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Cornfeld Guilty of Phone Fraud

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Cornfeld Guilty of Phone Fraud

BY ED MEAGHER

Times Staff Writer

Bernard Cornfeld, wealthy former head of an international mutual fund empire, Friday was convicted by a federal District Court jury of defrauding a telephone company out of a few thousand dollars in overseas toll charges.

Cornfeld, who had no comment on the verdict except to say he would appeal it, could be sentenced to a maximum prison term of 15 years and fined \$3,000.

U.S. Dist. Judge Matt Byrne said he would sentence Cornfeld Sept. 27. He continued the defendant's bail of

Please Turn to Page 12, Col. 4

CORNFELD CASE

Continued from First Page

\$10,000.

Cornfeld was convicted on all three counts of an indictment alleging that he carried out a scheme to defraud the Pacific Telephone Co. by using a "blue box," an electronic device, to place 344 overseas telephone calls.

The device, testimony revealed, duplicates tones and signals of the telephone system, enabling the caller to place calls to overseas numbers without the calls being picked up by the company's billing equipment.

Cornfeld is the former board chairman and president of the multimillion-dollar Investors Overseas Service. He maintains homes in Beverly Hills, London, and Geneva, Switzerland.

In January, 1975, FBI agents raided Cornfeld's mansion at 1100 Carolyn Way, Beverly Hills, and seized two blue boxes on the premises.

Cornfeld did not take the witness stand during the trial.

In his defense, Cornfeld's lawyers did not contest the presence of the blue boxes in the home but argued that Cornfeld had no knowledge that they were being used by his secretaries.

Government witnesses, however, including a number of Cornfeld's former employes, testified to the contrary.

The illegal calls were placed to London, Geneva and other European locations during a six-month period from July, 1974, through January, 1975, according to testimony.

The telephone company losses were estimated at approximately \$1,000 a month, government lawyers said.