



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 15, 2002

MEMORANDUM

TO: The Commission

FROM: Lawrence H. Norton
General Counsel

BY: Gregory R. Baker *GRB*
Acting Associate General Counsel

Lorenzo Holloway *LH*
Assistant General Counsel

Kimberly D. Hart *KDH*
Attorney

AGENDA ITEM
For Meeting of: 5-16-02

SUBMITTED LATE

SUBJECT: Document Submitted by Philadelphia 2000 Host Committee (LRA #609)

I. Background

On May 14, 2002¹, the Audit Division received a document from the Philadelphia 2000 Host Committee ("Committee") providing further comments to its original response to the Preliminary Audit Report. The Office of General Counsel does not believe the Commission should consider the Committee's response.

The Committee submitted a response to the Preliminary Audit Report on December 27, 2001. The Committee's additional response to the Preliminary Audit Report is not timely. 11 C.F.R. § 9007.1(c)(2). There are no provisions contained in the regulations that permit a host committee to submit additional comments or responses to the Preliminary Audit Report at this stage of the process. See 11 C.F.R. § 9007.1(d)(1).² The Commission may only consider timely responses to the Preliminary Audit Report. 11 C.F.R. § 9007.1(d)(1).

¹ The Audit Division received the Committee's submission by facsimile at 5:22 pm on May 14, 2002.

² The audit report does not include any repayment determinations. Therefore, the Committee cannot submit any additional responses in the audit context. If any matters arising out of the audit are referred to the Office of General Counsel for enforcement, the Committee may submit a response in that context. 11 C.F.R. § 111.16.

The Committee's response is improper and the Commission should not consider it at the May 16, 2002 Open Session. Accordingly, the Office of General Counsel recommends that the Commission not consider the Committee's document submitted on May 14, 2002.

II. Recommendations

The Office of General Counsel recommends that Commission:

- 1) Not consider Philadelphia 2000 Host Committee response submitted on May 14, 2002; and
- 2) Approve the appropriate letter notifying the Committee.

LAW OFFICES
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 SALT LAKE CITY, UT
 MOOREHEAD, NJ
 WASHINGTON, DC

PLEASE DELIVER AS SOON AS POSSIBLE TO:

RECIPIENT	COMPANY	FAX NO.	PHONE NO.
Kendrick Smith	Federal Election Commission	(202) 219-3483	

From: Edmond J. Ghisu Date: May 14, 2002
 Phone: (215) 864-8628 Matter: 854554
 Fax: (215) 864-9285
 E-mail: ghisue@ballardspahr.com

Total number of pages including this page *28*
 If you do not receive all the pages, please call (215) 864-8949

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May 14, 2002

VIA OVERNIGHT DELIVERY

Secretary to the Commission
 Federal Election Commission
 999 E Street, N.W.
 Washington, D.C. 20463

INCORPORATED
 on Tom Ridge
 GOVERNOR
 Commonwealth of Pennsylvania

Re: **Philadelphia 2000 - (C00342519)**

John F. Street
 Mayor
 City of Philadelphia

Dear Sir or Madam:

CO-CHAIR
 David L. Cohen
 Chairman
 Ballard Spahr Andrews
 & Ingersoll, LLP

I write on behalf of Philadelphia 2000, a host committee registered with the Federal Election Commission (the "Commission"), to respond to certain of the issues raised in the final audit report of the Audit Division dated May 9, 2002 (the "FAR"), which is on the Commission's agenda for consideration on May 16, 2002. Philadelphia 2000 incorporates by reference its previously filed response to the Preliminary Audit Report (the "PAR") dated December 27, 2001.

David F. Girard-diCarlo
 Managing Partner
 Bank of America Company
 & McCauley, LLP

A. **Reporting of Debts and Obligations**

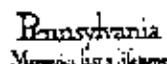
Brian L. Roberts
 President
 Comcast Corporation

In the PAR, the Audit Division identified forty-five debts and obligations that it believed Philadelphia 2000 should have itemized on Schedule D of its Post-Convention Report on Form 4. In its response to the PAR, Philadelphia 2000 noted that eight of the items in question were actually debts of the Committee on Arrangements (the "COA") of the Republican National Committee - not Philadelphia 2000. The Audit Division has now acknowledged this fact in the FAR.

PRESIDENT
 Karen Dougherty Bushnell

As to the thirty-seven remaining items, Philadelphia 2000 noted in its response to the PAR that two were previously paid, and one was converted to an in-kind contribution. The remaining thirty-four items were, as the Audit Division notes, disclosed by the host committee on Schedule D of its Amended Post-Convention Report, which was filed in response to the issues raised in the PAR. With respect to nine of these thirty-four items, the Audit Division has taken issue with the fact that Philadelphia 2000 reported on Schedule D the amounts for which these disputed payables were ultimately settled by the parties, rather than the amount that the Audit Division apparently believes was due and owing.

2301 Market Street, Suite 57-1 • Philadelphia, Pennsylvania 19103 • 215.686.0350 Phone • 215.686.0355 Fax



Philadelphia 2000 respectfully submits that the Audit Division's conclusion on this point is incorrect and that the host committee properly disclosed the items in question in its Amended Post-Convention Report.

As an initial matter, the Audit Division first asserts that Philadelphia 2000 did not provide "any documentation supporting the settlement agreements . . ." This is not correct. Copies of settlement documents were provided to the auditors as they became available.¹ In any event, Philadelphia 2000 has enclosed herewith the relevant documentation relating to the settlement of seven of the nine debts at issue.²

The Audit Division next asserts that Philadelphia 2000, in reporting the nine items at issue, should have (1) reported on Schedule D the amount that was eventually paid in settlement and (2) included on Schedule A an in-kind contribution from the applicable vendor representing the amount in dispute that was not paid. In stating this position, the Audit Division refers repeatedly to "forgiven" debt and the need to report such "forgiven" debt as an in-kind contribution. Such a description, in the present circumstances, is not accurate. The sums that were not paid by Philadelphia 2000 do not represent "forgiven" debt: they represent "disputed" debt. In fact, the host committee maintains to this day that most of its settlements with vendors reflect the true value of goods and services provided to the host committee, and that where this was not the case, the host committee has reported an in-kind contribution from the vendor.³ Referring to a "forgiven" portion of the debts and obligations at issue assumes that the entire amount of the debt originally asserted by the vendors was accurate - an assumption that is not correct. Eight of the nine items at issue were *disputed* debts, and, if the host committee were to report the additional in-kind contributions as suggested by the Audit Division, the result would

¹ At some point in early 2001, my associate Edmond Ghisu was informed by the auditors to stop forwarding additional supplementary materials so that they could finalize the Exit Conference Materials and, eventually, the PAR.

² With respect to the debt owed to Arena Vision, Philadelphia 2000 previously made available to the auditors an invoice in the amount of \$8,000, which amount was subsequently paid by the host committee on December 26, 2001. Philadelphia 2000 has no documentation to support the Audit Division's belief that Arena Vision is owed an additional \$4,203.35 by the host committee. The Audit Division apparently formed this belief after conversations with representatives of the COA that did not involve Philadelphia 2000, and, to date, Arena Vision has not alleged that Philadelphia 2000 owes any amount beyond the \$8,000 that was previously paid. Similarly, with respect to Central Parking Corporation, Philadelphia 2000 previously made available to the auditors an invoice in the amount of \$10,857 that was subsequently corrected to \$6,285. This corrected invoice did not represent the forgiveness of a debt or the settlement of a disputed payable. Rather, it represented the correction of an error by Central Parking Corporation, and the corrected invoice was part of the records that were made available to the auditors. There are thus no further documents to provide with respect to the Arena Vision and Central Parking Corporation debts, as those are not matters that were "settled" between the parties.

³ With respect to debt owed to the Greater Philadelphia Chamber of Commerce, as the enclosed correspondence demonstrates, \$19,936.32 of the debt was paid by Philadelphia 2000, and the remaining \$10,000 was treated as an in-kind contribution, which is reported in Philadelphia 2000's April 2001 Quarterly Report.

be that the receipts in Philadelphia 2000's report would be overstated by over \$2,000,000. Philadelphia 2000 was correct in reporting the debts in question as it did.⁴

Finally, the Audit Division also suggests in the FAR that the host committee was obligated to obtain Commission pre-approval of any disputed debt settlements with a non-local vendor. In this case, there was only one such vendor, QTV, with whom Philadelphia 2000 settled a disputed debt of \$99,547.41 for \$34,138.06. Absent such pre-approval, it is the Audit Division's position that the host committee has received an improper in-kind contribution of \$65,409.35 from a non-local vendor. When asked to identify the source of the pre-approval requirement, the Audit Division identified in subsequent e-mail correspondence (a copy of which is enclosed) the following regulations: 11 C.F.R. § 104.3(d), 11 C.F.R. § 104.11(a), and 11 C.F.R. § 116.7. The cited regulations, however, impose obligations upon "political committees" - not "host committees." Philadelphia 2000 does not meet the definition of a "political committee,"⁵ and, to the best of Philadelphia 2000's knowledge, there is no statute or regulation applicable to a host committee that requires Commission pre-approval of disputed debt settlements with non-local vendors. Moreover, the cited regulations, even if they were applicable to a host committee, require pre-approval only when a political committee seeks to settle a *legitimate* debt for less than the full amount owed. As noted above, Philadelphia 2000's settlements with vendors involved the resolution of disputed debt - not the forgiveness of debt. Philadelphia 2000 thus properly reported the debts at issue.

B. Contributions from Outside the Philadelphia Metropolitan Area

The Audit Division identified in the PAR five contributions totaling \$151,250 which it asserts were improperly received by the host committee from non-local entities. With respect to two of these matters, totaling \$66,250, Philadelphia 2000 submitted evidence that the entities in question, CNN LP LLLP, Florida Crystals, Inc. and Flo-Sun, Inc. have a physical presence in the Philadelphia Metropolitan Area. Philadelphia 2000 maintains, for the reasons asserted in its response to the PAR, that the evidence presented is sufficient to establish the requisite physical nexus to the Philadelphia Metropolitan Area.⁶

⁴ Of course, if it is the determination of the Commission that Philadelphia 2000 should further amend its Post-Convention Report to include the aforementioned in-kind contributions as suggested by the Audit Division, the host committee will make such amendments.

⁵ The term "political committee" is essentially defined as a committee that accepts contributions that are made for the purpose of "influencing any election for Federal office." See 2 U.S.C. §§ 431(4) and 431(8) (defining the terms "political committee" and "contribution"). As the Commission is aware, such a definition does not encompass Philadelphia 2000, which is a registered "host committee" (i.e., an entity formed with the principal objective of encouraging commerce in the convention city as well as projecting a favorable image of the city to convention attendees). See 11 C.F.R. § 9008.52(a). By its very nature, the contributions received by Philadelphia 2000 are not to be made for the purpose of influencing any election for Federal office. Indeed, the Commission acknowledged this distinction in the March 2002 issue of the Federal Election Commission Record in which, in response to this very argument raised by Philadelphia 2000, the Commission found that host committees "are not subject to the Administrative Fine program." Federal Election Commission Record, at p. 12 fn. 2 (March 2002).

⁶ In this regard, it is also worth noting that the Office of General Counsel, in its report to the Audit Division dated May 8, 2002 (a copy of which is attached to the FAR), appears to recognize in footnote 10 on page 5 that CNN, as the premier cablecast news channel, could expect that the volume of its business would be directly affected

(continued.)

As Philadelphia 2000 also noted in its response to the PAR, the funds received from CNN, as well as the funds received from Access Industries, Inc. and Voter.com, were properly accepted for the additional reason that the funds represented payment for goods and/or services received from Philadelphia 2000. The funds in question were not "donations" subject to the local presence requirements of 11 C.F.R. § 9008.52. Rather, they were consideration for goods and services, and the Audit Division has presented nothing to suggest that the payments did not represent the fair market value of the goods and services in question. In these circumstances, the local presence requirement is not applicable, and Philadelphia 2000 properly accepted the receipts in question.

Finally, as the Audit Division notes in the FAR, the Audit Division apparently believes that if the Commission finds that Philadelphia 2000 improperly accepted the receipts in question, Philadelphia 2000 should be required to refund the funds at issue. The host committee respectfully notes, however, that there is no statutory or regulatory authority that empowers the Commission to make such an order with respect to host committees. See, e.g., 11 C.F.R. 9008.54 (in auditing a host committee, the Commission shall not make a repayment calculation).⁷

In sum, Philadelphia 2000 respectfully submits that, as it has used its best efforts to obtain, maintain and submit the information required of a host committee, it should be considered to be in compliance with the regulations applicable to host committees. Thank-you for consideration of this response.

Very truly yours,



David L. Cohen
Chairman

Enclosures

cc: Kendrick Smith (via facsimile - 202-219-3483)
Karen Dougherty Buchholz, Treasurer (w/enc.)

(...continued)

by the presence of the nominating convention, an event that drew worldwide coverage, in Philadelphia. This is another reason that the funds received from CNN were properly accepted by the host committee. See 11 C.F.R. § 9008.52.

⁷ The only apparent authority regarding the repayment of host committee receipts from non-local entities empowers the Commission to seek repayment of such sums from the convention committee - not the host committee - if the convention committee knowingly helps, assists or participates in the acceptance of such funds. 11 C.F.R. § 9008.12(b)(7).

SETTLEMENT AGREEMENT AND RELEASE

THIS AGREEMENT is made on this 24th day of April, 2001, by and between Verizon Network Integration Corp., a Delaware corporation, with offices at 52 East Swedesford Road, Frazer, PA 19355, and Verizon Connected Solutions Inc., a Delaware corporation, with offices at 11750 Beltsville Drive, 3rd Floor, Beltsville, Maryland 20705 (hereinafter jointly referred to as "Verizon") and Philadelphia 2000, a Pennsylvania not-for-profit corporation, with offices at c/o Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, 51st Floor, Philadelphia, PA 19103 (the "PHC").

WHEREAS, Verizon claims that the PHC owes Verizon approximately \$4.3 million for telecommunications, data, and related products and services provided to the PHC by Verizon in connection with the 2000 Republican National Convention held in Philadelphia, Pennsylvania (the "Convention").

WHEREAS, the PHC disputes Verizon's claim and asserts that Verizon billed incorrect amounts to the PHC; and

WHEREAS, the parties desire to settle all claims of the parties arising out of any goods or services provided by Verizon in connection with the Convention (the "Claims") under the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, the parties, intending to be legally bound hereby, agree as follows:

1. **Obligations of the PHC**

a. (i) Within three (3) business days of execution of this Agreement by the parties, the PHC will pay Verizon the sum of \$2,050,000 U. S. dollars by check. (ii) The PHC will also pay to Verizon any amounts that the PHC receives from third parties after

the date this Agreement is executed, such amounts to be paid to Verizon by check within three (3) business days of the date the PHC receives notice that such amounts have cleared through the banking process. (iii) The PHC will also pay to Verizon any amounts that the PHC has in its bank accounts in excess of \$25,000 as of the date the Federal Election Commission (the "FEC") completes its audit of the PHC or December 31, 2001, whichever is later, such amounts to be paid to Verizon by check within three (3) business days of such date. All of the foregoing checks shall be made payable to Verizon Network Integration Corp., unless otherwise indicated by Verizon by notice sent to the PHC in accordance with this Agreement.

b. The PHC will permit Verizon, at reasonable times and at Verizon's expense, to conduct an audit, using a third-party auditor of Verizon's choosing, of the PHC's receivables from third parties and payments of amounts due Verizon under this Agreement.

c. The PHC will provide Verizon with access to publicly available audits of the PHC by or on behalf of the FEC, access to publicly available reports made by the PHC to the FEC, and access to audits of the PHC performed by its outside auditor, including such auditor's reports for the years ending on December 31, 1998, 1999, 2000, and 2001.

d. The PHC hereby irrevocably remises, releases, and forever discharges Verizon of and from any and all manner of claims, demands, rights, liabilities, damages, potential actions, causes of action, suits, agreements, judgments, decrees, and controversies of any kind and nature whatsoever, at law, in equity, or otherwise, whether known or

unknown, which have arisen or might subsequently arise in connection with the Claims, except actions to enforce, or seek damages for breach of, this Agreement.

e. The PHC hereby warrants and agrees (1) that it has not assigned, pledged, hypothecated, or otherwise divested itself or encumbered all or any part of the Claims being released hereby; (2) that no other person or entity has any interest in or ownership of the Claims covered by this release; and (3) that the PHC will indemnify, defend, and hold Verizon harmless from and against any or all of any part of the Claims so assigned, pledged, hypothecated, divested, or encumbered which is brought against Verizon.

f. The PHC agrees that it will not file a complaint or petition or commence a proceeding in any forum against Verizon relating in any way to the Claims, except an action to enforce, or seek damages for breach of, this Agreement.

g. As used in this paragraph 1, the PHC shall mean and include the PHC, as described above, and any and every of its predecessors, successors (by merger or otherwise), assigns, past, present, and future parents, subsidiaries, affiliates, and divisions, and past, present, and future directors, officers, shareholders, agents, attorneys, and employees and their respective heirs, personal representatives, legatees, executors, administrators, and assigns.

h. As used in this paragraph 1, Verizon shall mean and include Verizon, as described above, and any and every of its respective predecessors, successors (by merger or otherwise), assigns, past, present, and future parents, subsidiaries, affiliates, and divisions, and past, present, and future directors, officers, shareholders, agents, attorneys, and employees and their respective heirs, personal representatives, legatees, executors, administrators, and assigns.

2. Obligations of Verizon

a. Verizon hereby irrevocably remises, releases, and forever discharges the PHC of and from any and all manner of claims, demands, rights, liabilities, damages, potential actions, causes of action, suits, agreements, judgments, decrees, and controversies of any kind and nature whatsoever, at law, in equity, or otherwise, whether known or unknown, which have arisen or might subsequently arise in connection with the Claims, except actions to enforce, or seek damages for breach of, this Agreement.

b. Verizon hereby warrants and agrees (1) that it has not assigned, pledged, hypothecated, or otherwise divested itself or encumbered all or any part of the Claims being released hereby; (2) that no other person or entity has any interest in or ownership of the Claims covered by this release; and (3) that Verizon will indemnify, defend, and hold the PHC harmless from and against any or all of any part of the Claims so assigned, pledged, hypothecated, divested, or encumbered which is brought against the PHC.

c. Verizon agrees that it will not file a complaint or petition or commence a proceeding in any forum against the PHC relating in any way to the Claims, except an action to enforce, or seek damages for breach of, this Agreement.

d. As used in this paragraph 2, the PHC shall mean and include the PHC, as described above, and any and every of its predecessors, successors (by merger or otherwise), assigns, past, present, and future parents, subsidiaries, affiliates, and divisions, and past, present, and future directors, officers, shareholders, agents, attorneys, and employees and their respective heirs, personal representatives, legatees, executors, administrators, and assigns. Notwithstanding anything in this Agreement to the contrary, for purposes of this paragraph 2, the PHC shall not include the Committee on

Arrangements or any other entity or organization or natural persons who: (i) are not employees, agents, attorneys, officers, or directors of the PHC; and (ii) who are acting in their individual capacities or (iii) who are acting outside the scope of their authority as representatives of the Committee on Arrangements or any other entity or organization.

e. As used in this paragraph 2, Verizon shall mean and include Verizon, as described above, and any and every of its respective predecessors, successors (by merger or otherwise), assigns, past, present, and future parents, subsidiaries, affiliates, and divisions, and past, present, and future directors, officers, shareholders, agents, attorneys, and employees and their respective heirs, personal representatives, legatees, executors, administrators, and assigns.

3. Notices

Unless otherwise provided in this Agreement, all notices, requests, or other communications in connection with this Agreement shall be made in writing and delivered by hand to the party's attorney, sent by facsimile with confirmation of receipt to the facsimile numbers set forth below, or sent by first class United States mail, postage prepaid, addressed to the party's attorney as follows:

For Verizon:

Stephen E. Bozzo, Esquire
Verizon
Legal Department
8th Floor, 1320 N. Court House Road
Arlington, VA 22201

For the PHC:

Edward D. Rogers, Esquire
Ballard Spahr Andrews & Ingersoll, LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103

Such notices, requests, or other communications shall be effective upon receipt. The names and addresses set forth above may be changed by the parties by notice sent in accordance with this paragraph.

4. Warranties by Verizon

Verizon warrants as follows:

a. The Verizon parties to this Agreement are corporations duly incorporated, validly existing, and in good standing under the laws of the State of Delaware, and that they have all requisite corporate power and authority to execute and deliver this Agreement and to perform their respective obligations hereunder.

b. The execution, delivery, and performance of this Agreement by Verizon will not result in any violation or be in conflict with the certificate of incorporation or by-laws of Verizon or any agreement, order, judgment, decree, statute, rule, or regulation applicable to Verizon.

c. This Agreement is the valid and binding agreement of Verizon.

5. Warranties by the PHC

The PHC warrants as follows:

a. The PHC is a not-for-profit corporation duly incorporated, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania, and

it has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

b. The execution, delivery, and performance of this Agreement by the PHC will not result in any violation or be in conflict with the certificate of incorporation or by-laws of the PHC or any agreement, order, judgment, decree, statute, rule, or regulation applicable to the PHC.

c. This Agreement is the valid and binding agreement of the PHC.

6. Confidentiality

Neither this Agreement nor its terms shall be disclosed by any party to any person who is not a party to this Agreement, except that any party may disclose this Agreement, subject to an agreement of confidentiality, to its accountants or attorneys at law and Verizon may disclose this Agreement and/or its terms to its parent company, subsidiaries, and affiliates. Notwithstanding the foregoing sentence, this paragraph shall not preclude any party from disclosing the Agreement or its terms as may be required by applicable law or regulation or by order of a governmental body of competent jurisdiction, provided that, prior to disclosure, the disclosing party provides reasonable notice to the other party of the demand to disclose under applicable law, regulation, or order in order to permit the other party to seek reasonable protective arrangements prior to disclosure. Verizon acknowledges the PHC's representation that the PHC is required under law to disclose this Agreement and/or its terms to the FEC in public filings and/or in the audit process and that this representation shall serve as notice by the PHC to Verizon under paragraph 6 of this Agreement.

7. Governing Law

This Agreement shall be governed by, construed in accordance with, and subject to the laws of the Commonwealth of Pennsylvania.

8. Severability

The invalidity, illegality, or unenforceability of any provision or part of any provision of this Agreement under any law shall not affect the other provisions or parts of this Agreement, which shall remain in full force and effect.

9. Modifications

This Agreement may be modified only by a writing, which is signed by the parties to this Agreement.

10. No Admission

Nothing in this Agreement shall be considered to be an admission of liability by any party or any agreement by any party as to the validity of any of the positions advanced by the other, and neither this Agreement nor any part of it may be used in any way against any party in any legal, equitable, or administrative action or arbitration except in an action to enforce, or seek damages for the breach of, this Agreement.

11. Integration

This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter of this Agreement, and it supersedes all prior or contemporaneous oral or written representations, understandings, or agreements concerning the subject matter of this Agreement.

12. Assignment and Successors

No party to this Agreement may assign or transfer all or any part of this Agreement without the advance written consent of the other party to this Agreement. Subject to the foregoing, this Agreement shall inure to the benefit of and bind the parties and their successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized representatives, effective as of the date first written above.

VERIZON NETWORK INTEGRATION
CORP.

Joseph A. Cascio
Name: Joseph A. Cascio
Title: VP - Strat. Plan. + Bus. Integrations

VERIZON CONNECTED SOLUTIONS
INC.

BY: Curtis S. Waldman
Name: Curtis S. Waldman
Title: VP - Human Resources

PHILADELPHIA 2000

BY: David L. Cohen
Name: David L. Cohen
Title: Chairman

MUTUAL RELEASE AND SETTLEMENT AGREEMENT

Philadelphia 2000 ("PHC"), a non-profit corporation organized under the laws of the Commonwealth of Pennsylvania and the Committee on Arrangements for the 2000 Republican National Convention, a committee of the Republican National Committee ("COA"), which is an unincorporated political committee organized in the District of Columbia, on one hand, and Autocue, Inc. d/b/a QTV ("QTV"), a corporation organized under the laws of the State of New York, on the other hand, hereby enter into this Mutual Release and Settlement Agreement (this "Release").

A. PHC and QTV are parties to that certain Agreement dated May 23, 2000, as amended (the "Contract"), pursuant to which QTV provided certain professional services and certain computer software and equipment to PHC in connection with the 2000 Republican National Convention presented by the COA. The parties dispute the sum due to QTV under the Contract.

B. The parties desire to compromise and settle the dispute between them under the Contract upon the terms and in the manner herein provided.

In consideration of the mutual promises contained in this Release and of each act done and to be done pursuant to this Release, the parties further agree as follows:

1. PHC and COA, jointly and severally, release QTV and its officers, directors, employees, agents, assigns, predecessors, successors, and related companies and attorneys from any and all claims, actions, suits or demands of any kind, known or unknown, in law or equity, relating to the Contract.

2. QTV releases PHC, COA and the Republican National Committee and their respective officers, directors, employees, agents, assigns, predecessors, successors, and related

companies and attorneys from any and all claims, actions, suits or demands of any kind, known or unknown, in law or equity, relating to the Contract.

3. This Release is given in exchange for valuable consideration. In addition to all payments received to date by QTV, PHC shall pay to QTV the total gross lump sum of \$34,138.06 and COA shall pay to QTV the total gross lump sum of \$26,284.35, both payments to be made in immediately available funds by January 25, 2001. PHC and COA shall protect, indemnify and hold harmless QTV and its officers, directors, employees, agents, predecessors, successors and related companies and attorneys against any and all claims, demands, losses, costs and expenses (including reasonable attorney's fees) or other obligations which may arise out of or result, directly or indirectly, from the failure of PHC or COA to remit the payment required in this Section 3 in the manner and by the time required under this Section 3.

4. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York.

5. This Agreement is the result of negotiations and informed input by all parties and their attorneys. Therefore, if any dispute arises over the meaning or interpretation of this Agreement, it shall not be construed against a party on the basis or theory that said party drafted or was responsible for the Agreement or the language being interpreted, all parties taking responsibility for drafting this Agreement. If any provision of this Agreement is determined invalid under applicable law, said invalidity shall be limited to such provision without invalidating the remainder of this Agreement.

4.2002 10:29AM BARNES TRUSTLORO

NO.695 P.4

No waiver, modification or amendment of any term, condition or provision of this instrument shall be valid or have any force or effect unless made in writing and signed by the parties.

7. This Release constitutes the entire agreement of the parties and there are no other oral or written agreements between the parties.

8. This release shall be binding upon and shall inure to the benefit of the respective heirs, assigns, and successors-in-interest of each of the parties.

9. The parties affirm under penalties of perjury that they execute this Release knowingly and voluntarily, that they have discussed all aspects of this Release with a private attorney prior to executing this Release, that they understand the terms of the Release, that they have had a reasonable time to consider the Release, that its terms represent consideration in addition to anything of value to which either party is already entitled.

10. This Release may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A facsimile signature on this Release shall be deemed an original signature.

[signature pages immediately following]

MAR 1 2001 10:09 AM BARNES THORNBURG
JAN 24 2001 10:31 PHILADELPHIA 2000

PHILADELPHIA 2000

PHILA 2000

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date written below.

Dated: January 22, 2001

Philadelphia 2000

By: *David L. Cohen*
Printed: David L. Cohen
Its: Chairman

STATE OF PA)
) SS:
COUNTY OF PHILA)

Before me the undersigned, a Notary Public for Phila. County, State of Pennsylvania personally appeared David L. Cohen as Chairman of Philadelphia 2000, and he/~~she~~ being first duly sworn by me upon his/her oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this 22nd day of January, 2001.

Printed Signature *Elaine E. Ruben*
Elaine E. Ruben

My Commission Expires: August 11, 2003
My County of Residence: Philadelphia

Dated: 1/24/01

Committee on Arrangements for the 2000
Republican National Convention

By: [Signature]
Printed: JAMES C. DEPAULA
In: CONVENTION MANAGER

STATE OF Massachusetts
COUNTY OF Middlesex) SS:

Before me the undersigned, a Notary Public for Middlesex County, State of Mass, personally appeared James C. DePaula as Convention Manager of the Committee on Arrangements for the 2000 Republican National Convention, and before, being first duly sworn by me upon his/her oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this 24 day of January, 2001.

[Signature]
Printed Signature AND J. CORAZZINI

My Commission Expires: November 10 2006
My County of Residence: Middlesex

Dated: 1/16/2001

Autocue, Inc.

By: Peter Gould
Peter Gould, President

STATE OF _____)
) SS:
COUNTY OF _____)

Before me the undersigned, a Notary Public for King County, State of NY, personally appeared Peter Gould, as President of Autocue, Inc., and he, being first duly sworn by me upon his oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this 16 day of January, 2001.

Raisa Kofman

Printed Signature Raisa Kofman

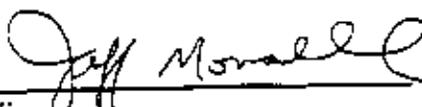
My Commission Expires: 10/27/2001
My County of Residence: King



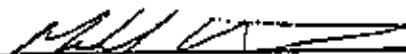
RELEASE

For and consideration of the payment of \$69,000.00, and other good and valuable consideration, receipt of which is hereby acknowledged, IKON Office Solutions releases Philadelphia 2000, the Committee on Arrangements for the 2000 Republican National Convention, and the Republican National Committee, and each of their respective officers, directors, employees, agents, assigns, predecessors, successors, and attorneys, from any and all claims, actions, suits, or demands of any kind, known or unknown, in law or equity, relating to any goods or services provided by IKON Office Solutions in the Philadelphia Marketplace in connection with the Republican National Convention.

IN WITNESS WHEREOF, and intending to be legally bound hereby, I have duly executed this release this 29th day of January 2001, of all invoices from the Philadelphia Marketplace of IKON Office Solutions.



Witness

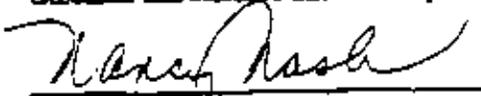


Michael Vassalotti
District Vice President of Outsourcing
Mid-Atlantic Region IKON Office Solutions

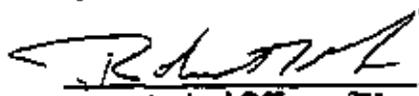
RELEASE

For and in consideration of the payment of \$348,333.00 by Philadelphia 2000, and \$100,000.00 by the Committee on Arrangements for the 2000 Republican National Convention (the "COA"), and other good and valuable consideration, which payment shall be made by February 28, 2001, by checks payable to Xerox Corporation ("Xerox"), Xerox releases Philadelphia 2000, the COA, and the Republican National Committee, and each of their respective officers, directors, employees, agents, assigns, predecessors, successors, and attorneys, from any and all claims, actions, suits or demands of any kind, known or unknown, in law or equity, relating to any goods or services provided by Xerox in connection with the 2000 Republican National Convention.

IN WITNESS WHEREOF, and intending to be legally bound hereby, I have duly executed this Release this 27th day of February, 2001.



Witness



An Authorized Officer of Xerox Corporation
APR 21 2001

Sent. By: ROBERT H BRETZ;

3105791957;

13-Feb-01 10:39AM;

Page 4/8

Feb-13-01 12:32 From-BALLARD SPAHR

+12151641531

7-45 P 03/25 1-454

SETTLEMENT AGREEMENT AND RELEASE

WHEREAS, Philadelphia 2000 ("PHC") and Universal Fabric Structures, Inc. ("UFS") entered into a contract on May 5, 2000 (the "Contract"), pursuant to which UFS provided temporary fabric structures and related services in connection with the 2000 Republican National Convention;

WHEREAS, a dispute has arisen concerning the extent of the parties' obligations under the Contract, and concerning a financial pledge made by UFS to PHC,

WHEREAS, PHC and UFS wish to settle and release one another from any and all claims between them, including any claims arising out of their dispute regarding the Contract, upon the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto, each intending to be legally bound, agree as follows:

1. PHC agrees to pay UFS the sum of Six Hundred and One Thousand Dollars (\$601,000.00), within three business days of receipt by PHC's attorneys, Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, Philadelphia, Pennsylvania, 19103, of a fully executed copy of this Settlement Agreement and Release.

2. UFS, does hereby waive, release, remise, and forever discharge PHC, the Committee on Arrangements for the 2000 Republican National Convention, and the Republican National Committee, and each of their respective officers, directors, employees, agents, assigns, predecessors, successors, and attorneys, of and from any and all claims, actions, suits or demands of any kind, whether known or unknown, relating in any way to any services provided by UFS in

Sent By: ROBERT M BRETZ;

3105781957;

13-Feb-01 10:39AM;

Page 5 of 6

Feb-13-01 12:52 From-BALLARD SPAHR

+12158641668

7-481 P 04/05 P-484

connection with the 2000 Republican National Convention, including but not limited to services provided under the Contract.

3. PHC does hereby waive, release, remise, and forever discharge LFS, and its officers, directors, employees, agents, assigns, predecessors, successors, and attorneys, of and from any and all claims, actions, suits or demands of any kind, whether known or unknown, relating in any way to any services provided by LFS in connection with the 2000 Republican National Convention, including but not limited to services provided under the Contract, and relating to LFS's financial pledge to PHC.

4. The parties hereby acknowledge that this Settlement Agreement and Release contains the entire agreement between them with respect to the matters set forth herein, and shall be binding upon and inure to the benefit of the executors, administrators, personal representatives, successors and assigns of each.

5. This Settlement Agreement and Release may be executed in counterparts (with appropriate notarization), each of which shall be considered an original for all purposes.

6. The parties agree that they are entering into this Settlement Agreement and Release as a compromise of disputed claims to avoid the cost, expense, and uncertainty of litigation, and that all parties specifically deny any wrongdoing or liability of any kind.

Sent. By: ADERT H BRETZ;

3:05781957;

13-Feb-01 10:40AM;

Page 6.6

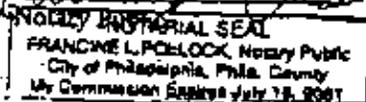
Feb-13-01 12:52 From-BALLARD SPARR

+121318641688

7-40' P 026/025 P-024

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties
have duly executed this Settlement Agreement and Release this _____ day of _____, 2001

Sworn to and Subscribed
Before me this 13th day
of February, 2001
[Signature]

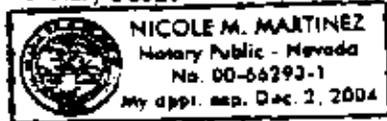


PHILADELPHIA 2000

By *[Signature]*

Sworn to and Subscribed
Before me this 13th day
of Feb., 2001

[Signature]
Notary Public



UNIVERSAL FABRIC STRUCTURES, INC.

[Signature]

For Charles Ballantyne

MAY-15-02 01:48 PM ANNE M BREEN

215 523 5942

P.02

PHILADELPHIA
200

March 1, 2001

Mr. Charles Pizzi
Greater Philadelphia Chamber of Commerce
200 South Broad Street
Suite 700
Philadelphia, PA 19102-3896

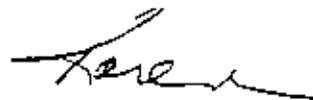
Re: Philadelphia 2000

Dear Charlie:

Enclosed is our check for \$19,936.32, representing a full settlement of all of the Chamber's obligations to Philadelphia 2000 and Philadelphia 2000's obligations to the Chamber in connection with the 2000 Republican National Convention. Specifically, this check represents payment in full of Philadelphia 2000's September payroll and expenses, offset by \$10,000, representing fulfillment of the Chamber's commitment to Philadelphia 2000's economic development campaign.

Thank you for your support and cooperation.

Sincerely,



Karen Dougherty Buchholz

FW: Regs Covering Debt Settlement Plans

Page 1 of 1

Kestenbaum, Brian (Phila)

From: Ghisu, Edmond J. (Phila)
Sent: Monday, May 13, 2002 6:00 PM
To: Kestenbaum, Brian (Phila)
Subject: FW: Regs Covering Debt Settlement

-----Original Message-----

From: Ghisu, Edmond [mailto:Ghisu-Edmond@aramark.com]
Sent: Monday, May 13, 2002 12:16 PM
To: Ghisu, Edmond J. (Phila)
Subject: FW: Regs Covering Debt Settlement Plans

-----Original Message-----

From: Kendrick Smith [mailto:ksmith@fer.gov]
Sent: Monday, May 13, 2002 11:22 AM
To: Ghisu, Edmond
Subject: Regs Covering Debt Settlement Plans

Here are some of the regulations that discuss debt settlement plans:
11 CFR 104.3(d), 11 CFR 104.11(a), and 11 CFR 116.7.

5/13/2002