

# 2 Real Estate Men Testify Shepard Got Loans as 'Friend'

BY RON EINSTOSS

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Two men engaged in real estate in the San Fernando Valley testified Friday that they had loaned City Councilman Thomas D. Shepard money—but only because they were his long-time friends, not because they expected any favors from him.

Edward Lustgarten and Harlan Lee were called as witnesses by the prosecution which is seeking to show a pattern of Shepard's borrowing money without repaying it until after he had learned of the investigation which led to his indictment on eight counts of bribery and one of conspiracy.

Shepard is accused in three cases of accepting either loans or campaign contributions in return for zoning favors in Canoga Park, Reseda and Chatsworth.

## 'Doing Friend a Favor'

Lustgarten, a retired attorney, said he loaned Shepard \$10,000 on Nov. 12, 1965, in exchange for a second trust deed on the defendants' Woodland Hills home.

Excepting for a token \$250 interest payment, Lustgarten said Shepard failed to repay any of the money until late in 1967.

Earlier testimony in the trial before Superior Judge George M. Dell indicated that Shepard became aware of the investigation in October of that year.

In November, 1967, Shepard paid \$7,750 on the note, Lustgarten testified.

The witness said he didn't know why Shepard needed the money, but that he loaned it to him because "I thought I was doing a friend a favor."

In cross examination by defense attorney John LaFollette, Lustgarten described Shepard as "as fine a man as I have known."

He said he never attempted to influence Shepard's vote and would have loaned him the money even if he had not been on the City Council.

Lee said his firm loaned Shepard \$5,000 on April 13, 1965. The note was to be payable on demand.

The witness said the money, given

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# Shepard Loans Just 'Friendly,' Pair Testify

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to Shepard because he was a friend, has never been repaid.

Like two previous witnesses, Lee said he received a letter from Shepard in December, 1967, thanking him for his patience in not requesting the loan's repayment.

City Water and Power Commissioner Nathan O. Freedman was questioned by Dep. Dist. Atty. Harold M. Stanley, both about a \$9,700 loan he and a friend had made to Shepard and on his work as an expediter for an applicant who had a rezoning matter before the council in 1963.

Freedman testified that the money was loaned to Shepard in February, 1965, and said that all but a still unpaid \$2,200 was returned to him by Shepard later that year.

The only reason he loaned Shepard the money, Freedman said, was because of friendship. He said he never tried to buy Shepard's vote on anything.

Stanley also queried the witness about a \$10,000 fee he had received for representing a group which obtained rezoning from the City Council for 10 acres of land in Canoga Park after it had been turned down by the Planning Commission.

## Zoning Background

Freedman, a Northridge attorney, said he was paid the money—\$7,500 plus a \$2,500 bonus—because he "conscientiously advocated" the matter before the City Council.

The council's three-man planning committee, on which Shepard served, recommended on March 28, 1963 that the land be rezoned for multiple dwelling.

The same owners, without Freedman's help, then tried to rezone an adjoining spur of land, but were unsuccessful.

An adjacent seven-acre parcel, rezoned in 1964, is the subject of five of the nine felony counts against Shepard. The owners of that property loaned Shepard \$10,000 at the same time the matter came before the council.

The money has never been repaid.

They also allegedly paid a \$21,000 bribe to influence the removal of Mayor Sam Yorty's veto which had blocked the ordinance to rezone the land.