

## **Exploding The Phone**

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TitleFBI File 87-HQ-134486: Redacted v. Clarence M. Kelley et al;Miscellaneous Civil Suit; OO: Las Vegas

Date 1976-04-06

- Author(s) FBI
- Abstract Memo re Ninth Circuit case 75-1906 which appears to be a lawsuit against the FBI and Pacific Telephone for their violation of IOC laws while investigating a blue box case.
- Keywords blue box; FBI; Las Vegas, NV; lawsuit
- Notes Obtained as part of FOIPA 1034080 (blue box part 1)
- Source FBI via FOIA

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## FEDERAL BUREAU OF INVESTIGATION FOIPA DELETED PAGE INFORMATION SHEET

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J FD-FBI Date: 4/6/76 Transmit the following in \_\_\_\_\_ (Type in plaintext or code) Ъб AIRTEL b7C Via . (Priority) c) TO: BUREAU ATTN: LEGAL SECTION FROM: SAC, LAS  $\sqrt{P}$  GAS (62-895) (P) SUBJECT: Plaintiff v. CLARENCE M. KELLEY, Director, FBI; LAWRENCE J. SEMENZA, USA, District of Nevada; Special Agent, FBI; Pacific Telephone and Telegraph Co. -Defendants MISCELLANEOUS CIVIL SUIT 00: Las Vegas Enclosed for the Bureau are five copies of a LHM setting forth information concerning captioned matter, and five copies of the 9th Circuit case 75-1906, concerning appeal. 87--134460 ADMINISTRATÍ contacted the Reno RA on 9/20/74, and furnished info re the use of the "blue box". He requested that any investigation be delayed until investigation was concluded by the RT&T in Los Angeles, California, a the believe vas involved in the use of a "blue box," In the Los Angeles anea **MCT-18** 21 APR 10 1976-CH 38 2) - Bureau (Enc. 2 - Las Vegas JAN:arw (4)MUN S J IBLE HEALERE YAM Approved:C Sent \_ Per \_\_ M **D**in Charge

LV 62-895

On 9/27/74, the First National Bank of Nevada, 2nd Street and North Virginia Street Branch, Reno, Nevada, was robbed of \$1,044,000.

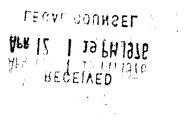
On 11/22/74, two of the bank robbers were arrested in Newport Beach, California.

During 9/27/74 and 11/22/74, there was no investigative personnel available to work on the "blue box"

On 11/25/74 called to ask how the BR investigation was going and to say the "blue box" was again being used. At this time it was decided to proceed with the investigation and USA SEMENZA was contacted.

SEMENZA stated there was probable cause and that a search warrant would be prepared 11/26/74.

On 11/27/74, SA contacted and determined the latest frauduent activity had taken place at 11:16 AM, 11/27/74.



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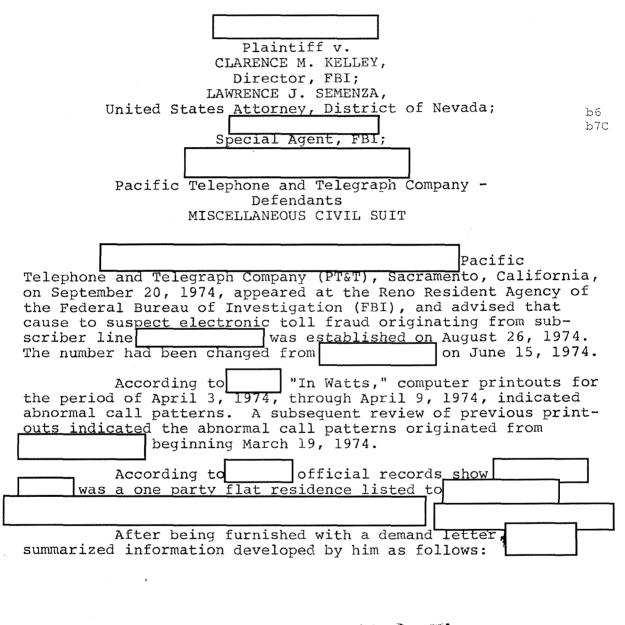
## UNITED STATES DEPARTMENT OF JUSTICE

## FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Las Vegas, Nevada

April 6, 1976



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	1. Telephone company billing equipment was being circumvented by an electronic device generically known as a blue box.
<u>ر</u> ۲	2. Electronic toll fraud was originating from subscriber line which terminates at
L	3. The perpetrator identified himself as
Г	4. The electronic toll fraud was being perpetrated in conjunction with real estate business transactions by
[	5. The subscriber of record to telephone
	On November 25, 1974, again contacted SA stating the "blue box" was again being used on telephone
	The facts were presented to Lawrence J. Semenza, United States Attorney, District of Nevada, who authorized a search warrant.
	The search warrant was prepared and signed by G. Russell Pike, then the United States Commissioner.
	At about 5:30 PM, November 27, 1974, advised the "blue box" had just been used from telephone
	and Special Agents and proceeded to West Moana Lane and Skyline Boulevard, Reno, where they waited untilarrived.
	At 6:00 PM, November 27. 1974, after the arrival of Special Agents and executed the search warrant at and recovered a "blue box" from
	The "blue box" was taken from the residence and displayed to who had waited in his car outside residence to be certain it was in fact a "blue box"

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On December 4, 1974, a Federal Grand Jury (FGJ), sitting in Reno, Nevada, indicted for violation of Title 18, United States Code, Section 1343 (Fraud by Wire). On December 20, 1974 was arraigned in United States District Court (USDC), and entered a plea of not guilty. was subpoenaed to produce magnetic tapes of intercepted fraudulent calls. He produced the original tape for the United States Attorney, as copy of the tape for the Defense and a copy of the tape analysis. On December 14. 1974, motions to suppress the inforto Special Agent mation furnished by were heard. The Honorable Bruce R. Thompson, United States District Judge (USDJ), denied the motions and set trial for March 3, 1975. On March 3, 1975, a jury trial was held in <u>USDC</u> Reno, Nevada, and on March 4, 1975, the jury found quilty. On March 4, 1975, filed a notice of appeal. On October 21, 1975, the 9th Circuit Court of Appeals affirmed conviction. On February 25, 1976, Special Agent was served with the following:

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In answer to the above the following is set forth:

Paragraph 7 - Special Agent is a Special Agent of the FBI and was so employed during the pertinent period of the investigation.

Paragraph 9 - At no time did Special Agent direct the activities of or Semenza and did not act as an agent for or Semenza.

Paragraph 11 - Special Agent \_\_\_\_\_at no time had actual knowledge of any intercepts or of telephone calls made from \_\_\_\_\_\_and \_\_\_\_\_until the tapes were subpoenaed on February 14, 1975. Special Agent \_\_\_\_\_at no time instructed \_\_\_\_\_to intercept calls. Special Agent \_\_\_\_\_ at no time monitored the telephone conversations from telephone numbers \_\_\_\_\_\_pr

Paragraph 12 - Special Agent only discussed the contents of the tapes and other information with Semenza and in the USDC, Reno, Nevada, during trial.

Paragraph 13 - Neither the FBI nor Special Agent instigated the interception or monitoring of telephone calls from \_\_\_\_\_\_ or \_\_\_\_\_ or \_\_\_\_\_

It was obvious that when he spoke to Special Agent or September 20, 1974, had conducted an intensive investigation.

To the knowledge of Special Agent \_\_\_\_\_\_ the FBI is the only investigative agency at the time having any knowledge of the "blue boxed" calls and/or conversations. Special Agent \_\_\_\_\_\_ did not hear the tapes until they were played after being suppenaed on February 14, 1975. At no time were the conversations discussed with anyone outside the FBI except and Semenza.

Paragraph 16 - There was no wrongful conduct on the part of Special Agent

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