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Title           **5 Accused in Phone Fraud Case**

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Abstract       Marvin Valencia, Martin Liebow, Lillie S. Autry, Ronald Newsome, and James J. Headen arrested for blue box fraud.

Keywords      Marvin Valencia; Martin Liebow; Lillie S. Autry; Ronald Newsome; James J. Headen; Dallas, TX; FBI; blue box

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## 5 Accused In Phone Fraud Case

DALLAS, Sept. 13 (UPI) — Charges of conspiracy to defraud the Southwestern Bell Telephone Co. were filed yesterday against four executives and an engineer.

The Federal Bureau of Investigation arrested the five this week and said they were involved in an operation involving a small electronic device called a 'blue box' used to make long-distance telephone calls without payment.

Arraigned before U.S. Magistrate Patrick Mulloy and released on personal recognizance bond were Marvin Valencia, Martin Leibow, Lillie S. Autry and Ronald Newsom. Federal agents said the engineer, James L. Headen, was arrested yesterday and was scheduled for a later arraignment.

Federal sources said the blue boxes were assembled for less than \$100 each and were being sold for \$3000 each. Officers said the boxes in some instances "just about paid for themselves in the first month."

Also named in a federal complaint was Concord Enterprise Co. of Dallas, of which Leibow is president and chairman of the board.

Mrs. Autry is president of Smitty's Air Freight, federal officials said, and Newsom is the firm's general manager.

A spokesman for Southwestern Bell Telephone Co. said company engineers discovered the operation after determining that a long-distance circuit was being used with no record made of the billing. The spokesman said users of the devices were apparently assured that authorities had no way of detecting the equipment.

The blue-box apparatus emits an electronic tone that prevents the phone company's billing devices from working, federal spokesmen said. One official said Dallas had become a manufacturing center for the electronic devices.