS COUNT 2. THE LOAN FROM NELSON BUNKER HUNT IS COUNT 4.

5 NOW, THIS ISN'T THE ONLY TIME THAT THE HANSENS WERE
6 HELPED BY MR. HUNT. LET'S GO TO 1979. AT THIS POINT, MR.
7 HUNT CALLS UP HIS SILVER BROKER, SILVER COMMODITIES FUTURES,
8 NOW. AND MR. HUNT TELLS HIS BROKER, "I WANT YOU TO BUY ME
9 125 SILVER CONTRACTS." NOW, IN EACH SILVER CONTRACT THERE'S
10 5,000 OUNCES OF SILVER. AGAIN, THIS WILL BE EXPLAINED TO
11 YOU. THE VALUE OF THIS CONTRACT IS JUST UNDER \$4 MILLION.
12 IT WAS BOUGHT ON THE 16TH OF JANUARY, 1979, IN THE ACCOUNT
13 OF THE HUNTS. THE MARKET WENT UP THAT DAY, AND BY THE END
14 OF THE DAY THERE WERE INSTRUCTIONS TO CHANGE THE ACCOUNT DOCU-
15 MENTS AGAIN, SCRATCH OUT THE NUMBER FOR THE HUNT ACCOUNT AND
16 PUT IN A NUMBER FOR AN ACCOUNT OPENED THAT DAY, LATE THAT
17 DAY, FOR CONNIE HANSEN. AT THAT POINT THE MARKET WAS UP AND
18 THESE CONTRACTS WERE PROFITABLE, SO PROFITABLE THAT TWO DAYS
19 LATER THEY WERE SOLD FOR \$87,475 MORE THAN THEY WERE WORTH
20 WHEN THEY BOUGHT THEM.

21 NOW, ONE OF THE REQUIREMENTS IN THE COMMODITIES
22 MARKET IS THAT YOU HAVE TO PUT A DEPOSIT DOWN IN ORDER TO
23 TRADE IN THE MARKET. AND THE RULE IS SUCH THAT IF YOU DON'T
24 PUT THAT DEPOSIT DOWN, THEY ARE NOT GOING TO GIVE YOU THE
25 MONEY YOU'VE MADE, UNTIL YOU GIVE THEM A DEPOSIT. AT THE

1 TIME OF THIS SILVER DEAL, THE REQUIREMENT WAS THAT THEY MAKE
2 A DEPOSIT OF \$1,000 A CONTRACT, \$125,000. THE EVIDENCE IS
3 GOING TO SHOW HOW THAT \$125,000 WAS PUT UP BY THE HANSENS.
4 GEORGE HANSEN CALLS A GENTLEMAN BY THE NAME OF LEE CALDWELL,
5 LIVES IN IDAHO. MR. CALDWELL KNOWS THE HANSENS, DOES WORK
6 FOR THEM. MR. HANSEN TELLS CALDWELL TO GO TO A BANK WHERE
7 THERE IS AN ACCOUNT JUST FOR CONNIE HANSEN. IT'S CALLED THE
8 CONNIE HANSEN SPECIAL ACCOUNT. THIS ACCOUNT, THE EVIDENCE
9 WILL SHOW, HAD \$300 IN IT. CONGRESSMAN HANSEN INSTRUCTED
10 MR. CALDWELL TO WRITE A CHECK FOR \$125,000 ON THIS ACCOUNT,
11 TAKE IT TO ANOTHER BANK IN TOWN IN IDAHO, AND HAVE IT USED
12 TO WIRE THE MONEY TO CHICAGO FOR THE BROKERAGE FIRM AS A
13 DEPOSIT ON THIS SILVER DEAL THAT THEY HAD JUST GONE INTO.
14 THE MONEY GETS WIRED TO CHICAGO. THE NEXT DAY, ALL THE MONEY,
15 THE \$125,000 PLUS THE HUGE \$87,000 PROFIT, COMES BACK TO THE
16 IDAHO BANK THAT THE WIRE WENT FROM, AND IT COMES BACK INTO
17 A JOINT ACCOUNT OF GEORGE AND CONNIE HANSEN, AN ACCOUNT THAT
18 THEY BOTH WRITE CHECKS ON -- AND CONGRESSMAN HANSEN WRITES
19 A LOT OF CHECKS ON IT. YOU WILL SEE.

20 THE CONGRESSMAN ALSO TELLS MR. CALDWELL NOW TO TAKE
21 \$125,000 OUT OF THIS JOINT ACCOUNT AND PUT IT BACK IN THE
22 ACCOUNT THAT HAD \$300 IN IT SO THAT THE CHECK WON'T BOUNCE,
23 SO IT WILL BE COVERED.

24 THE SILVER DEAL, LADIES AND GENTLEMEN, IS COUNT
25 3 OF THE INDICTMENT.

1 NOW LET'S GO TO COUNT 1. LET'S MOVE TO 1981.
2 IN 1981, CONGRESSMAN HANSEN WAS TALKING TO A GENTLEMAN BY
3 THE NAME OF CARL MCAFEE. MR. MCAFEE LIVES IN SOUTHERN
4 VIRGINIA. HE'S A LAWYER. MR. MCAFEE HAD A COUPLE OF FRIENDS
5 BY THE NAME OF JOHN MEADE AND ODELL ROGERS. ALL OF THEM LIVED
6 IN SOUTHERN VIRGINIA TOGETHER. NOW, THESE GENTLEMEN WERE
7 INTERESTED IN INVESTING IN SOMETHING CALLED A HYDROGEN CAR.
8 IT WAS INVENTED BY A MAN IN AUSTRALIA, AND IT RAN ON WATER,
9 THEY SAID. YOU PUT WATER IN THE TANK, AND THERE'S A SMALL
10 NUCLEAR REACTOR, THEY SAID, THAT WILL TAKE HYDROGEN OUT OF
11 THE WATER AND THE CAR WILL RUN ON IT. NOW, WHAT MR. MCAFEE,
12 MEADE AND ROGERS WERE INTERESTED IN WAS HAVING THE UNITED
13 STATES ARMY SEND SCIENTISTS OVER TO AUSTRALIA WITH ARMY
14 EQUIPMENT TO SEE IF THIS CAR REALLY WORKED, TO SEE IF THIS
15 WAS REALLY THE CASE: THAT YOU COULD RUN A CAR ON WATER.
16 SO MR. MCAFEE CALLS CONGRESSMAN HANSEN.

17 NOW, AT THE SAME TIME PERIOD THAT MR. MCAFEE IS
18 CALLING CONGRESSMAN HANSEN FOR HELP IN GOING TO THE ARMY,
19 CONGRESSMAN HANSEN ASKS MR. MCAFEE IF HE COULD BORROW SOME
20 MONEY. THIS IS JULY OF 1981. AND THEY AGREE, AND CONGRESSMAN
21 HANSEN IS LENT \$25,000 BY MR. MCAFEE AND MR. ROGERS, WHOM
22 THE CONGRESSMAN HAD NEVER MET AT THAT POINT. AND IT IS AN
23 UNSECURED LOAN; NO COLLATERAL. NOTHING PUT UP BUT THE
24 SIGNATURE OF MR. HANSEN.

25 NOW, THIS \$25,000 CHECK, THE EVIDENCE WILL SHOW,

1 WAS DEPOSITED ON THE 23RD OF JULY. YOU WILL SEE THIS IS AN
2 IMPORTANT DATE. ALSO ON THE 23RD OF JULY, THE SAME DAY,
3 CONGRESSMAN HANSEN TOOK MR. MEADE AND MR. MCAFEE TO THE
4 PENTAGON AND INTRODUCED THEM TO THE SECRETARY OF THE ARMY
5 AND SAID, "THESE GENTLEMEN HAVE A PROJECT I WOULD LIKE YOU
6 TO CONSIDER." AND THIS PROJECT WAS THE HYDROGEN CAR. THE
7 SAME DAY.

8 THIS LOAN FROM MEADE -- FROM MCAFEE AND ROGERS WAS
9 EVENTUALLY TURNED AROUND AND GIVEN TO A BANK WHICH WAS OWNED
10 BY MR. MEADE, AND MCAFEE AND ROGERS GOT THEIR \$25,000 BACK
11 SEVERAL DAYS LATER FROM MR. MEADE'S BANK. MR. MEADE WAS AT
12 THAT MEETING WITH THE SECRETARY OF THE ARMY.

13 LET'S MOVE IT DOWN A MONTH, TO AUGUST OF 1981.
14 AUGUST 14TH OF 1981, MR. MEADE AND MR. MCAFEE ARE LEAVING
15 ON AN AIRPLANE FOR AUSTRALIA. THE EVIDENCE WILL SHOW THAT
16 THE PURPOSE OF THEIR TRIP TO AUSTRALIA WAS TO LOOK AT THE
17 HYDROGEN CAR, TO NEGOTIATE BUYING THE RIGHTS TO SELL THIS
18 HYDROGEN CAR IN AMERICA. AUGUST 14TH THEY LEFT. AUGUST 14TH,
19 ANOTHER LOAN IS MADE TO CONGRESSMAN HANSEN BY MR. MCAFEE.
20 THIS LOAN IS FOR \$60,000. NO COLLATERAL; ONLY THE CONGRESSMAN'S
21 SIGNATURE ON IT.

22 WHEN MR. MEADE AND MR. MCAFEE RETURN FROM AUSTRALIA
23 A COUPLE OF WEEKS LATER, AGAIN THE SAME THING HAPPENS:
24 MR. MEADE'S BANK GIVES MR. MCAFEE BACK THE \$60,000 HE LOANED
25 TO THE CONGRESSMAN, TAKING CONGRESSMAN HANSEN'S NOTE AS THE

1 COLLATERAL ON THAT.

2 WE'RE NOW UP TO \$85,000. LET'S GO TO NOVEMBER OF
3 1981.

4 21ST OF NOVEMBER IS A SATURDAY. CONGRESSMAN HANSEN
5 GOES DOWN TO SEE JOHN MEADE, DOWN AT MEADE'S HOME IN VIRGINIA.
6 AND AT THIS POINT, HE BORROWS ANOTHER \$50,000. NO COLLATERAL.
7 JUST HIS SIGNATURE. MR. MEADE GIVES IT TO HIM IN A CASHIER'S
8 CHECK; CONGRESSMAN HANSEN GOES BACK TO WASHINGTON, D. C.

9 WHAT DO WE HAVE HERE? WE HAVE HERE \$135,000 WORTH
10 OF LOANS MADE, THE EVIDENCE WILL SHOW YOU, IN 1981, ALL MADE
11 WITH NOTES SIGNED BY CONGRESSMAN HANSEN, ALL MADE TO CONGRESSMAN
12 HANSEN PERSONALLY. COUNT 1, LADIES AND GENTLEMEN, CONCERNS
13 THESE LOANS. AND IN COUNT 1, WE HAVE CHARGED THE CONGRESSMAN
14 WITH FILING A FINANCIAL DISCLOSURE FORM FOR THAT YEAR 1981
15 THAT MAKES NO MENTION WHATSOEVER OF ANY OF THESE LOANS.

16 NOW, I'D MENTIONED TO YOU BEFORE: YOU CAN JUDGE
17 THE WITNESSES IN THIS CASE. THE EVIDENCE IS GOING TO SHOW
18 YOU THAT VARIOUS WITNESSES IN THIS CASE THAT THE GOVERNMENT
19 CALLS ARE WITNESSES WHO ARE FRIENDS WITH THE CONGRESSMAN,
20 WHO HAVE ENGAGED IN THESE TRANSACTIONS WITH THE CONGRESSMAN,
21 AND WHO MAY HAVE A STAKE IN SOME OF THE PROCEEDINGS IN THIS
22 TRIAL. I URGE YOU TO KEEP YOUR EYES AND EARS OPEN FOR THEM.

23 NOW, AS THE JUDGE HAS ALREADY TOLD YOU, ANOTHER
24 ELEMENT THAT THE GOVERNMENT HAS TO PROVE IN THIS CASE IS
25 INTENT: WHAT WERE THE REASONS CONGRESSMAN HANSEN HAD FOR NOT

1 FILING THESE, AND DID HE INTEND TO NOT FILE THEM; DID HE
2 INTEND TO HAVE THIS REPORT, THESE FINANCIAL DISCLOSURE FORMS
3 BE FALSE? THE EVIDENCE WILL SHOW THAT HE DID. AND IT WILL
4 SHOW THAT THE REASON HE DID IS THAT THESE ARE FILED PUBLICLY.
5 THEY ARE FILED WHERE ANYONE CAN SEE THEM, WHERE OTHER
6 CONGRESSMEN CAN SEE THEM, WHERE THE PUBLIC CAN SEE THEM, AND
7 ANYONE CAN GET A HOLD OF THEM. IT WILL SHOW THAT HE DIDN'T
8 WANT ANYONE TO SEE THE TRANSACTIONS I HAVE JUST DESCRIBED.
9 THE EVIDENCE WILL SHOW THAT HE HID THEM FROM PUBLIC VIEW.

10 LADIES AND GENTLEMEN, IN THIS CASE THE EVIDENCE
11 IS GOING TO SHOW THAT CONGRESSMAN HANSEN FILED FOUR FALSE
12 FINANCIAL DISCLOSURE STATEMENTS; THAT HE KNEW THEY WERE FALSE
13 WHEN HE FILED THEM; THAT HE INTENDED THEM TO BE FALSE WHEN
14 HE FILED THEM. THE EVIDENCE IN THIS CASE, LADIES AND GENTLE-
15 MEN, IS GOING TO SHOW THAT THE ONLY VERDICT ON THESE CHARGES
16 CONSISTENT WITH THAT EVIDENCE IS THAT OF GUILTY.

17 THANK YOU.

18 THE COURT: MR. LEWIN.

19 YOU, TOO, CAN POSITION THE LECTERN ANY WAY YOU CHOOSE
20 THAT IS MOST COMFORTABLE FOR YOU.

21 MR. LEWIN: THANK YOU, YOUR HONOR.

22 GOOD MORNING, LADIES AND GENTLEMEN OF THE JURY.
23 I, TOO, WOULD LIKE TO TAKE THIS OPPORTUNITY TO INTRODUCE
24 MYSELF AND THE PEOPLE AT DEFENSE TABLE AGAIN TO YOU. MY NAME
25 IS NATHAN LEWIN. I HAVE A PRINCIPAL RESPONSIBILITY AND HONOR

1 OF REPRESENTING CONGRESSMAN HANSEN IN THIS CASE AND RESPONDING
2 TO THE CHARGES. AND IN THAT REGARD, THIS IS ONE OF THE TWO
3 OPPORTUNITIES THAT I WILL HAVE DURING THE TRIAL TO SPEAK TO
4 YOU DIRECTLY.

5 WORKING WITH ME IN THE CASE AND ASSISTING ME ARE
6 TWO OTHER COUNSEL: MR. FRANK CAMPBELL, MR. STEVE BRAGA. AND
7 THEY WILL BE ASSISTING ME AND ALSO DEALING WITH SOME OF THE
8 WITNESSES IN THE CASE, BUT THEY WILL NOT HAVE AN OPPORTUNITY
9 TO ADDRESS YOU DIRECTLY -- POSSIBLY BECAUSE I'M JUST EXERCISING
10 THE RIGHT OF SENIORITY AND TAKING BOTH THE OPENING AND CLOSING
11 STATEMENTS THAT I WILL BE ARGUING TO YOU.

12 AS I SAID, THIS IS ONLY ONE OF TWO OPPORTUNITIES
13 THAT I CAN SPEAK TO YOU AND IT IS, REALLY, IN CERTAIN WAYS,
14 A LIMITED OPPORTUNITY. THIS IS NOT A TIME FOR ARGUMENT, FOR
15 TRYING TO ARGUE TO YOU WHAT YOU SHOULD CONCLUDE AS A RESULT
16 OF THE EVIDENCE. YOU HAVEN'T EVEN HEARD OR SEEN ANY EVIDENCE
17 AT ALL. AS MR. COLE SAID, WHAT WE SAY TO YOU ISN'T EVIDENCE.
18 ALL THAT WE ARE ABLE TO DO AT THE PRESENT TIME, REALLY, IS
19 GIVE YOU AN ADVANCE VIEW OF WHAT THE EVIDENCE WILL BE SO THAT
20 WHEN YOU HEAR IT, YOU CAN FIT IT INTO THE TOTAL PICTURE.

21 NOW, MR. COLE HAS USED AN INTERESTING ANALOGY WITH
22 YOU, REALLY. IT IS ONE I WOULD NOT HAVE THOUGHT OF MYSELF,
23 WHICH IS THE ANALOGY OF A JIGSAW PUZZLE. I HAVE ALWAYS
24 THOUGHT OF AN OPENING STATEMENT AS SORT OF BEING A PREVIEW
25 OF COMING ATTRACTIONS IN THE MOVIE. BUT IT SHOULD GIVE YOU

1 A FAIR VIEW OF WHAT WILL BE COMING UP.

2 HE SAYS IT'S THE COVER THE JIGSAW PUZZLE. AND I
3 THINK THAT'S FAIR. IT IS THE COVER OF A JIGSAW PUZZLE. BUT
4 THE THING, REALLY, THAT YOU OUGHT TO CONSIDER IS THAT WHAT
5 HE HAS SHOWN YOU IN HIS OPENING STATEMENT OMITTS HALF OR MORE
6 THAN HALF OF THE PIECES. YOU CAN'T POSSIBLY PUT THAT JIGSAW
7 PUZZLE TOGETHER IF HALF THE PIECES ARE GONE. AND I'M UP HERE
8 NOW -- HER HONOR HAS EXPLAINED TO YOU THAT WE HAVE THE
9 OPPORTUNITY OF EITHER PROVIDING NO OPENING STATEMENT AT ALL
10 OR WAITING ON BEHALF OF THE DEFENSE UNTIL AFTER THE GOVERN-
11 MENT PRESENTS ITS CASE AND THEN PRESENTING OUR OPENING STATE-
12 MENT. BUT I AM UP HERE NOW BECAUSE I THINK IT'S IMPORTANT
13 THAT YOU SEE THE ENTIRE COVER AND THAT YOU SEE ALL THE PIECES
14 OF THE JIGSAW PUZZLE, AND NOT THE VERY FEW FRAGMENTS THAT
15 MR. COLE IS TRYING TO SHOW YOU.

16 LET'S START WITH WHAT THE EVIDENCE WILL SHOW
17 CHRONOLOGICALLY FROM THE BEGINNING.

18 MR. COLE PRESENTS JIGSAW PUZZLE PIECES THAT START
19 IN APRIL OF 1977. APRIL 20TH OF 1977, A DATE THAT HE SAYS
20 WAS A TIME WHEN MR. NELSON BUNKER HUNT, WHO IS A WEALTHY MAN,
21 LIVES IN TEXAS, CALLED A COMMODITIES BROKER IN CHICAGO. WHAT
22 ABOUT ALL THE PIECES OF THE PUZZLE THAT HAVE TO DO WITH THE
23 SIDE BEFORE APRIL 20TH, 1977? WELL, LET ME TELL YOU WHAT
24 THE EVIDENCE WILL SHOW.

25 THE EVIDENCE WILL SHOW THAT CONGRESSMAN HANSEN IS

1 NOT A MAN OF INHERITED WEALTH. CONGRESSMAN HANSEN IS A MAN
2 WHO HAS DEDICATED HIS LIFE IN VARIOUS WAYS TO PUBLIC SERVICE,
3 SERVED IN THE CONGRESS FOR TWO TERMS, THEN TRIED TO RUN FOR
4 SENATOR FROM IDAHO, WAS NOT SUCCESSFUL; WENT BACK TO A
5 BUSINESS IN POCA TELLO, IDAHO; WAS REELECTED AGAIN TO CONGRESS
6 IN 1974, AND SERVED THEREAFTER. BUT THE EVIDENCE WILL SHOW
7 THAT HE, BEING A MAN OF LIMITED MEANS, WAS SUBJECTED AT THAT
8 TIME, AFTER HE CAME BACK IN 1975, TO VARIOUS POLITICAL
9 ATTACKS WHICH RESULTED IN A SUBSTANTIAL DEBT, WHICH WAS NO
10 SECRET -- EVERYBODY KNEW IT. AS OF 1976 AND 1977; CONGRESSMAN
11 HANSEN, THE EVIDENCE WILL SHOW, WAS TELLING PEOPLE EVERYWHERE,
12 IN A VERY OFFICIAL WAY, INDEED, THAT HE HAD AN ENORMOUS PERSONAL
13 DEBT GROWING OUT OF POLITICAL ATTACKS AGAINST HIM, AND THAT
14 HE AND HIS WIFE WERE TRYING TO FIND WAYS OF DEALING WITH THAT
15 PERSONAL DEBT.

16 HE WENT IN A VERY -- THE EVIDENCE WILL SHOW, IN
17 THE MOST FORMAL, OFFICIAL WAY TO THE FEDERAL ELECTION
18 COMMISSION, WHICH IS AN AGENCY OF THE FEDERAL GOVERNMENT THAT
19 WAS ESTABLISHED TO DEAL WITH HOW CONGRESSMEN RAISE MONEY
20 FOR CAMPAIGN FUNDS. AND HE SAID TO THEM, "I HAVE THIS
21 ENORMOUS DEBT. IT RANGES IN VERY LARGE FIGURES, FIGURES
22 THREE, FOUR HUNDRED THOUSAND. I WOULD LIKE TO HAVE SOME WAY
23 IN WHICH MONEY CAN BE RAISED SIMPLY TO PAY -- NOT FOR
24 CAMPAIGN PURPOSES, BUT TO PAY FOR PERSONAL DEBTS FROM PEOPLE
25 WHO WOULD BE WILLING TO PAY IT. SMALL CONTRIBUTORS -- NOT

1 LARGE CONTRIBUTORS." HE SAID TO THE FEDERAL ELECTION COMMISS-
2 SION, "I WILL ACCEPT A LIMIT OF \$100 PER CONTRIBUTION. I
3 WANT TO SEND OUT A MAILING TO PEOPLE JUST TELLING THEM ABOUT
4 MY VERY BAD PERSONAL CIRCUMSTANCES.. WILL THAT COMPLY WITH
5 THE FEDERAL ELECTION LAWS?" AND HE SET OUT IN A VERY DETAILED
6 WAY EXACTLY WHAT HE HAD IN MIND IN TERMS OF THIS CAMPAIGN.
7 AND THE FEDERAL ELECTION COMMISSION SAID THE FEDERAL ELECTION
8 LAWS ARE ALL RIGHT; IT DOESN'T VIOLATE FEDERAL ELECTION LAWS.
9 HE GOT THAT OPINION AT THE END OF MARCH OF 1977, AND HE WAS
10 LOOKING FOR WAYS, AS I SAY, TO DEAL WITH THIS PERSONAL DEBT.

11 AT THE SAME TIME, THE HOUSE ETHICS COMMITTEE -- THE
12 HOUSE HAS A COMMITTEE ON ETHICS REGARDING ITS MEMBERS. THE
13 HOUSE ETHICS COMMITTEE WOULD BE CONCERNED WITH THE VERY SAME
14 PROBLEM, BECAUSE THE HOUSE, EVEN PRIOR TO THE ETHICS IN
15 GOVERNMENT ACT WHICH MR. COLE HAD DISCUSSED WITH YOU -- THE
16 HOUSE HAD STANDARDS, ETHICAL STANDARDS WITH REGARD TO ITS
17 MEMBER. AND THE QUESTION WAS: COULD A CONGRESSMAN GO OUT
18 AND SOLICIT MONEY, NOT FOR CAMPAIGN PURPOSES, BUT FOR PERSONAL
19 PURPOSES FROM PEOPLE AT LARGE, FROM SMALL CONTRIBUTORS? AND
20 CONGRESSMAN HANSEN WROTE TO THE CHAIRMAN OF THE HOUSE ETHICS
21 COMMITTEE -- AND THAT LETTER, AGAIN, WILL BE PRESENTED TO
22 YOU IN EVIDENCE -- SAYING, "LOOK HERE: I'VE GOTTEN APPROVAL
23 FROM THE FEDERAL ELECTIONS COMMISSION FOR A MAIL CAMPAIGN,
24 OR SOME CAMPAIGN THAT WILL TRY TO GET SMALL CONTRIBUTORS TO
25 RELIEVE ME -- WHO WOULD RECOGNIZE MY PROBLEM AND RELIEVE ME

1 OF THIS GREAT PERSONAL DEBT. CAN I DO IT?"

2 THE HOUSE ETHICS COMMITTEE AT THAT POINT ISSUED
3 AN ADVISORY OPINION WHICH SAID: IT'S NOT PROPER, REALLY,
4 FOR HOUSE MEMBERS TO GO OUT AND SOLICIT FOR PERSONAL CONTRIBU-
5 TIONS, FOR PERSONAL DEBTS. NOW, HERE'S A MAN WHO HAS A DEBT
6 THREE, FOUR HUNDRED THOUSAND DOLLARS, HE AND HIS WIFE. HAPPILY
7 MARRIED, THE EVIDENCE WILL SHOW FIVE CHILDREN, ALL OF WHOM
8 HE IS VERY PROUD OF. AND THE CONGRESSMAN SAID -- AND HIS
9 WIFE -- "HOW CAN WE DEAL WITH THIS ENORMOUS PERSONAL DEBT IF
10 THE HOUSE ETHICS COMMITTEE SAYS WE CAN'T DO IT?"

11 THE EVIDENCE WILL SHOW, AND YOU WILL SEE DOCUMENTS,
12 THAT AT THAT POINT, MRS. HANSEN WROTE A LETTER TO THE HOUSE
13 ETHICS COMMITTEE, THE CHAIRMAN OF THE HOUSE ETHICS COMMITTEE,
14 SAYING, "YOU CAN'T IMPOSE THIS BURDEN ON ME. I'M AN INDEPENDENT
15 PERSON, TOO. I'VE GOT THIS ENORMOUS POSSIBILITY OF GREAT
16 DEBTS, AND IF I WANT TO, I SHOULD BE ABLE TO GO OUT AND
17 SOLICIT PERSONAL CONTRIBUTIONS FOR ME TO RELIEVE THIS PROBLEM."
18 AND THE LETTER WILL BE INTRODUCED IN EVIDENCE.

19 THE HANSENS DID HAVE IN MIND AT THAT TIME, IN EARLY
20 1977, THAT THEY HAD TO HAVE SOME WAY OF RESOLVING THIS PROBLEM
21 OF GREAT DEBT. IT'S NOT A CRIME IN THE UNITED STATES TO HAVE
22 A GREAT DEBT. THERE'S NOTHING -- THERE WAS NOTHING IN ANY
23 WAY DISHONORABLE IN THE WAY MR. HANSEN HAD ACTED PRIOR TO
24 THAT TIME. HE HAD DONE EVERYTHING IN TERMS OF PUBLIC SERVICE,
25 AND HE HAD ATTEMPTED TO SERVE HIS COUNTRY, AND WORKED UP THIS

1 DEBT WHICH HAD TO BE RESOLVED IN SOME WAY.

2 NOW, IT'S AT ABOUT THAT TIME, THE EVIDENCE WILL
3 SHOW, THAT CONGRESSMAN HANSEN WENT AROUND TO VARIOUS PEOPLE --
4 AND THEY INCLUDED NELSON BUNKER HUNT -- AND HE SAID TO THEM, --
5 "HERE'S MY PROBLEM. WHAT CAN YOU DO, WHAT CAN YOU SUGGEST
6 TO HELP ME? IS THERE SOME WAY THAT YOU CAN HELP ME WITH MY
7 PERSONAL PROBLEM OF GREAT DEBT?" HE MET MR. HUNT, WHOM HE
8 HAD KNOWN JUST CASUALLY, BUT WHOM HE HAD HEARD OF. HE HAD
9 MET HIM SEVERAL TIMES BEFORE APRIL OF 1977. IT IS NOT AS
10 IF MR. HUNT WAS FIRST MEETING MR. HANSEN IN APRIL OF 1977.
11 THE EVIDENCE WILL SHOW THAT MR. HUNT KNEW OF CONGRESSMAN
12 HANSEN, INDEED, APPROVED OF HIM, BECAUSE CONGRESSMAN HANSEN
13 IS, AS HER HONOR TOLD YOU DURING THE VOIR DIRE, A REPUBLICAN
14 CONGRESSMAN WITH A STRONG CONSERVATIVE RECORD. AND THAT'S
15 WHAT MR. HUNT FELT. POLITICALLY, MR. HUNT IS A CONSERVATIVE,
16 AND HE FELT THAT HE LIKED THE VOTING RECORD AND THE PUBLIC
17 RECORD OF CONGRESSMAN HANSEN.

18 AND AMONG VARIOUS PEOPLE, THE EVIDENCE WILL SHOW,
19 WHO CONGRESSMAN HANSEN VISITED IN THAT PERIOD OF TIME, EARLY
20 1977, APRIL 1977, WAS NELSON BUNKER HUNT. THE EVIDENCE WILL
21 SHOW -- AND YOU WILL HEAR IT FROM THE WITNESS STAND -- THAT
22 IN THE ORIGINAL DISCUSSION IN APRIL OF 1977, MR. HUNT SAID
23 TO CONGRESSMAN HANSEN, "I'M NOT GOING TO GIVE YOU ANY
24 CONTRIBUTION. I'M AN INDIVIDUAL WHO DEALS IN BUYING AND SELL-
25 ING COMMODITIES AND OTHER SPECULATION." HE'S A WELL-KNOWN

1 DEALER IN TEXAS. "IF I HEAR OF ANY GOOD OPPORTUNITY IN THAT
2 REGARD, I WILL PROVIDE IT. BUT, I DON'T THINK IT WOULD BE
3 APPROPRIATE FOR ME TO PROVIDE IT TO YOU. I WILL PROVIDE IT
4 TO YOUR WIFE."

5 WHY WOULD NELSON BUNKER HUNT DO THIS? I THINK THE
6 EVIDENCE WILL SHOW THAT MR. HUNT HAD MET MRS. HANSEN AND
7 HAD ALSO BEEN IMPRESSED BOTH BY WHAT CONGRESSMAN HANSEN HAD
8 DONE AND BY THE FACT THAT MRS. HANSEN WAS WORKING IN
9 CONGRESSMAN HANSEN'S OFFICE AT ABSOLUTELY NO PAY WHATSOEVER.
10 SHE HAD TO THAT TIME, AND TO THIS DAY, DONATED HER EFFORTS
11 SIMPLY FULL-TIME WORKING IN THE CONGRESSMAN'S OFFICE GRATIS,
12 RATHER THAN, AS MR. HUNT I THINK WILL TESTIFY -- RATHER THAN
13 SIMPLY TAKING A JOB IN SOME OTHER CONGRESSMAN'S OFFICE, WHICH
14 IS A COMMON PRACTICE ON THE HILL, IN WHICH THE WIFE OF ONE
15 CONGRESSMAN MAY WORK FOR ANOTHER CONGRESSMAN. SO HE FELT
16 THAT IT WAS APPROPRIATE TO HELP THE HANSENS IN SOME WAY,
17 POSSIBLY BY SUGGESTING TO THEM A MEANS IN WHICH THEY COULD
18 MAKE SOME MONEY, OR IN WHICH MRS. HANSEN, SPECIFICALLY, COULD
19 MAKE SOME MONEY. AND YOU WILL HEAR FROM MR. HUNT THAT HE WAS
20 VERY CAREFUL FROM THE VERY OUTSET TO DEAL WITH MRS. HANSEN,
21 BECAUSE HE THOUGHT IT WAS IMPORTANT THAT IT BE MRS. HANSEN,
22 WHO WAS SOLICITING FUNDS SEPARATELY IN HER OWN NAME, WHO SHOULD
23 BE THE PERSON WHO SHOULD BE MAKING THAT PROFIT, IF THERE WAS
24 TO BE A PROFIT ON A COMMODITIES TRANSACTION.

25 NOW, WE FINALLY COME TO MR. COLE'S FIRST PIECE IN

1 THE JIGSAW PUZZLE, APRIL 20TH OF 1977, WHEN A SOYBEANS
2 COMMODITIES TRANSACTION WAS ENGAGED IN WHICH FOR ONE DAY
3 REALIZED A PROFIT, AND TWO DAYS THEREAFTER RESULTED IN A
4 LOSS OF \$30,000. NOW, MR. COLE HAS TOLD YOU THAT THE SOYBEANS,
5 IF THEY WERE DELIVERED TO MRS. HANSEN'S HOME, WOULD BE A
6 TOTAL VALUE OF TWO MILLION SOME-ODD DOLLARS. I THINK YOU
7 WILL PROBABLY HEAR FROM THE WITNESS STAND THAT PEOPLE WHO
8 DEAL IN SOYBEANS FUTURES DON'T ORDINARILY HAVE SOYBEANS
9 DELIVERED TO THEIR HOME; THAT THE WAY THE SOYBEAN FUTURE
10 MARKET WORKS, LIKE MAYBE THOSE OF YOU WHO HAVE BOUGHT SOME
11 STOCK OR SOMETHING KNOW, IT'S PAPER TRANSACTIONS. YOU DON'T
12 GET A PIECE OF GENERAL MOTORS SENT TO YOU AT YOUR HOME. YOU
13 DEAL IN PAPER. YOU BUY A FUTURE, YOU SELL A FUTURE. SO THE
14 MILLION DOLLAR FIGURE THAT MR. COLE HAS BEEN USING AND THAT
15 THE GOVERNMENT USES IN VARIOUS WAYS IS, I THINK YOU WILL FIND
16 FROM THE EVIDENCE, SIMPLY A WAY OF SETTING UP A SMOKESCREEN
17 AND MAKING THE TRANSACTION LOOK SO ENORMOUS THAT YOU MUST
18 FEEL THAT THERE IS SOMETHING WRONG WITH IT.

19 NOW, LET ME JUST FOR A MOMENT SIDETRACK, BECAUSE
20 THAT BRINGS ME TO WHAT I THINK YOU WILL REALIZE FROM THE
21 EVIDENCE AND THE INSTRUCTIONS OF HER HONOR, WHICH IS THAT
22 THIS CASE CONCERNS THE QUESTION OF WHETHER CERTAIN TRANS-
23 ACTIONS, THREE RELATED TRANSACTIONS ALL OF WHICH HAVE TO DO
24 WITH MR. HUNT, AND THEN ONE SERIES OF LOANS, WHICH I WILL
25 GET TO IN A LITTLE WHILE, WERE DELIBERATELY, WILLFULLY AND

1 CRIMINALLY NOT PUT ON CONGRESSMAN HANSEN'S FORMS THAT HE WAS
2 REQUIRED TO SUPPLY, UNDER THE LAW. THAT IS THE QUESTION FOR
3 YOU.

4 LOTS OF OTHER THINGS THAT MR. COLE HAS TALKED
5 ABOUT, WHETHER MR. HUNT TRANSFERRED A PROFIT THAT HE HAD MADE
6 ALREADY OR NOT, WHETHER MRS. HANSEN WAS INVOLVED IN A
7 TRANSACTION AT AN EARLIER STAGE OR AT A LATER STAGE, WHETHER
8 MONEY -- \$125,000 WENT FROM A BANK IN IDAHO TO PAY FOR A
9 MARGIN ACCOUNT -- ALL THOSE THINGS ARE REALLY ENTIRELY
10 IRRELEVANT TO THE QUESTION OF WHETHER THERE WAS A DELIBERATE,
11 INTENTIONAL WITHHOLDING OF INFORMATION FROM THAT FORM THAT
12 WAS FILED WITH THE FEDERAL GOVERNMENT, BECAUSE THE QUESTION
13 OF WHETHER THOSE PARTICULAR TRANSACTIONS SHOULD HAVE BEEN
14 FILED AND SHOULD HAVE BEEN NOTED ON THAT FORM REALLY TURNED,
15 AS THE EVIDENCE WILL SHOW, ON WHAT CONGRESSMAN HANSEN KNEW
16 AND BELIEVED AT THE TIME HE FILLED OUT THOSE FORMS.

17 AND THOSE DATES END UP BEING IMPORTANT, LADIES AND
18 GENTLEMEN OF THE JURY. YOU WILL SEE THAT IT IS IN MAY OF
19 EVERY YEAR THAT THE FORM HAS TO BE FILLED OUT AND SUBMITTED.
20 AND IT WAS IN MAY OF EVERY YEAR OF 1979, OF 1980, OF 1981,
21 AND OF 1982, THAT CONGRESSMAN HANSEN FILLED OUT THE FORM
22 WHICH, WHEN YOU SEE IN EVIDENCE, HAS GOT A LIST OF A LOT OF
23 DEBTS TO BANKS WHICH HE OWED. HE WASN'T HIDING THE FACT THAT
24 HE OWED A LOT OF MONEY. EVERYBODY IN IDAHO KNEW IT. YOU
25 WILL SEE IN EVIDENCE, YOU WILL SEE NEWSPAPER ARTICLES PUBLISHED

1 IN IDAHO WHICH -- IN HIS HOME JURISDICTION, WHICH TALKED
2 ABOUT THE GREAT PERSONAL DEBT AND THE FACT THAT MRS. HANSEN
3 WAS GOING OUT AND PERSONALLY SOLICITING FOR FUNDS TO PAY
4 OFF THAT DEBT. YOU WILL SEE IN EVIDENCE THE LETTERS THAT
5 WERE SENT OUT OVER MRS. HANSEN'S NAME SOLICITING THOSE
6 CONTRIBUTIONS TO PAY FOR THAT PERSONAL DEBT IN 1977 AND 1978.
7 AND WHAT YOU WILL SEE--AND WHAT IS MAYBE EVEN MORE IMPORTANT
8 THAN ALL THAT IS YOU WILL SEE IN EVIDENCE A PIECE OF THE
9 JIGSAW PUZZLE THAT MR. COLE -- A LARGE PIECE -- HAS NOT EVEN
10 ADVERTED TO AT ALL, WHICH IS THAT WHEN IN 1977 MR. AND MRS.
11 HANSEN DECIDED THAT IT WOULD BE NECESSARY FOR MRS. HANSEN
12 TO SOLICIT FUNDS SEPARATELY, THEY SPOKE TO THEIR FAMILY
13 LAWYER IN IDAHO, AND THEY SAID, "WHAT CAN WE DO TO BE SURE
14 THAT WE SATISFY THE REQUIREMENTS OF THE HOUSE OF REPRESENTA-
15 TIVES AS WELL AS ENABLING MRS. HANSEN TO GO OUT AND DO THIS?"
16 AND THE LAWYER IN IDAHO, WHO WILL TESTIFY AND FROM WHOM YOU
17 WILL HEAR, SAID, "THE WAY TO DO IT IS TO ENTER INTO A FORMAL
18 PROPERTY SEPARATION AGREEMENT. BOTH OF YOU SIGN AN AGREEMENT
19 IN WHICH YOU SAY YOU TAKE HALF THE PROPERTY, CONGRESSMAN
20 HANSEN, AND MRS. HANSEN WILL TAKE THE OTHER HALF. YOU'LL
21 TAKE SOME OF THE ASSETS AND THE LIABILITIES; SHE'LL TAKE OTHER
22 ASSETS AND LIABILITIES."

23 AND, IN FACT, IN JUNE OF 1977, MR. AND MRS. HANSEN
24 SIGNED A PROPERTY SEPARATION AGREEMENT, NOTARIZED BY THE
25 ATTORNEY IN IDAHO, WHICH DID EXACTLY THAT. AND THE EVIDENCE

1 WILL SHOW NOT ONLY THAT THEY SIGNED THAT -- THEY SIGNED IT
2 IN SEPTEMBER. IT IS EFFECTIVE AS OF JUNE, BECAUSE CONGRESSMAN
3 HANSEN IS A BUSY MAN; HE WAS HERE IN WASHINGTON, THE LAWYER
4 WAS IN IDAHO. IT TOOK TILL SEPTEMBER TO SIGN IT, BUT IT
5 WAS EFFECTIVE AS OF JUNE. AND THAT SEPARATION AGREEMENT
6 SPECIFICALLY SAYS WITH REGARD TO THAT LOAN -- THERE'S A LOAN
7 THAT MR. COLE TALKED ABOUT. HE SAID: LOOK, WHAT HAPPENED
8 IS THE SOYBEAN TRANSACTION ENDED, IF YOU RECALL, IN A \$33,000
9 LOSS, AND HE SAID MR. HUNT TOOK MRS. HANSEN AND TOOK HER DOWN
10 TO A BANK IN DALLAS AND SAID, "I'LL GUARANTEE A \$50,000 LOAN."
11 AND THAT \$50,000 LOAN IS ONE WHICH MR. COLE SAYS SHOULD HAVE
12 APPEARED ON THAT FORM IN 1978.

13 WELL, THE LOAN, THE VERY SPECIFIC LOAN FROM THE
14 FIRST NATIONAL BANK OF DALLAS, TEXAS, IN THE SUM OF \$50,000
15 IS IN THAT PROPERTY SEPARATION AGREEMENT WHICH YOU WILL SEE,
16 AND IT HAS BEEN ASSIGNED TO MRS. HANSEN. SO THAT AS OF MAY,
17 1978, THAT WAS MRS. HANSEN'S LOAN.

18 NOW, ANOTHER RED HERRING THAT MR. COLE HAS RAISED
19 IN HIS OPENING -- I'M MIXING MY METAPHORS A LITTLE BIT, BUT
20 ANOTHER RED HERRING THAT MR. COLE HAS RAISED IN HIS OPENING
21 ARGUMENT IS THAT HE SAYS YOU CAN ONLY, UNDER THAT FORM,
22 EXCLUDE PROPERTY OR LIABILITIES OF YOUR WIFE IF IT MEETS THESE
23 THREE TESTS. AND HE HAS LISTED FOR YOU THE THREE TESTS THAT
24 ARE IN THE LAW. AND HE'S RIGHT; THAT LAW DOES HAVE THOSE
25 THREE TESTS. BUT THAT'S NOT THE POINT. CONGRESSMAN HANSEN

1 WAS NOT SAYING THAT HE WAS ENTITLED TO EXCLUDE HIS WIFE'S
2 LOAN BECAUSE IT MET ONE OF THOSE THREE TESTS. IN FACT, YOU
3 WILL SEE WHEN YOU SEE THE DOCUMENTS IN EVIDENCE THAT ON THE
4 FORMS -- THERE WERE YEARS WHEN THE FORMS SPECIFICALLY SAID
5 THAT: ARE YOU EXCLUDING ANY PROPERTY BECAUSE IT MEETS ONE
6 OF THOSE THREE TESTS? CONGRESSMAN HANSEN SAID NO, BECAUSE
7 THAT WAS NOT WHY HE WAS EXCLUDING THE PROPERTY. HE WAS
8 EXCLUDING THAT PROPERTY AND THOSE LOANS FROM THAT FORM BECAUSE,
9 FROM ALL THE DISCUSSIONS HE HAD HAD WITH THE HOUSE ETHICS
10 COMMITTEE, FROM THE LETTERS HE HAD WRITTEN TO THE FEDERAL
11 ELECTION COMMISSION, FROM THE LETTERS HE HAD WRITTEN TO THE
12 HOUSE ETHICS COMMITTEE, FROM ALL THAT WAS KNOWN IN IDAHO,
13 EVERYBODY KNEW THAT MRS. HANSEN'S PROPERTY AND THE THINGS
14 SHE WAS OBTAINING WERE SEPARATE AND INDEPENDENT AND WERE NOT
15 THE CONGRESSMAN'S IN ANY WAY. AND THAT'S WHY THEY WERE NOT
16 ON THAT FORM IN MAY OF 1978. THAT'S WHY THE LOAN FROM THE
17 FIRST NATIONAL BANK WAS NOT ON THAT FORM AS OF MAY OF 1978.
18 AND THE SAME THING IS TRUE WITH THE SILVER TRANSACTION.

19 THERE'S REALLY -- THERE ARE THREE COUNTS. AND I
20 THINK MR. COLE HAD THEM BACKWARDS, BECAUSE THE INDICTMENT
21 LISTS THEM BACKWARDS. THE FOURTH COUNT IS THE FIRST ONE
22 CHRONOLOGICALLY. THAT HAS TO DO WITH THIS LOAN OF \$50,000
23 FROM THE DALLAS NATIONAL BANK WHICH MR. HUNT GUARANTEED.
24 COUNT 3 HAS TO DO WITH THE SILVER TRANSACTION THAT MR. COLE
25 DESCRIBED THAT MR. HUNT WAS INVOLVED WITH. AND YOU WILL HEAR

1 THE DETAILS OF THAT FROM THE WITNESS STAND. AND I THINK THE
2 EVIDENCE WILL LEAD YOU TO CONCLUDE THAT THERE WAS NOTHING
3 SUSPICIOUS OR WRONG IN THAT TRANSACTION. IT WAS AN EFFORT,
4 AGAIN, BY MR. HUNT, TWO YEARS LATER, IN JANUARY OF 1979, TO
5 PROVIDE SOME RECOMMENDATION THAT WOULD RESULT IN THE HANSENS
6 GETTING OUT OF THEIR TERRIBLE FINANCIAL BIND.

7 IF MR. HUNT HAD SIMPLY WANTED TO GIVE THEM THE
8 MONEY, THERE WOULD NOT HAVE BEEN ANY LOAN, THERE WOULD NOT
9 HAVE HAD TO BE ANY OBLIGATION THAT MRS. --

10 MR. COLE: YOUR HONOR, I DON'T MEAN TO INTERRUPT,
11 BUT I'VE BEEN SITTING FOR QUITE A WHILE. THIS IS GETTING
12 INTO ARGUMENT. HE IS ASKING THE JURY TO DRAW CONCLUSIONS.
13 HE IS ASKING THEM TO SPECULATE --

14 THE COURT: ALL RIGHT. COUNSEL, UP TO THE BENCH,
15 PLEASE.

16 (AT THE BENCH)

17 THE COURT: SOME OF IT IS ARGUMENT AND SOME OF IT
18 IS GETTING INTO THAT AREA. SOME OF IT IS LEGITIMATE OPENING
19 STATEMENT. AND OBVIOUSLY, MR. LEWIN, AS AN EXPERIENCED
20 COUNSEL, KNOWS THAT HE HAS TO TONE DOWN THE ARGUMENT PART.

21 MR. LEWIN: YES.

22 THE COURT: I AM LOATHE TO INTERRUPT AN ARGUMENT,
23 AND I WAS HOPING YOU WOULD GET OUT OF THAT PHASE. BUT I AGREE,
24 NOW IS THE TIME TO SAY PLEASE HOLD TO OPENING STATEMENT --

25 MR. LEWIN: YES, YOUR HONOR. I AM TRYING TO.

1 THE COURT: AND WAIT UNTIL THE CONCLUSION OF THE
2 CASE, WHEN IT IS TIME TO WRAP THIS ALL UP.

3 MR. LEWIN: YES.

4 MR. COLE: THANK YOU, YOUR HONOR.

5 THE COURT: GOOD.

6 (IN OPEN COURT)

7 MR. LEWIN: IN 1979, IN JANUARY OF 1979, THE
8 EVIDENCE WILL SHOW THAT MR. HUNT DID ASSIST IN TRYING TO
9 HELP MRS. HANSEN OUT OF THIS FINANCIAL PREDICAMENT AGAIN,
10 AND THE EVIDENCE WILL SHOW IT WAS DONE ONLY WITH MRS. HANSEN,
11 AND HIS CONTACTS WERE WITH MRS. HANSEN--NOT WITH THE
12 CONGRESSMAN, BUT ONLY WITH HIS WIFE, BECAUSE HE REALIZED THAT
13 IT WAS MRS. HANSEN WHO WAS THE ONE WHO SHOULD BE RESPONSIBLE
14 FOR THE OBLIGATION AND WHO WAS THE ONE WHO WAS COLLECTING
15 THE FUNDS TO COVER THAT FAMILY CRISIS.

16 AND THEN, AGAIN, IN 1980, THE EVIDENCE WILL SHOW
17 THAT THE LOAN THAT HAD ORIGINALLY BEEN MADE -- IT IS NOT A
18 DIFFERENT TRANSACTION. COUNT 2 AND COUNT 4 IS BASICALLY THE
19 SAME LOAN. IT WAS LISTED TO THE DALLAS NATIONAL BANK
20 ORIGINALLY. THE LOAN WAS THEN PURCHASED BY MR. HUNT, AND
21 HE VIEWED MRS. HANSEN AS THE ONE WHO WAS OBLIGED TO SIGN ON
22 IT BECAUSE, AS THE EVIDENCE WILL SHOW, IT WAS MRS. HANSEN
23 WHO WENT OUT, TRAVELED TO DALLAS; IT WAS MRS. HANSEN WHO
24 SIGNED THE NOTE. IT WAS MRS. HANSEN, THE EVIDENCE WILL SHOW,
25 WHO PAID AN INTEREST PAYMENT ON THAT NOTE.

1 COUNTS 2, 3 AND 4, THEN, LADIES AND GENTLEMEN OF
2 THE JURY, THE EVIDENCE WILL SHOW, WERE ALL ITEMS THAT WHEN
3 THE CONGRESSMAN FILLED OUT HIS FORM IN MAY OF THAT YEAR, HE
4 SAID TO HIMSELF -- AND THE EVIDENCE WILL SHOW THAT -- THAT
5 AT THAT POINT, THOSE WERE LOANS WHICH, PURSUANT TO THE
6 CORRESPONDENCE, PURSUANT TO THE UNDERSTANDINGS, HAD ALL BEEN
7 PROPERTY OF MRS. HANSEN AND, THEREFORE, NOT REPORTABLE ON
8 THE FORMS.

9 BEYOND THAT, THE EVIDENCE WILL SHOW THAT WHEN THE
10 ISSUE FIRST CAME UP AFTER THE PROPERTY SETTLEMENT AGREEMENT
11 HAD BEEN ENTERED INTO AND HAD BEEN CONCLUDED, THE CONGRESSMAN
12 SPOKE BOTH WITH HIS PRIVATE ATTORNEY IN IDAHO AND WITH AN
13 ATTORNEY WHO IS ON HIS STAFF HERE IN WASHINGTON, TO SEE WHETHER
14 HE THEN HAD THE OBLIGATION TO PUT HIS WIFE'S LOANS ON THAT
15 FORM, AND HE WAS TOLD THAT HE DID NOT. SO HE WAS SEEKING
16 ADVICE AND, PURSUANT TO THAT, HE WROTE WHAT HE DID ON THE
17 FORM. AND IT'S THAT ISSUE, WHETHER WHAT HE WROTE ON THE FORM
18 WAS DELIBERATELY, CRIMINALLY WRONG, THAT IS THE ISSUE FOR
19 YOU TO DECIDE.

20 LET ME TURN NOW TO THE OTHER HALF OF THIS CASE,
21 OR MAYBE A LITTLE BIT LESS THAN HALF, WHICH IS COUNT 1.
22 THOSE ARE THREE LOANS THAT WERE MADE IN 1981. AND AGAIN,
23 HERE, THERE IS FAR TOO LITTLE OF THE JIGSAW PUZZLE.

24 LONG BEFORE 1981, THE EVIDENCE WILL SHOW, CONGRESSMAN
25 HANSEN WAS A VIGOROUS CRITIC OF THE METHODS, TECHNIQUES USED

1 BY THE INTERNAL REVENUE SERVICE, AND VARIOUS OTHER AGENCIES
2 OF GOVERNMENT: OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION,
3 AND OTHERS. SO MUCH SO THAT IN HIS DEALINGS WITH THOSE
4 AGENCIES, HE HAD MADE A PUBLIC RECORD --

5 MR. COLE: YOUR HONOR, MAY WE APPROACH THE BENCH?

6 THE COURT: MR. LEWIN AND MR. COLE, YES.

7 MR. LEWIN: NO, THIS IS EVIDENCE, YOUR HONOR.

8 THE COURT: MR. LEWIN AND MR. COLE, WE WILL TALK
9 ABOUT THESE THINGS AT THE BENCH.

10 (AT THE BENCH)

11 THE COURT: I ASSUME THAT YOU ARE GOING TO BE CON-
12 CERNED ABOUT SELECTIVE PROSECUTION?

13 MR. COLE: ABSOLUTELY, YOUR HONOR.

14 THE COURT: ALL RIGHT. WE ALSO DID DISCUSS IT
15 TANGENTIALLY YESTERDAY AT THE TIME OF VOIR DIRE. I RECOGNIZE
16 YOU ARE GOING TO MAKE AN OBJECTION TO ANY REFERENCE TO THIS;
17 AM I CORRECT, MR. COLE?

18 MR. COLE: YES. I BELIEVE WE EITHER CURRENTLY HAVE
19 A MOTION IN LIMINE PENDING OR MADE THE COURT AWARE THAT WE
20 ARE GOING TO BE OBJECTING TO ALL THAT EVIDENCE.

21 MR. WEINGARTEN: THE COURT HAS MADE A RULING.

22 MR. COLE: IT IS ALSO JUST INFLAMMATORY AND
23 IRRELEVANT EVIDENCE.

24 THE COURT: AS TO SELECTIVE PROSECUTION, NO QUESTION
25 MR. LEWIN KNOWS HE CANNOT DRAW CONNECTIONS BETWEEN OTHER

1 PERSONS WHO MAY OR MAY NOT HAVE BEEN PROSECUTED AND TRY
2 TO HAVE THE JURY BELIEVE THAT MR. HANSEN HAS BEEN SINGLED
3 OUT FOR THIS PROSECUTION.

4 ON THE OTHER HAND, THERE HAS TO BE SOME INTRODUCTION
5 WITH REFERENCE TO AT LEAST THE TAXPAYERS ASSOCIATION THAT
6 WAS CREATED, BECAUSE OF THE LETTER, BECAUSE OF FUNDS, BECAUSE
7 OF OTHER MATTERS. AND I MENTIONED THAT AT THE TIME OF VOIR
8 DIRE.

9 MR. COLE: WE HAVE NO PROBLEM WITH THE FACT OF THE
10 ASSOCIATION.

11 THE COURT: NOW, HOW DO YOU PLAN TO ADDRESS THIS
12 MATTER, MR. LEWIN, SO THAT WE ARE CONFIDENT THAT WE WILL NOT
13 BE GETTING INTO THE SELECTIVE PROSECUTION AREA?

14 MR. LEWIN: I WILL NOT TALK ABOUT SELECTIVE -- OR
15 EVEN SUGGEST SELECTIVE PROSECUTION, YOUR HONOR. I AM SIMPLY
16 GOING INTO THE HISTORY OF THE FACT THAT MR. HANSEN DID HAVE
17 THIS PUBLIC POSITION, THAT HE WROTE A BOOK ON IT IN 1980,
18 THAT ULTIMATELY THAT BOOK, AS A MATTER OF FACT THE EVIDENCE
19 WILL SHOW, WAS DISCUSSED IN THESE MEETINGS WITH MR. MCAFEE
20 AND MR. MEADE AND THE FUNDS WERE RAISED SPECIFICALLY FOR THE
21 BOOK AND FOR THE ORGANIZATION. THAT'S WHAT I AM PLANNING
22 TO GO INTO. AND THAT HE KNEW MR. MCAFEE. I WILL SAY THAT
23 HE KNEW MR. MCAFEE BEFORE 1981; HE KNEW HIM SINCE BACK IN
24 1979.

25 THE COURT: I'M NOT CONCERNED WITH HOW LONG HE KNEW

1 HIM. WHAT I AM CONCERNED ABOUT IS WHAT YOU ARE GOING TO SAY
2 WITH REFERENCE TO --

3 MR. LEWIN: I'M NOT GOING TO SAY ANYTHING --

4 THE COURT: -- WHAT SOUNDS LIKE IT IS GETTING INTO
5 THE AREA OF SELECTIVE PROSECUTION.

6 MR. LEWIN: I CAN ONLY ASSURE YOUR HONOR I AM NOT
7 INTENDING TO DO ANYTHING LIKE THAT.

8 THE COURT: DID I DERIVE FROM WHAT YOU JUST SUG-
9 GESTED THAT YOU ARE GOING TO SAY THAT IN HIS CONFERENCES WITH
10 MR. MCAFEE, MR. MEADE, ETC., THAT SOME OF THE MONIES THAT
11 WERE EXCHANGED AS A RESULT OF THAT HAD TO DO WITH THEIR ASSIST-
12 ING IN THE PUBLICATION OF THE BOOK?

13 MR. LEWIN: OH, ABSOLUTELY. I THINK THAT IS
14 UNDISPUTED. AS A MATTER OF FACT, I THINK THE TESTIMONY --

15 MR. WEINGARTEN: WE HAVE NO OBJECTION TO THAT. WHAT
16 WE OBJECT TO IS THE SUBSTANCE OF THE BOOK; WE OBJECT TO HIS
17 PUBLIC POSITIONS ON THE IRS. WE THINK THAT IS WHOLLY
18 IRRELEVANT.

19 MR. LEWIN: YOUR HONOR, THE SUBSTANCE OF THE BOOK,
20 I DEFINITELY INTEND TO OFFER THE BOOK ULTIMATELY IN EVIDENCE.

21 THE COURT: WE'LL SEE ABOUT THE BOOK COMING INTO
22 EVIDENCE ULTIMATELY. AS FAR AS THE CHARACTERIZATION OF THE
23 BOOK, I DON'T MIND YOU SAYING ONE OR TWO LINES, IN EFFECT,
24 ABOUT THE CHARACTERIZATION OF THE BOOK.

25 MR. LEWIN: SURE.

1 THE COURT: BUT TO GO INTO DETAIL ABOUT IT --

2 MR. LEWIN: NO, I'M NOT.

3 THE COURT: -- WOULD BE IMPROPER, BECAUSE THEN WE
4 ARE STEPPING OVER THE LINE. IT'S A VERY CLOSE LINE. IT'S
5 A DIFFICULT THING TO DO.

6 MR. LEWIN: YOUR HONOR, I UNDERSTAND THAT.

7 THE COURT: YOU HAVE YOUR LATITUDE TO MENTION THE
8 BOOK IF YOU ARE GOING TO DRAW THIS PROFFER, THAT YOU ARE GOING
9 TO SHOW THAT THE FUNDS CAME AS A RESULT OF PUBLICATION OF
10 THE BOOK. BUT TO TALK ABOUT THE CHARACTERIZATION OF HOW
11 THIS BOOK EXPRESSED THE PHILOSOPHY OF THE CONGRESSMAN AND
12 GO ON AND ON ABOUT IT IS NOT GOING TO BE PERMITTED IN YOUR
13 OPENING STATEMENT, IN ANY EVENT.

14 MR. WEINGARTEN: THERE IS ONE MORE POINT I THINK
15 IS ALSO IMPORTANT. MR. LEWIN HAS PROVIDED US WITH DEFENSE
16 EXHIBITS INCLUDING LEGISLATION CONGRESSMAN HANSEN INTRODUCED.
17 I THINK THAT RAISES SUBSTANTIAL SPEECH AND DEBATE QUESTIONS,
18 AND IF MR. LEWIN WANTS TO INTRODUCE THAT EVIDENCE AND IT'S
19 DEEMED RELEVANT, WE WANT THAT TO BE INTERPRETED AS A WAIVER
20 SO THAT OTHER LEGISLATION OF MR. HANSEN'S AS INTRODUCED IN
21 CONGRESS IS EQUALLY ADMISSIBLE, IF RELEVANT.

22 MR. LEWIN: THAT'S RIDICULOUS.

23 THE COURT: YOU HAVE PUT HIM ON NOTICE WHAT YOUR
24 POSITION IS. WHAT ARE YOU GOING TO DO IN YOUR OPENING STATE-
25 MENT WITH REFERENCE TO THAT?

1 MR. LEWIN: I AM GOING TO SAY AND IT'S A MATTER
2 OF PUBLIC RECORD THAT THE CONGRESSMAN INTRODUCED THE TAXPAYER
3 PROTECTION ACT IN 1981, EXACTLY AT THE TIME THAT HE WAS
4 SEEKING THOSE LOANS FROM MR. MCAFEE AND MR. MEADE. HE HAD
5 INTRODUCED THE TAXPAYER PROTECTION ACT. HE TALKED TO THE
6 PEOPLE ABOUT THE WHOLE ASSOCIATION OF CONCERNED TAXPAYERS.
7 THE ASSOCIATION OF CONCERNED TAXPAYERS IS NOT --

8 THE COURT: HOW ARE YOU GOING TO DRAW THE CONNECTION
9 BETWEEN THAT AND YOUR THEORY OF DEFENSE?

10 MR. LEWIN: BECAUSE THAT'S EXACTLY WHAT WAS TALKED
11 ABOUT WITH MR. MCAFEE AND MR. MEADE. THEY TALKED ABOUT THE
12 BOOK. THEY TALKED ABOUT THE EFFORTS THAT ARE BEING MADE
13 WITH REGARD TO THE INTERNAL REVENUE SERVICE. AND TIME-WISE,
14 THAT WAS PRECISELY THE TIME THAT THIS LEGISLATION WAS INTRO-
15 DUCED. THAT'S EXACTLY IT.

16 THE POINT IS, CONGRESSMAN HANSEN WAS RIGHT IN THE
17 MIDDLE OF THIS EFFORT TO AMEND THE TAX LAWS AND MAKE THEM
18 FAIR WHEN HE GOT THESE \$135,000 IN LOANS. AND INDEED, YOUR
19 HONOR -- I MEAN I WOULD SAY IN OPENING STATEMENT, AND THE
20 GOVERNMENT KNOWS IT, THE \$135,000 WENT INTO THE ASSOCIATION
21 OF CONCERNED TAXPAYERS.

22 THE COURT: THAT IS, OF COURSE, WHY I MENTIONED
23 THE ASSOCIATION OF CONCERNED TAXPAYERS --

24 MR. LEWIN: OF COURSE

25 THE COURT: -- YESTERDAY, MR. LEWIN. BUT WE ARE

1 NOT -- THIS ISN'T YOUR WHOLE DEFENSE, IS IT?

2 MR. LEWIN: IT IS THE OUTLINE OF MY DEFENSE.

3 THE COURT: IT IS THE OUTLINE OF YOUR DEFENSE.

4 MR. LEWIN: YES.

5 THE COURT: AND YOU ARE DRAWING AN ABSOLUTE CONNEC-
6 TION BETWEEN YOUR DEFENSE AND THOSE WITNESSES' TESTIMONY --

7 MR. LEWIN: OF COURSE.

8 THE COURT: -- THAT THE LEGISLATION WAS DISCUSSED.

9 MR. LEWIN: NO, I'M NOT SAYING THE LEGISLATION.

10 I'M SAYING THE EFFORT WITH REGARD TO THE INTERNAL REVENUE
11 SERVICE, THE BOOK AND THE EFFORT REGARDING THE INTERNAL REVENUE
12 SERVICE, AND THAT WAS WHAT THE MONEY WAS BEING BORROWED FOR,
13 FOR THE ASSOCIATION OF CONCERNED TAXPAYERS.

14 THE COURT: ALL RIGHT. YOU WILL BE PERMITTED, OF
15 COURSE, TO REFER TO THOSE MATTERS. YOU WILL NOT BE PERMITTED
16 TO ELABORATE UPON IT TO THE POINT THAT IT CROSSES THAT LINE.

17 YOU KNOW, I CAN'T TELL YOU WHAT TO SAY, MR. LEWIN,
18 BUT I CAN TELL YOU THAT YOU ARE GOING TO HAVE TO DRAW IT VERY
19 NARROWLY. IT IS GOING TO HAVE TO BE A BRIEF PART OF YOUR
20 OPENING STATEMENT AT THIS TIME AS FAR AS THE LEGISLATION,
21 TO COUCH IT "IN FAIRNESS TO TAXPAYERS" AND GO ON AND ON.
22 THAT'S YOUR VERSION. BUT THIS IS AN OPENING STATEMENT OF
23 YOUR PROFFER IN RESPONSE TO THE SPECIFIC FOUR COUNTS OF THE
24 INDICTMENT.

25 MR. LEWIN: RIGHT.

1 THE COURT: AND SO IT IS NOT JUST AN EXPRESSION
2 OF THE CONGRESSMAN'S PHILOSOPHY, BE IT CONSERVATIVE, LIBERAL,
3 OR WHATEVER.

4 MR. LEWIN: NO, BUT IT IS IMPORTANT THAT THE JURY :
5 KNOW, AND THE EVIDENCE WILL SHOW THAT HE HAD TAKEN A PUBLIC
6 POSITION ON THE INTERNAL REVENUE SERVICE AND ON THIS EFFORT
7 THAT HE WAS MAKING BEFORE 1981. THAT'S ALL THAT I AM SAYING.

8 THE COURT: BUT YOU HAVE TO TIE IT TOGETHER WITH
9 THE COUNTS OF THE INDICTMENT, AND NOT JUST THROW IT OUT THERE:
10 HE'S 53 YEARS OF AGE, WHICH HAS NOTHING TO DO WITH THE
11 INDICTMENT, RIGHT?

12 MR. LEWIN: OF COURSE. I HAVEN'T MENTIONED HIS
13 AGE.

14 MR. COLE: IT WOULD SEEM TO ME WHETHER CONGRESSMAN
15 HANSEN WAS INVOLVED WITH THIS TYPE OF ACTIVITY PRIOR TO 1981
16 IS IRRELEVANT HERE. WHAT IS RELEVANT IS MERELY JUST THE
17 FACT THAT THERE WAS AN ASSOCIATION FORMED AND THAT, ACCORDING
18 TO MR. LEWIN, HE SOLICITED FUNDS ON BEHALF OF IT.

19 THE COURT: MR. LEWIN HAS SAID VERY SPECIFICALLY
20 IN RESPONSE TO THE COURT'S QUESTIONING THAT HE IS GOING TO
21 TIE IT IN WITH THE SPECIFIC COUNTS. SO FROM HIS POINT OF
22 VIEW AND WHAT HE IS TELLING THE COURT, IT HAS RELEVANCE.

23 MR. WEINGARTEN: BUT HE WON'T TIE IN MCAFEE WITH
24 THE LEGISLATION. I WOULD BE VERY SURPRISED IF THERE IS
25 EVIDENCE TO THAT EFFECT.

1 THE COURT: THAT WOULD BE INTERESTING.

2 MR. WEINGARTEN: YES.

3 MR. LEWIN: WHAT I AM SAYING IS WITH REGARD TO THE
4 EFFORTS CONGRESSMAN HANSEN WAS MAKING IN 1981, HE WAS MAKING
5 EFFORTS WITH REGARD TO REFORMING THE TAX LAWS, HE WAS FORMING
6 THE ASSOCIATION OF CONCERNED TAXPAYERS; THAT ALL HAS TO DO
7 WITH WHY THE FUNDS WERE SOLICITED AND WHAT THE FUNDS WERE
8 USED FOR, AND HIS STATE OF MIND AT THE TIME HE FILED THAT
9 FORM IN MAY OF 1982. THAT'S THE WHOLE POINT: WAS HE SOLICIT-
10 ING THOSE FUNDS FOR THIS EFFORT, WHICH WAS LEGISLATIVE,
11 PUBLIC RELATIONS, A BOOK. THESE ARE ALL PUT TOGETHER. AND
12 I SUBMIT --

13 THE COURT: AND NOT TO DEFRAY HIS DEBT.

14 MR. LEWIN: AND NOT TO DEFRAY HIS PERSONAL DEBTS.
15 THAT IS EXACTLY RIGHT, YOUR HONOR. AND I PUT TO YOUR HONOR
16 THAT \$135,000 -- THE ACCOUNTING RECORDS WILL SHOW \$135,000
17 OF THAT MONEY SPECIFICALLY WAS PUT INTO THE ASSOCIATION FOR
18 CONCERNED TAXPAYERS. I DON'T THINK MR. WEINGARTEN CAN DENY
19 THAT.

20 THE COURT: YOU WILL BE ABLE TO ADDRESS IT BRIEFLY.
21 DO NOT OVERSTEP THE BOUNDS AND GET INTO THAT AREA OF SELECTIVE
22 PROSECUTION, BECAUSE WE WILL HAVE ONE REAL PROBLEM IF YOU
23 DO, MR. LEWIN. ALL RIGHT?

24 MR. LEWIN: YES.

25 THE COURT: AND, GENTLEMEN, AS YOU KNOW, WE WILL IN

1 THE FUTURE DEAL WITH ONE COUNSEL. YOU CAN TALK TO EACH
2 OTHER UP HERE, BUT ONE COUNSEL, BECAUSE -- WELL, BOTH SIDES
3 I'M SAYING THIS TO. BECAUSE IT BECOMES UNWIELDY. WE MIGHT
4 AS WELL SET OUR RULES AND PROCEDURES AT THIS TIME.

5 MR. COLE: VERY WELL.

6 THE COURT: WE'LL GET ALONG FINE; I HAVE NO DOUBT
7 ABOUT IT. BUT KEEP IT TONED DOWN, PLEASE, MR. LEWIN.

8 (IN OPEN COURT)

9 THE COURT: MUCH AS YOU MIGHT HAVE THOUGHT SO, LADIES
10 AND GENTLEMEN, THAT WAS NOT OUR MIDMORNING RECESS YET. ALL
11 RIGHT.

12 MR. LEWIN: I WAS TELLING YOU, LADIES AND GENTLEMEN,
13 OF WHAT CONGRESSMAN HANSEN HAD DONE BEFORE 1981 REGARDING
14 THE EFFORTS TO CHANGE, CORRECT PRACTICES BY THE INTERNAL
15 REVENUE SERVICE AND OTHER GOVERNMENT AGENCIES. AND HE HAD
16 IN FACT -- AND THE EVIDENCE WILL SHOW IT -- TAKEN A STRONG
17 PUBLIC POSITION ON THOSE MATTERS PRIOR TO 1981, INCLUDING
18 EVEN THE PUBLICATION OF A BOOK IN 1980 WHICH RECOUNTED BOTH
19 EPISODES THAT HAD HAPPENED AND WHAT HIS EFFORTS WERE GOING
20 TO BE MADE IN THE FUTURE IN THAT REGARD. AND IN 1981, THE
21 EVIDENCE WILL SHOW HE INTRODUCED LEGISLATION AIMED AT THAT
22 GOAL, AS WELL. AND IN THE PROCESS, HE DISCUSSED THAT WITH
23 COLLEAGUES, WITH FRIENDS, WITH OTHERS, WHO KNEW HIS PUBLIC
24 POSITION AND ON WHOM HE COULD COUNT FOR ASSISTANCE.

25 NOW, THE EVIDENCE WILL SHOW -- AND ONE OF THE

1 GOVERNMENT WITNESSES WILL BE A MAN BY THE NAME OF CARL
2 MCAFEE, WHO MR. COLE HAS REFERRED TO. MR. MCAFEE, THE
3 EVIDENCE WILL SHOW, DID NOT MEET MR. HANSEN IN 1981 AND GIVE
4 HIM A LOAN. MR. MCAFEE MET CONGRESSMAN HANSEN SOON -- IN
5 EARLY 1980, BECAUSE THE EVIDENCE WILL SHOW THAT IN 1979
6 CONGRESSMAN HANSEN, ON HIS OWN, ATTEMPTING TO ASSIST IN
7 RESOLVING THE PROBLEM OF THE HOSTAGES IN IRAN, FLEW TO
8 TEHRAN, VISITED THERE WITH HOSTAGES, WENT THERE AGAIN IN
9 DECEMBER OF 1979. AND THERE WAS A SUBSTANTIAL AMOUNT OF DIS-
10 CUSSION IN THE PRESS ABOUT HIS VISITS AND HIS EFFORTS AT THAT
11 TIME. AND MR. MCAFEE, AN ATTORNEY IN VIRGINIA, WHO WAS
12 REPRESENTING AT LEAST ONE OF THE FAMILIES OF A HOSTAGE IN
13 TEHRAN, CONTACTED MR. HANSEN. HE HAD NOT KNOWN MR. HANSEN
14 PREVIOUSLY. HE CONTACTED CONGRESSMAN HANSEN BECAUSE HE WANTED
15 CONGRESSMAN HANSEN'S ASSISTANCE IN TRYING TO CONTACT THE HOSTAGE
16 WHO WAS BEING HELD IN TEHRAN.

17 AND THERE ENSUED, THE EVIDENCE WILL SHOW, FROM 1979
18 ON, VARIOUS CONTACTS BETWEEN MR. MCAFEE AND CONGRESSMAN HANSEN
19 IN WHICH MR. MCAFEE WAS ATTEMPTING TO GAIN CONGRESSMAN HANSEN'S
20 ASSISTANCE ON BEHALF OF THIS HOSTAGE AND THE FAMILY OF THE
21 HOSTAGE. THE HOSTAGE'S NAME WAS TIMM -- OR THE MOTHER OF
22 THE HOSTAGE WAS A MRS. TIMM, AND MR. MCAFEE WAS REPRESENTING
23 THAT LADY, AND, IN FACT, WENT TO TEHRAN WITH CONGRESSMAN
24 HANSEN'S ASSISTANCE.

25 SUBSEQUENT TO THAT TIME, AND AS A RESULT OF DISCUSSIONS,

1 IT DEVELOPED THAT, AGAIN, POLITICAL PHILOSOPHIES WERE SIMILAR.
2 AND IN 1981, WHEN CONGRESSMAN HANSEN'S EFFORTS WITH REGARD
3 TO TAXPAYER REFORM WERE REALLY BEGINNING TO GROW AND HE
4 CONTEMPLATED THAT THERE WOULD BE SOME NEED FOR SUBSTANTIAL
5 FUNDS IN THAT REGARD, FOR AN EFFORT TO REACH THE PUBLIC BY
6 DIRECT MAIL AGAIN, BY SENDING OUT LETTERS TO THE PUBLIC, HE
7 CONTACTED MR. MCAFEE AND ASKED HIM FOR A LOAN -- NOT FOR
8 PERSONAL PURPOSES, BUT IN FACT A LOAN TO BE USED TO PUBLICIZE
9 THE BOOK HE HAD WRITTEN AND THE EFFORTS HE WAS MAKING IN THAT
10 REGARD. AND THE EVIDENCE WILL SHOW THAT THAT LOAN WAS GIVEN
11 BY MR. MCAFEE.

12 AGAIN, MR. COLE HAS TALKED ABOUT VARIOUS OTHER THINGS
13 HAVING TO DO WITH THAT LOAN THAT MR. MCAFEE MAY HAVE DONE
14 WITH REGARD TO THAT BANK LOAN. THEY HAVE NOTHING TO DO WITH
15 CONGRESSMAN HANSEN, AND THE EVIDENCE WILL SHOW THAT CONGRESSMAN
16 HANSEN DIDN'T HAVE THE SLIGHTEST KNOWLEDGE OF ANY OF THAT.
17 ALL THAT HE KNEW WAS THAT MR. MCAFEE, WHO HAD A SIMILAR
18 POLITICAL POSITION AND ENDORSED HIS VIEWS AS EXPRESSED IN
19 THE BOOK, WAS PREPARED TO LEND \$25,000 FOR THAT PURPOSE.

20 AND AS 1981 CONTINUED, THERE WAS MORE NEED FOR FUNDS.
21 AND THERE APPEARED TO BE A GREATER NEED FOR FUNDS AS THE YEAR
22 WORE ON. THE EFFORT STILL -- THE DIRECT MAIL CAMPAIGN STILL
23 HAD NOT BEGUN, BUT IT APPEARED THAT IT WOULD SOON BEGIN. AND
24 AGAIN, CONGRESSMAN HANSEN SOUGHT ANOTHER \$60,000 LOAN FOR
25 THAT PURPOSE, AND RECEIVED IT, AND ULTIMATELY SOUGHT A \$50,000

1 LOAN, AGAIN FOR THAT PURPOSE, IN NOVEMBER OF 1981.

2 THERE WERE THREE LOANS IN 1981, AND THE THREE LOANS
3 WHICH WERE MADE TO CONGRESSMAN HANSEN PERSONALLY, TO HIS
4 SIGNATURE, WERE NOT REPORTED IN THE FORM FILED IN MAY OF 1982.
5 THE EVIDENCE WILL SHOW, HOWEVER, THAT BY MAY OF 1982 THE
6 \$135,000 THAT CONGRESSMAN HANSEN HAD BORROWED FROM MESSRS.
7 MCAFEE, ROGERS AND MEADE HAD ALL BEEN TRANSFERRED -- AND YOU
8 WILL SEE IT IN THE LEDGERS, YOU'LL SEE IT IN THE RECORDS --
9 HAD BEEN TRANSFERRED TO AN ORGANIZATION CALLED THE ASSOCIATION
10 FOR CONCERNED TAXPAYERS. ANOTHER PIECE OF THE JIGSAW PUZZLE
11 THAT MR. COLE HASN'T MENTIONED.

12 THE ASSOCIATION FOR CONCERNED TAXPAYERS WAS FORMED --
13 WAS A CORPORATION, OR SUBSIDIARY OF A CORPORATION THAT WAS
14 FORMED IN LATE 1981. AND A DIRECT MAIL CAMPAIGN, COSTING A
15 VERY GREAT AMOUNT OF MONEY, SUBSTANTIALLY IN EXCESS OF
16 \$125,000, WAS SENT OUT IN EARLY 1982. AND THE EVIDENCE WILL
17 SHOW THAT BY MAY OF 1982, THERE WAS NO QUESTION WHATEVER ABOUT
18 THE FACT THAT THAT \$135,000 -- AND THAT'S AN IMPORTANT FIGURE,
19 \$135,000 -- AND IT'S THERE IN THE DOCUMENTS -- WAS LOANED
20 IN TURN BY GEORGE HANSEN, CONGRESSMAN GEORGE HANSEN, TO THE
21 ASSOCIATION FOR CONCERNED TAXPAYERS FOR ITS DIRECT MAIL CAM-
22 PAIGN. SO THE EVIDENCE WILL SHOW YOU THAT THAT AMOUNT OF
23 MONEY THAT WAS BORROWED WAS NOT FOR PERSONAL USE AS OF MAY
24 OF 1982, BUT IN FACT HAD BEEN USED FOR THE PURPOSE OF THE
25 ORGANIZATION THAT CONGRESSMAN HANSEN FORMED AND, INTERESTINGLY

1 ENOUGH, THAT HE LISTED ON HIS 1982 ETHICS IN GOVERNMENT ACT
2 FORM AS BEING THE PRESIDENT OF. THERE'S A LINE ON THERE THAT
3 TALKS ABOUT ORGANIZATIONS, AND RIGHT ON THERE IT SAYS THAT
4 HE'S THE PRESIDENT OF THE ASSOCIATION FOR CONCERNED TAXPAYERS.

5 AND I THINK THE EVIDENCE WILL PROVE BEYOND ANY SHADOW
6 OF A DOUBT THAT THE MAILINGS WERE MADE, THE INFORMATION WAS
7 SENT OUT, AND THAT THAT MONEY WAS NEEDED TO BE ABLE TO MAKE
8 THAT EFFORT WHICH CONGRESSMAN HANSEN DID IN 1982 -- I'M SORRY.
9 IN 1981 AND EARLY 1982.

10 THERE'S ANOTHER PIECE OF THE JIGSAW PUZZLE WHICH --
11 I'VE PROBABLY GONE TOO LONG ALREADY. ANOTHER PIECE OF THE
12 JIGSAW PUZZLE THAT I HAVE TO TELL YOU ABOUT AT THE OUTSET
13 BECAUSE IT HAS BEEN OMITTED AND IT IS SO IMPORTANT THAT I
14 DON'T THINK THE TRIAL CAN BEGIN WITHOUT IT, AND THAT IS: WHAT
15 ACTUALLY BEGAN -- HOW THIS CASE ACTUALLY BEGAN, AND WHAT
16 CONGRESSMAN HANSEN'S REACTIONS TO IT HAVE BEEN. THE EVIDENCE
17 WILL SHOW THAT ON MARCH 31 OF 1981, JUST ABOUT APRIL FOOLS' DAY,
18 I THINK SOME OF THE WITNESSES CAN CLASSIFY IT AS -- MR. HUNT
19 IN HIS OFFICE IN DALLAS RECEIVED WHAT IS IN A CERTAIN SENSE
20 AN ANONYMOUS LETTER. IT'S A TWO-PAGE LETTER SIGNED BY A
21 PSEUDONYM, SOMEBODY WHO DOESN'T EXIST. NOBODY COULD TRACK
22 HIM DOWN AT THE TIME -- WHICH BEGINS WITH THE WORDS:

23 "DEAR MR. HUNT: DURING JANUARY OF 1979 YOU GAVE
24 AN \$87,000 BRIBE TO REPRESENTATIVE GEORGE HANSEN OF IDAHO.
25 TO BE MORE SPECIFIC, THE PAYOFF WAS HANDLED AS FOLLOWS:" AND

1 THEN THE LETTER GOES ON TO DESCRIBE THAT SILVER TRANSACTION
2 THAT MR. COLE HAS TOLD YOU ABOUT, AND THAT THE DOCUMENTS
3 ESTABLISH; THERE'S NO QUESTION ABOUT IT. THERE WAS A SILVER
4 COMMODITIES TRANSACTION IN WHICH \$87,000 WAS MADE. BUT THE
5 LETTER SAID THAT WAS A BRIBE THAT WAS PAID BY MR. HUNT TO
6 CONGRESSMAN HANSEN.

7 AND THE LETTER WENT ON TO SAY TO MR. HUNT: WELL,
8 WE JUST DON'T WANT TO TELL ANYBODY ABOUT THIS BRIBE. WHAT
9 WE WOULD LIKE IS A \$440,000 LOAN FOR 120 DAYS. A BLACKMAIL
10 LETTER. A LETTER THAT SAID "PAY US 440,000 OR WE'LL TELL THE
11 AUTHORITIES THAT YOU BRIBED CONGRESSMAN HANSEN." THIS WAS
12 IN THE END OF MARCH OF 1981.

13 THE EVIDENCE WILL SHOW THAT WHEN THAT LETTER ARRIVED
14 AT MR. HUNT'S OFFICE, HE REALLY DIDN'T KNOW WHAT TO DO WITH
15 IT. HE GAVE IT TO HIS LAWYER. AND THE EVIDENCE WILL SHOW
16 THAT LAWYER CALLED UP MR. HANSEN, CONGRESSMAN HANSEN, AND
17 SAID, "LOOK, WE'VE RECEIVED A LETTER THAT TALKS ABOUT AN
18 \$87,000 BRIBE THAT WAS GIVEN BY MR. HUNT TO YOU. WHAT SHOULD
19 WE DO ABOUT IT?" AND THE VERY FIRST THING THAT CONGRESSMAN
20 HANSEN SAID AND THAT HE INSISTED ON THROUGHOUT THAT NEXT WEEK
21 WAS: "THIS HAS TO BE TAKEN IMMEDIATELY TO THE ATTORNEY
22 GENERAL OF THE UNITED STATES." AND HE GOT ON THE PHONE, THE
23 EVIDENCE WILL SHOW, AND HE CALLED UP THE ATTORNEY GENERAL
24 OF THE UNITED STATES, AND HE SAID, "I WANT TO COME OVER AND
25 REPORT THAT THERE'S BEEN A BLACKMAIL LETTER THAT WAS SENT TO

1 MR. HUNT ABOUT AN \$87,000 SILVER TRANSACTION." AND HE WENT
2 OVER WITH SOMEBODY FROM HIS STAFF AND WITH HIS LAWYER FROM
3 IDAHO AND WITH MR. HUNT'S LAWYER, AND THEY HAD A MEETING WITH
4 THE SECOND-RANKING PERSON -- THE ATTORNEY GENERAL WAS TOO
5 BUSY AND HE SAID, "MEET MR. RUDOLPH GIULIANI", WHO IS THE
6 SECOND PERSON IN THE DEPARTMENT OF JUSTICE -- "MEET WITH HIM
7 AND TELL IT TO HIM." AND MR. HANSEN, CONGRESSMAN HANSEN,
8 WENT OVER THERE AND HE TOLD THEM IN GREAT DETAIL, THE EVIDENCE
9 WILL SHOW, ABOUT THIS ENTIRE SILVER TRANSACTION.

10 AND, IMMEDIATELY, THE ASSOCIATE ATTORNEY GENERAL
11 SAID, "WELL, WE'LL SEND OVER SOME FBI AGENTS TO INTERVIEW
12 YOU SOME MORE." AND FBI AGENTS CAME OVER, AND ULTIMATELY
13 MR. WEINGARTEN AND MR. COLE WENT OVER. THEY ALL INTERVIEWED
14 HIM, AND HE TOLD THEM THE WHOLE STORY. HE TOLD THEM ABOUT
15 THE WHOLE TRANSACTION. HE TOLD THEM ABOUT THE SILVER LOANS;
16 HE TOLD THEM ABOUT THE SOYBEANS. THE EVIDENCE WILL SHOW THAT
17 THERE WAS NOTHING AT THAT POINT THAT CONGRESSMAN HANSEN DIDN'T
18 ANSWER WITH REGARD TO THESE TRANSACTIONS. HE TOLD THEM WHAT
19 HAD HAPPENED.

20 AND HER HONOR WILL INSTRUCT YOU, I BELIEVE, AT THE
21 END -- I TRUST -- THAT CONSCIOUSNESS OF INNOCENCE -- THAT
22 YOU CAN TAKE INTO ACCOUNT -- JUST AS MR. COLE SAID, USE YOUR
23 COMMON SENSE -- WHETHER A GUILTY PERSON WHO WAS TRYING TO
24 HIDE A TRANSACTION SUCH AS THE SOYBEAN TRANSACTION--SUCH AS
25 THE LOAN RESULTING FROM THE SOYBEAN TRANSACTION, SUCH AS THE

1 SILVER TRANSACTION, SUCH AS ANY OF THESE TRANSACTIONS, WOULD
2 IN FACT HAVE SAID IMMEDIATELY AND UNHESITATINGLY, "WHAT WE'VE
3 GOT TO DO IS GO TO THE ATTORNEY GENERAL OF THE UNITED STATES
4 AND REPORT TO HIM IN FULL."

5 AS I SAID, I THINK I HAVE OVERUSED MY TIME IN TERMS
6 OF TRYING TO OUTLINE FOR YOU OTHER PIECES OF THE JIGSAW PUZZLE
7 AND HOW THIS ENTIRE CASE SHOULD BE VIEWED BY YOU WHEN ALL
8 THE EVIDENCE IS IN.

9 I SUBMIT TO YOU THAT YOU WILL HEAR FROM THE JUDGE,
10 AS YOU HAVE ALREADY HEARD, THAT A DEFENDANT HAS A PRESUMPTION
11 OF INNOCENCE; THAT YOU ARE ONLY ENTITLED TO CONVICT A -- OR
12 FIND A DEFENDANT GUILTY IF YOU FIND HIM GUILTY BEYOND A REASON-
13 ABLE DOUBT. AND I SUBMIT TO YOU THAT ON ALL THE EVIDENCE,
14 WHAT THE EVIDENCE WILL SHOW IS THAT YOU COULD RETURN NO VERDICT
15 AT THE END OF THIS CASE OTHER THAN A VERDICT OF NOT GUILTY.

16 THANK YOU.

17 THE COURT: LADIES AND GENTLEMEN OF THE JURY, WE
18 ARE GOING TO TAKE OUR MIDMORNING RECESS AT THIS TIME, HAVING
19 CONCLUDED THE OPENING STATEMENTS OF COUNSEL. AND IT WILL
20 BE A TEN-MINUTE RECESS. I WOULD ASK THAT YOU, OF COURSE,
21 CONTINUE NOT TO DISCUSS THE CASE AMONG YOURSELVES OR WITH
22 ANYONE.

23 TEN MINUTES, PLEASE.

24 (SHORT RECESS TAKEN FROM 11:13 A.M. UNTIL 11:22 A.M.)

25 * * *

CERTIFICATE OF REPORTER

I HEREBY CERTIFY THAT THE FOREGOING IS THE OFFICIAL
TRANSCRIPT OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER,
AND THAT IT IS COMPLETE AND ACCURATE, TO THE BEST OF MY
KNOWLEDGE AND ABILITY.

GORDON A. SLODYSKO
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. 3

WASHINGTON, D. C.

WEDNESDAY, MARCH 21, 1984

THE ABOVE-ENTITLED MATTER CONVENED FOR FURTHER
TRIAL BY JURY, BEFORE THE HONORABLE JOYCE HENS GREEN, UNITED
STATES DISTRICT JUDGE, AT APPROXIMATELY 9:30 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

C O N T E N T S

| <u>WITNESS NAME</u> | <u>DIRECT</u> | <u>CROSS</u> | <u>REDIRECT</u> | <u>RECROSS</u> |
|---------------------|----------------|--------------|-----------------|----------------|
| JAMES M. REED | 3 | 17 | 26 | 28 |
| DAVID R. SCOTT | 33,42 | 55 | 77 | |
| DAVID R. SCOTT | 37 (Voir Dire) | | | |
| NELSON BUNKER HUNT | 78 | 117 | 146 | 153 |
| OWEN NICHOLS | 160 | | | |

E X H I B I T S

| <u>NUMBER</u> | <u>FOR IDENTIFICATION</u> | <u>IN EVIDENCE</u> |
|--------------------------------|---------------------------|--------------------|
| GOVERNMENT'S NOS. 4A, B, C & D | | 7 |
| GOVERNMENT'S NO. 5A | | 11 |
| GOVERNMENT'S NO. 5B | | 15 |
| GOVERNMENT'S NO. 5C | | 16 |
| GOVERNMENT'S NO. 5D | | 17 |
| GOVERNMENT'S NO. 5E | 2P | |
| GOVERNMENT'S NO. 1 | | 44 |
| GOVERNMENT'S NO. 2 | | 45 |
| DEFENDANT'S NO. 1 | 61 | 63 |
| GOVERNMENT'S NO. 15 | | 102 |
| GOVERNMENT'S NOS. 20 & 22 | | 103 |
| GOVERNMENT'S NO. 23 | | 104 |
| GOVERNMENT'S NOS. 26A & B | | 106 |
| DEFENDANT'S NO. 2 | 132 | 133 |
| DEFENDANT'S NO. 3 | 156 | |

P R O C E E D I N G S

(EARLIER PROCEEDINGS DURING THE DAY ARE NOT
TRANSCRIBED IN THIS VOLUME.)

(JURY AND DEFENDANT PRESENT)

JAMES M. REED

WAS CALLED AS A WITNESS AND, AFTER BEING FIRST DULY SWORN,
WAS EXAMINED AND TESTIFIED AS FOLLOWS:

THE COURT: GOOD MORNING.

THE WITNESS: GOOD MORNING.

MR. WEINGARTEN: YOUR HONOR, THE GOVERNMENT WOULD
LIKE TO BEGIN ITS PRODUCTION OF EVIDENCE BY READING INTO THE
RECORD A STIPULATION, MARKED STIPULATION NO. 1.

"STIPULATION NO. 1: IT IS HEREBY AGREED AND
STIPULATED BETWEEN THE UNITED STATES AND THE DEFENDANT,
GEORGE V. HANSEN, THAT GEORGE V. HANSEN HAS SERVED AS A
CONGRESSMAN FROM THE SECOND DISTRICT OF IDAHO FROM JANUARY
3, 1965, TO JANUARY 2, 1969, AND FROM JANUARY 3, 1975, TO
THE PRESENT. RESPECTFULLY SUBMITTED," AND IT IS SIGNED BY
THE PARTIES.

THE COURT: LADIES AND GENTLEMEN OF THE JURY, A
STIPULATION IS AN AGREED STATEMENT BETWEEN COUNSEL WHICH YOU
MAY CONSIDER AS UNDISPUTED EVIDENCE.

DIRECT EXAMINATION

BY MR. WEINGARTEN:

Q YOUR NAME, SIR?

1 A JAMES M. REED.

2 Q SPELL YOUR LAST NAME, PLEASE?

3 A R-E-E-D.

4 Q HOW ARE YOU EMPLOYED, SIR?

5 A I'M AN FBI AGENT.

6 Q AND HOW LONG HAVE YOU BEEN AN FBI AGENT?

7 A IT WILL BE 15 YEARS THIS FALL.

8 Q AND WHERE ARE YOU PRESENTLY ASSIGNED?

9 A THE WASHINGTON FIELD OFFICE, IN WASHINGTON.

10 Q MR. REED, PURSUANT TO MY REQUEST, DID YOU GO UP
11 TO CAPITOL HILL AND RETRIEVE CERTAIN DOCUMENTS?

12 A YES, I DID.

13 Q AND PLEASE EXPLAIN TO THE LADIES AND GENTLEMEN OF
14 THE JURY WHAT YOU DID.

15 MR. LEWIN: COULD WE HAVE A DATE ON THAT, YOUR HONOR?

16 THE COURT: WELL, I AM CONFIDENT WE WILL GET TO
17 THAT. YOU'RE RIGHT; WE WILL NEED A DATE EVENTUALLY.

18 THE WITNESS: PURSUANT TO YOUR REQUEST, I TRAVELED
19 TO CAPITOL HILL ON MARCH THE 13TH, AND I WENT TO THE ROOM
20 1036 IN THE LONGWORTH BUILDING. THAT IS THE OFFICE OF THE
21 CLERK, OFFICE OF RECORDS AND REGISTRATION. AND THERE, THEY
22 KEEP THE FILINGS OF THE FINANCIAL DISCLOSURE STATEMENTS.

23 BY MR. WEINGARTEN:

24 Q ALL RIGHT. AND DID YOU MAKE ANY REQUEST ONCE YOU
25 ARRIVED THERE?

1 A YES. I ASKED AN EMPLOYEE NAMED BARBARA BUSH
2 EXACTLY HOW YOU ACCESS THE RECORDS, AND SHE EXPLAINED THAT
3 THEY HAD A FILING SYSTEM, AND YOU LOOK UP THE NAME, AND FROM
4 THE NAME YOU CAN OBTAIN THE MICROFILM NUMBER, AND IT LISTS
5 ALSO WHERE ON THE MICROFILM THIS INFORMATION IS LOCATED. AND
6 I FILLED OUT A FORM FOR FOUR YEARS, FOR THE YEARS '78, '79,
7 '80 AND '81.

8 Q AND WHOSE FORMS DID YOU REQUEST?

9 A CONGRESSMAN GEORGE V. HANSEN.

10 Q AND WAS THAT AGAIN PURSUANT TO MY REQUEST?

11 A YES, IT WAS.

12 Q AND DID YOU MAKE THE REQUEST AS JOE CITIZEN, OR
13 AS AN FBI AGENT?

14 A I DIDN'T IDENTIFY MYSELF, BUT THEY DO HAVE A FORM
15 WHERE YOU WRITE YOUR OCCUPATION, AND I PUT "FBI AGENT". BUT
16 I DIDN'T -- I JUST WENT IN AS ANY CITIZEN WOULD AND I FILLED
17 OUT THE FORM. AND I'M NOT SURE SHE EVEN NOTICED WHERE I WAS
18 EMPLOYED.

19 Q ALL RIGHT. AND PURSUANT TO YOUR REQUEST, WHAT
20 HAPPENED?

21 A SHE PRODUCED THE MICROFILMS; THEY ARE STORED RIGHT
22 THERE, ONE CASSETTE FOR EACH YEAR. AND I TOOK IT OVER TO --
23 THEY HAVE WHAT IS CALLED A KODAK STARVIEW PRINTER RIGHT THERE.
24 AND I PUT IT IN THE MACHINE, AND I FOUND CONGRESSMAN HANSEN'S
25 FILING FOR EACH YEAR.

 AND THE MACHINE IS A PRINTER, AS WELL AS A READER,

1 SO WHENEVER I GOT THE PARTICULAR PAGES THAT I WANTED, I WOULD
2 JUST PRESS A BUTTON AND IT WOULD MAKE A -- IT WOULD PRINT
3 A COPY OF IT. AND I OBTAINED THREE PAGES FOR '78 AND THREE
4 FOR '79, TWO FOR '80 AND '81.

5 Q AND WERE YOU ABLE TO RETAIN THESE COPIES AND WALK
6 AWAY WITH THEM?

7 A YES, I WAS. YOU PAY 10 CENTS PER PAGE, SO I GOT
8 A TOTAL OF TEN COPIES, WAS ONE DOLLAR.

9 Q AND DID THE FBI PICK UP THE COST OF THE COPIES?

10 A YES.

11 Q O.K. MR. REED, I WOULD LIKE TO APPROACH WITH
12 GOVERNMENT'S EXHIBITS 4-A, B, C AND D. THEY HAVE BEEN
13 PREVIOUSLY MARKED, YOUR HONOR.

14 THE COURT: ALL RIGHT.

15 BY MR. WEINGARTEN:

16 Q I HAND YOU, SIR, WHAT HAS BEEN MARKED GOVERNMENT'S
17 EXHIBITS 4-A, B, C AND D, WITH A COVER STATEMENT, AND SEE
18 IF YOU CAN IDENTIFY THEM.

19 A YES.

20 Q AND WHAT ARE THEY, SIR?

21 A THESE ARE THE ITEMS I PICKED UP AS PREVIOUSLY
22 EXPLAINED.

23 Q AND HOW DO YOU KNOW THAT?

24 A BECAUSE OF MY INITIALS. I HAVE THEM DATED AND
25 INITIALED ON THE BACK.

1 Q AND AGAIN, WHAT ARE THEY?

2 A THESE ARE THE FILINGS FOR THE YEARS 1978 THROUGH
3 1981, THE FINANCIAL DISCLOSURE STATEMENTS FILED BY CONGRESSMAN
4 GEORGE V. HANSEN.

5 Q ALL RIGHT.

6 MR. WEINGARTEN: WE MOVE INTO EVIDENCE AT THIS POINT,
7 YOUR HONOR, GOVERNMENT'S EXHIBITS 4-A, B, C AND D.

8 THE COURT: WITHOUT OBJECTION?

9 MR. LEWIN: NO OBJECTION, YOUR HONOR.

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

11 (GOVERNMENT'S EXHIBITS 4-A, B, C AND

12 D WERE RECEIVED IN EVIDENCE)

13 MR. WEINGARTEN: THANK YOU, YOUR HONOR.

14 BY MR. WEINGARTEN:

15 Q MR. REED, IS THERE A PLACEMENT FOR A SIGNATURE IN
16 THOSE FORMS?

17 A YES, THERE IS.

18 Q ON EACH AND EVERY ONE OF THOSE FORMS?

19 A YES. FOR EACH YEAR.

20 Q AND WHOSE SIGNATURE -- OR WHAT WORDS APPEAR ON THE
21 SIGNATURE FORM?

22 A GEORGE HANSEN.

23 MR. WEINGARTEN: YOUR HONOR, AT THIS TIME I WOULD
24 LIKE TO PUBLISH STIPULATION NO. 2.

25 THE COURT: YES, SIR.

1 MR. WEINGARTEN: "IT IS HEREBY AGREED AND STIPULATED
2 BETWEEN THE UNITED STATES AND THE DEFENDANT, GEORGE V. HANSEN,
3 THAT THE SIGNATURE ON THE ATTACHED ETHICS IN GOVERNMENT ACT
4 FORMS FOR THE YEARS 1978, 1979, 1980 AND 1981 IS THE SIGNATURE
5 OF GEORGE V. HANSEN. RESPECTFULLY SUBMITTED," AGAIN, THE
6 PARTIES.

7 THE COURT: LADIES AND GENTLEMEN OF THE JURY, AGAIN,
8 THE SAME INSTRUCTION WILL APPLY TO EACH AND EVERY STIPULATION
9 WHEN IT IS PHRASED AS SUCH, THAT THIS IS A STIPULATION. IT
10 IS UNDISPUTED EVIDENCE, AND YOU MAY CONSIDER IT AS SUCH.

11 MR. WEINGARTEN: MAY I APPROACH THE WITNESS AGAIN?

12 THE COURT: YES. IT WON'T BE NECESSARY TO ASK EACH
13 TIME IF YOU CAN APPROACH THE WITNESS. WE WILL SAVE A GREAT
14 DEAL OF TIME IN THAT REGARD.

15 MR. WEINGARTEN: THANK YOU, YOUR HONOR.

16 BY MR. WEINGARTEN:

17 Q AGENT REED, ON THE FIRST STATEMENT ATTACHED THERETO,
18 THE STATEMENT FOR 1978, IS THERE A PLACE FOR LIABILITIES TO
19 BE LISTED?

20 MR. LEWIN: YOUR HONOR, THE DOCUMENT SPEAKS FOR
21 ITSELF. I DON'T THINK THE WITNESS HAS TO GO AND LIST WHAT
22 IS ON THE DOCUMENT. IT IS IN EVIDENCE. IF MR. WEINGARTEN
23 WANTS TO SHOW IT TO THE JURY, I'M SURE HE CAN DO IT.

24 MR. WEINGARTEN: ALL RIGHT.

25 THE COURT: THE DOCUMENT IS, OF COURSE, IN EVIDENCE,

1 BUT HE CAN FOCUS ON CERTAIN MATTERS OF IT.

2 THE WITNESS: YES, THERE IS.

3 BY MR. WEINGARTEN:

4 Q AND IS THERE ANYWHERE LISTED ON THAT FORM A
5 \$50,000 LOAN FROM THE DALLAS NATIONAL BANK?

6 A NO, THERE IS NOT.

7 Q WOULD YOU PLEASE TURN TO THE NEXT YEAR. FOR THE
8 YEAR 1979, THE FORM THAT YOU PICKED UP, IS THERE A PLACE FOR
9 TRANSACTIONS?

10 A YES, THERE IS.

11 Q AND IS THERE ANYWHERE IN THAT FORM AN \$87,000 SILVER
12 TRANSACTION LISTED?

13 A NO, THERE IS NOT.

14 Q AND WOULD YOU PLEASE TURN TO THE NEXT DISCLOSURE
15 FORM, FOR THE YEAR 1980. AND ON THE 1980 FORM, IS THERE A
16 PLACE LISTED FOR LIABILITIES?

17 A YES, THERE IS.

18 Q AND IS THERE ANYWHERE LISTED A \$61,000 LOAN FROM
19 NELSON BUNKER HUNT?

20 A NO, THERE IS NOT.

21 Q ALL RIGHT. AND WOULD YOU FINALLY TURN TO THE
22 DISCLOSURE FORM FOR THE YEAR 1981. AND, MR. REED, IS THERE
23 A PLACE LISTED FOR LIABILITIES?

24 A YES.

25 Q IS THERE A LOAN LISTED FOR \$25,000 FROM A MAN NAMED

1 MCAFEE AND ROGERS?

2 A NO, THERE IS NOT.

3 Q IS THERE A LOAN FOR \$50,000 FROM A MAN NAMED MEADE?

4 A THERE IS NOT.

5 Q IS THERE A LOAN FOR \$60,000 FROM A MAN NAMED MCAFEE
6 AND ROGERS?

7 A NO, THERE IS NOT.

8 Q MR. REED, PURSUANT TO MY INSTRUCTIONS, WHAT HAPPENED
9 TO THOSE FORMS?

10 A PURSUANT TO YOUR INSTRUCTIONS, YOU ASKED -- LINED
11 OUT CERTAIN SECTIONS ON EACH OF THE FILINGS AND REQUESTED THAT
12 WE HAVE OUR FBI LABORATORY BLOW THOSE UP AND MAKE EXHIBITS
13 OUT OF THEM.

14 Q ALL RIGHT. FIRST OF ALL, THE FBI LAB, WHERE IS
15 THAT LOCATED?

16 A THAT'S LOCATED IN THE J. EDGAR HOOVER BUILDING ON
17 NINTH AND PENNSYLVANIA AVENUE.

18 Q AND YOU SAID "BLOW UP". WHAT DOES THAT MEAN?

19 A THEY HAVE A PROCESS WHERE THEY CAN PHOTOGRAPH THE
20 FORMS AND EXPAND THEM AND MAKE -- GREATLY EXPAND THE SIZE
21 AND MAKE A 3-BY-4 OR 4-BY-5 FEET EXHIBIT OF THE ITEM.

22 Q AND PURSUANT TO MY REQUEST AND YOU CARRYING OUT,
23 WAS THAT IN FACT DONE?

24 A THAT WAS DONE.

25 Q AND WERE THE PICTURES THAT WERE EVENTUALLY MADE

1 CHECKED BY YOU TO MAKE SURE THEY CORRESPOND TO THE FORMS THAT
2 ARE SIGNIFIED BY GOVERNMENT'S EXHIBITS 4-A THROUGH D?

3 A YES, THEY WERE.

4 MR. WEINGARTEN: YOUR HONOR, AT THIS TIME I WOULD
5 LIKE TO INTRODUCE GOVERNMENT EXHIBIT 5-A AND SHOW IT TO MR.
6 REED.

7 THE COURT: WOULD YOU SHOW IT FIRST TO MR. LEWIN.
8 THANK YOU.

9 BY MR. WEINGARTEN:

10 Q FIRST I WILL SHOW IT TO YOU, MR. REED, AND ASK IF
11 YOU CAN IDENTIFY GOVERNMENT EXHIBIT 5-A.

12 A YES.

13 Q AND WHAT DOES IT REPRESENT, PLEASE?

14 A IT REPRESENTS CERTAIN SECTIONS OF THE 1978 FINANCIAL
15 DISCLOSURE STATEMENT FILED BY CONGRESSMAN GEORGE V. HANSEN.

16 MR. WEINGARTEN: I MOVE IT INTO EVIDENCE AND REQUEST
17 PERMISSION TO SHOW IT TO THE JURY.

18 THE COURT: MR. LEWIN?

19 MR. LEWIN: YOUR HONOR, JUST SUBJECT TO THE OBJECTION
20 WE HAD RAISED BEFORE TRIAL.

21 THE COURT: SO NOTED.

22 MR. LEWIN: THANK YOU.

23 THE COURT: IT IS IN EVIDENCE.

24 (GOVERNMENT'S EXHIBIT NO. 5-A
25 WAS RECEIVED IN EVIDENCE)

1 MR. WEINGARTEN: THANK YOU, YOUR HONOR.

2 BY MR. WEINGARTEN:

3 Q AND JUST FOR THIS ONE, MR. REED, PERHAPS YOU CAN
4 HOLD IT AND DESIGNATE OR ILLUSTRATE TO THE JURY WHAT PORTIONS
5 WERE PHOTOGRAPHED.

6 THE COURT: LADIES AND GENTLEMEN OF THE JURY, WE
7 ARE GOING TO BE DEMONSTRATING SOME MATTERS TO YOU NOW AND
8 LATER ON DURING THE COURSE OF THE TRIAL. I WOULD ASK THAT
9 IF YOU CANNOT SEE IT, YOU LET US KNOW, AND WE WILL TRY TO
10 POSITION THINGS IN SUCH A MANNER THAT YOU CAN. IF YOU NEED
11 IT BROUGHT CLOSER TO YOU -- AS SOME DAYS WE SEE BETTER THAN
12 OTHER DAYS -- LET US KNOW THAT. WE WANT TO BE CERTAIN THAT
13 YOU SEE IT WHENEVER ANY EVIDENCE COMES INTO THE CASE THAT
14 IS BEING PUBLISHED TO YOU AT THAT TIME.

15 MR. WEINGARTEN: FOR THE PURPOSE OF THIS EXHIBIT,
16 YOUR HONOR, PERHAPS IF I PUT IT ON THIS EASEL.

17 THE COURT: I THINK THAT WOULD HELP. WE PARTICULARLY
18 HAVE ONE JUROR WHO IS SEATED DOWN A LITTLE LOWER THAN THE
19 OTHERS BECAUSE WE JUST DON'T HAVE ANY MORE SPACE. AND WE
20 WANT TO MAKE CERTAIN SHE SEES IT, ALSO.

21 BY MR. WEINGARTEN:

22 Q ALL RIGHT, MR. REED. JUST GO FROM TOP TO BOTTOM
23 AND EXPLAIN TO THE JURY WHAT PORTIONS OF THE FINANCIAL DIS-
24 CLOSURE STATEMENT FOR '78 WERE PHOTOGRAPHED. AND PERHAPS WE
25 COULD USE THE POINTER.

1 THE COURT: OF COURSE.

2 THE WITNESS: THIS PORTION HERE IS THE VERY TOP
3 OF THE DISCLOSURE STATEMENT FOR THAT YEAR. AND THIS INDICATES
4 -- THIS IS A BREAK LINE, INDICATING THAT WHAT WAS JUST IMMEDI-
5 ATELY BELOW THAT WAS NOT PHOTOGRAPHED. THIS IS THE SIGNATURE
6 LINE. AND THIS APPEARS NEAR THE BOTTOM OF THE FIRST PAGE.

7 THEN WE HAVE A BREAK AND WE MOVE OVER TO PAGE 2.

8 BY MR. WEINGARTEN:

9 Q EXCUSE ME JUST ONE SECOND.

10 IS THE PRINTING BELOW THE SIGNATURE LINE ACCURATELY
11 PLACED? IS IT RIGHT BELOW THE SIGNATURE?

12 A YES. THIS IS RIGHT BELOW THE SIGNATURE, THIS
13 PRINTING, AS IT APPEARS ON THE FILING.

14 Q AND WOULD YOU READ THAT PORTION, PLEASE?

15 A YES. "ANY INDIVIDUAL WHO KNOWINGLY AND WILLFULLY
16 FALSIFIES, OR WHO KNOWINGLY AND WILLFULLY FAILS TO FILE THIS
17 REPORT MAY BE SUBJECT TO CIVIL AND CRIMINAL SANCTIONS. SEE
18 2 U.S.C." -- WHICH IS UNITED STATES CODE -- "SECTION 706 AND
19 18 U.S.C. SECTION 1001."

20 THEN AGAIN WE HAVE A BREAK LINE, INDICATING THAT
21 WHAT WAS IMMEDIATELY BELOW THAT WAS NOT PHOTOGRAPHED.

22 THEN WE MOVE OVER TO SECTION IV, WHICH IS THE
23 LIABILITIES SECTION. AND IT APPEARS ABOUT TWO-THIRDS OF THE
24 WAY DOWN ON THE SECOND PAGE.

25 THEN THERE'S ANOTHER BREAK, GO TO PAGE 3. AND THIS,

1 IN FACT, IS EVERYTHING WHICH IS ON PAGE 3 OTHER THAN THE --
2 NO; THAT'S THE WHOLE THING.

3 Q ALL RIGHT. ON PAGE 3, IS IT CLEAR THAT IT IS A
4 CONTINUATION FROM THE LIABILITIES SECTION OF PAGE 2?

5 A YES, IT IS.

6 Q IS THAT A FAIR STATEMENT? AND I SEE SOME BANKS
7 LISTED ON THE BOTTOM OF THAT CHART, AND I SEE SOME NUMBERS
8 TO THE RIGHT. WHAT DO THE NUMBERS SIGNIFY, AGENT REED? WOULD
9 THEY BE EXPLAINED BY THE LIABILITIES SECTION?

10 A YES.

11 Q DO THEY RELATE TO THE AMOUNTS OF THE LOANS?

12 A IT RELATES TO THE AMOUNTS. CATEGORY I IS \$1,001
13 TO \$5,000; CATEGORY II IS \$5,000 -- IT'S FIVE THOUSAND AND
14 ONE CENT, ACTUALLY.

15 THE FIRST ONE WOULD BE \$1,000.01 TO \$5,000. THE
16 SECOND CATEGORY, WHICH IS CATEGORY II, THERE IS \$5,000.01
17 TO \$15,000. CATEGORY III IS \$15,000.01 TO \$50,000. AND
18 CATEGORY IV IS \$50,000.01 TO \$100,000. AND THERE'S OTHER
19 CATEGORIES: V WOULD BE \$100,000.01 TO \$250,000; CATEGORY VI
20 IS OVER \$250,000.

21 Q O.K., AGENT REED. AND I WOULD LIKE TO SHOW YOU
22 WHAT HAS PREVIOUSLY BEEN MARKED AS GOVERNMENT EXHIBIT 5-B.

23 NOW THAT I HAVE SHOWN IT TO MR. LEWIN, I WILL SHOW
24 IT YOU, AGENT REED, AND ASK YOU IF YOU CAN IDENTIFY IT.

25 A YES, I CAN. THIS IS THE ETHICS IN GOVERNMENT ACT

1 FILING BY CONGRESSMAN HANSEN FOR THE YEAR 1979.

2 Q ALL RIGHT. AND IS THIS WHAT YOU HAD BLOWN UP?

3 A YES, IT IS.

4 Q IN FACT, ARE YOUR INITIALS ON THE BACK OF IT?

5 A YES. I SAW THEM AS YOU BROUGHT IT OVER.

6 MR. WEINGARTEN: O.K. I MOVE INTO EVIDENCE

7 GOVERNMENT'S EXHIBIT 5-B, YOUR HONOR.

8 THE COURT: SAME MATTER, SIR?

9 MR. LEWIN: THANK YOU.

10 THE COURT: ALL RIGHT. SO NOTED. IT IS IN

11 EVIDENCE.

12 (GOVERNMENT'S EXHIBIT NO. 5-B

13 WAS RECEIVED IN EVIDENCE)

14 MR. WEINGARTEN: I WOULD BRIEFLY LIKE TO SHOW IT

15 TO THE JURY, IF I MAY, YOUR HONOR.

16 THE COURT: WOULD YOU LIKE THE OTHER ONE REMOVED,

17 MR. WEINGARTEN? THE MARSHAL WILL HELP YOU. THANK YOU.

18 BY MR. WEINGARTEN:

19 Q WHILE THAT IS HAPPENING, I WILL SHOW MR. REED

20 GOVERNMENT EXHIBIT 5-C.

21 THE COURT: BUT FIRST TO MR. LEWIN?

22 BY MR. WEINGARTEN:

23 Q MR. REED, I ASK IF YOU CAN IDENTIFY IT, SIR.

24 A YES, I CAN.

25 Q WHAT IS IT?

1 A THIS IS THE FILING, THE FINANCIAL DISCLOSURE FILING
2 FOR 1981 WHICH WAS WHAT I HAD THEM BLOW UP AT OUR FBI LABORATORY
3 FROM WHAT I PICKED UP AT THE HOUSE OFFICE.

4 Q JUST TO MAKE SURE, DOES THIS ACCURATELY REFLECT
5 WHAT IS IN GOVERNMENT EXHIBIT 4-C?

6 A YES, IT DOES.

7 MR. WEINGARTEN: ALL RIGHT. WE MOVE IT INTO EVIDENCE,
8 YOUR HONOR.

9 THE COURT: ALL RIGHT. WITH THE SAME MATTER THAT
10 WE DISCUSSED YESTERDAY, MR. LEWIN?

11 MR. LEWIN: YES, YOUR HONOR.

12 THE COURT: IT IS IN EVIDENCE.

13 (GOVERNMENT'S EXHIBIT NO. 5-C
14 WAS RECEIVED IN EVIDENCE)

15 MR. WEINGARTEN: I WOULD LIKE TO SHOW IT TO THE
16 JURY.

17 AND FINALLY, GOVERNMENT EXHIBIT 5-D.

18 BY MR. WEINGARTEN:

19 Q MR. REED, IDENTIFY THIS, IF YOU WILL.

20 A THIS IS THE FINANCIAL DISCLOSURE FILING BY
21 CONGRESSMAN GEORGE V. HANSEN FOR 1981, PORTIONS OF WHICH HAVE
22 BEEN BLOWN UP FROM THE DOCUMENTATION I OBTAINED AT THE OFFICE
23 OF -- THE CLERK'S OFFICE UP ON THE HILL.

24 Q AND DID YOU CHECK, DOES GOVERNMENT EXHIBIT 5-D OR
25 PORTIONS THEREOF ACCURATELY REFLECT WHAT IS ON EXHIBIT 4-D?

1 A YES, IT DOES.

2 MR. WEINGARTEN: MOVE GOVERNMENT 5-D INTO EVIDENCE,
3 YOUR HONOR.

4 THE COURT: ALL RIGHT. WITH THE SAME REFERENCE
5 TO YESTERDAY'S DISCUSSION, IT IS IN EVIDENCE.

6 (GOVERNMENT'S EXHIBIT NO. 5-D
7 WAS RECEIVED IN EVIDENCE)

8 MR. WEINGARTEN: AND WITH THAT, I THANK YOU, SIR.

9 THE COURT: ALL RIGHT. CROSS-EXAMINATION, IF ANY.
10 CROSS-EXAMINATION

11 BY MR. LEWIN:

12 Q I'M SORRY. IS IT MR. REED OR REEVE?

13 A REED, R-E-E-D.

14 Q AND JUST -- MR. REED, HAVE YOU BEEN INVOLVED IN
15 THE INVESTIGATION OF THIS CASE IN ANY WAY OTHER THAN THE
16 MINISTERIAL FUNCTIONS THAT YOU HAVE DESCRIBED FOR US?

17 A I HAVE NOT.

18 Q AND IT IS YOUR TESTIMONY THAT THE FIRST YOU DID
19 WAS MARCH 13TH, I UNDERSTAND, WHEN MR. WEINGARTEN ASKED YOU
20 TO GET THOSE COPIES.

21 A THAT'S CORRECT.

22 Q AND IS IT YOUR TESTIMONY, DID I UNDERSTAND THAT,
23 THAT THESE BLOW-UPS WERE MADE FROM THE MICROFILM COPIES?

24 A FROM THE COPIES THAT I OBTAINED ON THE -- TECHNICALLY,
25 WE HAD -- THERE WERE PUBLISHED -- THE HOUSE ALSO PUTS OUT

1 A PUBLISHED STATEMENT, OR A BOOK WHICH HAS ACTUALLY A CLEARER
2 COPY THAN I COULD OBTAIN FROM THOSE STATEMENTS WHICH I
3 OBTAINED. SO, WHAT I DID IS I COMPARED THEM AND MADE SURE
4 THAT THEY WERE THE SAME; AND TO GET A BETTER PICTURE FOR THE
5 LAB, I HAD THEM BLOW UP THOSE.

6 Q I SEE. SO WHAT YOU WERE TESTIFYING TO WAS REALLY
7 NOT ACCURATE IN THAT SENSE. IT IS NOT THAT YOU WENT -- I THINK
8 MR. WEINGARTEN SAID, "AFTER YOU GOT THE COPIES, DID YOU THEN
9 MAKE THIS BLOW-UP". THAT'S REALLY NOT TRUE. YOU HAD MADE
10 THE BLOW-UP BEFORE YOU GOT THE COPIES.

11 A NO. THE BLOW-UPS WERE MADE SUBSEQUENT.

12 Q BUT NOT FROM WHAT YOU GOT.

13 A NO.

14 Q NOW, WITH REGARD TO THE BLOW-UPS THAT YOU'VE GOT
15 THERE, MR. REED, MR. WEINGARTEN ASKED YOU WHETHER ON THAT
16 FIRST ONE, UNDER LIABILITIES, WHETHER A \$50,000 LIABILITY
17 TO THE DALLAS NATIONAL BANK WAS LISTED. IS THAT CORRECT?
18 DO YOU RECALL THAT QUESTION THAT HE ASKED YOU?

19 A YES, SIR.

20 Q AND YOU SAID IT WASN'T.

21 A CORRECT.

22 Q IN FACT, NO AMOUNTS ARE LISTED FOR ANY ITEMS ON
23 THAT FORM. ISN'T THAT CORRECT? OH, I'M SORRY. FOR LIABILI-
24 TIES, AT LEAST, NO AMOUNTS ARE LISTED -- AS AMOUNTS.

25 A NO. THERE ARE NONE.

1 Q NONE. SO LET'S JUST LOOK AT THAT FORM AGAIN, IF
2 WE COULD. DIRECTING YOUR ATTENTION TO GOVERNMENT'S EXHIBIT
3 4-A, THAT FRAGMENT THAT APPEARS AT THE VERY BOTTOM, WHICH
4 IS HEADED "PAGE 3 OF 3", THAT'S THE WAY LIABILITIES ARE LISTED
5 ISN'T IT, ON THE FORM?

6 A CORRECT.

7 Q AND IT IS TRUE, TOO, ISN'T IT, MR. REED, THAT UNTIL
8 MR. WEINGARTEN DIRECTED YOUR ATTENTION TO IT ON THE WITNESS
9 STAND, YOU REALLY DIDN'T KNOW WHAT THOSE ROMAN NUMERALS WERE.

10 A THAT HAD ME CONFUSED. I HAD RECALLED THAT THERE
11 WAS LIKE A, B, C AND D, AND THOSE WERE THE CATEGORIES. BUT
12 I HAD TO CHECK THE LIABILITIES SECTION TO RECALL THAT IT WAS
13 BROKEN OUT IN ROMAN NUMERALS.

14 Q O.K. IN THAT FIRST YEAR, THEY WERE ROMAN NUMERALS,
15 RATHER THAN CAPITAL LETTERS.

16 A THAT MUST BE THE CASE.

17 Q IF THERE HAD BEEN A REFERENCE TO A LOAN OF \$50,000
18 FROM THE DALLAS NATIONAL BANK, IT JUST WOULD HAVE SAID AT
19 THE BOTTOM OF THAT, IN ADDITION TO THOSE SIX ITEMS ON THERE --
20 IT WOULD HAVE SAID "DALLAS NATIONAL BANK", IS THAT RIGHT?

21 A CORRECT.

22 Q AND ON THE RIGHTHAND SIDE, WHAT WOULD IT HAVE SAID?

23 A IT WOULD HAVE A ROMAN NUMERAL.

24 Q WHICH ROMAN NUMERAL?

25 A IF IT WAS -- THE AMOUNT WAS 50,000, YOU SAY?

1 Q YES.

2 A IT WOULD BE --

3 Q LOOK AT THE PAGE. IT'S ALL RIGHT. I AM NOT TRYING
4 TO TEST YOU. I JUST WANT TO GET THE INFORMATION.

5 A IF IT WAS 50,000, IT WOULD BE ROMAN NUMERAL III.

6 Q ROMAN NUMERAL III. SO THEN THERE ARE ALREADY TWO
7 OTHER -- THERE IS THE FIRST SECURITY BANK WITH A ROMAN NUMERAL
8 III AND THE IDAHO STATE BANK WITH A ROMAN NUMERAL III, IS
9 THAT RIGHT?

10 A CORRECT.

11 Q SO THAT IF THAT LOAN HAD BEEN REPORTED, IT WOULD
12 HAVE SAID "DALLAS NATIONAL BANK, III", RIGHT?

13 A CORRECT.

14 Q ALL RIGHT. NOW, IN FACT, MR. REED, THAT SORT OF
15 FRAGMENTARY DEPICTION OMITTS CERTAIN OTHER ENTRIES THAT DO
16 APPEAR ON THE FORM WITH REGARD TO SECTION I, FOR EXAMPLE,
17 WHICH IS INCOME. YOU HAVEN'T COPIED THAT.

18 A CORRECT.

19 Q AND IT OMITTS WHAT IS UNDER SECTION II. YOU HAVEN'T
20 COPIED THAT IN THAT BLOW-UP.

21 A CORRECT.

22 Q NOW, LET'S LOOK AT THE 4-B, IF WE COULD.

23 I'M SORRY. JUST ONE MORE QUESTION. THAT IS REALLY
24 PORTIONS OF THREE SEPARATE PAGES. IN OTHER WORDS, UP TO THERE
25 IS PART OF -- YOU KNOW, THE SECOND JAGGED LINE, IS PART OF THE

1 FIRST PAGE, IS THAT RIGHT?

2 A CORRECT.

3 Q AND THE THING THAT APPEARS BETWEEN THE JAGGED LINES
4 ABOUT TWO-THIRDS OF THE WAY DOWN THAT IS HEADED "SECTION IV"
5 IS A VERY SMALL FRAGMENT OF THE SECOND PAGE.

6 A CORRECT.

7 Q AND THIS IS A WHOLE SEPARATE THIRD PAGE, WHAT
8 APPEARS DOWN AT THE BOTTOM. SO THAT'S A THIRD PAGE.

9 A CORRECT.

10 Q ALL RIGHT. COULD WE SEE 4-B, PLEASE?

11 THE COURT: DO YOU WANT TO SEE 4-B OR 5-B, MR. LEWIN?
12 THE BLOW-UPS ARE 5.

13 MR. LEWIN: OH, I'M SORRY. FIVE.

14 BY MR. LEWIN:

15 Q NOW, 5-B, WHICH IS THE FORM FOR THE FOLLOWING YEAR,
16 FOR 1980, THAT'S ALSO A THREE-PAGE FORM IN ITS ORIGINAL, IS
17 IT NOT?

18 A CORRECT.

19 Q AND THE PORTION ABOVE THE FIRST JAGGED LINE IS JUST
20 THE TOP OF THE FIRST PAGE.

21 A CORRECT.

22 Q ON THAT FIRST PAGE, THERE ALSO ARE THREE ENTRIES
23 UNDER "INCOME" WHICH YOU HAVE NOT BLOWN UP. IS THAT RIGHT?

24 A THAT'S CORRECT.

25 Q AND THEN THERE'S AN ENTRY ON THE FIRST PAGE UNDER

1 "GIFTS AND REIMBURSEMENTS", UNDER SUBSECTION (A), WHICH YOU
2 HAVE NOT BLOWN UP.

3 A CORRECT.

4 Q AND UNDER SUBSECTION (C) THERE ARE TWO ENTRIES WHICH
5 YOU HAVE NOT BLOWN UP.

6 A YES.

7 Q ALL RIGHT. NOW, AGAIN, MR. WEINGARTEN ASKED YOU
8 WHETHER UNDER TRANSACTIONS YOU FOUND A SILVER TRANSACTION
9 FOR \$87,000 LISTED UNDER ROMAN NUMERAL V. DO YOU RECALL THAT
10 QUESTION?

11 A YES.

12 Q IN FACT, IF A SILVER TRANSACTION -- COMMODITIES
13 TRANSACTION HAD BEEN REPORTED, THERE WOULD BE NO AMOUNT LISTED
14 UNDER ROMAN NUMERAL V, WOULD THERE?

15 A IN THIS YEAR, IT WOULD BE A LETTER.

16 Q THERE WOULD BE A LETTER FOR THAT YEAR, RIGHT?

17 A RIGHT.

18 Q AND IS THERE ANY REQUIREMENT THAT YOU CAN SEE ON
19 THE FORM THAT SAYS THAT IT HAS TO SAY "SILVER TRANSACTION",
20 OR COULD IT SAY "COMMODITIES TRANSACTION" WITH A LETTER?

21 A ON THIS PARTICULAR FORM, IT DOESN'T SET FORTH HOW --

22 Q SO YOU DON'T KNOW HOW THE FORM WAS FILLED OUT BY
23 OTHER CONGRESSMEN.

24 A NO, I DON'T.

25 Q YOU DIDN'T LOOK AT ANY OTHER CONGRESSIONAL FORM WHEN

1 YOU WENT UP TO CAPITOL HILL.

2 A NO, I DID NOT.

3 Q YOU JUST SAID, "TAKE THESE COPIES AND BRING THEM
4 BACK."

5 A CORRECT.

6 Q BUT IT IS TRUE, IS IT NOT, THAT HAD THERE BEEN AN
7 ITEM FOR A COMMODITIES TRANSACTION IN THE AMOUNT OF \$87,000,
8 WHAT IT WOULD HAVE HAD WOULD HAVE BEEN A LETTER "D" ON THE
9 RIGHTHAND SIDE?

10 A THAT'S CORRECT.

11 Q AND, IN FACT, YOU HAVEN'T COPIED AT ALL ON THAT
12 FORM THE THIRD PAGE, WHICH HAS GOT SIX LIABILITIES WITH
13 CATEGORIES B, C AND D.

14 A THAT'S CORRECT.

15 Q O.K. NOW, YOU DID COPY -- MR. WEINGARTEN INSTRUCTED
16 YOU TO COPY THAT SECTION VIII UNDER THERE, WHICH SAYS,
17 "ADDITIONAL INFORMATION"?

18 A YES.

19 Q O.K. AND THAT DOES SAY, "ARE YOU AWARE OF ANY
20 INTERESTS IN PROPERTY OR LIABILITIES OF A SPOUSE OR DEPENDENT
21 CHILD OR PROPERTY TRANSACTIONS BY A SPOUSE OR DEPENDENT CHILD
22 WHICH YOU HAVE NOT REPORTED BECAUSE THEY MEET THE THREE
23 STANDARDS FOR EXEMPTION?" IS THAT RIGHT?

24 A RIGHT.

25 Q DO YOU KNOW WHAT THE THREE STANDARDS FOR EXEMPTION

1 ARE? I'M JUST ASKING WHETHER YOU KNOW. I DON'T NECESSARILY
2 WANT YOU TO CHECK.

3 A I KNOW THE CATEGORIES.

4 Q O.K. BUT THAT QUESTION ASKS WHETHER THERE HAS BEEN
5 ANY ITEM NOT REPORTED BECAUSE IT MEETS THOSE THREE STANDARDS.

6 A RIGHT.

7 Q AND THE ANSWER TO THAT WAS "NO."

8 A "NO."

9 Q O.K. AND NOW, ON 5-C, THE FORM FOR 1981, PLEASE.
10 UNDER LIABILITIES, THAT'S THE YEAR FOR WHICH MR. WEINGARTEN
11 ASKED YOU WHETHER THERE WAS AN INDICATION OF A \$61,000 NOTE,
12 OR A LIABILITY TO NELSON BUNKER HUNT.

13 A YES.

14 Q AND IF THAT HAD APPEARED, THE NAME WOULD HAVE BEEN
15 THERE WITH A LETTER, IS THAT RIGHT? IT WOULD NOT HAVE SAID
16 \$61,000.

17 A CORRECT.

18 Q AND WHAT LETTER WOULD THAT HAVE BEEN?

19 A "D".

20 Q "D". AND THERE IS A LOAN ON THERE, IDAHO FIRST
21 NATIONAL BANK, IN THE AMOUNT OF "D".

22 A YES, THERE IS.

23 Q AND THEN FINALLY, FOR 5-D -- COULD WE HAVE 5-D UP
24 THERE, PLEASE?

25 NOW, AS TO THAT, AGAIN, THE PORTION THAT SAYS

1 "LIABILITIES", IF THERE HAD BEEN A LOAN OUTSTANDING AT THAT
2 POINT, IT WOULD HAVE AGAIN CARRIED A LETTER. LET'S SAY A
3 LOAN IN THE AMOUNT OF EIGHTY -- 25,000 PLUS 60,000 WOULD BE
4 \$85,000. IT WOULD CARRY A LETTER "D"?

5 A CORRECT.

6 Q AND A LOAN OF \$50,000 WOULD CARRY A LETTER "C".
7 IS THAT CORRECT?

8 A CORRECT.

9 Q NOW, RIGHT UNDER "LIABILITIES" IS ANOTHER SECTION
10 HEADED "TRANSACTIONS", IS THAT RIGHT, MR. REED?

11 A YES.

12 Q AND THEN THERE'S ANOTHER SECTION THAT'S HEADED
13 "POSITIONS".

14 A CORRECT.

15 Q COULD YOU JUST READ THAT TO THE JURY? YOU DIDN'T
16 COPY THAT, DID YOU?

17 A NO.

18 Q ALL RIGHT. COULD YOU JUST READ THAT TO THE JURY?
19 WHAT DOES IT SAY UNDER "POSITIONS"?

20 A YOU MEAN THE PARAGRAPH UNDER THERE?

21 Q YES.

22 A IT SAYS, "THE IDENTITY OF ALL POSITIONS HELD ON
23 OR BEFORE THE DATE OF FILING DURING THE CURRENT CALENDAR YEAR
24 AS AN OFFICER, DIRECTOR, TRUSTEE, PARTNER, PROPRIETOR,
25 REPRESENTATIVE, EMPLOYEE, OR CONSULTANT OF ANY CORPORATION,

1 FIRM, PARTNERSHIP, OR OTHER BUSINESS ENTERPRISE, ANY NON-
2 PROFIT ORGANIZATION, ANY LABOR ORGANIZATION, OR ANY EDUCATIONAL
3 OR OTHER INSTITUTION."

4 Q IS THERE AN ENTRY ON THERE ON THE FORM BEFORE YOU?

5 A YES, THERE IS.

6 Q AND WHAT IS THAT ENTRY?

7 A UNDER THE POSITION HEADING IS LISTED AS CHAIRMAN.

8 UNDER THE NAME OF THE ORGANIZATION, IT IS THE ASSOCIATION
9 OF CONCERNED TAXPAYERS.

10 Q AND THAT IS CONGRESSMAN HANSEN'S FORM FOR THE YEAR
11 1981?

12 A YES, IT IS.

13 MR. LEWIN: I HAVE NO FURTHER QUESTIONS.

14 THE COURT: REDIRECT, IF ANY.

15 MR. WEINGARTEN: JUST TWO.

16 REDIRECT EXAMINATION

17 BY MR. WEINGARTEN:

18 Q MR. REED, DO YOU HAVE GOVERNMENT EXHIBITS 4-A
19 THROUGH D?

20 A YES.

21 Q WHAT IS THE QUALITY OF THE PAPER OF THOSE EXHIBITS?

22 A THE QUALITY IS -- IT VARIES.

23 Q JUST DESCRIBE IT. IS IT REGULAR TYPEWRITER PAPER,

24 OR IS IT A XEROX, WHAT YOU NORMALLY GET FROM A XEROX?

25 A IT'S WHAT YOU GET FROM A XEROX.

1 Q ALL RIGHT. FOR PURPOSES OF MAKING PHOTOGRAPHS,
2 DID YOU USE A BOOK FOR TAKING THE PICTURES?

3 A I'M SORRY?

4 Q FOR PURPOSES OF THE PHOTOGRAPHING, DID YOU USE OTHER
5 FORMS -- OR DID YOU USE ANOTHER PLACE WHERE THE FORMS ARE KEPT?

6 A YES.

7 MR. WEINGARTEN: MAY I APPROACH THE WITNESS?

8 THE COURT: YES, YOU MAY.

9 BY MR. WEINGARTEN:

10 Q WOULD THIS BE -- WOULD YOU IDENTIFY THIS, PLEASE,
11 SIR?

12 A THIS IS THE FINANCIAL DISCLOSURE REPORTS OF THE
13 MEMBERS OF THE U. S. HOUSE OF REPRESENTATIVES OF THE 97TH
14 CONGRESS, FROM JANUARY 1ST, 1980, TO DECEMBER 31ST, 1980.

15 Q IS THAT AN EXAMPLE OF THE KIND OF BOOK YOU USED?

16 A YES. THIS IS WHAT WERE USED. THEY ARE COMPARABLE;
17 THEY ARE, YOU KNOW, FOR THE SAME FILING WHICH THE CONGRESSMAN
18 MADE, WHICH IS PUBLISHED. HERE YOU HAVE A MUCH BETTER QUALITY.
19 AND THIS IS WHAT WAS USED TO HAVE A LAB BLOW-UP.

20 Q WHERE DOES THAT BOOK COME FROM?

21 A IT COMES FROM THE HOUSE OF REPRESENTATIVES.

22 Q ALL RIGHT.

23 MR. WEINGARTEN: FOR PURPOSES OF IDENTIFICATION,
24 LET'S CALL THAT GOVERNMENT EXHIBIT 58, BECAUSE THE EXHIBITS
25 ARE PREMARKED UP TO 57. BUT WE DON'T MOVE IT INTO EVIDENCE.

1 THE COURT: ALL RIGHT.

2 (GOVERNMENT'S EXHIBIT NO. 58 WAS
3 MARKED FOR IDENTIFICATION)

4 BY MR. WEINGARTEN:

5 Q MR. REED, DO YOU KNOW ENOUGH ABOUT THIS CASE TO
6 SAY WHETHER OR NOT THE PORTIONS THAT WERE PHOTOGRAPHED, THAT
7 I DIRECTED TO BE PHOTOGRAPHED, CORRESPOND EXACTLY TO THE CHARGES
8 IN THE INDICTMENT?

9 A I DO NOT.

10 Q ALL RIGHT. THANK YOU, SIR.

11 THE COURT: MR. WEINGARTEN, CAN THE CLERK HAVE THE
12 BOOK SO HE CAN PUT NO. 58 ON IT?

13 MR. WEINGARTEN: YES.

14 THE COURT: THANK YOU.

15 MR. WEINGARTEN: NO FURTHER QUESTIONS.

16 THE COURT: ALL RIGHT. ANYTHING FURTHER, MR. LEWIN?

17 RECROSS EXAMINATION

18 BY MR. LEWIN:

19 Q DO I UNDERSTAND, MR. REED, THAT YOU USED THE PAGES
20 FROM THAT BOOK TO MAKE THE 1980 COPY THAT IS -- THE BLOW-UP
21 THAT'S UP THERE?

22 A YES.

23 Q O.K.

24 MR. LEWIN: AND DOES THE GOVERNMENT HAVE THE SIMILAR
25 VOLUMES FOR THE OTHER YEARS? JUST TWO OTHER VOLUMES. IS

1 THERE ANOTHER ONE?

2 MR. WEINGARTEN: THERE MUST BE. MAYBE IT'S DOWN-
3 STAIRS. I CAN GET IT FOR YOU.

4 MR. LEWIN: I DON'T KNOW.

5 WHAT WE WOULD PROPOSE, YOUR HONOR, IS THAT IF THAT'S
6 WHAT WAS USED AND THE WITNESS HAS NOW IDENTIFIED THEM, THAT
7 THE BOOKS GO IN EVIDENCE. I MEAN I THINK THE GOVERNMENT SAID
8 THEY ARE NOT PUTTING THEM IN EVIDENCE. WHY NOT PUT THEM IN
9 EVIDENCE?

10 THE COURT: YOU MEAN THOSE SHEETS OF PAPER FROM
11 WHICH THIS WAS PHOTOCOPIED?

12 MR. LEWIN: OH, NO, NO. THE ENTIRE BOOK.

13 THE COURT: THE ENTIRE BOOK MAY, INDEED, NOT HAVE
14 RELEVANCE TO THIS CASE, OR NOT THE ENTIRETY OF THE BOOK. SO
15 THAT UNDER THE CIRCUMSTANCES, IF YOU WANT THOSE PAGES THAT
16 WERE USED FROM WHICH PHOTOGRAPHS WERE MADE, FINE AND GOOD;
17 THAT CAN COME INTO EVIDENCE. BUT I SEE NO RELEVANCE TO THE
18 ENTIRE BOOK.

19 BY MR. LEWIN:

20 Q WELL, DID YOU LOOK AT ANY OTHER CONGRESSMEN'S FORMS
21 IN THOSE BOOKS?

22 A I DID NOT.

23 THE COURT: DO YOU WISH THOSE PORTIONS TO BE
24 PLACED INTO EVIDENCE, MR. LEWIN? IF SO, WE COULD HAVE THEM
25 MARKED.

1 MR. LEWIN: WELL, NOT AT THE PRESENT TIME, YOUR
2 HONOR. I DON'T THINK THOSE PARTICULAR PAGES ADD ANYTHING
3 BEYOND WHAT'S THERE. BUT IF THE GOVERNMENT WERE PREPARED
4 TO SAY THAT EITHER FOR COMPARISON PURPOSES OR OTHERWISE, THEY
5 ARE PREPARED TO OFFER THE ENTIRE BOOKS IN EVIDENCE, I THINK --

6 THE COURT: THEY HAVE NOT OFFERED THEM.

7 MR. LEWIN: THEY HAVE NOT OFFERED THEM.

8 THE COURT: ALL RIGHT. ANY FURTHER TESTIMONY FROM
9 THE FBI AGENT? ALL RIGHT.

10 WE THANK YOU FOR YOUR TESTIMONY. YOU ARE EXCUSED.
11 I WOULD, OF COURSE, ASK THAT YOU NOT DISCUSS IT WITH ANY OTHER
12 POSSIBLE WITNESS IN THIS CASE UNTIL THE MATTER IS CONCLUDED.
13 ALL RIGHT.

14 GENTLEMEN, IT IS ABOUT SIX OR SEVEN MINUTES AFTER
15 TWELVE. WE NORMALLY BREAK AT ABOUT 12:15. DO WE HAVE ANY
16 WITNESS WHO COULD BE COMPLETED IN ABOUT TEN OR FIFTEEN MINUTES,
17 OR AT LEAST THE DIRECT EXAMINATION CONCLUDED?

18 MR. WEINGARTEN: I WOULD SAY 25.

19 THE COURT: TWENTY-FIVE MINUTES? WHY DON'T WE
20 TAKE OUR LUNCH BREAK AT THIS TIME. WE WILL COME BACK -- ALL
21 RIGHT. WE WILL STILL MAKE IT AT 1:30 TODAY, GIVING YOU A
22 LITTLE EXTRA LEEWAY BECAUSE YOU DIDN'T HAVE THAT LAST NIGHT.
23 WE WILL STILL REMEMBER THAT TODAY. AFTER THIS, DON'T EXPECT
24 IT. 1:30 THIS AFTERNOON, WE WILL CONTINUE WITH THE TESTIMONY
25 IN THIS CASE.

1 AND PLEASE REMEMBER THAT ALTHOUGH WE HOPE YOU ENJOY
2 YOUR LUNCH WITH FULL BOUNTY, WE WANT YOU TO COME BACK WIDE
3 AWAKE AND READY TO LISTEN TO THE TESTIMONY, WHATEVER IT TAKES
4 IN THAT REGARD, COFFEE OR OTHERWISE.

5 WE WILL SEE YOU AT 1:30 THIS AFTERNOON. CONTINUE
6 NOT TO DISCUSS THE CASE.

7 (WHEREUPON, AT 12:07 P.M., THE TRIAL WAS RECESSED,
8 TO RECONVENE AT 1:30 P.M., THE SAME DAY)
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

AFTERNOON SESSION

THE COURT: Good afternoon. You are going to be ready with your next witness?

MR. LEWIN: Your Honor, could we just have some indication from the government what this witness is going to be testifying to? I don't think it is a name that is familiar. He has nothing to do with any of the events. Is he going to be testifying as an expert of some kind?

THE COURT: Is he testifying as an expert?

MR. WEINGARTEN: Yes. I explained it carefully in the trial brief, I thought.

MR. LEWIN: As an expert on what?

THE COURT: Why don't you come up here, Mr. Lewin, and let's look at the trial brief. Why don't you bring your copy of the trial brief, if you will, gentlemen.

(Bench conference)

THE COURT: Very briefly.

MR. WEINGARTEN: David Scott is the chief counsel of the Office of Government Ethics. The Office of Government Ethics was created by the Ethics in Government Act. A major component of his day-to-day work is to handle the Executive Branch EIGA forms which are identical in substance to the Congressional forms.

THE COURT: So that is essentially his testimony. And what leads it?

1 MR. WEINGARTEN: What needs to be reported,
2 exceptions, that sort of thing.

3 THE COURT: Are the rest of the witnesses given a
4 little caption there in your trial brief as to what they may be
5 testifying to or those who may be testifying to any degree of
6 expertise?

7 MR. WEINGARTEN: The only other possible expert is
8 Owen Nichols, and the grand jury has been turned over on him.

9 THE COURT: Then let's move ahead.

10 (End of bench conference)

11 THE COURT: Let's bring the jury in.

12 (Jury present at 1:40 p.m.)

13 THE COURT: All right, ladies and gentlemen, we will
14 continue with the testimony in this case. Counsel may proceed.

15 MR. WEINGARTEN: Yes, Your Honor. David Scott,
16 please. He should be in the witness room.
17 Whereupon,

18 DAVID R. SCOTT

19 was called as a witness by counsel for the Government and,
20 having been duly sworn by the Deputy Clerk, was examined and
21 testified as follows:

22 THE COURT: Good afternoon, Mr. Scott.

23 THE WITNESS: Good afternoon, Your Honor.

24 DIRECT EXAMINATION

25 BY MR. WEINGARTEN:

1 Q. Your full name, sir?

2 A. David R. Scott.

3 Q. For the record, spell Scott?

4 A. S-C-O-T-T.

5 Q. Where do you live?

6 A. I live in in Bethesda, Maryland.

7 Q. What is your profession?

8 A. I am an attorney.

9 Q. How long have you been an attorney?

10 A. Almost 19 years.

11 Q. How are you presently employed?

12 A. I am employed by the U.S. Government as chief counsel
13 of the Office of Government Ethics here in Washington, D.C.

14 Q. How long have you been so employed?

15 A. Since May of 1980.

16 Q. Prior to that, how were you employed?

17 A. As an attorney, I have had, I guess I could call it
18 many jobs. After law school, I was a law clerk to a Supreme
19 Court judge in Pennsylvania. I have practiced privately in
20 Philadelphia for a large law firm named Pepper Hamilton &
21 Sheets. I have been an assistant district attorney and in 1976
22 I came to Washington to work for the newly formed Public
23 Integrity Section of the Criminal Division of the Department of
24 Justice.

25 Q. In that capacity, do we know each other?

1 A. Yes. I met you through that section and working in
2 the criminal division together.

3 Q. Now, your present job over the last four years, how
4 did that begin? What caused you to have that job?

5 A. I am the first and only chief counsel of the Office
6 of Government Ethics. The office came into being as a result
7 of the Ethics in Government Act of 1978. The office opened up
8 its doors for business in January of 1979, and first chief
9 counsel, which was me, was hired in May of 1980.

10 Q. Pursuant to the Ethics in Government Act, generally
11 speaking, what are your duties and responsibilities?

12 A. In my job?

13 Q. Yes.

14 A. Generally speaking, the Office of Government Ethics
15 oversees the Executive Branch ethics program that was created
16 by the Ethics in Government Act. We have many responsibilities,
17 but chief of which are we have to oversee and try to prevent
18 conflicts of interest in the Executive Branch. We have to
19 monitor and review the public disclosure statements required of
20 the Executive Branch.

21 We have to give advisory opinions on conflicts of
22 interest in ethics laws when asked. We have to take corrective
23 action, if there is an ethics problem, when required. Those
24 are the chief things.

25 Q. Mr. Scott, to your knowledge, does the financial

1 disclosure requirements of the Executive Branch have a
2 counterpart who are members of Congress?

3 A. Yes. I should preliminarily say, to answer that
4 question, that the Ethics in Government Act sets up public
5 disclosure for all three branches of the government, the
6 Legislative, the Judicial and the Executive. The counterpart
7 of my office in the Legislative is the House Committee on
8 Standards of Official Conduct.

9 Q. In your capacity with the Office of Government Ethics,
10 do you have contact with your counterpart on the Hill?

11 A. Yes, I do.

12 Q. Are you familiar with House disclosure rules, House,
13 meaning House of Representatives, or Congressional disclosure
14 rules?

15 A. Yes, I am.

16 Q. Are you familiar with instructions that the Congress
17 may provide for members as to what the disclosure requirements
18 would be?

19 A. Yes, I am. I should say parenthetically that each of
20 the branches has instructions for the people who have to fill
21 them out, and we, at the present time, are looking at the House
22 instructions because we are revising our own.

23 Q. Has that review caused you to become familiar with
24 the House instructions?

25 A. Yes.

1 Q. Generally speaking, are you familiar with the
2 disclosure provisions for Congress, for the Ethics in
3 Government Act?

4 A. Yes, I am.

5 Q. How would you characterize the substantive difference
6 in disclosure requirements between Executive Branch members and
7 Congressional members?

8 A. They are virtually identical. As I might say, the
9 Judicial requirements are.

10 MR. WEINGARTEN: I offer Mr. Scott as an expert on
11 the substance and contents of the Ethics in Government Act.

12 THE COURT: Any voir dire, Mr. Lewin?

13 VOIR DIRE EXAMINATION

14 BY MR. LEWIN:

15 Q. Mr. Scott, do I understand that you consider yourself
16 an expert on the House, on the Congressional procedures under
17 the Ethics in Government Act?

18 A. I guess I do. Ultimately, of course, it is for the
19 Court to determine that question.

20 Q. I am just asking you what you think.

21 A. Yes.

22 Q. You think you are an expert in terms of Congressional
23 procedures?

24 A. Well, yes, I do, for the reasons I have already
25 stated that they are virtually identical with ours.

1 Q. Well, now what is it that is virtually identical, the
2 procedures are virtually identical?

3 A. No, I am sorry. I thought your question was in
4 regard to the substantive requirements of the Ethics in
5 Government Act in regard to such things as disclosure.

6 Q. Well, maybe you better be specific with me because I
7 want to know what the range of your expertise is. That is all.

8 THE COURT: Do you want him to answer?

9 MR. LEWIN: Yes.

10 BY MR. LEWIN:

11 Q. What is it specifically that you say you are expert
12 in regard to the Congress?

13 MR. WEINGARTEN: I am going to object. He is not
14 saying he is an expert in anything. I am offering him as an
15 expert to help the Court and jury.

16 THE WITNESS: I will do my best to try and answer
17 that question and break it down into parts. As I indicated
18 previously, sir, one of the things that the Act calls for is
19 public disclosure. I would characterize myself as an expert in
20 what that public disclosure is for the three branches.

21 Obviously, I primarily deal with the Executive Branch,
22 but the substantive requirements are virtually identical for
23 the Legislative and the Judicial.

24 BY MR. LEWIN:

25 Q. Now, what you mean by substantive requirements is

1 what the form looks like, is that what you mean?

2 A. No, no. I mean a whole lot more than that. The Act
3 calls for many things. It calls for what to report, how to
4 report it, what is not reportable, and each of the three titles,
5 Titles 1, Title 2 and Title 3 of the Ethics in Government Act
6 in that regard are virtually identical. I feel that I am very
7 knowledgeable in those areas.

8 Q. In other words what goes on the form?

9 A. That certainly ends up to be part of it, that is
10 right. The end, the product of the substantive questions is
11 someone writing something down on a form.

12 Q. On a form. So what you are --

13 A. The forms, of course, are different, as I am sure you
14 are going to ask me.

15 Q. I was going to say, what goes on the form is the
16 thing that you are saying you are expert in, what is to be
17 reported on the form for the Executive, Legislative and
18 Judicial Branches.

19 A. Certainly I think that the provisions are identical.
20 The forms are different. However, I think that that is really
21 ministerial in regard to, if I understand your question, the
22 differences. But you have to follow the instructions on the
23 form, of course.

24 Q. The reason, though, that you say you are an expert in
25 the Legislative aspect is that the words of the statute you say

1 are virtually identical with regard to the Legislative portion
2 of that, as they are with regard to the Executive?

3 A. Correct.

4 Q. So that is what you say makes you an expert, because
5 the law has got the same words?

6 A. Well, as I say, in addition, certainly everyone, the
7 Legislative Branch, the Executive Branch, the Judicial Branch,
8 all must start and finish with what the law says as apart from
9 the instructions.

10 However, I think that since I am also familiar with
11 the instructions, and we have the Legislative instructions in
12 our office, we are familiar with what they say, how they differ
13 from ours, and therefore I think I also know about that as well.

14 Q. But let me concentrate on two other things, though,
15 if you will bear with me, for a moment. One is there are
16 procedures that are different with regard to the Executive, the
17 Legislative and the Judicial, are there not? I am not talking
18 about what goes on the form. I am talking about the procedural
19 provisions.

20 MR. WEINGARTEN: I am going to respectfully object.
21 That is outside the scope of our proffer. That is outside what
22 we are asking this witness to testify about so it is outside
23 the scope of voir dire.

24 THE COURT: You are specifically seeking to qualify
25 him as an expert on the substance and content of the Ethics in

1 Government Act?

2 MR. WEINGARTEN: Yes.

3 THE COURT: Which includes disclosure provisions and
4 the instructions?

5 MR. WEINGARTEN: Yes.

6 THE COURT: And any other substance and content?

7 MR. WEINGARTEN: Yes.

8 THE COURT: Anything further with that narrowed
9 degree of offer?

10 BY MR. LEWIN:

11 Q. With regard to disclosure provisions, Mr. Scott,
12 would you agree with me that the regulations or the
13 instructions differ between the Executive, Legislative and
14 Judicial Branches?

15 A. The instructions, that is correct, they are written
16 in different, certainly they use different words and they all
17 come from the same substantive provisions, as I have indicated,
18 but they are different in that regard.

19 Q. But they are different?

20 A. Correct.

21 Q. Were you involved in any way in formulating the
22 Legislative instructions that the House committee issues?

23 A. No, sir, I wasn't.

24 Q. Is it accurate to say, to reflect your testimony,
25 that you really first looked at those now when you are thinking

1 of revising the Executive?

2 A. No, sir, that is not accurate. Obviously, as I have
3 indicated, there are three separate ethics groups reflecting
4 the separation of powers in this act. Ever since we have come
5 into being, we are aware of what the other branches are doing
6 and so we have had, from time to time, occasion to look at
7 their instructions.

8 Q. From time to time occasion to look at particular
9 portions of their instructions?

10 A. Correct.

11 Q. But in terms of reviewing the entire instructions,
12 was there ever a time prior to the time that you are now
13 revising your instructions that you reviewed the entire
14 instructions on the Congressional side?

15 A. Yes, because we have revised our instructions before.

16 Q. I see. So it was to compare what you should do as
17 compared with what the Congress is doing?

18 A. Yes, we obviously are trying to be aware of what our
19 sister branches of government are doing.

20 THE COURT: Mr. Lewin, some of this is crossing over
21 into the cross-examination area. Any further on voir dire?

22 MR. LEWIN: No.

23 THE COURT: Any objection?

24 MR. LEWIN: We object because we think the witness is
25 not qualified to testify about the Legislative Branch.

1 THE COURT: Over objection he does qualify as an
2 expert to testify on the substance and content of the Ethics in
3 Government Act.

4 Ladies and gentlemen, you will be subsequently given
5 the full instruction as to expert testimony, but essential to
6 say at this time that the Rules of Evidence ordinarily do not
7 permit witnesses who are not qualified as experts to testify as
8 to opinions or conclusions, but the exception is when they have
9 been qualified as experts. You are not bound by the opinion of
10 an expert. It is up to you to decide whether or not you
11 disregard the opinion of the expert in whole or in part, but it
12 is up to you overall to consider the expert's testimony in
13 connection with the other evidence to be developed in the case
14 and give it such weight as, in your judgment, it is fairly
15 entitled to receive.

16 Mr. Weingarten.

17 MR. WEINGARTEN: Since we mentioned the Ethics in
18 Government Act, I would like to proffer Exhibit No. 1.

19 DIRECT EXAMINATION (Resumed)

20 BY MR. WEINGARTEN:

21 Q. I would ask you, sir, if you can identify that?

22 A. Yes, I can. This is a printed copy of the Ethics in
23 Government Act of 1978 as amended. It has been amended four
24 times, most recently last year.

25 Q. The financial disclosure requirements, have they been

1 amended since the Act was first, I guess, passed in 1978?

2 A. In any of the branches?

3 Q. Yes. The Legislative Branch, to your knowledge.

4 A. The Legislative Branch, no.

5 MR. WEINGARTEN: We move into evidence Government's
6 Exhibit No. 1.

7 MR. LEWIN: No objection.

8 THE COURT: It is now into evidence without objection.

9 (Whereupon, Government's Exhibit
10 No. 1 was received into evidence).

11 MR. WEINGARTEN: I now proffer Government's Exhibit
12 No. 2.

13 BY MR. WEINGARTEN:

14 Q. I ask you, sir, if you can identify that?

15 A. Yes. This is a copy of the instructions for
16 completing the financial disclosure statements in terms of the
17 Legislative Branch, members, officers and employees of the
18 Legislative Branch.

19 Q. So we are perfectly clear, is Government Exhibit No.
20 2 the instructions that Congress prepares or the instructions
21 that the Executive Branch prepares?

22 A. This is the instructions that Congress prepares.

23 MR. WEINGARTEN: We move Government Exhibit No. 2
24 into evidence.

25 MR. LEWIN: No objection.

1 THE COURT: Without objection it also is in evidence.
2 (Whereupon, Government's Exhibit
3 No. 2 was received into evidence).

4 BY MR. WEINGARTEN:

5 Q. Mr. Scott, is it anywhere indicated in the Ethics in
6 Government Act what the general purpose of the Act is?

7 A. Yes, there is.

8 Q. Is there language that explains the purpose of the
9 Act?

10 A. Yes. Congress, Your Honor, ladies and gentlemen of
11 the jury, right in the beginning the Act put forth a statement
12 of what the ethics in government's purpose is. If I may read
13 it. I am reading from the first page of what is called,
14 "statement", starting at the second sentence and it says,
15 "The purpose of this Act is to preserve and promote public
16 confidence in the integrity of federal officials through
17 financial disclosure, post government employment restrictions
18 and independent investigations of alleged wrongdoing by
19 government officials. The first three titles of the Act
20 provide for financial disclosure by designated officials and
21 employees of the Legislative, Executive and Judicial Branches
22 of the Federal Government." Then it goes on to describe that.

23 Q. Mr. Scott, generally speaking, what are the
24 categories of items that need be disclosed by federal officials,
25 including congressmen?

1 A. Okay. Generally speaking, Your Honor, there are six
2 categories of items that need to be disclosed in public
3 disclosure reports. The first would be the income of the
4 government official, the spouse and dependent children, and
5 that basically is income over \$100, excluding the government
6 official's salary, government salary.

7 The second category that requires reporting are gifts
8 received by, I will just limit it to government officials at
9 this point. Those gifts must be reported, and there are, of
10 course, exclusions, the major one being you do not have to
11 report gifts from relatives.

12 The third category are what is called, by the Act,
13 reimbursements. They are, in effect, expenses, travel related
14 expenses, received by the government official from sources
15 outside of the government. In other words, if the government
16 sends you halfway around the world and pays your expenses and
17 reimburses you, you don't have to list that. But if you go
18 speak to an outside organization and they reimburse you, then
19 you must list that on your disclosure form.

20 The fourth category are called "holdings". They
21 basically are assets that produce income such as stocks and
22 bonds, if they have a value over \$1,000 they must be reported
23 on the public disclosure report. The fifth are liabilities of
24 the government official, and they basically are obligations of
25 the government official over \$10,000 that are owed to a source.

1 The two major exclusions there are, you do not need
2 to report, if you are the government official, your home
3 mortgage. That is obviously an obligation but there is a
4 specific exception to that. You don't have to report your, if
5 you have a loan out on your car or on a boat, if it is over
6 \$10,000, and the second major exclusion is loans to relatives.
7 You don't have to report that.

8 The final category you have to report are
9 transactions which, in effect, are purchases sales and
10 exchanges of real estate stocks and bonds and commodities
11 futures. If you sell or trade in any of those aspects, you
12 have to report those on the public disclosure form.

13 Q. Mr. Scott, you have mentioned six categories of
14 financial transactions. The Act requires other kinds of
15 disclosure as well, do they not?

16 A. Yes.

17 Q. Now, you mentioned the spouse of a public official.
18 Beginning with the general rule, what is obligated in terms of
19 reporting for the wife of a congressman?

20 A. Generally speaking, it is the same.

21 Q. Which would be?

22 A. In other words, the wife of a congressman or the wife
23 of an Executive Branch official, who was required to file,
24 would have to file in all six of those categories that I have
25 mentioned.

1 THE COURT: Excuse me. Or a husband, I take it?

2 THE WITNESS: Exactly, Your Honor. That is exactly
3 right. The word the Act uses is spouse and if the government
4 official, which many are women, of course, we would be talking
5 about a man as the spouse in this case.

6 BY MR. WEINGARTEN:

7 Q. Is there a specific test for congressmen or the
8 government official to use when he is considering whether or
9 not to report the property in the name of a spouse?

10 A. Okay. Yes. The best way I can try and answer that
11 question is to say that the general rule is the spouse has to
12 report what the government official does. Again, the spouse,
13 be it husband or wife, it is irrelevant. The major exception
14 to that is that if the spouse, -- is it all right to say wife,
15 Your Honor, in this case.

16 THE COURT: Surely.

17 THE WITNESS: Recognizing it is either way.

18 THE COURT: We will recognize either way your
19 testimony means both.

20 THE WITNESS: It makes it a little easier for me.

21 THE COURT: All right.

22 THE WITNESS: In this case if we are talking about
23 the government official as a man, and the spouse as a wife, the
24 test would be you must report in any of those six categories,
25 except for if the government official met three exemptions, in

1 effect, applied to a particular holding, a liability or
2 transaction, whatever.

3 Number one is that the government official would have
4 no knowledge of what his wife held in her own right. In other
5 words, if the property was in the wife's name and the
6 government official had no knowledge of what that particular
7 asset or liability was.

8 The second is described -- and all three of these
9 conditions must apply before it would not be reportable. The
10 second is what is called participation, that the government
11 official, in regard to the wife's assets neither paid for that
12 asset nor did any kind of activity that produced the asset. In
13 other words, let's assume that the wife had stock and it was
14 paid for in effect by the husband, by the government official
15 husband, that is my example, then that test would not be met.
16 The no participation, sometimes called the independence test,
17 would not be met.

18 The third condition is that the government official
19 can derive no economic benefit from the wife's asset. By that,
20 assuming that the other two tests are met, let's assume that
21 the wife has an asset and the government official neither knows
22 about it nor participated in bringing about the asset, if the
23 government official still derives an economic benefit from it,
24 for example, it is used to support the children of the
25 government official and the wife, then it still must be

1 reported.

2 It must have all three conditions met before the item
3 would not be reportable.

4 BY MR. WEINGARTEN:

5 Q. Is that test in the instructions of Government's
6 Exhibit No. 2?

7 A. Yes, it is.

8 Q. Would you turn to page 5. Are they there, if you
9 know?

10 A. Yes, they are.

11 Q. I would like to show you, sir, Government's Exhibit
12 No. 3. Mr. Scott, I would like you to take a look at
13 Government's Exhibit No. 3 and determine whether or not it
14 represents an accurate representation of the instructions found
15 in Government's Exhibit No. 2?

16 A. Yes, it is a summary of what appears on page 5 of the
17 instructions.

18 MR. WEINGARTEN: Your Honor, we move Government's
19 Exhibit No. 3 into evidence at this point.

20 MR. LEWIN: Subject to the objection we made prior to
21 trial, Your Honor.

22 THE COURT: Over objection, it is in evidence.

23 MR. WEINGARTEN: I would like to publish it to the
24 jury, Your Honor, if I may.

25 THE COURT: Once again, please don't hesitate to tell

1 us, ladies and gentlemen of the jury, if you are unable to see
2 the exhibit, and similarly for the witness. If it is blocking
3 counsel's view in any way, counsel are free, of course, to move
4 over to the other area so that they can see it. Apparently it
5 is all right.

6 BY MR. WEINGARTEN:

7 Q. Mr. Scott, you have gone through the tests, but in
8 real summary fashion, common sense fashion, what is the
9 knowledge test?

10 A. As I have tried to indicate, the knowledge test is
11 when using the example I have used for the government official
12 as a male and the spouse in this case is the wife, the
13 government official would not know what the wife held in her
14 name or what liability the wife had.

15 Q. Knowledge?

16 A. Knowledge, yes. In other words, it is trying to get
17 at the proposition that if you know what the wife has, then you
18 don't meet the test.

19 Q. What about independence test?

20 A. Okay, the independence test is what I also call the
21 participation. That is if in fact, in sort of a very common
22 sense way, the government official helped produce the asset in
23 the wife's name, then the independence test is not met.

24 In other words, if by either providing the money for
25 it or working for it, that is what is meant by that word

1 "activities", then the independence test would not be met
2 either.

3 Q. Mr. Scott, if the public official participates in the
4 transaction, must he report it?

5 A. Yes.

6 Q. What about benefit test?

7 A. The benefit test is when the government official,
8 even though the asset is in the wife's name, receives some kind
9 of benefit from the asset. For example, like maintaining the
10 home or helping support the children, then that is an economic
11 benefit and, again, the asset must be reported.

12 Q. Again, if the public official winds up with the money,
13 must he report the transaction?

14 A. Yes.

15 Q. Mr. Scott, does this test apply to all spouses?

16 A. Yes, it does.

17 Q. Are there any exceptions? What about a spouse who
18 doesn't live with her husband?

19 A. There is one category of spouse again that the Act
20 provides for, where if the spouse, and let's continue the
21 example of the wife of a male government official, is living
22 separate and apart from the government official and intending
23 to get a divorce or a permanent separation, then no information
24 of these categories need be reported.

25 Q. What is the standard again?

1 A. That the spouse, in the example we have used, the
2 wife, is living separate and apart from the government official
3 and, and this must also be present, is intending to get a
4 divorce, or a permanent separation.

5 Q. Mr. Scott, if a public official does not disclose a
6 wife's transaction or loans or transactions, does he still have
7 reporting obligations on the forms?

8 A. Yes. In both the Executive Branch and the
9 Legislative Branch, boxes must be checked. In the Legislative
10 Branch at the end of the form a box saying that the exclusion
11 has been made, must be affirmatively done.

12 Q. Just getting back to the category of transactions, if
13 you turn to page 18 of the instructions.

14 A. Yes, I have it.

15 Q. If there is a commodities transaction or a stock
16 transaction, what do the Congressional instructions require be
17 disclosed?

18 A. Well, do you want me to just summarize it?

19 Q. Yes. Maybe I can be more precise with my question.
20 What is to be reported, the sale price, the profit? Why don't
21 you explain that to the jury, if you would.

22 A. Okay. The instructions and in the Act state that you
23 must give a brief description of the date, the category of
24 value, of the purchase, sale or exchange, and if it exceeded
25 \$1,000, in the categories of the real property, stocks, bonds

1 and commodities futures.

2 Q. What about the second sentence of the instructions
3 right under "transactions", what does that say, sir?

4 A. That says, "The amount to be reported is the category
5 and value of the total purchase price or total sales price or
6 the fair market value in the case of an exchange and is not
7 related to any capital gain or loss on the transaction."

8 If I can, what that means is that unlike a tax return
9 or something like that, you don't have to get into what is a
10 capital gain, what is the basis of the transaction. You just
11 have to give the category of the total amount.

12 Q. The purchase price?

13 A. That is correct.

14 Q. Does the Act provide that the forms are available to
15 the public?

16 A. Yes, it does.

17 Q. In your experience, who among the public seeks them
18 out?

19 A. In my experience, the number one seeker of these
20 forms is the press. Certainly other groups that do are lawyers
21 representing individual clients who have an interest in a
22 particular matter or a particular government official, public
23 interest groups that have cause of some kind or another and law
24 enforcement officials.

25 Q. Are there warnings on both the Congressional and

1 executive forms for false filings?

2 A. Yes, there are, again in both the Executive and
3 Legislative Branch forms, they are both there in the Executive
4 Branch they begin the instructions; in the Legislative form,
5 they end the form right before the person is supposed to sign.

6 MR. WEINGARTEN: Thank you, sir.

7 THE COURT: Mr. Lewin, cross-examination.

8 CROSS-EXAMINATION

9 BY MR. LEWIN:

10 Q. Mr. Scott, let me just get it clear. You are the
11 chief counsel of the Office of Government Ethics, is that right?

12 A. Correct.

13 Q. You have been ever since that office was formed?

14 A. Well, it took them a long time to get chief counsel,
15 but it was basically in operation a year before I came in. But
16 I was the first chief counsel.

17 Q. The Office of Government Ethics, in turn, is part of
18 the Office of the Deputy Director of the Office of Personnel
19 Management, is that correct?

20 A. We are an administrative part of the Office of
21 Personnel Management. I would not say that we are in the
22 Office of the Deputy, because that is a specific office within
23 OPM.

24 Q. But you are in the Office of Personnel Management?

25 A. Correct.

1 Q. And the Office of Personnel Management, in turn, is
2 part of the Executive Branch?

3 A. That is correct.

4 Q. And that is distinguished from Congress, which is the
5 Legislative Branch, and the courts, like Her Honor which is the
6 Judicial Branch?

7 A. Correct.

8 Q. You are part of the Executive Branch?

9 A. Correct.

10 Q. In fact, the law you have been describing, the Ethics
11 in Government Act of 1978, specifically created that office
12 within the Executive Branch?

13 A. That is correct.

14 Q. Well, why don't you tell me, its duties are, under
15 the statute, relating to the Executive Branch, isn't that right?

16 A. That is correct. As I indicated, our specific
17 mandate is to review the Executive Branch financial disclosure
18 forms, the confidential forms filed by Executive Branch people.
19 Well, I am sure you don't want me to go through the whole thing.

20 Q. Why don't you look at Government's Exhibit No. 1 and
21 read for us 402(a) of the Act, which really tells us what your
22 authority is?

23 A. I often have to refer to it. Do you want me to read
24 402(a)?

25 Q. Yes, 402(a).

1 A. It says, Your Honor, and ladies and gentlemen of the
2 jury, "Under authority and functions of the Office of
3 Government Ethics, the director shall provide," that is the
4 director of the Office of Government Ethics, "in consultation
5 with the Office of Personnel Management overall direction of
6 Executive Branch policies related to preventing conflicts of
7 interest on the part of officers and employees of any Executive
8 agency as defined in Section 105 of Title V, United States Code.

9 Q. That is what the statute summarizes your duties as
10 being, is that right?

11 A. Correct.

12 Q. To provide overall direction of Executive Branch
13 policies related to preventing conflicts of interest on the
14 part of Executive Branch personnel?

15 A. That is correct.

16 Q. So in a very specific sense your responsibilities are
17 with regard to people who are members of the various cabinet
18 departments and other agencies of the Executive Branch?

19 A. That is right, although, of course, one of our
20 responsibilities in that broad language is to oversee the
21 conflicts of interest laws which do apply in some cases to
22 other branches of the government than the Executive Branch.

23 Q. I am glad you raised the conflict of interest law.
24 Specifically, what Section 402(a) which you read said related
25 to preventing conflict of interest on the part of officers or

1 employees in any Executive agency. It is your job to prevent
2 conflicts of interest?

3 A. That is certainly a major one.

4 Q. Would you say it takes up most of your time?

5 A. In the broad sense, yes, I would say reviewing
6 financial disclosure reports is part of that and certainly we
7 have to spend a lot of time doing that.

8 Q. Maybe we could be specific about that. Reviewing
9 financial disclosure reports within the Executive Branch means
10 also instituting actions to have people correct conflicts of
11 interest, is that right?

12 In other words, you review a form within the
13 Executive Branch and you say, "Look, it looks like there is a
14 conflict of interest. We can tell somebody to divest
15 themselves of something."

16 MR. WEINGARTEN: I am going to object to this kind of
17 question. Those are the proceedings of the Executive Branch.
18 That is not why Mr. Scott is on the stand.

19 THE COURT: I think Mr. Lewin is asking him about the
20 procedures of the Executive Branch. In that regard, we can see
21 what parallels, if any, are drawn subsequently. Overruled.

22 THE WITNESS: Thank you, Your Honor. Are you saying
23 that is one of the things that we can do after we review the
24 forms?

25 BY MR. LEWIN:

1 Q. Yes.

2 A. Yes, yes, sir, that is right. It is.

3 Q. In fact, do you do that?

4 A. Yes, we do.

5 Q. In fact, the Act provides procedures under which you
6 go out and you tell members of the Executive Branch to either
7 divest themselves of something or not be engaged in a certain
8 conflict of interest, is that right?

9 A. That is correct.

10 Q. Do you know whether that is true of the Legislative
11 branch as well?

12 A. Well, they do have different procedures in that sense
13 of the word.

14 Q. Would you tell us, as an expert in the Ethics in
15 Government Act, is there a procedure under the Ethics in
16 Government Act in which in the Legislative branch there is any
17 agency that tells congressmen to divest themselves of property
18 on account of conflicts of interest?

19 THE COURT: He is qualified as an expert in the
20 substance and content.

21 MR. LEWIN: Yes.

22 THE COURT: That is what he was offered as and that
23 is what he is.

24 MR. LEWIN: He is an expert in the Act, and I am
25 trying to point out --

1 THE WITNESS: Sir, I will try to answer your question
2 this way: Certainly, the procedures of Congress are different
3 and they do not parallel the Executive Branch in this regard.
4 I am obviously aware of no agency in the Legislative branch
5 that does what your question suggests.

6 On the other hand, I think in regard to the
7 substantive provisions that are apart from your review of the
8 forms, that they are virtually identical, as I have indicated.

9 BY MR. LEWIN:

10 Q. But in fact, what is a large part of your job, which
11 is correcting or preventing conflicts of interests, is not part
12 of any parallel or counterpart in the Legislative Branch, isn't
13 that true?

14 A. Well, if I understand your question, no, it is not
15 true. We have a large part of our office -- that is why I say
16 that our responsibilities are many in preventing conflicts of
17 interest -- of interpreting these laws, giving advisory
18 opinions.

19 I know that the Committee on Standards of Official
20 Conduct in the House do the same thing. They are asked a lot
21 of questions. That is why many times they call us and we
22 interpret both the Act and the conflict of interest statutes.
23 That is certainly a big part of our job as well.

24 Q. But my narrow question is that you said you do either
25 direct or instruct or prevent members of the Executive Branch

1 from having a conflict of interest by reason of property they
2 own. It is true, is it not, that there is no such provision
3 with regard to the Legislative Branch, there is nobody who
4 orders or directs?

5 A. That is correct, to my knowledge, sir.

6 Q. Let me ask you about another document which Mr.
7 Weingarten did not show you, but I think you have an orange
8 covered copy of that on your table and which I would like to
9 have marked, if I could, as Defendant's Exhibit No. 1.

10 THE COURT: All right.

11 DEPUTY CLERK: Defendant's Exhibit No. 1 marked for
12 identification.

13 (Whereupon, Defendant's Exhibit No.
14 1 was marked for identification).

15 BY MR. LEWIN:

16 Q. In your role as chief counsel, who you say is
17 familiar with --

18 THE COURT: Excuse me, has counsel seen it?

19 MR. WEINGARTEN: I have it.

20 MR. LEWIN: Yes, they have a similar one. I think
21 they are virtually identical.

22 MR. WEINGARTEN: They change over the years.

23 MR. LEWIN: That is 97th Congress and this is the
24 98th. But you have a red one.

25 MR. COLE: We have a red one.

1 BY MR. LEWIN:

2 Q. Volume entitled, "Ethics Manual for Members and
3 Employees of the U.S. House of Representatives". Mr. Scott,
4 you have reviewed that book, or its prior counterparts?

5 A. I have certainly seen it, yes.

6 Q. You have looked at parts of it?

7 A. Part of it.

8 MR. LEWIN: We would offer Defendant's Exhibit 1 into
9 evidence, Your Honor.

10 THE COURT: No objection?

11 MR. WEINGARTEN: I would like to come up to the bench
12 for that.

13 (Bench conference)

14 THE COURT: Do you want the witness to step down?

15 MR. WEINGARTEN: I don't care.

16 There are a lot of materials in that book that are
17 relevant and I think there are probably a lot that aren't
18 relevant. I would like to know what Mr. Lewin wants to use it
19 for.

20 MR. LEWIN: Only for the section that relates to
21 financial disclosures.

22 THE COURT: Let me ask you a question. If you only
23 want to use it for that, subsequently do you want to have a
24 photocopy made of just that page rather than the entire booklet
25 be given to the jury, which might distract them? You have

1 offered the entire booklet, whatever it is.

2 MR. WEINGARTEN: We don't object to the whole book;
3 that is fine.

4 THE COURT: We can just focus on the page so the jury
5 doesn't have to look through the whole thing later. It is in
6 evidence without objection.

7 (End of bench conference)

8 (Whereupon, Defendant's Exhibit
9 No. 1 was received into evidence).

10 BY MR. LEWIN:

11 Q. Directing your attention specifically, Mr. Scott, to
12 the section entitled, "Chapter 9, page 105, Financial Interests
13 and Financial Disclosure".

14 A. Yes, sir.

15 Q. That is the section that relates to this same subject
16 matter that you have been testifying about, isn't it, financial
17 interests and financial disclosure of members of the House?

18 A. Yes, sir.

19 Q. I direct your attention specifically to page 105 of
20 that volume.

21 A. Yes, sir.

22 Q. And the second full paragraph thereof.

23 A. Starts "As for members"?

24 Q. Yes.

25 A. Yes, I have it.

1 Q. All right. Maybe the simplest way to do it is just
2 to read those two sentences: "As for members of the House
3 although it was apparent that potential conflicts of interest
4 may exist between a member's official duties and his personnel
5 financial interests it was recognized that members of Congress
6 will enter public service owning assets and having private
7 investment interests like other citizens in the general public.
8 Members of Congress could not be expected to fully strip
9 themselves of worldly goods.

10 "Even a proposed selective divestiture of potentially
11 conflicting assets raises problems in the Legislative branch
12 because unlike many positions in the Executive Branch of
13 government, which are concerned with administration and
14 regulation in a particular area, or with regard to a particular
15 subject, e.g. aviation, communication, shipping, et cetera, the
16 area in which a member of Congress must exercise decision-making
17 duties concerning legislation covers nearly the entire spectrum
18 of business and economic endeavors.

19 "Thus, a neat divestiture of those interests which
20 may present a conflict with official duties is not as practical
21 in the Legislative branch as in the Executive Branch of
22 government."

23 Does that indicate that there is a difference in
24 terms of approach between what is expected in the Legislative
25 branch from what is expected in the Executive Branch?

1 A. Absolutely, sir, that is correct.

2 Q. Turning to the bottom of page 106, the paragraph that
3 begins: "Mandatory disqualification of a member from voting
4 because of a financial interest of a matter under consideration
5 was also rejected as a solution to the potential conflict of
6 interest problem raised by outside financial interests."

7 Does that indicate to you that the Congress viewed
8 the conflict of interest situation as being different with
9 regard to members of Congress than with regard to Executive
10 Branch personnel?

11 A. I can emphatically say the answer to that is yes,
12 they view it very differently.

13 Q. In fact, members of Congress are not expected to
14 divest themselves of property because there is a "conflict of
15 interest" as Executive Branch personnel?

16 A. Well, sir, it is different. To generalize, the
17 answer is yes. But I am sure there are specific exceptions. I
18 should add that this has, my understanding of this, has a lot
19 to do with the elected nature of the Legislature, because in
20 fact in the Executive Branch, the President and the Vice
21 President have a different situation than the other members of
22 the Executive Branch. So they have somewhat similar problems
23 with the legislature.

24 Q. Just looking at page 107, Mr. Scott, and the first
25 full paragraph, would you just read the two sentences of that

1 paragraph on 107 for us?

2 A. Starting with "thus"?

3 Q. Yes?

4 A. "Thus public disclosure of assets, financial
5 interests and investments was seen as the preferred method of
6 regulating possible conflicts of interest of members of the
7 House and certain Congressional staff. It was felt that public
8 disclosure will provide the necessary information to allow a
9 member's constituency to judge his official conduct as to
10 possible financial conflicts with his private holdings and
11 would provide necessary information to flag potential conflicts
12 of employees."

13 Q. And the next sentence, "review"?

14 A. "Review of a member's conduct by way of elections
15 every two years was seen as an effective deterrent and
16 regulation on potential conflicts of members."

17 Q. Is it fair to say, from that, Mr. Scott, that unlike
18 the Executive Branch, in the Legislative branch there is no use
19 of the financial disclosure forms for directing a divestiture
20 of any conflict of interest? Maybe I have made that question
21 too complicated. Let me withdraw it.

22 You have testified, have you not, that a good part of
23 your job is to review the financial disclosure forms and
24 determine whether there is a conflict of interest as to members
25 of the Executive Branch?

1 A. That is certainly one of our responsibilities, yes.

2 Q. And to take corrective action or to order corrective
3 action?

4 A. That is correct.

5 Q. Is it fair to say in light of what I have just read,
6 what you have read that with regard to members of Congress that
7 is not the remedy that Congress contemplated?

8 A. Yes, in that context, that is correct.

9 Q. Indeed, isn't it also fair to say, if you will look
10 at the sections of the law themselves, that the sections of the
11 law provide different remedies with regard to Congress than
12 they do with regard to your Executive Branch?

13 A. That is correct.

14 Q. So if you will compare Section 105 of the law, which
15 is the Congressional provision, do you know offhand what the
16 procedure for review in compliance is with regard to Congress,
17 without even looking at it? You are an expert. Let's try it.

18 A. In fact, I don't think I am an expert in that. I
19 said that they are different and I do not pretend to know what
20 goes on inside the Committee on Official Standards in this
21 regard, if that is what your question is getting at.

22 Q. That is fine. In fact, though, if you will look at
23 Section 105 of the Act and compare it with Section 206, with
24 which I am sure you are familiar, that is your section, the
25 remedies are quite different, aren't they?

1 A. I don't have to look at them. Yes, they are.

2 Q. As to what is to be done with the forms?

3 A. That is correct.

4 Q. Mr. Scott, would you accept, when you review these
5 Ethics in Government Act forms submitted by Executive Branch
6 personnel, would you accept a form that just refuses to answer
7 a question that is on the form?

8 MR. WEINGARTEN: I would like to object, Your Honor.
9 That is wholly irrelevant.

10 THE COURT: I would suggest counsel, let's not argue
11 out there, please, gentlemen. I told you this before. I
12 expect it to be followed through. Let's do it at the bench.

13 (Bench conference)

14 THE COURT: We won't get into argument out there. If
15 you have a difficulty come up here. What is the problem?
16 He says it is irrelevant.

17 MR. LEWIN: But it is clearly relevant to precisely
18 the point. He says the two are the same as to what has to be
19 on the form. The fact is Congressional forms are submitted and
20 printed with blanks and particularly with a blank on the form
21 question that he has directed the witness' attention to. I
22 would like to ask him about that.

23 THE COURT: You are saying the Executive form is not
24 printed with blanks?

25 MR. LEWIN: I think he would say they are not

1 accepted with blanks. I would like to find out. If he says
2 they are accepted, then they are accepted. If he says they are
3 not, I would like him to say that.

4 THE COURT: Are we talking about printing or
5 accepting?

6 MR. LEWIN: I am talking about whether his office
7 would accept it if somebody simply refused to answer a question
8 and just didn't answer a question. I think I am entitled to
9 explore that, because I think Congressional forms in fact are
10 accepted and printed and are not sent back, even though they
11 have questions left blank.

12 THE COURT: You are going to have someone here to
13 testify to that?

14 MR. LEWIN: I have the book here.

15 MR. WEINGARTEN: It doesn't make a possible
16 difference. What Scott would do in the Executive Branch is
17 irrelevant. He doesn't know what goes on in the Legislative
18 Branch. We would have liked to have somebody from the
19 Legislative Branch.

20 THE COURT: What you are telling me is procedural.
21 Would he accept it, that is a procedural matter. He was
22 qualified, that is the matter that I alluded to earlier, he was
23 qualified as to substance and content, very specifically, and
24 not as to procedure.

25 MR. LEWIN: No, no, but as to what has to be on the

1 form. He says he knows what has to be on the form. What I am
2 saying is that apparently if the standards are different, Mr.
3 Weingarten is now backing off. He is saying he doesn't know.
4 That is precisely my point, that the standards are different
5 between him and the Legislative Branch. That is exactly what I
6 can go into because he is trying to suggest to the jury that
7 what has to be on that form is the same in the Legislative and
8 the Executive Branches.

9 MR. WEINGARTEN: He is suggesting that what the Act
10 requires is the same. He doesn't have the foggiest idea what
11 goes on up on the Hill if a Congressman does a particular thing.

12 In addition, this all goes to materiality, which has
13 already been ruled on.

14 THE COURT: But let him testify in response to Mr.
15 Lewin's question that he doesn't have an idea, if that is true,
16 and then you can come back.

17 MR. WEINGARTEN: That is not the question. The
18 question asked him what he would do sitting as an Executive
19 Branch employee in a given instance.

20 THE COURT: What he would do as an Executive Branch
21 employee really has no relevance, and we all agree to that. So
22 if you would, ask it more specifically. I think it is the form
23 of your question, Mr. Lewin, that is causing some difficulty
24 here. Ask him more specifically and then, of course, Mr.
25 Weingarten, if he wishes to, can pick this up on redirect.

1 MR. LEWIN: Fine.

2 THE COURT: All right.

3 (End of bench conference).

4 BY MR. LEWIN:

5 Q. In answer to Mr. Weingarten's questions, I think, Mr.
6 Scott, you testified that the Executive Branch form contains an
7 entry or a question which asks whether a spousal exemption is
8 claimed under those three tests, is that right?

9 A. An Executive Branch form?

10 Q. Does the Executive Branch form contain one?

11 A. Yes.

12 Q. And the Legislative Branch form contains one as well?

13 A. Yes, but it was different. That is what I said.

14 Q. It is different. What is the form on the Executive
15 Branch form, in what way does it differ?

16 A. Okay. In the Executive Branch, it is on the second
17 page of the form. It is not at the end of the form. There are
18 a series of questions which you have to make multiple entries.
19 In the Legislative Branch, it is at the end of the form and it
20 is basically just two questions.

21 Q. With regard to the Executive Branch form, does the
22 Executive Branch accept a form in which those questions are not
23 answered or will you just buck it back and say, "Fill that out"?

24 A. If I understand your question, in other words there
25 is no indication on anything.

1 Q. No indication. Those are yes or no questions?

2 A. If we catch the fact that it is not filled out at all,
3 of course, we will go back and ask questions, yes.

4 Q. Do you know whether in the Legislative Branch,
5 whether in fact a failure to answer that question is or is not
6 bucked back?

7 A. No, sir. Again, I can't speak for what they actually
8 do in regard to whether they would buck it back or not. That
9 is not a question I have ever spoken to them about.

10 Q. But in terms of the completeness of the form for the
11 Executive Branch, that is an incomplete form, is that right?

12 A. That is correct.

13 Q. Have you ever looked at any of the financial
14 disclosure report books published by either the House or the
15 Senate?

16 A. I am embarrassed to say I have looked at them but I
17 have never --

18 Q. Never looked in them?

19 A. I have really never looked in them.

20 Q. You don't know whether in fact they are or are not
21 published with blanks?

22 A. The books?

23 Q. Yes.

24 A. I guess I know that, but beyond that I don't know
25 anything.

1 Q. You do know they are published with blanks? Do you
2 know that they are published with questions not answered?

3 MR. WEINGARTEN: Excuse me, I respectfully object and
4 I would like to take it up at the bench.

5 (Bench conference)

6 THE COURT: There is no question. The question was
7 ambiguous at the least. I don't know whether you mean blank
8 pages in the book or on the form.

9 MR. WEINGARTEN: The question was directed towards
10 what other Congressmen do and how they are treated and that is
11 just totally irrelevant.

12 MR. LEWIN: No, the question is directed to this
13 witness' testimony, that the Legislative Branch requires the
14 same information on its forms as the Executive Branch requires.

15 MR. WEINGARTEN: By law.

16 MR. LEWIN: That is exactly what he was offered for.
17 If he says he doesn't know, he doesn't know. I don't mean to
18 trick the witness. I thought he said it was in the public. It
19 doesn't take much looking to see that.

20 THE COURT: He indicated, with some degree of
21 embarrassment, that he had looked at the book but not in it.

22 MR. LEWIN: You don't have to look at it very much to
23 know there are a lot of blanks.

24 THE COURT: Mr. Lewin, you certainly aren't
25 qualifying him as an expert in looking at that book because he

1 has told us he hasn't.

2 MR. LEWIN: Then I will drop it, if he says he hasn't
3 looked in them.

4 MR. WEINGARTEN: Mr. Lewin is mixing apples and ,
5 oranges. Scott is explaining to the jury what needs to be
6 required by law. He doesn't presume to know what is done in
7 practice. What Mr. Lewin is trying to establish is what the
8 practice is on the Hill. I suggest that is totally irrelevant,
9 generally speaking, and certainly is irrelevant for this
10 witness.

11 MR. LEWIN: If this witness was offered simply to say
12 that the statute, the words of the statute, are the same, I
13 submit it was an enormous waste of the Court's and everybody's
14 time. You don't need an expert to say the words of the statute
15 are the same.

16 If what he is saying is that what is required in the
17 Executive is the same that is required in the Legislative
18 Branch, I am entitled to find out if in fact the requirement is
19 the same.

20 THE COURT: If he knows.

21 MR. LEWIN: If he doesn't know, I will drop it.

22 MR. WEINGARTEN: If I have wasted the Court's time, I
23 apologize.

24 THE COURT: You haven't wasted the Court's time.

25 MR. WEINGARTEN: He knows what the Act says. He

1 doesn't know what goes on up on the Hill, and that is exactly
2 what Mr. Lewin is trying to establish.

3 THE COURT: I think he has made it very clear, Mr.
4 Lewin, that he doesn't know specifically what goes on up on the
5 Hill or the inner-workings.

6 MR. WEINGARTEN: If he did, Your Honor --

7 MR. LEWIN: So why is he here?

8 THE COURT: He so testified, he was offered as to the
9 substance of the content of what he has testified are virtually
10 identical provisions. As to the procedure, as to the practice,
11 he has made it clear that he does not know that sufficiently to
12 testify with any degree of expertise, at least my derivative of
13 his testimony is such.

14 Is that what he was being offered for?

15 MR. WEINGARTEN: Absolutely.

16 THE COURT: All right. So, you know, I don't know
17 what we are going to accomplish by asking if knows if there are
18 blank pages. What I am concerned about is confusion on the
19 jury's part as we go back and forth between the Executive and
20 Legislative. I think you have made your point, Mr. Lewin.
21 Perhaps it is not caught by the jury but I caught it and I
22 think I got the government's point here, too, I hope.

23 MR. LEWIN: Thank you. So may I just ask him whether
24 he knows? If he says he doesn't know then he doesn't know.

25 MR. WEINGARTEN: That is irrelevant, even if he did

1 know.

2 THE COURT: I cannot see that it is relevant, because
3 he has clearly testified that he is not an expert as to the
4 practice and procedure and he has specifically said he doesn't
5 know what goes on in the Congressional committee.

6 MR. LEWIN: May I ask him that question just to make
7 sure?

8 THE COURT: Yes, sure.

9 (End of bench conference)

10 BY MR. LEWIN:

11 Q. Is it accurate to say, Mr. Scott, that you do not
12 know what the practice and procedure is with regard to what
13 actually must be filled out in the Congress in order to make
14 the form acceptable?

15 A. With the special emphasis on the last part of the
16 question, yes, I cannot say what is acceptable to the House
17 Committee on Standards of Official Conduct.

18 Q. Did you testify that there is a counterpart of yours
19 on the House Committee or in the House?

20 A. I believe my testimony was that I was asked what is
21 the counterpart of our office, and I gave the Committee on
22 Standards of Official Conduct as the answer to the question.

23 Q. Do you know who was on that committee?

24 A. Obviously it has changed in the last three or four
25 years, but, yes, I know some of them.

1 Q. Could you just name some?

2 MR. WEINGARTEN: Objection.

3 THE COURT: I don't know what value it would be to us.
4 Interesting, Mr. Lewin, but we have to move on.

5 THE COURT: Any further testimony from the witness?

6 MR. WEINGARTEN: One second.

7 MR. LEWIN: May I just have one moment, Your Honor?

8 THE COURT: Sure.

9 Mr. Lewin, is there any further cross-examination?

10 MR. LEWIN: No.

11 REDIRECT EXAMINATION

12 BY MR. WEINGARTEN:

13 Q. Mr. Scott, take Defense Exhibit No. 1, if you would.
14 What is the title of that?

15 A. The title is "Ethics Manual for Members and Employees
16 of the United States House of Representatives."

17 Q. Who puts the book out?

18 A. It is prepared at the direction of the Committee on
19 Standards of Official Conduct.

20 Q. What is contained inside the book? Is it fair to say,
21 Mr. Scott, there are about ten chapters on the ethical rules
22 and regulations of the House of Representatives?

23 A. Yes.

24 MR. WEINGARTEN: Thank you, sir.

25 THE COURT: Anything further?

1 MR. LEWIN: No.

2 THE COURT: We thank you for your testimony, Mr.
3 Scott. You are excused. I would ask that you not discuss your
4 testimony with any other possible witness until the case is
5 completed. Have a good day.

6 THE WITNESS: Thank you, Your Honor.

7 THE COURT: Next witness.

8 MR. WEINGARTEN: Nelson Bunker Hunt.

9 THE COURT: We will be breaking in the neighborhood
10 of 3:30 for a lunchtime recess so perhaps this gives guidance
11 to counsel, both sides of the table, as to length of testimony
12 prior to the recess.

13 Whereupon,

14 NELSON BUNKER HUNT

15 was called as a witness by counsel for the Government and,
16 having been duly sworn by the Deputy Clerk, was examined and
17 testified as follows:

18 THE COURT: Good afternoon, Mr. Hunt.

19 DIRECT EXAMINATION

20 BY MR. WEINGARTEN:

21 Q. Your full name, sir?

22 A. Nelson Bunker Hunt.

23 Q. Where do you live, sir?

24 A. Dallas, Texas.

25 Q. How are you employed?

1 A. I am largely self-employed. I am in the oil and gas
2 business primarily.

3 Q. Do you also do some investing?

4 A. Yes.

5 Q. Could you relate what general categories of
6 investments have interested you in the past?

7 A. Well, I have some stock investments, general stock
8 investments, commodities from time to time, and real estate.

9 Q. Do you hold any positions in corporations?

10 A. Yes. I am chairman of the Hunt Energy Corporation.

11 Q. Where would that be located?

12 A. That is in Dallas. It is a family corporation.

13 Q. What are your other major positions, just briefly?

14 A. I am chairman of Hirco National Resources Company,
15 which is a holding company involved in --

16 Q. You have to speak up, Mr. Hunt.

17 A. It is involved in the sugar refining business and
18 also oil exploration.

19 Q. Would that be Hirco?

20 A. Yes, sir.

21 Q. Is that H-i-r-c-o?

22 A. Yes, it is.

23 Q. Would that, too, be located in Dallas, Texas?

24 A. Yes, it is.

25 Q. And the sugar interests that you mentioned, does

1 Hirco own a sugar company?

2 A. Yes, they do.

3 Q. What sugar company would that be?

4 A. Great Western Sugar Company.

5 Q. Where is that located?

6 A. That is also headquartered in Dallas, Texas.

7 Q. Mr. Hunt, do you presently have interests in the
8 State of Idaho?

9 A. No, I don't believe so. Maybe a few federal oil and
10 gas leases, but, you know, we have those probably in 30 states
11 or more.

12 Q. Did you ever have interest in a silver mine in Idaho?

13 A. I was a stockholder, or rather Hirco was a
14 stockholder in Sunshine Mining Company for a period of time.

15 Q. When would that have been?

16 A. I don't remember.

17 Q. Would it be the late seventies?

18 A. Yes, middle to late seventies.

19 Q. Do you presently have an interest in the Sunshine
20 Silver Mine?

21 A. No, I don't.

22 Q. Now, Mr. Hunt, do you know the defendant, Mr. Hansen?

23 A. Yes, I do.

24 Q. How do you know him, sir?

25 A. Well, I have met him through the years, six or eight

1 or nine times in person, and I know him from political circles
2 as a Congressman, conservative republican Congressman.

3 Q. As best you can, when did you first meet Mr. Hansen?

4 A. I couldn't give you the year and month, but I met him
5 in Washington at a social function.

6 Q. So the jury has some idea, would it have been in the
7 seventies?

8 A. Oh, yes.

9 Q. Do you remember, the early part of the seventies, the
10 middle seventies?

11 A. I would say the middle seventies.

12 Q. What was the occasion when you first met Mr. Hansen?

13 A. Well, I think it was a dinner. I was at a dinner
14 with 50 or 75 people there.

15 Q. Did a relationship develop or did you have a
16 conversation with Congressman Hansen?

17 A. Yes, I did.

18 Q. To the best of your recollection, what was the
19 substance of that conversation?

20 A. Well, we talked about, you know, things in general.

21 And then the Congressman said he would like to talk to me

22 privately a minute, and he said that on his last election or

23 two before, he had had terrible problems with the Hayes

24 Committee, Congressman Hayes, Wayne Hayes, is that the fellow's

25 name? He said that he had had to defend himself from these

1 charges and that the legal bills had been extremely high and
2 the cost of his defense had been extremely high and it put he
3 and his family in substantial debt. He was trying to raise
4 some money to cover those expenses.

5 Q. Did he directly ask you for some money?

6 A. Yes. He said he would like to get some contributions,
7 that he had, and I don't remember the figure, \$300,000 or
8 \$400,000 worth of legal bills that he would like to try to
9 raise, and he said he was planning on sending out a fund
10 raising letter but there was a problem there with some
11 committee in Congress, whether they would approve it. I am not
12 sure which committee it was.

13 Q. What did you think about this approach?

14 A. Well, I was sympathetic with Congressman Hansen from
15 the aspect that this same Congressman had attacked and vilified
16 my father several times.

17 I thought he was very straightforward with it.

18 Q. Did you think he was being aggressive?

19 A. Well, I didn't know him at that time, but, yes,
20 aggressive. He is an outspoken person.

21 Q. Did you describe it once before as being overly frank?

22 A. Well, I might have used those words. He was very
23 frank about it, yes, sir.

24 Q. How did you respond?

25 A. Well, I told him that I was sympathetic to his

1 problem but that as far as making a contribution, I would have
2 to check into the legality of that. So that was about the size
3 of it.

4 Q. Did you expand upon that? I mean, why didn't you
5 simply want to reach into your pocket?

6 A. Well, I didn't know, you know, whether it was -- I am
7 not a lawyer and I didn't know whether there would be any legal
8 problems. And I didn't know whether there was a limit, you
9 know, a \$1,000 limit like you have with political campaigns, or
10 just what the situation might be.

11 Q. Just since you mentioned it, have you ever
12 contributed to any of Congressman Hansen's campaigns?

13 A. Yes, I have.

14 Q. How many occasions, do you recall?

15 A. I don't recall exactly, but I will guess two or maybe
16 a couple of times, maybe three times. I don't know.

17 Q. Every time he runs is it fair to say you contribute?

18 A. No, no. Since we have had the problems, I haven't
19 contributed.

20 Q. So what did you do when you came to that conclusion
21 that you didn't want to reach into your pocket and give out
22 some money?

23 A. I told him, I said, "Let me give it some thought." I
24 am not sure whether it was at that meeting that I told him that
25 or a subsequent time, but I told him that I might have some

1 thoughts and might try to help him make some money. And I was
2 speaking perfectly legally, of course. Everything I was going
3 to suggest at any time was perfectly legal as far as I know.

4 Q. How did Congressman Hansen respond to that?

5 A. He said, "That would be fine," that he would be
6 interested in that. And then, as I thought about it further, I
7 felt that it might not look good for me, you know, to be trying
8 to help a Congressman make money. Somebody might be suspicious
9 about it. And I said, "Well, maybe"--

10 Q. Why did you come to that conclusion, Mr. Hunt?

11 MR. LEWIN: Mr. Weingarten keeps interrupting the
12 witness.

13 THE COURT: Excuse me. I do think the witness was
14 interrupted, Mr. Weingarten.

15 MR. WEINGARTEN: I apologize.

16 THE COURT: Would you continue, please, Mr. Hunt.

17 THE WITNESS: I am not sure where I was.

18 THE COURT: We will start with another question.

19 BY MR. WEINGARTEN:

20 Q. I think you had indicated, Mr. Hunt, that you were
21 concerned about the perception that might be caused by you
22 giving Congressman Hansen money. Why would that be?

23 A. Well, I think, you know, it always can be a problem.
24 And, you know, somebody like yourself might think it wasn't all
25 right or there might be some law against it that I might not

1 know about.

2 Q. So what happened then?

3 A. So I told him that I might do something for his wife.
4 He mentioned that his wife had gone to some ethics committee or
5 some committee to get approval of sending out a fund-raising
6 letter, and that that was about to be approved or was not going
7 to be disproved; at least there was no particular objection to
8 that. He thought that would be fine, if I could do something
9 to help his wife.

10 He said they had separate accounts. I don't know
11 whether it was tax accounts or bank accounts or just what. But
12 he said that there were legal accounts between he and his wife.

13 Q. Did he ever tell you that he paid taxes separate from
14 his wife?

15 A. I don't recall that he told me that. I mean, I might
16 have assumed that he did, but I don't recall that he
17 specifically said that.

18 Q. Do you recall telling me that that is what he told
19 you?

20 A. Well, I may have told you that. I won't question
21 what the record is.

22 MR. LEWIN: May we approach the bench, Your Honor?

23 THE COURT: Yes. Will you step down, please, Mr.
24 Hunt, for a moment.

25 (Bench conference)

1 MR. LEWIN: If Mr. Weingarten is going to impeach his
2 own witness or try to use some past statement as substantive
3 evidence, I think he knows he has to meet the standards of the
4 Federal Rules of Evidence on that. As I understand it, and we
5 will provide it to you, this is an unsworn statement of Mr.
6 Hunt given to Mr. Weingarten. If he is trying to impeach the
7 witness, the witness has not denied this. I don't even know
8 what page he is referring to.

9 THE COURT: I don't know if it is impeachment or
10 refreshment of recollection.

11 MR. LEWIN: I think, at the very least, if he is
12 trying to do that, we are entitled to know specifically what
13 reference he is making to the document that he has in his hands,
14 a page reference, before he makes this assertion in the
15 presence of the jury.

16 THE COURT: Right, but apparently the witness has no
17 doubt that he may have made this statement and seems to know
18 that there is some reference that is being made.

19 MR. LEWIN: I am not sure. I think the witness may
20 simply think that because Mr. Weingarten is very assertively
21 saying something, that maybe he thinks it is true, especially
22 if he is holding something in his hand.

23 I think he has a duty to show me what he is referring
24 to so we know, rather than trying to take on his own witness.

25 THE COURT: If he is going to be so challenged, of

1 course, he is going to have to follow the Federal Rules in that
2 regard, but I am not certain he is going to be.

3 MR. WEINGARTEN: First of all, Mr. Lewin has this
4 document in his hand.

5 MR. LEWIN: I don't know what you are referring to.

6 THE COURT: What is the document, for the record?

7 MR. WEINGARTEN: He gave a statement that was
8 transcribed.

9 MR. LEWIN: What page is it on?

10 MR. WEINGARTEN: Page 24. I surely have not gotten
11 to it, but I have a feeling he will be using this with this
12 witness.

13 THE COURT: All right. We will follow the proper
14 procedure, Mr. Lewin. When it comes time for cross, you will
15 certainly have your opportunity. All right?

16 MR. LEWIN: All right, Your Honor. That is exactly
17 why I think we have to have a reference. I mean, what the
18 transcript shows is that Mr. Hunt said to Mr. Weingarten, "And
19 so he told me, he said, 'Well, my wife, when we had all these
20 financial problems, we divided our estate, or she has a
21 separate set of bank accounts and pays taxes separate from me.'"

22 So Mr. Hunt did not say to Mr. Weingarten that the
23 Congressman had said that his wife paid separate taxes.
24 Obviously Mr. Hunt did not recall at that point what it is that
25 was being said.

1 THE COURT: I think you have just read it to give the
2 information of what he said, "Or she has a separate bank
3 account."

4 MR. LEWIN: I am sorry?

5 THE COURT: "Or and pays taxes separate from me."

6 MR. LEWIN: The quotes are, "Well, my wife, when we
7 had all these financial problems, we divided our estate or she
8 has a separate set of bank accounts and pays taxes separate
9 from me." You know, the quotation marks in that document are
10 put in by the reporter, and I submit to Your Honor that if you
11 look at that statement, Mr. Hunt is saying either Mr. Hansen
12 said, "We divided our estate," or he said, "She has a separate
13 bank account."

14 THE COURT: I don't know. That entire thing was
15 written in quotes. Maybe it shouldn't have been, but it was.

16 MR. LEWIN: I don't think the foundation has been
17 laid that that is an inconsistent statement with anything Mr.
18 Hunt has said.

19 THE COURT: At the moment we haven't had impeachment.
20 Certainly if he intends to impeach him he is going to have to
21 follow the proper rules, and I am confident he will.

22 (End of bench conference)

23 BY MR. WEINGARTEN:

24 Q. Mr. Hunt, at the break, or at the objection, you were
25 explaining what Congressman Hansen told you about the property

1 agreement that he had reached with his wife. Why don't we
2 start from the beginning.

3 Why don't you explain what Congressman Hansen told
4 you.

5 A. Of course, this is now seven or eight years ago or
6 longer, so I don't claim to have a perfect memory, sir.

7 Q. As best you can.

8 A. But as best I understood it, there had been some type
9 of a legal separation, not legal separation, but a separation
10 where his wife's affairs and his affairs were separate.
11 Whether they had separate bank accounts, I don't believe he
12 said. Whether they paid taxes separately, I don't know that I
13 knew that. But that legally his affairs were separate from his
14 wife's.

15 Q. All your information about the separation came from
16 Congressman Hansen?

17 A. Yes, it did.

18 Q. Now, what about bank accounts, did he mention
19 anything to you about bank accounts or accounts, as best as you
20 can recall?

21 A. Mr. Weingarten, as best I recall, he said "accounts",
22 and I don't recall that he said bank accounts, but it has been
23 so long ago I just don't -- I would like to be exact on that
24 but I just can't.

25 Q. If I showed you a statement, would that be helpful to

1 you, do you think, a statement of a conversation that we had on
2 June 15th, 1982?

3 A. Yes, I would be glad to look at it.

4 MR. WEINGARTEN: Mr. Lewin, that is on page 24 and
5 page 58.

6 BY MR. WEINGARTEN:

7 Q. Mr. Hunt, if you would, please read the question on
8 the bottom of page 23, your answer, and then continue with your
9 answer to here, and I am indicating line 11, and then if you
10 would, turn to page 58 and read your statement from line 17
11 through line 25.

12 A. "Question: How did it come about that they invested
13 money in soybeans?

14 "Answer: Oh, yes, I said to George I said, 'Well, I
15 don't want to do anything that would cause any problems.'"

16 MR. LEWIN: Your Honor, has Mr. Weingarten asked the
17 witness to read it out loud or read it to himself?

18 THE COURT: I assume he meant to read it to himself.

19 MR. WEINGARTEN: That was my question.

20 THE COURT: All right. Just read it quietly to
21 yourself, Mr. Hunt.

22 BY MR. WEINGARTEN:

23 Q. Page 58, starting on line 17, and please complete the
24 page.

25 Does your statement of about two years ago, Mr. Hunt,

1 help you recall what Congressman Hansen may have told you back
2 when you first met him?

3 A. I just don't have any recollection of it, you know,
4 beyond what I have read there. I don't want to impugn -- maybe
5 when I said separate bank accounts, if that is the question,
6 maybe I was assuming that they were separate. But I am unsure
7 in my own mind.

8 Q. Back when we talked in Dallas, were you trying your
9 best to be truthful?

10 A. Yes, I was.

11 Q. Is it possible that you remembered better two years
12 ago than you remember today?

13 A. That is possible.

14 MR. WEINGARTEN: On that basis, Your Honor, I would
15 ask Mr. Hunt to read, on page 24, the paragraph that he has
16 read to himself.

17 THE COURT: Would you please read it out loud, sir.

18 THE WITNESS: Out loud?

19 THE COURT: Yes, this time out loud.

20 MR. LEWIN: I am sorry. May we approach the bench?

21 (Bench conference)

22 MR. LEWIN: I object to the admissibility of that
23 reading, both because I don't think a foundation is laid and
24 second of all because it is hearsay. The only exception under
25 Rule 801(d)(1) of the Rules of Evidence states, "If a declarant

1 testifies at trial or hearing and is subject to cross-
2 examination concerning this statement and his statement is
3 inconsistent with his testimony and was given under oath
4 subject to the penalty of perjury at a trial or in any other
5 proceeding or deposition," this statement was not given under
6 oath and therefore is not admissible substantively in this
7 procedure.

8 MR. WEINGARTEN: Present recorded recollection,
9 803(5), it is an exception to the hearsay rule.

10 MR. LEWIN: This didn't happen at the time the event
11 occurred. It is not present recollection.

12 MR. WEINGARTEN: I misspoke, recorded recollection,
13 803(5). He has no recollection of the event at this point. He
14 claims he was trying his best two years ago.

15 MR. LEWIN: I am sorry. It is not any recollection,
16 recorded recollection. Recorded means at the time of the
17 events, not when he is asked by Mr. Weingarten a year and a
18 half ago about the very same thing he is asked about here under
19 oath. He was not then under oath. It was a statement that was
20 simply made informally apparently, with a reporter present but
21 not under oath. Therefore it is not admissible as a
22 substantive declaration of any kind.

23 MR. WEINGARTEN: If I may show the Court 803(5).

24 THE COURT: It is recorded recollection, for the
25 record, which states, "A memorandum or record concerning a

1 matter about which a witness once had knowledge but now has
2 insufficient recollection to enable him to testify fully and
3 accurately, shown to have been made or adopted by the witness
4 when the matter was fresh in his memory and to reflect that
5 knowledge correctly. If admitted, the memorandum or record may
6 be read into evidence but may not itself be received as an
7 exhibit unless offered by an adverse party."

8 MR. LEWIN: There are at least three reasons why that
9 is totally inapplicable. This is not a memorandum or record.
10 This is a transcript of an interview, of oral questions and
11 answers. That refers to a memorandum of record made by a
12 witness sometime when his memory was fresh.

13 Second of all, Mr. Hunt has said that his memory was
14 not fresh at that time either. He said it may be possible, and
15 I think the reporter can read it back. I thought it was an
16 objectionable question, but I felt if he is going to ask it in
17 that form let him ask him, "Is it possible that your
18 recollection was better then?" I have frequently, in trials,
19 when I initially used to try to ask questions that way, had my
20 opponent stand up and say, "Everything is possible", and the
21 objection was sustained.

22 Of course it is possible. Everything is possible.
23 That is not sufficient to mean that his recollection was then
24 fresh. He did not say his recollection was then fresh. This
25 is not a memorandum and it does not in any way or in any form

1 come under Rule 803, and we object to its admission as
2 substantive evidence.

3 THE COURT: He can testify to it. You can
4 cross-examine him on it. You can show, as you say, that it
5 doesn't carry the weight that you indicate that it does,
6 because he doesn't have a recollection of it now and he has
7 admitted that his memory was fresher. Now we get into the
8 distinction between fresh and fresher. You can certainly use
9 that on cross-examination, Mr. Lewin.

10 (End of bench conference)

11 BY MR. WEINGARTEN:

12 Q. Mr. Hunt, if you would begin reading on page 23, line
13 21, with my question, and stop reading, if you would, on line
14 11 on page 24. You can read aloud at this time, sir?

15 A. "Answer: Oh, yes, I said to George, I said, 'Well, I
16 don't want to do anything that would cause any problem. I know
17 of these investments but,' I said, 'you being a Congressman, I
18 don't know whether you should do it or not. I am not a lawyer,
19 but I have some reservation about it.'

20 "And so he told me, he said, 'Well, my wife, when we
21 had all of these financial problems, we divided our estate or
22 she had a separate set of bank accounts and pays taxes separate
23 from me.' So he said.

24 "I would think -- I said, 'Well, that sounds all
25 right since her business is separate from you. She doesn't

1 work for the government.'"

2 Q. That is enough.

3 MR. LEWIN: Your Honor, I think the witness should be
4 entitled to read that whole answer, his whole answer on that
5 page, if Mr. Weingarten is asking him to read --

6 THE COURT: I don't have a copy of the document so I
7 don't know if it is the whole answer or a portion of the answer
8 or if there is any more that is relevant to the question that
9 was specifically asked. There may be. I just don't know.

10 MR. LEWIN: May we approach the bench?

11 (Bench conference)

12 MR. WEINGARTEN: That is totally different.

13 THE COURT: I see the name in there. That is what I
14 backed off on there, "Congressman Weingarten".

15 MR. WEINGARTEN: That is a relative of mine, Your
16 Honor.

17 THE COURT: If you want him to read the whole answer,
18 he can. I don't know if it really adds anything to it. If it
19 makes you much happier, and you feel it is a fairer balance,
20 fine and good.

21 MR. WEINGARTEN: On cross-examination he can do it.

22 MR. LEWIN: No. The jury is entitled to hear, at the
23 time it hears the answer, the entire answer.

24 THE COURT: You can do it two ways: You can do it at
25 this time or you can do it at cross-examination. You can have

1 an opportunity to do it. Since we interrupted right now let
2 him finish this chapter this time. In the future, we will
3 bring it out on cross-examination, because it just gets to be
4 too choppy if we have to go back and forth. This time he can
5 finish the page 24. As far as I am concerned he can go up to
6 line 6 on page 25 and then you have another question coming up.

7 MR. WEINGARTEN: He should read the rest?

8 THE COURT: Yes.

9 (End of bench conference)

10 THE COURT: We will have you finish and complete that
11 answer up to line 6 on page 25. Continue where you left off.

12 THE WITNESS: "He said, 'No, she comes down and works
13 for my office, but that is not on the government payroll. She
14 does it for nothing. You are not supposed to hire your own
15 relatives, a Congressman isn't, or a Senator. But what they do
16 to get around that, I hire -- I send my relatives to
17 Congressman Vinson. Congressman Vinson sends them to
18 Congressman Weingarten. Congressman Weingarten sends them to
19 Congressman Cole. So everybody's relatives get placed in a job
20 with somebody else, in somebody else's office. It is a pretty
21 convenient arrangement and thereby they don't violate any
22 government regulation.'

23 "Whereas Mrs. Hansen wouldn't do that. She works
24 apparently for nothing at George's office; whereas, if she
25 would go over and work for some friend of George's she would

1 get \$30 or 40,000, which I thought showed pretty good ethics.

2 "So any way I was going to try to help her make some
3 money and so that is the way it came about."

4 THE COURT: If there is another question there, you
5 can stop at that point.

6 THE WITNESS: Yes, there is.

7 THE COURT: Thank you.

8 BY MR. WEINGARTEN:

9 Q. How were you intending to help Mrs. Hansen make money?

10 A. Well, I didn't know, but, you know, occasionally I
11 hear of a good stock investment or perhaps a good commodity
12 investment or something.

13 Q. What debts were you hoping to help defray by helping
14 Mrs. Hansen?

15 A. Their legal bills and their costs of defending Mr.
16 Hansen in the Hayes Committee.

17 Q. His bills?

18 A. Yes.

19 Q. What did you eventually do?

20 A. Eventually, I recommended to her that she buy some
21 soybeans.

22 Q. Now, would that be a commodities futures purchase?

23 A. Yes, that is right.

24 Q. To your knowledge, was Mrs. Hansen knowledgeable in
25 the commodities market?

1 A. No, I don't believe she was.

2 Q. Were you knowledgeable?

3 A. I thought I was.

4 Q. Mr. Hunt, there may be some jurors, and even some
5 lawyers in this courtroom, that don't know much about the
6 commodities market. In very, very simple language, what does
7 it mean to buy a commodities future?

8 A. Well, I don't class myself as an expert, but you can
9 buy a futures contract for approximately five or ten percent of
10 the actual value of the commodity and then if the commodity
11 goes up or down you either make or lose money, depending on
12 whether it goes up or down.

13 Q. Can you purchase all sorts of kinds of commodities?

14 A. Yes, a very wide range.

15 Q. Are soybeans just one kind of commodity that you can
16 buy?

17 A. That is right, that, corn.

18 Q. Where do you do it?

19 A. I think there are several places you can, but Chicago
20 Board of Trade or the Chicago Mercantile, the New York Comex,
21 commodities exchange.

22 Q. Is it fair to characterize it as a very risky
23 business?

24 A. Yes, fairly risky, yes.

25 Q. Now, what did you recommend to Mrs. Hansen?

1 A. I put her in touch with a broker who I used in
2 Chicago named Nichols, and recommended that she talk to him. I
3 told her I thought the commodities were a good buy. Nichols
4 was an expert on it and he could talk to her about it.

5 Q. What eventually happened?

6 A. She bought some -- she had contact with Nichols and
7 she bought some soybeans and lost money on them.

8 Q. Let's take it one step at a time. Whose decision was
9 it for her to buy soybeans?

10 A. Well, it was my recommendation. So I guess if she
11 didn't want to, she certainly didn't have to.

12 Q. Were you then purchasing soybean futures yourself?

13 A. Well, I don't recall whether I was buying at that
14 time, but I did have soybeans, yes.

15 Q. Do you recall this transaction being in 1977?

16 A. I wouldn't recall that, but I will accept that.

17 Q. Okay. Is it fair to say, though, that your
18 conversation with Congressman Hansen, your first conversation
19 that you have testified about, took place before the soybean
20 purchase?

21 A. Yes, I would say so.

22 Q. Is it fair to describe the soybean transaction as
23 involving several steps, first the purchase, then the sale,
24 then another purchase and another sale, and then another
25 purchase and then another sale, do you recall?

1 A. I don't recall. It has been several years ago. I
2 just put her in touch with Nichols and told Nichols she was a
3 friend of mine and try to help her.

4 Q. In whose account were the soybeans first purchased?

5 A. I don't know. I assume in Connie Hansen's, but I
6 never heard anything to the contrary.

7 Q. Do you have any recollection of the contracts first
8 being purchased in your account?

9 A. No.

10 Q. Do you recall whether or not the soybean investment
11 first produced a profit and then only several days later
12 produced a loss?

13 A. I don't recall.

14 Q. Who made the decisions, Mr. Hunt, as to when to buy
15 and when to sell the soybeans?

16 A. Well, I advised her, and I think she followed my
17 advice, and then I think Nichols advised her. So I guess
18 between a combination of the two.

19 Q. Between you and Nichols?

20 A. I think she was obviously relying on myself and
21 Nichols, yes, sir.

22 THE COURT: Is that for the purchase and sale, in
23 response to the question, or for one or the other?

24 THE WITNESS: I believe both, Your Honor.

25 BY MR. WEINGARTEN:

1 Q. Would it be fair to say, Mr. Hunt, that the decision
2 to buy and the decision to sell in every instance in the
3 soybean transaction was yours?

4 A. Well, I would guess that I was largely instrumental
5 in both buying and selling, yes. I felt the market had gotten
6 very risky so I advised her to sell and take her loss.

7 Q. Do you recall how much that loss was?

8 A. I don't recall specifically, no, sir.

9 Q. Do you recall assisting Mrs. Hansen in paying for the
10 loss?

11 A. Yes. I told her I felt very badly about having tried
12 to help her make some money and ended up losing money for her.
13 She didn't have money to cover the loss, whatever it was, and I
14 told her that if she would come to Dallas, I would introduce
15 her to a bank and help her get a loan to cover the loss.

16 Q. In fact, did that happen?

17 A. Yes, it did.

18 Q. What bank was it, do you recall?

19 A. First National Bank of Dallas.

20 Q. Do you have some investments or did you then have
21 some property in that bank?

22 A. Well, I don't have property but we did a lot of
23 business with that bank.

24 Q. What exactly did you do for Mrs. Hansen?

25 A. Well, I co-signed her note and she got the loan.

1 Q. I hand you, Mr. Hunt, what has been premarked as
2 Government's Exhibit No. 15 and ask you, sir, if you can
3 identify it?

4 A. Yes, sir.

5 Q. What would that be, sir?

6 A. This is a promissory note of \$50,000 for Connie
7 Hansen, and a guarantee of that note signed by me.

8 Q. I am sorry. How much was the note for?

9 A. \$50,000.

10 MR. WEINGARTEN: We move into evidence Government's
11 Exhibit 15, Your Honor.

12 MR. LEWIN: No objection.

13 THE COURT: It is in evidence.

14 (Whereupon, Government's Exhibit
15 No. 15 was received into evidence).

16 BY MR. WEINGARTEN:

17 Q. Having seen that note, do you recall now what the
18 soybean loss would have been?

19 A. No, sir, I am sorry, I don't.

20 Q. Do you recall what happened with that note?

21 A. Yes. Ultimately, Connie Hansen did not pay it, and
22 the bank called on me to make the note good, and I did.

23 Q. Did you receive some correspondence from the bank,
24 that you recall?

25 A. Yes, I did.

1 Q. Mr. Hunt, I hand you Government's Exhibits 20 and 22
2 and ask you if you can identify them, sir?

3 A. Yes, those were letters that were written by the
4 First National Bank to me.

5 Q. What were they concerning?

6 A. Concerning the \$50,000 loan to Mrs. Connie Hansen,
7 supported by my guarantee, saying it was overdue and asking me
8 to make them good.

9 MR. WEINGARTEN: I move into evidence Government's
10 Exhibits 20 and 22.

11 THE COURT: Without objection?

12 MR. LEWIN: No objection.

13 THE COURT: They are both in evidence without
14 objection.

15 (Whereupon, Government's Exhibit
16 Nos. 20 & 22 were received into evidence).

17 BY MR. WEINGARTEN:

18 Q. Pursuant to or as a result of that request from the
19 Dallas bank, did you in fact make the loan good?

20 A. Yes, I did.

21 Q. Mr. Hunt, I show you what has been marked as
22 Government's Exhibit No. 23 and ask you if you can identify it,
23 sir?

24 A. Yes. This is a check made out from my account to the
25 First National Bank in Dallas.

1 Q. For how much?

2 A. \$61,503.

3 Q. What was that check used for?

4 A. It is not identified, but I assume that is the check
5 that was used to pay the loan of \$50,000, plus interest.
6 Accrued interest must be \$11,500.

7 Q. Is it fair to say it is the \$50,000 plus the accrued
8 interest?

9 A. Yes, sir.

10 MR. WEINGARTEN: Your Honor, I would like to
11 substitute copies for this, because Mr. Hunt's lawyers want to
12 take this back with them.

13 THE COURT: No objection, Mr. Lewin?

14 MR. LEWIN: No objection.

15 THE COURT: And to the substituted copy also?

16 MR. LEWIN: No objection.

17 THE COURT: I take it it is being offered into
18 evidence?

19 MR. WEINGARTEN: We offer into evidence Government's
20 Exhibit No. 23.

21 THE COURT: All right, without objection, it is in
22 evidence.

23 (Whereupon, Government's Exhibit
24 No. 23 was received into evidence).

25 BY MR. WEINGARTEN:

1 Q. Once you paid the Dallas bank with this check, sir,
2 where did that leave your relationship with Mrs. Hansen
3 concerning that loan?

4 A. Well, she owed me that money, and I have tried to
5 collect. I have written letters to her.

6 Q. Don't get ahead of the game.

7 Was the fact that she owed you that money
8 memorialized in a legal document? Was there a note drawn up
9 reflecting that fact?

10 A. I believe there was, yes, sir.

11 Q. Mr. Hunt, I hand you Government's Exhibit 26A and
12 Exhibit 26B and ask you if you can identify them?

13 A. Yes, these are promissory notes from Connie Hansen to
14 N. B. Hunt. One is dated October 26th, 1978, \$3,107; another
15 one dated June 3rd, 1980, \$61,503, and a few odd cents.

16 Q. Mr. Hunt, what does the \$3,000 '78 note indicate, do
17 you remember?

18 A. I think that must have been the interest that was due.
19 Was that the question?

20 Q. Yes. Did you pay interest early on on the note as
21 well?

22 A. I assume so. I don't know specifically, but I assume
23 I would have.

24 MR. WEINGARTEN: We move into evidence those notes,
25 Your Honor.

1 MR. LEWIN: No objection.

2 THE COURT: They are in evidence, Government's 26A
3 and B.

4 (Whereupon, Government's Exhibit
5 Nos. 26A & B were received into evidence).

6 MR. WEINGARTEN: We would also like to substitute
7 those with copies.

8 MR. LEWIN: No objection.

9 THE COURT: Fine.

10 BY MR. WEINGARTEN:

11 Q. Now, I note, Mr. Hunt, that one of these notes is
12 dated October 26th, 1978. The other note is dated June 3rd,
13 1980. As we sit here today, are those notes paid off?

14 A. I don't believe they have been, no, sir.

15 MR. WEINGARTEN: Your Honor, this is a very logical
16 place to break, if the Court is of a mind to do so.

17 THE COURT: I believe what we were doing was waiting
18 for coffee for the jurors, which will be here in about five
19 minutes. But we can break now. We will just have to drink
20 more quickly. We are going to take about a ten minute break,
21 ladies and gentlemen of the jury, with the continuing
22 admonition not to discuss the case with anyone.

23 Mr. Hunt, you are in the midst of your testimony and
24 that same admonition applies to you, not to discuss the case
25 with anyone at this time.

(Recess)

1
2 AFTERNOON SESSION

3 THE COURT: MAY I SEE THE COUNSEL AT THE BENCH FOR ONE
4 MOMENT WHILE WE ARE WAITING FOR THE JURY TO COME IN?

5 AT THE BENCH:

6 IT HAS BEEN BROUGHT TO MY ATTENTION BY ONE OF THE
7 DEPUTY MARSHALS THAT THE GENTLEMEN WHO HAS BEEN DESIGNATED AS A
8 CONGRESSMAN'S AIDE HAS BEEN SEEN TALKING TO THE CONGRESSMAN
9 WHICH CERTAINLY IS APPROPRIATE IF HE IS TALKING ABOUT
10 CONGRESSIONAL BUSINESS. I TRUST HE IS NOT TALKING ABOUT WHAT
11 IS ONGOING HERE.

12 MR. LEWIN: NO, HE IS MAKING GENERAL STATEMENTS;
13 ANSWERING GENERAL QUESTIONS AS TO HOW THINGS ARE GOING.

14 THE COURT: I ASSUMED IT TO BE THAT OR TALKING ABOUT
15 THE BUSINESS OF THE OFFICE OPERATIONS. I WANT TO MAKE IT CLEAR
16 THAT HE HAS BEEN EXCLUDED AND THE REASON FOR BEING EXCUSED IS
17 NOT TO REVIEW THE TESTIMONY.

18 MR. LEWIN: YES. I THINK, QUITE CANDIDLY, THINGS LIKE
19 HOW IS IT GOING AND REACTIONS OF THAT KIND.

20 THE COURT: I WOULDN'T BE TOO GENEROUS WITH THAT UNTIL
21 THE GENTLEMAN TESTIFIED. I THINK THAT MIGHT LEAVE ROOM FOR
22 ANOTHER QUESTION AND ANOTHER QUESTION MIGHT INADVERTENTLY
23 DISCLOSE THE MATTERS THAT SHOULDN'T BE DISCLOSED. I THINK THE
24 GENTLEMAN SHOULD BE TREATED IN THAT RESPECT LIKE ANY OTHER
25 WITNESS THAT HAS BEEN EXCLUDED SAVE FOR THE FACT THEY STILL

1 HAVE TO KEEP THEIR OFFICE OPERATING AND I UNDERSTAND THAT. IT
2 IS NOT THAT THEY CAN'T TALK TO EACH OTHER BUT IT MUST BE OUT OF
3 THE PRESENCE OF ANY OTHER WITNESSES OR SEATED AROUND THE SAME
4 GOVERNMENT WITNESS ROOM, AND IF THEY HAVE THAT GOING, IT CAN
5 CREATE PROBLEMS.

6 MR. WEINGARTEN: I MIGHT SAY MR. MCKENNA HAS BEEN WITH
7 THE CONGRESSMAN FROM THE OUTSET AND HE HAS COME TO THE
8 DEPARTMENT LOBBYING FOR THE CONGRESSMAN IN THIS CASE.

9 IF HE IS GOING TO BE AN INSIGNIFICANT WITNESS, IT IS
10 ONE THING, AND I THINK HE CAN PERHAPS EVEN BE IN HERE. IF HE
11 IS GOING TO BE ADVICE OF COUNSEL WITNESS, THEN THAT IS MORE
12 SERIOUS. IF HE IS JUST A TRIVIAL WITNESS, I DON'T CARE.

13 MR. LEWIN: HE IS A WITNESS AS MR. WEINGARTEN KNOWS
14 FROM THE FIRST F B I INTERVIEW THAT THE CONGRESSMAN INTERVIEWED
15 HIM AND HE SAID HE CONSULTED WITH HIS COUNSEL, MR. LEWIN, AND
16 MR. MCKENNA.

17 THE COURT: SO, IMPART TO YOUR CLIENT JUST TO AVOID
18 ANY POSSIBILITY OF DIFFICULTY I AM NOT PRECLUDING HIM FROM
19 TALKING TO EACH OTHER BECAUSE I UNDERSTAND ONE MUST OPERATE
20 ONE'S BUSINESS AND IN THIS INSTANCE HIS BUSINESS IS THAT OF
21 SITTING CONGRESSMAN. ON THE OTHER HAND, THERE CANNOT BE ANY
22 DISCUSSION OF THE CASE INCLUDING HOW IT WAS GOING. ALL RIGHT?

23 IN OPEN COURT:

24 THE COURT: ALL RIGHT. LET'S CONTINUE WITH THE
25 TESTIMONY.

1 (JURY ENTERS AT 3:45 P.M.)

2 WHEREUPON,

3 NELSON BUNKER HUNT

4 WITNESS CALLED BY THE GOVERNMENT, HAVING BEEN PREVIOUSLY SWORN,
5 RESUMED THE STAND AND TESTIFIED AS FOLLOWS:

6 THE COURT: ALL RIGHT. LADIES AND GENTLEMEN, WE
7 RESUME THE TESTIMONY OF MR. HUNT.

8 MR. WEINGARTEN?

9 MR. WEINGARTEN: THANK YOU, YOUR HONOR.

10 BY MR. WEINGARTEN:

11 Q. MR. HUNT, WHEN WE BROKE I THINK WE FINISHED TALKING
12 ABOUT SOYBEANS. LET ME ASK YOU, SIR, WAS THERE ANOTHER
13 OCCASION WHEN YOU ATTEMPTED TO HELP THE HANSENS?

14 A. CONNIE HANSEN HAD LOST THE MONEY WE HAD DISCUSSED, AND
15 I TOLD HER AT THAT TIME THAT I HOPED SOMETHING WOULD COME ALONG
16 THAT WOULD GIVE HER A CHANCE TO GET HER MONEY BACK, AND IF
17 SOMETHING DID COME ALONG I WOULD LET HER KNOW.

18 Q. AND DID YOU SUBSEQUENTLY CONTACT HER?

19 A. YES, I DID.

20 Q. WHAT WAS THE NATURE OF THAT CONTACT

21 A. IT WAS -- I DON'T HAVE THE EXACT POINT IN TIME. I
22 DON'T KNOW THE POINT IN TIME, BUT I CALLED HER AND TOLD HER
23 THAT I THOUGHT SILVER WAS A GOOD INVESTMENT, AND I THOUGHT SHE
24 MIGHT MAKE AN INVESTMENT IN SILVER, AND IT WOULD BE A GOOD
25 CHANCE TO RECOVER WHAT SHE HAD LOST.

1 Q. WERE YOU THEN INVESTING IN SILVER?

2 A. YES, I WAS.

3 Q. DID YOU RECOMMEND A PARTICULAR BROKER?

4 A. YES, I DID.

5 Q. AND WHO WOULD THAT BROKER HAVE BEEN?

6 A. LES MING, WITH CARGILL, IN OKLAHOMA CITY.

7 Q. HAD YOU BEEN USING MR. MING?

8 A. YES, I DID.

9 Q. WHAT FOLLOWED THAT CONTACT WITH MRS. HANSEN?

10 A. MING CONTACTED HER AND SHE MADE A, I UNDERSTAND SHE
11 MADE AN INVESTMENT IN SILVER WHICH I RECOMMENDED AND MADE A
12 PROFIT, TOO, ON THAT INVESTMENT.

13 Q. DO YOU REMEMBER HOW MUCH THE PROFIT WAS?

14 A. I AM SORRY, I DON'T.

15 Q. -- WAS IT MORE OR LESS THAN THE LOSS THAT SHE SUFFERED
16 WITH THE SOYBEANS?

17 A. I THINK IT WAS MORE, YES.

18 Q. IS IT FAIR TO SAY THAT THERE WAS A PURCHASE OF SILVER
19 CONTRACTS AND THEN A SALE OF SILVER CONTRACTS, IS THAT HOW IT
20 WENT?

21 A. I THINK SO, YES.

22 Q. AND LES MING WAS THE BROKER?

23 A. YES, HE WAS.

24 Q. AND WHO DECIDED WHEN AND HOW MUCH SILVER TO BUY AND
25 WHO DECIDED WHEN AND HOW MUCH SILVER TO SELL?

1 A. WELL, I TOLD MING, WHO WAS A BROKER FOR ME FOR SOME
2 TIME THAT MRS. HANSEN WAS A FRIEND OF MINE AND I WAS TRYING TO
3 HELP HER MAKE A PROFIT, AND I RECOMMENDED THAT SHE INVEST IN
4 SILVER, AND SO I GUESS IT WAS FINALLY HER DECISION, ADVISED BY
5 ME, AND I ASKED MING TO TELL HER WHAT HE FELT ABOUT IT.

6 Q. OBVIOUSLY, THERE MUST COME A TIME WHEN A DECISION IS
7 MADE TO BUY AND THE DECISION IS MADE TO SELL ON THE COMMODITIES
8 MARKET, IS THAT IT?

9 A. YES.

10 Q. IS IT FAIR TO SAY THAT CONTRACTS WERE PURCHASED FOR
11 MRS. HANSEN BY LES MING?

12 A. YES.

13 Q. AS YOU SIT HERE TODAY, WHAT IS YOUR BEST RECOLLECTION
14 AS TO WHO DECIDED WHEN TO SELL THOSE CONTRACTS?

15 A. WELL, I ADVISED HER TO SELL. I FELT THE MARKET WAS
16 GETTING A LITTLE VOLATILE, AND SHE HAD A PROFIT, AND I FELT
17 THAT SHE SHOULD TAKE THE PROFIT AND SO ADVISED HER.

18 Q. DO YOU REMEMBER THE AMOUNT OF THE PROFIT?

19 A. NO, I DON'T.

20 Q. MR. HUNT, WAS ANY PORTION OF THAT PROFIT APPLIED TO
21 THE MONEY THAT WAS OWED TO YOU?

22 A. NO, I DIDN'T RECEIVE ANY OF IT.

23 Q. HAVE YOU EVER DONE THIS SORT OF RECOMMENDING OR
24 PROVIDING ADVICE ON INVESTMENTS FOR ANY OTHER PERSON?

25 A. OH, YES, I HAVE, YOU KNOW, FRIENDS, AND I HAVE TOLD

1 THEM I THOUGHT IT WAS A GOOD TIME TO BUY OR I THOUGHT PERHAPS
2 IT WAS A GOOD TIME TO SELL.

3 Q. HAVE YOU EVER DONE IT FOR ANYONE WHO WAS RELATED TO A
4 CONGRESSMAN OTHER THAN MRS. HANSEN?

5 A. NO, I CAN'T RECALL THAT I HAVE, NO, SIR.

6 Q. IS IT FAIR TO SAY, MR. HUNT, BACK THEN WHEN YOU WERE
7 ASSISTING THE HANSENS AND TODAY AS YOU SIT ON THE WITNESS TABLE,
8 YOU FELT GREAT SYMPATHY FOR GEORGE HANSEN?

9 A. YES, I DO. I WOULD SAY, I AM SYMPATHETIC WITH ANYONE
10 WHO HAS PROBLEMS. THAT IS MY NATURE, I GUESS. I HAVE HAD MY
11 SHARE OF THEM, AND I KNOW WHAT PROBLEMS CAN BE.

12 Q. AND IN ADDITION, DID YOU LIKE CONGRESSMAN HANSEN BACK
13 THEN?

14 A. YES, I LIKED HIM THEN, AND STILL LIKE HIM.

15 Q. ARE YOU PREPARED TO SAY THAT BACK THEN WHAT YOU WERE
16 DOING WAS LOOKING FOR A WAY TO PROVIDE CONGRESSMAN HANSEN MONEY
17 AND NOT GET IN TROUBLE YOURSELF?

18 A. I WOULDN'T PUT IT QUITE THAT STRONGLY. I WAS TRYING
19 TO HELP THE HANSEN FAMILY WHICH ADMITTEDLY HAD FINANCIAL
20 PROBLEMS CAUSED BY LEGAL, AS I UNDERSTOOD IT, CAUSED BY LEGAL
21 PROBLEMS FROM THE HAYS COMMITTEE.

22 Q. AND ALL YOUR INFORMATION ON THAT COMES FROM
23 CONGRESSMAN HANSEN, DOES IT NOT.

24 A. YES, AND I HAD READ ABOUT IT. I HAD READ ABOUT THE
25 CASE. IT WAS FAIRLY WELL PUBLICIZED AT THE TIME, BUT AS TO THE

1 AMOUNT OF THE PROBLEM, THE AMOUNT OF LEGAL FEES, I DIDN'T KNOW
2 OF THEM OTHER THAN WHAT I WAS TOLD BY THE HANSENS.

3 Q. SO, IT FAIR TO SAY WHAT YOU WERE TRYING TO DO IS
4 PROVIDE THEM WITH MONEY AND AVOID LEGAL DIFFICULTIES?

5 A. I GUESS THAT IS A FAIR STATEMENT, YES, SIR.

6 THE COURT: DOES THAT COMPLETE THE EXAMINATION?

7 MR. WEINGARTEN: YES, YOUR HONOR.

8 THE COURT: ALL RIGHT. CROSS-EXAMINATION.

9 CROSS-EXAMINATION

10 BY MR. LEWIN:

11 Q. GOOD AFTERNOON, MR. HUNT. IT IS TRUE, IS IT NOT, MR.
12 HUNT, THAT YOU AND I HAVE MET ONLY ONE TIME BEFORE TODAY?

13 A. I BELIEVE THAT IS CORRECT, YES, SIR.

14 Q. AND IT IS TRUE, IS IT NOT, THAT ONE TIME WAS WHEN I
15 AND MR. CAMPBELL, AND MR. BRAGA CAME TO YOUR OFFICE IN DALLAS--
16 ON FEBRUARY 23RD FOR A BRIEF INTERVIEW CONCERNING THE FACTS
17 THAT YOU WOULD TESTIFY TO AT THIS TRIAL?

18 A. YES, SIR.

19 Q. AT THAT TIME, DURING THAT INTERVIEW, YOU HAD YOUR
20 ATTORNEYS PRESENT, IS THAT RIGHT?

21 A. YES, THEY WERE.

22 Q. AND AT NO OTHER TIME BESIDES THAT UNTIL THIS VERY
23 MOMENT HAVE WE SPOKEN TO EACH OTHER, IS THAT CORRECT?

24 A. THAT IS, YES, SIR.

25 Q. NOR, -- AND THE SAME HOLDS TRUE WITH REGARD TO MR.

1 CAMPBELL AND MR. BRAGA, IS THAT CORRECT?

2 A. THAT IS RIGHT. I DID SHAKE HANDS WITH MR. BRAGA OR
3 MR. CAMPBELL IN THE HALL, BUT IT WAS JUST THAT.

4 Q. SO FAR AS THE GOVERNMENT COUNSEL IS CONCERNED, AND F B
5 I AGENTS AND ALL THAT, YOU HAVE SPOKEN TO THEM ON SEVERAL
6 OCCASIONS?

7 A. WELL, YES, 3 OR 4.

8 Q. IN OTHER WORDS, YOU RECALL BACK IN APRIL OF 1981, YOU
9 WERE INTERVIEWED BY THE F B I ABOUT MATTERS RELATING TO THIS
10 SILVER TRANSACTION?

11 A. YES, SIR.

12 Q. AND AT THAT POINT, AGAIN, YOU HAD YOUR COUNSEL AND YOU
13 HAD SOMEBODY ELSE FROM YOUR COMPANY WITH YOU AT THE TIME, IS
14 THAT TRUE?

15 A. I BELIEVE SO, YES, SIR.

16 Q. AND YOU DID THAT VOLUNTARILY, YOU MADE YOURSELF
17 AVAILABLE TO THEM TO ANSWER THE QUESTIONS?

18 A. YES, SIR, I DID.

19 Q. AND THEREAFTER, IN JUNE OF 1982, YOU AGAIN VERY
20 VOLUNTARILY WITH YOUR COUNSEL PRESENT MADE YOURSELF AVAILABLE
21 TO MR. WEINGARTEN AND MR. COLE AT YOUR OFFICE FOR A STATEMENT
22 THAT WAS ACTUALLY TAKEN DOWN VERBATIM, IS THAT RIGHT?

23 A. THAT IS RIGHT.

24 Q. AND THAT STATEMENT WAS NOT UNDER OATH, THAT STATEMENT,
25 THOUGH, WAS IT?

1 A. I DON'T RECALL WHETHER IT WAS SWORN, BUT I ASSUMED
2 THAT IT --

3 Q. IF YOU JUST LOOK --
4 THE COURT: EXCUSE ME, HE IS NOT FINISHED.
5 BY MR. LEWIN:

6 Q. DO YOU RECALL THAT?

7 A. NO, I DON'T RECALL THAT.

8 Q. WHY DON'T YOU JUST LOOK AT THE TOP PAGE, MR. HUNT?

9 A. YES.

10 Q. THAT WAS A UNSWORN ORAL STATEMENT?

11 A. YES, SIR.

12 Q. AND IT WAS, AGAIN, A VOLUNTARY STATEMENT ON YOUR PART
13 TO TELL THE GOVERNMENT EVERYTHING YOU KNEW IN ANSWER TO THEIR
14 QUESTIONS?

15 A. YES, IT WAS.

16 Q. AND LET ME ASK YOU, WHETHER, AGAIN, AFTER THAT
17 STATEMENT IN JUNE OF 1982, YOU WERE INTERVIEWED AGAIN
18 THEREAFTER BY MR. WEINGARTEN OR MR. COLE?

19 A. I DON'T REMEMBER WHEN BUT THERE WAS ANOTHER TIME.

20 Q. SO, THERE WAS A THIRD TIME THAT YOU WERE INTERVIEWED
21 ABOUT THIS BY THE GOVERNMENT?

22 A. I BELIEVE SO.

23 Q. AND IN FACT, IN THAT STATEMENT THAT YOU HAVE BEFORE
24 YOU, IT WAS NOT JUST MR. WEINGARTEN AND MR. COLE, BUT ALSO MR.
25 HOY WHO WAS AN AGENT OF THE FEDERAL BUREAU OF INVESTIGATION; HE

1 WAS THERE AT THAT TIME AS WELL, DO YOU REMEMBER?

2 A. I DIDN'T RECALL HIS NAME, BUT YES, HE IS LISTED HERE,
3 THOMAS HOY.

4 Q. AND IT IS ALSO A FACT, IS IT NOT, MR. HUNT, IN ORDER
5 TO MAKE ALL INFORMATION AVAILABLE TO THE GOVERNMENT, YOU
6 ALLOWED YOUR PERSONAL ATTORNEY TO BE INTERVIEWED AND TO TESTIFY?

7 A. YES, SIR.

8 Q. AND WHAT IS HIS NAME?

9 A. IVAN IRWIN.

10 Q. I R W I N?

11 A. YES, AND PERHAPS GOLDBERG, ALSO, I AM NOT SURE WHETHER
12 HE HAS OR NOT.

13 Q. AND YOU TOLD THEM TO ANSWER ALL QUESTIONS TO THE
14 GOVERNMENT?

15 A. YES, SIR.

16 Q. AND, IN FACT, YOU WERE ADVISED THAT YOU HAD A RIGHT TO
17 KEEP ANY COMMUNICATIONS BETWEEN YOURSELF AND MR. IRWIN
18 CONFIDENTIAL UNDER THE ATTORNEY-CLIENT PRIVILEGE AND YOU CHOSE
19 TO WAIVE THAT PRIVILEGE, IS THAT RIGHT?

20 A. YES, SIR.

21 Q. HAS THERE BEEN ANYTHING ABOUT THIS ENTIRE SERIES OF
22 EVENTS THAT YOU HAVE TRIED TO HIDE AT ANY TIME?

23 A. NO, I HAVEN'T. IT IS A PUBLIC RECORD SO FAR AS I AM
24 CONCERNED; AT LEAST, NOW IT IS.

25 Q. WELL, LET'S GO BACK, THEN, MR. HUNT, TO YOUR FIRST

1 MEETINGS WITH MR. HANSEN. YOU TESTIFIED I BELIEVE THAT YOU
2 THINK YOU MET HIM IN WASHINGTON AT SOME SOCIAL FUNCTION?

3 A. YES, SIR.

4 Q. LET ME ASK YOU, GENERALLY. DO YOU THINK YOUR MEMORY
5 ABOUT THINGS OF THIS KIND IS GOOD OR FAIR OR POOR? HOW WOULD
6 YOU CLASSIFY IT?

7 A. WELL, IT IS NOT INFALLIBLE. IT IS MODERATELY GOOD, I
8 GUESS. BUT NOT GREAT.

9 Q. DO YOU HAVE A DISTINCT RECOLLECTION OF THE FIRST TIME
10 YOU MET HIM OR IS IT JUST SORT OF VAGUE?

11 A. I THINK IT IT WAS IN THE MAYFLOWER HOTEL BUT I DON'T
12 KNOW WHEN. I DON'T HAVE ANY IDEA OF JUST WHEN IT WAS.

13 Q. DO YOU RECALL MEETING MRS. HANSEN AT THAT TIME?

14 A. YES, I DO.

15 Q. DO YOU RECALL BEING IMPRESSED BY MRS. HANSEN?

16 A. YES, I THOUGHT SHE WAS A FINE LADY.

17 Q. AND IT HAS BEEN YOUR TESTIMONY THAT RIGHT FROM THE
18 VERY FIRST TIME YOU MET HIM, CONGRESSMAN HANSEN WAS CANDID WITH
19 YOU ABOUT HIS PERSONAL FINANCIAL PROBLEMS?

20 A. YES, HE WAS.

21 Q. NOW, YOU TESTIFIED I BELIEVE IN ANSWER TO MR.
22 WEINGARTEN'S QUESTIONS ABOUT VARIOUS THINGS THAT YOU RECALL
23 CONGRESSMAN HANSEN SAYING TO YOU ABOUT HIS WIFE'S SEPARATE
24 PROPERTY, AND THE POSSIBLE SEPARATE ACCOUNTS AND THINGS OF THAT
25 KIND. YOU RECALL THAT YOU ANSWERED THAT SERIES OF QUESTIONS

1 WITH REGARD TO THAT FOR MR. WEINGARTEN?

2 A. YES, SIR, I TRIED TO.

3 Q. LET ME ASK YOU, MR. HUNT, ARE YOU SURE ABOUT THE
4 SEQUENCE OF THESE CONVERSATIONS AS TO WHEN CONGRESSMAN HANSEN
5 MAY HAVE SAID ONE THING TO YOU OR WHEN HE MAY HAVE SAID
6 SOMETHING ELSE OR IS IT JUST A KIND OF GENERAL RECOLLECTION
7 THAT AT SOME POINT HE SAID EACH OF THESE VARIOUS THINGS?

8 A. I AM NOT, I WOULDN'T SAY I AM POSITIVE THAT THEY ARE
9 ALL OCCURRED AT THE SAME TIME. I JUST COULDN'T SAY THAT, BUT
10 MAYBE IT MIGHT BE A COMBINATION OF TWO CONVERSATIONS OR MORE
11 THAN ONE, ANYWAY. I DON'T RECALL.

12 Q. FOR EXAMPLE, THE CONVERSATION THAT YOU READ TO THE
13 JURY FROM THIS TRANSCRIPT ABOUT CONGRESSMAN HANSEN SAYING THAT
14 HIS WIFE AND HE HAD DIVIDED THEIR ESTATE, MAYBE HAD SEPARATE
15 ACCOUNTS, OR THINGS OF THAT KIND, COULD THAT HAVE BEEN SAID AT
16 SOME POINT AFTER THE INITIAL CONVERSATIONS REGARDING HIS
17 FINANCIAL DIFFICULTIES?

18 A. IT COULD VERY WELL. I JUST DON'T HAVE ANY SPECIFIC
19 RECOLLECTION OF WHEN I WAS TOLD THAT, BUT I HAVE NO IDEA WHAT
20 THE DATES WERE.

21 Q. NOW, YOU DO RECALL, HOWEVER, THAT YOUR DEALINGS WITH
22 REGARD TO THE SOYBEAN AND SILVER TRANSACTIONS WERE WITH MRS.
23 HANSEN, AND NOT WITH CONGRESSMAN HANSEN?

24 A. YES, I DO.

25 Q. THAT IS VERY DISTINCT IN YOUR RECOLLECTION?

1 A. YES, IT IS.

2 Q. AND IT HAS BEEN DISTINCT IN YOUR RECOLLECTION EVER
3 SINCE THE FIRST TIME YOU WERE ASKED ABOUT THAT, ISN'T THAT
4 RIGHT?

5 A. YES, SIR, IT IS.

6 Q. THROUGHOUT ALL THE INTERVIEWS YOU HAD WITH GOVERNMENT
7 COUNSEL?

8 A. YES, AS FAR AS I KNOW, I NEVER DISCUSSED ANY SOYBEANS
9 OR SILVER WITH GEORGE HANSEN.

10 Q. AND AS A MATTER OF FACT, YOU TOLD MR. WEINGARTEN THAT
11 CONGRESSMAN HANSEN WAS NOT --

12 QUESTION ON PAGE 26,

13 "WAS CONGRESSMAN HANSEN INVOLVED IN THIS AT ALL? "

14 THIS WAS THE MATTER OF THE LOAN.

15 ANSWER, "NO."

16 YOU RECALL HAVING TOLD THAT TO MR. WEINGARTEN?

17 A. I BELIEVE SO, YES, SIR.

18 Q. YOU RECALL HAVING TOLD MR. WEINGARTEN THAT YOU HAD,

19 -- AND THIS IS WITH REGARD TO THE SILVER TRANSACTION. YOU

20 WERE ASKED, "DURING THE COURSE OF ALL THIS, DID YOU HAVE ANY

21 CONVERSATIONS WITH THE CONGRESSMAN? " ANSWER.

22 THIS IS PAGE 34.

23 " I CAN'T RECALL TALKING TO HIM ABOUT IT AT ALL."

24 SO YOU HAD NO CONVERSATIONS WITH THE CONGRESSMAN ABOUT

25 ANY OF THOSE MATTERS?

1 A. THAT IS CORRECT, YES, SIR?

2 Q AND WAS IT TRUE, MR. HUNT, THAT RIGHT FROM THE VERY
3 OUTSET OF THE DISCUSSIONS, YOU SAID THAT YOU THOUGHT IN ORDER
4 TO AVOID ANY POSSIBILITY OF ANY CLAIM OF IMPROPRIETY, THAT YOU
5 WANTED TO HELP ONLY MRS. HANSEN?

6 A. THAT IS CORRECT.

7 Q. WHEN YOU SPOKE WITH MR. NICHOLS ABOUT THE SOYBEAN
8 TRANSACTION, YOU TOLD HIM TO CONTACT ONLY MRS. HANSEN, IS THAT
9 RIGHT?

10 A. THAT IS RIGHT, YES, SIR.

11 Q. AND WHEN YOU SPOKE TO MR. MING ABOUT THE SILVER
12 TRANSACTION, WHOM DID YOU TELL HIM TO CONTACT?

13 A. MRS. HANSEN. I TOLD HIM THAT SHE WAS AT THE
14 CONGRESSMAN'S OFFICE WHERE SHE WORKED, AND THAT THAT WAS THE
15 NUMBER, OR THE PLACE SHE COULD BE REACHED.

16 Q. AT THE CONGRESSMAN'S OFFICE?

17 A. YES, SIR.

18 Q. BUT YOU DIDN'T TELL HIM TO CALL CONGRESSMAN HANSEN?

19 A. NO, I DIDN'T.

20 Q. WITH REGARD TO THOSE TWO TRANSACTIONS, MR. HUNT, THEY
21 WERE THE SOYBEAN AND SILVER TRANSACTIONS. ARE THEY MONUMENTAL
22 EVENTS IN YOUR LIFE IN ANY WAY?

23 A. NO, THEY WERE QUITE MINOR.

24 Q. DID YOU CONSIDER THEM MINOR WHEN THEY HAPPENED?

25 A. WELL, YES, THEY WERE MINOR TO ME. I WAS JUST TRYING

1 TO HELP A FRIEND, AND, YOU KNOW, I HAVE DONE THAT TYPE OF THING
2 DOZENS OF TIMES, SO IT REALLY WAS NOT A MAJOR THING.

3 Q. SO THAT IT IS NOT SOMETHING THAT STICKS OUT IN YOUR
4 MIND AS A VERY MEMORABLE EVENT WITH ALL OF ITS DETAILS?

5 A. THAT IS CORRECT, YES, SIR.

6 Q. AND IN FACT, AS YOU RECOUNT IT NOW ON THE WITNESS
7 STAND, YOU ARE NOT REALLY SURE ABOUT ALL OF THE DETAILS OF THE
8 CONVERSATIONS YOU MAY HAVE HAD WITH MR. MING, OR WITH MR.
9 NICHOLS?

10 A. I, YOU KNOW, AFTER SIX, 8 YEARS, IT GETS PRETTY HAZY.
11 IT REALLY DOES, OR EVEN FOUR OR FIVE.

12 Q. IT IS TRUE, IS IT NOT, HOWEVER, MR. HUNT, THAT IN THE
13 COURSE OF YOUR INTERVIEW WITH MR. WEINGARTEN AND MR. COLE, THE
14 QUESTIONS THAT WERE ASKED WERE REPEATEDLY PUT IN TERMS OF YOUR
15 HELPING THE HANSEN OR CONGRESSMAN HANSEN?

16 MR. WEINGARTEN: YOUR HONOR, I RESPECTFULLY
17 OBJECT. MAY WE APPROACH THE BENCH?

18 THE COURT: ALL RIGHT, WILL YOU STEP DOWN, MR. HUNT?

19 AT THE BENCH:

20 MR. WEINGARTEN: THIS IS NOT PROPER CROSS-EXAMINATION.
21 HE IS ESSENTIALLY READING FROM THAT DOCUMENT. HE HASN'T BEEN
22 IMPEACHED THIS WITNESS. HE HAS AGREED WITH EVERYTHING HE SAID.
23 THERE'S NO POINT IN IT EXCEPT HE WANTS TO READ THAT DOCUMENT.

24 MR. LEWIN: FIRST OF ALL, YOUR HONOR, THE DOCUMENT IF
25 IT IS ADMISSIBLE FROM MR. WEINGARTEN'S VANTAGE POINT IT IS

1 SUBSTANTIALLY ADMISSIBLE FROM MINE AS WELL TO THAT EXTENT. IT
2 IS MR. WEINGARTEN'S WITNESS AND I THINK I AM ENTITLED TO
3 PRESENT TO THE WITNESS AND HAVE HIM ADOPT THE STATEMENTS HE
4 MADE TO MR. WEINGARTEN AND PRECISELY THIS QUESTION AS A MATTER
5 OF FACT GOES TO A VERY PARTICULAR ELEMENT WHICH IS THAT HE WAS
6 VERY CLEAR THAT IT WAS MRS. HANSEN WHOM HE DEALT WITH EVEN
7 THOUGH THE PROSECUTOR HAS REPEATEDLY TRIED TO GET HIM TO STAY
8 WITH " CONGRESSMAN HANSEN. " HE ASKED HIM I THINK 3 SEPARATE
9 OCCASIONS AND I THINK I AM ENTITLED TO BRING THAT TO THE JURY'S
10 ATTENTION. THE QUESTION HE KEEPS ASKING, " WAS IT THE HANSENS
11 YOU WERE HELPING? " HE SAID NO IT WAS MRS. HANSEN. AND I
12 THINK I AM ENTITLED TO PRESENT THAT TO THEM AND PRESENT THAT TO
13 THE JURY AS WELL THAT HE WAS CLEAR AT THAT POINT THAT IT WAS
14 MRS. HANSEN.

15 MR. WEINGARTEN: THAT IS THE QUESTION. "ARE YOU CLEAR
16 NOW AND WERE YOU CLEAR THEN THAT IT WAS MRS. HANSEN YOU WERE
17 TRYING TO HELP? " BUT WHAT HE IS TRYING TO DO IS GO THROUGH
18 THE INVESTIGATIVE PROCEDURES WE USED.

19 THE COURT: IT CAN BE VERY SIMPLY DONE. YOU ASK, "
20 DID YOU EVER SAY ANYTHING TO CONGRESSMAN
21 HANSEN? "

22 MR. LEWIN: THE POINT IS THAT ALTHOUGH BOTH MR.
23 WEINGARTEN AND MR. COLE TRIED TO HAVE HIM SAY --

24 MR. WEINGARTEN: THAT IS A CHARACTERIZATION.

25 MR. LEWIN: I'LL READ THE QUESTION AND ANSWERS. THAT

127

1 IS ALL I WANT. HE SAYS, NO, IT WAS MRS. HANSEN. WHAT WOULD
2 YOU PREVENT HIM FROM SAYING -- HE SAID I DIDN'T SAY " THE
3 HANSENS. " YOU SAID THE HANSENS. I SAID, " MRS. HANSEN". AND
4 THERE ARE TWO OTHER OCCASIONS WHERE THIS WITNESS WAS ENTIRELY
5 CLEAR THAT HE WAS SAYING I HAVE DEALT WITH MRS. HANSEN, WHEREAS,
6 THE SUGGESTION COMES FROM THE GOVERNMENT: NO, IT WAS
7 CONGRESSMAN HANSEN OR " THE HANSENS. " HE SAYS HE IS VERY
8 VAGUE BUT THE INFERENCE IS CLEAR. I THINK I AM ENTITLED TO
9 BRING THAT TO THE JURY'S ATTENTION THAT IT WAS MRS. HANSEN.

10 MR. WEINGARTEN: THAT IS NOT THE PROPER VEHICLE. IF HE
11 SEEKS TO DO THAT, LET HIM ADMIT THAT DOCUMENT AND PUBLISH FROM
12 A DOCUMENT AND WE ARE ENTITLED TO PUBLISH ANYTHING WE WANT.

13 THE COURT: YOU ARE DOING PRIOR CONSISTENT STATEMENT?

14 MR. LEWIN: CERTAINLY, TO SOME EXTENT. I AM
15 REHABILITATING THE FACT HE HAS BEEN VERY VAGUE IN TERMS OF HIS
16 TESTIMONY AND RECOLLECTION ABOUT THE
17 "MRS. HANSEN" PART OF IT, AND I WANT TO BE SURE HE WAS CLEAR ON
18 IT.

19 MR. WEINGARTEN: BEFORE THERE'S A PRIOR CONSISTENT
20 STATEMENT, THERE HAS TO BE A PRIOR INCONSISTENT STATEMENT.

21 THE COURT: I DON'T THINK HE HAS MADE AN
22 INCONSISTENT STATEMENT, MR. LEWIN. SO, YOU ARE GIVING HIM A
23 PRIOR CONSISTENT STATEMENT. THAT IS THE POINT I AM MAKING.

24 MR. LEWIN: I UNDERSTAND. THE POINT I AM MAKING IS THE
25 PROSECUTORAL QUESTION WAS PUT IN TERMS OF TRYING TO GET IN AN

1 INCONSISTENT STATEMENT AND HE SPECIFICALLY REBUTTED IT.

2 THE COURT: SO, ABC, YOU ARE STILL COMING OUT WITH THE
3 SAME CONSISTENT STATEMENT. AND IT WOULD SEEM THAT WOULD
4 EMPHASIZE IT. BUT YOU CAN ASK HIM IF HE EVER SAID ON ANY PRIOR
5 OCCASION SOMETHING LIKE THAT.

6 THE COURT: ALL RIGHT. MR. HUNT, YOU COME BACK TO THE
7 STAND, PLEASE.

8 IN OPEN COURT:

9 CROSS EXAMINATION (CONTINUED)

10 BY MR. LEWIN:

11 Q. MR. HUNT, YOU SAID THAT ON SOME THINGS, MAYBE YOUR
12 MEMORY WAS SOMEWHAT VAGUE. IS IT CLEAR, HOWEVER, THAT YOU
13 DEALT, OR THAT YOU WERE TRYING TO ASSIST MRS. HANSEN IN ALL
14 THESE EFFORTS?

15 A. YES, THAT IS CORRECT.

16 Q. AND YOU HAVE ALWAYS MADE THAT CLEAR TO THE PROSECUTORS?

17 A. YES, I DID. I THINK I DID, ANYWAY. I INTENDED TO.

18 Q. NOW, WITH REGARD TO THE LOAN THAT FOLLOWED -- LET'S GO
19 BACK. I AM SORRY. LET'S GO BACK TO THE SOYBEAN TRANSACTION FOR
20 A MOMENT. IT WAS YOUR TESTIMONY THAT YOU MADE THE DECISIONS
21 THAT RESULTED IN THAT LOSS IN THE SOYBEAN TRANSACTION?

22 A. WELL, I GAVE THE ADVICE THAT RESULTED IN THE LOSS,
23 YES, SIR.

24 Q. AND, NONETHELESS, YOU VIEWED THAT LOSS AS BEING AN
25 OBLIGATION THAT MRS. HANSEN HAD TO INCUR?

1 A. YES, SIR.

2 Q. AND IT WAS FOR THAT REASON THAT SHE HAD TO COME OUT TO
3 DALLAS TO TAKE OUT A LOAN?

4 A. YES, SIR.

5 Q. AND YOU WERE NOT PREPARED -- OR, YOU WERE NOT GOING
6 AT THAT POINT SIMPLY TO SAY I'LL WRITE OUT A CHECK FOR THAT
7 LOSS AND PAY IT MYSELF?

8 A. NO, I WAS NOT.

9 Q. BECAUSE, YOU VIEWED IT IS A BEING HERS?

10 A. EXCUSE ME?

11 Q. BECAUSE YOU VIEWED THE OBLIGATION AS BEING HER
12 OBLIGATION?

13 A. YES, I DID.

14 Q. AND YOU STILL VIEW THAT TODAY?

15 A. YES, SIR.

16 Q. SO MUCH SO THAT YOU REQUIRED HER TO SIGN THE NOTES
17 AFTER YOU PURCHASED THAT OBLIGATION, IS THAT CORRECT?

18 A. YES.

19 Q. NOW, SO FAR AS THAT OBLIGATION IS CONCERNED, YOU HAVE
20 ASKED FOR PAYMENT?

21 A. I AM SORRY? I DIDN'T UNDERSTAND YOU.

22 Q. HAVE YOU ASKED FOR PAYMENT ON THE NOTES?

23 A. YES, I HAVE.

24 Q. DID YOU PERSONALLY DO SO OR DID YOU HAVE ANYBODY ELSE
25 DO SO?

1 A. I HAD LETTERS WRITTEN, AND I BELIEVE THAT I CALLED
2 MRS. HANSEN ONE TIME I BELIEVE, AND ASKED HER TO MAKE PAYMENT
3 ON IT, YES, SIR.

4 Q. AND WHY HAVEN'T YOU BEEN MORE AGGRESSIVE WITH REGARD
5 TO COLLECTING PAYMENT ON THOSE TWO NOTES?

6 A. I GUESS I AM A BAD BILL COLLECTOR. IN OTHER WORDS, I
7 HAVE DONE WHAT I FELT I COULD DO. MAYBE, I HAVE NOT BEEN AS
8 AGGRESSIVE AS I SHOULD HAVE BEEN. I HAVE UNFORTUNATELY MANY
9 SITUATIONS, HAVING NOTHING TO DO WITH CONGRESSMEN, SIMILAR TO
10 THIS WHERE I HAVE LENT PEOPLE MONEY AND HAVE BEEN UNABLE TO
11 COLLECT, SO IT IS NOT A UNIQUE EXPERIENCE.

12 Q SO, THERE ARE MANY PEOPLE WHO OWE YOU MONEY AND YOU
13 HAVE NOT AGGRESSIVELY TRIED TO COLLECT?

14 A. WELL, I HAVE TRIED EVERYTHING OTHER THAN PUTTING THEM
15 IN BANKRUPTCY OR GO AND MOVE IN WITH THEM, BUT I HAVE TRIED TO
16 COLLECT. BUT, COLLECTING MONEY SOMETIMES TURNS OUT TO BE VERY
17 DIFFICULT.

18 Q. DO YOU KNOW OTHER SENATORS AND CONGRESSMEN, MR. HUNT?

19 A. YES, I DO.

20 Q. ABOUT HOW MANY DO YOU KNOW?

21 A. 25 OR 30 NOT INTIMATELY. I KNOW THEM, BUT NOT CLOSELY.

22 Q. NOW, YOU HAVE TESTIFIED, I THINK, IN ANSWER TO MR.
23 WEINGARTEN'S QUESTIONS, THAT YOU BELIEVED THAT YOU DID PROVIDE
24 SOME POLITICAL CONTRIBUTIONS IN THE PAST TO CONGRESSMAN HANSEN.
25 ARE YOU SURE OF THAT OR IS THAT JUST AN IMPRESSION THAT YOU HAD?

1 A. WELL, I COULDN'T SWEAR ON THE BIBLE THAT THAT WAS THE
2 CASE BUT THAT IS MY MEMORY. I MAY HAVE SUPPORTED CONGRESSMAN
3 HANSEN IN ONE OR TWO CAMPAIGNS WITH, A THOUSAND DOLLARS OR
4 WHATEVER. I BELIEVE THAT WAS THE CONTRIBUTION.

5 Q. THAT'S SORT OF GENERAL RECOLLECTION?

6 A. YES, IT IS. BUT, THERE IS A FEDERAL RECORD ON THAT,
7 SO, I GUESS WHATEVER THE RECORD SAYS WOULD HAVE TO BE THE CASE.

8 Q. IS IT POSSIBLE, MR. HUNT, THAT YOU WERE CONFUSING
9 CONGRESSMAN HANSEN WITH ANOTHER CONGRESSMAN FROM IDAHO, OR WITH
10 A SENATOR FROM IDAHO?

11 A. WELL, IT IS POSSIBLE, YES, SIR.

12 Q. AND YOU MIGHT ACTUALLY CONTRIBUTED TO THEIR CAMPAIGNS
13 AND NOT TO CONGRESSMAN HANSEN?

14 A. WELL, IT IS POSSIBLE. I THINK I HAVE CONTRIBUTED TO
15 ANOTHER SENATOR'S CAMPAIGN. A SENATOR FROM IDAHO, YES.

16 Q THAT IS SENATOR SIMMS?

17 A. YES, SIR, I BELIEVE SO.

18 Q. NOW, LET ME ASK YOU, MR. HUNT, WHETHER THERE CAME A
19 TIME IN 1981, WHEN THE MATTER OF THE SILVER TRANSACTION WAS
20 BROUGHT TO YOUR ATTENTION BY RECEIPT OF ANY LETTER IN YOUR
21 OFFICE?

22 A. YES, SIR.

23 Q. AND COULD YOU JUST DESCRIBE FOR THE COURT AND JURY
24 WHAT HAPPENED AT THAT TIME?

25 A. WELL, I RECEIVED AN ANONYMOUS LETTER, PRETTY WELL

1 PREPARED, I GUESS YOU WOULD SAY, MAYBE A PAGE AND A HALF, OR
2 TWO PAGES. A PAGE AND A HALF FROM SOMEONE SAYING THAT THERE
3 HAD BEEN A BRIBE PAID BY ME TO CONGRESSMAN HANSEN, AND UNLESS I
4 PAID THEM FOUR HUNDRED THOUSAND DOLLARS OR WHATEVER THE FIGURE
5 WAS, INTO A CAYMAN ISLAND BANK ACCOUNT, THEY WERE GOING TO GO
6 TO THE JUSTICE DEPARTMENT OR THE F B I.

7 Q. DID YOU PAY A BRIBE TO CONGRESSMAN HANSEN?

8 A. NEVER, TO HIM OR ANYONE ELSE.

9 Q. WOULD IT HAVE MADE SENSE FROM YOUR VANTAGE POINT TO
10 PAY A BRIBE TO CONGRESSMAN HANSEN?

11 A. NO, I AM NOT IN THE BRIBE-PAYING BUSINESS AND I HAVE
12 NEVER PAID A BRIBE TO ANYBODY.

13 Q. AND IT IS A FACT, IS IT NOT, THAT CONGRESSMAN HANSEN'S
14 VOTING RECORD WAS CONSISTENT WITH JUST ABOUT EVERYTHING YOU
15 STOOD FOR OR WANTED TO HAVE A CONGRESSMAN VOTE ON?

16 A. THAT IS RIGHT. HE IS ABOUT A HUNDRED PER CENT
17 CONSERVATIVE, AND THOSE ARE LARGELY MY VIEWS.

18 MR. LEWIN: I WOULD LIKE THIS MARKED AS DEFENDANT'S
19 EXHIBIT TWO.

20 THE DEPUTY CLERK: DEFENDANT'S EXHIBIT NUMBER TWO
21 MARKED FOR IDENTIFICATION.

22 (WHEREUPON, THE DOCUMENT REFERRED TO
23 ABOVE WAS MARKED DEFENDANT'S EXHIBIT
24 NO 2 FOR IDENTIFICATION.)

25 BY MR. LEWIN:

1 Q. I SHOW YOU, MR. HUNT, WHAT I HAVE MARKED AS
2 DEFENDANT'S NUMBER TWO FOR IDENTIFICATION, AND I ASK YOU
3 WHETHER THAT DOCUMENT IS FAMILIAR TO YOU?

4 A. YES, SIR, I HAVE SEEN THIS BEFORE.

5 Q. AND WHAT IS IT?

6 A. IT IS WHAT I WOULD CLASS AS AN EXTORTION LETTER FROM A
7 PARTY UNKNOWN TO PAY FOUR HUNDRED -- HE WANTS A FOUR HUNDRED
8 AND 40 THOUSAND DOLLARS LOAN FOR 120 DAYS. AND IF I DON'T MAKE
9 THE LOAN, TO CAYMAN NATIONAL BANK AND TRUST COMPANY LIMITED,
10 GRAND CAYMAN ISLAND, ACCOUNT NUMBER 60 615, HE IS GOING TO GO
11 TO THE F B I AND SAY THAT I BRIBED GEORGE HANSEN.

12 Q. SO THAT IS THE LETTER THAT YOU WERE DESCRIBING JUST A
13 MOMENT AGO, YOU RECEIVED IT AROUND MARCH 31, YOU RECALL THAT?

14 A. I WOULDN'T RECALL THE DATE, BUT WHATEVER THE DATE WAS.
15 IT DOESN'T SEEM TO BE ON THE LETTER. I DON'T KNOW WHEN IT CAME.

16 MR. LEWIN: WE OFFER DEFENDANT'S TWO IN EVIDENCE, YOUR
17 HONOR.

18 MR. WEINGARTEN: NO OBJECTION.

19 THE COURT: IT WILL BE RECEIVED.

20 MR. LEWIN: WE WOULD LIKE TO PUBLISH IT TO THE JURY.

21 THE COURT: MAY I SEE IT THE ORIGINAL?

22 MR. LEWIN: WE WOULD LIKE TO PUBLISH IT TO THE JURY,
23 YOUR HONOR. WE HAVE MADE COPIES.

24 THE COURT: ALL RIGHT. PUBLICATION TO THE JURY, LADIES
25 AND GENTLEMEN. MEANS THAT A COPY OF THE DOCUMENT THAT HAS NOW

1 BEEN ADMITTED WITHOUT OBJECTION, DEFENDANT'S NUMBER TWO, WILL
2 BE PASSED AMONG EACH OF THE MEMBERS OF THE JURY.

3 I WOULD ASK THAT YOU LOOK AT IT VERY BRIEFLY NOW THAT
4 IT IS IN EVIDENCE. EVENTUALLY, YOU WILL HAVE ONE, THE ORIGINAL,
5 BACK WITH YOU IN THE CONFINES OF THE JURY ROOM. THIS IS JUST
6 SO YOU WILL HAVE A QUICK VIEWING OF THAT WHICH IS UNDERGOING
7 TESTIMONY. PLEASE LOOK AT IT VERY RAPIDLY AND THEN IT WILL BE
8 COLLECTED BY THE MARSHAL, AND WE WILL GO ON WITH THE TESTIMONY.

9 ALL RIGHT. HAVE OUR JURORS HAD AN OPPORTUNITY TO VIEW
10 THE DOCUMENT? THOSE WHO HAVE, WOULD YOU KINDLY GIVE THE COPY
11 TO THE MARSHAL, AND WE WILL MOVE ALONG IN TESTIMONY. HAVE YOU
12 RECEIVED A COPY BACK FROM EACH OF THE JURORS? ALL RIGHT.
13 THANK YOU. HAVE YOU RECEIVED A COPY BACK FROM EACH OF THE
14 JURORS? ALL RIGHT.

15 LET'S CONTINUE.

16 BY MR. LEWIN:

17 Q. MR. HUNT, THE SECOND PARAGRAPH OF THAT LETTER, AFTER
18 DESCRIBING THE SILVER CONTRACTS, STATES, "TO HELP HIDE THE
19 PAYOFF, YOU OPENED THE ACCOUNT IN THE NAME OF CONNIE HANSEN, ,
20 REPRESENTATIVE GEORGE HANSEN'S WIFE."

21 WAS THAT THE REASON WHY YOU TOLD MR. MING TO CONTACT
22 CONNIE HANSEN, TO HIDE A PAYOFF?

23 A. NO, ABSOLUTELY NOT.

24 Q. AND WHAT WAS THE REASON?

25 A. WELL, THE REASON WAS, AS THE TESTIMONY HAS BEEN, THAT

1 THE TRANSACTION WITH CONNIE HANSEN, TO HELP HER, AND SHE WOULD
2 HELP HER FAMILY, I AM SURE.

3 Q. LATER IN THAT PARAGRAPH, IT SAYS, AFTER STATING THAT
4 THE SILVER POSITIONS WERE SOLD FOR A PROFIT OF \$87,475, IT SAYS
5 "HOWEVER HANSEN COULD NOT HAVE THE MONEY SENT TO HIM BECAUSE HE
6 HAD A MARGIN CALL OF A HUNDRED AND 25 THOUSAND DOLLARS THAT WAS
7 REQUIRED TO CARRY THE POSITION, THEREFORE, YOU WIRED OR CAUSED
8 TO BE WIRED, A HUNDRED 25 THOUSAND DOLLARS TO THE BROKER IN
9 HANSEN'S NAME. THIS REMOVED HIS OBLIGATION, AND ALLOWED THE
10 PROFIT TO BE WIRED TO HIM THE NEXT DAY COMPLETING THE PAYOFF."

11 WAS ANY PART OF THAT TRUE?

12 A. NO, I DON'T HAVE ANY RECOLLECTION OF THAT BEING
13 CORRECT. THE RECORD WILL HAVE TO SPEAK FOR ITSELF, BUT I DON'T
14 KNOW ANYTHING ABOUT THAT.

15 Q. DID YOU PARTICIPATE IN ANY WAY IN GETTING THAT MARGIN
16 CALL?

17 A. I DON'T BELIEVE SO, NO SIR.

18 Q. IN FACT, YOU TOLD, YOU HAVE ALWAYS TOLD MR. WEINGARTEN
19 AND THE F B I THAT YOU WERE NOT INVOLVED IN SECURING THAT IN
20 ANY WAY, ISN'T THAT A FACT?

21 A. WELL, THAT IS MY RECOLLECTION THAT I WAS NOT.

22 THE COURT: EXCUSE ME. IS IT YOUR RECOLLECTION THAT
23 YOU TOLD IT TO THE PROSECUTOR OR IS IT YOUR RECOLLECTION THAT
24 THIS IS WHAT HAPPENED?

25 THE WITNESS, YOUR HONOR, IT IS MY RECOLLECTION THAT I

1 DIDN'T SEND OR HAVE 125 THOUSAND DOLLARS IN MARGIN MONEY SENT
2 THERE, BUT THAT IS MY RECOLLECTION. I DON'T RECALL WHAT I TOLD
3 THE PROSECUTOR. I AM SURE I TOLD HIM THE SAME THING.

4 BY MR. LEWIN:

5 Q. COULD YOU JUST EXPLAIN TO THE COURT AND JURY WHAT IS
6 THIS MATTER OF MARGIN MONEY? WHAT IS THAT?

7 A. WELL, WHEN YOU BUY A CONTRACT, YOU PUT UP WHATEVER THE
8 MARGIN REQUIREMENTS ARE. THEY VARY FROM TIME TO TIME. IT IS
9 USUALLY FIVE TO 10 PER CENT. IT CAN BE HIGHER THOUGH. THEN,
10 IF THE MARKET FLUCTUATES DOWN, IF IT DROPS, YOU HAVE TO PUT UP
11 ADDITIONAL MONEY TO COVER THE DROP. IF IT GOES UP, THE
12 BROKERAGE COMPANY SENDS YOU MONEY. IT IS A PRETTY MUCH DAILY
13 OR SOMETIMES WEEKLY, BUT USUAL DAILY SITUATION.

14 Q. IS IT FAIR TO SAY IT IS FUNDS THAT YOU HAVE TO POST
15 WITH THE COMMODITIES BROKER TO COVER POSSIBLE LOSSES THAT MIGHT
16 BE INCURRED IF THE VALUE OF THE CONTRACT WENT DOWN?

17 A. YES, SIR, I THINK THAT IS A FAIR EXPLANATION.

18 Q. AND IN THIS CASE, IN FACT, THERE HAD BEEN A PROFIT IN
19 TWO DAYS OF 87 THOUSAND, SO THE HUNDRED 25 THOUSAND WAS JUST
20 SIMPLY A FORMALITY, WASN'T IT; IN OTHER WORDS, YOU HAD TO
21 PROVIDE THE 125 THOUSAND IN ORDER TO GET THE 125 THOUSAND BACK
22 WITH THE PROFIT, OR MRS. HANSEN HAD TO DO THAT?

23 A. I THINK THAT IS CORRECT. WITH SOME COMPANIES IT
24 VARIES, I BELIEVE FROM BROKER TO BROKER, BUT SOME OF THEM
25 REQUIRE THAT YOU PAY WITHIN 3 DAYS, AND SOME WITHIN TWO DAYS.

1 OR MAYBE IT DEPENDS ON WHAT THE COMMODITY IS, WHAT THE RULES OF
2 THE EXCHANGE ARE.

3 Q. BUT, IF IT IS A COMPLETED TRANSACTION, AND THERE IS
4 JUST AN 87 THOUSAND DOLLARS PROFIT WAITING FOR YOU ONCE YOU PAY
5 THE MARGIN, IT MEANS YOU PAY THE 125 THOUSAND AND THEN YOU CAN
6 WITHDRAW THE 125 THOUSAND PLUS THE 87 THOUSAND DOLLARS PROFIT,
7 ISN'T THAT RIGHT?

8 A. I GUESS THAT IS RIGHT, SIR. I NEVER REALLY HANDLE
9 THOSE DETAILS EVEN IN MY OWN OPERATION. I HAVE FINANCIAL
10 PEOPLE THAT HANDLE THEM, SO I AM NOT AS INTIMATE WITH THEM AS I
11 SHOULD BE.

12 Q. WELL, LET ME ASK YOU SOMETHING ELSE WHICH I GUESS CAME
13 UP IN THE COURSE OF YOUR DIRECT EXAMINATION IN PART, TOO. WITH
14 REGARD TO SOYBEANS OR SILVER FUTURES, IN THE ORDINARY COURSE OF
15 TRADING IN THOSE, IS IT EXPECTED THAT THE COMMODITIES WILL
16 ACTUALLY PHYSICALLY BE DELIVERED TO YOU AT SOME POINT IN THE
17 FUTURE?

18 A. WELL, IT CAN BE, BUT IN THE MAJORITY OF CASES,
19 CERTAINLY, IT IS NOT. IN THE OVERWHELMING MAJORITY OF CASES,
20 IT IS NOT.

21 Q. SO, THAT ALL THAT HAPPENS, IT IS SORT OF A PAPER
22 TRANSACTION, YOU BUY FUTURES AND YOU SELL FUTURES.

23 A. THAT IS CORRECT, YES, SIR.

24 Q. AND YOU EITHER REALIZE A PROFIT OR TAKE A LOSS?

25 A. GENERALLY, THAT IS CORRECT.

1 Q. AND THE TOTAL VALUE OF THE COMMODITY AT SOME FUTURE
2 DATE IS REALLY NOT A REALISTIC MEASURE OF WHAT IS GOING ON IS
3 THAT RIGHT, OF WHAT IS AT STAKE, BECAUSE YOU CAN SELL THE
4 CONTRACT?

5 A. YES. I AM NOT JUST SURE WHAT YOU MEAN BY THAT.

6 Q. MAYBE I PHRASED IT THE WRONG WAY. WHEN YOU BUY A
7 FUTURES CONTRACT IN SOYBEANS OR IN SILVER -- OR 125 CONTRACTS
8 -- YOU ARE ARE NOT REALLY BUYING WHAT MIGHT BE MILLIONS OF
9 DOLLARS WORTH OF COMMODITIES; YOU ARE BUYING THE RIGHT TO DEAL
10 IN THAT AT SOME -- OR THE OBLIGATION TO RECEIVE THAT AT SOME
11 POINT IN THE FUTURE?

12 A. YES, SIR, UNLESS YOU SELL.

13 Q. UNLESS YOU SELL. AND IN THE ORDINARY CASE, WHAT YOU
14 DO IS YOU SELL SO THAT THE GOODS NEVER ARRIVE AT YOUR DOOR STEP?

15 A. YES, SIR, THAT IS RIGHT.

16 Q. O. K.

17 NOW, GOING BACK TO THIS DEFENDANT'S EXHIBIT TWO, MR.
18 HUNT, WHEN YOU RECEIVED THIS LETTER, YOU RECEIVED IT AT YOUR
19 OFFICE?

20 A. YES, I DID.

21 Q. AND DO YOU RECALL WHAT YOU DID AFTER YOU RECEIVED IT?

22 A. YES, I CALLED MY LAWYER AND GAVE HIM, HANDED IT TO HIM,
23 AND ASKED HIM WHAT HE THOUGHT ABOUT IT.

24 Q. AND WHICH LAWYER WAS THAT?

25 A. IVAN IRWIN.

1 Q. THAT IS THE SAME ATTORNEY WHOM YOU SAY YOU PREVIOUSLY
2 NAMED WHO HAS BEEN COOPERATIVE IN TERMS OF THE PROSECUTION, AND
3 GIVEN THEM ALL THE INFORMATION?

4 A. YES, SIR.

5 Q. AND YOU SAY YOU SHOWED THE LETTER TO MR. IRWIN AND
6 WHAT DID YOU SAY TO MR. IRWIN?

7 A. I SAID SOMETHING LIKE, YOU KNOW, WE GET A LOT OF WHAT
8 I CALL CRANK LETTERS, THREATS, AND ANYBODY GETS YOUR NAME IN
9 THE PAPER VERY OFTEN UNFORTUNATELY ATTRACTS QUITE A LOT OF MAIL,
10 AND A SUBSTANTIAL PART OF IT IS NOT TOO FAVORABLE, AND I SAID,
11 WELL, THIS SEEMS A LITTLE DIFFERENT IN THAT IT IS PRETTY WELL
12 WRITTEN. THE FELLOW SEEMS TO KNOW SOMETHING, BUT, I SAID, I
13 ASKED HIS ADVICE WHETHER WE TURN IT OVER TO THE F B I OR THE
14 JUSTICE DEPARTMENT, OR JUST WHAT, AND I SAID MAYBE WE SHOULD
15 CALL CONGRESSMAN HANSEN SINCE HE IS MENTIONED IN THE LETTER.

16 Q. O. K.. DID YOU ALSO TELL MR. IRWIN IN THAT INITIAL
17 MEETING WHETHER IT WOULDN'T BE SMART MAYBE TO IGNORE THE LETTER
18 BECAUSE IT MIGHT EVEN THOUGH YOU WERE INNOCENT, IT MIGHT JUST
19 LEAD TO AN INVESTIGATION IN WHICH YOU MIGHT BE VILIFIED IN SOME
20 WAY?

21 A. YES, I RAISED THAT POSSIBILITY.

22 Q. AND YOU SAID THAT TO MR. IRWIN?

23 A. I BELIEVE I DID, YES, SIR. I SAID, YOU KNOW, THERE'S
24 NOTHING TO THIS. WHAT THIS GUY SAYS, WHOEVER WROTE THE LETTER
25 IS CRAZY, BUT THE PROBLEM IS IF YOU TAKE IT TO THE GOVERNMENT,

1 THEY WILL END UP INVESTIGATING ME, AND LEAD TO HAVING ALL THE
2 LEGAL PROBLEMS AND TIME WITH DEALING WITH THAT. I SAID,
3 FRANKLY, IF WE IGNORE THE LETTER, I THINK THAT WILL BE THE END
4 OF IT. I THINK THAT IS JUST SOME GUY TRYING TO RIP OFF FOUR
5 HUNDRED THOUSAND. BUT, I SAID, I DON'T CARE. IF YOU RECOMMEND
6 SHOWING IT TO THE F B I OR SHOWING IT TO THE GOVERNMENT THAT IS
7 FINE WITH ME.

8 Q. DID YOU HAVE A CONVERSATION AT THAT TIME WITH
9 CONGRESSMAN HANSEN?

10 A. YES, I BELIEVE WE CALLED HIM ON THE TELEPHONE.

11 Q. AND YOU TOLD HIM THAT YOU RECEIVED SUCH A LETTER?

12 A. YES, I DID.

13 Q. AND COULD YOU PLEASE TELL US WHAT CONGRESSMAN HANSEN'S
14 IMMEDIATE REACTION WAS?

15 A. HIS IMMEDIATE REACTION WAS TO GO TO THE ATTORNEY
16 GENERAL OR THE JUSTICE DEPARTMENT RIGHT HERE IN WASHINGTON AND
17 TURN THE LETTER OVER TO THEM FOR THEIR DISPOSITION AND ASK THEM
18 TO PROSECUTE THE SENDER.

19 IN FACT, THAT WAS MY UNDERSTANDING, THAT IT WAS TO
20 FIND OUT WHO WAS DOING THE SLANDER, AND TO PROSECUTE THEM, WHO
21 WAS ATTEMPTING TO DO THE EXTORTION.

22 Q. AND HE TOLD THAT TO YOU ON THE PHONE DURING
23 THAT FIRST CONVERSATION?

24 A. WELL, I AM NOT SURE IT WAS THE FIRST CONVERSATION OR A
25 SUBSEQUENT CONVERSATION. I BELIEVE IRWIN ACTUALLY BROUGHT THE

1 LETTER UP TO WASHINGTON AND SHOWED IT TO CONGRESSMAN HANSEN.

2 Q. BUT YOU DO RECALL, YOU REMEMBER MR. WEINGARTEN ASKING
3 YOU, DO YOU RECALL ANY TELEPHONE CONVERSATION YOU MIGHT HAVE
4 HAD WITH HIM, THAT IS, WITH CONGRESSMAN HANSEN, AND YOU SAID,
5 WELL, I AM NOT SURE. I TALKED TO HIM AT ONE TIME QUITE EARLY
6 AND HE WANTED TO GO SEE THE ATTORNEY GENERAL. HE WAS VERY
7 INSENSED THAT ANYBODY WOULD QUESTION HIS MOTIVES MORE OR LESS
8 AND HE WANTED TO PERSONALLY GO SEE THE ATTORNEY GENERAL?

9 A. YES, I RECALL HE WAS VERY ANXIOUS TO GO SEE THE
10 JUSTICE DEPARTMENT OR THE ATTORNEY GENERAL IN PERSON.

11 Q. AND TO YOUR KNOWLEDGE DID YOUR REPRESENTATIVE AND
12 CONGRESSMAN HANSEN GO PROMPTLY TO THE DEPARTMENT OF JUSTICE AND
13 SEE IF NOT THE ATTORNEY GENERAL THE NEXT PERSON IN THE
14 DEPARTMENT OF JUSTICE?

15 A. I BELIEVE THEY DID, YES, SIR. I AM NOT SURE WHO THEY
16 SAW BUT THEY DID GO TO THE ATTORNEY GENERAL'S OFFICE HERE AND
17 SAW WHOEVER THEY SAW.

18 Q. WAS THERE ANY INDICATION IN ANYTHING THAT CONGRESSMAN
19 HANSEN SAID TO YOU THAT HE WANTED TO CONCEAL ANY PART OF THAT
20 SILVER TRANSACTION?

21 A. NEVER, NONE WHATSOEVER. HE WAS VERY ANXIOUS TO GET IT
22 ALL OUT ON THE TABLE.

23 Q. AND DID YOU THEN THEREAFTER RECEIVE A REPORT FROM YOUR
24 ATTORNEY THAT IN FACT THEY HAD GONE AND SEEN THE DEPARTMENT OF
25 JUSTICE AND LAID IT ALL ON THE TABLE AS YOU SAY?

1 A. YES, SIR.

2 Q. MR. HUNT, YOU SAY YOU KNOW 30 CONGRESSMEN AND SENATORS.
3 DO YOU KNOW VARIOUS PEOPLE WHO HAVE INDICATED TO YOU THAT THEY
4 KNOW CONGRESSMAN HANSEN AND ARE FRIENDLY WITH HIM?

5 A. YES, I KNOW SEVERAL. YES, SIR.

6 Q. AND HAVE YOU HAD OCCASION OVER THE COURSE OF YEARS TO
7 DISCUSS CONGRESSMAN HANSEN'S REPUTATION AMONG THE PEOPLE WHOM
8 YOU TALKED WITH ABOUT CONGRESSMAN HANSEN?

9 A. YES, I HAVE, YOU KNOW, GENERALLY DISCUSSED WHAT DO YOU
10 THINK OF SO AND SO. SUCH AND SUCH A SENATOR OR CONGRESSMAN.
11 AND I HAVE HAD THAT TYPE OF CONVERSATIONS, YES.

12 Q. AND PEOPLE HAVE EXPRESSED TO YOU THEIR OPINIONS OF
13 CONGRESSMAN HANSEN?

14 A. YES, SIR.

15 Q. AND HAVE THEY EXPRESSED TO YOU --

16 MR. WEINGARTEN: MAY WE APPROACH THE BENCH?

17 THE COURT: YES, YOU MAY.

18 AT THE BENCH:

19 THE COURT: YOU HAVE NOT CALLED MR. HUNT. HE IS NOT
20 HERE AS YOUR WITNESS AND YOU ARE GOING TO USE HIM AS A
21 CHARACTER WITNESS?

22 MR. LEWIN: YES.

23 THE COURT: I NOTICE YOU HAD NOTICED 3 ADDITIONAL
24 PEOPLE ON YOUR WITNESS LIST WHOM I HAD ASSUMED, PERHAPS
25 ERRONEOUSLY, WOULD BE PEOPLE CALLED AS CHARACTER WITNESSES.

1 MR. LEWIN: THAT IS TRUE. BUT I THINK I AM ENTITLED
2 WITH REGARD TO ANY OF THE THE GOVERNMENT'S WITNESSES IN TERMS
3 OF THEIR TESTIMONY ABOUT CONGRESSMAN HANSEN ALSO TO GET THEIR
4 OPINION IF THEY ARE QUALIFIED ABOUT HIS CHARACTER, HIS
5 REPUTATION FOR TRUTH AND VERACITY, AND I THINK THIS GENTLEMEN
6 IS QUALIFIED. AND I DON'T SEE WHY I SHOULD BE PRECLUDED FROM
7 DOING THAT.

8 THE COURT: I AM JUST ASKING WHAT YOU ARE TRYING DO,
9 MR. LEWIN.

10 MR. WEINGARTEN: I KNOW THE COURT'S RULING ON THIS. I
11 REPRESENT TO MY KNOWLEDGE MR. HUNT KNOWS ABOUT THE PRIOR
12 CONVICTION IN THIS CASE, HE HAS TALKED ABOUT THE PRIOR
13 CONVICTION WITH OTHER PEOPLE. AND IT JUST SEEMS TOTALLY UNFAIR
14 IF HE IS GOING TO GIVE HIS OPINION ABOUT THE HIGHEST INTEGRITY,
15 AND IF HE KNOWS ABOUT THE CONVICTION IN THE PAST THAT IS A
16 SUBJECT WE CAN'T GET INTO.

17 MR. LEWIN: THAT STATEMENT THE COURT HAS RULED OUT, I
18 SUBMIT CORRECTLY, AND THAT STATEMENT HAS NOTHING TO DO WITH THE
19 CONGRESSMAN'S REPUTATION AND INTEGRITY. ABSOLUTELY.

20 THE COURT: WELL, THE CONVICTION IS OUT AND I RULED IT
21 WAS OUT FOR A VERY PRECISE REASON, THE INTENT FACTOR.

22 MR. WEINGARTEN: THE CONVICTION ITSELF MAY BE OUT, BUT
23 MR. HUNT CERTAINLY KNOWS THAT THIS MAN WAS PROSECUTED AND
24 CERTAINLY KNOWS THAT WAS THE REASON LEGAL BILLS WERE ENGENDERED.

25 MR. LEWIN: THAT IS TRUE OF ANY CHARACTER WITNESS.

1 MR. WEINGARTEN: I THINK IF THERE IS AN ATTEMPT TO
2 ELICIT A STATEMENT ABOUT HIS CHARACTER, AND HIS INTEGRITY, IT
3 WOULD BE GROSSLY UNFAIR THAT WE ARE NOT ALLOWED TO EXPLORE THAT
4 WITH THIS WITNESS. THE FACT HE WAS PROSECUTED BY THE
5 GOVERNMENT FOR FILING FALSE STATEMENTS; FORGET THE CONVICTION.

6 THE COURT: YOU MEAN YOU WOULD JUST SAY PROSECUTED
7 WITH NO CONVICTION? YOU SAY FORGET THE CONVICTION?

8 MR. WEINGARTEN: NO. IF HE WERE ASKED HE WOULD SAY HE
9 WAS PAYING MONEY BECAUSE CONGRESSMAN HANSEN HAD A LOT OF
10 TROUBLES INCLUDING BEING PROSECUTED BY THE GOVERNMENT FOR
11 FILING FALSE STATEMENTS. THE MAN KNOWS.

12 MR. LEWIN: BUT THE ABSENCE OF CONVICTION MAKES THE
13 ENTIRE THING TOTALLY IRRELEVANT.

14 THE COURT: RECOGNIZING THE BALANCE -- AND I
15 CERTAINLY RECOGNIZE THERE IS A DEGREE OF UNFAIRNESS TO THIS,
16 MR. WEINGARTEN; I CANNOT DISPUTE THAT; BUT TO OPEN THIS MATTER
17 UP, THERE IS NO WAY I CAN ERADICATE FROM THE MINDS OF THE JURY
18 THAT IT IS ONLY FOR THIS PORTION ONLY, TO BE FAIRER TO YOU, IN
19 GOING INTO ANY CHARACTER EVIDENCE THAT HAS BEEN DEVELOPED.

20 MR. HUNT HAS MADE ABUNDANTLY CLEAR THROUGHOUT HIS
21 TESTIMONY AND CROSS-EXAMINATION THAT HE HAS A GREAT FONDNESS
22 FOR CONGRESSMAN HANSEN, AND THAT HE CAN DO NO WRONG. HE JUST
23 SAID THOUGH HE CONTRIBUTED TO HIM ON 3 OR FOUR OCCASIONS, HE
24 DIDN'T DO IT AFTER HIS TROUBLES BEGAN WAS HOW HE PUT IT.

25 MR. WEINGARTEN: IT SEEMS TO ME, MR. HUNT IS A

1 CHARACTER WITNESS WHO KOWS ABOUT THAT PROSECUTION, AND IF HE
2 RAISES THAT ISSUE -- AND IT IS HIS DECISION -- WE SHOULD BE
3 ALLOWED TO PURSUE IT.

4 MR. LEWIN: ALL THE CHARACTER WITNESSES COULD --

5 THE COURT: I DISAGREE WITH YOU, MR. WEINGARTEN. AND
6 IF THEY ARE GOING TO USE YOUR GOVERNMENT WITNESS -- BUT YOU
7 DID, MR. LEWIN, YOU DID HAVE SOMEONE FROM YOUR OFFICE CALL
8 CHAMBERS THE OTHER DAY, AND SAY HOW MANY CHARACTER WITNESSES WE
9 ALLOW.

10 MR. BRAGA: I DID, YOUR HONOR.

11 THE COURT: I DON'T RECALL. BUT WE WERE TALKING ABOUT
12 IT GENERALLY. AND I SAID NO MORE THAN 3. AND WE NEVER DID
13 TALK ABOUT IT IN CHAMBERS SO THE RECORD IS CLEAR. AND I AGREE
14 WHEN I SAW THAT ADDITIONAL STATEMENT OF WITNESS AND I COUNTED
15 TO 3. I ASSUMED THAT WAS WHERE WE WERE GOING.

16 MR. LEWIN: THOSE ARE THE WITNESSES WE INTEND TO CALL
17 SPECIFICALLY TO THE BENCH FOR THAT PURPOSE BUT IF THEY PUT ON
18 ANY OTHER WITNESS WHO IS ABLE TO TESTIFY AS TO THE
19 CONGRESSMAN'S GOOD REPUTATION AND CHARACTER EVEN IF IT IS THEIR
20 WITNESS, I AM ENTITLED TO USE IT FOR THAT.

21 THE COURT: SOBEIT.

22 IN OPEN COURT:

23 THE COURT: COURT ALL RIGHT.

24 BY MR. LEWIN:

25 Q. MR. HUNT, I BELIEVE YOU WERE TESTIFYING BEFORE THIS

1 BRIEF CONFERENCE WE HAVE HAD AT THE BENCH, THAT YOU HAVE TALKED
2 TO PEOPLE ABOUT CONGRESSMAN HANSEN AND WHAT KIND OF A MAN HE IS,
3 AND HIS REPUTATION, IS THAT TRUE?

4 A. YES, SIR.

5 Q. AND PEOPLE HAVE EXPRESSED THEIR OPINIONS TO YOU ABOUT
6 CONGRESSMAN HANSEN?

7 A. YES, SIR.

8 Q. AND YOU HAVE BEEN ABLE TO FORM A JUDGMENT AS TO WHAT
9 CONGRESSMAN HANSEN'S REPUTATION IS FOR TRUTH AND VERACITY, IS
10 THAT RIGHT?

11 A. YES.

12 Q. COULD YOU DESCRIBE FOR US WHAT IS CONGRESSMAN HANSEN'S
13 REPUTATION FOR TRUTH AND VERACITY IN THE COMMUNITY?

14 A. THE BEST IMPRESSION I GET, THE GENERAL IMPRESSION I
15 GET IS THAT HE IS VERY TRUTHFUL, STRAIGHTFORWARD KIND OF PERSON,
16 PERHAPS A LITTLE IMPULSIVE AT TIMES, BUT VERY VERY HONEST AND
17 STRAIGHTFORWARD.

18 Q. THANK YOU. NO FURTHER QUESTIONS.

19 THE COURT: REDIRECT.

20 REDIRECT EXAMINATION

21 MR. WEINGARTEN: IF I MAY HAVE DEFENSE EXHIBIT NUMBER
22 TWO, PLEASE, YOUR HONOR.

23 BY MR. WEINGARTEN:

24 Q. MR. HUNT, THE BLACKMAIL LETTER IS NOT ALL NONSENSE; IT
25 DOES CONTAIN SOME FACTS THAT OCCURRED, DOES IT NOT?

1 A. WELL, I HAVEN'T READ THE LETTER SINCE IT ARRIVED,
2 WHENEVER THAT WAS, SO --.

3 Q. WELL, THERE WAS A PROFIT, FOR \$87,475. 87 THOUSAND
4 475, IS THAT CORRECT?

5 A. IF YOU SAY THAT IS THE FIGURE I'LL ACCEPT IT. I
6 DIDN'T KNOW WHAT THE AMOUNT WAS.

7 Q. THE LETTER DESCRIBES THAT ON JANUARY 16, 1979, 125
8 SILVER CONTRACTS WERE FIRST PURCHASED IN YOUR ACCOUNT AND THEN
9 WERE TRANSFERRED TO CONNIE HANSEN'S ACCOUNT AFTER THE MARKET
10 WENT UP.

11 NOW, THAT IS TRUE, TOO, ISN'T IT?

12 A. THAT IS -- YOU WILL HAVE TO ASK THE BROKER ABOUT THAT.
13 I DON'T HAVE ANY KNOWLEDGE OF THAT OTHER THAN YOUR TELLING ME
14 THAT.

15 Q. IF THE RECORD REFLECTS THAT, THEN THE PERSON WHO WROTE
16 THE LETTER IS REPORTING ACCURATELY, IS HE NOT?

17 A. WELL, I BELIEVE I HAVE SINCE HEARD THAT HE WORKED FOR
18 THAT FIRM, SO I DON'T KNOW HOW THAT FIRM HANDLED IT.

19 Q. MR. HUNT, I BELIEVE YOU HAVE BEEN DESCRIBED OR YOU
20 DESCRIBED YOURSELF AS A SOFT TOUCH ON LOANS. NOW, OF COURSE,
21 YOU HAVE SUED PEOPLE, HAVE YOU NOT?

22 A. HAVE I SUED PEOPLE?

23 Q. YES.

24 A. YES, SURE, I HAVE SUED PEOPLE.

25 Q. OF COURSE. AND SOME PEOPLE YOU HAVEN'T SUED THAT OWE

1 YOU MONEY, IS THAT CORRECT?

2 A. YES, I CAN'T EVER RECALL SUING TO COLLECT A LOAN.
3 WELL, THERE HAVE MAY HAVE BEEN AN INSTANCE BUT I DON'T RECALL
4 IT. GENERALLY SPEAKING, ABOUT ALL YOU CAN DO IS PUT SOMEONE IN
5 BANKRUPTCY AND THEN YOU ARE NOT COLLECTING ANYTHING.

6 Q. SOMETIMES YOU CAN SUE AND GET A JUDGMENT AND COLLECT
7 ON A JUDGMENT, CAN'T YOU?

8 A. IF THEY HAVE GOT ANYTHING TO PAY, YES, SIR.

9 Q. AND THE HANSENS HAD NOTHING TO PAY?

10 A. WELL, THAT WOULD BE MY CONCERN, YES, SIR.

11 Q. I SEE. WHAT WAS THE EXTENT OF YOUR FRIENDSHIP WITH
12 CONNIE HANSEN? WERE YOU CLOSE PERSONAL FRIENDS?

13 A. NO. I HAD DINNER WITH SHE AND CONGRESSMAN HANSEN
14 ON 3 OR 4 OCCASIONS. MRS. HANSEN VISITED IN OUR HOUSE. I AM
15 NOT SURE WHETHER THE CONGRESSMAN WAS ALONG THAT TIME OR NOT.

16 Q. WELL, DO YOU KNOW HER ANY BETTER THAN YOU KNOW
17 CONGRESSMAN HANSEN?

18 A. NO.

19 Q. YOU KNOW THEM BOTH THE SAME?

20 A. ABOUT THE SAME, YES.

21 Q. WHO APPROACHED YOU FOR THE MONEY, CONGRESSMAN HANSEN
22 OR MRS. HANSEN?

23 A. GEORGE HANSEN APPROACHED ME, AND, AS I HAVE RECOUNTED,
24 SAID HE NEEDED TO RAISE SOME FUNDS, YES.

25 Q. AND WHOSE DEBTS WERE YOU TRYING TO HELP?

1 A. WELL, THE HANSEN FAMILY.

2 Q. WHO WAS EVERYTHING TROUBLE WITH WAYNE HAYS?

3 A. CONGRESSMAN HANSEN, BUT I GUESS BY THE TIME HE GOT
4 THROUGH PAYING THE BILLS, I GUESS THE WHOLE FAMILY WAS HAVING
5 TROUBLE.

6 Q. WHAT ABOUT THE LEGAL BILLS? WHO HIRED A LAWYER, WHERE
7 DID THE LEGAL BILLS COME FROM?

8 A. WELL, I WOULD THINK THAT IF SOMEONE HIRES A LAWYER, IF
9 HE IS MARRIED, HIS WIFE IS GOING TO, THE HUSBAND AND WIFE BOTH
10 ARE GOING TO BE PAYING HALF OF THEM.

11 Q. MR. HUNT, YOU RECEIVED A BLACKMAIL LETTER ON MARCH 31,
12 1981, DID YOU NOT?

13 A. I DIDN'T KNOW THE DATE, BUT I'LL ACCEPT THAT, YES, SIR.

14 Q. WELL, SIX DAYS PASSED BEFORE ANYONE WENT TO THE
15 DEPARTMENT OF JUSTICE, DID IT NOT?

16 A. ACTUALLY, MY DESK, SOMETIMES I HAVE AS MANY AS 50 OR A
17 HUNDRED LETTERS LAYING ON MY DESK. PROBABLY, WHEN I GET HOME
18 TOMORROW THERE WILL BE FIFTY THERE.

19 Q. YOU DON'T DISPUTE, SIR, DO YOU, THAT THAT LETTER CAME
20 TO YOUR ATTENTION TUESDAY, MARCH 31, AND THE VISIT TO THE
21 JUSTICE DEPARTMENT WAS MONDAY, APRIL 6?

22 A. WELL, I WOULDN'T QUESTION THAT, NO, SIR.

23 Q. AND YOU SENT YOUR LAWYER, MR. IRWIN, UP TO WASHINGTON
24 TWICE TO CONSULT WITH MR. HANSEN ABOUT THIS, IS THAT CORRECT?

25 A. YES, SIR, HE WENT UP TO SEE HIM, AND THEN HE LATER,

150

1 WHEN THEY GOT THE APPOINTMENT AT THE JUSTICE DEPARTMENT, I
2 THINK HE WENT BACK.

3 Q. NOW, WHEN MR. IRWIN WENT UP TO WASHINGTON TO TALK TO
4 MR. HANSEN ABOUT THIS BLACKMAIL LETTER, THERE WAS SOME BUSINESS
5 TAKEN CARE OF AS WELL, WAS THERE NOT?

6 A. I AM NOT SURE WHAT YOU ARE REFERRING TO.

7 Q. WELL, LET ME SHOW YOU THESE NOTES THAT HAVE BEEN
8 ADMITTED INTO EVIDENCE, 26 A, AND 26 B. THESE NOTES WERE
9 DRAFTED AND SIGNED UP IN WASHINGTON IN APRIL, 1981, WERE THEY
10 NOT?

11 A. WELL, WHENEVER THE DATE WAS, YES, SIR, I DON'T KNOW.
12 BUT I'LL ACCEPT THAT.

13 Q. AND THEY WERE BACKDATED TO REFLECT INDEBTEDNESS FROM
14 1978 AND 1980, IS THAT CORRECT?

15 A. I ASSUME SO, YES, SIR.

16 Q. AND THAT WAS BEFORE ANYBODY WENT TO THE DEPARTMENT OF
17 JUSTICE WITH THIS BLACKMAIL LETTER, IS THAT CORRECT?

18 A. WELL, I WOULDN'T HAVE KNOWN THAT, BUT I'LL ACCEPT THAT,
19 YES, SIR.

20 Q. NOW, MR. LEWIN ASKED YOU WHETHER OR NOT IT WOULD MAKE
21 SENSE FOR YOU TO BRIBE CONGRESSMAN HANSEN.

22 NOW, WITHOUT SUGGESTING THAT YOU BRIBED CONGRESSMAN
23 HANSEN, IT IS A FACT, IS IT NOT, THAT YOU AND CONGRESSMAN
24 HANSEN AGREE ON A LOT OF THINGS?

25 A. WELL, YOU MEAN AS FAR AS OUR GENERAL PHILOSOPHICAL

1 POLITICAL VIEWS?

2 Q. YES.

3 A. I WOULD SAY THEY ARE QUITE SIMILAR, YES.

4 Q. IN ADDITION, YOU HAVE MANY BUSINESS INTERESTS THAT ARE
5 PROFOUNDLY AFFECTED BY WHAT GOES ON ON CAPITOL HILL, IS THAT
6 NOT TRUE?

7 A. I THINK EVERYONE DOES.

8 Q. AND YOU IN PARTICULAR RELATING TO SUGAR AND SILVER, IS
9 THAT NOT TRUE?

10 A. EVERY BUSINESS OF EVERY KIND IS AFFECTED A GREAT DEAL
11 BY WHAT HAPPENS IN WASHINGTON, YES, SIR.

12 Q. LET'S FOCUS ON SUGAR FOR A SECOND. THE GREAT WESTERN
13 COMPANY IN 1979 WAS HEAVILY DEPENDENT ON GOVERNMENT LOANS, IS
14 THAT NOT CORRECT?

15 A. I AM NOT AN EXPERT ON SUGAR. THEY MAY HAVE HAD SOME
16 GOVERNMENT LOANS. I JUST DON'T KNOW.

17 Q. AND THOSE LOANS, OF COURSE, ARE AUTHORIZED BY CONGRESS?

18 A. I ASSUME SO, YES.

19 MR. LEWIN: YOUR HONOR?

20 MR. CAMPBELL: MAY WE APPROACH THE BENCH, YOUR HONOR?

21 AT THE BENCH:

22 MR. LEWIN: I DON'T KNOW WHERE MR. WEINGARTEN IS
23 INTENDING TO GO. CERTAINLY, IF HE IS INTENDING TO QUESTION
24 WHAT CONGRESSMAN HANSEN DID LEGISLATIVELY ANOTHER PLACE IN THIS
25 COURT, THEN WE OBJECT.

1 MR. WEINGARTEN: I AM STOPPING WELL SHORT.

2 MR. WEINGARTEN: I JUST WANT TO BE SURE.

3 THE COURT: CLEARLY, THERE IS NOTHING FOR YOU TO SAY
4 BECAUSE THERE IS NOTHING ON THE RECORD. THERE IS NO OBJECTION.
5 BECAUSE THERE'S NOTHING TO OBJECT TO IF HE STOPS SHORT AS HE
6 SAYS HE IS GOING TO.

7 IN OPEN COURT:

8 BY MR. WEINGARTEN:?

9 Q LET'S JUST SAY THIS, MR. HUNT: CONSIDERING YOUR
10 BUSINESS INTERESTS, IT IS NOT A BAD IDEA TO HAVE A FRIEND ON
11 CAPITOL HILL, IS THAT NOT A FAIR STATEMENT?

12 A. WELL, I HOPE I HAVE GOT A LOT OF THEM. AT LEAST 30 OR
13 40.

14 Q. LET'S GO BACK TO 26-A AND 26-B, THE NOTES. IS IT A
15 FACT THAT THOSE NOTES WERE SIGNED THE DAY CONGRESSMAN HANSEN
16 AND YOUR LAWYER VISITED THE DEPARTMENT OF JUSTICE?

17 A. THAT COULD BE, YES.

18 Q. NOW, YOU TESTIFIED ON CROSS, WITH MR. LEWIN THAT YOU
19 FELT BAD ABOUT CONNIE HANSEN'S LOSS, IS THAT CORRECT, THE LOSS
20 IN THE SOYBEAN MARKET?

21 A. YES, I DID.

22 Q. BUT, WHO PAID FOR THAT LOSS, MR. HUNT?

23 A. SHE PAID FOR IT.

24 Q. IN FACT, YOU PAID FOR IT, DID YOU NOT?

25 A. WELL, I ENDORSED HER NOTE, BUT SHE LOST SOME MONEY AND

1 SHE PAID FOR IT.

2 Q. MR. HUNT, IS IT NOT TRUE THAT THE LOSS WAS 33 THOUSAND
3 DOLLARS. YOU COSIGNED A 50 THOUSAND DOLLARS NOTE; YOU HAD TO
4 PAY FOR IT, 61 THOUSAND DOLLARS; AND NOT A PENNY HAS BEEN PAID
5 TO YOU SINCE THE LOSS, 7 YEARS AGO?

6 A. THAT IS CORRECT.

7 Q. AND YOU TESTIFIED --

8 A. AND I'D LIKE TO COLLECT IT VERY MUCH AND I AM HOPEFUL
9 THAT I WILL COLLECT IT.

10 Q. O K.

11 YOU TESTIFIED ABOUT CONGRESSMAN HANSEN'S REPUTATION,
12 AND IT IS YOUR OPINION, TOO, THAT HE HAS A GOOD REPUTATION FOR
13 TRUTH AND HONESTY?

14 A. AS FAR AS I KNOW, YES, SIR.

15 Q. MR. HUNT, IF MR. HANSEN IN FACT HAD NOT SEPARATED HIS
16 ACCOUNTS, AND IN FACT DID NOT PAY HIS TAXES SEPARATELY, WOULD
17 YOUR OPINION CHANGE?

18 A. WELL, YES, SOMEWHAT, YES.

19 MR. WEINGARTEN: THANK YOU.

20 RECROSS-EXAMINATION

21 BY MR. LEWIN:

22 Q. WITH REGARD TO THAT LAST QUESTION, MR. HUNT, MR.
23 WEINGARTEN SAID IF HE HAD NOT SEPARATED HIS ACCOUNTS OR HAD NOT
24 PAID TAXES SEPARATELY. IS IT NOT A FACT THAT WHAT YOU RECALL
25 IS THAT CONGRESSMAN HANSEN TOLD YOU THERE WAS A SEPARATE

1 PROPERTY ARRANGEMENT OF SOME KIND, NOT THAT WHETHER YOU RECALL
2 THAT THERE WAS SEPARATE ACCOUNTS OR SEPARATE TAXES OR ANYTHING
3 LIKE THAT?

4 A. I REALLY JUST DON'T -- I ANSWERED IN THE AFFIRMATIVE,
5 BECAUSE I WANT TO BE, I DIDN'T WANT TO BE ARGUMENTATIVE WITH
6 THE PROSECUTOR, BUT IN MY OWN MIND I AM NOT SURE WHAT OCCURRED
7 OR WHAT I WAS TOLD ABOUT IT, AND I WISH I COULD BE SPECIFIC
8 ABOUT IT, BUT I JUST DON'T KNOW EXACTLY.

9 Q. IF CONGRESSMAN HANSEN SAID TO " SOME POINT IN ALL
10 OF THESE DISCUSSIONS WE HAVE ENTERED INTO A SEPARATE PROPERTY
11 ARRANGEMENT AND THERE WAS IN FACT A DOCUMENT DRAFTED BY AN
12 ATTORNEY WHICH SEPARATED THEIR PROPERTY, THEIR ASSETS, AND
13 THEIR LIABILITIES, EVEN THOUGH IT DID NOT SEPARATE BANK
14 ACCOUNTS OR SEPARATE TAX RETURNS, WOULD THAT BE CONSISTENT WITH
15 YOUR UNDERSTANDING OF WHAT HE TOLD YOU? MAYBE THAT IS TOO
16 DIFFICULT.

17 THE COURT: JUST GIVE HIM A CHANCE TO ANSWER. YOU HAVE
18 ASKED THE QUESTIONS.

19 THE WITNESS: I WISH YOU COULD REPHRASE THAT BECAUSE I
20 DON'T QUITE FOLLOW IT.

21 BY MR. LEWIN:

22 Q. WHEN MR. WEINGARTEN ASKED YOU HIS LAST QUESTION, HE
23 ASKED YOU WHETHER YOUR OPINION AS TO CONGRESSMAN HANSEN'S TRUTH
24 AND VERACITY WOULD CHANGE IF IN FACT CONGRESSMAN HANSEN HAD NOT
25 SEPARATED, THAT HE AND HIS WIFE HAD NOT SEPARATED THEIR

1 PROPERTY, AND YOU SAID YES, YOU GUESS THAT WOULD CHANGE.

2 I AM ASKING YOU NOW, WHETHER IF IN FACT WHAT HAPPENED
3 WAS CONGRESSMAN HANSEN DID SIGN AND HIS WIFE DID SIGN A
4 SEPARATE PROPERTY AGREEMENT, WHICH HAD BEEN DRAFTED BY AN
5 ATTORNEY, AND WHICH LISTED SEPARATE ASSETS AND LIABILITIES, AND
6 MADE STATEMENTS ABOUT WHAT THEY INTENDED TO DO IN THE FUTURE,
7 WOULD THAT AGREEMENT OF BEEN CONSISTENT WITH WHAT YOU RECALL
8 CONGRESSMAN HANSEN REPRESENTED TO YOU?

9 A. I WOULD SAY IT WOULD BE. I NEVER TRIED TO, YOU KNOW,
10 GET THE LETTER, CHAPTER AND VERSE ON JUST WHAT HE HAD DONE,
11 WHAT MRS. HANSEN, CONGRESSMAN HANSEN HAD DONE, IN THE WAY OF
12 SEPARATION. I JUST ASSUMED THERE WAS A SEPARATION. MAYBE I
13 ASSUMED THAT THERE WERE BANK ACCOUNTS INVOLVED OR TAX RETURNS
14 OR PROPERTY OR SOMETHING.

15 I REALLY DIDN'T HAVE ANY SPECIFIC KNOWLEDGE, AND MAYBE
16 I STATED THINGS THAT I SHOULDN'T HAVE STATED AND DIDN'T KNOW
17 FOR A FACT, AND AS I SIT HERE, I REALLY DON'T HAVE ANY
18 KNOWLEDGE AS TO WHAT THEY HAVE DONE.

19 Q. AND AS YOU SIT HERE, IT IS A FACT, IS IT NOT, THAT
20 CONGRESSMAN HANSEN HAS NEVER LIED TO YOU?

21 A. I THINK THAT IS A HONEST STATEMENT, YES, SIR, AS FAR
22 AS I KNOW.

23 Q. NOW, MR. WEINGARTEN ASKED YOU ABOUT THE DELAY BETWEEN
24 MARCH 31 AND APRIL 6 WITH REGARD TO THAT BLACKMAIL LETTER. LET
25 ME JUST MARK AS A DEFENDANTS EXHIBIT 3 FOR IDENTIFICATION --

1 THE DEPUTY CLERK: DEFENDANT'S EXHIBIT 3 MARKED FOR
2 IDENTIFICATION.

3 (WHEREUPON, THE DOCUMENT REFERRED TO
4 ABOVE WAS MARKED DEFENDANT'S EXHIBIT
5 NO. 3 FOR IDENTIFICATION.)

6 MR. LEWIN: -- A CALENDAR FOR THE YEAR 1981.

7 THE COURT: DO YOU WANT TO SHOW IT TO OTHER COUNSEL?

8 MR. LEWIN: YES.

9 THE COURT: THANK YOU.

10 BY MR. LEWIN:

11 Q. MARCH 31 WAS A TUESDAY, WAS IT NOT?

12 A. YES, SIR, IT SEEMS TO BE.

13 Q. AND APRIL 6, UP AT THE TOP OF THE SECOND COLUMN WAS A
14 MONDAY?

15 A. YES, SIR.

16 Q. SO, THE MEETING AT THE DEPARTMENT OF JUSTICE WAS
17 IMMEDIATELY FOLLOWING A WEEKEND, IS THAT CORRECT, ON A MONDAY,
18 APRIL 6. IT WAS HELD ON APRIL 6?

19 A. YES, THAT WOULD BE CORRECT.

20 Q. AND IS IT NOT A FACT THAT MR. IRWIN AFTER THE INITIAL
21 CONVERSATION WITH CONGRESSMAN HANSEN WENT IMMEDIATELY TO
22 WASHINGTON BUT DID NOT BRING THE BLACKMAIL LETTER WITH HIM AT
23 THAT FIRST MEETING?

24 A. NO, I DIDN'T KNOW THAT. BUT IT COULD BE.

25 Q. BUT YOU SAY HE MADE TWO TRIPS?

1 A. THAT IS WHAT MR. WEINGARTEN SAID. I THINK HE DID.
2 MAYBE I SAID IT ALSO. I THINK HE DID MAKE ANOTHER TRIP TO CALL
3 ON THE JUSTICE DEPARTMENT.

4 Q. DO YOU KNOW WHEN CONGRESSMAN HANSEN CALLED THE JUSTICE
5 DEPARTMENT TO ARRANGE THE MEETING?

6 A. NO, SIR, I DON'T.

7 Q. BUT, TO YOUR KNOWLEDGE WAS THERE ANY POINT IN THAT
8 PERIOD BETWEEN MARCH 31 AND APRIL 6TH WHEN THERE WAS A
9 DELIBERATE DELAY IN ORDER TO DELAY A MEETING AT THE DEPARTMENT
10 OF JUSTICE, WAS THERE EVER A DISCUSSION THAT WE OUGHT TO DELAY
11 A MEETING AT THE DEPARTMENT OF JUSTICE?

12 A. NO, SIR, I DON'T KNOW OF ANY.

13 Q. NOW, MR. WEINGARTEN HAS ASKED YOU ABOUT THESE TWO
14 NOTES, 26-A AND 26-B AND HE SAYS THOSE NOTES WERE BACKDATED TO
15 OCTOBER 26, 1978, AND TO JUNE 3, 1980.

16 AREN'T THOSE REALLY THE DATES AS OF WHICH THOSE
17 OBLIGATIONS BECAME CONNIE HANSEN'S OBLIGATIONS, JUNE 3, 1980,
18 BEING THE OBLIGATION TO YOU BECAUSE THAT WAS THE DATE THAT YOU
19 PURCHASED THAT NOTE FROM THE DALLAS NATIONAL BANK?

20 A. I BELIEVE SO. YOU KNOW, SOMETIMES THAT HAPPENS THAT
21 SOMEONE MAY OWE YOU MONEY, AND YOU MIGHT NOT HAVE A NOTE FOR
22 WHATEVER REASON, AND THEN YOU PREPARE THE NOTE DATING BACK TO
23 THE TIME OF THE LOAN OR THE TIME OF THE OBLIGATION.

24 Q. AND ISN'T THE REASON THAT YOU GOT TO DATE IT BACK TO
25 THAT DATE IS BECAUSE IT CARRIES INTEREST FROM THE DATE OF

1 OBLIGATION, ITSELF, FROM THE DATE OF THE NOTE?

2 A. YES, SIR.

3 Q. SO, IT HAS GOT TO BE DATED THE DATE THAT THE INTEREST
4 BEGINS RUNNING?

5 A. YES, SIR.

6 Q. SO, YOU ARE NOT BACKDATING IT IN ORDER TO MISLEAD
7 SOMEBODY BUT YOU ARE BACKDATING BECAUSE THAT IS WHEN THE
8 OBLIGATION BEGINS BEARING INTEREST SHOWN ON THE NOTE?

9 A. YES, IT IS BACKDATED REALLY TO REFLECT THE OBLIGATION
10 AS IT IS.

11 Q. AND IN FACT, THAT OBLIGATION WAS AN OBLIGATION THAT
12 GREW OUT OF THE SOYBEAN TRANSACTION, NOT OUT OF THE SILVER
13 TRANSACTION, ISN'T THAT TRUE?

14 A. I BELIEVE IT IS, YES, SIR.

15 Q. SO IT REALLY DID NOT HAVE ANYTHING TO DO WITH THE
16 BLACKMAIL LETTER WHICH DEALT WITH THE SILVER TRANSACTION?

17 A. THAT IS CORRECT. YES. I HADN'T THOUGHT ABOUT THAT, BUT
18 THAT WOULD BE CORRECT.

19 Q. AND IT IS JUST THAT IT WAS A CONVENIENT TIME WHEN YOUR
20 ATTORNEY WAS COMING FROM DALLAS TO SEE CONGRESSMAN HANSEN ON
21 ANOTHER MATTER -- ON THE BLACKMAIL LETTER -- THAT HE BROUGHT
22 ALONG THOSE NOTES?

23 A. YES, SIR.

24 MR. LEWIN: THANK YOU.

25 THE COURT: ANYTHING FURTHER?

1 MR. WEINGARTEN: NO, WE ASK THAT MR. HUNT BE EXCUSED.

2 THE COURT: MR. HUNT, YOU ARE EXCUSED, I ASK THAT YOU
3 NOT DISCUSS YOUR TESTIMONY WITH ANY OTHER POSSIBLE WITNESS IN
4 THIS CASE UNTIL THE MATTER IS CONCLUDED.

5 MR. HUNT: YES. THANK YOU, YOUR HONOR.

6 (WITNESS EXCUSED.)

7 THE COURT: THE GOVERNMENT'S NEXT WITNESS.

8 MR. COLE: YOUR HONOR, CALL MR. NICHOLS.

9 THE COURT: WE WILL NOT SIT BEYOND FIVE-THIRTY.

10 HOPEFULLY, WE WILL GET THIS TESTIMONY COMPLETED. OTHERWISE, THE
11 WITNESS WILL HAVE TO RETURN TOMORROW, IN FAIRNESS TO THE JURY
12 AND THE REST OF US WHO HAD A RELATIVELY SHORT NIGHT.
13 WHEREUPON,

14 OWEN H. NICHOLS

15 WITNESS CALLED BY THE GOVERNMENT, HAVING BEEN DULY SWORN
16 ACCORDING TO LAW, WAS EXAMINED AND TESTIFIED AS FOLLOWS.

17 THE COURT: GOOD AFTERNOON, MR. NICHOLS.

18 MR. NICHOLS: GOOD AFTERNOON, YOUR HONOR.

19 DIRECT EXAMINATION

20 BY MR. COLE:

21 Q. MR. NICHOLS, STATE YOUR FULL NAME AND SPELL YOUR LAST
22 NAME.

23 A. MY NAME IS OWEN H. NICHOLS. N I C H O L S.

24 Q. MR. NICHOLS, WHAT CITY DO YOU LIVE IN?

25 A. I LIVE IN SKOKIE, ILLINOIS.

1 Q. MR. NICHOLS, WHAT OCCUPATION ARE YOU ENGAGED IN?

2 A. I AM A COMMODITY AND SECURITY BROKER.

3 Q. HOW LONG HAVE YOU BEEN IN THE COMMODITIES MARKET?

4 A. I HAVE BEEN A LICENSED COMMODITY BROKER SINCE 1961, OR
5 23 YEARS.

6 Q. AND HAVE YOU BEEN TRADING IN COMMODITIES PRIOR TO
7 BEING A LICENSED BROKER?

8 A. YES, I TRADED COMMODITIES IN THE CASH PHYSICAL
9 BUSINESS.

10 Q. NOW, " CASH PHYSICAL BUSINESS, " IF YOU COULD JUST
11 VERY BRIEFLY EXPLAIN TO US WHAT THAT IS?

12 A. I WORKED FOR THE PILLSBURY COMPANY, AND TRADED IN THE
13 PRODUCT ITSELF, I. E., A BUSHEL OF SOYBEANS OR A TON OF
14 SOYBEAN MEAL, OR A BUSHEL OF WHEAT, BUT THE PHYSICAL ITEM GROWN
15 ON THE FARM, MANUFACTURED, SAY IN THE CASE OF WHEAT INTO FLOUR,
16 OR IN THE CASE OF CORN FED TO LIVESTOCK OR SOYBEANS THAT ARE
17 PROCESSED INTO SOYBEAN OIL AND SOLD TO THE REFINERS, TO MAKE
18 MARGARINE, SALAD OIL, AND SOYBEAN MEAL, WHICH IS BASICALLY A
19 PROTEIN SUPPLEMENT FOR ANIMAL FEED.

20 Q. IN OTHER WORDS, WOULD IT BE FAIR TO SAY THEN THAT
21 INSTEAD OF DEALING WITH COMMODITY FUTURES AS THEY ARE CALLED,
22 -- AND WE WILL GET INTO THAT IN A MINUTE -- YOU WERE DEALING
23 WITH ACTUAL PRODUCTS THEMSELVES?

24 A. YES, PRIOR TO 1961.

25 Q. AND WHEN DID YOU START DOING THAT, IF I COULD ASK?

1 A. IN 1949.

2 Q. DID THERE COME A TIME WHERE YOU BECAME EMPLOYED AND
3 INVOLVED WITH THE CHICAGO BOARD OF EXCHANGE, OR BOARD OF TRADE?

4 A. I WAS NOT EMPLOYED BY THE CHICAGO BOARD OF TRADE. I
5 WAS AN ELECTED DIRECTOR OF THE BOARD OF DIRECTORS OF THE
6 CHICAGO BOARD OF TRADE IN 1969 AND 1970. I WAS CHAIRMAN, THE
7 ELECTED CHAIRMAN OF THE CHICAGO BOARD OF TRADE BOARD OF
8 DIRECTORS FOR TWO TERMS IN 1971 AND 1972. BUT EMPLOYED IS NOT
9 THE CORRECT EXPRESSION. UNPAID ELECTED JOB.

10 Q. ASSOCIATED ... WOULD BE A BETTER EXPRESSION?

11 A. YES.

12 Q. FOLLOWING YOUR TERM, I BELIEVE YOU SAID YOU WERE
13 CHAIRMAN OF THE BOARD OF THE CHICAGO BOARD OF TRADE, IS THAT
14 CORRECT?

15 A. I WAS CHAIRMAN OF THE BOARD OF DIRECTORS.

16 Q. AND BRIEFLY COULD YOU TELL US WHAT THE CHICAGO BOARD
17 OF TRADE IS?

18 A. IT WAS THEN AND STILL IS TODAY THE WORLD'S LARGEST
19 COMMODITY FUTURES EXCHANGE.

20 Q. FOLLOWING BEING CHAIRMAN OF THE BOARD OF DIRECTORS OF
21 THE CHICAGO BOARD OF TRADE, DID YOU THEN HAVE FURTHER POSITIONS
22 ON THE BOARD?

23 A. YES, I THEN SPENT FOUR MORE CONSECUTIVE ONE YEAR TERMS
24 OF CHAIRMAN OF THE BUSINESS CONDUCT COMMITTEE OF THE CHICAGO
25 BOARD OF TRADE.

1 Q. ARE YOU NOW ASSOCIATED WITH A BROKERAGE HOUSE, MR.
2 NICHOLS,?

3 A. YES, I AM.

4 Q. WHAT BROKERAGE HOUSE IS THAT?

5 A. PAYNE, WEBBER, JACKSON, AND CURTIS.

6 Q. NOW, DID THAT USED TO BE KNOWN BY ANOTHER NAME?

7 A. IT WAS KNOWN AS MITCHELL, HUTCHINS AND COMPANY--
8 (SPELLING) M I T C H E L L H U T C H I N S-- WHICH WAS ACQUIRED
9 BY PAYNE, WEBBER, I BELIEVE THE YEAR WAS 1977. LATE IN 1977 I
10 THINK.

11 Q. WERE YOU STILL WORKING WITH MITCHELL HUTCHINS WHEN IT
12 WAS KNOWN AS MITCHELL HUTCHINS?

13 A. YES, I WAS.

14 Q. YOU CONTINUE TO BE A COMMODITY BROKER TO THIS DAY, MR.
15 NICHOLS?

16 A. YES, I DO.

17 MR. COLE: YOUR HONOR, I WOULD OFFER MR. NICHOLS AS AN
18 EXPERT ON THE COMMODITY MARKETS FOR THE PURPOSE OF EXPLAINING
19 THE COMMODITY MARKET TO THE JURY.

20 THE COURT: WITHOUT OBJECTION?

21 YOU WISH SOME VOIR DIRE AS TO HIS EXPERTISE?

22 MR. LEWIN: JUST A MINUTE OR TWO, YOUR HONOR.

23 THE COURT: SURE.

24 VOIR DIRE EXAMINATION

25 BY MR. LEWIN:

1 Q. MR. NICHOLS, THE EXPERIENCE THAT YOU HAD IN
2 COMMODITIES FUTURES GOES BEYOND THINGS SUCH AS AGRICULTURAL
3 PRODUCTS?

4 A. YES, SIR, IT DOES.

5 Q. IN OTHER WORDS, YOU HAVE HAD EXPERIENCE IN THINGS SUCH
6 AS SILVER FUTURES?

7 A. VERY LIMITED THOUGH.

8 Q. COULD YOU DESCRIBE FOR US WHAT YOU MEAN BY VERY
9 LIMITED?

10 A. I WOULD SAY THAT 90 PLUS PER CENT OF MY BUSINESS IN
11 THE COMMODITY FUTURES IS TRANSACTED EITHER ON THE CHICAGO BOARD
12 OF TRADE IN EITHER THE GRAIN AND/OR AN OIL SEED, WHICH WOULD BE
13 A SOYBEAN AND ON THE CHICAGO MERCANTILE EXCHANGE, WHICH WOULD
14 INCLUDE PRIMARILY CATTLE, HOGS, AND PORK BELLIES. MY VOLUME OF
15 BUSINESS NOW AND/OR IN THE PAST IN SAY SILVER, YOU MENTIONED,
16 IS QUITE QUITE MINIMAL.

17 Q. AND THAT MEANS THE NEW YORK COMEX IS SOMETHING WHICH
18 YOU HAVE NOT HAD EXPERIENCE IN?

19 A. AGAIN ABSOLUTELY ROCK BOTTOM MINIMAL.

20 Q. ROCK BOTTOM?

21 A. I HAVE BEEN A MEMBER OF COMEX IN NEW YORK, I AM NOT
22 PRESENTLY SO.

23 Q. AND IS IT FAIR TO SAY THAT THERE ARE DIFFERENCES IN
24 PRACTICE BETWEEN THE TRADING IN COMMODITIES FUTURES IN THE
25 KINDS OF THINGS THAT YOU HAVE HAD EXPERIENCE IN FROM THE KIND

1 OF COMMODITIES SUCH AS SILVER AND THOSE OF THE NEW YORK COMEX,
2 THAT YOU HAVE NOT HAD EXPERIENCE?

3 A. YES.

4 MR. LEWIN: YOUR HONOR, WE ACCEPT THE WITNESS AS
5 EXPERT IN THE LIMITED FIELD, I THINK, FOR THE PURPOSE OF THIS
6 CASE, OF SOYBEANS BUT NOT FOR SILVER.

7 THE COURT: MR. COLE?

8 MR. COLE: YOUR HONOR, MR. NICHOLS WAS NOT INTENDING
9 ON GETTING INTO AN EXPLANATION OF SPECIFIC COMMODITIES OTHER
10 THAN SOYBEANS, OTHER THAN GENERAL REQUIREMENTS OF THE
11 COMMODITIES MARKET WHICH APPLIES TO ALL KINDS OF COMMODITIES
12 SUCH AS MARGIN RULES AND THINGS OF THAT NATURE.

13 THE COURT: ALL RIGHT. YOU ARE QUALIFIED AS AN EXPERT
14 IN THE COMMODITIES MARKET FOR THE PURPOSE OF EXPLAINING THE
15 COMMODITIES MARKET.

16 DIRECT EXAMINATION (CONTINUED)

17 BY MR. COLE:

18 Q. MR. NICHOLS, THERE HAS BEEN A LOT OF TALK ABOUT
19 COMMODITIES AND I WONDER IF YOU WOULD FIRST START OUT BY
20 TELLING THE JURY WHAT IS A COMMODITY?

21 A. I WOULD SAY A COMMODITY IS VIRTUALLY ANY PRODUCT THAT
22 IS BOUGHT AND SOLD OPENLY AND FREELY.

23 Q. WOULD THAT INCLUDE SOYBEANS?

24 A. YES.

25 Q. WOULD IT INCLUDE SILVER SINCE THE SUBJECT HAS BEEN

1 BROUGHT UP?

2 A. YES.

3 Q. CAN YOU TELL THE JURY WHAT A COMMODITIES FUTURES
4 CONTRACT IS?

5 A. A COMMODITY FUTURES CONTRACT IS A CONTRACT OR AN
6 OBLIGATION IN CASE OF A PURCHASE TO PURCHASE A STATED COMMODITY,
7 A STATED SIZE OF COMMODITY, A STATED PRICE FOR THE COMMODITY,
8 AND A STATED TIME OF DELIVERY FOR THAT COMMODITY IN THE FUTURE.

9 Q. WOULD IT BE FAIR TO SAY YOU ARE AGREEING TO BUY THIS
10 AT A LATER DATE, AND AT A SPECIFIC PRICE?

11 A. CORRECT.

12 Q. IN THE CASE OF SOYBEANS, THERE'S BEEN A LOT OF TALK OF
13 COMMODITIES FUTURES CONTRACTS. HOW BIG IS A SINGLE CONTRACT OF
14 COMMODITIES FUTURES IN SOYBEANS?

15 A. A SINGLE CONTRACT OF SOYBEANS ON THE CHICAGO BOARD OF
16 TRADE IS FIVE THOUSAND BUSHEL PER CONTRACT.

17 Q. HOW BIG IS A BUSHEL?

18 A. OH, I GUESS THE WAY I WOULD LIKE TO SAY IT, THAT YOU
19 GO INTO A DEPARTMENT STORE AND COME OUT WITH ONE OF THOSE
20 SHOPPING BAGS WITH TWO HANDLES ON THEM, ONE BUSHEL OF SOYBEANS
21 WOULD ABOUT FILL THAT BAG.

22 Q. IS THERE A SPECIFIC WEIGHT TO A BUSHEL?

23 A. YES, A BUSHEL IS A TERM OF WEIGHT, AND THERE ARE 60
24 POUNDS OF WEIGHT IN A BUSHEL OF SOYBEANS.

25 Q AND THERE ARE FIVE THOUSAND BUSHEL TO ONE SINGLE

1 CONTRACT?

2 A. YES.

3 Q. MR. NICHOLS, DO YOU KNOW HOW MANY OUNCES OF SILVER ARE
4 IN ONE SINGLE SILVER CONTRACT?

5 A. IN THE STANDARD FULL-SIZED SILVER CONTRACT, THERE ARE
6 FIVE THOUSAND OUNCES.

7 Q. FIVE THOUSAND OUNCES OF SILVER?

8 A. YES.

9 Q. MR. NICHOLS, AS AN EXAMPLE, IF A PERSON WERE TO BUY A
10 CONTRACT OF JULY SOYBEANS AT NINE DOLLARS AND 95 CENTS, WHAT
11 HAVE THEY DONE THERE?

12 A. THEY HAVE TAKEN ON A CONTRACTUAL AND LEGAL OBLIGATION
13 TO, IF THEY DO NOTHING MORE THAN TO RECEIVE DELIVERY ON FIVE
14 THOUSAND BUSHELS OF SOYBEANS, DURING THAT DELIVERY MONTH OF
15 JULY. -- FOR A CLARIFICATION, LET'S SAY JULY OF 1984. WE
16 DIDN'T PUT A YEAR IN THERE.

17 THE COURT: EXCUSE ME. DO YOU HAVE TO PUT A SPECIFIC
18 DATE IN THERE OR JUST A MONTH OF JULY?

19 THE WITNESS: YOUR HONOR, LET'S TAKE OUR JULY OF 1984.
20 DELIVERY CAN TAKE PLACE NO SOONER THAN THE FIRST DAY OF THAT
21 CURRENT MONTH, OR JULY, BUT IS DELIVERABLE DURING THAT PERIOD
22 OF THAT MONTH THOUGH TRADING IN THAT JULY CONTRACT WILL EXPIRE
23 DURING THE MONTH OF JULY, 7 BUSINESS DAYS PRIOR TO THE END OF
24 THE MONTH. SO, IT IS JULY 31ST. I AM JUST GUESSING WHERE THE
25 WEEKENDS WOULD FALL, SOMEWHERE AROUND JULY 20, TRADING WOULD NO

1 LONGER TAKE PLACE, BUT DELIVERY COULD.

2 BY MR. COLE:

3 Q. IN OUR EXAMPLE HERE, WE HAVE THEM BUYING THIS FIVE
4 THOUSAND BUSHELS OF SOYBEANS FOR DELIVERY SOMETIME IN JULY AND
5 AT A PRICE OF NINE DOLLARS AND 95 CENTS. IS THAT NINE DOLLARS
6 AND 95 CENTS PER BUSHEL?

7 A. THAT IS NINE DOLLARS AND 95 CENTS PER ONE BUSHEL.

8 Q. SO, IT WOULD BE FIVE THOUSAND TIMES NINE DOLLARS AND
9 95 CENTS FOR THIS ONE CONTRACT?

10 A. YES.

11 Q. MR. NICHOLS, IN YOUR EXPERIENCE IN THE COMMODITY
12 MARKET DEALING WITH SOYBEANS, DOES THE PRICE GO UP AND DOWN
13 QUITE A BIT?

14 A. IT GOES UP AND DOWN A TREMENDOUS AMOUNT, MANY MANY
15 TIMES IN A NORMAL SESSION.

16 Q. AND WHEN THIS PRICE GOES UP AND DOWN, IT'S THE SINGLE
17 BUSHEL PRICE?

18 A. IT IS THE SINGLE DOLLARS AND CENTS PER BUSHEL PRICE.

19 Q. IS THERE ANY RISK IN THE COMMODITIES MARKET?

20 A. THERE IS A TREMENDOUS RISK.

21 Q. WOULD IT BE FAIR TO SAY THAT THERE IS RISK TO THE
22 EXTENT OF HOW MUCH MONEY CAN BE GAINED AND LOST IN THE MARKET?

23 A. WOULD YOU PLEASE REPEAT THAT QUESTION?

24 Q. IS THIS RISK AS TO HOW MUCH MONEY CAN BE GAINED OR
25 LOST IF YOU HAPPEN TO INVEST IN THE COMMODITIES MARKET, IS THAT

1 WHAT THE RISK IS?

2 A. THE RISK REALLY COMES IN YOUR POTENTIAL LOSS.

3 Q. IT WOULDN'T HAVE TO DO WITH THE GAIN? THAT IS NOT A
4 RISK?

5 A. THE RISK IS YOU MAY NOT MAKE A GAIN.

6 Q. IS THERE A RISK THAT YOU MIGHT LOSE A LOT OF MONEY?

7 A. YES.

8 Q. AND IS THAT DUE TO THE FLUCTUATION OF THE MARKET?

9 A. IT IS DUE TO FLUCTUATION OF THE MARKET, BUT IT IS ALSO
10 PERHAPS FURTHER INTENSIFIED BY THERE IS NO LEVEL AFTER YOU TAKE
11 YOUR EXAMPLE OF BUYING FIVE THOUSAND BUSHELS OF JULY SOYBEANS
12 AT \$9.95.

13 IF YOU DID THAT -- WELL, I DON'T MIND -- WHILE I
14 DON'T MIND RISKING 20 CENTS. BUT THERE IS NO GUARANTEE IN THE
15 WORLD THAT YOU CAN LIMIT YOUR LOSS TO THAT INITIAL 20 CENTS,
16 WITH WHICH YOU SAID THAT IS ALL I WOULD LIKE TO LOSE. SO
17 THAT'S THE GREATEST ELEMENT OF RISK. THE RISK OF LOSING IS, AS
18 I USE THE WORD, MUCH GREATER, INTENSIFIED. IT IS A HUGE RISK.

19 Q. IS IT POSSIBLE THAT THERE MAY COME A TIME WHEN AS YOU
20 SAY, YOU DON'T MIND LOSING 20 CENTS BUT YOU DON'T WANT TO LOSE
21 30, THAT YOU CAN'T HELP BUT LOSE MORE?

22 A. THAT IS CORRECT. I WOULD TAKE YOUR EXAMPLE EVEN
23 FURTHER IF YOU WANTED TO LIMIT YOUR LOSS AT 20 CENTS. THERE IS
24 NO GUARANTEE THAT YOU COULD LIMIT IT TO A DOLLAR.

25 Q. THAT WOULD BE A DOLLAR PER BUSHEL?

1 A. THAT IS POTENTIALLY POSSIBLE. IT IS QUITE POSSIBLE.
2 IT DOESN'T HAPPEN CONSTANTLY, BUT IT IS POSSIBLE.

3 Q. IS IT EVER POSSIBLE THAT A PERSON CAN'T SELL THEIR
4 CONTRACTS AND HAS TO TAKE DELIVERY, IS THAT A POSSIBILITY.

5 A. IT IS A POSSIBILITY.

6 Q. DOES IT HAPPEN VERY OFTEN?

7 A. NO.

8 Q. TO YOUR KNOWLEDGE HAS IT HAPPENED?

9 A. NOT TO ONE OF MY CLIENTS. THEY HAVE NEVER TAKEN
10 DELIVERY THAT THEY DIDN'T INTEND TO TAKE IN THE FIRST PLACE,
11 BUT I AM SURE IT HAS HAPPENED, BUT IT HAS NOT HAPPENED IN MY
12 DIRECT KNOWLEDGE OF, TO ONE OF MY CLIENT.

13 Q. AND SOME PEOPLE DO TAKE DELIVERY, IS THAT RIGHT?

14 A. OH, YES.

15 Q. NOW BECAUSE THERE IS RISK, IS THERE ANY RULES THAT THE
16 GOVERNMENT OR THE AGENCY THAT CONTROLS COMMODITIES IN THIS
17 COUNTRY HAS IMPOSED BECAUSE OF THIS RISK?

18 A. YES, THERE IS. A COMMODITY FUTURES TRADING COMMISSION
19 REGULATION. I CANNOT REMEMBER THE EXACT NUMBER OF IT, BUT IT
20 IS CALLED A COMMODITY RISK STATEMENT.

21 Q. WHAT DOES THE REGULATION SAY SO FAR AS WHO THIS RISK
22 STATEMENT IS GIVEN TO, FIRST OF ALL?

23 A. THE RISK STATEMENT MUST BE SENT TO, SIGNED FOR, AND
24 RECEIVED BACK, ACKNOWLEDGING THAT THEY HAVE BEEN ADVISED OF THE
25 RISK INVOLVED PRIOR TO MAKING A COMMODITY TRANSACTION.

1 Q NOW, THE "THEY" YOU REFER TO WOULD BE A CUSTOMER OF
2 YOURS OR A CLIENT?

3 A. THE CLIENT OR A CUSTOMER.

4 Q. UNDER THIS RULE, ARE YOU ALLOWED TO TRADE FOR YOUR
5 CLIENT IF YOU HAVE NOT RECEIVED BACK THEIR SIGNED RISK
6 DISCLOSURE STATEMENT?

7 A. NO, YOU ARE NOT ALLOWED.

8 Q. AND CAN YOU RECEIVE SANCTIONS FROM THE COMMODITIES
9 COMMISSION IF THAT HAPPENS AND THEY FIND OUT?

10 A. YES.

11 Q. LET'S TAKE A TYPICAL TRANSACTION: A CLIENT CALLS YOU
12 UP AND SAYS MR. NICHOLS, I'D LIKE TO TRADE COMMODITIES. WHAT
13 IS THE FIRST THING YOU ARE GOING TO DO WITH THAT CLIENT?

14 A. THE FIRST THING WE WOULD DO IS TO ASCERTAIN TO THE
15 BEST OF OUR ABILITY, THE SUITABILITY OF THAT CLIENT TO EVEN
16 PROPOSE TRADING IN COMMODITIES. SO, ALONG THOSE LINES, WE
17 WOULD SEND WHAT ARE CALLED OUR ACCOUNT FORMS WHICH WOULD GIVE
18 THE BASIC INFORMATION, NAME, ADDRESS, OCCUPATION, AGE, INCOME,
19 AMOUNT OF MONEY THAT THEY EARN PER YEAR, AND A NET WORTH, PLUS,
20 OF COURSE, AS I SAID THIS RISK DISCLOSURE STATEMENT WOULD BE
21 PART OF THOSE ACCOUNT PAPERS.

22 Q. WHY DO YOU WANT TO KNOW A PERSON'S NET WORTH BEFORE
23 YOU ALLOW THEM TO TRADE IN THE COMMODITIES MARKET?

24 A. BECAUSE NOT ONLY IS IT A RULE OF MY FIRM, BUT I
25 BELIEVE IT WOULD COME UNDER A RULE OF AN EXCHANGE, PARTICULARLY

1 THE NEW YORK STOCK EXCHANGE, OF SUITABILITY RULE. YOU MUST DO
2 YOUR BEST TO FIND OUT WHETHER THE CLIENT IS TOTALLY SUITABLE TO
3 THE HORRIBLE UP AND DOWN WORLD OF THE COMMODITY BUSINESS.

4 Q. NOW, SAY THAT FOR EXAMPLE, THE CLIENT HAS NOW BEEN
5 INFORMED OF THE RISK, HAS SIGNED THE STATEMENT, RETURNED IT,
6 AND YOU HAVE DETERMINED THAT THE CLIENT DOES HAVE ENOUGH MONEY
7 TO AFFORD TO GO INTO THE COMMODITIES MARKET. ARE YOU GOING TO
8 GET SOME ORDERS FROM THIS CLIENT AT THIS POINT?

9 A. NO. WELL, PERHAPS WE WOULD GET AN ORDER BUT WE WOULD
10 NOT THEN EXECUTE THE ORDER UNTIL WE HAD RECEIVED WHAT IS NOW
11 CALLED A MARGIN DEPOSIT.

12 Q. AND WHAT IS A MARGIN DEPOSIT? THE TERM HAS COME UP.
13 COULD YOU EXPLAIN TO THE JURY WHAT IT IS AND WHY IT IS REQUIRED?

14 A. IT IS AN AMOUNT OF MONEY, AND I CAN DO IT IN ROUND
15 FIGURES. GENERALLY, IT IS AROUND ABOUT 12 PER CENT OF THE
16 VALUE OF THE CONTRACT, SO LET'S DO IT IN 10 PER CENT, BECAUSE
17 SOMETIMES IT IS 10. IF YOU WANT TO TRADE IN A CONTRACT, WITH A
18 VALUE OF A THOUSAND DOLLARS, YOU WOULD HAVE TO PUT UP A HUNDRED.

19 IF YOU WANTED TO TRADE IN ONE FOR FIVE THOUSAND
20 DOLLARS, YOU WOULD HAVE TO PUT UP FIVE HUNDRED. THAT MONEY IS
21 CALLED A MARGIN, AND IT JUST LIKE AS I SAID, IT IS A MARGIN
22 DEPOSIT.

23 IT IS REALLY AN AMOUNT OF MONEY PUT UP BY THE CLIENT
24 TO GUARANTEE HIS PERFORMANCE IN THIS FUTURES CONTRACT THAT HE
25 HAS BECOME ENGAGED. IF WHEN HE INITIALLY PUTS UP THAT MARGIN,

1 THEN, AND IF THE MARKET GOES AGAINST HIM, THAT IS, IF HE
2 IMMEDIATELY STARTS TO LOSE MONEY, HE WOULD HAVE PUT UP MORE
3 MONEY AND WOULD ALWAYS HAVE TO KEEP THAT MINIMUM MARGIN INTACT
4 AT ALL TIMES.

5 HE CANNOT SIMPLY SIT THERE AND WAIT UNTIL HIS MARGIN
6 MONEY HAS RUN OUT, AND THEN SAY, I WANT OUT. HE HAS GOT TO
7 CONSTANTLY REPLACE IT AT ALL TIMES IF THE MARKET IS GOING
8 AGAINST HIM.

9 AND, OF COURSE, FIRSTLY, IF THE MARKET THEN STARTED
10 BACK UP AGAIN, HE COULD WITHDRAW SOME OF THAT MONEY, BUT ONLY
11 BACK DOWN TO THE ORIGINAL MARGIN AMOUNT.

12 Q. NOW, THE MARGIN, THAT IS NOT A GOVERNMENT AGENCY
13 REQUIREMENT, IS IT?

14 A. NO.

15 Q. IS IT JUST A BROKERAGE HOUSE REQUIREMENT OR A
16 COMMODITIES BOARD REQUIREMENT?

17 A. IT IS INITIALLY SET AS A MINIMUM, WHICH IS THE LOWEST
18 MARGIN THAT YOU CAN CALL A CUSTOMER FOR, BUT IN MANY CASES,
19 WHERE THIS MARKET IS EXTREMELY ACTIVE IN ITS DAILY UPS AND
20 DOWNS, IT WOULD BE PERFECTLY NORMAL FOR THE BROKERAGE FIRM
21 ITSELF TO CHARGE MORE THAN THAT MINIMUM MARGIN, BUT NEVER LESS.

22 Q. IT WOULD BE UP TO THE BROKERAGE HOUSE?

23 A. ABSOLUTELY, THEY CAN CALL FOR ANY AMOUNT THEY WANT UP
24 TO THE FULL ONE HUNDRED PER CENT.

25 Q. MR. NICHOLS, VERY BRIEFLY, LET'S TAKE AN EXAMPLE.

1 OUR CLIENT IN THIS EXAMPLE HAS GIVEN US AN ORDER AND HE HAS
2 SAID TO YOU THAT HE WANTS TO BUY 10 CONTRACTS OF JULY SOYBEANS
3 AT 10 DOLLARS A BUSHEL. FIRST OF ALL, WHAT IS THE VALUE OF HIS
4 PURCHASE AT THIS TIME?

5 A. WELL, HE HAS PURCHASED 10 CONTRACTS TIMES FIVE
6 THOUSAND BUSHEL PER CONTRACT, FOR A TOTAL OF 50 THOUSAND
7 BUSHEL AT A PRICE OF 10 DOLLARS A BUSHEL, FOR A TOTAL VALUE OF
8 FIVE HUNDRED THOUSAND DOLLARS.

9 Q. ON 10 CONTRACTS?

10 A. ON 10 CONTRACTS.

11 Q. NOW, LET'S SAY THE MARKET GOES UP 10 CENTS. CAN THAT
12 HAPPEN RATHER QUICKLY?

13 A. YES, VERY EASILY.

14 Q. WHAT HAS NOW HAPPENED TO THIS PERSON'S INVESTMENT?

15 A. WELL, 10 CENTS ON HIS 10 CONTRACTS, OR HIS 50 THOUSAND
16 BUSHEL WOULD BE FIVE HUNDRED DOLLARS.

17 Q. FROM A 10 SENT HIKE?

18 A. YES.

19 Q. AND I ASSUME THEN IF THE MARKET HAD GONE DOWN 10 CENTS,
20 HE WOULD LOSE FIVE HUNDRED DOLLARS?

21 A. HE WOULD LOSE FIVE HUNDRED DOLLARS.

22 Q. AND AGAIN, WHAT HAPPENS IF HE CAN'T SELL THE CONTRACTS
23 OR HE TAKES DELIVERY?

24 A. FOR EVERY FURTHER 10 CENTS THAT HE GOES DOWN, HE WILL
25 LOSE ANOTHER FIVE HUNDRED DOLLARS.

1 MR. COLE: YOUR HONOR, I WOULD SUGGEST THAT IF WE ARE
2 GOING TO BREAK AT FIVE-THIRTY, THIS MIGHT BE A GOOD JUNCTURE TO
3 BREAK.

4 THE COURT: YES, WE ARE GOING TO BREAK AT THAT TIME.
5 SO OUR JURORS CAN GET MORE SLEEP TODAY THAN THEY WERE ABLE TO
6 YESTERDAY, AND ENJOY PERHAPS THEIR MEAL IN A LITTLE MORE
7 LEISURE TODAY THAN THEY DID YESTERDAY. DESPITE THE FACT, I
8 UNDERSTAND, THE CHEF STAYED UNTIL ONE O'CLOCK IN THE MORNING TO
9 ASSIST YOU IN THAT REGARD.

10 ALL RIGHT. LADIES AND GENTLEMEN OF THE JURY, AS I
11 ADVISED YOU, WE ARE GOING TO START TOMORROW A LITTLE BIT LATER,
12 AND I AM GOING TO SAY AT 10 O'CLOCK IN THE MORNING, AND I WILL,
13 OF COURSE, HAVE THE MARSHALS TO HAVE YOU HERE AT THAT TIME.

14 IF I AM A LITTLE BIT BEYOND THAT TIME, I HOPE YOU WILL
15 FORGIVE ME. I AM TRYING TO DO MY BEST ESTIMATE IN THAT REGARD
16 AND AT THE SAME TIME COMMENCE THIS CASE AGAIN AS RAPIDLY AS I
17 CAN.

18 SO, WE WILL SAY 10 O'CLOCK IN THE MORNING IS THE TIME
19 WE WILL HAVE YOU HERE AND THE TIME I'LL ASK COUNSEL AND MR.
20 HANSEN TO BE HERE ALSO AS WELL AS AND MR. NICHOLS.

21 WE APOLOGIZE TO YOU, MR. NICHOLS, ABOUT BEING IN THE
22 MIDST OF YOUR TESTIMONY AND UNABLE TO COMPLETE IT TODAY AND
23 ALLOW YOU TO GO ABOUT YOUR OWN PURSUIT, BUT WE WERE HERE UNTIL
24 NINE O'CLOCK LAST NIGHT, AND I HAVE TO THINK OF MY JURY
25 PARTICULARLY.

1 MR. NICHOLS: I UNDERSTAND COMPLETELY, YOUR HONOR.

2 (WITNESS EXCUSED TEMPORARILY.)

3 THE COURT: THANK YOU VERY MUCH.

4 WE WILL SEE YOU AT 10 O'CLOCK. HAVE A GOOD EVENING.

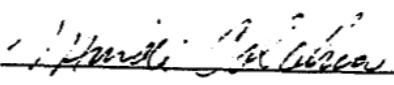
5 MR. COLE: THANK YOU, YOUR HONOR.

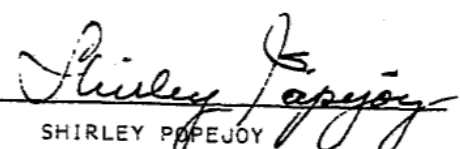
6 (WHEREUPON, AT 5:25 P.M., THE ABOVE-ENTITLED MATTER
7 WAS RECESSED, TO RECONVENE THE NEXT DAY, THURSDAY, MARCH 22,
8 1984, AT APPROXIMATELY 10 O'CLOCK. A. M.)
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

I HEREBY CERTIFY THAT THE FOREGOING IS THE OFFICIAL
TRANSCRIPT OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER,
AND THAT IT IS COMPLETE AND ACCURATE, TO THE BEST OF MY
KNOWLEDGE AND ABILITY.

GORDON A. SLODYSKO
OFFICIAL COURT REPORTER


MINDI COLCHICO
OFFICIAL COURT REPORTER


SHIRLEY POPEJOY
OFFICIAL COURT REPORTER

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

----- X
UNITED STATES OF AMERICA :
VS. : CRIMINAL ACTION
GEORGE VERNON HANSEN, : NO. 83-75
DEFENDANT : VOLUME NO. 4
----- X

WASHINGTON, D. C.

THURSDAY, MARCH 22, 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. SLODYSKO
OFFICIAL COURT REPORTER
4800-E U.S. COURTHOUSE
WASHINGTON, D. C. 20001
(202) 371-1734

I N D E X

| <u>WITNESS</u> | <u>DIRECT</u> | <u>VOIR DIRE</u> | <u>CROSS</u> | <u>REDIRECT</u> | <u>RECROSS</u> |
|----------------|---------------|------------------|--------------|-----------------|----------------|
|----------------|---------------|------------------|--------------|-----------------|----------------|

| | | | | | |
|------------------------------|------------|-----|-----|-----|-----|
| OWEN H. NICHOLS (RESUMED) | 184 194 | 193 | 211 | 251 | 253 |
| SAMUEL PATRICK HENRY | 255 | | 276 | 287 | |
| MICHAEL MARENICK | 290 | | 301 | | |
| LESLIE MING | 309 | | 375 | | |
| STUART PERRY GOLDBERG | 393 | | 400 | 404 | |

EXHIBIT

| <u>FOR IDENTIFICATION</u> | <u>IN EVIDENCE</u> |
|---------------------------|--------------------|
|---------------------------|--------------------|

GOVERNMENT'S

| | |
|-----------|-----|
| 11-A | 195 |
| 10 | 203 |
| 9-B | 204 |
| 9-C | 206 |
| 9-D | 208 |
| 9-E | 209 |
| 13 | 260 |
| 17 | 264 |
| 25 | 265 |
| 18 AND 19 | 270 |
| 27-A | 292 |
| 27-B | 293 |
| 27-C | 294 |
| 27-E | 297 |

| | | 177-A |
|----|-----------------------------|--|
| 1 | <u>EXHIBITS (CONTINUED)</u> | <u>FOR IDENTIFICATION</u> <u>IN EVIDENCE</u> |
| 2 | GOVERNMENT'S | |
| 3 | 27-D | 300 |
| 4 | 32 | 317 |
| 5 | 31 | 319 |
| 6 | 30-A AND 30-B | 325 |
| 7 | 49 | 333 |
| 8 | 28 | 360 |
| 9 | 29 | 362 |
| 10 | 33 AND 34-A THROUGH E | 398 |
| 11 | 35, 36 AND 37 | 400 |
| 12 | DEFENDANT'S | |
| 13 | 4-A, B AND C | 225 229 |
| 14 | 5-A AND 5-B | 225 229 |
| 15 | 6-A AND 6-B | 227 229 |
| 16 | 7-A AND 7-B | 228 229 |
| 17 | 8 | 234 |
| 18 | 10 | 304 |
| 19 | 11 | 387 |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |

P R O C E E D I N G S

(JURY NOT PRESENT)

THE COURT: CAN I SEE COUNSEL AT THE BENCH, PLEASE.

(AT THE BENCH)

THE COURT: WE HAVE A JUROR, JUROR NO. 5, MS. MILLS, I BELIEVE IS HER NAME, AND MS. MILLS APPARENTLY HAS HIGH BLOOD PRESSURE. WE HAVE HAD THE NURSE EXAMINE HER AT THE CONCLUSION OF YESTERDAY, AND IT TURNS OUT -- AND WE'VE BEEN TALKING THROUGH THE NURSE TO THE DOCTOR. IT TURNS OUT THAT MS. MILLS, ONE, HAS A HISTORY OF HIGH BLOOD PRESSURE. THIS IS NOTHING UNUSUAL. TWO, THE READING THAT THE NURSE HAS TAKEN IS A READING COMPATIBLE WITH READINGS THAT HAVE BEEN HAD BY HER BEFORE, BUT IT IS A HIGH BLOOD PRESSURE.

SHE HAS NOT BEEN TAKING HER BLOOD PRESSURE MEDICINE, EVEN BEFORE SHE CAME TO THE COURT SYSTEM, SO THE INTERVENTION OF THESE LAST DAY OR TWO HAVE NOT BEEN AN UNUSUAL SITUATION; THAT IS, CREATED THE HIGH BLOOD PRESSURE PROBLEM. NONETHELESS, HER DOCTOR ASKS THAT THE MARSHAL SECURE SOME BLOOD PRESSURE MEDICINE FOR HER, WHICH THEY ARE ABOUT TO GO OUT AND DO.

I HAVE JUST FINISHED TALKING TO THE NURSE, AND THE NURSE WILL CHECK HER PERIODICALLY DURING THE COURSE OF THE DAY. IF, INDEED, THE BLOOD PRESSURE CONTINUES TO STAY AT AN ELEVATED POSITION OR GOES HIGHER, THEN, OF COURSE, THEY WOULD WANT TO SEE HER IN THE EMERGENCY ROOM; THEN WE WOULD HAVE TO MAKE OUR ARRANGEMENTS IN THIS CASE. BUT I THOUGHT

1 THAT YOU SHOULD KNOW THAT WE ARE HAVING THE NURSE MONITOR
2 HER.

3 MS. MILLS SEEMS VERY HAPPY. SHE IS VERY HAPPY.
4 SHE HAS TALKED TO HER DOCTOR, AND SHE IS BEAMING ALL OVER,
5 AND JUST KEEPS SMILING AS SHE PASSES BY ME. SO I JUST WANT
6 YOU TO KNOW WHAT'S GOING ON. AND THAT SOMETIMES DELAYS ME
7 A MINUTE OR TWO COMING IN, WHILE THE NURSE GRABS ME TO SAY
8 WHAT IS THE READING AT THIS MOMENT.

9 ALL RIGHT.

10 MR. LEWIN: WE APPRECIATE THAT, YOUR HONOR. THANKS
11 A LOT.

12 THE COURT: WE JUST WANT TO KEEP THEM AS HEALTHY
13 AS WE CAN, BUT THAT IS WHY WE HAVE ALTERNATES, IF NEED BE.
14 WE HOPE WE DON'T HAVE TO EXERCISE THEM THIS EARLY IN THE GAME.

15 MR. WEINGARTEN: I SEEM TO KEEP LOSING MY WITNESSES.

16 THE COURT: AND YOU KEEP GETTING A DIFFERENT NAME,
17 ALSO, AND YOU KEEP HAVING RELATIVES OR PEOPLE BY SIMILAR
18 NAMES MENTIONED IN VARIOUS MATTERS.

19 MR. WEINGARTEN: THAT'S RIGHT.

20 THE COURT: BUT THAT'S THE WAY IT IS. BUT TODAY
21 IS THURSDAY, AND IT MAY BE A DIFFERENT DAY.

22 MR. WEINGARTEN: IF I COULD JUST HAVE TWO MINUTES.

23 MR. LEWIN: ONE MINUTE, THE ONE THING, SINCE YOUR
24 HONOR HAS MENTIONED THE JURY, I DON'T KNOW WHETHER YOUR HONOR
25 INQUIRED OF THE MARSHAL SPECIFICALLY, BUT I WOULD APPRECIATE

1 IT IF AN INQUIRY COULD BE MADE TO BE SURE THAT THE ARTICLE
2 IN TODAY'S WASHINGTON POST WAS CUT OUT OF ANY NEWSPAPERS THAT
3 WERE GIVEN TO THE JURY.

4 THE COURT: I HAVE INQUIRED ALREADY AS TO WHETHER
5 THEY ARE CONTINUING TO DO IT. AND I WILL SAY OVER AND OVER
6 AGAIN, MUCH AS I CONTINUE NOT TO BE ENTHUSIASTIC ABOUT
7 SEQUESTERING ANY JURY, THAT I BELIEVE THAT IT WAS THE ONLY
8 APPROPRIATE THING TO HAVE DONE IN THIS CASE. INDEED, AS THE
9 ISSUE BECOMES MORE AGGRAVATED IN THE NEWSPAPER AND IN THE
10 MEDIA CONCERNING MR. MEESE'S SITUATION AND CONSTANTLY A
11 REPETITION OF THE FINANCIAL DISCLOSURE FORM, I THINK THAT
12 WE SHOULD, ALL OF US, BE GRATEFUL THAT OUR JURORS ARE BEING
13 SPARED THAT KIND OF READING OR VIEWING MATERIAL. AND ALL
14 WE WANT IS THE SANCTITY OF THE TRIAL, IN FAIRNESS TO BOTH
15 SIDES.

16 MR. LEWIN: RIGHT. I MAKE SPECIFIC MENTION OF THE
17 ARTICLE TODAY BECAUSE, AS YOUR HONOR MAY HAVE NOTICED, IT
18 HAS ONE SENTENCE THAT DOES REFER TO THE PRIOR CONVICTION.
19 AND I JUST WANT TO BE SURE THAT THAT ARTICLE --

20 THE COURT: I NOTICED IT. AND THERE AGAIN, THINGS
21 THAT ARE BEYOND OUR CONTROL AND WE TRY OUR BEST TO CONTROL
22 IN A COURTROOM APPEAR IN NEWSPAPERS. AND THAT IS SOMETHING
23 THAT WOULD HAVE BEEN, PRESUMABLY, DEVASTATING IF OUR JURORS
24 HAD BEEN FREE TO READ IT. BUT I WILL DOUBLE-CHECK AT LUNCH-
25 TIME. BUT I HAD ALREADY SAID I WANT IT CONFIDENTIAL, TAKEN

1 CARE OF, CLIPPING ARTICLES AND GIVING THEM NEWSPAPERS WITH
2 HOLES IN THEM, AND ALL THAT SORT OF THING.

3 THESE ARE VERY SOPHISTICATED MARSHALS, AS YOU KNOW,
4 MR. LEWIN, WHO HAVE TRIED THE HINCKLEY CASE AND -- THEY
5 HAVEN'T TRIED THE HINCKLEY CASE, BUT THEY HAVE BEEN IN THE
6 HINCKLEY CASE AND OTHER CASES OF CELEBRATION, SOME GOING BACK
7 TO THE DAYS OF THE WATERGATE, WHERE THEY ARE VERY KEEN ABOUT
8 BEING ATTENTIVE TO THEIR DUTY.

9 THEY HAVE AN INCREDIBLE NUMBER OF MARSHALS THAT
10 THEY HAVE IN THIS COURTROOM -- I RECOGNIZE THEM; I'M CONFIDENT
11 NOT EVERYONE ELSE WOULD, BUT I KNOW THEM -- COMING IN AND
12 OUT OF HERE; AND THEY ARE TRYING THEIR BEST TO KEEP THINGS
13 MOVING IN A FAIR LOGISTIC FASHION, TO HAVE THE JURY HERE AND
14 KEEP THAT JURY HAPPY, WHO HAVE DIFFERENT DIETARY MATTERS.
15 WE HAVE COME TO THE CONCLUSION THAT WE CAN ONLY SATISFY THEM
16 AT MORNING AND AT EVENING, WHERE THEY HAVE A GREATER VARIETY
17 OF FOOD. AND IF ANY OF YOU HAVE EATEN HERE IN THE COURT-
18 HOUSE, AS ALL OF US DO -- AND ALL OF US SHARE THE SAME FOOD,
19 I MIGHT SAY; DIFFERENT SERVICE, BUT SAME FOOD -- WE KNOW HOW
20 EVERYONE SUFFERS.

21 MR. WEINGARTEN: I BRING YOGURT.

22 THE COURT: BUT ALL I CAN SAY TO MY JURORS IS:
23 THAT WHICH YOU MUST HAVE, I MUST HAVE, TOO. ALL RIGHT?
24 TASTELESS.

25 MR. LEWIN: BUT YOUR HONOR WILL MAKE SPECIFIC

1 INQUIRY ABOUT THE ARTICLE.

2 THE COURT: OH, YES, MR. LEWIN.

3 MR. WEINGARTEN: HOW LONG ARE WE GOING TO WORK TODAY?

4 THE COURT: 5:00 O'CLOCK.

5 MR. WEINGARTEN: I HAVE HALF OF IDAHO HERE.

6 THE COURT: YOUR JUDGE IS GOING TO HAVE TO KEEP
7 FORTIFYING HERSELF WITH CUPS OF COFFEE IN BETWEEN, BUT
8 5:00 O'CLOCK IT WILL BE.

9 MR. WEINGARTEN: CAN I HAVE TWO MINUTES TO FIND --

10 THE COURT: TWO MINUTES.

11 AND I WILL ASK THE MARSHAL THE QUESTION YOU JUST
12 ASKED.

13 (DISCUSSION OFF THE RECORD.)

14 (END OF BENCH CONFERENCE)

15 THE COURT: ARE WE READY?

16 MR. COLE: YES.

17 THE COURT: IS MR. NICHOLS AROUND IN THE IMMEDIATE
18 ENVIRONS?

19 MR. COLE: HE'S RIGHT OUTSIDE.

20 THE COURT: SHALL WE BRING OUR JURY IN. GOOD.

21 (THE JURY RETURNED TO THE COURTROOM)

22 THE COURT: GOOD MORNING, LADIES AND GENTLEMEN.

23 THE JURY (EN MASSE): GOOD MORNING.

24 THE COURT: COUNSEL MAY BE SEATED.

25 SINCE WE ARE OFF TO A LITTLE LATER START THAN WE

1 USUALLY DO AT 9:30 IN THE MORNING OR THEREABOUTS, ARE THERE
2 ANY OF YOU WHO WOULD FEEL A NEED TO HAVE A MIDMORNING RECESS
3 TODAY? SINCE WE WILL BE SITTING TILL ABOUT 12:15, THAT GIVES
4 US TWO HOURS. WOULD ALL OF YOU BE ABLE TO ACCOMMODATE TO
5 YOUR PURPOSES THE NEXT TWO HOURS BY SITTING IN THAT JURY BOX?

6 THE JURY (EN MASSE); YES.

7 THE COURT: GOOD. IF ANY OF YOU DO BECOME UNCOM-
8 FORTABLE AND NEED TO STRETCH, JUST SIGNAL IT; MAYBE WE'LL
9 JUST HAVE A ONE-MINUTE STRETCH IN BETWEEN, BUT I'M NOT
10 PROMISING.

11 ARE YOU STILL COMFORTABLE, ALL OF YOU?

12 THE JURY (EN MASSE): YES.

13 THE COURT: RELATIVELY HAPPY?

14 THE JURY (EN MASSE): YES.

15 THE COURT: GOOD. WITH THAT PLEASANT MOOD UPON
16 US, LET US CONTINUE WITH THE TESTIMONY OF MR. OWEN NICHOLS,
17 WHO COMMENCED HIS DIRECT EXAMINATION YESTERDAY. AND MR.
18 NICHOLS IS REENTERING THE COURTROOM.

19 OWEN H. NICHOLS

20 RESUMED THE STAND AS A WITNESS AND, HAVING BEEN PREVIOUSLY
21 DULY SWORN, WAS EXAMINED AND TESTIFIED FURTHER AS FOLLOWS:

22 THE COURT: THANK YOU, MR. NICHOLS. AS YOU COME
23 UP TO THE WITNESS STAND, I REMIND YOU, OF COURSE, THAT YOU
24 REMAIN UNDER OATH. AND WE HOPE YOU HAVE A GOOD DAY TODAY.

25 THE WITNESS: THANK YOU, YOUR HONOR.

1 THE COURT: PLEASE JOIN US AGAIN.

2 MR. COLE: YOUR HONOR, WITH THE COURT'S PERMISSION,
3 I'M GOING TO BRING THE CHART WHICH I AM PLANNING TO USE DURING
4 MR. NICHOLS' TESTIMONY UP TOWARDS WHERE I WILL BE AND WILL
5 BE ADDING THINGS, WITH THE COURT'S PERMISSION, AS THEY BECOME
6 RELEVANT.

7 THE COURT: ALL RIGHT. FINE. AND COUNSEL WILL
8 AGAIN POSITION THEMSELVES APPROPRIATELY.

9 DIRECT EXAMINATION (RESUMED)

10 BY MR. COLE:

11 Q MR. NICHOLS, WE HAD LEFT OFF YESTERDAY --

12 MR. LEWIN: YOUR HONOR, MIGHT IT BE POSSIBLE --
13 I AM GOING TO HAVE TO STAND DURING THIS ENTIRE TESTIMONY,
14 UNLESS THAT IS MOVED BACK A LITTLE FURTHER. I DON'T KNOW
15 WHETHER THE JURY --

16 THE COURT: WOULD THAT BE HELPFUL, AS IT IS NOW
17 BEING POSITIONED?

18 MR. LEWIN: YES.

19 THE COURT: ALL RIGHT. VERY GOOD. OF COURSE.

20 BY MR. COLE:

21 Q MR. NICHOLS, WE ENDED OFF YESTERDAY TALKING ABOUT
22 HYPOTHETICAL OR FICTITIOUS COMMODITY TRADINGS AND USING EXAMPLES
23 AND LETTING THE JURY KNOW EXACTLY HOW THE COMMODITIES MARKET
24 WORKS. I WOULD LIKE TO NOW ASK YOU SOME QUESTIONS CONCERNING
25 A REAL COMMODITIES TRANSACTION.

1 INITIALLY, MR. NICHOLS, DO YOU KNOW A GENTLEMAN
2 BY THE NAME OF NELSON BUNKER HUNT?

3 A YES, I --- NELSON BUNKER HUNT; YES, I DO.

4 Q ABOUT HOW LONG HAVE YOU KNOWN MR. HUNT?

5 A I WOULD THINK ABOUT TEN YEARS.

6 Q AND IN WHAT CAPACITY DO YOU KNOW MR. HUNT?

7 A PRIMARILY AS A BUSINESS CLIENT OF MINE AND, TO A
8 LESSER DEGREE, SOCIALLY.

9 Q IS MR. HUNT STILL A BUSINESS CLIENT OF YOURS?

10 A I'M GOING TO ANSWER YES, BUT INACTIVE AT THE MOMENT.

11 Q ABOUT WHEN DID HE BECOME INACTIVE, IF YOU CAN
12 RECALL? JUST A YEAR WOULD BE FINE.

13 A I WOULD SAY SINCE -- GOSH. IN THE LATE '70'S,
14 EITHER '79 -- '78, '79, '80. FOUR YEARS AGO. FOUR-PLUS YEARS
15 AGO.

16 Q WHEN DID MR. HUNT BEGIN BEING A CLIENT OF YOURS?
17 ABOUT WHAT YEAR?

18 A IN I BELIEVE ABOUT 1976.

19 Q AND WAS HE A CONTINUOUS CLIENT OF YOURS FROM THAT
20 TIME UNTIL HE BECAME INACTIVE IN ROUGHLY 1979?

21 A YES, HE WAS.

22 MR. COLE: YOUR HONOR, AT THIS TIME I WOULD LIKE
23 TO HAVE COUNSEL SIGN A STIPULATION WE HAD AGREED TO BEFORE-
24 HAND, AND PUBLISH IT TO THE JURY.

25 THE COURT: ALL RIGHT, SIR. IF IT HAS BEEN AGREED

1 TO.

2 MR. LEWIN: YOUR HONOR, THERE WERE SOME OTHER
3 RECORDS I THOUGHT THAT WE HAD AGREED THAT WE WOULD STIPULATE
4 TO, A WHOLE BUNDLE, AND I GATHER THE GOVERNMENT ONLY HAS PART
5 OF THE RECORDS HERE. I WOULD LIKE TO USE THE REMAINDER ON
6 CROSS-EXAMINATION. SO I WOULD APPRECIATE IT IF THEY COULD
7 BE MADE AVAILABLE.

8 THE COURT: WELL, THEY MAY ARRIVE BY THEN. BUT
9 SHALL WE MOVE ON WITH WHAT WE HAVE IN THE MEANTIME.

10 MR. COLE: YOUR HONOR, I WOULD LIKE TO NOW PUBLISH
11 STIPULATION NO. 3 TO THE JURY, IF I MAY.

12 "IT IS HEREBY AGREED AND STIPULATED BETWEEN THE
13 UNITED STATES" --

14 MR. LEWIN: ONE MINUTE, PLEASE. WITH REGARD TO
15 THAT STIPULATION, YOUR HONOR, I JUST WANT THE RECORD TO
16 REFLECT I WANT THE OPPORTUNITY TO HAVE ALL THE RECORDS HERE
17 TO CROSS-EXAMINE MR. NICHOLS. AND I CERTAINLY DO NOT
18 STIPULATE IF IT IS GOING TO PREVENT ME FROM PRODUCING THE
19 OTHER ORIGINAL RECORDS.

20 THE COURT: ALL RIGHT. MR. COLE, HOW SOON WOULD
21 THE OTHER RECORDS BE HERE, THEN, IF THAT WAS PART OF THE
22 AGREED-UPON STIPULATION, THAT MR. LEWIN WOULD HAVE ACCESS
23 TO ALL OF THOSE MATTERS AT THE TIME THAT HIS CROSS-EXAMINATION
24 WOULD COMMENCE?

25 MR. COLE: YOUR HONOR, I'M NOT SURE. THAT WAS ALL

1 THAT WAS AGREED UPON. I CAN HAVE ALL OF THE REST OF THE
2 RECORDS HERE PROBABLY IN TEN MINUTES, IF I MAY HAVE --

3 THE COURT: AND I TRUST THAT CROSS-EXAMINATION,
4 WE WOULDN'T BE READY FOR IT BY THEN. RIGHT?

5 MR. COLE: YES. IF I CAN JUST HAVE ONE WORD WITH
6 SOMEONE AND HAVE THEM GO DOWN TO SEND A MESSAGE.

7 THE COURT: YOU CAN. SURELY.

8 VERY GOOD. NOW YOU CAN READ THE STIPULATION NO. 3.

9 MR. COLE: "IT IS HEREBY AGREED AND STIPULATED BETWEEN
10 THE UNITED STATES AND THE DEFENDANT, GEORGE V. HANSEN, THAT
11 THE ATTACHED COMMODITIES FUTURES RECORDS FROM MITCHELL
12 HUTCHINS, INC., ARE AUTHENTIC. RESPECTFULLY SUBMITTED," AND
13 IT IS SIGNED BY THE PARTIES. ATTACHED TO THIS ARE COMBINED
14 COMMODITIES STATEMENTS AND PURCHASE AND SALE STATEMENTS FROM
15 MITCHELL HUTCHINS, DATED APRIL 20TH, 1977, APRIL 22ND, 1977,
16 APRIL 25TH, 1977, APRIL 29TH, 1977, MAY 27, 1977.

17 THERE IS A NEW CUSTOMER ACCOUNT FORM, WHICH IS
18 UNDATED, BUT IT IS FOR CONNIE S. HANSEN ACCOUNT.

19 THERE IS A PURCHASE, A BUY OFFICE ORDER FOR APRIL
20 20TH, 1977; A FLOOR ORDER, AS IT IS CALLED, FOR APRIL 20TH,
21 1977; AND A FLOOR SELL ORDER AND AN OFFICE SELL ORDER, ALSO
22 BOTH FOR APRIL 20TH, 1977.

23 THE COURT: ALL RIGHT. LADIES AND GENTLEMEN, JUST
24 AS WE HAVE PREVIOUSLY ADVISED YOU, A STIPULATION IS AN AGREED-
25 UPON STATEMENT BETWEEN COUNSEL THAT THE MATTER THAT IS REFERRED

1 TO IS SO, AND YOU MAY CONSIDER THAT AS UNDISPUTED EVIDENCE.

2 ALL RIGHT. MR. COLE.

3 BY MR. COLE:

4 Q MR. NICHOLS, I WOULD LIKE TO NOW SHOW YOU WHAT HAS
5 PREVIOUSLY BEEN MARKED GOVERNMENT'S EXHIBIT 9-A, WHICH IS
6 THE COMMODITIES STATEMENT FOR APRIL 20TH, 1977. HAVE YOU
7 EVER SEEN THAT BEFORE?

8 A YES, I HAVE.

9 Q WERE YOU INVOLVED IN ANY OF THE TRANSACTIONS
10 REFLECTED ON THAT ACCOUNT?

11 A YES, I WAS.

12 Q COULD YOU TELL US, MR. NICHOLS, WHO CALLED YOU
13 INITIALLY CONCERNING THE TRANSACTIONS REFLECTED ON THAT
14 ACCOUNT?

15 A MR. BUNKER HUNT.

16 Q AND WHAT DATE WAS IT THAT HE CALLED YOU?

17 A APRIL 20TH, 1977.

18 Q TO THE BEST OF YOUR KNOWLEDGE, WAS MR. HUNT A CLIENT
19 OF YOURS AT THAT TIME?

20 A YES, HE WAS.

21 Q WHAT DID MR. HUNT TELL YOU THAT DAY? FIRST OF ALL,
22 WAS IT IN THE MORNING OR THE AFTERNOON THAT HE CALLED YOU
23 INITIALLY?

24 A I PROBABLY TALKED TO HIM SEVERAL TIMES DURING THAT
25 DAY, FROM -- I'M GOING TO SAY 9:00 O'CLOCK IN THE MORNING

1 UNTIL 1:30 IN THE AFTERNOON.

2 Q SO THE FIRST CALL WAS IN THE MORNING?

3 A YES.

4 Q DURING THAT FIRST CALL, WHAT DID MR. HUNT SAY TO
5 YOU?

6 A WELL, I CANNOT SPECIFY AS TO WHICH CALL, SO WHEN
7 YOU SAY THE FIRST CALL -- BUT ONE OF THE FIRST CALLS IN THE
8 MORNING, NOT NECESSARILY THE FIRST, WAS AN ORDER TO BUY SOME
9 SOYBEANS.

10 Q HOW MANY SOYBEANS DID MR. HUNT WANT YOU TO BUY?

11 A 250,000 BUSHEL.

12 Q NOW, 250,000 BUSHEL OF SOYBEANS, HOW MANY CONTRACTS
13 IS THAT, MR. NICHOLS?

14 A THAT WOULD BE FIFTY CONTRACTS OF 5,000 BUSHEL EACH.

15 Q AND WHOSE ACCOUNT WERE THESE SOYBEANS TO BE PUR-
16 CHASED FOR?

17 A MR. BUNKER HUNT'S.

18 Q DID HE AT ANY TIME AT THAT POINT MAKE ANY MENTION
19 OF ANY OTHER PERSON WHO THESE SOYBEANS WOULD BE FOR?

20 A NO.

21 Q DID YOU BUY THOSE SOYBEANS?

22 A YES.

23 Q MR. NICHOLS, IF YOU COULD REFER TO THE STATEMENT,
24 DOES IT REFLECT HOW MUCH YOU PAID PER BUSHEL FOR THOSE SOYBEANS
25 THAT DAY?

1 A YES, IT DOES.

2 Q AND HOW MUCH DID YOU PAY? PER BUSHEL.

3 A WE PURCHASED 30,000 BUSHELS OF SOYBEANS AT \$9.95
4 PER BUSHEL, AND WE PURCHASED 220,000 JULY SOYBEANS AT \$9.96
5 PER BUSHEL.

6 Q MR. NICHOLS, FROM YOUR EXPERIENCE AS A SOYBEAN
7 DEALER AND COMMODITIES DEALER, FOR AN INDIVIDUAL PERSON, IS
8 THIS A LARGE OR SMALL PURCHASE?

9 A IT'S A LARGE PURCHASE.

10 Q MR. NICHOLS, PRIOR TO TODAY, DID I ASK YOU TO MAKE
11 SOME CALCULATIONS CONCERNING THESE SOYBEAN TRANSACTIONS?

12 A YES, YOU DID.

13 Q DO YOU HAVE THOSE CALCULATIONS WITH YOU TODAY?

14 A YES, I DO.

15 Q MAY I SEE THEM FOR A MOMENT, PLEASE?

16 THE COURT: WOULD COUNSEL LIKE TO SEE THEM ALSO,
17 SINCE THE WITNESS IS PRODUCING THEM FROM HIS BREAST POCKET?

18 MR. LEWIN: YES, YOUR HONOR. THANK YOU.

19 THE COURT: THANK YOU, MR. LEWIN AND MR. COLE.

20 BY MR. COLE:

21 Q MR. NICHOLS, I HAND YOU BACK THIS CALCULATION SHEET.
22 ON THAT CALCULATION SHEET, MR. NICHOLS, DID YOU MAKE CALCU-
23 LATIONS AS TO THE VALUE OF THE PURCHASE PRICE OF THESE SOYBEANS
24 THAT YOU BOUGHT ON APRIL 20TH FOR MR. HUNT'S ACCOUNT?

25 A YES, I DID.

1 Q AND WHAT IS THE VALUE OF THOSE BEANS?

2 A THE TOTAL VALUE OF THAT SPECIFIC 250,000 BUSHELS
3 IS A TOTAL OF \$2,489,700.

4 MR. COLE: YOUR HONOR, AT THIS TIME I WOULD REQUEST
5 PERMISSION TO PUT THE FIRST ENTRY ON THE CHART.

6 THE COURT: YES, SIR. COUNSEL, YOU MIGHT WANT TO
7 SHOW THEM TO MR. LEWIN IN THIS MANNER, INITIALLY.

8 MR. COLE: I WILL, YOUR HONOR.

9 MR. LEWIN: COULD I JUST SEE THAT YELLOW PIECE OF
10 PAPER?

11 THE COURT: OF COURSE.

12 MR. LEWIN: MAY I JUST VOIR DIRE THE WITNESS ON
13 THAT, YOUR HONOR, JUST FOR A MOMENT?

14 THE COURT: ON THE CALCULATIONS?

15 MR. LEWIN: WELL, YES. I MEAN THAT'S GOING UP ON
16 THE CHART. I WOULD JUST LIKE TO ASK HIM --

17 THE COURT: YOU MEAN AS TO THE MONETARY CALCULATIONS.

18 MR. LEWIN: YES.

19 THE COURT: BECAUSE THAT'S WHAT I ASSUME IS ON THAT
20 PIECE OF PAPER.

21 MR. LEWIN: RIGHT. WITH REGARD TO THAT PIECE OF
22 PAPER.

23 THE COURT: IF YOU WILL, SIR. IF IT CAN'T WAIT
24 UNTIL CROSS-EXAMINATION AND YOU BELIEVE THAT IT IS GERMANE
25 TO VOIR DIRE HIM ON THE MONETARY CALCULATIONS, YOU ARE, OF

1 COURSE, ENTITLED TO DO SO.

2 IT IS A DISPUTED MATTER AS TO THE CALCULATION, OR
3 A QUESTION ABOUT IT?

4 MR. LEWIN: FRANKLY, I DON'T UNDERSTAND. I SEE
5 NUMBERS ON THE PAPER.

6 THE COURT: ALL RIGHT. MAY I ASK, THEN: MR. NICHOLS,
7 HOW DID YOU CALCULATE THIS SUM? LET'S COME DIRECTLY TO THAT.

8 THE WITNESS: YOUR HONOR, MAY I HAVE MY PAPER RETURNED
9 SO I MAY ANSWER YOUR QUESTION?

10 THE COURT: SURELY. MR. LEWIN. IF YOU DON'T MIND
11 IF MR. LEWIN COMES UP AND SEES YOU POINT TO THOSE CALCULATIONS,
12 PERHAPS WE CAN SAVE TIME.

13 THE WITNESS: NO, NOT AT ALL.

14 I DID THIS FAIRLY, YOU KNOW, QUICKLY, BECAUSE I
15 COULD ALMOST HAVE DONE IT IN MY HEAD, BUT I DIDN'T WANT TO
16 MAKE MISTAKES. SO I TOOK THE INITIAL 30,000 BUSHELS OF SOY-
17 BEANS BOUGHT AT \$9.95. AND HERE IS A NUMBER ON MY CALCULATION
18 OF 995, MULTIPLIED BY 30, WHICH COMES OUT TO 29,800 -- SORRY.
19 298,500. THEN, READING FROM THIS PINK SHEET, I TOOK 220,000
20 BEANS PURCHASED AT 9.96, SO HERE I HAVE A NUMBER OF 996 WITH
21 A 22, MULTIPLIED THAT OUT, WHICH CAME TO \$2,191,200. ON THE
22 RIGHTHAND SIDE OF MY PIECE OF PAPER THEY ARE ADDED TOGETHER
23 TO REACH THE TOTAL THAT I GAVE.

24 THE COURT: DOES THAT SATISFY THE INQUIRY, MR. LEWIN?

25 MR. LEWIN: I UNDERSTAND THAT.

1 THE COURT: VERY GOOD.

2 VOIR DIRE EXAMINATION

3 BY MR. LEWIN:

4 Q AND, MR. NICHOLS, YOU PULLED OUT THAT YELLOW SHEET
5 OF PAPER -- YOU JUST MADE THAT CALCULATION? IS THAT WHAT
6 YOU'RE TELLING US?

7 A NO.

8 Q SO WHAT IS THAT YELLOW SHEET OF PAPER?

9 A THAT WAS A YELLOW SHEET OF PAPER THAT I MADE THIS
10 CALCULATION ON DURING A MEETING WITH MR. COLE, WHO INFORMED
11 ME THAT HE PROBABLY WOULD BE ASKING ME THE QUESTION OF THE
12 TOTAL DOLLAR VALUE. AND I DID NOT -- AND I TOLD HIM AT THAT
13 TIME THAT I DID NOT WANT TO BE ON THIS WITNESS STAND UNPRE-
14 PARED IF IT WERE PERMITTED FOR ME TO MAKE THE CALCULATION.

15 Q SO THAT WAS MADE SOME TIME AGO.

16 A YES.

17 Q SEVERAL WEEKS AGO?

18 A NO. SEVERAL DAYS AGO.

19 Q SEVERAL DAYS AGO.

20 THE COURT: WOULD YOUR CALCULATIONS BE THE SAME
21 TODAY, SIR, IF YOU WERE TO SIT HERE IN THE COURTROOM AND
22 CALCULATE THEM OUT?

23 THE WITNESS: YES, YOUR HONOR.

24 THE COURT: THANK YOU.

25 MR. COLE: YOUR HONOR, I WOULD NOW AGAIN --

1 THE COURT: PLACE THAT ON THE BOARD, MR. COLE.

2 MR. COLE: THANK YOU. FOR THE RECORD, YOUR HONOR,
3 I AM FIRST PLACING THE YEAR 1977, AND THEN PLACING A PLACARD
4 WHICH STATES, "APRIL 20TH, NICHOLS ORDERS PURCHASE OF 50
5 SOYBEAN CONTRACTS; VALUE: \$2,489,700.

6 THE COURT: CAN THE JURORS SEE THAT MATTER THAT
7 HAS JUST BEEN PLACED UP THERE? CAN YOU SEE IT, MR. LEWIN?

8 MR. LEWIN: YES, YOUR HONOR.

9 THE COURT: VERY GOOD.

10 DIRECT EXAMINATION (RESUMED)

11 BY MR. COLE:

12 Q MR. NICHOLS, I WOULD NOW LIKE TO SHOW YOU WHAT HAS
13 PREVIOUSLY BEEN MARKED GOVERNMENT'S EXHIBIT 11-A. DO YOU
14 RECOGNIZE THAT DOCUMENT, SIR?

15 A YES, I DO.

16 Q COULD YOU TELL US WHAT THAT IS?

17 A IT IS AN OFFICE ORDER, A MITCHELL HUTCHINS OFFICE
18 ORDER TO BUY 250,000 BUSHELS OF JULY SOYBEANS AT 9.96 AND
19 TO CANCEL A PREVIOUS ORDER OF 9.87.

20 Q IS THAT AN OFFICE ORDER THAT YOU HAD SOMETHING TO
21 DO WITH FILLING OUT? DID YOU FILL PART OF IT OUT?

22 A YES. I CAN RECOGNIZE SOME OF MY OWN HANDWRITING.

23 Q IN THE SPACE MARKED "ACCOUNT NUMBER" -- WELL, FIRST
24 DOES THAT RELATE -- WHAT IS THE DATE OF THAT OFFICE ORDER,
25 MR. NICHOLS, IF YOU CAN SEE A TIME STAMP ON IT?

A APRIL 20TH, 1977.

1 Q IS THAT THE OFFICE ORDER THAT CORRESPONDS TO THE
2 TRANSACTION WE ARE DISCUSSING OF 250,000 SOYBEAN BUSHEL?

3 A YES, IT IS.

4 MR. COLE: YOUR HONOR, GOVERNMENT WOULD MOVE EXHIBIT
5 11-A INTO EVIDENCE.

6 THE COURT: WITHOUT OBJECTION?

7 MR. LEWIN: NO OBJECTION, YOUR HONOR.

8 THE COURT: ALL RIGHT. IT IS IN EVIDENCE, THEN.

9 (GOVERNMENT'S EXHIBIT 11-A WAS
10 RECEIVED IN EVIDENCE)

11 BY MR. COLE:

12 Q MR. NICHOLS, GOING TO THE ACCOUNT NUMBER SECTION
13 OF THAT FORM, COULD YOU TELL THE JURY WHAT IS THERE?

14 A UNDER THE ACCOUNT SECTION FORM, THERE IS A NUMBER
15 THAT HAS BEEN SCRATCHED OUT.

16 Q DO YOU KNOW WHAT THAT NUMBER IS, SIR?

17 A I BELIEVE IT IS 13876.

18 Q AND WHOSE ACCOUNT NUMBER IS THAT, IF YOU KNOW?

19 A THAT WAS MR. BUNKER HUNT'S.

20 Q IS THERE ANOTHER ACCOUNT NUMBER WRITTEN IN AFTER
21 THE SCRATCH-OUT, MR. NICHOLS?

22 A YES, THERE IS.

23 Q AND WHAT ACCOUNT NUMBER IS THAT?

24 A THAT IS 13435.

25 Q AND WHOSE ACCOUNT NUMBER IS THAT, MR. NICHOLS?

1 A WELL, I CAN TELL THAT IT IS MRS. HANSEN'S FROM THIS
2 ORIGINAL EXHIBIT YOU GAVE ME.

3 Q MR. NICHOLS, DO YOUR INITIALS APPEAR ANYWHERE THERE
4 AUTHORIZING THAT CROSS-OUT?

5 A YES. I HAVE INITIALED THE CROSS-OUT.

6 Q HOW DID IT COME THAT MR. HUNT'S ACCOUNT NUMBER WAS
7 CROSSED OUT AND MRS. HANSEN'S WAS REPLACED?

8 A BECAUSE MR. HUNT SO INSTRUCTED ME.

9 Q AND WHEN WAS THIS IN THE DAY, MR. NICHOLS?

10 A IT WAS -- I CANNOT BE EXACT, SO IT WOULD HAVE BEEN
11 SOMEWHERE AROUND THE CLOSE OF THE MARKET, WHICH WOULD BE
12 1:15 P.M. CHICAGO TIME. SO I AM GOING TO SAY BETWEEN
13 1:00 O'CLOCK P.M. CHICAGO TIME AND 1:30 CHICAGO TIME.

14 Q WHAT DID MR. HUNT TELL YOU IN THESE INSTRUCTIONS?

15 A HE INSTRUCTED ME TO PLACE THE 250,000 BUSHELS OF
16 JULY BEANS PURCHASED THAT WE HAVE TALKED ABOUT OUT OF HIS
17 ACCOUNT INTO A NEW ACCOUNT FOR MRS. HANSEN.

18 Q AND HE TOLD YOU THIS JUST SHORTLY BEFORE THE CLOSE
19 OF THE MARKET?

20 A EITHER SHORTLY BEFORE THE CLOSE OR SHORTLY THERE-
21 AFTER.

22 Q MR. NICHOLS, DID YOU SELL THOSE SOYBEANS THAT DAY?

23 A YES, I DID.

24 Q AND WHAT ACCOUNT DID YOU SELL THEM FOR?

25 A THEY ARE SOLD IN THE ACCOUNT OF MRS. HANSEN.

1 Q AND WAS THERE A PROFIT ON THIS SALE? FIRST, WHAT
2 HAD HAPPENED WITH THE SOYBEAN MARKET THAT DAY, IF YOU KNOW?

3 A I HAVE REFRESHED MY MEMORY, AND THE SOYBEAN MARKET
4 RALLIED SUBSTANTIALLY FROM, SAY, MIDMORNING SESSION, WHICH
5 I WOULD SAY IN ROUND FIGURES, MIDMORNING BEING 11:00
6 O'CLOCKISH CHICAGO TIME -- HAD RALLIED QUITE SUBSTANTIALLY
7 TOWARDS THE CLOSE AT 1:15 CHICAGO TIME.

8 Q WAS THIS RALLY -- DID THIS HAPPEN AFTER THOSE CON-
9 TRACTS WERE PURCHASED?

10 A YES.

11 Q WAS THERE A PROFIT ON THIS TRANSACTION, MR. NICHOLS?

12 A YES.

13 Q HOW MUCH OF A PROFIT?

14 A THERE WAS A GROSS PROFIT OF \$51,775 -- NO, I'M SORRY.
15 I HAVE TO COUGH, IF I MAY. THERE IS A GROSS PROFIT OF
16 \$2,800, COMMISSIONS CHARGED OF \$1,025, FOR A NET PROFIT OF
17 \$51,775.

18 MR. COLE: YOUR HONOR, I AM NOW GOING TO SHOW THE
19 NEXT TWO ENTRIES TO COUNSEL FOR THE CHART.

20 THE COURT: THANK YOU.

21 MR. COLE: YOUR HONOR, I WOULD ASK PERMISSION TO
22 PLACE THESE ON THE CHART.

23 THE COURT: ALL RIGHT. I TAKE IT THAT MR. LEWIN
24 HAS SEEN THEM.

25 MR. LEWIN: I HAVE SEEN THEM, AND IT IS SUBJECT TO

1 THE OBJECTIONS WE HAVE MADE PRIOR TO TRIAL.

2 THE COURT: WE UNDERSTAND, MR. LEWIN.

3 MR. COLE: YOUR HONOR, FOR THE RECORD, I AM NOW
4 PLACING A PLACARD ON THE CHART WHICH STATES, FOR THE SAME
5 DATE, APRIL 20TH, "CONTRACTS PLACED IN ACCOUNT OPENED FOR
6 MRS. HANSEN." AND A SECOND PLACARD, STATING, "CONTRACTS SOLD
7 FOR NET PROFIT OF \$51,775."

8 BY MR. COLE:

9 Q MR. NICHOLS, JUST TO COMPLETE THIS TRANSACTION,
10 I WOULD NOW LIKE TO SHOW YOU GOVERNMENT'S EXHIBIT 11-A, 12-A,
11 AND 12-B, AND ASK YOU IF THOSE DOCUMENTS ALSO RELATE TO THE
12 PURCHASE AND SALE OF THESE SOYBEAN CONTRACTS.

13 A YES, THEY DO.

14 Q GOING TO -- IF I MAY LOOK AT IT -- THE PURCHASE
15 FLOOR ORDER FOR THAT CONTRACT, DOES THERE ALSO APPEAR THE
16 EXACT SAME --

17 THE COURT: EXCUSE ME. WHICH IS MARKED AS WHICH
18 EXHIBIT?

19 BY MR. COLE:

20 Q IF YOU COULD TELL US THE EXHIBIT NUMBER ON THE BACK,
21 MR. NICHOLS.

22 A EXHIBIT NO. 12-A.

23 THE COURT: THANK YOU.

24 MR. COLE: THANK YOU.

25 FIRST OF ALL, YOUR HONOR, I WOULD MOVE ALL OF THESE

1 EXHIBITS INTO EVIDENCE.

2 MR. LEWIN: I DON'T HAVE ANY OBJECTION TO THE GROUP
3 OF EXHIBITS. FRANKLY, I DON'T KNOW WHICH ONE IS WHICH.

4 THE COURT: DO YOU WANT TO COME UP AND SEE WHICH
5 ONE IS WHICH?

6 MR. LEWIN: YES, IF I COULD, YOUR HONOR.

7 THE COURT: SPECIFICALLY, WHICH ONES ARE YOU MOVING
8 IN EVIDENCE, THEN, MR. COLE?

9 MR. COLE: I AM NOW MOVING IN EVIDENCE, YOUR HONOR,
10 EXHIBIT NO. 12-A, WHICH IS THE FLOOR PURCHASE ORDER, 12-B,
11 WHICH IS THE FLOOR SALES ORDER, AND 11-B, WHICH IS THE OFFICE
12 SALES ORDER.

13 THE COURT: ALL RIGHT. 11-A ALREADY BEING IN
14 EVIDENCE.

15 MR. COLE: YES, YOUR HONOR.

16 THE COURT: ALL RIGHT. ANY OBJECTION, MR. LEWIN?

17 MR. LEWIN: NO OBJECTION.

18 THE COURT: WITHOUT OBJECTION, THEY ARE ALL IN
19 EVIDENCE.

20 (GOVERNMENT'S EXHIBITS 11-B,
21 12-A AND 12-B WERE RECEIVED
22 IN EVIDENCE)

23 BY MR. COLE:

24 Q GOING NOW TO -- IF YOU COULD TELL ME THE NUMBER
25 AGAIN, MR. NICHOLS.

1 A GOVERNMENT EXHIBIT NO. 12-A.

2 Q IN 12-A, IS THERE ALSO AN ACCOUNT NUMBER CHANGE?

3 A YES, THERE IS.

4 Q AND WHAT WAS THE ORIGINAL ACCOUNT NUMBER?

5 A I'D SAY THE ORIGINAL ACCOUNT NUMBER IS HARDER TO
6 READ, BUT IT WOULD APPEAR TO BE THE SAME NUMBER OF 13876.

7 BUT IT IS SCRATCHED OUT RATHER DELIBLY.

8 Q AND THAT 13876 IS MR. HUNT'S ACCOUNT?

9 A YES.

10 Q AND IT IS REPLACED WITH MRS. HANSEN'S ACCOUNT NUMBER?

11 A IT IS REPLACED WITH 13435, WHICH IS MRS. HANSEN'S
12 ACCOUNT NUMBER.

13 Q MR. NICHOLS, PRIOR TO OR ANY TIME DURING YOUR PUR-
14 CHASE AND SALE OF THESE SOYBEANS, DID YOU TALK TO MRS. HANSEN?

15 A NO.

16 Q WHEN WAS THE FIRST ITME YOU TALKED TO CONNIE HANSEN
17 ON THE 20TH OF APRIL?

18 A AFTER THE CLOSE OF THE MARKET THAT DAY.

19 Q HAD YOU EVER TALKED TO HER BEFORE THE 20TH OF APRIL?

20 A NO.

21 Q DID YOU CALL MRS. HANSEN?

22 A YES.

23 Q AT WHOSE INSTRUCTION?

24 A MR. HUNT'S.

25 Q HAD HE MENTIONED ANYTHING TO YOU THAT DAY UNTIL THE

1 TIME HE TOLD YOU TO SELL THOSE CONTRACTS ABOUT MRS. HANSEN?

2 A NO.

3 Q WHEN YOU TALKED TO MRS. HANSEN, DID YOU TELL HER

4 WHAT YOU HAD JUST DONE ON HER BEHALF?

5 A NO.

6 Q DID SHE SEEM TO KNOW?

7 A NO.

8 Q WHAT KIND OF CONVERSATION DID YOU HAVE WITH HER?

9 A I MERELY ASKED HER -- IN FACT, I WANT TO BE VERY
10 SPECIFIC HERE. IT IS POSSIBLE THAT I JUST TELEPHONED AND
11 INTRODUCED MYSELF AND TOLD HER THAT MR. HUNT HAD INSTRUCTED
12 ME TO OPEN AN ACCOUNT FOR HER. I MAY HAVE HAD SOMEBODY ELSE
13 IN MY OFFICE GET THE SPECIFICS, OR I MAY HAVE DONE IT MYSELF,
14 WHICH WOULD SIMPLY BE PERTINENT DATA OF NAME, ADDRESS.

15 Q DID YOU AT ANY TIME DISCUSS THE SOYBEAN PURCHASE,
16 WHETHER SHE WANTED TO BUY CONTRACTS, WANTED TO SELL CONTRACTS,
17 ANYTHING OF THAT NATURE, WITH HER?

18 A NO.

19 Q MR. NICHOLS, I WOULD LIKE TO SHOW YOU WHAT HAS BEEN
20 PREVIOUSLY MARKED GOVERNMENT'S EXHIBIT 10 AND ASK YOU IF YOU
21 RECOGNIZE IT.

22 A YES.

23 Q IS THAT A COMMODITY NEW CUSTOMER FORM?

24 A IT'S A MITCHELL HUTCHINS NEW COMMODITY ACCOUNT FORM
25 FOR AN INDIVIDUAL ACCOUNT.

1 Q AND WHOSE ACCOUNT IS THAT FOR?

2 A MRS. HANSEN.

3 Q IS THAT THE FORM YOU FILLED OUT OR HAD FILLED OUT
4 APRIL 20TH?

5 A I DID NOT FILL IT OUT, BUT --

6 Q DID YOU HAVE IT FILLED OUT AT YOUR INSTRUCTION?

7 A YES.

8 MR. COLE: YOUR HONOR, I WOULD MOVE THAT INTO EVIDENCE
9 AT THIS TIME.

10 THE COURT: NO OBJECTION?

11 MR. LEWIN: WHO WAS IT WHO DID FILL IT OUT, MR. --

12 THE COURT: SIR --

13 MR. LEWIN: JUST IN TERMS OF VOIR DIRE, YOUR
14 HONOR. JUST TO FIND OUT WHETHER IT WAS FILLED OUT AT THE
15 TIME.

16 THE COURT: DO YOU KNOW, SIR?

17 THE WITNESS: I CAN RECOGNIZE -- I THINK I CAN.
18 THIS WAS WRITTEN NOW SEVEN YEARS AGO, BUT I'M QUITE POSITIVE,
19 REALLY, IT WAS FILLED OUT BY AN EMPLOYEE WHO REPORTS DIRECTLY
20 TO ME, CALLED RICHARD LYNCH, L-Y-N-C-H.

21 MR. LEWIN: AND HE FILLED THAT OUT AT YOUR
22 DIRECTION?

23 THE WITNESS: YES, SIR.

24 MR. LEWIN: YOU GAVE HIM THE INFORMATION TO PUT
25 ON THERE?

THE WITNESS: I DO NOT KNOW WHETHER I GAVE HIM THE

1 INFORMATION OR WHETHER I INSTRUCTED HIM TO GET THE INFORMA-
2 TION FROM MRS. HANSEN.

3 MR. LEWIN: THANK YOU.

4 THE COURT: ALL RIGHT, SIR.

5 MR. LEWIN: NO OBJECTION.

6 (GOVERNMENT'S EXHIBIT 10 WAS
7 RECEIVED IN EVIDENCE)

8 BY MR. COLE:

9 Q MR. NICHOLS, DID YOU EVER TALK TO CONNIE HANSEN
10 AGAIN AFTER THE DAY APRIL 20TH THAT YOU HAD THIS FORM FILLED
11 OUT?

12 A I AM 99 PERCENT SURE THAT I DID NOT. IN FACT --
13 NO, I WILL ANSWER I DID NOT.

14 Q I WOULD LIKE TO DRAW YOUR ATTENTION NOW TO APRIL
15 22ND, 1977, MR. NICHOLS, AND SHOW YOU WHAT HAS BEEN MARKED
16 AS GOVERNMENT'S EXHIBIT 9-B, A COMMODITIES STATEMENT FOR THAT
17 DAY FROM MITCHELL HUTCHINS. DO YOU RECOGNIZE THAT?

18 A YES, I DO.

19 Q DOES THAT HAVE TO DO WITH THE SOYBEAN TRADE THAT
20 YOU DID FOR THE CONNIE HANSEN ACCOUNT ON THAT DATE?

21 A YES, IT DOES.

22 MR. COLE: YOUR HONOR, I WOULD MOVE THAT INTO EVIDENCE
23 AT THIS TIME.

24 MR. LEWIN: NO OBJECTION.

25 THE COURT: IT'S IN EVIDENCE.

(GOVERNMENT'S EXHIBIT 9-B WAS
RECEIVED IN EVIDENCE)

BY MR. COLE:

Q MR. NICHOLS, HOW MANY BUSHEL OF SOYBEANS DID YOU
BUY ON THAT DAY FOR THE CONNIE HANSEN ACCOUNT?

A 100,000 BUSHEL.

Q HOW MANY CONTRACTS IS THAT?

A TWENTY.

Q AND WHAT WAS THE PRICE OF THOSE BUSHEL OF SOYBEANS
THAT DAY?

A \$10.46 PER BUSHEL.

Q AND WHAT IS THE VALUE, IF YOU CAN LOOK AT YOUR
CALCULATION SHEET, OF THOSE TWENTY CONTRACTS?

A \$1,046,000.

MR. COLE: YOUR HONOR, AT THIS TIME I WOULD LIKE
TO PUT THE NEXT ENTRY ON THE CHART.

THE COURT: MR. LEWIN?

ALL RIGHT. PUT IT ON THE CHART.

MR. COLE: I AM PUTTING ON ENTRY DATED APRIL 22ND,
FOR THE RECORD: "NICHOLS ORDERS PURCHASE OF 20 SOYBEAN CON-
TRACTS FOR ACCOUNT OF MRS. HANSEN; VALUE: \$1,046,000."

BY MR. COLE:

Q MR. NICHOLS, DID YOU SELL THOSE CONTRACTS THAT DAY?

A YES.

Q AND IS IT A FAIR STATEMENT YOU SOLD THEM AT BASICALLY

1 THE SAME PRICE THEY WERE PURCHASED FOR?

2 A YES. WE SOLD 50,000, OR HALF OF THEM, AT A PENNY
3 LESS, AND WE SOLD 50,000, OR THE OTHER HALF OF THEM, AT A
4 PENNY MORE, FOR AN EVEN TRANSACTION. WELL, OF COURSE, MINUS
5 A COMMISSION.

6 Q SO NO GAIN, NO LOSS. JUST A SMALL COMMISSION LOSS.

7 A CORRECT.

8 Q AND HOW MUCH WOULD THAT COMMISSION LOSS BE?

9 A \$410.

10 MR. COLE: YOUR HONOR, I AM PUTTING THE NEXT ENTRY
11 ON THE CHART, THE SAME DATE. "CONTRACTS SOLD FOR NET LOSS
12 OF \$410."

13 BY MR. COLE:

14 Q MR. NICHOLS, WHO TOLD YOU TO BUY THOSE CONTRACTS
15 THAT DATE?

16 A MR. HUNT.

17 Q WHO TOLD YOU WHAT PRICE TO BUY THEM AT?

18 A MR. HUNT.

19 Q WHO TOLD YOU HOW MANY TO BUY?

20 A MR. HUNT.

21 Q AND WHO TOLD YOU TO SELL THEM?

22 A MR. HUNT.

23 Q DID CONNIE HANSEN EVER TELL YOU ANYTHING AS FAR
24 AS WHAT YOU SHOULD DO WITH THOSE CONTRACTS?

25 A NO.

1 Q DID YOU EVER TALK TO HER ABOUT THAT PURCHASE OR
2 SALE?

3 A NO.

4 Q MR. NICHOLS, I WOULD NOW LIKE TO SHOW YOU WHAT HAS
5 PREVIOUSLY BEEN MARKED GOVERNMENT'S EXHIBIT 9-C, WHICH IS
6 A COMMODITIES COMBINED STATEMENT FOR APRIL 25TH, 1977,.
7 CONCERNING THE CONNIE HANSEN ACCOUNT. DO YOU RECOGNIZE THAT,
8 SIR?

9 A YES, I DO.

10 Q DOES THAT HAVE TO DO WITH A PURCHASE THAT YOU MADE
11 ON BEHALF OF THAT ACCOUNT?

12 A YES, IT DOES.

13 MR. COLE: YOUR HONOR, I WOULD MOVE IT INTO EVIDENCE.

14 MR. LEWIN: NO OBJECTION.

15 THE COURT: IT'S IN EVIDENCE, WITHOUT OBJECTION.

16 (GOVERNMENT'S EXHIBIT 9-C WAS
17 RECEIVED IN EVIDENCE)

18 BY MR. COLE:

19 Q APRIL 25TH, 1977, MR. NICHOLS, HOW MANY SOYBEANS
20 DID YOU BUY?

21 A 200,000 BUSHELS.

22 Q AND HOW MANY CONTRACTS IS THAT, SIR?

23 A FORTY.

24 Q AND THE PRICE THAT YOU PAID FOR THOSE BUSHELS?

25 A WE PAID \$10.25 PER BUSHEL.

1 Q AND, MR. NICHOLS, IF YOU COULD AGAIN GO TO YOUR
2 CALCULATION SHEET, WHAT IS THE VALUE OF THAT PURCHASE?

3 A \$2,050,000.

4 MR. COLE: YOUR HONOR, I WOULD LIKE TO PUT THE NEXT
5 ENTRY UP ON THE BOARD.

6 THE COURT: YES.

7 MR. COLE: FOR THE RECORD, DATED APRIL 25TH.

8 "NICHOLS ORDERS PURCHASE OF 40 SOYBEAN CONTRACTS FOR ACCOUNT
9 OF MRS. HANSEN; VALUE: \$2,050,000."

10 BY MR. COLE:

11 Q MR. NICHOLS, WHO TOLD YOU TO BUY THOSE SOYBEANS
12 THAT DAY?

13 A MR. HUNT.

14 Q DID MRS. HANSEN EVER TALK TO YOU ABOUT IT?

15 A NO.

16 Q DID YOU EVER TALK TO HER ABOUT IT?

17 A NO.

18 Q WERE THOSE SOYBEANS HELD ON TO FOR A WHILE, SIR?
19 WERE THEY SOLD THAT DAY?

20 A NO.

21 Q I WOULD LIKE TO NOW SHOW YOU WHAT HAS BEEN PREVI-
22 OUSLY MARKED GOVERNMENT'S EXHIBIT 9-D, COMMODITIES ACCOUNT
23 STATEMENT FOR MITCHELL HUTCHINS DATED APRIL 29TH, 1977, FOR
24 THE CONNIE HANSEN ACCOUNT. DO YOU RECOGNIZE THAT, SIR?

25 A YES, I DO.

1 MR. COLE: YOUR HONOR, I WOULD MOVE IT INTO EVIDENCE.

2 THE COURT: NO OBJECTION?

3 MR. LEWIN: NO OBJECTION.

4 THE COURT: IN EVIDENCE.

5 (GOVERNMENT'S EXHIBIT 9-D WAS
6 RECEIVED IN EVIDENCE)

7 BY MR. COLE:

8 Q DOES THAT REFLECT WHEN YOU SOLD THESE SOYBEANS THAT
9 WERE PURCHASED HERE FOR OVER TWO MILLION DOLLARS?

10 A YES. A PURCHASE ON THE 25TH AND SOLD ON THE 29TH
11 OF APRIL, 1977.

12 Q AND WHAT WERE THEY SOLD AT?

13 A THEY WERE SOLD AT A PRICE OF \$9.83 PER BUSHEL.

14 Q WAS THERE A LOSS ON THAT?

15 A YES.

16 Q AND HOW MUCH WAS THAT LOSS, SIR?

17 A THAT WAS A GROSS LOSS OF \$84,000. COMMISSIONS
18 CHARGED, \$1,220, FOR A NET LOSS OF \$85,220.

19 Q AND COULD YOU TELL US WHAT THAT DID AS FAR AS THE
20 ACCOUNT TOTALS ON THAT ACCOUNT? WAS THERE A TOTAL LOSS OR
21 A TOTAL GAIN AT THIS POINT?

22 A A TOTAL LOSS.

23 Q AND HOW MUCH IS THAT LOSS, WITH ALL THE GAINS AND
24 LOSSES FIGURED TOGETHER, AT THIS TIME?

25 A A LOSS OF \$33,855.

1 MR. COLE: YOUR HONOR, I AM SHOWING COUNSEL THE
2 NEXT THREE ENTRIES ON THE CHART.

3 YOUR HONOR, I REQUEST PERMISSION TO PUT THE NEXT
4 THREE ENTRIES UP.

5 THE COURT: YES, SIR.

6 MR. COLE: APRIL 29TH, "NICHOLS ORDERS SALE OF 40
7 SOYBEAN CONTRACTS."

8 SAME DATE: "CONTRACTS SOLD FOR NET LOSS OF \$85,220."

9 SAME DATE: "TOTAL LOSS ON SOYBEAN CONTRACTS AS
10 OF THIS DATE: \$33,855."

11 BY MR. COLE:

12 Q MR. NICHOLS, I WOULD NOW LIKE TO SHOW YOU WHAT HAS
13 BEEN MARKED GOVERNMENT'S EXHIBIT 9-E, A COMBINED COMMODITIES
14 ACCOUNT STATEMENT FOR CONNIE HANSEN FROM MITCHELL HUTCHINS,
15 DATED MAY 27, 1977. DO YOU RECOGNIZE THAT, SIR?

16 A YES, I DO.

17 Q DOES THAT HAVE TO DO WITH THE ACCOUNT WE HAVE BEEN
18 DISCUSSING HERE TODAY?

19 A YES.

20 MR. COLE: YOUR HONOR, I WOULD MOVE IT INTO EVIDENCE.

21 MR. LEWIN: NO OBJECTION.

22 THE COURT: IT IS IN EVIDENCE, WITHOUT OBJECTION.

23 (GOVERNMENT'S EXHIBIT 9-E WAS
24 RECEIVED IN EVIDENCE)

25 BY MR. COLE:

1 Q MR. NICHOLS, WHAT DOES THAT ACCOUNT STATEMENT
2 REFLECT?

3 A IT REFLECTS INITIALLY THE DEBIT OR LOSS BALANCE
4 OF \$33,855. IT SHOWS A CREDIT OF CASH RECEIVED OF \$33,855,
5 FOR A CURRENT ACCOUNT BALANCE OF ZERO.

6 Q MR. NICHOLS, IS IT FAIR TO STATE IT REFLECTS THAT
7 ON THE 27TH OF MAY, 1977, THE LOSS ON THE ACCOUNT, THE DEBT
8 ON THE ACCOUNT, WAS PAID OFF?

9 A YES. MAY 27TH, 1977.

10 Q MR. NICHOLS, WITH THIS PURCHASE ON THE 25TH OF
11 SOYBEANS, WHO ORDERED THAT PURCHASE?

12 A MR. HUNT.

13 Q AND WHO ORDERED THE PRICE OF THE PURCHASE?

14 A MR. HUNT.

15 Q AND WHO ORDERED THE QUANTITY?

16 A MR. HUNT.

17 Q WHO ORDERED THE SALE ON THE 29TH?

18 A MR. HUNT.

19 Q AND WHO ORDERED YOU TO SELL AT A LOSS ON THE 29TH?

20 A MR. HUNT.

21 Q DID YOU EVER TALK TO CONNIE HANSEN ABOUT THIS ACCOUNT
22 ON THE 25TH OR THE 29TH?

23 A NO.

24 Q AFTER THE DATE THAT YOU HAD THE REGISTRATION FORM
25 FILLED OUT BY MRS. HANSEN, DID YOU EVER TALK TO HER AGAIN?

1 A NO.

2 Q MR. NICHOLS, IN YOUR TIME IN THE COMMODITIES MARKET
3 TRADING, HAVE YOU EVER SEEN A SITUATION LIKE THIS, WHERE THERE
4 WAS AN ACCOUNT BOUGHT IN ONE PERSON'S NAME AND TRANSFERRED
5 TO ANOTHER PERSON'S NAME?

6 A I WILL SAY YES.

7 Q YOU HAVE SEEN IT.

8 A YES.

9 MR. COLE: NO FURTHER QUESTIONS AT THIS TIME, YOUR
10 HONOR.

11 THE COURT: CROSS-EXAMINATION.

12 CROSS-EXAMINATION

13 BY MR. LEWIN:

14 Q MR. NICHOLS, YOU HAVE TESTIFIED ON DIRECT
15 EXAMINATION THAT DURING THESE VARIOUS TRANSACTIONS, YOU ONLY
16 TALKED TO MRS. HANSEN ON THE PHONE ONE TIME.

17 A THAT'S CORRECT.

18 Q YOU HAVE NEVER TALKED TO CONGRESSMAN HANSEN, HAVE
19 YOU?

20 A NO.

21 Q NEVER IN YOUR LIFE HAVE YOU EVER TALKED TO
22 CONGRESSMAN HANSEN.

23 A NOT UNTIL YESTERDAY, WHEN I WAS HAVING AN ICED TEA
24 AND --

25 Q AND YOU MET HIM DOWNSTAIRS?

1 A TO SAY HELLO; THAT'S ALL.

2 Q BUT PRIOR TO YESTERDAY, YOU HAD NEVER TALKED TO
3 HIM, YOU HAD NEVER SEEN HIM.

4 A NO. I MEAN THAT IS TOTALLY CORRECT.

5 Q ALL RIGHT. I JUST WANT TO GET THAT CLEAR.

6 AND, IN FACT, WHEN MR. HUNT, WHO YOU SAY WAS
7 DIRECTING ALL THESE TRANSACTIONS, TALKED TO YOU, HE NEVER
8 MENTIONED CONGRESSMAN HANSEN AT ANY POINT, DID HE?

9 A NOT AT ALL. I HAD NO IDEA WHO SHE WAS.

10 Q YOU DIDN'T KNOW THAT MRS. HANSEN WAS MARRIED TO
11 A CONGRESSMAN, DID YOU?

12 A ABSOLUTELY NOT.

13 Q O.K. AND SO FAR AS YOU KNOW, SHE WAS JUST A LADY
14 IN WASHINGTON WHO MR. HUNT WAS MAKING THESE ARRANGEMENTS FOR.

15 A THAT'S CORRECT.

16 Q NOW, MR. NICHOLS, IN PREPARATION FOR YOUR -- I'M
17 SORRY. STRIKE THAT.

18 IN ADDITION TO NOT TALKING TO CONGRESSMAN HANSEN
19 BEFORE YESTERDAY, YOU HAVE NEVER TALKED TO ME, HAVE YOU?

20 A NO.

21 Q YOU HAVE TALKED TO THE PROSECUTORS.

22 A YES.

23 Q YOU SAY YOU SPOKE WITH THEM SEVERAL DAYS AGO IN
24 PREPARATION FOR THIS TESTIMONY THAT YOU ARE GIVING HERE ON
25 THE WITNESS STAND.

1 A YES.

2 Q WHEN WAS THAT?

3 A I BELIEVE IT WAS MONDAY EVENING, AROUND 6:00 O'CLOCK.

4 Q AND YOU HAD TALKED WITH THE PROSECUTORS PRIOR TO
5 MONDAY EVENING, AS WELL.

6 A YES.

7 Q AND ON HOW MANY OCCASIONS?

8 A TWICE.

9 Q AND IN ADDITION TO THAT, YOU TESTIFIED BEFORE THE
10 GRAND JURY, DID YOU NOT?

11 A YES, I DID.

12 Q AND THAT WAS ANOTHER TIME WHEN THE PROSECUTORS
13 ASKED YOU QUESTIONS, MR. WEINGARTEN AND MR. COLE?

14 A I BELIEVE ONLY MR. COLE.

15 Q ONLY MR. COLE. HE ASKED YOU QUESTIONS BEFORE THE
16 GRAND JURY, AND YOU WERE UNDER OATH, AND YOU RESPONDED TO
17 THOSE QUESTIONS.

18 A THAT'S CORRECT.

19 Q DO YOU RECALL WHEN IT WAS THAT YOU TESTIFIED BEFORE
20 THE GRAND JURY?

21 A NO, I DO NOT.

22 Q IF I TOLD YOU IT WAS SEPTEMBER OF 1982, THAT'S A
23 LIKELY TIME? YOU WOULD HAVE NO REASON TO DISAGREE WITH THAT.

24 A NO, I WOULD HAVE NO REASON TO DISAGREE WITH IT.

25 MR. LEWIN: CAN WE JUST STIPULATE TO THAT, THAT IT

1 WAS SEPTEMBER 16TH OF 1982?

2 MR. COLE: I HAVE NO PROBLEM WITH THAT STIPULATION.

3 THE COURT: WE HAVE A STIPULATION, LADIES AND
4 GENTLEMEN.

5 MR. LEWIN: JUST PURSUANT TO PROCEDURES, WE HAVE
6 A COPY OF THE GRAND JURY TESTIMONY WHICH WE RECEIVED PRIOR
7 TO TRIAL. I JUST WANT YOU TO KNOW THAT, MR. NICHOLS. THAT'S
8 WHAT THAT REFLECTS.

9 BY MR. LEWIN:

10 Q AND WERE YOU INTERVIEWED BY MR. COLE PRIOR TO YOUR
11 GRAND JURY TESTIMONY?

12 A YES.

13 Q SO YOU SAT DOWN WITH HIM AND YOU TALKED TO HIM AND
14 REALLY GAVE -- DISCUSSED THESE EVENTS WITH HIM BEFORE YOU
15 WENT INTO THE GRAND JURY.

16 A YES.

17 Q WERE YOU INTERVIEWED BY ANY FBI AGENTS PRIOR TO
18 THAT TIME?

19 A NO.

20 Q IT IS A FACT, IS IT NOT, MR. NICHOLS, THAT WITH ALL
21 THOSE MEETINGS WITH THE PROSECUTORS, YOU HAVE REFUSED TO TALK
22 TO THE LAWYERS FOR THE DEFENSE?

23 A THAT IS NOT CORRECT.

24 Q THAT IS NOT CORRECT?

25 A NOT AT ALL.

1 Q ISN'T IT A FACT THAT MR. CAMPBELL CALLED AND ASKED
2 THAT WE BE PERMITTED TO INTERVIEW YOU AND WAS TOLD BY YOUR
3 COUNSEL THAT WE WOULD NOT BE PERMITTED TO INTERVIEW YOU?

4 A THAT IS NOT WHAT I'VE BEEN TOLD.

5 Q I SEE.

6 IS YOUR ATTORNEY RICHARD CIECKA? IS IT C-I-E-C-K-A?

7 A CORRECT. PRONOUNCED CIECKA.

8 Q CIECKA. OF CHICAGO?

9 A YES.

10 Q AND DID MR. CIECKA TELL YOU THAT MR. CAMPBELL HAD
11 CALLED AND ASKED TO INTERVIEW YOU?

12 A NO. MY OFFICE TOLD ME THAT MR. CAMPBELL HAD CALLED.
13 I WAS OUT OF TOWN. I INSTRUCTED MY OFFICE TO CALL MY ATTORNEY,
14 MR. CIECKA, TO GIVE HIM THAT INFORMATION.

15 Q AND DID MR. CIECKA THEN TELL YOU THAT HE SPOKE WITH
16 MR. CAMPBELL?

17 A YES.

18 Q AND DID MR. CIECKA THEN TELL YOU THAT HE HAD ADVISED
19 MR. CAMPBELL THAT THE DEFENSE WOULD NOT BE PERMITTED TO INTER-
20 VIEW YOU?

21 A NO.

22 Q WHAT DID MR. CIECKA TELL YOU?

23 A MR. CIECKA TOLD ME THAT HE'D SAID TO MR. CAMPBELL
24 THAT, "YOU HAVE A COPY OF MR. NICHOLS' GRAND JURY TESTIMONY,
25 AND IF YOU WISH TO DISCUSS WITH MR. NICHOLS OTHER ISSUES, IF

1 YOU WOULD SUBMIT THE SCOPE OF THOSE ISSUES IN WRITING, THAT
2 MR. NICHOLS WOULD THEN RESPOND."

3 Q I SEE. IN OTHER WORDS, WHAT MR. CIECKA TOLD YOU
4 IS THAT HE TOLD MR. CAMPBELL THAT WE WERE TO SUBMIT TO HIM
5 ISSUES WHICH WE WANTED TO DISCUSS WITH YOU, IS THAT RIGHT?

6 A CORRECT.

7 Q AND THAT MR. CIECKA THEN TOLD MR. CAMPBELL THAT
8 WE WOULD BE ABLE TO DISCUSS THEM WITH YOU, OR THAT YOU WOULD
9 THEN CONSIDER WHETHER YOU WOULD DISCUSS THEM WITH US?

10 A I THINK I WOULD HAVE TO ANSWER WOULD THEN CONSIDER.

11 Q I SEE. IS IT FAIR TO SAY, MR. NICHOLS, THAT YOU
12 WERE NOT AS FREE AND OPEN WITH DEFENSE COUNSEL, IN TERMS OF
13 MAKING YOURSELF AVAILABLE, AS YOU WERE FREE AND OPEN WITH
14 THE PROSECUTOR?

15 A I DO NOT THINK THAT IS CORRECT, BECAUSE I WAS ACT-
16 ING UNDER INSTRUCTIONS OF MY ATTORNEY.

17 Q YOUR ATTORNEY INSTRUCTED YOU THAT YOU WERE NOT TO
18 SPEAK TO US?

19 A NO.

20 MR. COLE: YOUR HONOR, I THINK THAT IS AN UNFAIR
21 CHARACTERIZATION. I WOULD OBJECT TO THAT QUESTION, YOUR HONOR.

22 MR. LEWIN: UNDER INSTRUCTIONS --

23 THE COURT: WELL, HE DIDN'T SAY WHAT THOSE INSTRU-
24 TIONS WERE, MR. LEWIN.

25 MR. LEWIN: ALL RIGHT. WELL, I'M ASKING HIM.

1 BY MR. LEWIN:

2 Q YOUR ATTORNEY INSTRUCTED YOU THAT YOU WERE NOT TO
3 TALK TO US?

4 A NO. I JUST ANSWERED "NO" TO THAT.

5 Q WHAT DID YOUR ATTORNEY INSTRUCT YOU UNDER THE INSTRUC-
6 TIONS OF YOUR ATTORNEY?

7 A I SUPPOSE HE INSTRUCTED ME OF NOTHING. HE INFORMED
8 ME OF WHAT HE HAD DONE.

9 Q AND YOU DIDN'T TELL HIM WHAT YOUR PREFERENCE WOULD
10 BE?

11 A NOT AT ALL.

12 Q OH, I SEE. SO THIS WAS ENTIRELY THE ATTORNEY'S
13 DECISION, AS TO WHETHER YOU SHOULD SPEAK TO US OR NOT.

14 A THE MANNER IN WHICH HE WOULD HAVE ALLOWED THE INTER-
15 VIEW WAS HIS PROFESSIONAL ADVICE TO ME.

16 Q I UNDERSTAND. BUT ULTIMATELY, YOU WERE THE ONE
17 WHO WAS MAKING THE JUDGMENT WHETHER YOU WOULD SPEAK TO US
18 OR NOT. ISN'T THAT TRUE?

19 A YES. I CONCURRED WITH MY ATTORNEY'S RECOMMENDATION.

20 Q ALL RIGHT. IN ANY EVENT, THE SHORT OF THE MATTER
21 IS, MR. NICHOLS, UNTIL THIS MOMENT, WHEN I AM ASKING YOU QUES-
22 TIONS ON THE WITNESS STAND, I HAVE NOT HAD THE OPPORTUNITY
23 TO ASK YOU ANY QUESTIONS WITH REGARD TO THIS.

24 A THAT IS CORRECT.

25 Q THANK YOU.

1 NOW, YOU HAVE TESTIFIED HERE WITH DEFINITENESS
2 AND PRECISION THAT YOU DEFINITELY RECALL THAT YOU HAD ONLY
3 ONE CONVERSATION WITH MRS. HANSEN DURING ALL OF THESE EVENTS.
4 IS THAT CORRECT?

5 A CORRECT.

6 Q AND, IN FACT, I BELIEVE YOU TESTIFIED THAT YOU DID
7 NOT EVEN TELL HER WHEN YOU CALLED HER EITHER SHORTLY BEFORE
8 OR AFTER THE CLOSE OF THE MARKET ON APRIL 20TH THAT SHE HAD
9 MADE A PROFIT ON THAT DAY.

10 A NO, I DID NOT TELL HER.

11 Q YOU DID NOT TELL HER.

12 A NO, SIR.

13 Q IN FACT, SHE HAD MADE A PROFIT ON THAT DAY.

14 A YES, SIR.

15 Q AND IN FACT, AS THE EXHIBITS BEFORE YOU INDICATE,
16 THE RECORDS OF MITCHELL HUTCHINS SHOWED THAT CONNIE HANSEN
17 WAS ENTITLED, AS OF THAT TIME, TO \$51,000. IS THAT RIGHT?
18 APPROXIMATELY.

19 A YES. THAT'S CORRECT.

20 Q 51,000. AND YOU DIDN'T TELL HER, "YOU ARE ENTITLED
21 TO \$51,775", DID YOU?

22 A THAT'S CORRECT.

23 Q ALL RIGHT. YOUR TESTIMONY -- LET ME DIRECT YOUR
24 ATTENTION TO THE NEW COMMODITY ACCOUNT FORM THAT YOU HAVE
25 THERE BEFORE YOU.

1 A I DO NOT HAVE IT.

2 Q I'M SORRY. WHAT IS THE EXHIBIT NUMBER OF IT?

3 THE COURT: IS THAT EXHIBIT 10?

4 MR. LEWIN: YES.

5 BY MR. LEWIN:

6 Q NOW, IT IS YOUR TESTIMONY THAT THAT'S THE HANDWRITING
7 OF A MR. LYNCH ON THAT FORM?

8 A YES.

9 Q IS IT YOUR SIGNATURE AT THE BOTTOM OF THAT FORM?

10 A YES.

11 Q DID YOU SIGN THAT AFTER IT WAS FILLED IN, OR BEFORE?

12 A I DO NOT KNOW. I WOULD IMAGINE IT WAS AFTERWARDS.

13 IN FACT, I'M SURE IT WAS AFTERWARDS. BUT I MEAN I CANNOT --

14 THERE IS NOTHING HERE THAT ALLOWS ME TO REFRESH MY MEMORY,

15 BUT I'M POSITIVE IT WOULD HAVE BEEN AFTERWARDS.

16 Q YOU SIGNED -- IS THAT YOUR SIGNATURE IN TWO PLACES
17 DOWN AT THE BOTTOM?

18 A YES, IT IS.

19 Q SO YOU SIGNED AS THE REGISTERED COMMODITY REPRESENTA-
20 TIVE AND AS THE APPROVING OFFICER.

21 A YES, I DID.

22 Q AND WHAT DOES APPROVING OFFICER MEAN?

23 A IT'S SOMEBODY WHO HAS THE AUTHORITY TO APPROVE AN
24 OPENING OF AN ACCOUNT REQUESTED BY A REGISTERED REPRESENTATIVE.
25 IN THAT CASE, I HAPPENED TO FULFILL BOTH FUNCTIONS.

1 Q AND ONE IS TO APPROVE THAT NEW ACCOUNT BASED ON
2 THE INFORMATION RECEIVED ON THE NEW COMMODITY ACCOUNT FORM?

3 A THAT'S CORRECT.

4 Q AND WAS THERE IN FACT, AS YOU LOOK AT EXHIBIT 10,
5 SUFFICIENT INFORMATION THERE FOR YOU TO APPROVE THE OPENING
6 OF THAT NEW COMMODITY ACCOUNT FORM IN THE NAME OF MRS. CONNIE
7 HANSEN?

8 A IN THIS CASE, YES.

9 Q IN THIS CASE, YES. AND ON THE FORM? IS THAT YOUR
10 TESTIMONY?

11 A IS THERE SUFFICIENT INFORMATION ON THIS FORM FOR
12 ME TO HAVE APPROVED THE OPENING OF THIS ACCOUNT.

13 Q YES.

14 A THIS ACCOUNT, ONLY.

15 Q YES.

16 A THE ANSWER IS "YES".

17 Q WHAT INFORMATION ON THERE WAS SUFFICIENT TO WARRANT
18 THE OPENING OF THAT ACCOUNT?

19 A SUFFICIENT DETAILS TO SEND OUT REQUIRED CONFIRMA-
20 TIONS, STATEMENT OF PURCHASES, STATEMENT OF SALES.

21 Q I THOUGHT YOU HAD TESTIFIED YESTERDAY, MR. NICHOLS,
22 THAT IN ORDER TO OPEN UP AN ACCOUNT, YOU REALLY HAD TO FIND
23 OUT ABOUT AN INDIVIDUAL'S NET WORTH.

24 A YES. YOU CERTAINLY SHOULD.

25 Q DOES THAT APPEAR ON THE FORM?

1 A NO.

2 Q THERE ARE, IN FACT, MANY QUESTIONS ON THAT FORM
3 RELATING TO THAT, ARE THERE NOT?

4 A ABSOLUTELY.

5 Q AND THEY WERE ALL BLANK.

6 A ABSOLUTELY. THEY ARE BLANK.

7 Q AND YOU SIGNED THAT FORM, NONETHELESS.

8 A YES.

9 Q THERE IS ONE ITEM DOWN AT THE BOTTOM OF THAT FORM
10 THAT IS FILLED OUT. LET ME -- IT'S TRUE, IS IT NOT, JUST
11 SO THAT THE JURY GETS AN IDEA OF WHAT THE FORM LOOKS LIKE,
12 THAT THE TOP PARTS WHICH HAVE THE DATE AND THE ACCOUNT NUMBER
13 AND THE CITIZENSHIP AND THE SOCIAL SECURITY NUMBER ARE FILLED
14 IN, AND THE NAME AND ADDRESS AND TELEPHONE NUMBER ARE FILLED
15 IN. THE OCCUPATION IS "HOUSEWIFE". IS CLIENT MARRIED IS
16 "YES". AND THERE'S NO -- NOTHING IS FILLED IN UNDER SPOUSE'S
17 NAME, EMPLOYER, OR ANYTHING LIKE THAT. AND THERE'S NOTHING
18 THAT IS FILLED IN UNDER CUSTOMER'S NET WORTH, ANNUAL INCOME,
19 TOTAL EQUITY, THINGS OF THAT KIND. THERE IS A "NO" UNDER
20 "IS ACCOUNT OPERATED UNDER DISCRETIONARY AUTHORITY?" WHAT
21 DOES THAT MEAN?

22 A THAT MEANS THAT I DID NOT HAVE DISCRETION TO TRADE
23 IN THAT ACCOUNT.

24 Q YOU DID NOT HAVE DISCRETION TO TRADE.

25 A NO.

1 Q SO THAT MEANS THAT, WHAT? THAT ONLY THE PERSON
2 WHO OWNS THAT ACCOUNT CAN TELL YOU WHAT TO DO WITH REGARD
3 TO IT.

4 A OR AN AGENT FOR THAT PERSON.

5 Q MM-HM. ALL RIGHT. AND THAT'S MARKED "NO", IS THAT
6 RIGHT, ON THE FORM?

7 A YES. IT INDICATES I ABSOLUTELY HAD NO DISCRETION.
8 I COULD NOT HAVE EXECUTED AN ORDER AND PUT IT IN THIS ACCOUNT.

9 Q FOR THAT ACCOUNT.

10 DO YOU RECALL WHETHER IN FACT YOU PLACED A TELEPHONE
11 CALL TO MRS. HANSEN?

12 A I KNOW THAT I DID.

13 Q YOU KNOW THAT YOU DID. AND YOU DID TO THAT NUMBER
14 THAT APPEARS ON THE FORM.

15 A OH, I COULDN'T SAY THAT THAT WAS THE NUMBER. I
16 CALLED A NUMBER THAT I HAD BEEN GIVEN.

17 Q THE NUMBER THAT APPEARS ON THE FORM IS AREA CODE
18 202, 225-5531. IF I TOLD YOU THAT'S THE CONGRESSMAN'S OFFICE
19 NUMBER, IT DOESN'T REFRESH ANY RECOLLECTION?

20 A NO. I DO NOT KNOW WHICH NUMBER I WAS GIVEN TO CALL.
21 I REALLY DO NOT.

22 Q AND YOU DON'T RECALL WHETHER WHEN YOU MADE THE CALL
23 SOMEBODY PICKED IT UP AND SAID, "CONGRESSMAN HANSEN'S OFFICE."

24 A I KNOW THEY DID NOT.

25 Q YOU KNOW THEY DID NOT.

1 A ABSOLUTELY.

2 Q ALL RIGHT.

3 MR. NICHOLS, JUST TO SEPARATE OUT THESE FORMS,
4 THESE NARROW FORMS --

5 THE COURT: THE EXHIBIT NUMBERS THAT YOU ARE
6 REFERRING TO?

7 MR. LEWIN: I'M SORRY.

8 BY MR. LEWIN:

9 Q EXHIBIT NOS. 11-A AND 11-B ARE FORMS THAT YOU
10 COMPLETED. THOSE ARE OFFICE FORMS, IS THAT CORRECT?

11 A YES. THAT'S WHERE THE TRANSACTION BEGINS, IN THE
12 OFFICE.

13 Q AND THOSE ARE YOUR HANDWRITING ON THEM.

14 A NOT ALL OF IT.

15 Q I UNDERSTAND. BUT THE PART THAT SAYS 250, WHATEVER
16 THAT IS.

17 A THAT'S A SYMBOL FOR JULY SOYBEANS.

18 Q FOR JULY SOYBEANS UNDER "SELL". UNDER "BUY", IT
19 SAYS 250 FOR JULY SOYBEANS, 996.

20 A PRICE.

21 Q AND THEN IT SAYS "CX 987." WHAT DOES THAT "CX"
22 MEAN?

23 A THAT "CX" MEANS CANCEL. IN OTHER WORDS, THE ORDER
24 HAD BEEN PUT IN TO BUY THE SOYBEANS AT \$9.87, AND, OBVIOUSLY,
25 WE WAITED "X" PERIOD OF TIME, DID NOT GET THEM PURCHASED

1 THERE. THEN MR. HUNT WOULD HAVE CHANGED THE PRICE AT WHICH
2 HE WAS WILLING TO PAY. SO, CONSEQUENTLY, WE PUT ANOTHER ORDER
3 IN NOW TO BUY THEM AT 9.96 AND CANCEL THE PREVIOUS ORDER AT
4 9.87.

5 Q SO THERE HAD FIRST BEEN AN ORDER TO BUY THOSE AT
6 9.87.

7 A YES.

8 Q NOW, THESE OTHER EXHIBITS, 12-A AND 12-B, THOSE
9 ARE DONE BY SOMEBODY ON THE FLOOR OF THE EXCHANGE?

10 A THAT'S CORRECT.

11 Q AND THERE IS A TIME STAMP ON THEM WHICH SHOWS WHEN
12 IT IS THAT THE TRANSACTION WAS CONSUMMATED ON THE FLOOR?

13 A THERE SHOULD BE TWO TIME STAMPS. THERE SHOULD BE
14 ONE WHEN IT WAS PUT INTO THE TRADING PIT, AND TWO, WHEN IT
15 CAME OUT.

16 A WELL, I SEE ON EXHIBIT 12-B A STAMP ON THE FRONT
17 WHICH APPEARS TO SAY APRIL 20TH, 1:12, AND A STAMP ON THE
18 BACK WHICH SAYS APRIL 20TH, 1:14.

19 A SEE, THIS MUST THEN BE THE SELL ORDER THAT YOU'VE
20 GOT HERE.

21 Q RIGHT. THE BUY ORDER HAS A STAMP ON THE FRONT,
22 10:17.

23 A O.K.

24 Q I CAN'T FIND ANY OTHER STAMP ON IT.

25 A LET'S SEE IF I CAN. NO. I DO NOT SEE ANY OTHER

1 STAMP, EITHER.

2 Q NOW, THERE ARE SIMILAR FORMS FOR THE OTHER TRANS-
3 ACTIONS THAT ARE ON THAT GOVERNMENT CHART, ARE THERE NOT?

4 A YES.

5 Q FOR APRIL 22 AND -- AND JUST LET ME HAVE YOU IDENTIFY
6 THOSE.

7 MR. LEWIN: DEFENDANT'S EXHIBIT 4-A, 4-B, AND 4-C.

8 THE DEPUTY CLERK: DEFENDANT'S EXHIBITS 4-A, 4-B
9 AND 4-C MARKED FOR IDENTIFICATION.

10 (DEFENDANT'S EXHIBITS 4-A, 4-B
11 AND 4-C WERE MARKED FOR
12 IDENTIFICATION)

13 MR. LEWIN: AND DEFENDANT'S EXHIBITS 5-A AND 5-B.

14 THE DEPUTY CLERK: DEFENDANT'S EXHIBITS 5-A AND
15 5-B MARKED FOR IDENTIFICATION.

16 (DEFENDANT'S EXHIBITS 5-A AND 5-B
17 WERE MARKED FOR IDENTIFICATION)

18 BY MR. LEWIN:

19 Q PLACING BEFORE YOU DEFENDANT'S EXHIBITS 4-A, B AND
20 C AND 5-A AND B, I ASK YOU WHETHER THOSE ARE THE DOCUMENTS
21 THAT REFLECT YOUR INSTRUCTION TO BUY 20 SOYBEAN CONTRACTS
22 ON APRIL 22 AND TO SELL 20 SOYBEAN CONTRACTS ON APRIL 22,
23 AND WHETHER THOSE ARE THE FLOOR -- WHAT DO THEY CALL IT, FLOOR
24 ORDERS FOR AT LEAST PART OF THAT TRANSACTION -- NOT ALL.

25 A NO, IT IS ONLY PART.

1 Q YES.

2 A IT IS 100 TO BUY AND 50 TO SELL.

3 THE COURT: I'M SORRY. THAT IS NOT CLEAR TO ME.
4 WOULD YOU EXPLAIN WHAT THAT MEANS?

5 THE WITNESS: YES, YOUR HONOR. THIS, AGAIN, IS
6 A FLOOR ORDER.

7 THE COURT: WOULD YOU REFER TO IT BY THE NUMBER
8 UP THERE, THE EXHIBIT NUMBER?

9 THE WITNESS: DEFENDANT'S EXHIBIT 5-A.

10 THE COURT: ALL RIGHT.

11 THE WITNESS: IS A FLOOR ORDER ON THE FLOOR OF THE
12 CHICAGO BOARD OF TRADE TO BUY 100 JULY SOYBEANS AT 10.46,
13 AND IT SHOWS THAT THE ORDER IS FILLED, COMPLETED.

14 DEFENDANT'S EXHIBIT 5-B IS AN ORDER TO SELL 50 JULY
15 BEANS AT THE MARKET ON THE CLOSE. AND IT SHOWS 50 JULY BEANS
16 WERE SOLD.

17 ONE IS AN ORDER TO BUY 100 AND ONE IS AN ORDER TO
18 SELL 50.

19 BY MR. LEWIN:

20 Q ALL RIGHT. AND THE ORDER TO SELL 50 IS SIMPLY TO
21 SELL WHEN THE MARKET CLOSES.

22 A YES. TO SELL IT ACTUALLY ON THE CLOSE.

23 Q AT WHATEVER PRICE YOU CAN IT FOR.

24 A THAT'S CORRECT.

25 Q AND THAT WAS THE INSTRUCTION THAT YOU GAVE ON THE