

FAX

Reuven.

As I discussed with you the announcement by John that Larry R had been told about Alex was something of a major surprise. I know that you know the story from JN. What I am doing here is putting my perspective so that you have a record of how I see things. I have not discussed this with JN and will not mention it to him. This is a communication between myself and you alone

Until the moment that JN dropped the bombshell I was very happy that the bonding between JN and Alex was going extremely well. If I had known about this matter in advance I would have instructed N not to tell Alex.

I will not go over the old ground all over again. Just accept it from me that I was content that despite whatever table thumping LR may indulge in I knew that there was absolutely nothing that LR could do about Alex. I say this for the following reasons.

1. Alex did not personally programme the card.
2. Alex did not touch the card. His fingerprints would not be on it.
3. Alex did not supply the card.
4. The card sent by PC to LR by Fed Ex could have come from any source and there is no continuity of evidence to suggest that it was the card seen by Alex. As we all know continuity of exhibits is an essential ingredient in court cases. This was a major point that ruled a great deal of evidence inadmissible in the OJ trial and they did not send the exhibits by courier from another country.
5. In order to give any evidence whatsoever PC would have to come into the open this would destroy him in the Pirate Community and destroy his very successful business. He would not take this risk.
6. The card supplied by PC could be a card programmed by BILL, or anyone else.
7. The card was allegedly programmed in Canada. This is not a criminal offence in Canada and would not be acceptable as evidence in the USA.

The only possible offence could be if Alex had sold a card as this did not happen there is no offence. Whereas PC sold cards to Jellyfish and did commit a criminal offence.

- A. The RCMP would not waste their time and resources investigating a single card in these circumstances.
9. In Canada there is sufficient recent precedent to suggest that the Police and Courts would not co-operate with the USA in the investigation of the alleged offence. As a good illustration look at SCI. After one year of investigation with a mountain of evidence and maximum effort we are no nearer to resolving the case. This case is not effected by the very bad relationship between the USA and Canada whereas any contemplated against Alex would be.
10. LR is obviously condoning a very active Grey market operation by PC in Canada. Any attempt to launch a prosecution against Alex would immediately result in discovery against PC. It would seriously embarrass DTV. Apart from Copyright issues there are probably conspiracy offences that could be brought against DTV and LR personally. LR is aware of the discovery of the operation through the tracking of cards. I cannot imagine that he would ever run the risk of exposing his double agent, himself and his company to such problems by attempting to pursue Alex given the very weak case against him.
11. PC continued to programme cards with the BILL 3M after the Alex visit. As described he is conducting Grey market activity at the front door and pirate activity in the basement. His dealings in both types of cards runs into the thousands.
12. If LR could take action against Alex he could also take action against Jellyfish. He has not done so despite the fact that it would be ten times easier. Why not?
13. JN says that the Alert to the Airports was to effect the arrest of Alex 'on probable cause'. He would be searched and detained. The assumption being that something would be found in his possession. I am well aware of these provisions and know better than anyone their strengths and weakness. I was the Interpol Secretariat for Europe. I dealt with the RCMP and FBI on these very matters. A stop and detain alert is really a pathetic provision. It means that we have no evidence against this person ONLY suspicion so please stop him and if he has anything with him detain him and let us know.

Alex had absolutely nothing with him. I even disobeyed your advice that he could walk through with his laptop. He did not even have a credit card with him. There would have been absolutely no legitimate grounds for detaining him for a second. Had anyone done so there was a lawyer ready to get him out of trouble.

15. The only possible evidence that could ever have existed to connect Alex to the card was what was on his PC. It was wiped clean the same day the card was programmed. As an extra precaution the computer was broken into two parts and sent by two separate courier companies to two separate addresses in Germany. So what was on the card that LR received from PC. It was the 3M programme from BILL of which there are thousands in existence. Nothing existed technically to connect Alex to the card in either Canada, the USA or Germany.

So the revealing to LR about Alex was done without a literal life or death risk. As I said there was a tricky situation that required managing. I cannot see the reasons why we made the disclosure to LR and find it impossible to justify the risk and exposure we now face.

Telling LR is as good as telling PC. Agents and Handlers have a relationship. In this one I suggest that PC is in control. JN described LR as a nice idiot to Alex. In fact JN did a very good job initially at explaining just how useless LR really is, he described him as a speech writer.

We also discussed between ourselves that 'under no circumstances must we tell LR that Alex works for us'. It was an absolute priority. That decision was made and we all acted on it. Yet JN now tells us that within 4-5 days of the days Alex left the USA he told LR. At that time the heat was removed as Alex was safely away. The motive for telling LR was not to protect Alex. The only reason could be to stop LR making further enquiries. However, even if he had made exhaustive enquiries there was nothing he could do against Alex. All he wanted to do was find out if he was working for us. This was the first question he asked. All we had to do was stick to our story and deny. JN did not know of the name given by LR and could truthfully say that he had not heard of him. Then if LR discovered the real name he could again say that he did not know anyone of that name. As JN said to me 'I do not know his real name and do not want to know it'. I have not been told of the reasons why the revelation was made and cannot understand why we did not stick to the plan.

Alex is under contract to us and us to him. We undertook not to reveal that he

worked for us. Yet we did this and did not tell him. My own situation is difficult to understand I was not consulted nor told during the past month.

Three weeks ago Alex contacted me and said that PC had told Sam Moreale that 'Jellyfish is an idiot but to be wary of the German. He works for NDC, I know, I know', he said. SAM said that PC was doing his best to convey that he (PC) knew beyond doubt that what he was saying was true. When Alex told me what PC had said and asked whether LR could know about him working for NDS I promised him that this was not the case. I offered to double check with yourself as Alex was clearly concerned over the confidence with which PC was making his claim. I telephoned you and again you assured me that LR did not know. I called Alex back and said 'I guarantee you 1 million per cent that LR does not know'.

There then followed the strange claim by POMELLA that BILL knew that Alex worked for NDC to the extent that he said that he had seen the Payroll. We all knew that this could not be true. However, the talk of 'payroll' was assumed to be an invention by BILL so that he could pass on his confident claim in a convincing manner. Benji contacted POMELLA and he repeated his absolute conviction that Alex worked for NDC but declined to give over a copy of the payslip. He added that he knew it to be true but wished that Benji did not mention his (Pomella) name as he did not want trouble with NDC.

BELLA also dropped all contact with Alex at this time. We assumed that he was just angry that Alex would not help the Canadians. Bella is very close to SAM.

I now have the situation where Alex knows that we have revealed his name outside NDS. The reasons given do not add up to a justification. He accepts that we had a difficult position to manage but never dreamed we would go this far. He would rather have had the position where LR, the FBI and the RCMP spent the next five years trying to prosecute him than have his name revealed. He would have taken that risk and would have begged us not to reveal his name.

Alex is convinced '100%' that PC has been told by LR.

You assure me that this is not the case. I wish I felt as confident as you. I have suggested to Alex that the story that he works for NDC could be an invention by BILL. We acknowledge that BILL has motives for saying this. In my heart I feel that Alex is right.

As I said to you in confidence I believe that the position was overstated by JN. You assure me that this was not the case. My frustration is that we went to

great lengths to protect Alex and then give away our greatest secret to someone we do not trust. There must have been other ways to manage the situation.

As a means of damage limitation there are certain things that I must know.

- a) When LR was told
- b) What LR was told
- c) The conditions imposed on LR when he was told. For example is there a Non Disclosure Agreement with us and LR or his employers and how effective is it.

As a matter of personal interest I would like to know why the decision was made to tell LR. I will not take this any further. There may have been powerful and legitimate reasons. However, the decision is so monumental that I feel I must know. It will also help me to decide what my future relationship is to Alex. If you do not accept that LR has told PC then you must accept that there is a risk that this could happen. I have some ideas as to how we can manage the situation and limit or possibly prevent damage.

My reason for mentioning this is that circumstances have now changed. Until now no one outside knew that Alex worked for us. This gave us control and strength. Now we must consider the new facts whenever we are considering an operation.

I will always fully support your decision and action and will not mention these matters to anyone else, that includes JN. My only reason for putting this in writing is so that you will read it and understand how I see it. I will manage Alex and will make sure that nothing detrimental occurs. I will also make sure that Alex co-operates with JN.

You have my complete loyalty and trust and support at all times. I respect you and will not let you down.

Ray