

RECEIVED
IN THE UNITED STATES BANKRUPTCY COURT
1987 APR 16 PM 1:55
EASTERN DISTRICT OF VIRGINIA
U.S. ATTORNEY'S OFFICE
Alexandria Division RICHMOND, VIRGINIA

IN RE:)	CASE NO. _____
CAUCUS DISTRIBUTORS, INC.,)	(Chapter 7)
IN RE:)	CASE NO. _____
CAMPAIGNER PUBLICATIONS, INC.,)	(Chapter 7)
IN RE:)	CASE NO. _____
FUSION ENERGY FOUNDATION, INC.,)	(Chapter 7)
Debtors.)	

AFFIDAVIT

1. I, J. Richard Lytle am a Special Agent of the Federal Bureau of Investigation (FBI) and I make this affidavit in support of the government's Motion for Appointment of Interim Trustee in the above cases. I have been a Special Agent for the FBI for approximately 15 years. I am presently assigned to the FBI field office in Alexandria, Virginia and have been for the past five (5) years.

2. I hold a Bachelor of Science degree in accounting.. Prior to my employment with the FBI, I worked in both the public and private sector in the field of accounting. I am familiar with the types of records commonly maintained by businesses and, in my career with the FBI, have been primarily responsible for financial investigations.

3. I have recently been assigned to an investigation of the financial activities of Caucus Distributors, Inc., Campaigner Publications, Inc., and Fusion Energy Foundation, Inc. in connec-

tion with the refusal of those organizations to pay civil contempt fines imposed by the United States District Court for the District of Massachusetts.

4. As part of my investigation, I have reviewed various records seized pursuant to a search warrant executed on October 6, 1986 at offices located at 20 South King Street, Leesburg, Virginia and at 722 Market Street, Leesburg, Virginia. The offices searched in the execution of that search warrant included the offices of Campaigner Publications, Inc. and other organizations controlled by political extremist Lyndon H. LaRouche, Jr.

5. I have also reviewed the affidavit of FBI Special Agent Richard J. Egan in support of the aforementioned search warrant and the affidavit of Deputy Donald L. Moore, Jr. of the Loudoun County Sherriff's Department executed on March 26, 1987.

6. I have also reviewed certain documents derived from material seized in the October 6, 1986 search. During that search, numerous Wang computer disk packs were seized from the offices of Columbus Data Systems which I know based on a review of other documents to be another organization controlled by Lyndon H. LaRouche, Jr. These disk packs were copied in February, 1987 and all information stored on the disk packs was printed out by FBI Special Agent Timothy Klund.

7. The information set forth in this affidavit is based on my review of the material described in paragraphs 4 through 6 above and upon conversations with FBI Special Agent Klund and IRS Special Agent Lawrence Lucey. I have worked with them on other cases and I know them to be reliable.

8. One of the documents printed out was one bearing the name "PEI Report" and given Document Identification number 2203 L by its author. A true copy of the PEI Report is attached hereto as Exhibit A. That document identifies "PEI" to be an abbreviation for Publication Equities, Inc., another LaRouche organization.

9. The PEI Report summarizes various expenses paid to various entities both by PEI and on behalf of PEI during 1984 and 1985. It is my belief that the PEI Report shows substantial and continuous payments on behalf of PEI by the debtors in these actions.

10. With respect to Campaigner Publications, Inc., the PEI Report reveals that the debtor made the following payments on behalf of PEI. During 1984 and 1985 Campaigner paid a total of \$1,904,941 on behalf of PEI. Some of the larger transactions are:

- a) \$200,000 paid on June 12, 1984 to Charles Ottinger, Agent, with a notation that the money was for a land purchase at Cardinal Park. I know from other documents I have reviewed in this investigation that Lots 5 & 6 in the Cardinal Park Industrial Development were acquired in 1984 by an entity known as Lafayette Leesburg Limited Partnership under the trusteeship of Edward Spannaus and J. S. Morrison. I know Mr. Spannaus to be a member of the LaRouche organization and I know that his wife, Nancy Spannaus, is a director of Campaigner Publications, Inc.
- b) \$168,753.63 paid on June 19, 1984 to Ottinger with a notation that the money was for a land purchase at Cardinal Park.

- c) \$260,000 paid July 5, 1984 to Danbar Unlimited with a notation that the money was for a land purchase in Southern Virginia.
- d) \$50,000 paid June 26, 1984 to King & Cornwall with a notation that the money was a deposit for the purchase of property known as Ibykus Farms. I know from other documents I have reviewed that Ibykus Farms is the Leesburg, Virginia estate where LaRouche lives.

11. With respect to Fusion Energy Foundation, Inc., the PEI Report reveals that the debtor paid \$28,000 on behalf of PEI on September 28, 1984 to Ottinger with a notation that the money was for mortgage closing on the purchase of "Project: Bookstore."

12. With respect to Caucus Distributors, Inc., the PEI Report reveals that the debtor paid a total of \$220,076 on behalf of the PEI during 1984 and 1985. Some of the larger transactions were:

- a) \$6,876.95 paid on December 20, 1984 to "Willetts." I know from a review of the PEI Report that a "Thom and Fangette-Willett" held a \$325,000 mortgage for land known as Sweetwater. I know from a review of other documents that Sweetwater Farm is owned by PEI. I know from the review of the PEI Report that monthly mortgage payments were scheduled to be \$3,354.61 and I believe the above payment represents two months of payments plus a late charge.
- b) \$1,330 paid on March 9, April 12, April 19, April 28 and June 7, 1985 to Walter Wright. These payments total \$7,980. I know from a review of the PEI Report that a Walter Wright loaned \$40,000 to be used as a portion of

terms of the loan required weekly payments to Wright in the amount of \$1,330.

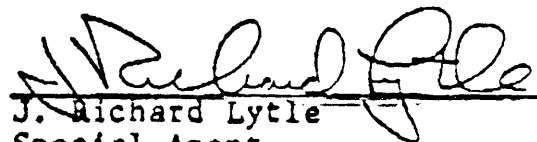
- c) \$11,165 paid on March 21, 1985 to James Hinkle. I know from a review of the PEI Report that James Hinkle holds a second mortgage on the purchase of "Project: Bookstore" and the monthly payments on the second mortgage are \$11,165.

13. Another of the documents printed out was one bearing the name "Ibykus Improvements" and given Document Identification number 1090 G by its author. A true copy of Ibykus Improvements is attached hereto as Exhibit B.

14. The Ibykus Improvements report summarizes estate and farmland improvements made to the Ibykus Farm as of August 22, 1986.

15. With respect to Campaigner Publications, Inc., the report reveals that the debtor made the following payments, totalling \$79,845.19 for estate improvements:


- a) \$67,692.43 for road clearing and construction;
- b) \$7,639.10 for security facilities; and
- c) \$4,513.66 for culverts.



J. Richard Lytle
Special Agent
Federal Bureau of Investigation

SWORN AND SUBSCRIBED to before
me this 17th day of April, 1987



NOTARY PUBLIC


My Commission Expires July 21, 1987

PUBLICATION AND GENERAL MANAGEMENT, INC.

INVESTMENTS IN IBYKUS FARM ESTATE.
LEESBURG, VIRGINIA

AS OF AUGUST 22, 1986

FARMLAND IMPROVEMENTS & FARM STRUCTURES:

HORSE BARN (1)	\$ 82,315.78	
CATTLE WORKING AREA FENCE	20,280.89	
FENCEING (2)	30,416.83	
FISH STOCK FOR PONDS	755.00	
ROCK WALL	15,321.61	
LANDSCAPING (3)	33,104.00	
UNDISTRIBUTED OUTLAYS	<u>925.00</u>	183,119.11

ESTATE IMPROVEMENTS:

HOUSE REPAIR, RESTORATION, & IMPROVEMENT--		
ROOF	\$ 3,690.00	
BASEMENT	770.04	
PAINTING & INTERIOR	38,617.44	
NEW FURNACE	10,000.00	
SUN PORCH AWNING	1,080.00	
DRAIN FIELD	5,618.00	
ROADS, GATES, PARKING--		
MAIN GATE	3,000.00	
CUSTOMS GATE	929.00	
PINE TREE SCREEN	2,045.35	
DRIVEWAY PAVING	33,465.00	
ROCK FOR ROADS, PATHS, & PARKING AREA	14,142.08	
GARDEN INSTALLATION	13,006.95	
SWIMMING POOL--		
POOL CONSTRUCTION	19,440.00	
DECK	6,566.25	
RIDING RING	4,690.28	
RECREATION BARN--		
HEATING	8,600.52	
INSULATION & PAINTING	4,182.32	
WINDOW REPAIR	464.63	
GUESTHOUSES--		
DRAINFIELD	15,906.50	
FENCING	9,352.00	
WELL	<u>8,412.64</u>	<u>203,979.00</u>
TOTAL		\$ <u>387,098.11</u>

- (1) \$44,377.50 IS WORK BY SCHOOLEY PRIOR TO GAS. IT INCLUDES THE HORSE BARN, BUT ALSO OTHER WORK. \$37,452.64 IS BUHL ELECTRIC PRE-GAS (DOES THIS ALSO INCLUDE WORK OTHER THAN HORSE BARN?).
- (2) \$18,206.06 IS LEE FENCE, PRE-GAS; \$7,924.05 IS HOLMES WOOD SERVICE BOOKED AS EXPENSE RATHER THAN ASSET IN GAS PERIOD.
- (3) \$33,104.00 IS S.P. JONES, PRE-GAS. IT INCLUDES A VARIETY OF THINGS TO BE MORE DIFFERENTIATED THAN "LANDSCAPING."
- (4) WHITE ORNAMENTAL IRON, PRE-GAS (CAS-IV VENDOR LEDGER)
- (5) BOOKED TO GAS AS EXPENSE (MV 98)
- (6) \$2,113.84 IS BOOKED TO GAS AS EXPENSE (MV 742)
- (7) ANTHONY POOLS, PRE-GAS (CAS-IV VENDOR LEDGER)

PUBLICATION EQUITIES, INC.

INVESTMENTS IN IBYKUS FARM ESTATE.
LEESBURG, VIRGINIA

AS OF AUGUST 22, 1986

DEPOSIT AGAINST PURCHASE \$ 401,541.93

FARMLAND IMPROVEMENTS:

CATTLE FACILITIES	\$ 3,931.06	
FENCING	11,733.87	
HIGH TENSILE FENCE GATES	4,407.65	
LAND PREPARATION	6,039.00	
POND CONSTRUCTION	97,143.80	
WELL ENHANCEMENT	<u>2,821.37</u>	<u>126,076.5</u>

TOTAL \$ 527,614.68

CAMPAIGNER PUBLICATIONS

INVESTMENTS IN IBYKUS FARM ESTATE,
LEESBURG, VIRGINIA

AS OF AUGUST 22, 1986

ESTATE IMPROVEMENTS:

ROAD CLEARING & CONSTRUCTION (1)	\$ 67,692.43	
SECURITY FACILITIES	7,639.10	
CULVERTS (2)	<u>4,513.66</u>	\$ <u>79,845.19</u>

TOTAL \$ 79,845.19

- (1) \$8,143.00 IS BOOKED TO GAS AS EXPENSE (MV 418); \$22.78 SAME (MV 696)
- (2) BOOKED TO GAS AS EXPENSE (MV 401)

PUBLICATION EQUITIES, INC.;
 PUBLICATION AND GENERAL MANAGEMENT, INC.;
 AND CAMPAIGNER PUBLICATIONS

COMBINED INVESTMENTS IN IBYKUS FARM ESTATE.
LEESBURG, VIRGINIA

AS OF AUGUST 22, 1986

	<u>TOTAL</u>	<u>PEI</u>	<u>PGM</u>	<u>CAMPAIGNER</u>
<u>FARMLAND IMPROVEMENTS:</u>				
CATTLE FACILITIES	\$ 24,211.95	\$ 3,931.06	\$ 20,280.89	
FENCING	42,150.70	11,733.87	30,416.83	
HIGH TENSILE FENCE GATES	4,407.65	4,407.65		
LAND PREPARATION	39,143.00	6,039.00	33,104.00	
POND CONSTRUCTION	97,143.80	97,143.80		
FISH STOCK FOR PONDS	755.00		755.00	
WELL ENHANCEMENT	2,821.37	2,821.37		
HORSE BARN	82,315.78		82,315.78	
ROCK WALL	15,321.61		15,321.61	
UNDISTRIBUTED OUTLAYS	<u>925.00</u>		<u>925.00</u>	
TOTAL FARM INVESTMENT	\$ <u>309,195.86</u>	\$ <u>126,076.75</u>	\$ <u>183,119.11</u>	

	<u>TOTAL</u>	<u>PEI</u>	<u>PGM</u>	<u>CAMPAIGNER</u>
<u>ESTATE IMPROVEMENTS:</u>				
HOUSE REPAIR, RESTORATION, & IMPROVEMENT--				
ROOF	\$ 3,690.00		\$ 3,690.00	\$
BASEMENT	770.04		770.04	
PAINTING & INTERIOR	38,617.44		38,617.44	
NEW FURNACE	-10,000.00		-10,000.00	
SUN PORCH AWNING	1,080.00		1,080.00	
SECURITY FACILITIES	7,639.10			7,639.10
DRAIN FIELD	5,618.00		5,618.00	
CULVERTS	4,513.66			4,513.66
ROADS, GATES, PARKING--				
ROAD CLEARING & CONSTRUCTION	67,692.43			67,692.43
MAIN GATE	3,000.00		3,000.00	
CUSTOMS GATE	929.00		929.00	
PINE TREE SCREEN	2,045.35		2,045.35	
DRIVEWAY PAVING	33,465.00		33,465.00	
ROCK FOR ROADS, PATHS, & PARKING AREA	14,142.08		14,142.08	
GARDEN INSTALLATION	13,006.95		13,006.95	
SWIMMING POOL--				
POOL CONSTRUCTION	19,440.00		19,440.00	
DECK	6,566.25		6,566.25	
RIDING RING	4,690.28		4,690.28	
RECREATION BARN--				
HEATING	8,600.52		8,600.52	
INSULATION & PAINTING	4,182.32		4,182.32	
WINDOW REPAIR	464.63		464.63	
GUESTHOUSES--				
DRAINFIELD	15,906.50		15,906.50	
FENCING	9,352.00		9,352.00	
WELL	8,412.64		8,412.64	
TOTAL ESTATE INVESTMENT	\$ <u>283,824.19</u>		\$ <u>203,979.00</u>	\$ <u>79,845.19</u>
TOTAL INVESTMENT NET OF				
DEPOSIT AGAINST PURCHASE	\$ 593,020.05	\$ 126,076.75	\$ 387,098.11	\$ 79,845.19
DEPOSIT AGAINST PURCHASE	<u>401,541.93</u>	<u>401,541.93</u>	_____	_____
TOTAL INVESTMENT	\$ <u>994,561.98</u>	\$ <u>527,618.68</u>	\$ <u>387,098.11</u>	\$ <u>79,845.19</u>

Monies Owed to PGH

5/9/84	25000.00	Danbar, Unlimited	Campaigner (PGH-FNSB)	-Sova
3/4/84	6000.00	Danbar	Campaigner (PGH)	
9/11/84	75000.00	Jack Bays	Campaigner (PGM)	Construction -Nova
9/26/84	75000.00	Jack Bays	Campaigner (PGM)	Construction -Nova
9/28/84	5000.00	Charles Ottinger	PGH	Mortgage closing
10/1/84	4350.00	Danbar	Campaigner (PGH)	
10/3/84	4150.00	Danbar	Campaigner (PGH)	
10/5/84	10000.00	Danbar	Campaigner (PGH)	
10/15/84	80000.00	Danbar	Campaigner (PGH)	
10/22/84	500.00	Danbar	Campaigner (PGH)	
10/24/84	3100.00	Danbar	Campaigner (PGH)	
2/19/85	12000.00	Danbar	Campaigner (PGH)	
2/23/85	235.00	Buchanan	PGH-NY	Part of \$910 to CPA
4/16/85	21000.00	PEI	PGH-Lee	to pay Hinkle
4/22/85	11200.00	PEI	PGH-Lee	to pay Hinkle
4/23/85	25553.00	PEI	PGH-Lee	to pay Zingar
5/10/85	905.00	PEI	PGH-Lee	to pay Meyer
5/13/85	19350.00	PEI	PGH-Lee	to pay Danbar
5/14/85	11170.00	PEI	PGH-Lee	to pay Hinkle
5/30/85	30000.00	J. Steinberg	Cash-PGM	Note

6/14/85	27000.00	Hirschel Zirger	CDI-Tex	for PEI
6/17/85	7500.00	PEI	CDI-Tex	Pent
6/18/85	20000.00	Danbar	CDI-Tex	7
6/18/85	35000.00	PEI	CDI-Tex	Smith
6/19/85	10000.00	PEI	CDI-Tex	Smith
6/25/85	29000.00	Danbar	CDI-Tex	
6/27/85	26000.00	PEI	CDI-Tex	Zirger
7/1/85	50000.00	Danbar	CDI-Tex	PEI Loan
7/1/85	11155.00	PEI	CDI-Tex	Hinkle
8/5/85	16280.00	Danbar	CDI-Tex	PEI Loan
9/1/85	20000.00 10000.00	PEI Danbar	CDI-VA CDI-Tex	Hinkle PEI Loan
9/10/85	11155.00	Danbar	CDI-W/T	PEI N/R
9/16/85	10000.00	PEI	CDI	Estabrook
9/18/85	6000.00	PEI	CDI	Wright
9/26/85	9260.00	PEI	CDI	Mortgages
9/30/85	12500.00	PEI	CDI	Hinkle & Hines