FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1445

Date Filmed 9/7/83 Camera No. --- 3

Cameraman JRL

FEDERAL ELECTION COMMISSION

MUR 1445

Internal Routing Slips

Comments to 12-Day Report

Correspondence and memoranda re: conciliation negotiations

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

____	(1) Classified Information	____	(6) Personal privacy
____	(2) Internal rules and practices	____	(7) Investigatory files
✓	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed Stephen N. Kime

Date 8/31/83

FEC 9-21-77

83040432249

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

Lawrence T. Miller, Esquire
11 South LaSalle Street
Chicago, Ilinois 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

On August 23, 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

83040432250

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
William Preisser	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that William Preisser violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Agency Holding Corp. (of Chicago) is a corporation which made a payment to the respondent for the express purpose of reimbursing Respondent for making a contribution to a candidate for federal office during October, 1980.

83040432251

2. Respondent was employed by Agency Holding Corporation of Chicago, during October, 1980.

3. Respondent received a payment of $1,000 from Agency Holding Corporation (Chicago), and made a contribution to a federal candidate in the same amount at the request of a corporate officer.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent does not contest the conclusion from the foregoing facts that he accepted a corporate payment from Agency Holding Corporation, at approximately the same time he made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

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this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

August 24, 1983
Date

FOR RESPONDENT:

Lawrence T. Miller
Counsel for Respondent

7/20/83
Date

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence T. Miller, Esquire
11 South LaSalle Street
Chicago, Ilinois 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

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Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

Lawrence M. Mann, Esquire
Alper, Mann & Reiser
818 Eighteenth Street, N.W.
Washington, D.C. 20006

Re: MUR 1445
C. Nick Catrini

Dear Mr. Mann:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days.

Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

83040432255

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence M. Mann, Esquire
Alper, Mann & Reiser
818 Eighteenth Street, N.W.
Washington, D.C. 20006

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8304043225 6

SKM 8/23/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Gary Holland

Dear Mr. Crotty:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days.

Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

83040432257

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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SMM
8/23/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Dolores Wright

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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55 West Monroe Street
Chicago, Illinois 60603

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8 3 0 4 0 4 3 2 2 3 0

SAM 8/23/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

John B. Schwartz, Esquire
Mitgang, Levine and Schwartz
123 West Madison Street
21st Floor
Chicago, Illinois 60602

Re: MUR 1445
James Wright

Dear Mr. Schwartz:

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

83040432251

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Mitgang, Levine and Schwartz
123 West Madison Street
21st Floor
Chicago, Illinois 60602

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8304043225

SHM 8/23/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Washington, D.C. 20005

Re: MUR 1445
Agency Holding Corp., et al.

Dear Mr. Golden:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days.

Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Washington, D.C. 20005

Re: MUR 1445
Agency Holding Corp., et al.

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Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

9304043226

Stam 8/23/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, Pennsylvania 15219

Re: MUR 1445
Crown Life Insurance Co.

Dear Mr. Black:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days.

Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

3304043225

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, Pennsylvania 15219

Re: MUR 1445
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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8304132266

Sent 8/23/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1983

Mr. Thomas C. Masters
2030 N. Mohawk Street
Chicago, Illinois 60614

Re: MUR 1445

Dear Mr. Masters:

This is in response to your letter dated June 6, 1983. Your letter requested a reduction of the civil penalty to two hundred dollars ($200), the amount which you have already tendered. The Commission has considered your request and, on August 23, 1983, has decided to take no further action in this matter.

You are also advised that the entire file in this matter has been closed and will become part of the public record within 30 days.

Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Thomas C. Masters
2030 N. Mohawk Street
Chicago, Illinois 60614

Re: MUR 1445

Dear Mr. Masters:

This is in response to your letter dated June 6, 1983. Your letter requested a reduction of the civil penalty to two hundred dollars ($200), the amount which you have already tendered. The Commission has considered your request and, on , 1983, has decided to take no further action in this matter.

You are also advised that the entire file in this matter has been closed and will become part of the public record within 30 days.

Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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SAM 8/23/83

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445
William Preisser	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 23, 1983, the Commission decided by a vote of 5-0 to take the following actions in MUR 1445:

1. Approve and sign the conciliation agreement submitted by Mr. William Preisser as attached to the General Counsel's August 18, 1983 Memorandum to the Commission.

2. Take no further action with regard to the conciliation agreement with Thomas Masters.

3. Close the entire file in this matter.

4. Send the letters as attached to the August 18, 1983 Memorandum.

Commissioners Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter; Commissioner Aikens did not cast a vote.

Attest:

8-24-83
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 8-18-83, 4:18
Circulated on 48 hour tally basis: 8-19-83, 2:00

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

83 AUG 18 P4: 18

August 18, 1983

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: Conciliation Agreements in MUR 1445

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1. <u>William Preisser</u>

On July 26, 1983, the Office of General Counsel received a signed conciliation agreement from Mr. William Preisser. This agreement is in the form approved by the Commission. The General Counsel recommends approval of this agreement. (Attachment pages 1 through 4).

2. <u>Thomas Masters</u>

The Commission, on December 14, 1982, approved a proposed conciliation agreement with Mr. Masters. That agreement containing a $500 civil penalty, was signed by Mr. Masters' counsel and returned to the Commission on March 2, 1983. A check for $200 was submitted in partial satisfaction of the penalty. Mr. Masters asked that he be allowed to forward the balance within 45 days. The Commission granted Mr. Masters' request on April 26, 1983, and notified him that he would have until May 15, 1983, to forward the balance due.

Mr. Masters, on June 6, 1983, forwarded a request to this Office (Attachment page 5) that the balance of the civil penalty due be forgiven. The letter set forth the reasons for his request for relief. Although Mr. Masters had previously been represented by counsel, this letter was without the signature of counsel. When contacted by this Office after receipt of the letter, counsel denied having knowledge of Mr. Masters' letter but indicated that he would decline to further represent Mr. Masters. Despite several oral requests for written notice to that effect, counsel has not since communicated with this Office on this matter.

Mr. Masters' letter sets forth extenuating circumstances which would support a recommendation to not take action with regard to the unpaid balance of $300 to allow reduction of the civil penalty to the amount already paid. As previously noted, Mr. Masters has already tendered $200 towards the civil penalty.

3. Status of the MUR

Conciliation agreements have been received and civil penalties have been made in accordance with the terms of the agreement (except for Mr. Masters). The General Counsel recommends, therefore, that the entire file in this matter be closed and each respondent be so notified.

Recommendations

1. Approve and sign the conciliation agreement submitted by Mr. William Preisser.

2. Take no further action with regard to the conciliation agreement with Thomas Masters.

3. Close the entire file in this matter.

4. Send the attached letters (Attachment pages 7 through 13).

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RECEIVED AT THE FEC
Ccc#527
83 JUL 26 A 9:45
83 JUL 26 P 5:09

LAWRENCE T. MILLER
ATTORNEY AT LAW
11 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60603
(312) 236-2431

July 21, 1983

Mr. Charles N. Steele, General Counsel
Attention: Kenneth A. Gross,
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1445
William Preisser

Gentlemen:

I am in receipt of your letter of July 18, 1983. Thank you for bringing the inconsistencies in this file to my attention.

Enclosed please find an executed copy of the appropriate agreement.

Thank you for your consideration.

Very truly yours,

LAWRENCE T. MILLER

LTM/jz
Enclosure

8304043227

Page 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
William Preisser	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that William Preisser violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Agency Holding Corp. (of Chicago) is a corporation which made a payment to the respondent for the express purpose of reimbursing Respondent for making a contribution to a candidate for federal office during October, 1980.

2. Respondent was employed by Agency Holding Corporation of Chicago, during October, 1980.

3. Respondent received a payment of $1,000 from Agency Holding Corporation (Chicago), and made a contribution to a federal candidate in the same amount at the request of a corporate officer.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent does not contest the conclusion from the foregoing facts that he accepted a corporate payment from Agency Holding Corporation, at approximately the same time he made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

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this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

93040432275

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: _____ _____
Kenneth A. Gross Date
Associate General Counsel

FOR RESPONDENT:

Lawrence T. Miller 7/20/83
Lawrence T. Miller Date
Counsel for Respondent

GCC #309

83 JUN 8 P4:59

June 6, 1983

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Pursuant to my Case MUR 1445:

I submitted to your office $200 in partial satisfaction of the total penalty of $500 on February 28, 1983.

I promised that the remainder of the penalty would be paid in a reasonable amount of time.

We have since learned that my wife has become pregnant with complications. Her condition will neccesitate termination of her employment until after the birth and also our moving into a smaller apartment.

In addition, the loss of her employment will cut our income by more that one-half.

I would appreciate your considering the extreme and exterminating circumstances and abate the remainder of the penalty.

Thank you very much for your help.

Sincerely,

Tom Masters

Thomas C. Masters

2030 N. Mohawk Street
Chicago, Illinois 60614
312-280-8815
312-435-7950

83 JUN 10 A9:05

83040432276

Page 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Thomas C. Masters
2030 N. Mohawk Street
Chicago, Illinois 60614

Re: MUR 1445

Dear Mr. Masters:

This is in response to your letter dated June 6, 1983. Your letter requested a reduction of the civil penalty to two hundred dollars ($200), the amount which you have already tendered. The Commission has considered your request and, on , 1983, has decided to take no further action in this matter.

You are also advised that the entire file in this matter has been closed and will become part of the public record within 30 days.

Should you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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Page 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, Pennsylvania 15219

Re: MUR 1445
Crown Life Insurance Co.

Dear Mr. Black:

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8304043227 3

Page 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Washington, D.C. 20005

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

3304043227 9

Page 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence T. Miller, Esquire
11 South LaSalle Street
Chicago, Illinois 60603

Re: MUR 1445
William Preisser

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General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John B. Schwartz, Esquire
Mitgang, Levine and Schwartz
123 West Madison Street
21st Floor
Chicago, Illinois 60602

Re: MUR 1445
James Wright

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

93040432291

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Dolores Wright

Dear Mr. Crotty:

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Sincerely,

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General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Associate General Counsel

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

93040432234

GCC # 543

THORP, REED & ARMSTRONG
1575 EYE STREET, N. W.
WASHINGTON, D. C. 20005
TELEPHONE (202) 638-0151 CABLE THORPREED
TELECOPIER (202) 842-4027 TELEX 904255

CHARLES M. THORP 1869-1942
P. REED 1894-1966
CLYDE A. ARMSTRONG 1869-1975

KENNETH G. JACKSON
WILLIAM C. O'NEIL
JOSEPH E. MADIA
WILLIAM D. SUTTON
CLYDE W. ARMSTRONG
HENRY A. MORRON, JR.
FRANK J. GAFFNEY
WILLIAM W. SCOTT, JR.
CHARLES WEISS
CHARLES R. VOLK
EDMUND S. RUFFIN, III
THOMAS J. JACKSON
RALPH T. DeSTEFANO
FRANK MAST
RALPH F. SCALERA
ALBERT McBRIDE, JR.
DAVID S. WATSON
CHARLES M. THORP, III
G. DANIEL CARNEY
WILLIAM M. WYCOFF
JOSEPH DUFF SHUMAN

MICHAEL YURKEVICH, JR.
ROBERT H. SHOOP, JR.
PETER G. VESSER
JOHN H. SINGLER, JR.
ROGER P. COWLEY
WILLIAM A. DODLEY
ROGER M. GOLDEN
CARL H. HELLERSTEDT, JR.
JAMES K. GOLDBERG
RICHARD I. THOMAS
JAMES S. HECHT
FRANK J. CLEMENTS
SCOTT E. HENDERSON
RICHARD V. SICA
CHESTER R. BABST, III
J. FRANK McKENNA, III
RICHARD M. ZOMMER
JEFFREY S. BLUM
KEITH H. WEST
DAVID G. RIES
DAVID A. SCOTT

CARL L. LaFRESTI
MARTIN J. SAUNDERS
JOHN W. SCHLEAR, JR.
RONALD J. MERKIN/WK
C. JAMES ZIBZUTEK
JANE A. LEWIS
WILLIAM ROBBERS, JR
JOSEPH MACK, III
TIMOTHY M. SLAVISH
FORREST MAHER
HENRY S. MILLER
GLENN E. BOST, II
JEROME J. POTTMEYER, III
RICHARD R. RIESS
DEAN A. CALLAND
JOHN D. HAWKINS
JEFFREY S. KANNENSOHN
PETER C. BLASHER
BRIAN J. DOUGHERTY
PRESTON T. SCOTT
ANTHONY LaRUSSA, JR.

MICHAEL R. SUCCI, JR
TIMOTHY A. KNOWLES
MARYL A. LANE
RICHARD P. MATHER
RICHARD R. McGINNIS, JR.
KURT A. MILLER
JAMES M. PLASYNSKI
JONATHAN N. SAVAGE
MICHAEL J. TOMANA

OF COUNSEL
DAN M. BURT
J. ROBERT MAXWELL
JOHN DEAN O'BRIEN
GEORGE A. STINSON

PATENT COUNSEL
PAUL T. O'NEIL

SENIOR COUNSEL
WILLIAM ANDERSON
J. FRANK McKENNA, JR.

ONE RIVERFRONT CENTER
PITTSBURGH, PA 15222
(412) 594-7711

2005 MAIN STREET
SARASOTA, FL 33577
(813) 366-0021

ONE TAMPA CITY CENTER
TAMPA, FL 33602
(813) 229-0074

2401 MANATEE AVENUE, WEST
BRADENTON, FL 33505
(813) 748-0770

Rec'd 8/2/83
Agenda prepared for Today
Will be deposited 8/1/83
Received directly from OGC

July 28, 1983

83040422935

JUL 28 P 2:19

BY HAND

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

Enclosed is a check for $4,000 from Agency Holding Corporation in payment of the third installment due pursuant to the Conciliation Agreement in the above-referenced matter.

AUG 2 P 3:33

Very truly yours,

Roger M. Golden

RMG/sab

Enclosure (check)

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1760
CHICAGO, ILLINOIS 60604

2-54
710

5312

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

PAY Four thousand & 00/100 DOLLARS

DATE	CHECK NO.	AMOUNT
12/13	5312	4000 00

TO THE ORDER OF U.S. Treasurer

F.E.C.

AGENCY HOLDING CORP.

95-3[illegible]-0001

Pay to the order of any Federal Reserve Bank or Branch or General Depositary [illegible]edit to the United States Treasury. This check is in payment of an obligation to the United States and must be paid at par. N.P. Do not wire non-payment.

Date of endorsement 8-2-83

Robert W. Rieker, Asst. Staff Director for Administration
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

NEGOTIATION OF THIS CHECK DOES NOT CONSTITUTE ACCEPTANCE BY THE FEDERAL ELECTION COMMISSION OF THE PROPOSED PENALTY THE PROCEEDS OF THIS CHECK HAVE BEEN PLACED IN A SUSPENSE ACCOUNT PENDING COMMISSION CONSIDERATION OF THE PENALTY.

RECEIPT

FEDERAL ELECTION COMMISSION

28051

1325 K Street, N.W.
Washington, D.C. 20463

MUR 1445
Agency Holding Corp.
Roger Gladden

2 August 1983
Date

The Federal Election Commission has received $ 4,000.00 in cash/check for the purchase of copies of documents on file at the Federal Election Commission, or for other materials made available by the Commission.

Mary Anne Helgel
Federal Election Commission

Purchaser understands any information copied from reports and statements shall not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee. 2 U.S.C. Section 438

RECEIPT

FEDERAL ELECTION COMMISSION

28051

1325 K Street, N.W.
Washington, D.C. 20463

MUR 1445
Agency Holding Corp.
Roger Gladden

2 August 1983
Date

The Federal Election Commission has received $ 4,000.00 in cash/check for the purchase of copies of documents on file at the Federal Election Commission, or for other materials made available by the Commission.

Mary Anne Helgel
Federal Election Commission

Purchaser understands any information copied from reports and statements shall not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee. 2 U.S.C. Section 438

RECEIVED AT THE FEC
Cert 527
83 JUL 26 A 9:45
83 JUL 26 P 5:09

LAWRENCE T. MILLER
ATTORNEY AT LAW
11 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60603
(312) 236-2431

July 21, 1983

Mr. Charles N. Steele, General Counsel
Attention: Kenneth A. Gross,
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1445
William Preisser

Gentlemen:

I am in receipt of your letter of July 18, 1983. Thank you for bringing the inconsistencies in this file to my attention.

Enclosed please find an executed copy of the appropriate agreement.

Thank you for your consideration.

Very truly yours,

Lawrence T. Miller

LAWRENCE T. MILLER

LTM/jz
Enclosure

9304042239

LAWRENCE T. MILLER
ATTORNEY AT LAW
11 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60603

83 0 4 0 4 3 0 2 0

CHICAGO, IL 606
PM
22 JUL
1983

RECEIVED AT THE FEC
83 JUL

Mr. Charles N. Steele, General Counsel
Attention: Kenneth A. Gross,
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 18, 1983

Lawrence T. Miller, Esq.
11 South La Salle Street
Chicago, Illinois 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

On July 14, 1983, Lois Lerner of this office informed you that the signed conciliation agreement you submitted on behalf of your client, William Preisser, in the above-captioned matter did not reflect the final agreement between Mr. Preisser and the Commission. Upon review of your files, it became apparent that you had inadvertantly signed and submitted an earlier proposed agreement.

In order to rectify this mistake we have enclosed for your signature a copy of the final agreement. Please review the document and return the executed copy as soon as possible. A notation has been added to the previously signed document to the effect that it was mistakenly signed and does not reflect an agreement between Mr. Preisser and the Commission.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure

8 3 0 4 0 4 3 2 2 7 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
William Preisser	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that William Preisser violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Agency Holding Corp. (of Chicago) is a corporation which made a payment to the respondent for the express purpose of reimbursing Respondent for making a contribution to a candidate for federal office during October, 1980.

8 3 0 4 0 4 3 2 2 0 9 2

2. Respondent was employed by Agency Holding Corporation of Chicago, during October, 1980.

3. Respondent received a payment of $1,000 from Agency Holding Corporation (Chicago), and made a contribution to a federal candidate in the same amount at the request of a corporate officer.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent does not contest the conclusion from the foregoing facts that he accepted a corporate payment from Agency Holding Corporation, at approximately the same time he made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

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this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: _____ Kenneth A. Gross
Associate General Counsel

_____ Date

FOR RESPONDENT:

_____ Lawrence T. Miller
Counsel for Respondent

_____ Date

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 12, 1983

John B. Schwartz, Esquire
Mitgang, Levine and Schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

Re: MUR 1445
James R. Wright

Dear Mr. Schwartz:

On July 6 , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

83040432295

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John B. Schwartz, Esquire
Mitgang, Levine and Schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

JI 7/11/83

Re: MUR 1445
James R. Wright

Dear Mr. Schwartz:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

2304043229 6

204950

RECEIVED BY THE FEC

83 MAY 25 A11:39

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
James R. Wright	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that James R. Wright violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

83040432297

2. Respondent was employed by Incotrav, Inc., during October, 1980.

3. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed his name to be used by the corporation to make a contribution to a federal candidate.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was instructed to pay the contribution by his immediate supervisor and majority owner of Incotrav, Kerry P. Craig, who advised Respondent this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f. In allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution, Respondent contends he did not intend to violate the law.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of five hundred dollars ($ 500) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

8 3 0 4 0 4 3 2 2 9 8

this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

8 3 0 4 0 4 3 2 2 9 9

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Date July 12, 1983

FOR RESPONDENT:

John B. Schwartz
Counsel for Respondent

Date 5/23/83

James R. Wright, Respondent

Date 5/23/83

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1445 (82)
James R. Wright)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on July 6, 1983, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 1445:

1. Approve and sign the conciliation agreement submitted by Mr. James R. Wright and attached to the FEC General Counsel's Report dated June 16, 1983.

2. Close the file as it pertains to Mr. Wright.

3. Approve and send the letter attached to the General Counsel's Report dated June 16, 1983.

Commissioners Aikens, Elliott, Harris, McDonald, and McGarry voted affirmatively for the decision; Commissioner Reiche abstained in the vote.

Attest:

July 7, 1983
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

3 3 0 4 0 4 3 2 3 0 0

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ JODY C. RANSOM JCR

DATE: JUNE 20, 1983

SUBJECT: OBJECTION - MUR 1445 Memorandum to the Commission dated June 16, 1983

The above-named document was circulated to the Commission on Friday, June 17, 1983 at 2:00.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	
Commissioner Elliott	
Commissioner Harris	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Reiche	X

This matter will be placed on the Executive Session agenda for Tuesday, June 28, 1983.

83040432301

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: June 16, 1983

SUBJECT: MUR 1445 - Memorandum to Commission

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

8304043230 2

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

83 JUN 16 P3: 16

June 16, 1983

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Subject: Conciliation Agreement - MUR 1445

Attached is the last conciliation agreement due in the above-captioned matter. The agreement, submitted by Mr. James R. Wright, includes the civil penalty as approved by the Commission. A minor modification to the language set forth in Section IV.5. (attachment page 3) has been proposed by the respondent. The General Counsel recommends approval of the agreement with its proposed modifications and recommends that the file be closed as it pertains to Mr. Wright.

For the Commission's information, each respondent has now submitted a final conciliation agreement in this matter and each has made payments as provided for in the conciliation agreements except for Mr. Thomas Masters. This Office has been in contact with Mr. Masters' counsel and will make a report to the Commission within one week regarding his status.

83040432303

Recommendations

1. Approve and sign the conciliation agreement submitted by Mr. James R. Wright (pages 1-5).

2. Close the file as it pertains to Mr. Wright.

3. Approve and send the attached letter (page 6).

Attachments

1. Conciliation agreement (pages 1-5)

2. Proposed letter to Mr. Wright

CCF-243
83 MAY 25 AM 11:38

MITGANG, LEVINE AND SCHWARTZ
ATTORNEYS AT LAW
ONE TWENTY-THREE WEST MADISON STREET
CHICAGO, ILLINOIS 60602
FRANKLIN 2-2341
TWENTY-FIRST FLOOR

HENRY MITGANG
HERZL E. LEVINE
JOHN B. SCHWARTZ

MELVIN H. SORKIN
CARL NUSBAUM
FRANK J. CORTINA, JR.
OF COUNSEL
MORRIS A. FELDMAN

TERRY LEVINE
PHOENIX, ARIZ.
LICENSED ARIZ. & ILL.

May 23, 1983

IN REPLY REFER TO FILE 18111-S

Federal Election Commission
Washington, D.C. 20463

Attn: Stephen H. Mims, Staff Member
Kenneth A. Gross, Assoc. General Counsel

Re: MUR 1445 (82)
James R. Wright

Dear Messrs. Mims and Gross:

Enclosed please find executed Conciliation Agreement dated May 23, 1983 in the above-captioned matter signed by myself and my client as well as a check for $500.00 made payable to the Treasurer of the United States. Please forward a signed Conciliation Agreement as soon as available.

Very truly yours,

MITGANG, LEVINE AND SCHWARTZ

John B. Schwartz

John B. Schwartz

JBS:ba
Enc.

83040432304

page 1

204950

83 MAY 25 AM 11:39

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
James R. Wright	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that James R. Wright violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

3 3 0 4 0 4 3 2 3 0 5

2. Respondent was employed by Incotrav, Inc., during October, 1980.

3. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed his name to be used by the corporation to make a contribution to a federal candidate.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was instructed to pay the contribution by his immediate supervisor and majority owner of Incotrav, Kerry P. Craig, who advised Respondent this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f. In allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution, Respondent contends he did not intend to violate the law.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of five hundred dollars ($ 500) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

3 3 0 4 0 4 3 2 3 0 6

this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

83040432307

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: _____ _____
Kenneth A. Gross Date
Associate General Counsel

FOR RESPONDENT:

_____ 5/23/83
John B. Schwartz Date
Counsel for Respondent

_____ 5/23/83
James R. Wright, Respondent Date

8 3 0 4 0 4 3 2 3 0 8

J. R. WRIGHT
111 E. WACKER, SUITE 2225
CHICAGO, ILL. 60601

440

5/23 19 83

2-52
710

PAY TO THE ORDER OF Treasurer of the United States $ 500.00

Five hundred Dollars and No/100 DOLLARS

NATIONAL BOULEVARD BANK OF CHICAGO

0582

FOR MUR-1445 (82) J. R. Wright

0440

INTERCHECKS INC

page 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John B. Schwartz, Esquire
Mitgang, Levine and Schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

Re: MUR 1445
James R. Wright

Dear Mr. Schwartz:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

8 3 0 4 0 4 3 2 3 0 3

page 6

Gccff 422

THORP, REED & ARMSTRONG
1575 EYE STREET, N. W.
WASHINGTON, D. C. 20005
TELEPHONE (202) 638-0151 CABLE THORPREED
TELECOPIER (202) 842-4027 TELEX 904255

PITTSBURGH, PA
BRADENTON, FL
SARASOTA, FL
TAMPA, FL

July 5, 1983

83 JUL 5 P4:06

BY HAND

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

Enclosed is a check for $4,000 from Agency Holding Corporation in payment of the second installment due pursuant to the Conciliation Agreement in the above-referenced matter.

Very truly yours,

Roger M. Golden SAB

Roger M. Golden

RMG/sab

Enclosure (check)

83040432310

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710

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1760
CHICAGO, ILLINOIS 60604

5265

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

PAY Four thousand & 00/100 DOLLARS

		DATE	CHECK NO.	AMOUNT	
TO THE ORDER OF	U.S. Treasurer	6/27/83	5265	4000	00

AGENCY HOLDING CORP.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C 20463

June 7, 1983

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005

Re: MUR 1445
Agency Holding Corp., et. al.

Dear Mr. Golden:

On June 6, 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. §§ 441b(a) and 441f provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your clients and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005

Re: MUR 1445
Agency Holding Corp., et. al.

Dear Mr. Golden:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. §§ 441b(a) and 441f provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your clients and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

83040432314

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
Agency Holding Corporation,	)	
et. al.	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that

1. Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado, Inc.; and Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions in the names of others.
2. Kerry P. Craig, in his role as an officer and/or director of the corporate respondents, violated 2 U.S.C. § 441b(a) by consenting to contributions being made by those corporations;
3. Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein violated 2 U.S.C. § 441f by allowing the corporate respondents to use their names for the purpose of making corporate contributions.

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NOW THEREFORE, the Commission and Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondents Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc.; Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado, Inc., and Incotrav, Inc., are corporations, each of which made payments to certain inviduals for the express purpose of making contributions to candidates for federal office during October, 1980. The individuals to whom the payments were made, the corporations which made the payments, and the amounts paid were as follows:

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a). Ehrman, Ratini, Oglevee and Craig, Inc., $12,000; Payment to Diane Pariano Craig of $12,000

b). Agency Holding Corp. (of Chicago), $29,000; Payments to (1) Maurice D. Kent - $10,000, (2) Robert C. Oglevee - $17,000, (3) William Preisser - $1,000 and (4) Robert Bernstein - $1,000.

c). Crown Agency, Inc. (of Toledo, Ohio), $3,000; Payment to Maurice D. Kent - $3,000.

d). Crown Associates of Minneapolis, Inc., $6,000; Payments to (1) Diane Pariano Craig - $5,000 and (2) C. Nick Catrini - $1,000.

e). Agency Holding Corporation of Cleveland, Ohio, $12,000; Payment to Charles T. Smith - $12,000.

f). Crown Associates of Colorado, Inc., $9,000; Payments to (1) Charles T. Smith - $5,000 and (2) Maurice D. Kent - $4,000.

g). Incotrav, Inc., - $4,000
Payments to (1) James Wright - $1,000, (2) Dolores Wright - $1,000, (3) Thomas Masters - $1,200 and (4) Gary Holland - $1,200.

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2. Respondent, Kerry P. Craig, was an officer and/or director of all corporate respondents during October, 1980. Mr. Craig consented to the payments referred to in paragraph IV,1.

3. Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein were individual employees of one or more of the corporate respondents during October, 1980.

4. Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein received payments from certain corporate respondents (referred to in paragraph IV 1) and allowed their names to be used by the corporate respondents for the purpose of making contributions to federal candidates.

5. None of the contributions referred to in IV, 4, supra, have been refunded.

6. Respondents relied upon advice provided by Mr. Owen Marley, whom they believed was informed in such matters.

V. 1. By making contributions referred to in Paragraph IV, respondents Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio);

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Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado; Inc. and Incotrav, Inc., violated 2 U.S.C. § 441b(a).

2. Respondent Kerry P. Craig, consented to the disbursement of corporate funds to individual respondents for the express purpose of making contributions to federal candidates in the names of others, thereby violating 2 U.S.C. § 441b(a). In consenting to the disbursement of corporate funds to individual respondents for the express purpose of making contributions to federal candidates, Mr. Craig contends that he relied on what he believed to be Mr. Owen Marley's expertise and association with politics and did not intend to violate the law.

3. Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein accepted such payments, then made contributions to federal candidates allowing their names to be used by the corporate respondents for the purpose of making corporate contributions, thus violating 2 U.S.C. § 441f. In allowing their names to be used by the corporate respondents for the purpose of making corporate contributions, respondents contend that they relied on what they believed to be Mr. Owen Marley's expertise and association with politics and did not intend to violate the law.

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VI. Respondents Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado; Inc. and Incotrav, Inc., will jointly pay a civil penalty to the Treasurer of the United States in the amount of twenty-five thousand dollars ($ 25,000) pursuant to 2 U.S.C. § 437g(a)(5)(A). Respondent Kerry P. Craig will pay a civil penalty to the Treasurer of the United States in the amount of one thousand dollars ($ 1,000) pursuant to 2 U.S.C. § 437g(a)(5)(A). Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee and Diane Pariano Craig will each pay a civil penalty to the Treasurer of the United States in the amount of five hundred dollars ($ 500) pursuant to 2 U.S.C. § 437g(a)(5)(A). Respondent Robert Bernstein will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Corporate respondents agree that they will make timely periodic payments towards the full amount of the civil penalty in VI, supra, as follows. Within 30 days of ~~Upon~~ acceptance of this agreement by respondents, they will forward a check(s) payable to the Treasurer of the United States in the amount of five thousand dollars ($ 5,000). Within each succeding thirty (30) day period

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thereafter, additional payments of four thousand dollars ($ 4,000) shall be forwarded to the Commission until the balance is paid in full.

VIII. Respondents agree that they shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

XI. Respondents shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

83040432321

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

June 6, 1983
Date

FOR RESPONDENTS (Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado; Inc.; Incotrav, Inc.; Kerry P. Craig, Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein):

Roger M. Golden
Counsel for Respondents

5/9/83
Date

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 7, 1983

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Gary Holland

Dear Mr. Crotty:

On June 6 , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Gary Holland

Dear Mr. Crotty:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

8304043232

Stamp 6/16/83

204967 BCC#253

RECEIVED BY THE FEC

83 MAY 27 P12:56

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
Gary Holland	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that Gary Holland violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

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2. Respondent was employed by Incotrav, Inc., during October, 1980.

3. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed his name to be used by the corporation to make a contribution to a federal candidate.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

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this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

83040432327

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Date June 6, 1983

FOR RESPONDENT:

Jerome F. Crotty
Counsel for Respondent

Date May 11, 1983

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 7, 1983

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Dolores J. Wright

Dear Mr. Crotty:

On June 6, 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C 20463

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Dolores J. Wright

Dear Mr. Crotty:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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SAM 6/6/83

RECEIVED AT THE FEC

BEFORE THE FEDERAL ELECTION COMMISSION 83 MAY 27 P12:58

In the Matter of	)	
	)	MUR 1445(82)
Dolores Wright	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that Dolores Wright violated 2 U.S.C. § 441f by allowing her name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

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2. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed her name to be used by the corporation to make a contribution to a federal candidate.

3. The contribution referred to in IV, 2, supra, has not been refunded.

4. Respondent was advised by Kerry P. Craig that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing her name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that she will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Date June 6, 1983

FOR RESPONDENT:

Jerome F. Crotty
Counsel for Respondent

Date May 11, 1983

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 7, 1983

Lawrence T. Miller, Esquire
11 South La Salle Street
Chicago, Illinois 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

On June 6, 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

83040432333

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence T. Miller, Esquire
11 South La Salle Street
Chicago, Illinois 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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DMM 6/6/83

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445
Agency Holding Corporation, et al.	)	
Dolores J. Wright	)	
Gary Holland	)	
William Preisser	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 3, 1983, the Commission decided by a vote of 6-0 to take the following actions in MUR 1445:

1. Approve the conciliation agreement as modified and submitted by respondents Agency Holding Corporation, et. al. and attached to the General Counsel's June 1, 1983 Memorandum to the Commission.

2. Approve the conciliation agreements as signed by Dolores J. Wright and Gary Holland and submitted with the General Counsel's June 1, 1983 Memorandum.

3. Approve the conciliation agreement as modified by William Preisser and attached to the June 1, 1983 General Counsel's Memorandum.

4. Approve and send the letters as attached to the General Counsel's June 1, 1983 Memorandum to the Commission.

Commissioners Aikens, Elliott, Harris, McGarry, McDonald and Reiche voted affirmatively in this matter.

Attest:

6-6-83
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in Office of the Commission Secretary: 6-1-83, 10:48
Circulated on 48 hour tally basis: 6-1-83, 4:00

83040432335

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: June 1, 1983

SUBJECT: MUR 1445 - Memo to The Commission

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

83040432336

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

83 JUN 1 A10: 48

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 1, 1983

SENSITIVE

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: Conciliation Agreements - MUR 1445

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Attached are four signed conciliation agreements in the above-captioned MUR. Several of the agreements contain minor revisions (as noted below). The General Counsel recommends acceptance of each of the agreements together with the proposed letters to each respondent, and that the file be closed as it relates to them.

1. Agency Holding Corporation, et. al. (Attachment 1, pages 1 through 14).

The signed agreement contains a modification to section VII on page 6 of the agreement (page 8). This modification provided some time for the forwarding of the first payment by the corporate respondent. The first $5,000 payment by the corporate respondents together with the payments due from Kerry P. Craig, Diane Pariano Craig, Robert C. Oglevee and Robert Bernstein were submitted on May 10, 1983. This Office has been advised by Counsel that the payments due from Maurice D. Kent and Charles T. Smith will be submitted by June 8, 1983.

2. Dolores J. Wright and Gary Holland

The signed agreements (pages 15 through 24) contain no revisions. Checks were submitted with the agreements.

3. William Preisser

The signed agreement (pages 25 through 29) contains a modification to section IV (page 26). The General Counsel

believes that this proposed modification amplifies the mitigating circumstances in this matter and recommends acceptance of the interlineated change. A check was submitted with the agreement.

Recommendations

1. Approve the conciliation agreement (pages 3-10) as modified and submitted by respondents Agency Holding Corporation, Ehrman Ratini, Oglevee, and Craig, Inc., Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Ohio, Crown Associates of Colorado, Inc., Incotrav, Inc., Kerry P. Craig, Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernsein.
Approve and send the attached letter (page 30).

2. Approve the conciliation agreements as signed by Dolores J. Wright (pages 16-18) and Gary Holland (pages 21-23) and send the attached letters (pages 31-32).

3. Approve the conciliation agreement (pages 26-28) as modified by William Preisser and send the attached letter (page 33).

Attachments

1. Conciliation agreement submitted by Agency Holding Corp., et. al. (pages 1 through 14).

2. Conciliation agreements submitted by Dolores J. Wright and Gary Holland (pages 15 through 24).

3. Conciliation agreement submitted by William Preisser (pages 25 through 29).

4. Letter to Agency Holding (page 30).

5. Letter to Dolores Wright (page 31).

6. Letter to Gary Holland (page 32).

7. Letter to William Preisser (page 33).

3 3 0 4 0 4 3 2 3 3 3

GCC#9988

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N. W.
SUITE 1125
WASHINGTON, D. C. 20005
202-638-0151

May 9, 1983

9 AM 9:57

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

By letter of April 27, 1983, you forwarded a Conciliation Agreement in settlement of the above-referenced matter.

I am returning two signed copies of the Agreement in behalf of our corporate and individual clients that are named as respondents in the Agreement. Pursuant to telephone conversations with Stephen Mims of your office, I have made the following change in the second sentence of paragraph VII (new language underlined, deleted language in brackets):

> VII. . . . Within 30 days of [Upon] acceptance of this agreement by respondents, they will forward a check(s) payable to the Treasurer of the United States in the amount of five thousand dollars ($5,000).

The effect of this change is to permit us to accept the Conciliation Agreement prior to payment of the $5,000 first installment by our corporate clients.

The first corporate payment will be due, as a result of the change we have proposed on the basis of discussions with Mr. Mims, at the same time that the penalty payments for our individual clients are due, namely within 30 days of our acceptance of the Agreement. Since we are accepting the Agreement on May 9, the first installment of the corporate penalty and the total amount of the individual penalties will be due no later than June 8 (May has 31 days). Subsequent corporate

PITTSBURGH OFFICE: 2900 GRANT BUILDING, PITTSBURGH, PA. 15219 412-288-7711 TWX 710-664-4290

83040432330

THORP, REED & ARMSTRONG

installment payments will be due on approximately the 8th of each succeeding month until the entire penalty has been paid.

Thank you for signing and returning one of the enclosed copies of the Conciliation Agreement.

Very truly yours

Roger M. Golden

RMG/bar

8304043234 0

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
Agency Holding Corporation,	)	
et. al.	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that

1. Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado, Inc.; and Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions in the names of others.
2. Kerry P. Craig, in his role as an officer and/or director of the corporate respondents, violated 2 U.S.C. § 441b(a) by consenting to contributions being made by those corporations;
3. Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein violated 2 U.S.C. § 441f by allowing the corporate respondents to use their names for the purpose of making corporate contributions.

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NOW THEREFORE, the Commission and Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondents Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc.; Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado, Inc., and Incotrav, Inc., are corporations, each of which made payments to certain inviduals for the express purpose of making contributions to candidates for federal office during October, 1980. The individuals to whom the payments were made, the corporations which made the payments, and the amounts paid were as follows:

8 3 0 4 0 4 3 2 3 4 2

a). Ehrman, Ratini, Oglevee and Craig, Inc., $12,000; Payment to Diane Pariano Craig of $12,000

b). Agency Holding Corp. (of Chicago), $29,000; Payments to (1) Maurice D. Kent - $10,000, (2) Robert C. Oglevee - $17,000, (3) William Preisser - $1,000 and (4) Robert Bernstein - $1,000.

c). Crown Agency, Inc. (of Toledo, Ohio), $3,000; Payment to Maurice D. Kent - $3,000.

d). Crown Associates of Minneapolis, Inc., $6,000; Payments to (1) Diane Pariano Craig - $5,000 and (2) C. Nick Catrini - $1,000.

e). Agency Holding Corporation of Cleveland, Ohio, $12,000; Payment to Charles T. Smith - $12,000.

f). Crown Associates of Colorado, Inc., $9,000; Payments to (1) Charles T. Smith - $5,000 and (2) Maurice D. Kent - $4,000.

g). Incotrav, Inc., - $4,000
Payments to (1) James Wright - $1,000, (2) Dolores Wright - $1,000, (3) Thomas Masters - $1,200 and (4) Gary Holland - $1,200.

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2. Respondent, Kerry P. Craig, was an officer and/or director of all corporate respondents during October, 1980. Mr. Craig consented to the payments referred to in paragraph IV,1.

3. Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein were individual employees of one or more of the corporate respondents during October, 1980.

4. Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein received payments from certain corporate respondents (referred to in paragraph IV 1) and allowed their names to be used by the corporate respondents for the purpose of making contributions to federal candidates.

5. None of the contributions referred to in IV, 4, supra, have been refunded.

6. Respondents relied upon advice provided by Mr. Owen Marley, whom they believed was informed in such matters.

V. 1. By making contributions referred to in Paragraph IV, respondents Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio);

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Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado; Inc. and Incotrav, Inc., violated 2 U.S.C. § 441b(a).

2. Respondent Kerry P. Craig, consented to the disbursement of corporate funds to individual respondents for the express purpose of making contributions to federal candidates in the names of others, thereby violating 2 U.S.C. § 441b(a). In consenting to the disbursement of corporate funds to individual respondents for the express purpose of making contributions to federal candidates, Mr. Craig contends that he relied on what he believed to be Mr. Owen Marley's expertise and association with politics and did not intend to violate the law.

3. Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein accepted such payments, then made contributions to federal candidates allowing their names to be used by the corporate respondents for the purpose of making corporate contributions, thus violating 2 U.S.C. § 441f. In allowing their names to be used by the corporate respondents for the purpose of making corporate contributions, respondents contend that they relied on what they believed to be Mr. Owen Marley's expertise and association with politics and did not intend to violate the law.

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VI. Respondents Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado; Inc. and Incotrav, Inc., will jointly pay a civil penalty to the Treasurer of the United States in the amount of twenty-five thousand dollars ($ 25,000) pursuant to 2 U.S.C. § 437g(a)(5)(A). Respondent Kerry P. Craig will pay a civil penalty to the Treasurer of the United States in the amount of one thousand dollars ($ 1,000) pursuant to 2 U.S.C. § 437g(a)(5)(A). Respondents Charles T. Smith, Maurice D. Kent, Robert C. Oglevee and Diane Pariano Craig will each pay a civil penalty to the Treasurer of the United States in the amount of five hundred dollars ($ 500) pursuant to 2 U.S.C. § 437g(a)(5)(A). Respondent Robert Bernstein will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Corporate respondents agree that they will make timely periodic payments towards the full amount of the civil penalty in VI, supra, as follows. Within 30 days of ~~Upon~~ acceptance of this agreement by respondents, they will forward a check(s) payable to the Treasurer of the United States in the amount of five thousand dollars ($ 5,000). Within each succeding thirty (30) day period

Page 8

thereafter, additional payments of four thousand dollars ($ 4,000) shall be forwarded to the Commission until the balance is paid in full.

VIII. Respondents agree that they shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

XI. Respondents shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: _____ _____
Kenneth A. Gross Date
Associate General Counsel

FOR RESPONDENTS (Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Colorado; Inc.; Incotrav, Inc.; Kerry P. Craig, Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein):

_____ 5/9/83
Roger M. Golden Date
Counsel for Respondents

8304043234

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005
202-638-0151

May 10, 1983

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

By way of supplement to our May 9, 1983, letter and attached Conciliation Agreement in the above-referenced matter, I am enclosing the following checks payable to the Treasurer of the United States:

(1) $5,000 from Agency Holding Corporation as initial payment of $25,000 civil penalty assessed against our corporate clients;

(2) $1,000 from Kerry P. Craig in full payment of civil penalty assessed against Mr. Craig individually;

(3) $500 from Diane P. Craig in full payment of civil penalty assessed against Mrs. Craig individually;

(4) $500 from Robert C. Oglevee in full payment of civil penalty assessed against Mr. Oglevee individually; and

(5) $100 from Robert J. Bernstein in full payment of civil penalty assessed against Mr. Bernstein individually.

In addition to the enclosed payments, the following payments are due by June 8, 1983:

(6) $500 from Maurice D. Kent in full payment of civil penalty assessed against Mr. Kent individually; and

83040432349

10 A8:56

PITTSBURGH OFFICE: 2900 GRANT BUILDING, PITTSBURGH, PA. 15219 412-288-7711 TWX 710-664-4290

(7) $500 from Charles T. Smith in full payment of civil penalty assessed against Mr. Smith individually.

Finally, the following corporate installment payments are due:

(8) $4,000 by approximately July 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients;

(9) $4,000 by approximately August 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients;

(10) $4,000 by approximately September 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients;

(11) $4,000 by approximately October 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients; and

(12) $4,000 by approximately November 8, 1983, in final payment of the $25,000 civil penalty assessed against our corporate clients.

Please stamp a copy of this letter to acknowledge receipt of the checks that are enclosed. Thank you.

Very truly yours,

Roger M. Golden

RMG/sab

Enclosures (checks)

8304043235 0

AGENCY HOLDING CORP
208 S. LA SALLE ST. SUITE 17
CHICAGO, ILLINOIS 60604

710

5189

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

PAY FIVE THOUSAND & 00/100 DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	AMOUNT
U.S. TREASURER	5/5/83	5189	5,000 00

AGENCY HOLDING CORP.

KERRY P. CRAIG
DIANE CRAIG
387 STERLING 256-5868
KENILWORTH, ILL. 60043

317

May 5 1983

2-54/710

PAY TO THE ORDER OF Treasurer of the United States $ 500.00

Five Hundred Dollars and no cents DOLLARS

THE EXCHANGE
National Bank of Chicago
Chicago, Illinois 60603

MEMO

Diane Craig

⑈0317⑈

830404323331

ROBERT J. BERNSTEIN
MARCIA BERNSTEIN
1705 MIDLAND AVE.
HIGHLAND PARK, ILL. 60035

2813

5/3 1983

2-50/710

PAY TO THE ORDER OF U.S. Treasurer $ 100.00

One hundred and no/xx DOLLARS

LaSalle National Bank
CHICAGO · ILLINOIS 60690

MEMO

Robert Bernstein

⑈2813⑈

Page 13

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
309 Smithfield Street, Suite 2000
Pittsburgh, Pa. 15222

May 5 1983 504

8-7438/2430

Pay to the order of TREASURER OF THE UNITED STATES $ 500 00

Five Hundred and — 00/100 Dollars

Dollar Savings Bank
Pittsburgh, Pennsylvania

Memo

Robert C. Oglevee

0504

KERRY P. CRAIG
DIANE CRAIG
337 STERLING 256-5868
KENILWORTH, ILL. 60043

318

May 5 1983

2-54/710

PAY TO THE ORDER OF Treasurer of the United States $ 1,000. 00

One Thousand Dollars and no Cents — DOLLARS

THE EXCHANGE
National Bank of Chicago
Chicago, Illinois 60603

MEMO

0318

⑆330⑆ 0432 3 3 3 2

Page 14

204872

GCC #44

83 MAY 13 P1:25

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE-55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603

THOMAS W. RIECK
JEROME F. CROTTY

RONALD P. DUPLACK
MARC J. BIAGINI
FRED R. HARBECKE

(312) 726-4646

May 11, 1983

Steven Mims, Esq.
Federal Election Commission
Washington, D.C. 20463

In re Federal Election Commission vs. Wright
MUR 1445

Dear Mr. Mims:

Enclosed herewith please find the Conciliation Agreement executed by us on behalf of the respondent. Additionally enclosed please find a check in the amount of $100.00 as and for the civil penalty imposed pursuant to Article VI of the Conciliation Agreement. Please advise us when the Commission has accepted this Conciliation Agreement and terminated this matter.

Very truly yours,

RIECK AND CROTTY, P.C.

Jerome F. Crotty

Jerome F. Crotty

JFC/mk
Enclosures.

cc: Mrs. Dolores Jean Wright

83 MAY 13 P2:03

83004323

Page 15

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83 MAY 13 P 1:25

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1445(82)
Dolores Wright)
)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that Dolores Wright violated 2 U.S.C. § 441f by allowing her name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

83 MAY 13 P 2:03
GENERAL COUNSEL
83040432334

Page 16

2. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed her name to be used by the corporation to make a contribution to a federal candidate.

3. The contribution referred to in IV, 2, supra, has not been refunded.

4. Respondent was advised by Kerry P. Craig that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing her name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that she will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Date

FOR RESPONDENT:

Jerome F. Crotty
Counsel for Respondent

May 11, 1983
Date

DOLORES J. WRIGHT

851

DATE 3-31 1983

2-50/710

PAY TO THE ORDER OF The Federal Electoral Commission $ 100.00

One hundred dollars and no/100 DOLLARS

La Salle National Bank
CHICAGO · ILLINOIS 60690

MEMO Election

Dolores J. Wright

0851

830401032

Page 19

RECEIVED FEC

83 MAY 13 P 1:25

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE-55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603

THOMAS W. RIECK
JEROME F. CROTTY

RONALD P. DUPLACK
MARC J. BIAGINI
FRED R. HARBECKE

(312) 726-4646

May 11, 1983

Steven Mims, Esq.
Federal Election Commission
Washington, D.C. 20463

In re Federal Election Commission vs. Holland
MUR 1445

Dear Mr. Mims:

Enclosed herewith please find the Conciliation Agreement executed by us on behalf of the respondent. Additionally, enclosed please find a check in the amount of $100.00 as and for the civil penalty imposed pursuant to Article VI of the Conciliation Agreement. Please advise us when the Commission has accepted this Conciliation Agreement and terminated this matter.

Very truly yours,

RIECK AND CROTTY, P.C.

Jerome F. Crotty

Jerome F. Crotty

JFC/mk
Enclosures

cc: Mr. Gary Holland

83 MAY 13 P 2:03

83040432358

Page 20

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BEFORE THE FEDERAL ELECTION COMMISSION

83 MAY 13 P 1:25

In the Matter of	)	
	)	MUR 1445(82)
Gary Holland	)	
	)	

CONCILIATION AGREEMENT

83 MAY 13 P 2:03

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that Gary Holland violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

83040432359

2. Respondent was employed by Incotrav, Inc., during October, 1980.

3. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed his name to be used by the corporation to make a contribution to a federal candidate.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

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this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

83040432331

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Date

FOR RESPONDENT:

Jerome F. Crotty
Counsel for Respondent

May 11, 1983
Date

GARY W. HOLLAND
SSN 217-66-7397

536

May 06 1983

PAY TO THE ORDER OF Treasurer of the United States 100 and one hundred & no cents DOLLARS

FIRST CHICAGO
The First National Bank of Chicago
Chicago, Illinois 60670

536

Page 24

8 3 0 4 0 4 3 2 3 6 3

Page 29

CONSTITUTION

WILLIAM F. PREISSER
CYNTHIA L. PREISSER
1000 CREST
WHEATON, ILL. 60187

3440

5-9 1983

70-2114/719

PAY TO THE ORDER OF Treasurer of the U.S. $100 NO/100

One Hundred dollars and NO/100 DOLLARS

Bank of Wheaton
A Charter Bank Wheaton, Illinois 60187

MEMO MAR 1445

3440

BG 29

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005

Re: MUR 1445
Agency Holding Corp., et. al.

Dear Mr. Golden:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. §§ 441b(a) and 441f provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your clients and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

3 3 0 4 0 4 3 2 3 5 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Dolores J. Wright

Dear Mr. Crotty:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

8 3 0 4 0 4 3 2 3 6 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
55 West Monroe Street
Chicago, Illinois 60603

Re: MUR 1445
Gary Holland

Dear Mr. Crotty:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

8 3 0 4 0 4 3 2 3 6 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence T. Miller, Esquire
11 South La Salle Street
Chicago, Illinois 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

On , 1983, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

8 3 0 4 0 4 3 2 3 5 7

GCC #309

83 JUN 8 P4:59

June 6, 1983

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Pursuant to my Case MUR 1445:

I submitted to your office $200 in partial satisfaction of the total penalty of $500 on February 28, 1983.

I promised that the remainder of the penalty would be paid in a reasonable amount of time.

We have since learned that my wife has become pregnant with complications. Her condition will neccesitate termination of her employment until after the birth and also our moving into a smaller apartment.

In addition, the loss of her employment will cut our income by more that one-half.

I would appreciate your considering the extreme and exterminating circumstances and abate the remainder of the penalty.

Thank you very much for your help.

Sincerely,

Tom Masters

Thomas C. Masters

2030 N. Mohawk Street
Chicago, Illinois 60614
312-280-8815
312-435-7950

83 JUN 10 A9:05

83040432358

Ccc# 278

THORP, REED & ARMSTRONG
1575 EYE STREET, N. W.
WASHINGTON, D. C. 20005
TELEPHONE (202) 638-0151 CABLE THORPREED
TELECOPIER (202) 842-4027 TELEX 904255

PITTSBURGH, PA
BRADENTON, FL
SARASOTA, FL
TAMPA, FL

P3:24

June 2, 1983

BY HAND

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

By way of supplement to our May 10 and 27, 1983, letters and enclosures in the above-referenced matter, I am enclosing a $500 check from Charles T. Smith in full payment of the civil penalty assessed against Mr. Smith individually. All currently due payments from our clients have been made.

Very truly yours,

Roger M. Golden

RMG/sab

Enclosure (check)

3304043235 9

8 3 0 4 0 4 3 2 3 7 0

CHARLES T. SMITH

322

May 15 1983

5-39
110

PAY TO THE ORDER OF Treasurer of the United States $ 500 00/100

Five Hundred Dollars and no cents DOLLARS

BANK OF BOSTON
THE FIRST NATIONAL BANK OF BOSTON

FOR

Charles T. Smith

0322

9304043232

CHICAGO, IL
PM
7 JUN
1983

83 JUN

Mr. Kenneth A Gross
Associate General Counsel
Federal Election Commission
Washington D.C. 20463

BCC# 260

THORP, REED & ARMSTRONG
1575 EYE STREET, N. W.
WASHINGTON, D. C. 20005
TELEPHONE (202) 638-0151 CABLE THORPREED
TELECOPIER (202) 842-4027 TELEX 904255

PITTSBURGH, PA
BRADENTON, FL
SARASOTA, FL
TAMPA, FL

MAY 27 P4:13

May 27, 1983

BY HAND

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

By way of supplement to our May 10, 1983, letter and enclosures in the above-referenced matter, I am enclosing a $500 check from Maurice D. Kent in full payment of the civil penalty assessed against Mr. Kent individually. The only outstanding payment currently due (by June 8) is $500 from Charles T. Smith.

Very truly yours,

Roger M. Golden

RMG/sab

Enclosure (check)

8304043237

MAURICE D. KENT
SUSAN H. KENT
819 N. EUCLID AVE.
OAK PARK, ILL. 60302

9038

May 23 19 83

70-142/719

PAY TO THE ORDER OF Treasurer of the United States --------- $ 500.00

Five hundred and no cents ---------- DOLLARS

OAK PARK TRUST & SAVINGS BANK
VILLAGE MALL PLAZA
OAK PARK, ILLINOIS 60301

MEMO Federal Election Comm.

Susan H. Kent

L.E.

11⁰

8 3 0 4 0 4 3 2 5

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603

CHICAGO, IL
1 PM
24 MAY
1983

83 MAY

Steven Mims, Esq.
Federal Election Commission
Washington, D.C. 20463

83040132076

804950

CCA 593

83 MAY 25 A11:30

MITGANG, LEVINE AND SCHWARTZ
ATTORNEYS AT LAW
ONE TWENTY-THREE WEST MADISON STREET
CHICAGO, ILLINOIS 60602

FRANKLIN 2-2341
TWENTY-FIRST FLOOR

HENRY MITGANG
HERZL E. LEVINE
JOHN B. SCHWARTZ

MELVIN H. SORKIN
CARL NUSBAUM
FRANK J. CORTINA, JR.
OF COUNSEL
MORRIS A. FELDMAN

TERRY LEVINE
PHOENIX, ARIZ.
LICENSED ARIZ. & ILL.

May 23, 1983

IN REPLY REFER TO FILE 18111-S

Federal Election Commission
Washington, D.C. 20463

Attn: Stephen H. Mims, Staff Member
Kenneth A. Gross, Assoc. General Counsel

Re: MUR 1445 (82)
James R. Wright

Dear Messrs. Mims and Gross:

Enclosed please find executed Conciliation Agreement dated May 23, 1983 in the above-captioned matter signed by myself and my client as well as a check for $500.00 made payable to the Treasurer of the United States. Please forward a signed Conciliation Agreement as soon as available.

Very truly yours,

MITGANG, LEVINE AND SCHWARTZ

John B. Schwartz

John B. Schwartz

JBS:ba
Enc.

83040132577

8 3 0 4 0 4 3 2 3 7 8

J. R. WRIGHT
111 E. WACKER, SUITE 2225
CHICAGO, ILL. 60601

440

5/23 19 83

2-52
710

PAY TO THE ORDER OF Treasurer of the United States $ $500.00

Five Hundred Dollars and No/100 DOLLARS

NATIONAL BOULEVARD BANK OF CHICAGO

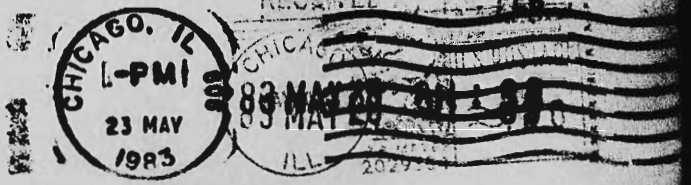
0582

FOR MUR-1445 (82) J. R. Wright

0440

INTERCHECKS INC

MITGANG, LEVINE AND SCHWARTZ
ATTORNEYS AT LAW
ONE TWENTY-THREE WEST MADISON STREET
CHICAGO, ILLINOIS 60602



83040423779

Federal Election Commission
Washington, D.C. 20463

Attn: Stephen H. Mims, Staff Member
Kenneth A. Gross, Assoc. General Counsel

9489 Gen Cl 70
RECEIVED MUR 1445
83 MAY 17 PM 1:38

LAWRENCE T. MILLER
ATTORNEY AT LAW
11 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60603
(312) 236-2431

May 10, 1983

83 MAY 17 P3:29
83 MAY 17 P3:46

Federal Election Commission
Attention: Mr. Stephen Mims
325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445
William Preisser

Dear Mr. Mims:

In response to Mr. Kenneth A. Gross's letter of April 27, 1983, and pursuant to our recent telephone conversations, enclosed please find the executed Conciliation Agreement and Mr. Preisser's check made out to the Treasurer of the United States in the amount of $100.00.

Pursuant to our telephone conversation, I have interlineated in the Conciliation Agreement the change which we discussed in December of 1982.

I apologize for the delay in returning this documentation to you.

Very truly yours,

Lawrence T. Miller

LAWRENCE T. MILLER

LTM/jz
cc Mr. William Preisser

93040432339

8 3 0 4 0 4 3 2 3 3 1

CONSTITUTION

WILLIAM F. PREISSER
CYNTHIA L. PREISSER
1000 CREST
WHEATON, ILL. 60187

3440

5-9 1983

70-2114/719

PAY TO THE ORDER OF TREASURER of the U.S. $100 NO

One Hundred dollars NO

DOLLARS

Bank of Wheaton
A Charter Bank Wheaton, Illinois 60187

MEMO MAR 1445

3440

LAWRENCE T. MILLER
ATTORNEY AT LAW
11 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60603

CHICAGO, IL 606
1 PM
11 MAY
1983

83 MAY 16 AM 11:47

Federal Election Commission
Attention: Mr. Stephen Mims
325 K Street, N.W.
Washington, D.C. 20463

83040438

204872

RECEIVED FEC
GCC #44
83 MAY 13 P 1:29

RIECK AND CROTTY

ATTORNEYS AT LAW

A PROFESSIONAL CORPORATION

XEROX CENTRE-55 WEST MONROE STREET

CHICAGO, ILLINOIS 60603

(312) 726-4646

THOMAS W. RIECK
JEROME F. CROTTY

RONALD P. DUPLACK
MARC J. BIAGINI
FRED R. HARBECKE

May 11, 1983

Steven Mims, Esq.
Federal Election Commission
Washington, D.C. 20463

In re Federal Election Commission vs. Wright
MUR 1445

Dear Mr. Mims:

Enclosed herewith please find the Conciliation Agreement executed by us on behalf of the respondent. Additionally enclosed please find a check in the amount of $100.00 as and for the civil penalty imposed pursuant to Article VI of the Conciliation Agreement. Please advise us when the Commission has accepted this Conciliation Agreement and terminated this matter.

Very truly yours,

RIECK AND CROTTY, P.C.

Jerome F. Crotty

Jerome F. Crotty

JFC/mk
Enclosures

cc: Mrs. Dolores Jean Wright

83 MAY 13 P 2:03

RECEIVED AT THE FEC
83 MAY 13 P 1:25

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
Dolores Wright	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that Dolores Wright violated 2 U.S.C. § 441f by allowing her name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

83040432034

2. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed her name to be used by the corporation to make a contribution to a federal candidate.

3. The contribution referred to in IV, 2, supra, has not been refunded.

4. Respondent was advised by Kerry P. Craig that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing her name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that she will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

8 3 0 4 0 4 3 2 3 8 3

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: _____ _____
Kenneth A. Gross Date
Associate General Counsel

FOR RESPONDENT:

_____ _____
Jerome F. Crotty Date
Counsel for Respondent

3 3 0 4 0 4 3 2 3 3 6

DOLORES J. WRIGHT

851

DATE 3-31 1983

2-50/710

PAY TO THE ORDER OF The Federal Electicno Commission $ 100.00

One hundred dollars and no/100 DOLLARS

LaSalle National Bank
CHICAGO · ILLINOIS 60690

MEMO Dues

Dolores J Wright

0851

830401372

RECEIVED BY THE FEC

83 MAY 13 P1:29

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE-55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
(312) 726-4646

THOMAS W. RIECK
JEROME F. CROTTY

RONALD P. DUPLACK
MARC J. BIAGINI
FRED R. HARBECKE

May 11, 1983

Steven Mims, Esq.
Federal Election Commission
Washington, D.C. 20463

In re Federal Election Commission vs. Holland
MUR 1445

Dear Mr. Mims:

Enclosed herewith please find the Conciliation Agreement executed by us on behalf of the respondent. Additionally, enclosed please find a check in the amount of $100.00 as and for the civil penalty imposed pursuant to Article VI of the Conciliation Agreement. Please advise us when the Commission has accepted this Conciliation Agreement and terminated this matter.

Very truly yours,

RIECK AND CROTTY, P.C.

Jerome F. Crotty

Jerome F. Crotty

JFC/mk
Enclosures

cc: Mr. Gary Holland

83 MAY 13 P2:03

RECEIVED BY THE FEC

BEFORE THE FEDERAL ELECTION COMMISSION '83 MAY 13 P1:29

In the Matter of	)	
	)	MUR 1445(82)
Gary Holland	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that Gary Holland violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

83040432389

2. Respondent was employed by Incotrav, Inc., during October, 1980.

3. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed his name to be used by the corporation to make a contribution to a federal candidate.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one hundred dollars ($ 100) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

3 3 0 4 0 4 3 2 3 9 0

this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

83040432391

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: _____ _____
Kenneth A. Gross Date
Associate General Counsel

FOR RESPONDENT:

_____ _____
Jerome F. Crotty Date
Counsel for Respondent

GARY W. HOLLAND
SSN 217-62-7397

536

May 06 1983

3 2-1/710

PAY TO THE ORDER OF Treasurer of the United States $ 100 xx/100

one hundred & no cents DOLLARS

FIRST CHICAGO
The First National Bank of Chicago
Chicago, Illinois 60670

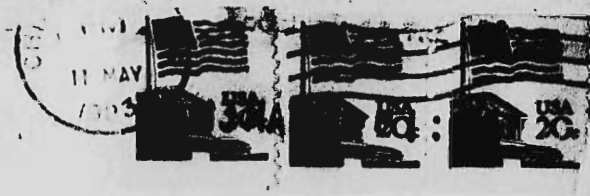
Xerox Centre

MEMO

0536

⑈0402392⑈

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603



Steven Mims, Esq.
Federal Election Commission
Washington, D.C. 20463

8 3 0 4 0 4 3 2 3 7 5

GCC# 9999

THORP, REED & ARMSTRONG

ATTORNEYS AT LAW
1575 I STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

202-638-0151

May 10, 1983

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

By way of supplement to our May 9, 1983, letter and attached Conciliation Agreement in the above-referenced matter, I am enclosing the following checks payable to the Treasurer of the United States:

(1) $5,000 from Agency Holding Corporation as initial payment of $25,000 civil penalty assessed against our corporate clients;

(2) $1,000 from Kerry P. Craig in full payment of civil penalty assessed against Mr. Craig individually;

(3) $500 from Diane P. Craig in full payment of civil penalty assessed against Mrs. Craig individually;

(4) $500 from Robert C. Oglevee in full payment of civil penalty assessed against Mr. Oglevee individually; and

(5) $100 from Robert J. Bernstein in full payment of civil penalty assessed against Mr. Bernstein individually.

In addition to the enclosed payments, the following payments are due by June 8, 1983:

(6) $500 from Maurice D. Kent in full payment of civil penalty assessed against Mr. Kent individually; and

(7) $500 from Charles T. Smith in full payment of civil penalty assessed against Mr. Smith individually.

Finally, the following corporate installment payments are due:

(8) $4,000 by approximately July 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients;

(9) $4,000 by approximately August 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients;

(10) $4,000 by approximately September 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients;

(11) $4,000 by approximately October 8, 1983, in partial payment of $25,000 civil penalty assessed against our corporate clients; and

(12) $4,000 by approximately November 8, 1983, in final payment of the $25,000 civil penalty assessed against our corporate clients.

Please stamp a copy of this letter to acknowledge receipt of the checks that are enclosed. Thank you.

Very truly yours,

Roger M. Golden

RMG/sab

Enclosures (checks)

8304043237

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1
CHICAGO, ILLINOIS 60604

5189

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

PAY FIVE THOUSAND & 00/100 DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	AMOUNT
U.S. TREASURER	5/5/83	5189	5000 00

AGENCY HOLDING CORP.

2 0016 18

KERRY P. CRAIG
DIANE CRAIG
387 STERLING 256-5868
KENILWORTH, ILL. 60043

317

May 5 1983

2-54/710

PAY TO THE ORDER OF Treasurer of the United States $ 500.00

Five Hundred Dollars and no cents DOLLARS

THE EXCHANGE
National Bank of Chicago
Chicago, Illinois 60603

MEMO

0317

ROBERT J. BERNSTEIN
MARCIA BERNSTEIN
1705 MIDLAND AVE.
HIGHLAND PARK, ILL. 60035

2813

5/3 1983

2-50/710

PAY TO THE ORDER OF U.S. Treasurer $ 100.00

One hundred and no/xx DOLLARS

LaSalle National Bank
CHICAGO • ILLINOIS 60690

MEMO

2813

8304043239 6

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
309 Smithfield Street, Suite 2000
Pittsburgh, Pa. 15222

May 5 19 83 504

8-7438/2430

Pay to the order of TREASURER OF THE UNITED STATES $ 500 00

FIVE HUNDRED and — NO/100 Dollars

Dollar Savings Bank
Pittsburgh, Pennsylvania

Memo

Robert C. Oglevee

0504

KERRY P. CRAIG
DIANE CRAIG
387 STERLING 256-5868
KENILWORTH, ILL. 60043

318

May 5 19 83

2-54/710

PAY TO THE ORDER OF Treasurer of the United States $ 1000 00

One Thousand Dollars and no Cents — DOLLARS

THE EXCHANGE
National Bank of Chicago
Chicago, Illinois 60603

MEMO

Kerry P. Craig

0318

⑈304432307

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

Emery J. Homor, Esquire
1955 Raymond Drive
Northbrook, Il 60062

Re: MUR 1445
Thomas Masters

Dear Mr. Homor:

On April 26, 1983, the Commission accepted the conciliation agreement signed by you (and a civil penalty) in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. The Commission acknowledges receipt of partial satisfaction of the civil penalty imposed by the conciliation agreement and will expect the balance to be remitted by May 15, 1983. At that time, the Commission will notify you that the file will be closed as it pertains to your client.

Enclosed you will find a fully executed copy of the conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

83040152378

RECEIVED FEC
83 FEB 30 AM 10:31

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
Thomas Masters	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that Thomas Masters violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Incotrav, Inc., is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

3 3 0 4 0 4 3 2 3 9 9

2. Respondent was employed by Incotrav, Inc., during October, 1980.

3. Respondent received a payment of $1,000 from Incotrav, Inc., and allowed his name to be used by the corporation to make a contribution to a federal candidate.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Incotrav, Inc., then made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of five hundred dollars ($ 500) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

8 3 0 4 0 4 3 2 4 0 0

this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

3304043240 1

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Date April 27, 1983

FOR RESPONDENT:

Emery Homor
Counsel for Respondent

Date Feb 28, 1983

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

Lawrence M. Mann, Esquire
Alper, Mann & Reiser
818 Eighteenth Street, N.W.
Washington, DC 20006

Re: MUR 1445
C. Nick Catrini

Dear Mr. Mann:

On April 26, 1983, the Commission accepted the conciliation agreement signed by you (and a civil penalty) in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertains to your client and it will become part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
C. Nick Catrini	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission pursuant to information ascertained in the course of carrying out its supervisory responsibilities. Reason to believe has been found that C. Nick Catrini violated 2 U.S.C. § 441f by allowing his name to be used by another for the purpose of making a corporate contribution.

NOW THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Agency Holding Corp. (of Chicago) is a corporation which made a payment to the respondent for the express purpose of making a contribution to a candidate for federal office during October, 1980.

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2. Respondent was employed by Agency Holding Corporation of Chicago, during October, 1980.

3. Respondent received a payment of $1,000 from Crown Associates of Minneapolis, Inc., and allowed his name to be used by the corporation to make a contribution to a federal candidate.

4. The contribution referred to in IV, 3, supra, has not been refunded.

5. Respondent was advised by his employer that this method of making a contribution was not improper.

V. Respondent accepted a corporate payment from Crown Associates of Minneapolis, Inc., then made a contribution to a federal candidate, allowing his name to be used by the corporation for the purpose of making a corporate contribution, thus violating 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of five hundred dollars ($ 500) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with

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this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. Respondent shall have no more than thirty (30) days from the date of this agreement to comply with and implement the requirements contained in this agreement and to so notify the Commission.

83040432403

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

April 27, 1983
Date

FOR RESPONDENT:

Lawrence M. Mann
Counsel for Respondent

1/14/83
Date

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

John B. Schwartz, Esquire
Mitgang, Levine & schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

Re: MUR 1445
James Wright
Your file No. 18111-S

Dear Mr. Schwartz:

On May 25, 1982, the Commission found reason to believe that your client, James R. Wright, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on April 26, 1983, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445
Gary Holland

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Gary Holland, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which has been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on April 26, 1983, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445
Dolores Wright

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Dolores Wright, violated 2 U.S.C. § 441f by allowing her name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on April 26, 1982, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

Lawrence T. Miller, Esquire
11 South LaSalle Street
Chicago, IL 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

On May 25, 1982, the Commission found reason to believe that your client, William Preisser, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on April 26, 1983, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, NW
Suite 1125
Washington, DC 20005

Re: MUR 1445

Dear Mr. Golden:

On May 25, 1982, the Commission found reason to believe that your clients Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; and Crown Associates of Colorado, Inc.; violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions in the names of others. The Commission also found reason to believe that Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein violated 2 U.S.C. § 441f by allowing the corporate respondents to use their names for the purpose of making corporate contributions.

Pursuant to an investigation into this matter, the Commission further determined, on September 24, 1982, that your client, Kerry P. Craig, in his role as an officer and/or director of the corporate respondents, violated 2 U.S.C. § 441b(a) by consenting to contributions being made by those corporations and that Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on April 26, 1983, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1983

Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, Pennsylvania 15219

Re: MUR 1445
Crown Life Insurance Co.

Dear Mr. Black:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on May 25, 1982, determined there was reason to believe that your client, the Crown Life Insurance Company, had violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. The Commission subsequently instituted an investigation of this matter.

After having considered the circumstances of this matter, the Commission, on April 26, 1983, determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

83040432412

If you have any questions, please direct them to Stephen Mims, the staff member assigned to this matter, at (202) 523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Emery J. Homor, Esquire
1955 Raymond Drive
Northbrook, Il 60062

Re: MUR 1445
Thomas Masters

Dear Mr. Homor:

On April , 1983, the Commission accepted the conciliation agreement signed by you (and a civil penalty) in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. The Commission acknowledges receipt of partial satisfaction of the civil penalty imposed by the conciliation agreement and will expect the balance to be remitted by May 15, 1983. At that time, the Commission will notify you that the file will be closed as it pertains to your client.

Enclosed you will find a fully executed copy of the conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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4/27/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Emery J. Homor, Esquire
1955 Raymond Drive
Northbrook, Il 60062

Re: MUR 1445
Thomas Masters

Dear Mr. Homor:

On April , 1983, the Commission accepted the conciliation agreement signed by you (and a civil penalty) in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. The Commission acknowledges receipt of partial satisfaction of the civil penalty imposed by the conciliation agreement and will expect the balance to be remitted by May 15, 1983. At that time, the Commission will notify you that the file will be closed as it pertains to your client.

Enclosed you will find a fully executed copy of the conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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4/27/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence M. Mann, Esquire
Alper, Mann & Reiser
818 Eighteenth Street, N.W.
Washington, DC 20006

Re: MUR 1445
C. Nick Catrini

Dear Mr. Mann:

On April , 1983, the Commission accepted the conciliation agreement signed by you (and a civil penalty) in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, as it pertainis to your client and it will become part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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4/27/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John B. Schwartz, Esquire
Mitgang, Levine & schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

Re: MUR 1445
James Wright
Your file No. 18111-S

Dear Mr. Schwartz:

On May 25, 1982, the Commission found reason to believe that your client, James R. Wright, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on , 1983, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

SAM
4/27/83

83040432416

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445
Gary Holland

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Gary Holland, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which has been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on , 1983, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445
Dolores Wright

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Dolores Wright, violated 2 U.S.C. § 441f by allowing her name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

In response to your request for consideration of proposed modifications to the agreement, the Commission, on , 1982, has approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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SAM
4/27/83

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence T. Miller, Esquire
11 South LaSalle Street
Chicago, IL 60603

Re: MUR 1445
William Preisser

Dear Mr. Miller:

On May 25, 1982, the Commission found reason to believe that your client, William Preisser, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, NW
Suite 1125
Washington, DC 20005

Re: MUR 1445

Dear Mr. Golden:

On May 25, 1982, the Commission found reason to believe that your clients Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; and Crown Associates of Colorado, Inc.; violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions in the names of others. The Commission also found reason to believe that Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein violated 2 U.S.C. § 441f by allowing the corporate respondents to use their names for the purpose of making corporate contributions.

Pursuant to an investigation into this matter, the Commission further determined, on September 24, 1982, that your client, Kerry P. Craig, in his role as an officer and/or director of the corporate respondents, violated 2 U.S.C. § 441b(a) by consenting to contributions being made by those corporations and that Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On December 17, 1982, you were sent a conciliation agreement which had been approved by the Commission on December 14, 1982.

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4/27/83

conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

83040432421

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, Pennsylvania 15219

Re: MUR 1445
Crown Life Insurance Co.

Dear Mr. Black:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on May 25, 1982, determined there was reason to believe that your client, the Crown Life Insurance Company, had violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. The Commission subsequently instituted an investigation of this matter.

After having considered the circumstances of this matter, the Commission, on , 1983, determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

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SMM
4/27/83

If you have any questions, please direct them to Stephen Mims, the staff member assigned to this matter, at (202) 523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1445
Crown Life Insurance Company, et al.)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on April 26, 1983, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 1445:

1. Approve and send the letter and conciliation agreement to the domestic corporate respondents, Kerry P. Craig, Diane P. Craig, Charles T. Smith, Maurice D. Kent and Robert Bernstein, as recommended in pages 41-50 of the General Counsel's report dated April 14, 1983.

2. Approve and send to William Preisser the letter and conciliation agreement contained in pages 51-54 of the General Counsel's report dated April 14, 1983.

3. Approve and send to Dolores Wright the letter and conciliation agreement contained in pages 55-58 of the General Counsel's report dated April 14, 1983.

4. Approve and send to Gary Holland the letter and conciliation agreement contained in pages 59-62 of the General Counsel's report dated April 14, 1983.

5. Approve and send to James Wright the letter and conciliation agreement contained in pages 63-66 of the General Counsel's report dated April 14, 1983.

(Continued)

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6. Approve and sign the conciliation agreements submitted by Mr. Catrini and Mr. Holland.

7. Close the file as to Mr. Catrini.

8. Approve and send to Mr. Catrini and Mr. Holland the letters attached to the General Counsel's April 14, 1983 report.

9. Take no further action against the Crown Life Insurance Company and close the file.

10. Send to Alexander Black, Counsel to the Crown Life Insurance Company, the letter attached to the General Counsel's April 14, 1983 report.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision.

Attest:

4-26-83
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM JCR

DATE: APRIL 18, 1983

SUBJECT: OBJECTION - PROPOSED MODIFICATION OF CONCILIATION AGREEMENT IN MUR 1445 AND RECOMMENDATIONS REGARDING THE CROWN LIFE INSURANCE COMPANY

The above-named document was circulated to the Commission on Thursday, April 14, 1983 at 4:00.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	X
Commissioner Elliott	
Commissioner Harris	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Reiche	

This matter will be placed on the Executive Session agenda for Tuesday, April 26, 1983.

83040432426

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: April 14, 1983

SUBJECT: MUR 1445 - Memo to Commission

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

April 14, 1983

83 APR 14 P12: 40

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: Proposed Modification of Conciliation Agreement in MUR 1445 and Recommendations Regarding the Crown Life Insurance Company

[exempt per 2 USC. § 437g(a)(4)(B)(i)]

83040432428

[exempt per 2USC. §437g(a)(4)(B)(i)]

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[exempt per 2 U.S.C. §437g(a)(4)(B)(i)]

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[exempt per 2USC. §437g(a)(4)(B)(i)]

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[exempt per 2 USC §437g(a)(4)(B)(i)]

F. Recommendation Regarding the Crown Life Insurance Company

On October 22, 1980, Crown Life, pursuant to a request by Kerry Craig, advanced the Craig corporations a total of $ 60,000. The advances were requested by Mr. Craig for "travel" necessary for maintaining his accounts. See Exhibit 1. On October 24, 1980, those corporations made payments to the individuals for the purpose of making corporate contributions. Out of the $ 75,000 involved in prohibited contributions, only $ 60,000 can be tied directly to a specific transaction by Crown Life. Mr. Craig has informed the Commission that the balance of the funds were obtained from monies already in the accounts of his corporations. The manner in which the funds were obtained from Crown and split up among the Craig companies is illustrated below:

Craig Company	Date Funds Pd. by Crown	Amount	Date Funds Deposited 1/	Amount Paid As "bonuses"	Date
Agency Holding (Chicago)	10/22/82	$18,000	10/27/82	$1,000	10/25/82
				$17,000	10/27/82
				$1,000	10/27/82
				$10,000	10/27/82
Crown Life of Colorado 2/	10/22/82	$9,000	———	$5,000	———
			———	$4,000	———
Crown Agency (Toldeo)	10/22/82	$3,000	10/27/82	$3,000	10/27/82
Crown Agency (Minn)	10/22/82	$6,000	10/27/82	$5,000	10/27/82
				$1,000	10/27/82
Agency Holding (Cleveland)	10/22/82	$12,000	10/27/82	$12,000	10/27/82
Ehrman, Ratini, Olgevee & Craig	10/22/82	$12,000	10/27/82	$12,000	10/27/82
	TOTALS	$60,000		$71,000	

1/ The data for the time that the funds were transmitted by Crown are derived from Exhibit 1. The data for the dates that the funds were deposited are derived from the general ledgers maintained by the corporations.

2/ There was, at the time of our request, no ledger available for Crown Life of Colorado.

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An additional $ 4,000 was paid to four other individuals from the account of Incotrav, Inc. Incotrav is owned by Kerry Craig. Mr. Craig has informed the Commission that the funds used by Incotrav for this purpose were transferred from Agency Holding Corporation's account. Within a period of several days, each individual who had received such a "bonus" payment had deposited the funds into their accounts and had drawn personal checks payable to the candidate(s) as instructed by Kerry Craig.

During the five-year period preceding these events in 1980, Mr. Craig had developed a close working relationship with Mr. Clarke B. Lloyd, Vice President of U.S. Operations for Crown Life. Mr. Lloyd was the individual in the Crown Life hierarchy through whom all requests for advances and loans made by Mr. Craig would have to proceed. Mr. Lloyd's approval was required before Crown Life would make the requested payment.

Mr. Craig has testified that, due to the fact that certain large accounts were coming up for renewal, his agencies were required to increase their spending, thus creating difficulties in planning a budget. Because so many requests were being made of Mr. Lloyd during that time, the system for requesting advances was made less formal. This process allowed for requests by telephone for which there may have never been any contemporaneous memorandum. Such was the case when Mr. Craig requested the $60,000 advance which was used to make the corporate contributions. While Mr. Craig has indicated that he had the clear intent of using the funds (plus some other money already on hand) for political purposes, it appears that Mr. Craig did not inform Mr. Lloyd (or any other official of Crown Life) of his intended purpose. Mr. Lloyd has testified that he took it upon himself to allocate the money to the various accounts. Mr. Lloyd has indicated that Crown Life did not even maintain a system, at that time, for monitoring how funds advanced were used or whether they were even used for the requested purpose at all. Crown Life appears to have been, concerned more with liability for the advances than it was concerned with the use of the funds. Materials provided during the course of the investigation reveal that advances have been made for various personal reasons, including home mortgages and even to pay an individual's income taxes.

While it appears that the funds which were used for making the political contributions in question were provided by Crown Life, there is no clear evidence that any official of Crown knew Craig's actual intended purpose prior to making the advance. Mr.

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Craig has indicated that he merely requested the advance and Mr. Lloyd made the allocations. Indeed, Mr. Craig even stated that frequently when a request was made for a large advance, it was a routine matter to break it up among several accounts in order to avoid any administrative difficulties in the home office. Mr. Lloyd (who is no longer employed by Crown Life), testified that be became aware of the contributions after they were made and commented that he thought that Craig was not in the best financial condition to be able to afford using the advances for such a purpose and that perhaps he should attempt to get the money back from the campaigns. There was no question raised at to the legaility of the expenditures nor any suggestion that officials of Crown not be informed.

Therefore, while Crown did provide the funds which were used by Kerry Craig for the purpose of making corporate contributions, the funds were in fact the property of the Craig corporations as they were advances against future earnings. It appears, therefore, that Crown Life advanced the money with the understanding that it was to be used for a legitimate business purpose. Crown Life has provided the Commission with copies of the promissory notes signed by Craig and has indicated that as a routine matter, and as is the case with all advances, repayment will be expected.

The Office of General Counsel recommends, therefore, that the Commission take no further action regarding possible violations by the Crown Life Insurance Company, and that it close the file in this matter as it relates to this respondent.

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Recommendations

1. Approve and send the attached letter and conciliation agreement to the domestic corporate respondents, Kerry P. Craig, Diane P. Craig, Charles T. Smith, Maurice D. Kent and Robert Bernstein (pages 41-50).

2. Approve and send the attached letter and conciliation agreement to William Preisser (pages 51-54).

3. Approve and send the attached letter and conciliation agreement to Dolores Wright (pages 55-58).

4. Approve and send the attached letter and conciliation agreement to Gary Holland (pages 59-62).

5. Approve and send the attached letter and conciliation agreement to James Wright (pages 63-66).

6. Approve and sign the conciliation agreements submitted by Mr. Catrini and Mr. Holland.

7. Close the file as to Mr. Catrini.

8. Approve and send the attached letters to Mr. Catrini and Mr. Holland.

9. Take no further action against the Crown Life Insurance Company and close the file.

10. Approve and send the attached letter to Alexander Black, Counsel to the Crown Life Insurance Company.

Attachments

1. Responses submitted by Roger Golden, Counsel to the corporate respondents, Kerry P. Craig, Diane Pariano Craig, Maurice D. Kent, Charles T. Smith and Robert Bernstein. Pages 1-22.

2. Response submitted by Jerome F. Crotty, Counsel to Dolores Wright. Page 23.

3. Response submitted by Jerome F. Crotty, Counsel to Gary Holland. Page 24.

4. Response submitted by Lawrence T. Miller, Counsel to William Preisser. Pages 25-28.

5. Response submitted by John Schwartz, Counsel to James Wright. Pages 29-30.

6. Response submitted by Emery J. Homor, Counsel to Thomas Masters. Pages 31-35.

7. Response submitted by Lawrence M. Mann, Counsel to C. Nick Catrini. Pages 36-40.

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8. Proposed cover letter and conciliation agreement to Roger Golden, Counsel to the corporate respondents, Kerry P. Craig, Diane Pariano Craig, Robert C. Oglevee, Maurice D. Kent, Charles T. Smith and Robert Bernstein. Pages 41-50.

9. Proposed cover letter and conciliation agreement to Lawrence T. Miller, Counsel to William Preisser. Pages 51-54.

10. Proposed cover letter and conciliation agreement to Jerome F. Crotty, Counsel to Dolores Wright. Pages 55-58.

11. Proposed cover letter and conciliation agreement to Jerome F. Crotty, Counsel to Gary Holland. Pages 59-62.

12. Proposed cover letter and conciliation agreement to John B. Schwartz, Counsel to James Wright. Pages 63-66.

13. Proposed letter to Lawrence M. Mann, Counsel to C. Nick Catrini. Page 67.

14. Proposed letter to Emery T. Homor, Counsel to Thomas Masters. Page 68.

15. Proposed letter to Alexander Black, Counsel to the Crown Life Insurance Company. Page 69.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, Pennsylvania 15219

Re: MUR 1445
Crown Life Insurance Co.

Dear Mr. Black:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on May 25, 1982, determined there was reason to believe that your client, the Crown Life Insurance Company, had violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. The Commission subsequently instituted an investigation of this matter.

After having considered the circumstances of this matter, the Commission, on , 1983, determined to take no further action and close its file as it pertains to your client. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

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If you have any questions, please direct them to Stephen Mims, the staff member assigned to this matter, at (202) 523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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204168

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83 FEB 30 AM: 31

EMERY J. HOMOR
ATTORNEY AT LAW
1955 RAYMOND DRIVE
NORTHBROOK, ILLINOIS 60062

(312) 480-0444 (312) 272-9500

83 MAR 2 P1:28

February 28, 1983

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: Thomas Masters
MUR 1445 (82)

Dear Mr. Steele:

Thank you for your letter of December 17, 1982 concerning the Conciliation Agreement in the matter of Thomas Masters.

The provisions of the Conciliation Agreement is accepted. Enclosed is a check drawn on the Federal Election Commission for Two Hundred ($200.00) Dollars in partial satisfaction of the total civil penalty of $500.00. The remainder of the penalty will be paid within forty-five (45) days from the date of my letter.

I would appreciate your accepting this mode of settling the penalty since my client's financial situation necessitates the handling it in installments.

Very truly yours,

Emery J Homor

EJH/lo
Encl.

cc: Thomas Masters

83040432439

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THOMAS C. OR ANN B. MASTERS 12-82
2030 N. MOHAWK 280-8815
CHICAGO, ILL. 60614

224

2/23 1983

PAY TO THE ORDER OF Federal Election Commission $ 200.00

two hundred 00/100 DOLLARS

FIRST SECURITY BANK of Chicago
100 EAST PEARSON • CHICAGO ILLINOIS 60611

MEMO Thomas C. Masters SS# 341-50-1926

A B Masters

0224

204232

RECEIVED BY THE FEC
Ref # 7636
83 MAR 9 PM : 17

LAWRENCE T. MILLER
ATTORNEY AT LAW
11 South LA SALLE STREET
CHICAGO, ILLINOIS 60603
(312) 236-2431

83 MAR 9 P 2:19

March 4, 1983

Mr. Stephen Mims
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445
William Preisser

Dear Mr. Mims:

Please note that I have relocated my office to the above address.

Very truly yours,

LAWRENCE T. MILLER

LTM/jz
cc Mr. William Preisser

8304032441

LAWRENCE T. MILLER
ATTORNEY AT LAW
11 South LA SALLE STREET
CHICAGO, ILLINOIS 60603

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CHICAGO, IL
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1983

Mr. Stephen Mims
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

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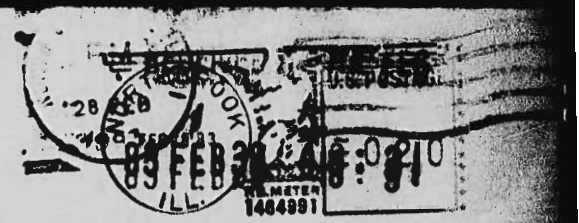
EMERY J. HOMOR
ATTORNEY AT LAW
1955 RAYMOND DRIVE
NORTHBROOK, ILLINOIS 60062

83040432403



Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

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RECEIVED BY THE FEC
Gcc # 9372
83 JAN 20 P12:38

LAW OFFICES
ALPER, MANN & REISER
818 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20006
(202) 298-9191

JEROME M. ALPER (D.C., TENN., ILL.)
LAWRENCE M. MANN (D.C.)
DEBORAH E. REISER (D.C., MD.)

MARYLAND OFFICE:
25 W. MIDDLE LANE
ROCKVILLE, MARYLAND 20850
(301) 340-2020

January 14, 1983

Scott E. Thomas
Assistant General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR1445

Dear Mr. Thomas:

I am enclosing a signed copy of the Conciliation Agreement and a check in the sum of $500 in connection with the above-referenced matter. Once you have signed the Agreement, please forward it to me.

Very truly yours,

Lawrence M. Mann

Lawrence M. Mann

LMM/sas

Enclosures

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C. NICK CATRINI
55 HERON DR.
MARLBORO, NJ 07746

1/11 1983

55-244
212

PAY TO THE ORDER OF Treasurer of the United States $ 500 00

Five hundred dollars 00 DOLLARS

MIDLANTIC
Midlantic National Bank/Merchants
Route 9, Marlboro, N.J. 07746

MEMO Civil Penalty, MUR 1445(82)

C. N. Catrini

⑆021202447⑆ 171 016 029⑈

LAW OFFICES
ALPER, MANN & REISER
818 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20006

Scott R. Thomas
Assistant General Counsel
Federal Election Commission
Washington, D.C. 20463

83040032416

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1982

Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, NW
Suite 1125
Washington, DC 20005

Re: MUR 1445

Dear Mr. Golden:

On May 25, 1982, the Commission found reason to believe that your clients Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; and Crown Associates of Colorado, Inc.; violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions in the names of others. The Commission also found reason to believe that Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein violated 2 U.S.C. § 441f by allowing the corporate respondents to use their names for the purpose of making corporate contributions.

Pursuant to an investigation into this matter, the Commission further determined, on September 24, 1982, that your client, Kerry P. Craig, in his role as an officer and/or director of the corporate respondents, violated 2 U.S.C. § 441b(a) by consenting to contributions being made by those corporations and that Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually

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satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1982

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Gary Holland, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1982

John B. Shwartz, Esquire
Mitgang, Levine & schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Schwartz:

On May 25, 1982, the Commission found reason to believe that your client, James R. Wright, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Decemebr 17, 1982

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Dolores Wright, violated 2 U.S.C. § 441f by allowing her name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1982

Lawrence M. Mann, Esquire
Alper, Mann & Reiser
818 Eighteenth Street, N.W.
Washington, DC 20006

Re: MUR 1445

Dear Mr. Mann:

On May 25, 1982, the Commission found reason to believe that your client, C. Nick Catrini, violated 2 U.S.C. § 441f by allowing his name to be used by Crown Associates of Minneapolis for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 17, 1982

Emery J. Homor, Esquire
1955 Raymond Drive
Suite 116
Chicago, Il 60062

Re: MUR 1445

Dear Mr. Homor:

On May 25, 1982, the Commission found reason to believe that your client, Thomas Masters, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C 20463

December 17, 1982

Lawrence T. Miller, Esquire
Upton, Nesmith & Miller
33 N. Dearborn Street
Suite 1617
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Miller:

On May 25, 1982, the Commission found reason to believe that your client, William Preisser, violated 2 U.S.C. § 441f by allowing his name to be used by Agency Holding Corporation (Chicago) for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence T. Miller, Esquire
Upton, Nesmith & Miller
33 N. Dearborn Street
Suite 1617
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Miller:

On May 25, 1982, the Commission found reason to believe that your client, William Preisser, violated 2 U.S.C. § 441f by allowing his name to be used by Agency Holding Corporation (Chicago) for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

SMM
12/16/82

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Emery J. Homor, Esquire
1955 Raymond Drive
Suite 116
Chicago, Il 60062

Re: MUR 1445

Dear Mr. Homor:

On May 25, 1982, the Commission found reason to believe that your client, Thomas Masters, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence M. Mann, Esquire
Alper, Mann & Reiser
818 Eighteenth Street, N.W.
Washington, DC 20006

Re: MUR 1445

Dear Mr. Mann:

On May 25, 1982, the Commission found reason to believe that your client, C. Nick Catrini, violated 2 U.S.C. § 441f by allowing his name to be used by Crown Associates of Minneapolis for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

Stm
12/16/82

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Dolores Wright, violated 2 U.S.C. § 441f by allowing her name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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SLM
12/16/82

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John B. Shwartz, Esquire
Mitgang, Levine & schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Schwartz:

On May 25, 1982, the Commission found reason to believe that your client, James R. Wright, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

Stam 12/16/82

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Gary Holland, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on December 14, 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

Stam 12/16/82

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445 (82)
Agency Holding Corporation,	)	
et al.	)	

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on December 14, 1982, do hereby certify that the Commission decided by a vote of 5-1 to approve the proposed conciliation agreements and letters attached to the General Counsel's November 23, 1982 report on MUR 1445.

Commissioners Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision; Commissioner Aikens dissented.

Attest:

12/15/82
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

83040432461

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM JCR

DATE: NOVEMBER 29, 1982

SUBJECT: OBJECTIONS - MUR 1445 - Memorandum to the Commission dated November 23, 1982; Received in OCS, 11-23-82, 4:19

The above-named document was circulated to the Commission on November 24, 1982 at 11:00.

Commissioners Reiche and Aikens submitted objections on November 29, 1982.

This matter will be placed on the agenda for the executive session of Tuesday, December 14, 1982. A copy of Commissioner Reiche's vote sheet with comments is attached.

Attachment

8304043 2462

48-HOUR BALLOT

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
82 NOV 29 A 9: 15
SENSITIVE

Date & Time Transmitted: WEDNESDAY, 11-24-82, 11:00

COMMISSIONER: McGARRY, AIKENS, McDONALD, ELLIOTT, REICHE, HARRIS

RETURN TO COMMISSION SECRETARY BY MONDAY, NOVEMBER 29, 1982, 11:00

SUBJECT: MUR 1445 Memorandum to the Commission dated November 23, 1982

( ) I approve the recommendation in the attached report.

(✓) I object to the recommendation.

COMMENTS: I have questions about Craig and the facts of this case.

Date: 11/26/82 Signature: Frank P. Reiche

ALL BALLOTS MUST BE SIGNED AND DATED. PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY. PLEASE RETURN THE BALLOT NO LATER THAN THE DATE AND TIME SHOWN ABOVE.

From the Office of the Commission Secretary

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November 23, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A.Kayson

SUBJECT: MUR 1445

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Mims

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

82 NOV 23 P4: 19

November 23, 1982

MEMORANDUM

SENSITIVE

TO: THE COMMISSION

FROM: CHARLES N. STEELE
GENERAL COUNSEL

BY: KENNETH A. GROSS
ASSOCIATE GENERAL COUNSEL

SUBJECT: Pre-Probable Cause Conciliation in MUR 1445(82)

On May 25, 1982, the Commission found reason to believe that:

1. Crown Life Insurance Company (of Toronto, Canada), violated 2 U.S.C. §§ 441b(a), 441e(a), and 441f;

2. Ehrman, Ratini, Oglevee & Craig, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Ohio, Crown Associates of Arizona, Inc., Kerry P. Craig & Associates, Inc., and Crown Associates of Colorado, Inc., violated 2 U.S.C. §§ 441b(a) and 441f;

3. Charles T. Smith, Maurice D. Kent, Diane Pariano Craig, James Wright, Dolores Wright, Robert C. Oglevee, Thomas Masters, Gary Holland, C. Nick Catrini, Robert Bernstein and William Preisser violated 2 U.S.C. § 441f.

The Commission made additional findings based upon an investigation into this matter on September 24, 1982, namely that:

1. Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f and

2. Kerry P. Craig violated 2 U.S.C. § 441b(a).

This matter was brought to the attention of the Commission by Mr. Roger M. Golden. During the course of unrelated litigation, Mr. Golden's firm was made aware of the fact that the corporate respondents Ehrman, Ratini, Oglevee & Craig, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Ohio, Crown Associates of Arizona, Inc., Kerry P. Craig & Associates, Inc., and Crown Associates of Colorado, Inc., may have made payments to individual respondents Charles T.

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Smith, Maurice D. Kent, Diane Pariano Craig, James Wright, Dolores Wright, Robert C. Oglevee, Thomas Masters, Gary Holland, C. Nick Catrini, Robert Bernstein and William Preisser in order that these individuals would make contributions to a total of sixteen federal candidates and one political committee. 1/ Counsel, concerned that such payments might have constituted violations of the Federal Election Campaign Act, came forward with the facts.

Officials of Crown Life cooperated completely with the Commission's investigation and produced, for our inspection, company records including billing information, insurance records (as they related to the operations of the United States-based corporations) as well as internal memoranda which set forth the company's position with respect to contributions made by it to candidates for election in Canada. None of this information revealed any prior knowledge 2/ by any official of Crown Life that any of the domestic corporate respondents or their principal, Kerry P. Craig (a general agent licensed by Crown Life) had used corporate funds to make contributions to federal candidates. What was made clear from these records was that Kerry Craig, in requesting the advances from Crown Life which were ultimately used to make political contributions, followed procedures normally employed by Crown Life when requesting any advance for normal business purposes. In fact, the advances were made by Crown Life with the understanding that the funds were to

---

1/ It appears that a total of $ 11,000 went to Texans For Wright and a total of $ 4,000 went to each of the following: Citizens for Brademas, Udall for Congress, Johnson for Congress, Burlison for Congress, Marvroules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, VA).

2/ Crown Life's Vice President for U.S. operations, Clarke B. Lloyd, did become aware of the contributions after they were made, but there is no evidence either from his testimony or testimony provided by others that he played any role in encouraging or assisting in this endeavor.

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be used for advertising expenses necessary for administering several large national accounts.

Mr. Golden's original letter had indicated the possibility that Kerry P. Craig and Associates and Crown Associates of Arizona, Inc., may have participated in this "bonus" plan. This was based partially upon the discovery of an executed promissory note 3/ made payable to Crown Associates of Arizona, Inc. The investigation revealed, however, that no actual payment was made by either corporation for the purpose of making a contribution.

Respondents Charles Smith and Kerry Craig have indicated that the idea to utilize the bonus plan originally was proposed by Mr. Owen Marley. Mr. Marley, an employee of the Democratic Steering and Policy Committee, suggested to Mr. Smith and Mr. Craig that due to certain national accounts which the Craig companies were maintaining, they should take an active interest in the upcoming 1980 elections. The testimony of Mr. Marley and of Messrs. Craig and Smith indicates that Marley played an important role in coordinating this activity. Mr. Marley's testimony differs from Smith and Craig only on the issue of who initiated the discussions. Mr. Marley did provide Mr. Craig, by way of Mr. Smith, with a list of Democratic candidates who, in Mr. Marley's opinion were in the most need of funds. Contributions were limited to candidates on that list.

The testimony provided by Messrs. Craig and Smith indicate that they considered Mr. Marley to be somewhat of an expert in these matters and thought that there was nothing improper with the bonus plan. Based upon their reliance on someone they viewed as a "Washington expert" and the lack of any evidence tending to demonstrate any conscious disregard of the law, the General Counsel believes that the violations were not knowingly and willfully committed.

3/ After the "bonuses" were paid to the individuals, an attempt was made to convert these payments to "loans." The evidence reveals that the conversion was intended to address tax implications of the bonus plan rather than to hide or correct violations of the Act. Notes were made payable to the corporation which paid the bonus (except in the case of the note made payable to Crown Associates of Arizona; no explanation exists for this particular aberation except to accept counsel's proffer that it was an error).

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The various counsel representing the respondents have requested pre-probable cause conciliation. It is the recommendation of the General Counsel that the Commission approve the attached conciliation agreements. 4/

[exempt per 2USC §437g(a)(4)(B)(i)]

This represents a balance of several factors: (1) the manner in which respondents voluntarily and on their own initiative brought this matter to the Commission's attention, (2) the cooperation provided by respondents in resolving these issues, (3) the fact that the Commission has sought relatively large civil penalties from respondents that make contributions in the names of others (e.g. MUR's 1237 and 422), and (4) the fact that none of the contributions have been corrected by refunds from the candidates or reimbursement to the corporation by the individuals involved.

For Kerry P. Craig, who appears to have been the corporate official most responsible for consenting to the impermissible use of corporate funds, [exempt per 2USC § 437g(a)(4)(B)(i)] For each of the individuals who permitted their name to be used to effect corporate contributions, [exempt per 2USC §437g(a)(4)(B)(i)]

4/ Not included are proposed agreements concerning Crown Life Insurance Company (of Toronto, Canada), Crown Associates of Arizona, Inc., or Kerry P. Craig and Associates. As discussed above, the investigation suggests that these entities did not violate the Act. We are preparing General Counsel's Briefs for these respondents.

Recommendation

Approve the attached proposed conciliation agreements and cover letters.

Attachments

1. Proposed cover letter and agreement to counsel representing Ehrman, Ratini, Oglevee & Craig, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Ohio, Incotrav, Inc., Crown Associates of Colorado, Inc., Kerry P. Craig, Charles T. Smith, Maurice D. Kent, Diane Pariano Craig, Robert C. Oglevee, and Robert Bernstein.

2. Proposed cover letter and agreement to counsel representing William Preisser.

3. Proposed cover letter and agreement to counsel representing Gary Holland.

4. Proposed cover letter and agreement to counsel representing Thomas Masters.

5. Proposed cover letter and agreement to counsel representing James R. Wright.

6. Proposed cover letter and agreement to counsel representing Dolores Wright.

7. Proposed cover letter and agreement to counsel representing C. Nick Catrini.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, NW
Suite 1125
Washington, DC 20005

Re: MUR 1445

Dear Mr. Golden:

On May 25, 1982, the Commission found reason to believe that your clients Ehrman, Ratini, Oglevee and Craig, Inc.; Agency Holding Corp. (of Chicago); Crown Agency, Inc. (of Toledo, Ohio); Crown Associates of Minneapolis, Inc.; Agency Holding Corporation of Cleveland, Ohio; and Crown Associates of Colorado, Inc.; violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions in the names of others. The Commission also found reason to believe that Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig and Robert Bernstein violated 2 U.S.C. § 441f by allowing the corporate respondents to use their names for the purpose of making corporate contributions.

Pursuant to an investigation into this matter, the Commission further determined, on September 24, 1982, that your client, Kerry P. Craig, in his role as an officer and/or director of the corporate respondents, violated 2 U.S.C. § 441b(a) by consenting to contributions being made by those corporations and that Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f.

At your request, the Commission determined on November , 1982, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually

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Att 1 pg 1

satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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Att 1, pg 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Lawrence T. Miller, Esquire
Upton, Nesmith & Miller
33 N. Dearborn Street
Suite 1617
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Miller:

On May 25, 1982, the Commission found reason to believe that your client, William Preisser, violated 2 U.S.C. § 441f by allowing his name to be used by Agency Holding Corporation (Chicago) for the purpose of making a corporate contribution.

At your request, the Commission determined on November , 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

Att 2, pg 1

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Gary Holland, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on November , 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

Att 3, pg 1

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Emery J. Homor, Esquire
1955 Raymond Drive
Suite 116
Chicago, Il 60062

Re: MUR 1445

Dear Mr. Homor:

On May 25, 1982, the Commission found reason to believe that your client, Thomas Masters, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on November , 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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Att 4, pg 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John B. Shwartz, Esquire
Mitgang, Levine & Schwartz
123 West Madison Street
21st Floor
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Schwartz:

On May 25, 1982, the Commission found reason to believe that your client, James R. Wright, violated 2 U.S.C. § 441f by allowing his name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on November , 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

Att 5, pg 1

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jerome F. Crotty, Esquire
Riek & Crotty
55 West Monroe Street
Suite 3660
Chicago, IL 60602

Re: MUR 1445

Dear Mr. Crotty:

On May 25, 1982, the Commission found reason to believe that your client, Dolores Wright, violated 2 U.S.C. § 441f by allowing her name to be used by Incotrav, Inc., for the purpose of making a corporate contribution.

At your request, the Commission determined on November , 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

Att 6, pg 1

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Lawrence M. Mann, Esquire
Alper, Mann & Reiser
818 Eighteenth Street, N.W.
Washington, DC 20006

Re: MUR 1445

Dear Mr. Mann:

On May 25, 1982, the Commission found reason to believe that your client, C. Nick Catrini, violated 2 U.S.C. § 441f by allowing his name to be used by Crown Associates of Minneapolis for the purpose of making a corporate contribution.

At your request, the Commission determined on November , 1982, to enter into negotiations directed towards reaching conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of thirty (30) days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Stephen Mims, the staff member assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures

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Att 7, pg1

203152

RECEIVED AT THE FEC
Batt 8750
82 OCT 25 P2:12

UPTON, NESMITH & MILLER
ATTORNEYS & COUNSELLORS
33 NORTH DEARBORN STREET · SUITE 1617
CHICAGO, ILLINOIS 60602

ROLAND C. UPTON
GEORGE C. NESMITH
LAWRENCE T. MILLER

(312) 346-2450

October 20, 1982

82 OCT 25 P2:27

Mr. Scott E. Thomas
Assistant General Counsel
Federal Election Commission
325 K Street N.W.
Washington, D.C. 20463

Re: MUR #1445

Dear Mr. Thomas:

Can you advise me of the progress of the matters referred in my letter of August 3, 1982?

Very truly yours,

LAWRENCE T. MILLER

LTM/jz
cc Mr. William Preisser

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UPTON, NESMITH & MILLER
ATTORNEYS & COUNSELLORS
33 NORTH DEARBORN STREET · SUITE 1617
CHICAGO, ILLINOIS 60602

83040432479

CHICAGO, IL 60606
21 OCT 1992
92 OCT 25
RECEIVED AT THE FEC

Mr. Scott E. Thomas
Assistant General Counsel
Federal Election Commission
325 K Street N.W.
Washington, D.C. 20463

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

202-638-0151

RECEIVED AT THE FEC
Ccc# 8555
82 SEP 29 P12:42

September 28, 1982

82 SEP 29 P3:22

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445(82)

Dear Mr. Thomas:

We received a Commission letter of September 27 in the above-referenced matter. The FEC letter advises us, in effect, that Kerry P. Craig (an individual) and Incotrav (a corporation) are being added to the list of respondents in this investigation. The FEC letter also advises us that the matter could be settled by conciliation.

In regard to and in behalf of Kerry Craig and Incotrav, we request settlement through conciliation, presumably as part of the ongoing conciliation process with respect to the other named respondents whom we represent.

Very truly yours,

Roger M. Golden

RMG/klp

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 27, 1982

Mr. Roger M. Golden, Esquire
Thorp, Reed and Armstrong
1575 I Street, N.W.
Suite 1125
Washington, DC 20005

Re: MUR 1445(82)

Dear Mr. Golden:

On September 24, 1982, the Federal Election Commission determined that there is reason to believe that your clients, Kerry P. Craig, and Incotrav, Inc., violated provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, Mr. Craig violated 2 U.S.C. § 441b(a) when he authorized a number of corporations with which he is affiliated including Incotrav, Inc.*, (where Mr. Craig is an officer) to disburse funds for the purpose of making contributions in the names of others. Incotrav, Inc., thus violated 2 U.S.C. § 441b(a) by disbursing those funds and 2 U.S.C. § 441f by allowing those funds to be then used to make contributions in the names of others. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

In the absence of any additional information which demonstrates that no further action should be taken against your clients, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. §111.18(d).

---

* The investigation has also revealed that Mr. Craig authorized similar contributions by other corporate entities where he had a position as officer or director. Those other corporations are: Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Kerry P. Craig & Associates, Inc., Crown Associates of Colorado, Inc., and Ehrman, Ratini, Oglevee & Craig, Inc.

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The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4039.

Sincerely,

Danny L. McDonald
Vice-Chairman

Enclosures
General Counsel's Factual and Legal Analysis
Procedures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Roger M. Golden, Esquire
Thorp, Reed and Armstrong
1575 I Street, N.W.
Suite 1125
Washington, DC 20005

Re: MUR 1445(82)

Dear Mr. Golden:

On , 1982, the Federal Election Commission determined that there is reason to believe that your clients, Kerry P. Craig, and Incotrav, Inc., violated provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, Mr. Craig violated 2 U.S.C. § 441b(a) when he authorized a number of corporations with which he is affiliated including Incotrav, Inc.*, (where Mr. Craig is an officer) to disburse funds for the purpose of making contributions in the names of others. Incotrav, Inc., thus violated 2 U.S.C. § 441b(a) by disbursing those funds and 2 U.S.C. § 441f by allowing those funds to be then used to make contributions in the names of others. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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Sincerely,

Enclosures
General Counsel's Factual and Legal Analysis
Procedures

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Rec'd. SWM 9/24/82

BEFORE THE FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1445(82)

STAFF MEMBER Mims

PHONE NO. (202)523-4039

RESPONDENTS: Incotrav, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Crown Associates of Arizona, Inc., Kerry P. Craig & Associates, Inc., Crown Associates of Colorado, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Kerry P. Craig, Charles T. Smith, Maurice D. Kent, Robert Oglevee, Diane Pariano Craig and Robert Bernstein.

SOURCE OF MUR: INTERNALLY GENERATED

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SUMMARY OF ALLEGATIONS

During the course of litigation unrelated to this matter, counsel for the domestic corporate respondents and individual respondents Diane Craig, Maurice Kent, Robert Oglevee and Charles Smith, became aware that their clients (as well as certain other individuals) may have violated the Act. Accordingly, counsel approached the Office of General Counsel, set forth the facts as they knew them, and requested conciliation.

During the past two months, this Office has deposed all but one of the individual respondents (Gary Holland) and has concluded that additional respondents should be included in this matter prior to entering into the conciliation process.

The substantive facts are undisputed: the domestic corporate respondents gave money to the individual respondents in the form of "bonuses" in order that these individuals would make contributions to a total of sixteen federal candidates and one political committee.

FACTUAL BASIS AND LEGAL ANALYSIS

We have discovered that some funds passed from respondent Agency Holding Corporation of Chicago (AHC) through a travel agency called Incotrav which was owned in part (a 60% interest) by Kerry P. Craig. Mr. Craig was also a director and President of Incotrav.

Incotrav paid "bonuses" to James Wright, an officer, Dolores Wright, his wife 1/, and Tom Masters and Gary Holland, both of whom were salesmen. The testimony provided uncontradicted evidence that Kerry Craig and James Wright were aware of how the Incotrav funds were to be used and approved the issuance of the checks. In addition, this Office has obtained copies of cancelled checks issued by Incotrav to the Wrights, Masters and Holland. Those checks issued to Masters and Holland were signed by James Wright. There is no dispute that Kerry Craig caused all four checks to be issued by Incotrav. Therefore, it appears that Incotrav made corporate contributions in the names of others, with the consent of two of its officers, Kerry Craig

1/Mrs. Wright had no employment or directorship relationship with Incotrav. Mr. Wright is already a respondent in this matter. The Commission found reason to believe that both of the Wrights violated 2 U.S.C. § 441f.

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and James Wright. 2/

During the course of the investigation, it appeared that all of the domestic corporate respondents were subject to majority control by Kerry P. Craig. As a general agent for Crown Life Insurance Company of Toronto (Crown), Mr. Craig was personally liable for all advances by Crown to the domestic corporations. Kerry Craig requested Crown to advance funds to the domestic corporate respondents, and he signed a series of promissory notes personally guaranteeing repayment of the funds.

Although the funds used for making the contributions were part of the assets of the corporate respondents, Mr. Craig's relationship with Crown required that any funds advanced to the corporations operated by Mr. Craig would be recoverable by Crown from Mr. Criag's personal assets in the event of a failure by the corporations to repay the advance. Therefore, the business relationship between the domestic corporate respondents and Crown was such that but for the guarantee by Mr. Craig, there would have been no advances to the domestic corporations.

The record clearly shows that Kerry Craig personally approached most of the individuals involved in the contribution plan, requested that they make the contributions, then authorized the disbursement of corporate funds for the purpose reimbursing those persons for making the contributions. As the principal

2/ Because Mr. Wright's involvement was at the request of Mr. Craig, and was limited to the four Incotrav transactions, we are not recommending an additional finding against him.

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officer of the corporations, Mr. Craig clearly consented to corporate contributions being made, thus violating 2 U.S.C. § 441b(a).

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Incotrav violated 2 U.S.C. §§ 441b(a) and 441f and that Kerry P. Craig violated 2 U.S.C. § 441b(a).

9 3 0 4 0 4 3 2 4 3 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445(82)
Agency Holding Corporation,	)	
et. al.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 24, 1982, the Commission decided by a vote of 5-0 to take the following actions in MUR 1445:

1. Find reason to believe Incotrav, Inc. violated 2 U.S.C. §§ 441b(a) and 441f.

2. Find reason to believe Kerry P. Craig violated 2 U.S.C. § 441b(a).

3. Send the letter as submitted with the General Counsel's Report signed September 21, 1982.

Commissioners Aikens, Elliott, Harris, McGarry and Reiche voted affirmatively in this matter; Commissioner McDonald did not cast a vote.

Attest:

9-24-82
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 9-21-82, 4:44
Circulated on 48 hour tally basis: 9-22-82, 11:00

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September 21, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1445

Please have the attached General Counsel's Report distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Mims

8 3 0 4 0 4 3 2 4 0 1

BEFORE THE

FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 SEP 21 P 4: 44

SENSITIVE

In the Matter of)
)
Agency Holding Corporation, et al 1/) MUR 1445(82)
)
)
)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

During the course of litigation unrelated to this matter, counsel for the domestic corporate respondents and individual respondents Diane Craig, Maurice Kent, Robert Oglevee and Charles Smith, became aware that their clients (as well as certain other individuals) may have violated the Act. Accordingly, counsel approached the Office of General Counsel, set forth the facts as they knew them, and requested conciliation.

During the past two months, this Office has deposed all but one of the individual respondents (Gary Holland) and has concluded that additional respondents should be included in this matter prior to entering into the conciliation process.

The substantive facts are undisputed: the domestic corporate respondents gave money to the individual respondents in the form of "bonuses" in order that these individuals would make contributions to a total of sixteen federal candidates and one political committee.

1/ Domestic corporations: Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Crown Associates of Arizona, Inc., Kerry P. Craig & Associates, Inc., Crown Associates of Colorado, Inc., and Ehrman, Ratini, Oglevee & Craig, Inc. Individual respondents: Charles T. Smith, Maurice D. Kent, Robert Oglevee, Diane Pariano Craig, James Wright, Dolores Wright, Thomas Masters, Gary Holland, C. Nick Catrini, Robert Bernstein and William Preisser. Foriegn Corporation: Crown Life Insurance Company (of Toronto, Canada).

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II. LEGAL ANALYSIS

Whether Incotrav and Kerry P. Craig violated the Act

We have discovered that some funds passed from respondent Agency Holding Corporation of Chicago (AHC) through a travel agency called Incotrav which was owned in part (a 60% interest) by Kerry P. Craig. Mr. Craig was also a director and President of Incotrav.

Incotrav paid "bonuses" to James Wright, an officer, Dolores Wright, his wife 2/, and Tom Masters and Gary Holland, both of whom were salesmen. The testimony provided uncontradicted evidence that Kerry Craig and James Wright were aware of how the Incotrav funds were to be used and approved the issuance of the checks. In addition, this Office has obtained copies of cancelled checks issued by Incotrav to the Wrights, Masters and Holland. Those checks issued to Masters and Holland were signed by James Wright. There is no dispute that Kerry Craig caused all four checks to be issued by Incotrav. Therefore, it appears that Incotrav made corporate contributions in the names of others, with the consent of two of its

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2/Mrs. Wright had no employment or directorship relationship with Incotrav. Mr. Wright is already a respondent in this matter. The Commission found reason to believe that both of the Wrights violated 2 U.S.C. § 441f.

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officers, Kerry Craig and James Wright. 3/

During the course of the investigation, it appeared that all of the domestic corporate respondents were subject to majority control by Kerry P. Craig. As a general agent for Crown Life Insurance Company of Toronto (Crown), Mr. Craig was personally liable for all advances by Crown to the domestic corporations. Kerry Craig requested Crown to advance funds to the domestic corporate respondents, and he signed a series of promissory notes personally guaranteeing repayment of the funds.

Although the funds used for making the contributions were part of the assets of the corporate respondents, Mr. Craig's relationship with Crown required that any funds advanced to the corporations operated by Mr. Craig would be recoverable by Crown from Mr. Criag's personal assets in the event of a failure by the corporations to repay the advance. Therefore, the business relationship between the domestic corporate respondents and Crown was such that but for the guarantee by Mr. Craig, there would have been no advances to the domestic corporations.

The record clearly shows that Kerry Craig personally approached most of the individuals involved in the contribution plan, requested that they make the contributions, then authorized the disbursement of corporate funds for the purpose reimbursing those persons for making the contributions. As the principal

3/ Because Mr. Wright's involvement was at the request of Mr. Craig, and was limited to the four Incotrav transactions, we are not recommending an additional finding against him.

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officer of the corporations, Mr. Craig clearly consented to corporate contributions being made, thus violating 2 U.S.C. § 441b(a).

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Incotrav violated 2 U.S.C. §§ 441b(a) and 441f and that Kerry P. Craig violated 2 U.S.C. § 441b(a).

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III. RECOMMENDATIONS

1. Find reason to believe Incotrav, Inc., violated 2 U.S.C. §§ 441b(a) and 441f.

2. Find reason to believe Kerry P. Craig violated 2 U.S.C. § 441b(a).

3. Send the attached letters.

Charles N. Steele
General Counsel

Sept. 21, 1982
Date

BY: Kenneth A. Gross
Associate General Counsel

Attachments

Proposed letter with General Counsel's Factual and Legal Analysis

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Roger M. Golden, Esquire
Thorp, Reed and Armstrong
1575 I Street, N.W.
Suite 1125
Washington, DC 20005

Re: MUR 1445(82)

Dear Mr. Golden:

On , 1982, the Federal Election Commission determined that there is reason to believe that your clients, Kerry P. Craig, and Incotrav, Inc., violated provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, Mr. Craig violated 2 U.S.C. § 441b(a) when he authorized a number of corporations with which he is affiliated including Incotrav, Inc.*, (where Mr. Craig is an officer) to disburse funds for the purpose of making contributions in the names of others. Incotrav, Inc., thus violated 2 U.S.C. § 441b(a) by disbursing those funds and 2 U.S.C. § 441f by allowing those funds to be then used to make contributions in the names of others. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4039.

Sincerely,

Enclosures
General Counsel's Factual and Legal Analysis
Procedures

83040432497

BEFORE THE FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1445(82)

STAFF MEMBER Mims

PHONE NO. (202)523-4039

RESPONDENTS: Incotrav, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Crown Associates of Arizona, Inc., Kerry P. Craig & Associates, Inc., Crown Associates of Colorado, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Kerry P. Craig, Charles T. Smith, Maurice D. Kent, Robert Oglevee, Diane Pariano Craig and Robert Bernstein.

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

During the course of litigation unrelated to this matter, counsel for the domestic corporate respondents and individual respondents Diane Craig, Maurice Kent, Robert Oglevee and Charles Smith, became aware that their clients (as well as certain other individuals) may have violated the Act. Accordingly, counsel approached the Office of General Counsel, set forth the facts as they knew them, and requested conciliation.

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FACTUAL BASIS AND LEGAL ANALYSIS

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and James Wright. 2/

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officer of the corporations, Mr. Craig clearly consented to corporate contributions being made, thus violating 2 U.S.C. § 441b(a).

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Incotrav violated 2 U.S.C. §§ 441b(a) and 441f and that Kerry P. Craig violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 3, 1982

William F. Ragan, Esquire
Ragan & Mason
900 Seventeenth Street, N.W.
Washington, D.C. 20006

Re: MUR 1445
Owen Marley

Dear Mr. Ragan:

Pursuant to your request for an extension of 14 days in which your firm's client, Owen Marley, may review and sign his deposition transcript, please be advised that the extension has been granted. Accordingly, October 4, 1982, is the date the review and signature is to be completed.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

cc: Milton Reporting, Inc.

8304043250

GCC # 8373

KARL E. BAKKE
DONALD J. BRUNNER
ROBERT T. DEVOY, JR.
GARY R. EDWARDS
FRANCIS W. FRASER
GENE C. LANGE
GERALD A. MALIA
JOHN MASON
EDWARD A. McDERMOTT, JR.
PAUL J. McELLIGOTT
ANDREW A. NORMANDEAU
WILLIAM F. RAGAN
EDWARD M. SHEA
JOHN E. VARGO

LAW OFFICES
RAGAN & MASON
THE FARRAGUT BUILDING
900 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20006
(202) 296-4750
CABLE ADDRESS: DONRALEGAL
TWX: 710-822-9370
TELECOPIER: (202) 296-4110

GEORGE R. BROWNELL
OF COUNSEL
MEMBER NEW YORK BAR
1345 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10019
(212) 765-3000

September 1, 1982

82 SEP 1 AM 11:58

Mr. Stephen Mims
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Dear Mr. Mims:

Re: M.U.R. 1445

On Friday, July 30, 1982, our client, Mr. Owen Marley, was deposed in reference to an investigation being conducted by your office. On Monday, August 23, 1982, our client received a notification from the reporter that the transcript of his deposition was available for his review and signature prior to September 20, 1982. Due to prior commitments, the client was leaving town the day the notice was received, and Mr. Devoy, his counsel on this matter, is out of town until September 20.

In view of the foregoing, on behalf of our client, I wish to request an extension of the date of September 20, 1982 to October 4, 1982. This will provide the opportunity for careful review of the transcript by the client and the participating attorney.

Thank you very much for your consideration of this request.

Very truly yours,

RAGAN & MASON

William F. Ragan

William F. Ragan

cc: Scott Thomas, Esquire
Office of General Counsel
Federal Election Commission

8304032503

LAW OFFICES
FRAGAN & MASON
THE FARRAGUT BUILDING
800 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

8304043

HAND DELIVERY
Mr. Stephen Mims
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.

GCC #8373

KARL E. BAKKE
DONALD J. BRUNNER
ROBERT T. DEVOY, JR.
GARY R. EDWARDS
FRANCIS W. FRASER
GENE C. LANGE
GERALD A. MALIA
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GEORGE R. BROWNELL
OF COUNSEL
MEMBER NEW YORK BAR
1345 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10019
(212) 765-3000

September 1, 1982

2 SEP 1 AM 11:58

COPY

Mr. Stephen Mims
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Dear Mr. Mims:

Re: M.U.R. 1445

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Thank you very much for your consideration of this request.

Very truly yours,

RAGAN & MASON

William F. Ragan

cc: Scott Thomas, Esquire
Office of General Counsel
Federal Election Commission

LAW OFFICES
RAGAN & MASON
THE FARRAGUT BUILDING
900 SEVENTEENTH STREET, N.W.
WASHINGTON, D. C. 20006

9304043

HAND DELIVERY
Scott Thomas, Esquire
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.

GCC#8278 202454

RECEIVED

82 AUG 18 P 3:14

MITGANG, LEVINE AND SCHWARTZ
ATTORNEYS AT LAW
ONE TWENTY-THREE WEST MADISON STREET
CHICAGO, ILLINOIS 60602

FRANKLIN 2-2341
TWENTY-FIRST FLOOR

HENRY MITGANG
HERZL E. LEVINE
JOHN B. SCHWARTZ

MELVIN H. SORKIN
CARL NUSBAUM
FRANK J. CORTINA, JR.
OF COUNSEL
MORRIS A. FELDMAN

TERRY LEVINE
PHOENIX, ARIZ.
LICENSED ARIZ. & ILL.

August 16, 1982

IN REPLY REFER TO FILE 17875-S

2 AUG 18 P4:10

Mr. Stephen H. Mims
Legal Intern
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: Deposition of James Wright
MUR NUMBER: 1445

Dear Mr. Mims:

Please be advised that as of this date we have not received copy of Mr. Wright's deposition. I would appreciate it if you would supply same to me.

Very truly yours,

MITGANG, LEVINE AND SCHWARTZ

John B. Schwartz

John B. Schwartz

JBS:ba
cc: James Wright

8304132507

MITGANG, LEVINE AND SCHWARTZ
ATTORNEYS AT LAW
ONE TWENTY-THREE WEST MADISON STREET
CHICAGO, ILLINOIS 60602

RECEIVED
82 AUG 18 P3:14

83040125068

Mr. Stephen H. Mims
Legal Intern
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

202327 Gcc#8231

UPTON, NESMITH & MILLER
ATTORNEYS & COUNSELLORS
33 NORTH DEARBORN STREET · SUITE 1617
CHICAGO, ILLINOIS 60602

ROLAND C UPTON
GEORGE C NESMITH
LAWRENCE T MILLER

(312) 346-2450

AUG 6 P3:03

August 3, 1982

Mr. Scott E. Thomas
Assistant General Counsel
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

Re: MUR No. 1445

Dear Mr. Thomas:

It is my impression that you have now completed your investigation into the allegations concerning my client William Preisser.

On behalf of my client, I request that we initiate a conciliation process relative to this matter. Please forward your proposed draft of Conciliation Agreement for our consideration.

Very truly yours,

Lawrence T. Miller

LAWRENCE T. MILLER

LTM/jz
cc Mr. William Preisser

93040432509

UPTON, NESMITH & MILLER
ATTORNEYS & COUNSELLORS
33 NORTH DEARBORN STREET · SUITE 1617
CHICAGO, ILLINOIS 60602

CHICAGO, ILL. 606
PM
4 AUG
1987

Mr. Scott E. Thomas
Assistant General Counsel
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

83040435510

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Agency Holding Corporation, et. al.	)))))	Re: Mur 1445

SUBPOENA TO APPEAR FOR DEPOSITION
AND TO PRODUCE
BOOKS, RECORDS, AND OTHER RELEVANT DOCUMENTS

TO: WILLIAM PREISSER

At the instance of the Federal Election Commission pursuant to section 437d of Title 2 of the United States Code, you are hereby subpoenaed for deposition with regard to an investigation of possible violations of the Federal Election Campaign Act of 1971, as amended, by Agency Holding Corporation of Chicago, and other corporate respondents. Notice is hereby given that the deposition is to be taken at the U.S. District Court, 219 South Dearborn, Chicago, Illinois, begining at 8:30 a.m. August 2, 1982, and continuing each day thereafter as necessary.

Pursuant to section 437d of Title 2, United States Code, you are hereby subpoenaed to produce on August 2, 1982, at the above stated time and location:

1. All correspondence, telephone logs or records, notes and memoranda concerning communications between you and any of the following individuals or firms: Charles T. Smith, Kerry P. Craig, Diane Pariano Craig, Clarke B. Lloyd, Owen Marley, Robert C. Oglevee, Agency Holding Corporation, Crown Life

83040432511

Insurance Company of Toronto, and Crown Agency, Inc., which relate to the possibility of formation or establishment of a political action committee or any type of political contribution plan.

2. All memoranda concerning communications with those persons referenced in (1) supra, which relate to the making of contributions to candidates for federal office by those persons or any other officers or employees of the corporations named.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on July 30, 1982.

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

ATTEST:

Marjorie W Emmons

Marjorie W. Emmons
Secretary to the Commission

8 3 0 4 0 4 3 2 5 1 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Agency Holding Corporation, et. al.	)))))	Re: Mur 1445

SUBPOENA TO APPEAR FOR DEPOSITION
AND TO PRODUCE
BOOKS, RECORDS, AND OTHER RELEVANT DOCUMENTS

TO: CLARKE B. LLOYD

At the instance of the Federal Election Commission pursuant to section 437d of Title 2 of the United States Code, you are hereby subpoenaed for deposition with regard to an investigation of possible violations of the Federal Election Campaign Act of 1971, as amended, by Agency Holding Corporation of Chicago, and other corporate respondents. Notice is hereby given that the deposition is to be taken at the U.S. District Court, 219 South Dearborn, Chicago, Illinois, begining at 12:00 noon August 2, 1982, and continuing each day thereafter as necessary.

Pursuant to section 437d of Title 2, United States Code, you are hereby subpoenaed to produce on August 2, 1982, at the above stated time and location the following documents which may be in your possession or control:

1. Letters accompanying monthly level financing loans made by Crown Life Insurance Company in October, 1980, to Agency Holding Corporation of Chicago and any other correspondence, internal memoranda, telephone memos or logs, accounting records, or other records relating to these loans.

8 3 0 4 0 4 3 2 5 1 3

2. All correspondence, internal memoranda, telephone memos or logs, accounting records or other records or documents relating to the special advances made to: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis, in October, 1980, by Crown Life Insurance Company.

3. All correspondence, internal memoranda, telephone memos or logs, accounting records, expense vouchers, bills, receipts, invoices, or other records or documents relating to the travel and entertainment expenses reimbursed by the special advances in October, 1980, by Crown Life Insurance Company to any of the firms identified in 2, supra.

4. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to any efforts by Crown Life Insurance Company, Agency Holding Corporation of Chicago, or any of the other firms identified in 2, supra, to seek repayment of funds provided to officers or employees and used by such officers or employees to make political contributions.

8304043251 4

5. All correspondence, telephone logs or records, notes and memoranda concerning communications between you and any of the following individuals or firms: Charles T. Smith, Kerry P. Craig, Diane Pariano Craig, Owen Marley, Robert C. Oglevee, Agency Holding Corporation, Crown Life Insurance Company of Toronto, and Crown Agency, Inc., which relate to the possibility of formation or establishment of a political action committee or any type of political contribution plan.

6. All memoranda concerning communications with those persons referenced in (2) supra, which relate to the making of contributions to candidates for federal office by those persons or any other officers or employees of the corporations named.

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Frank P. Reiche

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Chairman for the
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

2304043251 3

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445
Agency Holding Corporation,	)	
et. al.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 30, 1982, the Commission approved by a vote of 6-0 the subpoenas to Mr. William Preisser and Mr. Clarke B. Lloyd as submitted with the Memorandum to the Commission dated July 28, 1982.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

7-30-82
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 7-28-82, 3:23
Circulated on 48 hour tally basis: 7-29-82, 11:00

83040432516

July 27, 1982

MEMORANDUM TO: Marjorie Emmons

FROM: Steven Barndollar

SUBJECT: MUR 1445

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

8 3 0 4 0 4 3 2 5 1 7

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 JUL 28 P 3: 23

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 28, 1982

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: Authorization to Issue Subpoenas
In Connection with MUR 1445(82)

On May 25, 1982, the Commission found reason to believe, inter alia, that Crown Life Insurance Company (of Toronto) violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, by making contributions in the name of certain corporate employees. The payments by the employers at first appeared to have been treated as "bonuses" but subsequent investigation indicates that there was some attempt to convert the payments to "loans."

Depositions have been conducted by this Office of four individuals. Written answers also have been provided by several respondents. On July 8, 1982, the Commission authorized the issuance of two document subpoenas, and production occurred on July 21 and 23, 1982. Eight more individuals are scheduled to be deposed from July 30 through August 4, 1982, and, presumably, this will conclude our investigation. All but two of these depositions will be taken in Washington, D.C.

In general, we have obtained the voluntary cooperation of the deponents and their counsel, and subpoenas have not been necessary. One exception, as noted in our July 20, 1982, memorandum to the Commission, involved Owen Marley with whom we had not been able to make contact by telephone. He has now been served with a subpoena and is scheduled for deposition on July 30, 1982.

One individual whom we had arranged to depose in Chicago on July 22, 1982 (William Preisser), advised us, through counsel the day before his scheduled deposition, that he did not want to appear for sworn deposition as previously arranged. His attorney indicated that he wanted to discuss what the possibilities of criminal liability were and was hopeful that an informal interview would satisfy the Commission's needs. Ultimately, Mr. Preisser appeared for an interview and has now agreed to be deposed on August 2, 1982. Because of his attorney's previously-expressed concerns about permitting Mr.

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Preisser to appear for a sworn deposition, we believe that as a precaution we should have a subpoena in hand should Mr. Preisser's attorney change his mind and once again refuse to let his client be questioned. We would serve the subpoena only if necessary in order to avoid having wasted the expense of traveling to Chicago. As a further precaution, we believe we should have a subpoena in hand for the other individual scheduled to be deposed that day, Mr. Clarke B. Lloyd. We are hopeful that this will ensure that both these individuals will be deposed and that no further trips to Chicago will be necessary.

Recommendation

Approve the attached subpoenas to Mr. William Preisser and Mr. Clarke B. Lloyd.

Attachments

Subpoenas (2)

8 3 0 4 0 4 3 2 5 1 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Agency Holding Corporation, et. al.	)))))	Re: Mur 1445

SUBPOENA TO APPEAR FOR DEPOSITION
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BOOKS, RECORDS, AND OTHER RELEVANT DOCUMENTS

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Attachment page 1

8 3 0 4 0 4 3 2 5 2 0

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3. All correspondence, internal memoranda, telephone memos or logs, accounting records, expense vouchers, bills, receipts, invoices, or other records or documents relating to the travel and entertainment expenses reimbursed by the special advances in October, 1980, by Crown Life Insurance Company to any of the firms identified in 2, supra.

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8 3 0 4 0 4 3 2 5 2 1

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Frank P. Reiche
Chairman for the
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

3 3 0 4 0 4 3 2 5 2 2

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8 3 0 4 0 4 3 2 5 2 3

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Frank P. Reiche
Chairman for the
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

8 3 0 4 0 4 3 2 5 2 4

THORP, REED & ARMSTRONG

2900 GRANT BUILDING
PITTSBURGH, PENNSYLVANIA 15219
TELEPHONE (412) 288-7711 CABLE THORREED, PITTSBURGH
TWX 710-664-4290

WRITER'S DIRECT DIAL NUMBER (412) 288-2551

CHARLES H. THORP 1863-1942
EARL F. REED 1884-1963
CLYDE A. ARMSTRONG 1886-1973

KENNETH G. JACKSON
WILLIAM C. O'NEIL
JOSEPH E. MADRA
WILLIAM D. SUTTON
CLYDE W. ARMSTRONG
HENRY A. MORROW, JR.
FRANK J. GAFFNEY
WILLIAM W. SCOTT, JR.
JAMES S. HECHT
CHARLES WEISS
CHARLES R. VOLK
ELI KRYGONIA, JR.
EDMUND S. RUFFIN, III
THOMAS J. JACKSON
RALPH T. DeSTEFANO
FRANK NAST
RALPH F. SCALERA
DAVID S. WATSON
CHARLES H. THORP, III
G. DANIEL CARNEY
WILLIAM H. WYCOFF
JOSEPH DUFF BHUMAN

MICHAEL [illegible]
ROBERT H. SHOOR, JR.
PETER G. VEEDER
JOHN H. SINGLER, JR.
ROGER H. GOLDEN*
CARL H. HELLERSTEDT, JR.
JAMES R. GOLDBERG
RICHARD I. THOMAS
FRANK J. CLEMENTS
JOHN SEAN O'BRIEN
SCOTT E. HENDERSON
RICHARD V. SICA
CHESTER R. BABST, III
J. FRANK Mc KENNA, III
KEITH H. WEST
DAVID A. SCOTT
RICHARD M. ZOMNIR
W. ROGERS MOORE
JEFFREY S. BLUM
CARL L. LoPRESTI
DAVID G. RIES

MARTIN J. SAUNDERS
[illegible]
RONALD J. WERNIWAK
C. JAMES ZESZUTEK
JANE A. LEWIS
WILLIAM ROGERS, JR.
JOSEPH MACK III
TIMOTHY M. SLAVISH
FORBES MAHER*
GLENN E. BOST II
JEROME J. POTTMEYER III
RICHARD R. RIESE
LOUISE W. YODER
DEAN A. CALLARD*
SHERYL L. ANDERSON
PETER C. BLASIER
BRIAN J. DOUGHERTY
EDWARD N. DURAND

SENIOR COUNSEL
WILLIAM ANDERSON
J. FRANK McKENNA, JR.

*ADMITTED DISTRICT OF COLUMBIA

RECEIVED
Occ # 8198
82 JUL 30 P1:00

JUL 30 P2:36

July 28, 1982

Stephen Mims, Esquire
Federal Elections Commission
Washington, D.C. 20463

Dear Steve:

Enclosed are copies of checks 1196, 1215, 1159, 1225, 1226, 1718, 1719, 1720 and 1723. I have not been able to locate copies of 1200, 1689, 1879 and 2019. I will ask Glenn about them on Monday.

I apologize for any inconvenience this causes.

Sincerely yours,

Janet

Janet B. Swartz
Legal Assistant

JBS/nn

Enclosures

2-64
710

CROWN LIFE ASSOCIATES OF COLORADO, INC.

410 BUILDING
17TH STREET #2330
DENVER, COLORADO 80202

200 S. LA SALLE ST.
SUITE 1760
CHICAGO, ILLINOIS 60604

1214

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

30114502 ⑆ 0 ⑈

PAY Five Thousand Dollars and no cents — DOLLARS

		DATE	CHECK NO.	AMOUNT	
TO THE ORDER OF	Charles T. Smith	10/23/80	1214	5000	00

Bros

CROWN LIFE ASSOCIATES OF COLORADO, INC.

[redacted]

⑈0000500000⑈

Charles T. Smith
2-662161

830404325 26

031 775 20

CCT

EA
EG
TL
CO
54

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1750
CHICAGO, ILLINOIS 60604

1723

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

PAY One Thousand Dollars and 00/100 DOLLARS

TO THE ORDER OF		DATE	CHECK NO.	AMOUNT
	William F. Reisser	Oct 25, 1980	1723	$1000 00

AGENCY HOLDING CORP.

[redacted]

⑈0000100000⑈

830404325227

PAID 10-28 80 PAID

EXCHANGE NATIONAL BANK OF CHICAGO

Cash #525-1111-7

[redacted]

2-26 PAY ANY BANK F.E.D. 2-26
HARRIS TR & SVGS BK CHICAGO IL
602 5242 05 10-28-80 762420956
⑆102000661⑈

PAID

EXCHANGE NATIONAL BANK OF CHICAGO

PAID

AGENCY HOLDING CORP.
[illegible] LA SALLE ST. SUITE [illegible]
CHICAGO, ILLINOIS [illegible]

DRAFTS
OCT 27 1980
PAY [illegible] Ten Thousand Dollars and no cents
EXCHANGE NATIONAL BANK OF CHICAGO

1720

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

3011410005

DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	AMOUNT
Maurice D Kent Bruce	10/27/80	1720	10,000 00

AGENCY HOLDING CORP.

[redacted]

⑈000 1000000⑈

[redacted]

03 2 0 2

2. PAY TO THE ORDER OF
1. EXCHANGE NATIONAL BANK OF CHICAGO
2. 54 EG. 1-54

[redacted]

0 3 0 4 0 4 3 2 5 2 8

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1700
CHICAGO, ILLINOIS 60604

2-64
710

1719

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

PAY One Thousand Dollars and no cents DOLLARS

TO THE ORDER OF		DATE	CHECK NO.	AMOUNT
	Robert Bernstein	10/27/70	1719	1000 00
	Bonus			

AGENCY HOLDING CORP.

[redacted]

⑈0000100000⑈

830404325229

PAID 0-28 80

EXCHANGE NATIONAL BANK OF CHICAGO

PAID

PAID 0-28

EXCHANGE NATIONAL BANK OF CHICAGO

PAID

[redacted]

Robert Bernstein
JC-5434-2

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1700
CHICAGO, ILLINOIS 60604

1718

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

PAY Seventeen Thousand Dollars and no cents — DOLLARS

TO THE ORDER OF		DATE	CHECK NO.	AMOUNT	
	Robert C. Oglesby	10/27/80	1718	17,000	00

Bonus 803 8044 036550

AGENCY HOLDING CORP.

[redacted]

⑈0001700000⑈

PAY ANY BANK
MELLON BANK N.A.
PITTSBURGH, PA.

PAID 10-30-80 PAID
EXCHANGE NATIONAL BANK OF CHICAGO
2-54

Robert C. Oglesby

[redacted]

PAID 10-30-80 PAID
EXCHANGE NATIONAL BANK OF CHICAGO
2-54

B OCT 30 B
PAY ANY BANK
MELLON BANK N.A.
PITTSBURGH, PA.

PAID 10-30-80 PAID
EXCHANGE NATIONAL BANK OF CHICAGO
2-54

0 3 0 4 0 4 3 2 5 3 0

CROWN ASSOCIATES OF MINNEAPOLIS, INC.

MARQUETTE BLDG. SUITE 420
400 MARQUETTE AVENUE
MINNEAPOLIS, MINN. 55401

300 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS 60604

1226

2-54
710

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

⑆0710001613

PAY One Thousand Dollars and no cents — DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	AMOUNT
C. Nick Cotrini	10/27/80	1226	1000.00

Bonus

CROWN ASSOCIATES OF MINNEAPOLIS, INC.

Diane Ferrero

[redacted]

⑈0000100000⑈

C. Miller

07

PAID 10-29-80 PAID
2-54 EXCHANGE 2-54
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BANK OF
CHICAGO

[redacted]

PAID 10-29-80 PAID
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BANK OF
CHICAGO

PAID 10-29-80 PAID
2-54 EXCHANGE 2-54
NATIONAL
BANK OF
CHICAGO

E-28 PAY ANY BANK
HARRIS TR & SVGS BK
602 6105 05 10-29-80

⑆073100

⑈350404325311

2-54
710

CROWN ASSOCIATES OF MINNEAPOLIS, INC.

MARQUETTE BLDG., SUITE [illegible]
600 MARQUETTE AVENUE
MINNEAPOLIS, MINN. [illegible]

200 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS 60604

1225

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

30114100 0

DRAFTS
OCT 27 1980
EXCHANGE NATIONAL BANK OF CHICAGO

PAY Five Thousand Dollars and no cents — DOLLARS

		DATE	CHECK NO.	AMOUNT	
TO THE ORDER OF	Dr. Parsons	10/27/80	1225	5,000	00

CROWN ASSOCIATES OF MINNEAPOLIS, INC.

[redacted]

[redacted]

⑈0000500000⑈

830404325532

[redacted]

03 22019

2-54
EXCH.
NATL
BANK
CHICAGO
2-54

Agnes Parsons
52-9305

DRAFT
OCT 27 1980
EXCHANGE NATIONAL BANK OF CHICAGO

CROWN AGENCY, INC.

330 TOLEDO HOME FEDERAL BUILDING
[illegible] MADISON AVENUE
TOLEDO, OHIO 43604

300 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS 60604

2-54
710

1159

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

⑆011410029

Three thousand Dollars and no cents — DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	AMOUNT	
Maurice D. Kent	10/27/80	1159	3000	00

Bonus

CROWN AGENCY, INC.

[redacted] [redacted]

⑈0000300000⑈

~~For Import Oil~~

Sam D. K[illegible]
P3[illegible]
2-54

[redacted]

03 2-[illegible] FA[illegible] EX[illegible] BA[illegible] 2-[illegible] OC[illegible]

⑆0040432553

CROWN LIFE ASSOCIATES OF COLORADO, INC.

[illegible] BUILDING
[illegible] 17TH STREET [illegible]
DENVER, COLORADO 80202

200 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS 60604

2-54
710

1215

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

DRAFTS
OCT 27 1980
EXCHANGE NATIONAL BANK OF CHICAGO

⑆301141000⑈ 2⑈

PAY Four Thousand Dollars and no cents — DOLLARS

		DATE	CHECK NO.	AMOUNT
TO THE ORDER OF	Maurice D. Kent	10/27/80	1215	4000 00

Gross

CROWN LIFE ASSOCIATES OF COLORADO, INC.

[redacted]

⑈0000400000⑈

[redacted]

[redacted]

2-54
PAY TO THE ORDER OF
EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO

Pay to the order of
Maurice D. Kent
Pay - Gross

2-54
PAY TO THE ORDER OF
EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO

Pay to the order of
Maurice D. Kent
Pay - Gross

8304043253 4

AGENCY HOLDING CORPORATION OF CLEVELAND, OHIO

SUITE 1203
ONE ERIEVIEW PLAZA
CLEVELAND, OHIO 44114

200 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS 60604

2-64
710

1196 ✓

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

30114502 1

PAY Twelve Thousand Dollars and no cents — DOLLARS

		DATE	CHECK NO.	AMOUNT	
TO THE ORDER OF	Charles T. Smith	10/27/80	1196	12,000	00
	Bonus				

AGENCY HOLDING CORPORATION OF CLEVELAND, OHIO

[redacted] 2 001659 ⑈0001200000⑈

Charles T. Smith
2662161

[redacted]

82 JUL 30 P 1:00

Stephen Hinn, Esquire
Federal Elections Commission
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 28, 1982

Mr. Lawrence Miller, Esq.
Bupton, Nesmith and Miller
33 N. Dearborn Street
Suite 1617
Chicago, Illinois 60602

Re: MUR 1445

Dear Mr. Miller:

Please accept this letter as confirmation of our scheduled appointment for the deposition of your client, Mr. William Preisser. As we agreed, I will look forward to meeting with you and your client at 8:30 a.m. on Monday, August 2, 1982, in room 1669 in the United States District Court building located at 219 South Dearborn Street.

If you have any questions, please do not hesitate to give me a call at (202) 523-4166. Thank you for your cooperation in this matter.

Sincerely,

Scott E. Thomas
Assistant General Counsel

8 3 0 4 0 4 3 2 5 3 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 28, 1982

Mr. Lawrence Miller, Esq.
Bupton, Nesmith and Miller
33 N. Dearborn Street
Suite 1617
Chicago, Illinois 60602

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Sincerely,

Scott E. Thomas
Assistant General Counsel

83040432536

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 27, 1982

Mr. Clarke B. Lloyd
Agency Holding Corporation
208 South LaSalle Street
Room 1644
Chicago, IL 60604

Re: MUR 1445

Dear Mr. Lloyd:

This letter will confirm the telephone conversation of July 23, 1982, during which you agreed to appear as a witness in a deposition scheduled for 12:00 noon on Monday, August 2, 1982. As Mr. Mims then indicated the location will be the United States District Court Building located at 219 South Dearborn, Room 1669.

If you should have any questions, please contact Mr. Mims at 202/523-4039. Thank you for your cooperation in this matter.

Sincerely,

Scott E. Thomas
Assistant General Counsel

3304032539

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 27, 1982

Mr. Clarke B. Lloyd
Agency Holding Corporation
208 South LaSalle Street
Room 1644
Chicago, IL 60604

Re: MUR 1445

Dear Mr. Lloyd:

This letter will confirm the telephone conversation of July 23, 1982, during which you agreed to appear as a witness in a deposition scheduled for 12:00 noon on Monday, August 2, 1982. As Mr. Mims then indicated the location will be the United States District Court Building located at 219 South Dearborn, Room 1669.

If you should have any questions, please contact Mr. Mims at 202/523-4039. Thank you for your cooperation in this matter.

Sincerely,

Scott E. Thomas
Assistant General Counsel

8 3 0 4 0 4 3 2 5 1 0

Gcc# 8177

6631 Wakefield Drive
Alexandria, Virginia 22307
July 27, 1982

JUL 28 A 9:28

Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Attention: Stephen Mims

Re: M.U.R. 1445

Dear Mr. Mims:

I received the subpoena and cover letter from the Federal Election Commission in the above-matter. Pursuant to your letter, I wish to advise you that I will be represented in this matter by counsel. My attorneys are William F. Ragan and Robert T. Devoy, Jr. of the law firm of Ragan & Mason, 900 Seventeenth Street, N. W., Washington, D. C. 20006, telephone 296-4750.

Very truly yours,

Owen Marley

Owen Marley

8304043254 1

6631 Wakefield Drive
Alexandria, Virginia 22307

8304043255

Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Attention: Stephen Mims

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 27, 1982

The Honorable Frank J. McGarr
Judge of the United States District Court
for the Northern District of Illinois
219 South Dearborn
Chicago, IL 60604

Dear Judge McGarr:

This is to confirm that the Federal Election Commission has arranged with your staff to use room 1669 on August 2, 1982. Thank you for your assistance.

Sincerely,

Scott E. Thomas
Assistant General Counsel

8 3 0 4 0 4 3 2 5 4 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 27, 1982

The Honorable Frank J. McGarr
Judge of the United States District Court
for the Northern District of Illinois
219 South Dearborn
Chicago, IL 60604

Dear Judge McGarr:

This is to confirm that the Federal Election Commission has arranged with your staff to use room 1669 on August 2, 1982. Thank you for your assistance.

Sincerely,

Scott E. Thomas
Assistant General Counsel

8 3 0 4 0 4 3 2 5 4 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 26, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Owen Marley
Democratic Steering and
Policy Committee
114 House Office Annex # 1
United States House of Representatives
Washington, DC 20515

Re: MUR 1445

Dear Mr. Marley:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26 of the Internal Revenue Code of 1954. In connection with an investigation being conducted by the Commission, the attached subpoena which requires you to appear and give sworn testimony on July 23, 1982 has been issued. The commission does not consider you a respondent in this matter; but rather as a witness only.

Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us, in writing, of the name and address of your attorney prior to the date of deposition.

Pursuant to 11 C.F.R. § 114.14, a witness summoned by the Commission shall be paid $ 30.00, plus mileage at the rate of 20 cents per mile. A check made payable to you in the amount of $32.00 will be delived to you at the time of the deposition. If the estimated mileage is incorrect, please advise this Office.

Please confirm your scheduled appearance with Stephen Mims, the staff member assigned to this matter, at 523-4039 within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena

8 3 0 4 0 4 3 2 5 1 6

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Agency Holding Corporation, et. al.	)))))	Re: Mur 1445

SUBPOENA TO APPEAR FOR DEPOSITION
AND TO PRODUCE
BOOKS, RECORDS, AND OTHER RELEVANT DOCUMENTS

TO: OWEN MARLEY

At the instance of the Federal Election Commission pursuant to section 437d of Title 2 of the United States Code, you are hereby subpoenaed for deposition with regard to an investigation of possible violations of the Federal Election Campaign Act of 1971, as amended, by Agency Holding Corporation of Chicago, and other corporate respondents. Notice is hereby given that the deposition is to be taken at 1325 K Street, N.W., Washington, D.C., begining at 10:00 a.m. on July 30, 1982, and continuing each day thereafter as necessary.

Pursuant to section 437d of Title 2, United States Code, you are hereby subpoenaed to produce on July 30, 1982, at the above stated time and location:

(a) all correspondence, telephone logs or records, notes and memoranda concerning communications between you and any of the following individuals or firms: Charles T. Smith, Kerry P. Craig, Diane Pariano Craig, Clark P. Lloyd, Robert C. Oglevee, Agency Holding Corporation, Crown Life Insurance Company of Toronto, and Crown Agency, Inc., which relate to the possibility of formation or establishment of a political action committee or any type of political contribution plan.

3 3 0 4 0 4 3 2 5 4 7

(b) all correspondence, telephone logs or records, notes and memoranda concerning communications with those persons referenced in (a) supra, which relate to the making of contributions to candidates for federal office by those persons or any other officers or employees of the corporations named.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on July 26, 1982.

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

8 3 0 4 0 4 3 2 5 4 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Owen Marley
Democratic Steering and
Policy Committee
114 House Office Annex # 1
United States House of Representatives
Washington, DC 20515

Re: MUR 1445

Dear Mr. Marley:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26 of the Internal Revenue Code of 1954. In connection with an investigation being conducted by the Commission, the attached subpoena which requires you to appear and give sworn testimony on July , 1982 has been issued. The commission does not consider you a respondent in this matter; but rather as a witness only.

Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us, in writing, of the name and address of your attorney prior to the date of deposition.

Pursuant to 11 C.F.R. § 114.14, a witness summoned by the Commission shall be paid $ 30.00, plus mileage at the rate of 20 cents per mile. A check made payable to you in the amount of $32.00 will be delived to you at the time of the deposition. If the estimated mileage is incorrect, please advise this Office.

9 3 0 4 0 4 3 2 5 4 9

Please confirm your scheduled appearance with Stephen Mims, the staff member assigned to this matter, at 523-4039 within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

BY: _____
Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena

83040432550

Sam Waetz

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM

DATE: JULY 26, 1982

SUBJECT: SUBPOENA RE: MUR 1445

The attached subpoena, which was Commission approved on July 23, 1982 by a vote of 5-0, has been signed and sealed this date.

Attachment:
Subpoena - Owen Marley

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445
Agency Holding Corporation,	)	
et. al.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 23, 1982, the Commission approved by a vote of 5-0 the cover letter and subpoena to Mr. Owen Marley as submitted with the General Counsel's Memorandum to the Commission dated July 20, 1982.

Commissioners Aikens, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter; Commissioner Elliott abstained.

Attest:

7/23/82
Date

Jody C. Ransom
for Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 7-20-82, 3:10
Circulated on 48 hour tally basis: 7-21-82, 11:00

83040432532

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM JCR

DATE: JULY 23, 1982

SUBJECT: WITHDRAWAL OF OBJECTION TO MUR 1445
Memorandum to the Commission
dated July 20, 1982

You were previously notified of an objection to the above-captioned matter by Commissioner Elliott, thereby placing this matter on the Executive Session Agenda for Tuesday, July 27, 1982.

By memorandum this date, Commissioner Elliott has withdrawn her objection and wishes to be recorded as abstaining in this matter.

The certification in MUR 1445 is attached as well as a copy of Commissioner Elliott's memorandum.

cc: Staff Director Clutter
Chairman Reiche

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 JUL 23 P2: 45

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: MARJORIE W. EMMONS
SECRETARY OF THE COMMISSION

FROM: LEE ANN ELLIOTT
COMMISSIONER

DATE: JULY 23, 1982

SUBJECT: WITHDRAWAL OF OBJECTION TO MUR 1445 - Memorandum to the Commission dated 7-20-82

This memorandum confirms my telephone discussion with Steve Mims that I am withdrawing my objection to MUR 1445 currently on the Agenda for the Executive Session on July 27, 1982.

I would like to be recorded as abstaining in this matter.

8 3 0 4 0 4 3 2 5 5 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY RANSOM

DATE: JULY 21, 1982

SUBJECT: OBJECTION - MUR 1445 Memorandum to the Commission dated July 20, 1982; Received in OCS, 7-20-82, 3:10

The above-named document was circulated to the Commission on July 21, 1982 at 11:00.

Commissioner Elliott submitted an objection at 3:15, July 21, 1982.

This matter will be placed on the agenda for the Executive Session of Tuesday, July 27, 1982.

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July 20, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1445

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Mims

8 3 0 4 0 7 5 2 5 5 6

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

82 JUL 20 P3: 10

July 20, 1982

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: Authorization to Issue Subpoena
In Connection with MUR 1445(82)

On May 25, 1982, the Commission found reason to believe, inter alia, that Crown Life Insurance Company (of Toronto) violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, by making contributions in the name of certain corporate employees. The payments by the employers at first appeared to have been treated as "bonuses" but subsequent investigation indicates that there was some attempt to convert the payments to "loans."

Depositions have been conducted by this Office of several individuals. Written answers also have been provided by several respondents. On July 8, 1982, the Commission authorized the issuance of two document subpoenas, and production is scheduled for July 21 and 23, 1982.

Communications received from Roger Golden, attorney for the individual and domestic corporate respondents, indicate that a previously unnamed "Washington expert" rendered advice to the respondents regarding employment of this scheme. Mr. Golden has provided this Office with the identity of this person and we have attempted to contact this individual on an informal basis. To date these efforts have been unsuccessful.

It is the recommendation of the Office of General Counsel, therefore, that the attached subpoena and cover letter be approved.

Recommendation

Approve and send the attached cover letter and subpoena to Mr. Owen Marley.

Attachments

Cover letter
Subpoena

8 5 0 4 0 4 3 2 5 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Owen Marley
Democratic Steering and
Policy Committee
114 House Office Annex # 1
United States House of Representatives
Washington, DC 20515

Re: MUR 1445

Dear Mr. Marley:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26 of the Internal Revenue Code of 1954. In connection with an investigation being conducted by the Commission, the attached subpoena which requires you to appear and give sworn testimony on July , 1982 has been issued. The commission does not consider you a respondent in this matter; but rather as a witness only.

Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us, in writing, of the name and address of your attorney prior to the date of deposition.

Pursuant to 11 C.F.R. § 114.14, a witness summoned by the Commission shall be paid $ 30.00, plus mileage at the rate of 20 cents per mile. A check made payable to you in the amount of $32.00 will be delived to you at the time of the deposition. If the estimated mileage is incorrect, please advise this Office.

8 3 0 4 0 4 3 2 5 5 8

Please confirm your scheduled appearance with Stephen Mims, the staff member assigned to this matter, at 523-4039 within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena

8 3 0 4 0 4 3 2 5 5 9

(3)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Agency Holding Corporation, et. al.	)))))	Re: Mur 1445

SUBPOENA TO APPEAR FOR DEPOSITION
AND TO PRODUCE
BOOKS, RECORDS, AND OTHER RELEVANT DOCUMENTS

TO: OWEN MARLEY

At the instance of the Federal Election Commission pursuant to section 437d of Title 2 of the United States Code, you are hereby subpoenaed for deposition with regard to an investigation of possible violations of the Federal Election Campaign Act of 1971, as amended, by Agency Holding Corporation of Chicago, and other corporate respondents. Notice is hereby given that the deposition is to be taken at 1325 K Street, N.W., Washington, D.C., begining at 10:00 a.m. on July , 1982, and continuing each day thereafter as necessary.

Pursuant to section 437d of Title 2, United States Code, you are hereby subpoenaed to produce on July , 1982, at the above stated time and location:

(a) all correspondence, telephone logs or records, notes and memoranda concerning communications between you and any of the following individuals or firms: Charles T. Smith, Kerry P. Craig, Diane Pariano Craig, Clark P. Lloyd, Robert C. Oglevee, Agency Holding Corporation, Crown Life Insurance Company of Toronto, and Crown Agency, Inc., which relate to the possibility of formation or establishment of a political action committee or any type of political contribution plan.

8304043250

(b) all correspondence, telephone logs or records, notes and memoranda concerning communications with those persons referenced in (a) supra, which relate to the making of contributions to candidates for federal office by those persons or any other officers or employees of the corporations named.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on July ___, 1982.

Frank P. Reiche
Chairman for the
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

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MUR 1445

RECEIVED GCC#8164

THORP, REED & ARMSTRONG

2900 GRANT BUILDING
PITTSBURGH, PENNSYLVANIA 15219
TELEPHONE (412) 288-7711 CABLE THORREED, PITTSBURGH
TWX 710-664-4290

WRITER'S DIRECT DIAL NUMBER (412) 288-2551

CHARLES M. THORP 1863-1942
EARL F. REED 1894-1963
CLYDE A. ARMSTRONG 1896-1975

KENNETH G. JACKSON
WILLIAM C. O'NEIL
JOSEPH E. NARVA
WILLIAM D. SUTTON
CLYDE W. ARMSTRONG
HENRY A. MORROW, JR.
FRANK J. GAFFNEY
WILLIAM W. SCOTT, JR.
JAMES G. NECHT
CHARLES WEISS
CHARLES R. VOLK
ELI KRIVOSHIA, JR.
EDMUND B. RUFFIN, III
THOMAS J. JACKSON
RALPH T. DeSTEFANO
FRANK MAST
RALPH F. SCALERA
DAVID S. WATSON
CHARLES M. THORP, III
G. DANIEL CARNEY
WILLIAM M. WYCOFF
JOSEPH DUFF SHUMAN

MICHAEL TU[illegible]
ROBERT H. [illegible]
PETER G. VEDDER
JOHN H. SINGLER, JR.
ROGER M. GOLDEN*
CARL H. HELLERSTEDT, JR.
JAMES R. GOLDBERG
RICHARD I. THOMAS
FRANK J. CLEMENTS
JOHN DEAN O'BRIEN
SCOTT E. HENDERSON
RICHARD V. SICA
CHESTER R. BABST, III
J. FRANK McKENNA, III
KEITH H. WEST
DAVID A. SCOTT
RICHARD M. ZOHNIR
W. RODGERS MOORE
JEFFREY S. BLUM
CARL L. LaPRESTI
DAVID G. RIES

[illegible]
JANE A. [illegible]
WILLIAM RODGERS, JR.
JOSEPH MACK III
TIMOTHY M. BLAWISH
FORBES MAHER*
GLENN E. BOST II
JEROME J. POTTMEYER III
RICHARD R. RIESE
LOUISE W. YODER
DEAN A. CALLAND*
SHERYL L. ANDERSON
PETER C. BLASIER
BRIAN J. DOUGHERTY
EDWARD M. DURAND

SENIOR COUNSEL
WILLIAM ANDERSON
J. FRANK McKENNA, JR.

*ADMITTED DISTRICT OF COLUMBIA

JUL 26 P2:21

July 23, 1982

Scott Thomas, Esquire
Stephen Mims, Esquire
Federal Elections Commission
Washington, D.C. 20463

Dear Scott and Steve:

Enclosed is the copying you requested. I hope it is helpful. Would you send me a check for $23.30 (233 p/.10 p.) to cover the duplicating cost. Please make the check payable to Thorp, Reed & Armstrong.

I hope you made your flight to Chicago!

Sincerely,

Janet

Janet B. Swartz
Legal Assistant

JBS/nn

Enclosure

March 13, 1981

Mr. K. P. Craig,
President,
Agency Holding Corporation,
General Agent,
Chicago, Illinois 60604

Dear Mr. Craig:

Re: Special Advances

On Wednesday, March 11, I gave Mr. C. B. Lloyd a check payable to Agency Holding Corporation for $88,000.00 which was being forwarded to your office on a rush basis.

This check represented a Special Advance of $11,000.00 for Travel and Solicitation Mass Marketing for each of the following eight agencies: Chicago, Denver, Peoria, Minnesota, Phoenix, Pittsburgh, Cleveland and Toledo. The amount of $11,000.00 for each agency includes an advance of $2,000.00 for Coca Cola solicitation, $3,000.00 for Associated Milk Producers, $3,000.00 for White Motors and $3,000.00 for McD's.

These Special Advances have been recorded in the March, 1981 accounts with no interest to be charged and repayment from bonus.

I am enclosing eight promissory notes covering these advances of $11,000.00 for each of the above agencies. Kindly sign the enclosed notes and return them to my attention at your earliest convenience.

I trust that these arrangements will meet your approval.

Sincerely,

KGr X 26

R. J. Jeffrey,
Section Supervisor,
Agency Admin. Dept.
(U.S. & Caribbean)

RJJ/wh
encls - 8.

c.c. Mr. C. B. Lloyd. Senior Agency Vice-President for the United States.
Mrs. I. Kymantas, Supervisor, Agency Admin. Dept., (U.S. & Caribbean).
Contract File.

JUL 26 P2:
01178 001

AGENT'S STATEMENT OF EARNINGS AND ACCOUNT

CROWN LIFE INSURANCE COMPANY

STATEMENT DATE	CURRENCY	AGENCY	CODE	AGENT	CODE	PAGE
31 DEC 1981	US$	CHICAGO CENTRAL	532	AGENCY HOLDING CORPORATION	011	2

*** PRODUCTION DETAIL - INDIVIDUAL ***

POLICY NUMBER	MONTH DUE	FREQ	SOURCE	DETAILS	LINE OF BUSINESS	PAID FOR	NET PAID	CLUB SCORE	CONFERENCE SCORE
CARRIED FORWARD FROM PREVIOUS MONTH - IND					PAR			103,000	95,000
					NON PAR	5,000	5,000		
CARRIED FORWARD TO NEXT MONTH - INDIVIDUAL					PAR			103,000	95,000
					NON PAR	5,000	5,000		
YEAR-TO-DATE TOTAL PRODUCTION - IND + GRP						5,000	5,000	103,000	95,000

*** FINANCING ACCOUNT ***

KCX27

DATE	SOURCE	PAYABLE CODE	DETAILS	DEBIT	CREDIT
BALANCE FORWARD FROM PREVIOUS MONTH				526,559.98	
DEC 31	JV	232522 1	FR 532-517		34.86
DEC 31	JV	232523 1	FR 537-011		16.61
DEC 31	JV	232523 1	FR 538-011		3,933.71
DEC 31	JV	232523 1	FR 534-522		1,251.97
DEC 31	JV	232523 1	FR 534-011		2,834.14
DEC 31	JV	232523 1	FR 537-148		6.26
DEC 31	JV	232523 1	FR CAN ACC		[illegible]
DEC 31	JV	232524 1	FR 540-011		145.60
DEC 31	JV	232524 1	FR 538-830		374.23
DEC 31	JV	232525 1	FR 541-011		13,552.15
DEC 31	JV	232525 1	FR 546-011		494.26
DEC 31	JV	232525 1	FR 540-011		2,096.04
DEC 31	JV	232525 1	FR 545-011		[illegible]

THIS DOCUMENT IS SUBJECT TO A PROTECTIVE ORDER

AGENT'S STATEMENT OF EARNINGS AND ACCOUNT

CROWN LIFE INSURANCE COMPANY

STATEMENT DATE	CURRENCY	AGENCY	CODE	AGENT	CODE	PAGE
31 DEC 1981	US$	CHICAGO CENTRAL	532	AGENCY HOLDING CORPORATION	011	3

DATE	SOURCE	PAYABLE CODE	DETAILS		DEBIT	CREDIT	
DEC 31	JV 232526	1	FR 559-011			311.06	
DEC 31	JV 232780	1	537 QV BON		1,453.17		
DEC 31	JV 236202	1	FR 206-011			174.11	
DEC 31	JV 236202	1	FR 209-011			76.70	
DEC 31	JV 236202	1	FR 208-011			.60	
DEC 31	BR17001981	1	REPAYMENT FROM BONUS			32,680.32	
DEC 31	BR17001981	1	REPAYMENT FROM BONUS			148.16	
DEC 31	BR17001981	1	REPAYMENT FROM BONUS			9,031.43	
DEC 31	BR17001981	1	REPAYMENT FROM BONUS			8,918.87	
DEC 31	BR17001981	1	REPAYMENT FROM BONUS			43,528.91	
DEC 31	BR17001981	1	REPAYMENT FROM BONUS			21,084.57	
DEC 31	BR17001981	1	REPAYMENT FROM BONUS			1,467.89	
BALANCE FORWARD TO NEXT MONTH					388,060.92		

THIS DOCUMENT IS SUBJECT TO A PROTECTIVE ORDER

AGENT'S STATEMENT OF EARNINGS AND ACCOUNT

CROWN LIFE INSURANCE COMPANY

STATEMENT DATE	CURRENCY	AGENCY	CODE	AGENT	CODE	PAGE
31 DEC 1981	US$	CHICAGO CENTRAL	532	AGENCY HOLDING CORPORATION	011	4

*** LOAN ACCOUNT ***

CATEGORY / DATE OF LOAN	DATE	SOURCE	PAYABLE CODE	DETAILS		DEBIT	CREDIT	ACCRUED INTEREST
AGENCY PROMOTION								
MAY 15 79				PREVIOUS BALANCE		8,000.00		
				CURRENT BALANCE		8,000.00		
SEP 20 79				PREVIOUS BALANCE		33,215.84		
				CURRENT BALANCE		33,215.84		
OCT 1 80				PREVIOUS BALANCE		5,998.37		
				CURRENT BALANCE		5,998.37		
JUN 4 80				PREVIOUS BALANCE		245,471.80		
	31 DEC	BR17001981	1	REPAYMENT FROM BONUS			111.12	
				CURRENT BALANCE		245,360.68		
JUN 23 80				PREVIOUS BALANCE		12,402.54		
				CURRENT BALANCE		12,402.54		
FEB 12 81				PREVIOUS BALANCE		2,500.00		
				CURRENT BALANCE		2,500.00		
APR 8 81				PREVIOUS BALANCE		5,048.84		
				CURRENT BALANCE		5,048.84		
JUN 15 81				PREVIOUS BALANCE		275,847.77		
				CURRENT BALANCE		275,847.77		
CONFIDENTIAL								
JAN 25 79				PREVIOUS BALANCE		34,863.31		
				CURRENT BALANCE		34,863.31		
JAN 31 79				PREVIOUS BALANCE		22,872.56		
				CURRENT BALANCE		22,872.56		
SEP 15 79				PREVIOUS BALANCE		4,000.00		
				CURRENT BALANCE		4,000.00		

THIS DOCUMENT IS SUBJECT TO A PROTECTIVE ORDER

AGENT'S STATEMENT OF EARNINGS AND ACCOUNT

CROWN LIFE INSURANCE COMPANY

STATEMENT DATE	CURRENCY	AGENCY	CODE	AGENT	CODE	PAGE
31 DEC 1981	US$	CHICAGO CENTRAL	532	AGENCY HOLDING CORPORATION	011	5

CATEGORY / DATE OF LOAN	DATE	SOURCE	PAYABLE CODE	DETAILS		DEBIT	CREDIT	ACCRUED INTEREST
APR 8 80				PREVIOUS BALANCE		3,190.36		
				CURRENT BALANCE		3,190.36		
JUL 17 80				PREVIOUS BALANCE		21,506.10		
				CURRENT BALANCE		21,506.10		
SEP 9 80				PREVIOUS BALANCE		9,908.06		
				CURRENT BALANCE		9,908.06		
SEP 16 81				PREVIOUS BALANCE		15,653.41		
				CURRENT BALANCE		15,653.41		
AGENCY ESTABLISHMENT								
NOV 20 79				PREVIOUS BALANCE		3,825.00		
				CURRENT BALANCE		3,825.00		
FEB 2 81				PREVIOUS BALANCE		1,227.27		
				CURRENT BALANCE		1,227.27		
MAR 23 81				PREVIOUS BALANCE		1,366.33		
				CURRENT BALANCE		1,366.33		
FUTURE EARNINGS								
OCT 23 79				PREVIOUS BALANCE		16,085.45		
				CURRENT BALANCE		16,085.45		
JUN 15 79				PREVIOUS BALANCE		47,738.80		
				CURRENT BALANCE		47,738.80		
DEC 15 80				PREVIOUS BALANCE		13,917.88		
				CURRENT BALANCE		13,917.88		
DEC 23 80				PREVIOUS BALANCE		5,189.69		
				CURRENT BALANCE		5,189.69		

THIS DOCUMENT IS SUBJECT TO A PROTECTIVE ORDER

AGENT'S STATEMENT OF EARNINGS AND ACCOUNT 5 5 6

CROWN LIFE INSURANCE COMPANY

STATEMENT DATE	CURRENCY	AGENCY	CODE	AGENT	CODE	PAGE
31 DEC 1981	US$	CHICAGO CENTRAL	532	AGENCY HOLDING CORPORATION	011	6

CATEGORY / DATE OF LOAN	DATE	SOURCE	PAYABLE CODE	DETAILS		DEBIT	CREDIT	ACCRUED INTEREST
DEC 23 80				PREVIOUS BALANCE		20,074.00		
				CURRENT BALANCE		20,074.00		
JAN 14 80				PREVIOUS BALANCE		48,839.91		
				CURRENT BALANCE		48,839.91		
MAY 12 80				PREVIOUS BALANCE		36,357.99		
				CURRENT BALANCE		36,357.99		
SEP 24 80				PREVIOUS BALANCE		10,000.00		
				CURRENT BALANCE		10,000.00		
JAN 20 81				PREVIOUS BALANCE		30,671.34		
				CURRENT BALANCE		30,671.34		
FEB 2 81				PREVIOUS BALANCE		3,515.82		
				CURRENT BALANCE		3,515.82		
FEB 19 81				PREVIOUS BALANCE		22,588.99		
				CURRENT BALANCE		22,588.99		
FURNITURE & EQUIPM'T								
NOV 16 79				PREVIOUS BALANCE		4,225.53		
				CURRENT BALANCE		4,225.53		
MAR 11 80				PREVIOUS BALANCE		45,840.82		
				CURRENT BALANCE		45,840.82		
FEB 11 81				PREVIOUS BALANCE		11,892.65		
				CURRENT BALANCE		11,892.65		
TOTAL - ALL LOANS						1,023,725.31		

THIS DOCUMENT IS SUBJECT TO A PROTECTIVE ORDER

A No.

Q The last item indicates that $38,000 of further charges were to be made against the advertising allowance account and charge advance account. Can you tell me what that $38,000 represented, sir?

A I don't understand the question.

Q What was that money to be used for?

A Advertising and promotion.

Q Was that advertising and promotion that had already been incurred by Agency Holding Corporation?

A What is your question?

Q Had those charges already been incurred by Agency Holding Corporation?

A I don't believe so, no.

MR. BORKOVIC: Why don't we take two minutes?

(The proceedings recessed at 12:05 p.m. and resumed at 12:10 p.m.)

(Exhibit 26 was thereupon marked for identification.)

BY MR. BORKOVIC:

Q Mr. Craig, I would like to show you a document marked for identification as Craig 1982 Exhibit 26. Do you ever recall receiving this document, sir?

A Not offhand, no, I don't.

Q Have you seen it before?

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A Yes.

Q When, sir?

A I think I saw it yesterday.

MR. BLACK: What was that answer?

A Did I see this yesterday, John?

Q Did you see any other documents yesterday?

MR. BINGLER: Of course he did. He was deposed here. He saw a lot of documents.

BY MR. BORKOVIC:

Q Mr. Craig, did you request a loan for a total amount of $88,000 from Crown Life Insurance Company?

A I believe I did.

Q What person did you make that request to at Crown?

A It would have been Mr. Lloyd.

Q What was, what did you tell Mr. Lloyd the purpose of the loan was?

A For expenses.

Q Were there any particular expenses?

A I don't remember.

Q Did you tell Mr. Lloyd that you needed this loan on a rush basis?

A I don't remember.

Q Do you recall whether you wanted this loan on a rush basis?

8 3 0 4 0 4 3 2 5 7 0

A I don't remember.

Q Mr. Craig, when you -- Strike that. During your normal procedure of requesting such loans from Crown Life Insurance Company, were those requests placed in writing?

A No.

Q Were they all just handled orally, you picked up the telephone and called someone?

MR. BLACK: All of them? That word "all" is in your question.

BY MR. BORKOVIC:

Q Did you generally just pick up the telephone and call someone at Crown?

A Yes.

Q Did you ever provide anything in writing to the Crown Life Insurance Company-- Strike that. as a general matter did you provide anything in writing to the Crown Life Insurance Company which set forth the purpose of requested loans?

A Not that I can remember. No.

Q Did you generally make your requests for such loans to Mr. Lloyd?

A Always.

Q Mr. Craig, did you testify yesterday, sir, that Inco Trav was not involved in the Loveboat cruise?

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A It was initially involved, but I extracted the whole trip away from it.

Q Why did you take it away from Inco Trav, sir?

A I didn't have confidence in them, and, further, for a cruise like that, you really don't need a staff of people. It is such a complete trip that they do everything from ticketing for the airlines until you step off. There is just no need for a staff, so I wasn't going to have Inco Trav, the people running it for me with a percentage charge on the cruise for nothing.

(Exhibit 27 was thereupon marked for identification.)

BY MR. BORKOVIC:

Q Mr. Craig, I would like to show you a document which has been marked as Exhibit 27. Can you identify that, sir?

A It is an agent's statement for earnings and account of the Crown Life Insurance Company.

Q Does this document cover the Agency Holding in Chicago?

A Yes.

Q Does this, sir, reflect financing and loans received from Crown Life Insurance Company as of December 31, 1981?

A I don't know whether it has loans. Where does

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1 it have loans? Yes.

2 Q Mr. Craig, this document appears to be written

3 in several sections. On pages 1 and 2 is a section

4 entitled Financing Account?

5 A I don't have a page one. Oh, your numbers.

6 Q Yes. I am sorry, sir.

7 A Yes.

8 Q Can you explain for the record, please, what

9 the financing account function is? What is the purpose of a

10 financing account?

11 A The financing account here would keep tract of

12 the Crown Life Insurance Company's money that was paid out

13 to financing agency.

14 MR. BLACK: May I ask is there a page 1 to

15 this exhibit?

16 MR. BORKOVIC: Mr. Black, to my knowledge,

17 this is the document as we received it. It starts on the

18 typed page number 2 in the top. I do not have a page 1.

19 MR. BLACK: Well, who did you get it from?

20 MR. BORKOVIC: We received this from Mr.

21 Bingler.

22 BY MR. BORKOVIC:

23 Q Mr. Craig, could you explain what the

24 difference is between a financing account and a loan

25 account?

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A Financing, as I said previously, finances the operation of the agency, which can be on a level basis, usually is on a level basis. If you have something other than the financing, or I should say if you have something out of the ordinary or unexpected bill or financing gets behind, you usually have to have a loan.

Q So that I am clear, the loan account supplements the financing account in case you receive unexpected expenses?

A To me, quite frankly, it is all the same thing.

Q Mr. Craig, under the financing account, the first substantive entry is December 31, and then it has JV, and a series of numbers beside that?

A Yes.

Q Would you simply explain what those numbers in that line stand for?

A Oh, I wouldn't know.

Q Do you know what JV23252 under "Source" means?

A I could guess. Probably a journal voucher. I am not an accountant.

Q Do you know what the entry 1 under payable code means?

A No.

Q Do you know what the entry FR532-517

8 3 0 4 0 4 3 2 5 7 4

1 under details means?
2 A No.
3 Q Mr. Craig, I would like you to turn to the
4 third page of this exhibit, which is the page bearing the
5 typewritten number 4.
6 A Yes.
7 Q From that page through the end of this exhibit
8 set forth your loans from Crown Life Insurance Company to
9 Agency Holding Corporation, is that correct?
10 A It says "loan account."
11 Q Sir, do these three pages, pages 3 through 5
12 of this exhibit set forth all of the loans made by Crown
13 Life Insurance Company to Agency Holding in Chicago?
14 A I can't testify to its accuracy, but I would
15 assume so.
16 first category of loans, "agency promotion." Would you
17 explain what that category covers, please?
18 A It is self-explanatory. Agency promotions.
19 Q What are loans under the category "agency
20 promotion" used for?
21 A The cruise would be included. Printing.
22 Mailing costs, promotion.
23 Q And these loans listed under agency promotion,
24 then, would cover Agency Holding Chicago promotional
25 expenses which were above those normally incurred, is that

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correct?

A I don't understand the question.

Q Do you normally pay for printing, mailing and promotions from your financing account?

A No.

Q I take it, then, that printing, mailing and promotions are not considered operationnal expenses of an agency?

A It is a separate account.

Q Mr. Craig, the first entry under the agency promotion category appears to be a loan dated May 15, 1979 and the previous balance is $8,000, current balance is $8,000, current as of 12-31-81?

A Yes.

Q Do you recall what that money was used for?

A No.

Q Have you ever made any payments on that loan, sir?

A I won't know.

Q Who would know, sir?

A Crown Life.

Q Does someone within Agency Holding Corporation have the responsibility of knowing whether loans to Crown Life Insurance Company have been repaid?

8 3 0 4 0 4 3 2 5 7 6

A No.

Q Who within Agency Holding Corporation has the authority to request loans from Crown Life Insurance Company?

A I do.

Q Does anyone else?

A No.

Q The next entry, sir, is a loan dated September 20, 1979 with a previous balance of some $33,000 and a current balance of the same amount. Do you recall what the purpose of that loan was, sir?

A No.

Q Do you recall what you did with the money?

A No.

Q The next entry is October 1, 1980 and it shows a previous loan balance of $5,998 and a current balance of the same amount. Do you recall what the purpose of that loan was?

A No.

Q Do you recall what you did with the money?

A No.

Q The next entry is June 4, 1980. It indicates a previous balance on a loan of $245,471.80 and a current balance of $245,360.68. Do you recall requesting that loan, sir?

A No.

8 3 0 4 0 4 3 2 5 7 7

Q Do you recall what the purpose of that loan was?

A No.

Q Do you know what that money was used for?

A No.

Q Mr. Craig, did you discuss with anyone in May or June 1980 the subject of borrowing $245,000 from Crown Life Insurance Company?

A No. Not that I can remember.

Q Do you know whether you in fact borrowed $245,471 from Crown on or about June 4, 1980?

A No, I don't.

Q Who within Agency Holding would know that, sir?

A No one.

Q You indicated earlier, Mr. Craig, that this category of loans might include the cruise?

A Right.

Q Do you know whether it does include the cruise?

A I don't know.

Q Mr. Craig, the last entry under agency promotion is a loan of June 15, 1981 having a previous balance of $275,847.77 and a current balance of the same amount. Do you recall requesting that loan, sir?

A No. I never requested a loan for $275,000.

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Q Did Agency Holding Corporation receive a loan from Crown Life Insurance Company on June 15, 1971 of $275,000?

A Not that I know of.

Q Would Mr. Pulak know if Agency Holding Corporation received proceeds from a loan in the amount of $275,000 in June 1981?

A Ask him.

Q Is that his responsibility?

A Part of his responsibility.

Q Sir, is this the first time that you have heard of a loan from Crown Life Insurance Company to Agency Holding Corporation in the amount of $275,847.77 in June 1981?

A Yes.

Q Did you ever review this document before, sir?

A No.

Q As president of Agency Holding Corporation, do you regularly review these agents' statements of earning and account?

A No.

Q Is there someone within Agency Holding who does?

A Mr. Pulak.

Q Did Mr. Pulak tell you that you had received

8 3 0 4 0 4 3 2 5 7 9

a loan of $275,000 in the summer of 1981?

A No.

Q Mr. Craig, were any of these loans intrest-bearing loans?

A I know some of the agency loans are interest-bearing. Some are not. I don't know which is and which isn't.

Q Do you know whether any of the loans under agency promotion are interest-bearing loans?

A I don't know.

Q Has Agency Holding Corporation made any payments on these agency promotion loans other than the $111.12 reflected under credit?

A I am sure they have. I don't know what the accounting system is in Toronto. I don't try to follow it.

Q Mr. Craig, excuse me for a moment, I don't mean to bore you in any way. I want to make sure this is clear in my mind. Under agency promotion, the first entry of May 15, 1979, across from previous balance, it has eight thousand dollars. Sir, is that the amount of the original loan, or does that reflect some later amount?

MR. BINGLER: I don't understand the question.

A I am sorry, I don't understand.

BY MR. BORKOVIC:

Q Does "previous balance" reflect the amount of

8 3 0 4 0 4 3 2 5 3 0

1 the original loan, or the balance owing on the next
2 preceding agent's statement of earnings and income?
3 A You mean does it accrue, is that your question?
4 Q Yes.
5 A As I said, I don't understand their
6 accounting. I don't make any effort to understand their
7 accounting. I really don't know. If I could be more
8 helpful, I would, and also if I received a check for
9 $275,000, I think I would remember it.
10 Q Fine. I just wish to make sure that my
11 question earlier was not too specific. For the loans
12 attributed to June 4, 1980 and June 15, 1981, do you recall
13 receiving loans from Crown Life Insurance Company in amounts
14 greater than $245,000 and $275,000?
15 A I really am sorry, I am confused.
16 Q O. K. Did you receive in June 1981 an agency
17 promotion loan from Crown Life Insurance Company in an
18 amount greater than $245,000?
19 A I don't believe so, no.
20 Q Did you receive in June 1981 an agency
21 promotion loan from Crown Life Insurance Company in an
22 amount greater than $275,000?
23 A I don't believe so, no.
24 Q The next category of loans is entitled
25 confidential. Can you tell me what confidential loans are

0 3 0 4 0 4 3 2 5 3 1

1 used for?

2 A No, sir, I can't. I have never seen that

3 before.

4 MR. BLACK: Would you read that answer?

5 (The answer was read by the reporter.)

6 Q You have never heard of confidential loans?

7 Q Do you recall requesting the first loan as a

8 loan set forth under confidential loans as a date of January

9 25, 1979, a previous balance of $34,863.31?

10 A No, I don't.

11 Q Do you know whether any payments have been

12 made on that loan?

13 A No, I don't.

14 Q Do you recall what you did with the money from

15 that loan?

16 A No, I don't.

17 MR. BINGLER: Assuming by the question that he

18 received the money.

19 Do you know if you received the money?

20 MR. BLACK: He said he didn't know.

21 A No, I don't. I assume Crown Life is an honest

22 company.

23 BY MR. BORKOVIC:

24 Q Mr. Craig, does Agency Holding Corporation in

25 its regular course of business keep any documents which

8 3 0 4 0 4 3 2 5 8 2

1 would indicate the purpose of the agency promotional loan
2 of June 4, 1980?
3 MR. BINGLER: You are assuming by the question
4 that that loan was made?
5 MR. BORKOVIC: Yes.
6 MR. BINGLER: There is absolutely no testimony
7 from this witness that he received that money. If your
8 question is -- Strike that.
9 BY MR. BORKOVIC:
10 Q Are there any documents that would reflect
11 what the purpose of any of these loans was?
12 A No.
13 Q Mr. Craig, are the loans set forth on page 3
14 of this exhibit generally ones which you would request
15 verbally from Mr. Lloyd?
16 A Yes.
17 MR. BLACK: Page 3?
18 MR. BORKOVIC: Page 3. It bears the typed
19 page number 4.
20 MR. BLACK: Oh.
21 MR. BORKOVIC: I am sorry, Mr. Black. When I
22 am referring to page numbers in this, I am referring to the
23 handwritten page numbers occurring in the bottom right
24 corner.
25 MR. BLACK: Well, it is confusing, because the

8 3 0 4 0 4 3 2 5 9 3

1 number that is handwritten in the bottom of this page that
2 is referred to is 3, but what is typed in at the upper
3 right-hand corner is page 4.
4 MR. BORKOVIC: Yes, sir. That is because no
5 page 1 was produced to us.
6 MR. BLACK: So I suggest you be specific in
7 your questions about which number you are talking about.
8 BY MR. BORKOVIC:
9 Q Mr. Craig, in your meeting with Mr. Thomas and
10 Mr. Buchan in Chicago in which you discussed the agency
11 financing, did either Mr. Thomas or Mr. Buchan mention this
12 June 15, 1981 loan of at least $275,000?
13 A No.
14 Q Mr. Craig, do you recall requesting any of the
15 loans which are listed under the confidential category on
16 handwritten pages 3 and 4 of Exhibit 27?
17 A No.
18 Q Do you know whether Agency Holding Corporation
19 received the proceeds of any of those loans?
20 A No.
21 Q Do you personally have any doubt that Agency
22 Holding received those loans? I am speaking of the
23 confidential loans.
24 MR. BLACK: Objected to. It doesn't matter
25 what the witness does or doesn't.

8 3 0 4 0 4 3 2 5 8 4

1 MR. BINGLER: You can go ahead and answer.
2 A What was your question again?
3 Q Do you have any doubt that Agency Holding
4 Company received the confidential loans listed here?
5 A No. My reply to that would be the moneys I am
6 sure we received. The amounts that you are rhyming off here
7 make no sense to me.
8 Q In other words, you are sure you received the
9 moneys, but you are not sure of the exact amounts?
10 A The only thing I would state would be the
11 total. Other than that, I don't know how they list their
12 loans or what they do with them.
13 Q Well, this is the first time that you have
14 ever heard of this June 15, 1981 loan?
15 A Yes.
16 Q Did the total amount of your-- Strike that.
17 Do you normally keep aware of the total amount of your
18 indebtedness of your loan to Crown Life?
19 A Yes.
20 Q Did you raise any question with anyone when
21 your total indebtedness jumped by over $275,000?
22 MR. BINGLER: I object. There is no testimony
23 that his total indebtedness did jump by $275,000.
24 MR. BLACK: I join in that objection. It is
25 improper to assume in your question something that doesn't

8 3 0 4 0 4 3 2 5 3 3

appear from the testimony.

MR. BINGLER: You can go ahead and answer the question. If you forget it, we can get it read back.

(The question was read by the reporter.)

A I don't believe it did.

Q You don't believe your total indebtedness jumped by over $275,000?

A Yes.

Q Do you recall whether you repaid any of your indebtedness to Crown Life Insurance Company in June 1981?

A No.

MR. BLACK: I observe that it is now eight minutes before the agreed upon time for terminating this deposition. The purpose of this examination that has been going on for the last 20 minutes is to show this witness is not familiar with this exhibit, I suggest that has already been established and you can move on to whatever else you want to question him about in the next seven or eight minutes.

MR. BORKOVIC: Thank you for your observation.

MR. BLACK: Because I am not going to consent to having this thing continued forever and ever.

MR. BORKOVIC: Mr. Black, I find it amazing-- Strike that.

8 3 0 4 0 4 3 2 5 3 6

1 Mr. Craig, the last entry under the category of
2 confidential loans was September 16, 1981?
3 A Yes.
4 Q Do you recall requesting any loans from Crown
5 Life Insurance in September 1981?
6 A No.
7 Q Do you recall whether you received the
8 proceeds of any loan from Crown Life Insurance in September
9 1981?
10 A No.
11 Q Mr. Craig, the last entry on this exhibit
12 reads "Total, all loans, $1,023,725.31." Does that figure
13 accurately represent the amount of money you owed Crown Life
14 Insurance under the loan account as of December 31, 1981?
15 MR. BLACK: That is objected to. I object to
16 the use of the word "you".
17 MR. BORKOVIC: Agency Holding Corporation.
18 A I believe it is accurate, yes.
19 MR. BORKOVIC: To conserve time, I will pull a
20 copy for you. I am going to have that marked.
21 (Exhibit 28 was thereupon marked for
22 identification.)
23 BY MR. BORKOVIC:
24 Q Mr. Craig, I would like to show you a document
25 marked for identification as Craig 1982 Deposition Exhibit

8 3 0 4 0 4 3 2 5 3 7

March 13, 1981

Mr. K. P. Craig,
President,
Agency Holding Corporation,
General Agent,
Chicago, Illinois 60604

Dear Mr. Craig:

Re: Special Advances

On Wednesday, March 11, I gave Mr. C. B. Lloyd a check payable to Agency Holding Corporation for $88,000.00 which was being forwarded to your office on a rush basis.

This check represented a Special Advance of $11,000.00 for Travel and Solicitation Mass Marketing for each of the following eight agencies: Chicago, Denver, Peoria, Minnesota, Phoenix, Pittsburgh, Cleveland and Toledo. The amount of $11,000.00 for each agency includes an advance of $2,000.00 for Coca Cola solicitation, $3,000.00 for Associated Milk Producers, $3,000.00 for White Motors and $3,000.00 for McD's.

These Special Advances have been recorded in the March, 1981 accounts with no interest to be charged and repayment from bonus.

I am enclosing eight promissory notes covering these advances of $11,000.00 for each of the above agencies. Kindly sign the enclosed notes and return them to my attention at your earliest convenience.

I trust that these arrangements will meet your approval.

Sincerely,

DPx21

R. J. Jeffrey,
Section Supervisor,
Agency Admin. Dept.
(U.S. & Caribbean)

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c.c. Mr. C. B. Lloyd. Senior Agency Vice-President for the United States.
Mrs. I. Kymantas, Supervisor, Agency Admin. Dept., (U.S. & Caribbean).
Contract File.

requesting a loan in such an amount in or shortly before June 15, 1981?

A No, I don't.

Pulak

Q Mr. Pulak, for the record, would you explain how monthly advances Agency Holding receives from Crown are repaid?

A Advances meaning financing?

Q Yes. Monthly financing Agency Holding receives from Crown. How is that repaid?

A They retain the commissions, monthly commissions, and credit the account for the commissions received from not only the 532 account, but all the other subsidy accounts we have in Chicago. Subsidiary and subsidy.

Q How are the confidential loans to be repaid?

A I don't know.

Q Sir, do you have any understanding as to what is meant by a confidential loan?

A No, I don't.

Q Mr. Pulak, did you make any campaign contributions to any federal congressmen during 1981?

A "You" meaning...

Q You as an individual, Robert C. Pulak.

A No.

Q Did you play any role, sir, in using sums from either Crown Life Insurance Company or Agency Holding Corporation in loaning those funds, making those funds available to

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1 individuals who in turn made political campaign contributions?

2 MR. BINGLER: Would you please read that back?

3 (Last question read back.)

4 MR. BINGLER: I'd like to hear it again.

5 (Last question read back again.)

6 (Discussion held off the record between Mr. Potter

7 and Mr. Pulak.)

8 THE WITNESS: By advice of counsel I respectfully

9 decline to answer that question guaranteed to me by the

10 rights of the Fifth Amendment of the U. S. Constitution.

11 BY MR. BORKOVIC:

12 Q Sir, did you have any discussions with Kerry Craig

13 regarding campaign contributions that were to be made to

14 Federal congressmen by employees of Agency Holding Corporation

15 during 1981?

16 A By advice of counsel...

17 MR. POTTER: Wait.

18 (Discussion held off the record betwen Mr. Potter

19 and Mr. Pulak.)

20 A By advice of counsel I respectfully decline to answer

21 the question guaranteed to me by the right by the U. S.

22 Constitution Fifth Amendment.

23 Q Mr. Pulak, are you aware as to whether Kerry Craig had

24 any discussions with any individual in Washington, D. C.

25 concerning campaign contributions to be made to federal

PENGAD CO., BAYONNE, N.J. 07002 FORM 340 3 3 0 4 0 4 3 2 5 9 0

congressman?

(Discussion held off the record between Mr. Potter and Mr. Pulak.)

MR. POTTER: Can we talk off the record one second?

(Discussion held off the record.)

MR. POTTER: The record should reflect that during an off-the-record discussion counsel agreed that if the answer to a question such as the one just asked -- Are you aware of discussions? -- is in the negative, and the question is answered, that the negative answer will not be cited as a waiver of the Fifth Amendment by the witness.

MR. BORKOVIC: I will agree to that.

(Last question read back.)

THE WITNESS: No.

BY MR. BORKOVIC:

Q Mr. Pulak, do you know whether Clarke Burton Lloyd had any role or involvement in having individuals use funds from either Crown or Agency Holding Corporation to make federal campaign contributions?

(Discussion held off the record between Mr. Potter and Mr. Pulak.)

A I don't know.

MR. BLACK: You don't know whether you are aware of it?

THE WITNESS: I don't know if he was involved.

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MR. BLACK: You are not answering the question he asked then. He asked whether you are aware of it. Suppose you get the reporter to read the question.

(Last question read back.)

MR. BLACK: And the answer?

THE WITNESS: I don't know.

BY MR. BORKOVIC:

Q Sir, do you know from what source monies were given to Mr. Kent, Ms. Pariano, and others to make these campaign contributions?

A I respectfully decline not to answer your question based upon the rights guaranteed to me of the Fifth Amendment of the U. S. Constitution.

MR. BORKOVIC: On that I have no further questions.

MR. BLACK: I have no questions.

MR. BINGLER: I have no questions.

MR. BORKOVIC: We may wish to recall Mr. Pulak based upon documents that you have not yet produced to us. There are some documents which he has identified today, payables files, cash receipts files, which I don't believe have yet been produced -- or I am told by Glenn that there is some response in the mail to me regarding production of documents relating to the United Mine Workers special account.

(At 4:50 p.m. the deposition was adjourned.)

PENGAD CO., BAYONNE, N.J. 07002 · FORM 2A 8 3 0 4 0 4 3 2 5 9 2

1 Immigration Bureau.
2 Q. Are you familiar with the Quincy Agency in
3 Chicago?
4 A. No, I am not.
5 Q. Did you or any of your agencies ever pay
6 for any political rallies for Mr. Lou Antal?
7 A. Pay for political rallies?
8 Q. Election rallies.
9 A. No.
10 Q. Do you know Mr. Lou Antal?
11 A. Yes.
12 Q. Did you ever give him any contributions?
13 A. Yes.
14 Q. What was that?
15 A. Amounts?
16 Q. What kind of contribution, money?
17 A. Yes.
18 Q. How much did you give him? Who gave the
19 money, by the way, your company?
20 A. I did.
21 Q. How much did you give him?
22 A. To the best of my recollection, $2,500.00.
23 Q. Were you reimbursed by EROC or Oglevee for

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1 your contribution?
2 A. No.
3 Q. Did you ever make any personal payments to
4 a Ronald Peterman?
5 A. No.
6 Q. Did your company ever make any payments to
7 him?
8 A. No.
9 Q. Do you know whether anybody else connected
10 with Agency Holding or Crown Life made any
11 payments to Ronald Peterman?
12 A. Not to my knowledge.
13 Q. Did you ever ask Mr. Clarke Lloyd to make
14 any payments to Ronald Peterman?
15 A. No.
16 Q. Did Mr. Peterman ever ask for money?
17 A. From?
18 Q. From you or your corporations.
19 A. No.
20 Q. Did you take Mr. Peterman to Hawaii?
21 A. Yes.
22 Q. Who paid for his way?
23 A. EROC.

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Q. Now, is there anybody else that you had forgotten about who was not an insurance agent who --

A. I am sorry. May I correct that, please?

Q. Yes.

A. I did not take Mr. Peterman to Hawaii.

Q. Who took him?

A. No one.

Q. Did he go?

A. No.

Q. Did any other representatives of his office go?

A. His office, no.

Q. Did any United Mine Workers officials go to Hawaii?

A. No.

Q. Perhaps you are confused because you have answered this differently, and perhaps it would be wise if you just thought very carefully. Your testimony now is that no representatives of the United Mine Workers went to Hawaii for your EROC convention out there?

A. Not to my knowledge.

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Q. Did you invite Mr. Peterman to go?
A. Yes.
Q. Did he decline?
A. He declined.
Q. Why did you donate $2,500.00 to Mr. Lou Antal?
A. To help his campaign.
Q. Are you a member of the United Mine Workers?
A. No.
Q. What interest did you have in the United Mine Workers election?
A. No real interest in the elections.
Q. Well, why did you contribute $2,500.00 if you didn't have any interest in it?
A. As a personal favor to Mr. Antal.
Q. Did you hope thereby to obtain business from his operations?
A. No.
Q. Well, you were dealing with them at that time, were you not?
A. We had had -- I am sorry, we did not have business with the United Mine Workers. We had business with the United Mine Workers Federal

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1 Credit Union.
2 Q. Is Mr. Antal connected with that?
3 A. At this point, I don't believe so.
4 Q. Was he at that time?
5 A. I believe he was, yes.
6 Q. In what capacity?
7 A. he was a Director.
8 Q. Of the Federal Credit Union?
9 A. Yes.
10 Q. Did you seek reimbursement from Crown Life
11 Insurance Company for the amounts you gave to Mr.
12 Antal?
13 A. No.
14 Q. Did you ever have discussions with Mr.
15 Clarke Lloyd concerning payments to Ronald
16 Peterman?
17 A. Yes.
18 Q. What discussion did you have with him?
19 A. Mr. Peterman is the Manager, I believe, of
20 the Federal Credit Union, and in order to have
21 our program work proficiently, our people needed
22 to be well versed on the workings of the Credit
23 Union. Mr. Peterman is a very busy man and Crown

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1 agreed to pay him a consulting fee for training
2 our people.
3 Q. All right. Mr. Peterman runs the Credit
4 Union?
5 A. Yes.
6 Q. And Crown engaged him as a consultant; is
7 that it?
8 A. Yes.
9 Q. Who at Crown did that?
10 A. Mr. Lloyd.
11 Q. And how much was Mr. Peterman paid for his
12 consulting work?
13 A. $600.00 a day.
14 Q. How many days did he consult?
15 A. I don't know.
16 Q. And what was it that he was to consult
17 about; can you explain that to me?
18 A. We would hire salesmen to promote our
19 product to the various members of the United Mine
20 Workers. In order to do that, they had to be
21 well versed in the operation of the Federal
22 Credit Union. Mr. Peterman would train them on
23 the workings of the Federal Credit Union.

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1 Q. All right. Who was trained by Mr. Peterman?
2 A. I would have to get my records.
3 Q. All right. Did Mr. Peterman directly or
4 indirectly receive any commission or payment in
5 regard to the sale of insurance, as opposed to
6 his consulting amounts that he got?
7 A. Mr. Peterman? No, sir.
8 Q. Isn't it true that you have an account in
9 Pittsburgh called the Peterman account?
10 A. Yes. Excuse me, could you define account?
11 Q. An account with the home office, one of the
12 account numbers.
13 A. Account numbers, yes.
14 Q. It is called the Peterman account?
15 A. Yes.
16 Q. And does Mr. Peterman receive any of the
17 commissions?
18 A. No.
19 Q. Why is it called the Peterman account then?
20 A. We have accounts for all of our Brokerage
21 Managers in the office, so that we know what
22 business they are responsible for. We put the
23 United Mine Workers case under one account for

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1 simplicity sake, it was easier to call it
2 Peterman account, which meant that all the
3 business from United Mine Workers flowed through
4 that account.
5 Q. All right. I want to know then every --
6 other than the $600.00 a day that Crown Life in
7 Toronto paid to Mr. Peterman and the $2,500.00
8 that you gave to Mr. Antal, what other amounts
9 were given to United Mine Workers officials in
10 connection with the insurance dealings you had
11 with them?
12 A. To the best of my knowledge, none.
13 Q. Isn't it true that on a monthly basis, you
14 were sending checks for some type of service to
15 Mr. Peterman?
16 A. To Mr. Peterman, no.
17 Q. Were you sending some to the Credit Union?
18 A. Yes.
19 Q. Tell me what that is about.
20 A. That is set up on an expense reimbursement
21 for the expenses incurred by the Federal Credit
22 Union for handling our program.
23 Q. Who pays that amount, Crown Life or ERUC?

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A. EROC, at the time.

Q. Are you still having dealings with the United Mine Workers?

A. Yes.

Q. Who pays that now?

A. R. C. Oglevee Associates, Inc.

Q. Who is Paul Critchlow?

A. Paul Critchlow is an insurance agent.

Q. Where is he from?

A. Butler.

Q. Did he originate the United Mine Workers business for your company?

A. He was the original broker.

Q. Is he still involved in the picture?

A. No.

Q. How is it if he was the original broker that he is no longer involved in the case?

A. He withdrew.

Q. For what reason?

A. Probably because of finances and he -- I don't know, really.

Q. I don't understand why his finances would be injured by selling insurance if that is his

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1 business.
2 A. Well, to explain that, in organizing the
3 case, you must spend money to organize the case,
4 printing and so forth.
5 Q. Well, didn't the printing for the Mine
6 Workers case get paid for by the Crown Life
7 Insurance Company in Toronto?
8 A. Crown Life Insurance Company advanced me
9 the money to pay for it. They did not take the
10 responsibility of paying for it.
11 Q. Other than Mr. Peterman, are you aware of
12 any other consumers of insurance who were engaged
13 as consultants by Crown Life in connection with
14 sales of insurance to those consumers?
15 A. Could you be more specific? Mr. Peterman
16 was not a consumer of insurance.
17 Q. He represented the consumer of the
18 insurance as head of the Credit Bureau -- Credit
19 Union; is that right?
20 A. Yes.
21 Q. Now, do you know of anybody else that was
22 made a consultant to Crown Life and paid out of
23 Toronto who represented consumers of insurance?

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A. Yes.
Q. Who is that?
A. Skip Brown.
Q. Skip Brown. Who is Mr. Skip Brown?
A. Skip Brown is an agent in Orlando, Florida.
Q. Okay. Just tell me what you know about him being a consultant and what he did and how he got there.
A. I don't know anything about it.
Q. Well, how did you hear about it?
A. Through Mr. Brown.
Q. What did he tell you?
A. That he is a consultant -- was a consultant for Crown Life.
Q. Did he control a big case or something?
A. No.
Q. Did he tell you he was getting 10,000 a month?
A. I never really knew the number.
Q. Well, what was he doing, sir, to be a consultant to Crown Life?
A. I don't know.
Q. It is true, is it not, that his consultancy

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arose in connection with matters here in Pittsburgh, did it not?

A. I couldn't be specific on that, no.

Q. Did Mr. Brown ever sell any insurance through your company here?

A. Yes.

Q. What case was that?

A. He sold -- not a particular case, but a number of contracts to individuals.

Q. Yet he is located in Orlando, Florida?

A. Yes.

Q. Wouldn't his business typically go through a general agent in Florida?

A. Typically is -- he was representing an agency in Pittsburgh, if that is the answer to your question.

Q. What agency was that?

A. Treloar & Heisel.

Q. Is that in Pittsburgh or New Castle?

A. New Castle.

Q. Spell that.

A. T-r-e-l-o-a-r, H-e-i-s-e-l.

Q. Who made the arrangements with Mr. brown to

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make him a consultant?

A. I don't know.

Q. And was his consulting fee paid by your office here in Pittsburgh or was it paid directly by Crown Life in Toronto?

A. Both.

Q. Explain, please.

A. Well, Crown Life sent checks to Mr. Brown and Crown Life also asked -- or sent, rather, checks through me to Mr. Brown.

Q. And then you would transmit the same check to Brown?

A. Yes.

Q. But it was a Crown Life check that Brown actually got, or did you convert it?

A. I put it into my account and converted it, yes.

Q. All right. Did you deliver these checks to Mr. Brown in person?

A. No.

Q. Well, how much were the checks --

A. I don't know.

Q. -- that you transmitted?

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A. I would have to be approximate. I can't be specific, 30,000. I can't be specific.

Q. All right. Now --

MR. BINGLER: Are you talking about total number or each check?

THE WITNESS: No, total.

BY MR. TURNER:

Q. Oh, total. When were these checks handed over to him; when was he being paid?

A. During the course of the year 1981.

Q. Is he still on the payroll?

A. No, sir.

Q. When did his consultancy cease?

A. December 31 or thereabouts of '81.

Q. I see.

A. The end of the year.

Q. But the checks you handed over were in $10,000.00 increments?

A. I can't be specific. I don't know.

Q. You have talked with Mr. Brown?

A. Yes.

Q. Did he ever tell you what he was doing to earn $10,000.00 here and 10,000 there?

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A. Other than saying he was a consultant for Crown, no.

Q. Now, Treloar & Heisel, what was his connection with them?

A. He represented them.

Q. Did Mr. Brown have some connection with the dentists group?

A. Himself, no, through Treloar & Heisel.

Q. Is it on the dentists matters -- is that the only place you dealt with Mr. Brown?

A. Yes.

Q. Well, who would I ask to find out why Mr. Brown was getting 10,000 a month for consulting for Crown Life in Toronto?

MR. BINGLER: I object. I don't think there was anything on this Record about this witness saying anything about getting $10,000.00 a month for consulting.

MR. TURNER: Whatever he got.

BY MR. TURNER:

Q. Who would know the answer to my question?

A. The officers of Crown Life.

Q. Mr. Clarke Lloyd?

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A. I don't know.

Q. Did Mr. Lloyd send you the money that was to be transferred to Mr. Skip Brown?

A. Yes.

Q. Did you ever receive any kick backs from Mr. Brown?

A. No.

Q. All right. Now, other than Mr. Brown and Mr. Peterman, do you know of any other consultants who were paid by Crown Life?

A. Ellie and Renie Goldstein are consultants for Crown Life.

Q. Sure. Anybody else?

A. That I know of, no.

Q. How much business did Mr. Skip Brown produce?

A. I would have to look in my records.

Q. I mean, was it large amounts of insurance?

A. You have to define large. I am not trying to be smart. I don't know how to answer that.

Q. How did you develop the dental group with Treloar & Heisel?

A. Treloar & Heisel.

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Q. At the time that case came to your attention, were you aware that Crown Life had previously turned the group down?

A. No, I was not.

Q. Did you ever discuss the dentists case with Mr. Cunningham in Hartford?

A. Did I?

Q. Yes, sir.

A. No.

Q. Did you know that Mr. Cunningham had presented the same case to Crown Life previous to you?

A. Same case? No.

Q. You were never aware of any complaints then that Mr. Cunningham might have?

A. No.

Q. Did you work out some special commission arrangements with Treloar & Heisel?

A. By special, you mean other than --

Q. A regular contract.

A. Yes.

Q. What was the nature of that special arrangement?

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A. It was a level commission versus Crown's normal way of paying.

Q. What was the level commission?

A. Twenty-two and a half percent the first year and 17 and a half percent level.

Q. Did Mr. Clarke Lloyd assist in negotiating that commission with Treloar & Heisel?

A. Was he in on the discussions?

Q. Yes.

A. Yes.

Q. Where were those discussions?

A. Treloar.

Q. Who represented Treloar & Heisel there?

A. Mr. Treloar.

Q. Where were the meetings held to discuss the commission?

A. Toronto.

Q. Where?

A. In Toronto's home office.

Q. Whose office?

A. Various offices.

Q. Mr. Lloyd's office?

A. Yes.

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1 Q. Did Mr. Lloyd assist you in negotiating any
2 other commission structures with other than
3 Treloar & Heisel since you came to Pittsburgh in
4 March of '78?
5 A. Yes.
6 Q. Which ones?
7 A. I can't be specific. It was Mr. Lloyd's
8 function as an agency officer to discuss and
9 direct those of us in the field, to assist us in
10 the field.
11 Q. Yes. But I am asking you what commission
12 arrangements did he help to negotiate?
13 A. Daniell-Sapp-Boorn.
14 Q. Who else?
15 A. To my recollection, that would be all.
16 Q. The only special commission arrangement
17 that you can recall Mr. Lloyd helping you to
18 negotiation was Treloar & Heisel?
19 A. Yes.
20 Q. But you say there were others that you
21 can't recall at this point?
22 A. You are asking two questions. You are
23 saying specific negotiations on commissions, the

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Q. Yes.

A. Yes, sir.

Q. Did you first contact and meet with Eckert, Seamans, Cherin & Mellott, Mr. Stewart?

A. I don't believe so. The name does not ring a bell.

Q. You don't recall other attempts to obtain new counsel other than obtaining Mr. Bingler's services?

A. I believe that is the only attempt we made.

Q. Have you ever paid Mr. Scheckman any fees, I mean your companies?

A. I have not, no. EROC are we talking about?

Q. EROC, Toledo, Cleveland, Erie.

A. I believe EROC may have paid a small fee to Mr. Scheckman.

Q. For what?

A. A telephone conversation I had with him regarding the United Mine Workers, asking him suggestions on how to go about enrolling the case and what are you permitted to do and what are you not allowed to do.

Q. Does Crown Life reimburse you for your

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JBS

LAW OFFICES OF
THORP, REED & ARMSTRONG
2900 GRANT BUILDING
PITTSBURGH, PENNSYLVANIA 15219

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PITTSBURGH JUL 26 '82 PA

FIRST CLASS MAIL

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Scott Thomas, Esquire
Stephen Mims, Esquire
Federal Elections Commission
Washington, D.C. 20463

MEMORANDUM

FOR THE FILE: MUR 1445

FROM: S. MIMS

SUBJECT: Materials for the file

During the deposition conducted of Mr. James Wright in conjunction with this matter, the attached materials were provided by the respondent which should be included in the permanent file on this matter.

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STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: JOHN B. SCHWARTZ

ADDRESS: 123 W. MADISON CHICAGO, ILL 60602

TELEPHONE: (312) 372-2311

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

6/24/82
Date

Signature

NAME: JAMES WRIGHT

ADDRESS: 1310 RITCHIE COURT
CHICAGO, ILL 60610

HOME TELEPHONE: (312) 649-1683

BUSINESS TELEPHONE: (312) 856.1755

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208 South LaSalle
Chicago, Illinois 60604
312/641-230

February 19, 1981

Mr. Art O'Brien
LATCHFORD, RICE & O'BRIEN
208 South LaSalle Street
Suite 1624
Chicago, Illinois 60604

Dear Art:

Incotrav

Enclosed, please find the original certificate for 400 shares of Inoctrav Corporation.

Please sign below in receipt of this document.

Sincerely,

James R. Wright
President

ENCLOSURE

Signature
Received 2/19/81

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208 South LaSalle
Chicago, Illinois 60604
312/641-2300

February 19, 1981

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Sincerely,

James R. Wright
President

ENCLOSURE

Signature
Received 2/19/81

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These securities have not been registered under the Securities Act of 1933. They may not be sold or offered for sale in the absence of an effective registration statement as to the securities under that Act, or an opinion from counsel satisfactory to the Company that such registration is not required.

INCORPORATED UNDER THE LAWS OF

No. 03 ILLINOIS Shares 400

INCOTRAV CORPORATION

THIS CERTIFIES THAT James R. Wright is the owner of Four Hundred (400) Shares of Common Stock each of the Capital Stock of

INCOTRAV CORPORATION

transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation this 19th day of July A.D. 19 79

PRESIDENT SECRETARY

SHARES 400 EACH

©GOES 80.

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CERTIFICATE

FOR

400

SHARES

OF THE

CAPITAL STOCK

INCOTRAV
CORPORATION

ISSUED TO

James R. Wright

DATED

July 19, 1979

For value received hereby sell, assign and transfer unto

Shares

of the Capital Stock represented by the within and annexed certificate, and do hereby irrevocably constitute and appoint

to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises.

Dated

In presence of

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Amended Copy

This is an AGREEMENT executed as of the 20TH day of FEBRUARY, 1981, between INCOTRAV HOLDING, INC., an Illinois corporation (hereinafter called the "Corporation"), JAMES R. WRIGHT (Wright) and AGENCY HOLDING CORPORATION (AHC) (hereinafter referred to as the "Shareholders"),

W I T N E S S E T H:

The Shareholders own all of the total issued and outstanding shares of the stock of the Corporation (hereinafter referred to as "Shares") and they and the Corporation desire the ownership of said Shares to remain closely held in order to promote harmonious management of the Corporation's affairs.

Therefore, the parties hereto agree as follows:

1. Nontransferability of Shares. The Shares owned by Wright shall not be sold, given or in any other way disposed of during his lifetime or while he is an employee of the Corporation.

2. Pledge of Shares Prohibited. Wright shall not encumber or use any of his Shares as security for any loan, except as security for loans made to him by AHC.

3. Purchase Obligations Upon Death or Termination of Employment.

3.1 Upon the death or termination of employment of Wright, he or his estate shall sell and AHC shall purchase the Shares owned by him at his death or termination for the price and upon the other terms hereinafter provided.

3.2 AHC shall purchase that part of Wright's total Shares as may be paid for in cash under the provisions of Paragraph 7 hereof. AHC shall have the option exercisable at the Closing (as hereinafter defined) to purchase by deferred payment (under

the provisions of Paragraph 7 hereof) the remaining Shares of Wright. If AHC does not exercise its option hereunder, the Corporation at the Closing shall purchase the remaining Shares not purchased by AHC.

3.3 To the extent that the Corporation is prevented by law from purchasing any Shares owned by Wright or his estate, AHC at the Closing must purchase the remaining Shares from Wright or his estate, as the case may be, notwithstanding AHC's non-exercise of the option afforded it under the provisions of Paragraph 3.2 above, and Wright, or his estate, as the case may be, shall sell the remaining Shares for the price and upon the terms hereinafter provided.

4. Option Upon Involuntary Transfer. If other than by reason of Wright's death Shares are transferred by operation of law to any person other than AHC or the Corporation (such as but not limited to Wright's trustee in bankruptcy, a purchaser at any creditor's or court sale or the guardian or conservator of Wright) AHC within 90 days of the receipt of actual notice of the transfer may exercise an option to purchase all or any portion of the Shares so transferred for the price and upon the other terms hereinafter provided.

5. Exercise of Options and Effect of Non-Exercise of Options.

5.1 AHC, if it desires to exercise the purchase option granted in Paragraph 4 shall do so by delivery of written notice to the transferee of its exercise of the options within the times provided in said paragraph.

5.2 If the purchase option is forfeited or is not exercised in compliance with Paragraph 4, the Shares, after the expiration of the option period granted shall, in the hands of the transferee, be nonetheless subject to the continuing terms of this Agreement.

This is an AGREEMENT executed as of the 20TH day of FEBRUARY, 1981, between INCOTRAV HOLDING, INC., an Illinois corporation (hereinafter called the "Corporation"), JAMES R. WRIGHT (Wright) and AGENCY HOLDING CORPORATION (AHC) (hereinafter referred to as the "Shareholders"),

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6. The Purchase Price. The purchase price of Shares shall be determined in accordance with the provisions of Exhibit A hereto.

7. Payment of the Purchase Price.

7.1 If AHC is the owner of any insurance on the life of Wright from whose estate AHC is purchasing Shares, an amount equal to the death benefits payable to the beneficiary under the policy or policies shall be paid in cash to the estate of Wright on account of the purchase price of the Shares, and only the balance of the purchase price, if any, may be deferred as hereinafter provided. If the insurance proceeds exceed the total purchase price of the Shares, the excess is the property of the owner of the policy.

7.2 The deferred portion of the price shall be evidenced by the Promissory Note of the purchasing party (either AHC or the Corporation as provided in Paragraph 3). Said note shall be made payable to the order of the selling party and shall be in substantially the form of that set forth in Exhibit B.

7.3 If the maker of the note is the Corporation, the note shall be unsecured but the note shall be guaranteed by AHC.

8. The Closing. Unless otherwise agreed by the parties, the Closing of the sale and purchase of Shares, as provided in this Agreement, shall take place at the office of AHC.

8.1 In the case of a purchase of Shares from Wright's estate under Paragraph 3, the Closing shall take place thirty (30) days after the appointment of a personal representative for Wright's estate. In the case of a purchase of Shares under Paragraph 3 other than from Wright's estate, or under Paragraph 4, the Closing shall take place ten (10) days after the delivery to Wright, or the transferee under Paragraph 4, of written notice by the purchasing party of its exercise of option to purchase the selling Shareholder's Shares.

8.2 Upon the Closing of the sale and purchase, the selling and purchasing parties shall execute and deliver to each other any and all documents which shall be required to carry out the undertakings hereunder including the payment of cash, the execution and delivery of notes and the assignment and delivery of stock certificates. Upon the Closing, Wright, or his transferee, if Paragraph 4 be applicable, shall deliver to the Corporation his or its resignation as an officer and director of the Corporation and any of its subsidiaries.

8.3 The sale and purchase of Shares which AHC is to purchase shall take place immediately prior to the sale and purchase of Shares, if any, which the Corporation is to purchase.

9. Legend on Certificates. All Shares now or hereafter owned by the Shareholders shall be subject to the provisions of this Agreement and the certificates representing same shall bear the following legend:

> "The sale, transfer or encumbrance of this certificate is subject to an Agreement dated as of _____, 19__ among INCOTRAV HOLDING CORPORATION and its shareholders. A copy of the Agreement is on file in the office of the Secretary of the Corporation. The Agreement provides, among other things, for certain prior rights to purchase the shares of stock evidenced by this certificate at a designated purchase price. By accepting the shares of the stock evidenced by this certificate, the holder agrees to be bound by said Agreement."

10. Termination.

10.1 This Agreement and all restrictions on stock transfer created thereby shall terminate on the occurrence of either of the following events:

(a) The bankruptcy or dissolution of the Corporation;

(b) The execution of a written instrument by the Corporation and all of the Shareholders who then own Shares subject to this Agreement which terminates the same.

10.2 The termination of this Agreement for any reason shall not affect any right or remedy existing hereunder prior to the effective date of termination hereof.

11. General Provisions.

11.1 Governing Law. This Agreement shall be construed pursuant to the laws of the State of Illinois.

11.2 Remedies for Breach. The Shares are unique chattels and each party to this Agreement shall have the remedies which are available to him or it for the violation of any of the terms of this Agreement, including, but not limited to, the equitable remedy of specific performance.

11.3 Notices. All notices provided for by this Agreement shall be made in writing, (1) either by actual delivery of the notice into the hands of the parties thereunto entitled; (2) or by the mailing of the notice in the U.S. mails to the last known address of the party entitled thereto, registered mail, return receipt requested. The notice shall be deemed to be received in case (1) on the date of its actual receipt by the party entitled thereto and in case (2) on the date of its mailing.

11.4 Descriptive Headings. Titles to paragraphs are for information purposes only.

11.5 Binding Effect. This Agreement is binding upon and inures to the benefit of the Corporation, its successors and assigns and upon and to Wright and his heirs and personal representatives, and Wright by the signing hereof directs his personal representative to open his estate promptly in the court of proper jurisdiction and to execute, procure and deliver any and all documents and State inheritance tax waivers, as shall be required to effectuate the purposes of this Agreement.

11.6 This Agreement, including any of the Exhibits attached hereto, which are signed by the Shareholders for indenti-

fication, may be amended in whole or in part from time to time by written instrument signed by all of the parties hereto.

IN WITNESS WHEREOF, the Corporation and the Shareholders have executed this Agreement on the date set forth on Page 1.

ATTEST:

Its: Secretary

INCOTRAV HOLDING, INC.

By:

Its: President

James R. Wright

ATTEST:

Its: Secretary

AGENCY HOLDING CORPORATION

By:

Its: President

EXHIBIT A

DETERMINATION OF THE PURCHASE PRICE

The price of Shares to be purchased under this Agreement shall be determined as follows:

1. If Wright voluntarily terminates his employment with the Corporation or if he is discharged for cause such as dishonesty, theft, insubordination or aiding the business of a competitor, or in the case of an involuntary transfer of Shares as described in Paragraph 4 of the Agreement, the purchase price of his Shares shall be his original purchase price of the Shares plus interest at the rate of 9% per annum from the date of original purchase to the date of purchase hereunder.

2. If Wright dies, retires in accordance with the Corporation's normal retirement policy or is discharged without cause, the purchase price for all his Shares shall be determined as follows:

(a) The value of all of the Corporation's issued and outstanding Shares shall be equal to the sum of:

(i) An amount equal to 9% of the gross sales of the Corporation for the last previous fiscal year, plus

(ii) The proceeds of any key man insurance receivable by the Corporation on the death of Wright, or the cash surrender value thereof in the case Wright retires or is discharged without cause.

(b) The value determined under such paragraph (a) above shall be pro-rated on a per share basis to determine the price paid to Wright.

3. If Wright shall become disabled so that he is unable to perform his customary duties, he shall be considered to have terminated his employment as of the date of the commencement of his disability for purposes of this Agreement and the purchase price of his Shares shall be computed in the same manner as provided in Paragraph 2 above for a deceased Shareholder provided, however:

(a) The purchase price shall be paid within six (6) months from the date of the commencement of the disability or at the election of AHC the Corporation can be liquidated in which event Wright shall receive his pro-rata share of the proceeds of liquidation.

(b) In the event a third party wishes to invest in the shares of the Corporation or there is a proposed acquisition of the entire Corporation by merger, exchange of stock or for cash, Wright or his conservator, if any, must agree to the terms and conditions of such investment or acquisition otherwise AHC must cause the Corporation to either pay the purchase price or to liquidate pursuant to Paragraph 3(a).

(c) As part of any purchase price Wright, if he is disabled, shall have the option of acquiring any policies insuring his life then owned either by AHC or the Corporation at the cash surrender value of said policy.

James R. Wright

ATTEST:

Its: Secretary

AGENCY HOLDING CORPORATION

By:

Its: President

EXHIBIT B

Form of Installment Promissory Note

INSTALLMENT PROMISSORY NOTE

(the Closing Date) _____, 19__.

FOR VALUE RECEIVED, the undersigned promises to pay, to the order of

the principal sum of

($), with interest at the rate of 1% in excess of the Prime Rate charged by Continental Illinois National Bank and Trust Company of Chicago, fluctuating daily on any principal sum balance from time to time unpaid. The principal sum of this Note shall be paid in ten (10) equal annual installments, the first installment to be payable at the end of one year from the date hereof and the remaining installments at the end of each succeeding year thereafter until the principal sum of this Note shall have been paid. Interest accruing from time to time on the principal sum shall be paid at the times above provided for payments of installments of the principal sum. Payments of principal sum and interest shall be made at the place which the holder of this Note from time to time shall direct in writing. Upon a default by the undersigned to make any payment of principal or interest due hereunder and continuing for thirty (30) days after written notice is given by the holder hereof to cure the same, then at the option of the holder of this Note, all unpaid installments of principal and accrued interest due shall become immediately due and payable.

At the option of the undersigned, all or any portion of the unpaid principal sum and accrued interest on this Note may be prepaid without premium or penalty, the amount of the prepayment to be applied first to accrued interest and the remainder to such unpaid principal installments as the undersigned shall designate

in a written prepayment notice delivered to the holder of this Note concurrently with the making of the prepayment, provided that no such prepayment can be made during the calendar year in which the Note is executed, unless prepayment be made in full.

_____
(Signature of the Purchasing Party)

Chicago, Illinois 60604
312/641-2300

MEMO

TO: MR. KERRY P. CRAIG
FROM: J.R.WRIGHT DATE: FEBRUARY 25, 1981

Mr. Craig:

Incofray

Since the removal of all our accounting materials, we have had a steady flow of complaints on our inefficiency and accuracy of our billing operation.

I feel that it is almost essential that we at least get together to try to resolve this problem prior to our loss of some valued accounts.

Mr. Craig, our last weeks corporate billing was a gross of $91,000.00. This figure represents an annual billing of close to five million in commercial ticket sales alone.

It is our projection that our gross sales for 1981 will be in the area of eight - nine million.

It is most unfortunate that the organization should be caused to self destruct at this time.

James R. Wright

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February 26, 1981

MEMO

To: Mr. Kerry P. Craig

From: J.R. Wright

Mr. Craig,

Incotrav

We have just been advised that Mr Hefner has been added to our payroll at a salary of $18,000.00 per annum.

As Mr. Hefner is now an employee of Crown Life and resides in Toronto, I must ask how we can authorize such a payment.

We, as a company, have per your direction frozen all entertainment, travel, hiring and promotion expenses.

At this time, it is most confusing as to why we are being required to take on this additional expense.

James R. Wright

P.S. In addition, we have received via Danny's Corporate American Express Cards, many unauthorized expenses in Toronto. As the chief Operating Officer, I resent this situation.

cc: Mr. Robert Pulak

3304043263

205 South La Salle
Chicago, Illinois 60604
312/641 2300

March 2, 1981

Att: Reduced Rate Travel
AIR TRAFFIC CONFERENCE OF AMERICA
1709 New York Avenue, N.W.
Washington, D.C.
20006

RE: Mr. Dan Hefner
ATC #704211

Gentlemen:

In accordance with Resolution 15.35 governing domestic reduced rate transportation privilege for Travel Agents, please be advised that one of the employees listed on our ATC Reduced Rate Travel Registration Form is no longer in our employ.

Therefore, kindly remove the above referenced person from our eligibility list.

If you should have any questions regarding this deletion, please feel free to contact me at any time.

Sincerely yours,

James R. Wright
President

Encl: copy of eligibility list

cc: Kerry P. Craig

Incofrav

8304043263

ATC REDUCED RATE TRAVEL REGISTRATION FORM

Complete Reverse Side and Return Promptly in Envelope Provided

IMPORTANT NOTE: ATC will not amend the registration form, therefore, it is your responsibility to assure the inclusion of all eligible personnel at the time of submission. A copy of this form must be presented to ticketing carrier, along with trip application and authorization in sufficient time to permit orderly processing prior to travel. Be sure to retain sufficient photocopies of both sides of this form for filing with carriers when seeking reduced rate tickets. If duplicating facilities are not available, make a true copy. The annual domestic productivity generated by the agency location shown herein is indicated below.

ata DISCOVER AMERICA

1981

70421 1 C
Incotrav Corp
1725
208 South La Salle St
Chicago Il 60604

12/79

ATC-RT-1 (9-78)

"007216" 1:0540000301;

ata DISCOVER AMERICA

Annual Domestic Productivity

$833,616

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LIST FULL TIME SALES PERSONNEL ONLY (SEE INSTRUCTIONS) 1981

	Name of Qualified Sales Personnel	Date Employed (mo/yr)	Position Code Owner: OW Officer: OF Outside Sales: OS Inside Sales: IS
1	James Wright	7/79	OW
2	Thoms Masters	8/79	IS
3	Dale Marach	10/79	IS
4	T. Mackiewicz	9/79	IS
5	Sarah Garbacz	1/80	IS
6	Gail Maher	2/80	IS
7	Debra Strouse	4/80	IS
8	Gary Holland	5/80	IS
9	Mary Lucas	6/80	IS
10	Dan Hefner	7/80	IS
11	Nancy Wynard	8/80	OS
12	Susan Handley	8/80	IS
13			
14			
15			
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AGREEMENT

It is hereby understood and agreed that if this form contains knowingly false information, the individual-use privileges of this agency shall be suspended for a 12-month period, and proceedings for review of this agency's eligibility and possible removal from the ATC Agency List shall be initiated.

Signature (Owner, Partner or Officer)

Date signed 11/29/79

Amount of ATC Bond $50,000

March 3, 1981

MEMO

To: Mr. Kerry P. Craig

From: J.R. Wright

Incotrav

Mr. Craig:

As you know and as I have advised Mr. Pulak, our current operating procedures are in violation of the ATC licensing contract.

According to my interpretation of our sales contract, your decision to operate the company in the current manner may cause the possible loss of our license.

James R. Wright

cc: Mr. Robert Oglevee
INCOTRAV CORPORATION

8304043263

208 South La Salle
Chicago, Illinois 60604
312/641-2300

M E M O

TO: DIANE PARIANO DATE: 3/3/81

FROM: TERI MACKIEWICZ TIME: 4:46 p.m.

Dear Diane:

Incotrav

Please be advised, I have not been able to contact Mr. Wright due to the fact he has had business meetings with Kraft this afternoon. Because Mr. Wrights presence is mandatory, I wanted you to be aware that he has not been advised thus far.

Sincerely,

Teri Mackiewicz

Teri Mackiewicz

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208 South LaSalle
Chicago, Illinois 60604
312/641-2300

March 4, 1981

Mr. Kerry P. Craig
AGENCY HOLDING CORPORATION
208 South LaSalle
Chicago, Illinois
60604

Dear Mr. Craig,

Incotrav

Pursuant to your letter of March 4, 1981 terminating my employment from Incotrav Corporation as of March 9, 1981 for cause, please be advised that I will require specific reasons, evidence and dates as to the basis of my termination.

Also, please be advised that I consider this situation to have arisen totally on a fictitious basis. There is a possibility that I would consider your action liable to my reputation. Thusly, I refuse to accept your actions and will continue my employment with Incotrav until said cause is proven.

Cordially,

J.R. Wright

James R. Wright
President

cc: Art O'Brien
Tom Sotka
G.J. Moss

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LATCHFORD, RICE & O'BRIEN
ATTORNEYS AT LAW
208 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60604
AREA CODE 312
FINANCIAL 6-9166

GEORGE P. LATCHFORD, JR.
(1920-1970)
GEORGE P. LATCHFORD III
ARTHUR R. O'BRIEN
JAMES B. RICE

March 5, 1981

Mr. James R. Wright
Unit 3-D
1310 N. Ritchie Court
Chicago, Illinois 60610

DEMAND

Dear Sir:

On direction of the Board of Directors of Agency Holding Corporation, I am authorized to make demand, and do hereby make demand for payment in full of your Promissory Note to Agency Holding Corporation dated July 19, 1979 in the principal amount of $10,000.00 together with interest thereon at the rate of 9% per annum from that date.

The entire $10,000.00 principal balance plus accrued interest to date of $1,465.00 is now due and payable. Interest continues to accrue at the rate of $2.50 per day.

Yours very truly,

Arthur R. O'Brien

Arthur R. O'Brien

ARO'B:hm

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LATCHFORD, RICE & O'BRIEN
ATTORNEYS AT LAW
208 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60604
AREA CODE 312
FINANCIAL 6-9166

GEORGE P. LATCHFORD, JR.
(1920-1978)
GEORGE P. LATCHFORD III
ARTHUR R. O'BRIEN
JAMES B. RICE

March 5, 1981

Mr. James R. Wright
Unit 3-D
1310 N. Ritchie Court
Chicago, Illinois 60610

DEMAND

Dear Sir:

On direction of the Board of Directors of Agency Holding Corporation, I am authorized to make demand, and do hereby make demand for payment in full of your Promissory Note to Agency Holding Corporation dated December 31, 1980 in the principal amount of $15,000.00 together with interest thereon at the rate of 8% per annum from that date.

The entire $15,000.00 principal balance plus accrued interest to date of $216.65 is now due and payable. Interest continues to accrue at the rate of $3.33 per day.

Yours very truly,

Arthur R. O'Brien

Arthur R. O'Brien

ARO'B:hm

83040432635

LATCHFORD, RICE & O'BRIEN
ATTORNEYS AT LAW
208 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60604
AREA CODE 312
FINANCIAL 6-9166

GEORGE P. LATCHFORD, JR.
(1920-1970)
GEORGE P. LATCHFORD III
ARTHUR R. O'BRIEN
JAMES B. RICE

March 6, 1981

Mr. James R. Wright
Unit 3-D
1310 N. Ritchie Court
Chicago, Illinois 60610

Dear Jim:

Pursuant to Kerry Craig's letter to you terminating your employment we expect that you will on Monday morning, March 9, deliver the keys to the car which is leased by Agency Holding Corporation and concurrently deliver all Incotrav charge cards such as American Express, telephone, etc. in your possession.

Yours very truly,

A.R. O'Brien

ARO'B:hm

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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is executed and is entered into, in duplicate, effective as of the 15th day of July, 1979, by and between INCOTRAV CORPORATION, an Illinois corporation, Chicago, Illinois (hereinafter referred to as "Incotrav") and JAMES R. WRIGHT, who currently resides at 1366 N. Dearborn, Chicago, Illinois (hereinafter referred to as "Employee").

WITNESSETH:

WHEREAS, Incotrav desires to employ Employee, in accordance with the terms and the provisions of this Employment Agreement, as its president and chief operating officer; and

WHEREAS, Employee desires employment by Incotrav, in accordance with the terms and the provisions of this Employment Agreement, as its president and chief operating officer;

NOW, THEREFORE, Incotrav and Employee hereby expressly covenant and hereby mutually agree, in consideration of the premises herein described and the promises herein contained, as follows:

1. That Incotrav hereby employes Employee as its president and chief operating officer, and that Employee hereby accepts employment by Incotrav as its president and chief operating officer, in accordance with the terms and the provisions herein set forth and contained, at an annual salary of Thirty-six Thousand and no/100 Dollars ($36,000.00) payable in twenty-four equal semi-monthly installments of One Thousand Five Hundred and no/100 Dollars ($1,500.00) on the 1st day and 15th day of each month.

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2. That the terms of this Employment Agreement shall commence as of the 15th day of July, 1979, and shall continue thereafter until terminated in accordance with the terms and the provisions hereof.

3. That Incotrav hereby agrees to review annually, commencing as of the 15th day of July, 1980, the salary, terms and conditions herein described; however, Incotrav shall not be obligated to increase the salary during the term of this Employment Agreement.

4. That Employee hereby agrees to perform the duties and responsibilities of the president and chief operating officer on behalf of Incotrav in accordance with customary rules of business ethics and conduct, and in accordance with such rules, regulations, directives and procedures as may be periodically prescribed by Incotrav through its Board of Directors.

5. That Employee hereby agrees, during the term of this Employment Agreement, to substantially devote all his time, attention and abilities to the performance of the duties and responsibilities herein described.

6. That Employee shall, during the term of this Employment Agreement, be entitled to the following vacation benefits: Three (3) weeks during each calendar year within the term of this Employment Agreement. Vacation not utilized by Employee shall not carry over to any succeeding calendar year and Employee shall not be entitled to any additional compensation for any vacation time not utilized. Employee hereby agrees to cooperate in the scheduling of his vacation so as to minimize the interference with the performance of his duties and his responsibilities hereunder.

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7. That in the event Employee dies during the term of this Employment Agreement while in the active employment of Incotrav, Incotrav hereby agrees to pay, to the personal representative of his estate, the semi-monthly salary herein described for six (6) months following his death, or for the balance of the calendar year, whichever is longer. Except as herein otherwise stated, Incotrav shall not continue any salary payment after the death of Employee and Employee, on behalf of himself, and his heirs, his legatees, his devisees and his personal representative, hereby expressly releases and hereby expressly discharges Incotrav with respect to any and all claims or any and all demands thereto.

8. That the parties hereto hereby agree that this Employment Agreement may be terminated, without cause, by either Incotrav or Employee by the delivery, in writing, of Thirty (30) days' prior notice to the other party. Employee hereby agrees that Incotrav may, in addition, terminate this Employment Agreement, with cause, by delivering to Employee Five (5) days' prior notice, in writing. In the event of a termination of this Employment Agreement by either Incotrav or Employee, whether with cause or without cause, Incotrav hereby agrees to pay to Employee the semi-monthly salary herein described prorated to the last day of the calendar month in which such termination is effective and Employee hereby expressly agrees to accept such payment in complete release and in complete discharge of any and all claims and any and all demands by him hereunder.

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9. That any and all notices prescribed by this Employment Agreement shall be in writing, and shall be either (i) actually delivered to the party thereunto entitled, or (ii) mailed, with first class postage prepaid, to the address of the party entitled thereto, as herein stated or as hereafter designated, certified mail, return receipt requested. A notice shall be deemed to be received in (i), on the date of its actual receipt by the party entitled thereto, and in (ii), on the date of its mailing.

10. The Employee hereby agrees that upon the termination of this Employment Agreement he will not, for a period of one (1) year from and after the date of termination, directly or indirectly, engage in or become associated with any business or other activity, either as a sole proprietor or as a stockholder, partner, employee, officer, director or consultant that is engaged in the operation of a travel agency located within or which solicits customers within the Illinois counties of Cook, Lake, DuPage and Will.

11. That the failure of either party hereto to insist, in any instance, with respect to the performance of any of the terms or the provisions of this Employment Agreement shall not be construed as a waiver or a relinquishment of any right granted hereunder, or of the future performance of any term or any provision hereof, and the obligations of the parties hereto with respect thereto shall continue in force and effect.

12. That Employee shall not commute, alienate, assign, transfer, encumber or dispose of, in any manner whatsoever, his rights or his

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benefits under the Employment Agreement, such rights and benefits being hereby expressly declared to be nonassignable and nontransferable.

13. That no alteration to or modification of the terms or the provisions of this Employment Agreement shall be effective unless such alteration or such modification is reduced to writing, and is then properly executed by the parties hereto.

14. That this Employment Agreement shall be construed, enforced, and governed, in all respects, in accordance with the law and the statutes of the State of Illinois.

15. That the invalidity of any particular term or provision of this Employment Agreement shall not affect the validity of the remaining terms and provisions hereof.

16. That this Employment Agreement supersedes any prior contract or arrangement between the parties hereto, and represents the complete agreement of the parties hereto.

IN WITNESS WHEREOF, Incotrav has caused this Employment Agreement to be executed by its duly authorized representatives, and Employee has hereunto set and affixed his hand and his seal, in pursuance of the uses and the purposes herein described and contained, as of the date hereinbefore set forth.

INCOTRAV CORPORATION,
an Illinois corporation

BY: _____
HENRY P. CRAIG
One of Its Directors

BY: _____
ROBERT C. OGLEVEE
One of Its Directors

_____
JAMES R. WRIGHT, Employee

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Agency Holding Corporation
Managing General Agents • Crown Life Insurance Company
208 South La Salle Street
Chicago, Illinois 60604
Tel.: (312) 346-7318

April 6, 1981

Mr. James R. Wright
Unit 3-D
1310 N. Ritchie Court
Chicago, Illinois 60610

Dear Mr. Wright:

Pursuant to the Agreement dated the 20th day of February, 1981 between Incotrav Holding, Inc., James R. Wright and Agency Holding Corporation wherein upon termination of your employment for cause, you shall sell and Agency Holding Corporation shall purchase the shares in Incotrav Holding, Inc. owned by you, for an amount equal to the original price you paid for the shares plus interest at the rate of 9% per annum, the undersigned does hereby purchase and pay for said shares by cancelling your promissory note for $10,000.00 plus interest at 9% per annum which you gave to the undersigned in payment for said shares.

Your attention is directed to the promissory note for $15,000.00 dated December 31, 1980 which is at this time due and unpaid. If some arrangements are not made immediately to liquidate this obligation we will turn the matter over to our attorneys for appropriate action.

Yours very truly,

AGENCY HOLDING CORPORATION

By: _____
President

KPC:hm

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 20, 1982

HAND DELIVERED

Roger M. Golden, Esq.
Thorp, Reed & Armstrong
1575 I Street, N.W.
Washington, D.C. 20005

Re: MUR 1445

Dear Mr. Golden:

This is to confirm the substance of our recent telephone conversations regarding the scheduling of your clients' depositions in the above-captioned matter. It is my understanding that Maurice D. Kent, Robert Bernstein, and Charles T. Smith, will appear for deposition at the Commission's offices on August 3, 1982, and that Diane Pariano Craig and Kerry P. Craig will appear for deposition at the Commission's offices on on August 4, 1982. We request that the following time schedule be used:

Maurice D. Kent	9:30 a.m., August 3
Robert Bernstein	11:00 a.m., August 3
Charles T. Smith	1:30 p.m., August 3
Diane Pariano Craig	9:30 a.m., August 4
Kerry P. Craig	1:30 p.m., August 4

For your information, we have also arranged through Glen Bost of your Pittsburgh office to take the deposition of Robert C. Oglevee at your Pittsburgh offices at 3:00 p.m. tomorrow, July 21, 1982.

Sincerely,

Scott E. Thomas
Assistant General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 20, 1982

HAND DELIVERED

Roger M. Golden, Esq.
Thorp, Reed & Armstrong
1575 I Street, N.W.
Washington, D.C. 20005

Re: MUR 1445

Dear Mr. Golden:

This is to confirm the substance of our recent telephone conversations regarding the scheduling of your clients' depositions in the above-captioned matter. It is my understanding that Maurice D. Kent, Robert Bernstein, and Charles T. Smith, will appear for deposition at the Commission's offices on August 3, 1982, and that Diane Pariano Craig and Kerry P. Craig will appear for deposition at the Commission's offices on on August 4, 1982. We request that the following time schedule be used:

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Kerry P. Craig	1:30 p.m., August 4

For your information, we have also arranged through Glen Bost of your Pittsburgh office to take the deposition of Robert C. Oglevee at your Pittsburgh offices at 3:00 p.m. tomorrow, July 21, 1982.

Sincerely,

Scott E. Thomas
Assistant General Counsel

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MUR 1445

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 15, 1982

The Honorable Frank J. McGarr
Judge of the U.S. District
Court for the Northern
District of Illinois
219 South Dearborn
Chicago, Illinois 60604

Dear Judge McGarr:

This is to confirm that the Federal Election Commission has arranged with your staff to use Room 2568 on June 18, 1982. Thank you for your assistance.

Sincerely,

Scott E. Thomas
Assistant General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 14, 1982

MUR 1445

The Honorable Frank J. McGarr
Judge of the United States District Court
for the Northern District
of Illinois
219 South Dearborn
Chicago, IL 60604

Dear Judge McGarr:

This is to confirm that the Federal Election Commission has arranged with your staff to use Room 1669 on July 22, 1982. Thank you for your assistance.

Sincerely,

Scott E. Thomas
Assistant General Counsel

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6CC8/07

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N. W.
SUITE 1125
WASHINGTON, D. C. 20005
202-638-0151

JUL 15 P12:42

July 15, 1982

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W., Seventh Floor
Washington, D.C. 20463

Re: MUR 1445 (Agency Holding Corporation)

Dear Scott:

This will confirm our July 14 telephone conversation regarding the Commission's Subpoena to Produce Documents in the above-referenced investigation.

The documents will be produced at 10 a.m., on Wednesday, July 21, 1982, at the offices of Thorp, Reed & Armstrong, 2900 Grant Building, Pittsburgh, Pennsylvania 15219. The production of documents will be supervised by John H. Bingler, Jr., and Glenn E. Bost, II, both of whom are attorneys in our Pittsburgh office.

Documents have been collected in connection with other litigation in Pittsburgh of which you have knowledge. We believe, based on a preliminary search, that the numerous file boxes now located in our Pittsburgh office include all of the information that has been requested in the FEC Subpoena. However, it is possible that certain documents covered by the FEC Subpoena may not be in the boxes we have and, instead, may be located outside Pittsburgh. We would make every effort to get any such documents to Pittsburgh by the 21st; and we would advise you if any problems developed. We are hopeful that everything you have requested can be produced on July 21.

Very truly yours,

Roger M. Golden

RMG/ir

Copies to: John H. Bingler, Jr. Esquire
Glenn E. Bost, II, Esquire

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 9, 1982

Mr. Roger Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, DC 20005

Re: MUR 1445

Dear Mr. Golden:

On May 25, 1982, you received notification that the Commission had found reason to believe that your clients, Kerry P. Craig, Diane Pariano Craig, Charles T. Smith, Maurice D. Kent, Robert Bernstein, Robert C. Oglevee, Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis had violated the Federal Election Campaign Act of 1971, as amended ("the Act"). An investigation of this matter is being conducted and it has been determined that additional information is necessary. Consequently, the Federal Election Commission has issued the attached subpoena which requires your clients to provide information which will assist it in carrying out its statutory duty of supervising compliance with the Act.

If you have questions, please direct them to Stephen Mims, the staff member handling this matter at (202)523-4060.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Agency Holding Corporation,	)	
et. al.	)	MUR 1445
	)	
	)	

SUBPOENA TO PRODUCE DOCUMENTS

TO: Kerry P. Craig, Diane Pariano Craig, Charles T. Smith, Maurice D. Kent, Robert Bernstein, Robert C. Oglevee, Agency Holding Corporation of Chicago, Agency Holding Corporation Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis.

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to produce for inspection the documents specified hereafter. The documents are to be produced in original, and copies of those documents desired will be made with the originals returned to you.

The documents are to be produced at 10:00 a.m. on July 22, 1982 at the offices of Agency Holding Corporation, 208 South LaSalle Street, Chicago, Illinois.

Documents to be produced:

1. Letters accompanying monthly level financing loans made by Crown Life Insurance Company in October, 1980, to Agency Holding Corporation of Chicago and any other correspondence,

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internal memoranda, telephone memos or logs, accounting records, or other records relating to these loans.

2. All correspondence, internal memoranda, telephone memos or logs, accounting records or other records or documents relating to the special advances made to: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis, in October, 1980, by Crown Life Insurance Company.

3. All correspondence, internal memoranda, telephone memos or logs, accounting records, expense vouchers, bills, receipts, invoices, or other records or documents relating to the travel and entertainment expenses reimbursed by the special advances in October, 1980, by Crown Life Insurance Company to any of the firms identified in 2, supra.

4. All documents, including correspondence, internal memoranda, or telephone memos or logs, relating to any communication during the period of September through November, 1980, between any officer or employee of Crown Life Insurance Company and any officer or employee of: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc.,

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Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis.

5. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to political contributions by Crown Life Insurance Company, Agency Holding Corporation of Chicago, or any of the other firms identified in 2, supra, or payments, reimbursements, or loans to officers or employees used by such officers or employees to make political contributions.

6. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to any efforts by Crown Life Insurance Company, Agency Holding Corporation of Chicago, or any of the other firms identified in 2, supra, to seek repayment of funds provided to officers or employees and used by such officers or employees to make political contributions.

7. All telephone bills of Agency Holding Corporation of Chicago and of the other firms identified in 2, supra, and accompanying lists of calls made, covering the period September through November, 1980.

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8. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to any payment by Agency Holding Corporation of Chicago to Inco Trav, Inc., for the purpose of making a payment, reimbursement or loan to any officer or employee of Inco Trav, Inc., used by such officer or employee to make political contributuions.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on July 8, 1982.

Frank P. Reiche

Frank P. Reiche
Chairman for the Federal
Election Commission

ATTEST:

Jody C. Ransom FOR

Marjorie W. Emmons
Secretary to the Commission

8 3 0 4 0 4 3 2 6 5 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 8, 1982

Mr. Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, PA 15219

Re: MUR 1445

Dear Mr. Black:

On May 25, 1982, you received notification that the Commission had found reason to believe that your client, Crown Life Insurance Company, had violated the Federal Election Campaign Act of 1971, as amended ("the Act"). An investigation of this matter is being conducted and it has been determined that additional information is necessary. Consequently, the Federal Election Commission has issued the attached subpoena which requires your client to provide information which will assist it in carrying out its statutory duty of supervising compliance with the Act.

If you have questions, please direct them to Stephen Mims, the staff member handling this matter at (202)523-4060.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena

8304043265 8

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Crown Life Insurance Company,	)	
et. al.	)	MUR 1445
	)	
	)	

SUBPOENA TO PRODUCE DOCUMENTS

TO: Crown Life Insurance Company

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to produce for inspection the documents specified hereafter. The documents are to be produced in original, and copies of those documents desired will be made with the originals returned to you.

The documents are to be produced at 10:00 a.m. on July 23 , 1982 at the offices of Crown Life Insurance Company, 120 Bloor Street East, Toronto, Canada.

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Documents to be produced

1. Letters accompanying monthly level financing loans made in October, 1980, to Agency Holding Corporation of Chicago, for the eight agencies identified on page 3 of your June 30, 1982,

response, and any other correspondence, internal memoranda, telephone memos or logs, accounting records, or other records or documents relating to these loans.

2. All correspondence, internal memoranda, telephone memos or logs, accounting records, or other records or documents relating to the special advances made in October, 1980, to: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis.

3. All correspondence, internal memoranda, telephone memos or logs, accounting records, expense vouchers, bills, receipts, invoices, or other records or documents relating to the travel and entertainment expenses reimbursed by the special advances made in October, 1980, to any of the firms identified in 2, supra.

4. All documents, including correspondence, internal memoranda, or telephone memos or logs, relating to any communication during the period of September through November, 1980, between any officer or employee of Crown Life Insurance Company and any

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officer or employee of: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis

5. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to political contributions by Crown Life Insurance Company or any of its general agents or payments, reimbursements, or loans to officers or employees used by such officers or employees to make political contributions.

6. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to any efforts by Crown Life Insurance Company or any of its general agents to seek repayment of funds provided to officers or employees and used by such officers or employees to make political contributions.

7. All telephone bills of Crown Life Insurance Company and accompanying lists of telephone calls made, covering the period of September through November, 1980.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on July 8, 1982.

Frank P. Reiche

Frank P. Reiche
Chairman for the Federal
Election Commission

ATTEST:

Jody C. Ranson

Marjorie W. Emmons
Secretary to the Commission

9 3 0 4 0 4 3 2 6 6 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1445
Agency Holding Corporation,	)	
et. al.	)	
	)	
Crown Life Insurance	)	
Company, et. al.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 8, 1982, the Commission authorized by a vote of 6-0 the subpoenas and cover letters to (1) Crown Life Insurance Company, and (2) Kerry P. Craig, Diane Pariano Craig, Charles T. Smith, Maurice D. Kent, Robert Bernstein, Robert C. Oglevee, Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee and Craig, Inc., Crown Associates of Colorado, Kerry P. Craig and Associates, Crown Associates of Arizona and Crown Associates of Minneapolis as submitted with the Memorandum to the Commission dated July 8, 1982.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

7-8-82
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 7-8-82, 8:59
Circulated on 48 hour tally basis: 7-8-82, 11:00

3304043265

July 8, 1982

MEMORANDUM TO: Marjorie Emmons

FROM: George Demougeot

SUBJECT: MUR 1445

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

82 JUL 8 A 8: 59

July 8, 1982

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: Authorization to Issue Subpoenas
In Connection with MUR 1445(82)

On May 25, 1982, the Commission found reason to believe, inter alia, that Crown Life Insurance Company (of Toronto) violated 2 U.S.C. §§ 441b(a), 441(a) and 441f, by making contributions in the name of certain corporate employees. The payments by the employers at first appeared to have been treated as "bonuses" but subsequent investigation indicates that there was some attempt to convert the payments to "loans."

Depositions have been conducted by this Office of several individuals. Written answers also have been provided by several respondents. These answers and materials provided raise several questions as to the factual background against which the contributions were made. The original source of the corporate funds used and the degree of involvement by Crown Life Insurance Company need further explanation.

Although counsel for the corporate respondents and for those individuals who appear to have originally contrived the scheme have been most cooperative, this Office believes certain documents need to be subpoenaed in order to assure production. Accordingly we suggest that the Commission adopt the recommendation to issue the attached subpoenas.

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Recommendation

Authorize the attached subpoenas and cover letters to (1) Crown Life Insurance Company, and (2) Kerry P. Craig, Diane Pariano Craig, Charles T. Smith, Maurice D. Kent, Robert Bernstein, Robert C. Oglevee, Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis.

Attachments

Copies of Subpoenas - 2
Copies of Letters - 2

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(1)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Roger Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, DC 20005

Re: MUR 1445

Dear Mr. Golden:

On May 25, 1982, you received notification that the Commission had found reason to believe that your clients, Kerry P. Craig, Diane Pariano Craig, Charles T. Smith, Maurice D. Kent, Robert Bernstein, Robert C. Oglevee, Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis had violated the Federal Election Campaign Act of 1971, as amended ("the Act"). An investigation of this matter is being conducted and it has been determined that additional information is necessary. Consequently, the Federal Election Commission has issued the attached subpoena which requires your clients to provide information which will assist it in carrying out its statutory duty of supervising compliance with the Act.

If you have questions, please direct them to Stephen Mims, the staff member handling this matter at (202)523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Subpoena

BY: Kenneth A. Gross
Associate General Counsel

8 3 0 4 0 4 3 2 6 5 7

(2)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Agency Holding Corporation,	)	
et. al.	)	MUR 1445
	)	
	)	

SUBPOENA TO PRODUCE DOCUMENTS

TO: Kerry P. Craig, Diane Pariano Craig, Charles T. Smith, Maurice D. Kent, Robert Bernstein, Robert C. Oglevee, Agency Holding Corporation of Chicago, Agency Holding Corporation Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis.

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Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to produce for inspection the documents specified hereafter. The documents are to be produced in original, and copies of those documents desired will be made with the originals returned to you.

The documents are to be produced at a.m. on July , 1982 at

Documents to be produced:

1. Letters accompanying monthly level financing loans made by Crown Life Insurance Company in October, 1980, to Agency Holding Corporation of Chicago and any other correspondence,

internal memoranda, telephone memos or logs, accounting records, or other records relating to these loans.

2. All correspondence, internal memoranda, telephone memos or logs, accounting records or other records or documents relating to the special advances made to: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis, in October, 1980, by Crown Life Insurance Company.

3. All correspondence, internal memoranda, telephone memos or logs, accounting records, expense vouchers, bills, receipts, invoices, or other records or documents relating to the travel and entertainment expenses reimbursed by the special advances in October, 1980, by Crown Life Insurance Company to any of the firms identified in 2, supra.

4. All documents, including correspondence, internal memoranda, or telephone memos or logs, relating to any communication during the period of September through November, 1980, between any officer or employee of Crown Life Insurance Company and any officer or employee of: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc.,

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Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis.

5. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to political contributions by Crown Life Insurance Company, Agency Holding Corporation of Chicago, or any of the other firms identified in 2, supra, or payments, reimbursements, or loans to officers or employees used by such officers or employees to make political contributions.

6. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to any efforts by Crown Life Insurance Company, Agency Holding Corporation of Chicago, or any of the other firms identified in 2, supra, to seek repayment of funds provided to officers or employees and used by such officers or employees to make political contributions.

7. All telephone bills of Agency Holding Corporation of Chicago and of the other firms identified in 2, supra, and accompanying lists of calls made, covering the period September through November, 1980.

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8. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to any payment by Agency Holding Corporation of Chicago to Inco Trav, Inc., for the purpose of making a payment, reimbursement or loan to any officer or employee of Inco Trav, Inc., used by such officer or employee to make political contributions.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on June ___, 1982.

Frank P. Reiche
Chairman for the
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

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(6)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Alexander Black, Esquire
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street
57th Floor
Pittsburgh, PA 15219

Re: MUR 1445

Dear Mr. Black:

On May 25, 1982, you received notification that the Commission had found reason to believe that your client, Crown Life Insurance Company, had violated the Federal Election Campaign Act of 1971, as amended ("the Act"). An investigation of this matter is being conducted and it has been determined that additional information is necessary. Consequently, the Federal Election Commission has issued the attached subpoena which requires your client to provide information which will assist it in carrying out its statutory duty of supervising compliance with the Act.

If you have questions, please direct them to Stephen Mims, the staff member handling this matter at (202)523-4060.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Crown Life Insurance Company,	)	
et. al.	)	MUR 1445
	)	
	)	

SUBPOENA TO PRODUCE DOCUMENTS

TO: Crown Life Insurance Company

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to produce for inspection the documents specified hereafter. The documents are to be produced in original, and copies of those documents desired will be made with the originals returned to you.

The documents are to be produced at a.m. on July , 1982 at

Documents to be produced

1. Letters accompanying monthly level financing loans made in October, 1980, to Agency Holding Corporation of Chicago, for the eight agencies identified on page 3 of your June 30, 1982,

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response, and any other correspondence, internal memoranda, telephone memos or logs, accounting records, or other records or documents relating to these loans.

2. All correspondence, internal memoranda, telephone memos or logs, accounting records, or other records or documents relating to the special advances made in October, 1980, to: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis.

3. All correspondence, internal memoranda, telephone memos or logs, accounting records, expense vouchers, bills, receipts, invoices, or other records or documents relating to the travel and entertainment expenses reimbursed by the special advances made in October, 1980, to any of the firms identified in 2, supra.

4. All documents, including correspondence, internal memoranda, or telephone memos or logs, relating to any communication during the period of September through November, 1980, between any officer or employee of Crown Life Insurance Company and any

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officer or employee of: Agency Holding Corporation of Chicago, Agency Holding Corporation of Cleveland, Crown Agency, Inc., Ehrman, Ratini, Oglevee & Craig, Inc., Crown Associates of Colorado, Kerry P. Craig & Associates, Crown Associates of Arizona and Crown Associates of Minneapolis

5. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to political contributions by Crown Life Insurance Company or any of its general agents or payments, reimbursements, or loans to officers or employees used by such officers or employees to make political contributions.

6. All correspondence, internal memoranda, telephone memos or logs, or other records or documents relating to any efforts by Crown Life Insurance Company or any of its general agents to seek repayment of funds provided to officers or employees and used by such officers or employees to make political contributions.

7. All telephone bills of Crown Life Insurance Company and accompanying lists of telephone calls made, covering the period of September through November, 1980.

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(10)

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on June ___, 1982.

_____

Frank P. Reiche
Chairman for the
Federal Election Commission

ATTEST:

_____

Marjorie W. Emmons
Secretary to the Commission

8304043267

GCC#8060

BUCHANAN, INGERSOLL, RODEWALD, KYLE & BUERGER,
PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

57TH FLOOR
600 GRANT STREET
PITTSBURGH, PA. 15219
412-562-8800
TELEX: 866514

JOHN G. BUCHANAN
WILLIAM J. KYLE, JR.
COUNSEL

FRANK B. INGERSOLL
1893-1977

PAUL G. RODEWALD
DAVID B. BUERGER
DONALD L. McCASKEY
ALEXANDER BLACK
EDWARD H. SCHOYER
GEORGE E. FLINN
JOHN P. McCOMB, JR.
ROBERT F. PATTON
JAMES G. PARK
JAMES D. MORTON
WILLIAM Y. RODEWALD
JACK G. ARMSTRONG
LOUIS EMANUEL, III
ROBERT L. FRANTZ
ROBERT D. RANDOLPH
JOHN J. McLEAN, JR.
K. SIDNEY NEUMAN
WILLIAM R. NEWLIN
DONALD T. O'CONNOR
WILLIAM J. McCORMICK
A. BRUCE BOWDEN
GEORGE L. CASS
LARRY E. PHILLIPS
JAMES R. SWEENY
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C. RICHTER TAYLOR, JR.
THOMAS M. THOMPSON
CALVIN R. HARVEY
M. BRUCE McCULLOUGH

ROBERT A. JOHNSON
GREGORY A. PEARSON
THOMAS L. VANKIRK
BRUCE A. AMERICUS
RONALD W. FRANK
ROBERT A. KING
VINCENT C. DELUZIO
JAMES W. UMMER
R. DELL ZIEGLER
CHARLES G. KNOX
JOHN R. PREVIS
MICHAEL J. FLINN
P. JEROME RICHEY
MARTHA A. ZATEZALO
LEWIS U. DAVIS, JR.
SAMUEL W. BRAVER
R. MICHAEL DANIEL
JOHN R. JOHNSON
MELVIN L. MOSER, JR.
STEPHEN P. NASH
JOHN S. BRENDEL
DAN ALTMAN
KAREN M. BARRETT
JAMES D. OBERMANNS
BRUCE I. BOOKEN
SUE FRIEDBERG
RUTH S. PERFIDO
JOSEPH J. BARNES
THOMAS E. BOYLE

CARL A. COHEN
CARL E. ROTHENBERGER, JR.
PAUL D. KRUPER
ROBERT G. DEVLIN
RAMONA J. ROKOSKI
WILLIAM F. GIARLA
PAMELA E. ROLLINGS
STANLEY YORSZ
JAY W. DAWSON
CLARK R. KERR, III
JONATHAN M. SCHMERLING
KENNETH P. FRIEDMAN
ADELINE PATRICIA DIULUS
LEONARD J. MARSICO
MARTIN C. SLOAN
ROBERT W. BROWN
RICHARD C. ROYLANCE
CHARLES T. CAPUTE
TERESA H. JOHNSON
HUGH G. VAN DER VEER
TED WESOLOWSKI
WENDELYNNE J. NEWTON
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PETER K. BLUME
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WASHINGTON OFFICE
SUITE 960
1353 NEW HAMPSHIRE AVE., N. W.
WASHINGTON, D. C. 20036
202-659-6714

RALPH N. ALBRIGHT, JR.*

EDWARD MAGUIRE*
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BOCA RATON, FLORIDA 33431
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W. RODGERS MOORE
DAVID B. VAN KLEECK*

CHARLES T. BARKER*
CORMAC C. CONAHAN*
DUNCAN J. FARMER*
NATHALIE L. HUGHES*
LETITIA E. WOOD*

*ADMITTED IN PENNSYLVANIA

82 JUL 30 A10: 21

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

Re: MUR 1445

June 30, 1982

Mr. Danny L. McDonald
Vice Chairman
Federal Election Commission
Washington, D.C. 20453

Dear Mr. McDonald:

As counsel for Crown Life Insurance Company, the undersigned makes this response to your letter of June 4, 1982, addressed to its President and captioned as above.

Crown Life Insurance Company denies that it violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, or any one or more of them. It welcomes the opportunity your letter affords of submitting answers to the questions enclosed with your letter and factual and legal materials relevant to the Commission's consideration of the matter. The answers to the questions are as follows:

1. Crown Life Insurance Company (Crown) has no United States franchisee corporations to which it advanced or loaned any amount or amounts during the year 1980. Crown utilizes nearly 100 corporations, all independently owned, free of any ownership interest in Crown and

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scattered throughout the United States, to act as its general agents in the solicitation of applications for its life, health and accident insurance policies. Each of these general agents has a contract, of which the enclosed copy of the contract with Agency Holding Corporation of Chicago, dated August 24, 1977, is typical. As appears from paragraph 21, Limits of Authority, the general agent has no authority to bind Crown, but merely has authority to solicit applications and submit the same to Crown at its Home Office in Toronto. The general agent is compensated by commissions on premiums paid on the policies issued by Crown that the general agent solicited applications for, and by bonus as provided in the agreement. As appears from paragraph 26 of the general agent's contract, any indebtedness of the general agent to Crown is a first lien against any amounts coming due under the contract from Crown to the general agent. Over the years, a general agent contract is amended frequently, but the amendments relate to rates of commission and fall into three categories, samples of which are enclosed, the first relating to special term conversion credits, the second to annuity policies and the third to group pension policies.

The loans made to general agents in the United States fall into four categories: monthly level financing, furniture loans, special advances and special loans. Taking the Agency Holding Corporation of Chicago as an example, during the month of October 1980 Crown advanced as monthly level financing through the Chicago agency the following amounts to the following agencies, for a total of $138.439.96:

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Phoenix	#286	$ 14,208.59
Colorado	#291	18,782.17
Toledo	#314	10,810.47
Cleveland	#327	18,279.02
Minnesota	#331	19,466.58
Pittsburgh	#363	17,058.61
Chicago	#532	26,737.15
Peoria	#536	13,097.37

Each of the above advances was made on October 24, 1980, and was to provide for the ongoing expenses of operating the agencies. The Chicago agency was used to disburse the amounts to the other agencies because the accounting function for all the named agencies was centralized in Chicago.

In October 1980, furniture loans were made through the Chicago agency for the following named agencies on the dates and in the amounts indicated, to a total of $4,805.77:

10/10/80	Minnesota	$ 179.97
10/10/80	Peoria	3,944.75
10/10/80	Chicago	366.37
10/24/80	Colorado	314.68

Copies of the letters accompanying the checks for the above furniture loans are attached. These loans were also secured by liens on the agency furniture.

During the month of October 1980, three special advances were made to and through the Chicago agency for agency promotion purposes. They were made on the following dates and in the following amounts, and were for reimbursement of travel and entertainment expenses incurred in the sales effort in connection with national accounts, such as McDonald's, Associated Milk Producers, Coors, National Association of Fire Fighters, Coca-Cola Bottlers and others. These special advances were, in the first two instances, accompanied by letters of which copies are attached.

10/20/80	$ 39,500
10/22/80	60,000
	12,000
Total	$111,500

The $12,000 special advance was made by check delivered personally to the president of the Chicago agency during a visit to Crown's Home Office in Toronto, and without a covering letter.

During October 1980 two special loans were made to Agency Holding Corporation of Chicago, for a total of $13,908, as follows:

10/2/80	$12,963.00
10/16/80	945.00

Copies of the letters enclosing the checks are attached.

Each of the advances and loans, other than the monthly level advances above referred to, in addition to being secured by commissions due and to become due the general agent and bonuses, was evidenced by a promissory note, of which an example, dated October 22, 1980, in the amount of $18,000, is attached. The back of the note contains the personal guarantee of the president of the agency.

None of the loans were made to provide funds for making political contributions and, to the knowledge of Crown's Home Office personnel, none of the funds so loaned or advanced was so used. The volume and type of loans made, as above set forth, were typical of the loans made to the agencies named in other months of the year 1980, and there was nothing about them to cause anyone at Crown's Home Office to suspect, if indeed it was the case, that any part of the loan proceeds would be used for political contributions.

1.a. All loans to United States agencies were made by Crown on request of the particular general agent.

1.b. Answered in the above.

1.c. Crown did not require of any of its general agents that the disposition of loan proceeds be accounted for.

1.d. Answered in the above.

2. On February 2, 1982, at the deposition of Diane Pariano, attended by the writer of this letter as counsel for Crown in an unrelated lawsuit.

2.a. & b. The writer informed Hugh D. Wainwright, Legal Vice President and General Counsel of Crown of the Pariano testimony.

2.c. On February 10, 1982 Crown learned from his deposition that Mr. Craig, president of the Chicago agency, had been told three months earlier by C. B. Lloyd, formerly an employee of Crown but then a consultant to the Chicago agency, that the money should be repaid to whichever agency it was borrowed from by the individuals who had borrowed it, and that the mistake should not be permitted to recur. As this is the same admonition as Crown would have given Craig, no further corporate response was thought to be called for.

3.a. Mr. Wainwright talked with Mr. Lloyd within the past week and was told by Mr. Lloyd that his best recollection is that he did not learn of the alleged contributions until after he had retired from his position with Crown and had become an unpaid consultant to Agency Holding Corporation of Chicago.

3.b. Answered above in paragraph 2.c.

The foregoing is the most accurate and complete statement that the time you allowed for response to the questions in your letter permits. Crown is anxious to furnish you with any information in its possession on the subject and will be pleased to hear from you if you wish to have us elaborate on the foregoing or, if you have other questions that you would like us to answer.

Yours very truly,

Alexander Black

AB:WS
Encls.

8304042631

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Alexander Black

ADDRESS: 57th Floor,
600 Grant Street,
Pittsburgh, Pennsylvania.
15219

TELEPHONE: (412) 562-8830

The above-named individual is hereby designated as counsel of Crown Life Insurance Company and is authorized to receive any notifications and other communications from the Commission and to act on our behalf before the Commission.

June 28, 1982

H. D. Wainwright,
~~Legal Vice-~~President and
General Counsel.

H. D. Wainwright,
120 Bloor Street East,
Toronto, Ontario.
M4W 1B8

HOME PHONE: (416) 485-5098

BUSINESS PHONE: (416) 928-4557

8304043263

MEMORANDUM OF AGREEMENT, between AGENCY HOLDING CORPORATION

of CHICAGO, ILLINOIS herein called "the General Agent", and

CROWN LIFE INSURANCE COMPANY, herein called "the Company"

General

1. The Company appoints the General Agent its general agent:

   (a) to secure applications personally and from his/her licensed brokers or agents for such policies as the Company may issue;

   (b) to recommend for endorsement by the Company his/her Agreements with brokers or agents which are made or forms approved by the Company,

   (c) to maintain at his/her own expense a suitable office for the transaction of the Company's business;

   (d) to collect premiums and other amounts on policies as directed by the Company in trust for the Company, to deduct any first year commissions which may be payable to him/her under the terms of this Agreement and to deposit the balance in the name of the Company in a bank account designated by the Company ("Company's Account");

   (e) to maintain office records as required by the Company, which records are and will remain the property of the Company, to render service to policyholders, and to conserve and increase the Company's business;

   (f) to comply with the present and future regulations and instructions of the Company which do not contravene the provisions of this Agreement.

Group Collections

2. The authority and duties of the General Agent under provision 1 will not include the collection of premiums and maintenance of records with respect to group policies

Effective Date

3. This Agreement will be effective from September 1st, 1977 and any existing Agreements between the General Agent and the Company will terminate on that date.

Territory

4. The territory assigned to the General Agent will be as follows, but such territory is not assigned to him/her exclusively: Counties of Cook, Dupage, Will, Lake, McHenry Kalb, Kane, Kendall, La Salle, Grundy, Illinois and the Counties of Lake, Porter and La Porte, Indiana.

Commissions

5. (a) Commissions will be paid by the Company to the General Agent at the rates indicated in the Commission Schedules in Provision 6 for policies issued during the continuance of this Agreement, except as set out in Provision 5(h) and (i)

   (b) The rates of commission for policies issued during the existence of any terminated Agreement with the Company will be as set forth in such terminated Agreement.

   (c) Commission will be paid to the General Agent only on such premiums as have fallen due (and have been collected by the General Agent, if required by this Agreement) and have been deposited in the Company's Account during the continuance of this Agreement on policies issued from applications secured through the General Agent.

   (d) Upon any termination of a policy the General Agent's interest will cease as to commission or bonuses resulting from subsequent premium payments unless reinstatement of the policy is secured through the General Agent.

   (e) The "years" referred to in the Commission Schedules are "policy years" as defined in the policies.

   (f) On any individual policy of life insurance issued at an age higher than age 65, the rates of commission will be determined from the Commission Schedules using the actual premium paying period of the policy (if applicable) but such rates will be applied only to the amount of the corresponding premium for such policy if issued at age 65.

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(g) (i) Commissions on extra premiums for individual policies will be payable as follows:

Occupational or Aviation extra: First Year Commission at one-half rate applicable to the basic plan or rider and renewal commission at the same rate as basic plan or rider.

Permanent medical, residence or travel extra: First year and renewal commissions at the same rate applicable to basic plan or rider on the first $30.00 of annual extra premium per 1,000 of insurance only.

Temporary medical, residence or travel extra: No first year or renewal commissions are allowed on extra premium.

(ii) Commissions will be paid on premiums for individual policies waived on account of disability in accordance with the regulations of the Company as described in the Rate Book.

(iii) No commission will be paid on preliminary term premiums for individual policies.

(h) The rates of commission for policies denoted by special names or other policies and benefits not specifically mentioned in this Agreement will be as set forth in amendments to this Agreement or as determined by the Company. These include rates of commission for Group Life and Health policies

(i) that replace previous policies;

(ii) that are sold and administered on a retention basis, and

(iii) that require rates of commission specially determined by the company.

(i) The rates of commission for intermediate durations or issue ages not included in the Commission Schedules are calculated proportionately.

(j) Commissions on policies issued pursuant to a conversion of a term policy will be payable as set forth in amendments to this Agreement or as determined by the Company. For the purposes of this Agreement, the issue of a policy pursuant to a conversion will be considered to be the termination of the original policy

(k) The Company will have the right to transfer incidental policies from the General Agent or to the General Agent. If the policies are transferred from the General Agent commission otherwise payable will be reduced in accordance with the following rates. Similarly, if the policies are transferred to the General Agent, commission will be paid in accordance with the following rates:

Retirement Annuity & Flexible Premium Retirement Annuity	2%
Disability Insurance	2nd 10th years 5% — thereafter 10%.
Group policies	Up to the rate specified as payable as determined by the Company.
Other policies	3%

(l) Rates of commission for group policies under Provision 6, Schedules (b) and (c) will be payable at an average commission rate calculated by the Company at the beginning of each policy year as follows:

(i) The first monthly premium due for that year, without adjustments, is multiplied by 12 to produce the annualized premium;

(ii) The appropriate Commission Schedule is applied to the annualized premium to produce the annualized commission;

(iii) This annualized commission is divided by the annualized premium to produce that year's average commission rate.

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(m) The rates of commission for the appropriate Group Life and Health Commission Schedule will apply separately to the total premium paid in each year by each group policyholder. If two or more Group policies are combined for the purpose of computing premium rates, experience, retention, etc., the premiums for all such policies will be included in the computation of the average commission rate described in Provision 5(l)

(n) If a group Life and Health policy is amended by the Company, the Company will calculate and pay to the General Agent through whom the application for amendment has been secured, commission on the increase in premiums resulting from the amendment at the commission rate being used for the policy year in which the amendment is effective. At the beginning of the following policy year, a commission rate will be calculated for the policy, as set out in 5 (l), on the total annualized premium. If such amendment is pursuant to an application secured other than through the General Agent, he/she will not be entitled to commission on the increase in premium.

(o) **Group Pension Policies**

(i) Under a Group Retirement Investment/Income Policy (GRIP), the Commissions are negotiated downward from the maximum commission rates shown in Provision 6, Schedule (d) on a per policy basis.

(ii) Rates of commission for the Guaranteed Deposit Policy (GUARD) under Provision 6, Schedule (E) are payable on the Net Deposit received in the policy year. Net deposit equals the deposits received less cash surrenders.

If a GUARD policy is amended by the Company, the Company will pay to the General Agent through whom the application for amendment has been secured, first year commission on the estimated increase in deposits resulting from the amendment and renewal commissions on such increase thereafter. An average commission rate will be calculated at the effective date of the amendment, combining the estimated first year commission rate with the estimated renewal commission rate, to be used with respect to those deposits received during the 12 month period commencing with the effective date of the amendment

If two or more GUARD policies are combined for the purpose of computing minimum deposits and expenses etc., then the commission schedule will be applied to the total premium of all such policies in any policy year

Any transfers to the GUARD policy from a previous carrier or policyholder will be subject to the separate Lump Sum Transfer rate of commission under Provision 6, Schedule (E) (ii).

(iii) Rates of commission for the Group Individual Retirement Annuity Policy (GIRA) are related to the individual members' contributions during the first year after enrolment and to net annual deposits thereafter as shown under Schedule (F) (i). If a member terminates prior to the completion of 12 months of enrolment the General Agent will refund to the Company the commission received by the General Agent with respect to that member.

On Multiple Employer Association groups with a potential total annual contribution of $100,000.00 or more the General Agent has the option of choosing, in lieu of the Single Employer group rates shown under Schedule (F) (i), the alternative commission rate outlined under Schedule (F) (ii). Commissions on any amount transferred from another carrier will be paid in accordance with the Lump Sum Transfer rate shown under Schedule (F) (iii). Net annual Deposits equals deposits received less cash surrenders.

If a Group Individual Retirement Annuity is converted to a Flexible Premium Retirement Annuity no commission is payable on the amount transferred from the GIRA to the FPRA

(iv) Rates of commission for the Group Tax Sheltered Annuity Policy (TSA) are payable in accordance with the method described under the preceding paragraph (iii) as shown under Schedules (G) (i), (G) (ii) and (G) (iii), whichever is applicable.

LIFE PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—

The Life Schedule applies to: Life Paid up at age 65; 20 Payment Life, 10 Payment Life.

ENDOWMENT PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
40 Years Premiums or more	70	20	10	3
35 Years Premiums	65	20	10	3
30 Years Premiums	60	20	10	3
25 Years Premiums	55	20	10	3
20 Years Premiums	50	15	9	3
15 Years Premiums	40	11	7	3
10 Years Premiums	30	8	5½	—

The Endowment schedule applies to Endowment at age 65, 20 Pay Endowment at age 65, 20 Year Endowment.

SPECIAL PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Lowcost Life				
Low Band	70	20	10	3
High Band	70	15	10	3
Master Ordinary Life				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—
Select Ordinary Life	70	20	10	3
Joint Select Ordinary Life (First Death Only)	70	20	10	3
Medicare Whole Life	70	20	10	3
Graded Premium Whole Life	70	20	10	3
Security Life at age 65				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—
20 Payment Security Life at age 65	60	20	10	3
Juvenile 1-5	70	20	10	3
Permanent one or more Increasing Whole Life	70	20	10	3
Yearly Renewable Decreasing Term	70	20	10	3

	1st Year %	2nd Year %	3rd to 6 Years %	7th to 10 Years %	Thereafter %
Step Rate Life	70	20	10	45	10	3
Lowcost Endowment at age 90	10	10	40	40	10	3

1 Low Band currently 10,000 to 99,999 sum insured

High Band currently 100,000 and over sum insured

2 2nd or other death plans will be considered as special name plan with special commissions

EXECUTIVE PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Executive Whole Life				
1 Low Band	70	20	10	3
2 High Band	60	15	10	3
4 Joint Executive Whole Life (1st Death Only)				
1 Low Band	70	20	10	3
2 High Band	60	15	10	3
Executive Protection to age 70	60	15	10	3
Executive Special Endowment	50	10	10	3

1 Low Band currently 25,000 to 99,999 sum insured

2 High Band currently 100,000 and over sum insured

4 2nd or other death plans will be considered as special name plan with special commissions

TERM PLANS AND BENEFITS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Yearly Renewable Term to age 75				
1 Low Band	45	10	10	3
2 Middle Band	40	9	9	3
3 High Band	60	7	7	3
Level Term				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	55	15	10	3
10 Years Premiums	45	12	10	—

The level term schedule applies to Level Term Plans: Inc Maintenance Policy, Additional Protection Benefit, Guaran Income Benefit, Family Plan Insurance Benefit.

Commission Schedules (cont'd)

Monthly Reducing Term Plans	1st Year %	2nd Year %	2nd to 10 Years %	Thereafter %
Monthly Reducing Protection Benefit				
30 Years Premiums or more	50	15	10	3
25 Years Premiums	45	15	10	3
20 Years Premiums	40	15	10	3
15 Years Premiums	35	12	10	3
10 Years Premiums	30	10	10	—
Mortgage Insurance Plan				
Mortgage Insurance Benefit				
30 Years Duration of Coverage	50	15	10	3
25 Years Duration of Coverage	45	15	10	3
20 Years Duration of Coverage	40	15	10	3
15 Years Duration of Coverage	35	12	10	3
10 Years Duration of Coverage	30	10	10	—

Preliminary Term No Commission Payable

	Years 1 %	2 to 5 %	6 %	7 to 10 %	Thereafter %
Five Year Renewable Term to age 70	45	10	45	10	3
Five Year Renewable Additional Protection Benefit	45	10	45	10	3
Joint Five Year Renewable Term (First Death Only)	45	10	45	10	3

Parents Waiver of Premium Benefit - same as Basic Plan.

Guaranteed Purchase Option - same as Basic Plan

Cost of Living Term Benefit - same as Basic Plan

Total Disability Waiver of Premium Benefit - same as Basic Plan

Accidental Death Benefit - same as Basic Plan

- Low Band currently 5,000 to 99,999.
- Middle Band currently 100,000 to 499,999.
- High Band currently 500,000 and over
- 2nd or other death plans will be considered as special name plans with special commissions.

RETIREMENT PLANS

Income Endowments	1st Year %	2nd Year %	2nd to 10 Years %	Thereafter %
40 Years Premium or more	70	20	10	3
35 Years Premium	65	20	10	3
30 Years Premium	60	20	10	3
25 Years Premium	55	20	10	3
20 Years Premium	50	15	9	3
15 Years Premium	40	11	7	3
10 Years Premium	30	8	5.5	—

The Income Endowment Schedule applies to Income Endowment at age 65, Ten Year Income Endowment, Income Endowment at age 70

Pension Whole Life	1st Year %	2nd Year %	2nd to 10 Years %	Thereafter %
55 Years Premiums or more	35	20	20	3
50 Years Premiums	30	20	20	3
45 Years Premiums	25	20	20	3
40 Years Premiums	20	20	20	3
Guaranteed Annuity Purchase Plan	70	20	10	3

Flexible Premium Retirement Annuity	1st Year %	Thereafter %
	70	5

Increasing Term Insurance Benefit	1st and 2nd Year %	2nd to 10 Years %	Thereafter %
	20	10	3

Single Premium Annuities	1st Year %
Non Qualified	3½
Qualified	2½
Single Premium Life	5

Disability Insurance	1st Year %	2nd to 10th Years %	Thereafter %
	60	20	10

EXPLANATORY NOTES

1 In this schedule, the plan names used are the same a in the Rate Book. In certain States, a given plan ma a different name. This Commission Scale will apply t plan.

2 Certain plans are not available in certain States.

Commission Schedules (cont'd)

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(b) GROUP TERM LIFE AND HEALTH SCHEDULE

	1st Year %	2nd to 10th Years %	Thereafter %
On the first $ 10,000 of premiums	12.500	11.250	1.250
On the next $ 15,000 of premiums	9.375	8.438	.938
On the next $ 25,000 of premiums	6.250	5.625	.625
On the next $ 50,000 of premiums	3.750	3.375	.375
On the next $150,000 of premiums	2.500	2.250	.250
On premium in excess of $250,000	1.250	1.125	.125

(c) GROUP ORDINARY LIFE AND GROUP DEPOSIT ACCUMULATION SCHEDULE

1st Year %	2nd Year %	2nd to 10th Years %	Thereafter %
40	6	6	1

Group Ordinary Life - the rates of commission with respect to premiums paid under Plan B of the policy will be according to the above schedule. The rates of commission with respect to premiums paid under Plan A of the policy will be according to Schedule (b).

Group Ordinary Life and Group Deposit Accumulation — the first year commission rate will apply to the first 12 months' premiums paid with respect to new applicants who make application for either Group Ordinary Life (Plan B) benefits or for Group Deposit Accumulation benefits. Renewal commission rates will apply with years calculated from the effective date of such applicants' insurance.

(d) GROUP RETIREMENT INVESTMENT/INCOME (GRIP) SCHEDULE

Portion of Annual Deposit	Marginal Rate %
On the first $ 10,000	8.00%
On the next $ 10,000	5.00%
On the next $ 5,000	4.00%
On the next $ 75,000	2.00%
On the next $ 50,000	1.50%
On the next $ 100,000	1.25%
On the next $ 750,000	.33%
On the next $1,000,000	.25%
On Amounts in excess of $2,000,000	.10%

(e) GUARANTEED DEPOSIT ACCUMULATION (GUARD) SCHEDULE

(i)

Portion of Annual Deposit	1st Year %	2nd to 10th Years %
On the first $ 5,000	18.750%	1.875%
On the next $ 5,000	12.500%	1.875%
On the next $10,000	7.500%	1.875%
On the next $30,000	5.000%	1.563%
On the next $50,000	2.500%	.625%
On deposits in excess of $100,000	1.250%	.625%

The foregoing rates apply to regular annual deposits and the following scale is applied to lump sum transfers.

(ii)

Portion of Lump Sum Transfer	Commission Rate %
On the first $ 1,000	5.000%
On the next $ 4,000	4.000%
On the next $ 5,000	2.788%
On the next $ 10,000	1.750%
On the next $ 30,000	1.100%
On the next $150,000	.500%
On the next $300,000	.325%
On amounts in excess of $500,000	.138%

Commission Schedules (cont'd)

(f) GROUP INDIVIDUAL RETIREMENT ANNUITY (GIRA) SCHEDULE

(i) Single Employer

Portion of Annual Deposit	During 1st 12 months of enrollment %	Net Annual Deposits Thereafter %
Up to $1,500 per member	10.0%	2.5%
over $1,500 per member	2.5%	2.5%

(ii) Multiple Employer/Association

Level rate of 5.313% of net annual deposits.

(iii) Rate payable on all Lump Sum Transfers is 2.5%

(g) GROUP TAX-SHELTERED ANNUITY/TSA SCHEDULE

(i) Single Employer

	During 1st 12 months of employment %	Net Annual Deposits Thereafter %
On members contributions	10%	2.5%

(ii) Multiple Employer/Association

Level rate of 5.313% of net annual deposits.

(iii) Rate payable on all Lump Sum Transfers is 2.5%

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"Amount of Policies" 7. (a) "Amount of Policies" means the amount shown in the schedule below for policies issued as the result of applications secured through the General Agent during the continuance of this and any terminated Agreement.

TYPE OF POLICIES	AMOUNT OF POLICIES
LIFE PLANS	
Life paid up at age 65 20 Payment Life 10 Payment Life	— $1,000 for each $1,000 of sum insured
ENDOWMENT PLANS	
Endowment at age 65 20 Pay Endowment at age 65 20 Year Endowment	— $1,000 for each $1,000 of sum insured
SPECIAL PLANS	
Lowcost Life (Both Bonds) (Guaranteed Whole Life) Leader Ordinary Life Select Ordinary Life Joint Select Ordinary Life (First Death Only) Lifecare Whole Life (Excluding Lifecare Extra Benefit) Group Ordinary Life (Plan B)	— $1,000 for each $1,000 of sum insured
Graded Premium Whole Life	— $250 for each $1,000 of sum insured plus an additional $750 for each $1,000 of sum insured when the premium for the full fifth policy year is paid.
Security Life at age 65 20 Payment Security Life at age 65	— $1,000 for each $1,000 of sum insured
Juvenile 1 — 5	— $2,000 for each $1,000 of initial sum insured
Increasing Whole Life	$500 for each unit coverage
Yearly Renewable Decreasing Term	— $500 for each unit of coverage
Step Rate Life	— $500 for each $1,000 of sum insured When the premium for the full sixth policy year is paid at the increased rate, an additional $500 for each $1,000 of sum insured is allowed
Lowcost Endowment at age 90	$1,000 for each $1,000 of sum insured
EXECUTIVE PLANS	
Executive Whole Life (Both Bonds) Joint Executive Whole Life (first death only)	— $1,000 for each $1,000 of sum insured
Executive Protection to Age 70	— $750 for each $1,000 of initial sum insured
Executive Special Endowment	— $500 for each $1,000 of sum insured. If all the premiums on the second policy year are not paid, the Amount of Policies previously allowed will be reversed.

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TERM PLANS & BENEFITS

Yearly Renewable Term to age 75	— The following multiple of the first annual premium (excluding extra premiums and additional benefit premiums) or 50% of the sum insured whichever is less.
Low Band sum insured $5,000 to $99,999	— 35 x the first annual premium
Middle Band sum insured $100,000 to $499,999	— 30 x the first annual premium
High Band — sum insured $500,000 and over	Nil
Level Term Five Year Renewable Term to age 70 5 Year Renewable Term Additional Protection Benefit Joint 5 Year Renewable Term (First Death Only)	— $250 for each $1,000 sum insured
Family Plan Insurance Benefit	— $250 for each $1,000 of sum insured on spouse's wife
Income Maintenance Policy Guaranteed Income Benefit	$250 for each $10 of monthly income
Monthly Reducing Term Monthly Reducing Protection Benefit Mortgage Insurance Policy Mortgage Insurance Benefit	— 30 x the first annual premium (excluding extra premiums and additional benefit premiums)

The Amount of Policies for conversion of Term Policies or Term Benefits arranged through the General Agent will be the amount of the new policy.

RETIREMENT PLANS

Income Endowments at age 65 Ten Year Income Endowments Income Endowment at age 70	— $1,000 for each $1,000 of initial sum insured
Pension Whole Life	- 50 x the first annual premium (excluding extra premiums or additional benefit premiums) or $1,000 for each $1,000 of sum insured, whichever is less
Guaranteed Annuity Purchase Plan	$1,000 for each $1,000 of sum insured
Flexible Premium Retirement Annuity	— 1 x Premium On Each Premium Whenever Paid
Single Premium Life	— $1,000 for each $1,000 of sum insured
Single Premium Annuity	— $1,000 for each $1,000 of single premium

INDIVIDUAL HEALTH PLANS

Disability Insurance Professional Overhead Expense	— $1,000 for each $20. of annualized premium

GROUP

Group Deposit Accumulation Policy	— $1,000 for each unit of Group Deposit Accumulation
Group Deposit Accumulation Policy with Crown Group Trust	$750 for each unit of Group Deposit Accumulation
Group Term Life with Crown Group Trust	— $250 per $1,000 of sum insured
Other Group Term, Life and Health	— Nil

The Amount of Policies for policies denoted by special names or other policies and benefits not specifically mentioned in the Agreement will be as set forth in amendments to this Agreement or as determined by the Company.

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"Paid For" (b) "Paid For" means the Amount of Policies on which payment of the full first policy year's premium has been collected and deposited in the Company's Account

"Net Paid" (c) "Net Paid" means Paid For less the Amount of Policies that have become Paid For and then have been continued as paid up or extended insurance or terminated before payment of the full second policy year's premium has been made, plus reinstatements of such terminations

"Persistency Score" (d) "Persistency Score" means Net Paid less the Amount of Policies that have become Net Paid and then have been continued as paid up or extended insurance or terminated before payment of the full third policy year's premium has been made, plus reinstatements of such terminations

Paid For Bonus 8 Paid For Bonus will be paid monthly by the Company to the General Agent at the rate of $3.00 per $1,000 of that month's Paid For (excluding Group and Disability Insurance policies.)

Group Bonus 9 Bonus will be paid monthly by the Company to the General Agent at the rate of $3.00 per $1,000 of the Amount of Policies for individual applications secured through the General Agent for Group Ordinary Life Insurance (Plan B) and for Group Deposit Accumulation policies after the first three months' premiums have been paid to the Company in respect of such applications, except that no bonus will be payable in respect to individual applications where the enrolment has been arranged by the Company at the request of the General Agent.

Net Paid Bonus 10 Net Paid Bonus will be paid monthly by the Company to the General Agent at the rate of $3.50 per $1,000 of that month's Net Paid (excluding Disability Insurance policies).

Quality Volume Bonus 11 Quality Volume Bonus will be paid by the Company to the General Agent calculated on December 10th of each year, provided this Agreement is then in force, according to the Schedule below

Net Paid Since December 10th of the Previous Year	Bonus per $1,000 of Net Paid
$2,000,000 and less than $3,000,000	$1.00
$3,000,000 and less than $4,000,000	$2.00
$4,000,000 and less than $5,000,000	$3.00
$5,000,000 and over	$3.50

Persistency Bonus 12 Persistency Bonus will be paid by the Company to the General Agent calculated at December 10th of each year, provided this Agreement is then in force and provided this and any terminated Agreement between the General Agent and the Company have been in effect for four consecutive years, according to the Schedule below:

Persistency Score since December 10th of the previous year	Bonus per $1,000 of Persistency Score
On the first $5,000,000	$0.00
On the next $2,500,000	$1.00
On the next $2,500,000	$2.00
On the next $5,000,000	$3.00
On the next $5,000,000	$4.00
In excess of $20,000,000	$5.00

Policy Replacements 13. Where a new policy is issued and a policy or rider on the same life, or owned by the same policyholder, terminates within 36 months of such new issue, or is subjected to the exercise of a non forfeiture option or is subjected to substantial borrowing within twelve months before or after the effective date of such new policy, the Company may reduce the rates of commission under Provision 6 and the Amount of Policies under Provision 7 of such new policy.

Currency and Place of Payment 14. All amounts payable under this Agreement will be payable in the respective currencies of the policies at the Company's place of business in the territory defined in Provision 4, subject to any foreign exchange regulations. For the purpose of Provision 7, the Amount of Policies issued in currencies other than United States Dollars will be converted to United States Dollars at rates of exchange determined by the Company from time to time

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Premium Refunds 15. If for any reason the Company refunds any premiums, the General Agent will immediately refund to the Company the commissions and bonuses received by the General Agent with respect to such premiums. This shall include any premium refunds made under the Experience Rating Provision in Group policies

Medical Examinations — Applications 16. The Company will pay medical fees as authorized by its regulations Medical examinations will be made only by such medical examiners as are authorized by the Company All applications secured by the General Agent for life insurance or other contracts as may be issued by the Company, together with any medical examinations and other reports, will be delivered to the Company whether the applications are proceeded with or not

Supplies 17. The Company will supply such canvassing and other material as it may consider necessary and all such material will remain the property of the Company and will be returned on demand.

Advertising 18 No advertisement will be published or broadcast and no printed matter concerning the Company will be issued or circulated by the General Agent or his/her brokers or agents unless specifically authorized in writing by the Company.

Bond 19 The General Agent agrees to assist the Company in obtaining coverage under its bond in such amounts as the Company may consider necessary, bonding the General Agent, his/her brokers or agents and employees in favour of the Company. Such coverage will relate only to any loss which the Company may sustain by reason of the acts of the General Agent, his/her brokers or agents and employees. The General Agent agrees to indemnify the Company against any loss which it may sustain by reason of his/her acts or the acts of his/her brokers or agents and employees

License 20. The General Agent will comply with the licensing and all other requirements for doing business.

Limitation of Authority 21. The General Agent will have no authority to waive any forfeiture or in any way modify or alter an application or policy nor will the General Agent have any power to bind the Company by making any promise, interpretation or representation

Waiver 22. The failure of the Company to insist upon strict performance of any of the terms and conditions herein will not be construed as a waiver of such terms and conditions.

Assignment 23 The General Agent agrees not to assign this Agreement or any sums payable hereunder unless authorized in writing by the Company

Litigation 24 Neither the General Agent nor his/her brokers or agents will institute legal proceedings in connection with any transaction between any applicant or policyholder and the Company unless authorized in writing by the Company.

Expenses 25 No expenses or charges made or authorized by the General Agent will be payable by the Company, other than those specifically provided by this Agreement.

Indebtedness 26 Any indebtedness or other obligation of the General Agent to the Company will be a first charge and lien against any amounts payable or which may become payable to the General Agent under this Agreement

Records 27 All records, letters or other documents relating to the business to be transacted under this Agreement will be open to inspection by the Company at any time, and, at the termination of this Agreement, will be turned over to the Company together with any other of the Company's property then in the General Agent's possession.

Breach 28 Breach of any of the provisions of this Agreement or amendment thereto, or regulations of the Company will entitle the party not committing the breach to terminate this Agreement without notice, such termination being effective immediately on mailing a registered letter to that effect addressed to the party entitled to the notice at the party's last known address.

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Automatic Terminations

29. This Agreement will terminate automatically on the happening of any of the following:

(a) The death of the General Agent.

(b) If the General Agent is a Corporation, termination of its corporate existence.

(c) The termination of the General Agent's license as a life insurance agent;

(d) Termination of the General Agent's coverage under the Company's bond.

Other Terminations

30. This Agreement may be terminated on one month's notice by either party and such notice will be deemed to have been given when a registered letter containing the notice is mailed addressed to the party entitled to the notice at the party's last known address.

Termination Benefits

31. If this Agreement is terminated and not replaced by a new Agreement between the General Agent and the Company, the Company will pay to the General Agent, if living, otherwise to his/her heirs, successors or assigns:

— First Year and Renewal Commissions

(i) First year commissions according to Provision 6, and renewal commissions according to Provision 6 on the premiums of the second to tenth policy years less a Collection Fee according to the schedule below on policies which remain in force without lapse and on which premiums have fallen due and been collected and deposited in the Company's Account

TYPES OF POLICIES	AMOUNT OF COLLECTION FEE
Group Term Life, Health and Annuity Policies	commissions specified as payable in Provision 6
Group Ordinary Life Policies (Plan B) and Group Deposit Accumulation Policies	1% of the renewal premiums paid subsequent to the end of the first policy year
	5% of the renewal premiums paid subsequent to the end of the tenth policy year for applicants who made application after the effective date of the master group policy.
For all other policies.	
(i) If termination by the Company under Provision 28	3% of premiums (2% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 5% of premiums for Disability Insurance policies).
(ii) If termination for any other reason with Policies in Force (excluding group policies) at the time of termination of:	
Less than $10,000,000	3% of premiums (2% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 5% of premiums for Disability Insurance policies).
Between $10,000,000 and $20,000,000	2% of premiums (1% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 4% of premiums for Disability Insurance policies).
Over $20,000,000	1% of premiums (3% of premiums for Disability Insurance policies).

"Policies in Force" means the Amount of Policies (as defined in Provision 7) for policies resulting from applications secured through the General Agent during the continuance of this Agreement (and any terminated Agreement) between the General Agent and the Company, which are in force at the time of termination.

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— Paid For Bonus (b) Paid For Bonus according to Provision 8 on the Amount of Policies which remain in force without lapse.

— Net Paid Bonus (c) Net Paid Bonus according to Provision 10. Similarly, the General Agent if living, otherwise his/her heirs, successors or assigns, will pay the Company an amount calculated in the same manner at the rate of $3.50 per $1,000 Net Paid if the Net Paid is a negative amount.

— Quality Volume Bonus (d) Quality Volume Bonus on the Net Paid calculated at December 10th of the year of termination and of subsequent years if the General Agent earned a Quality Volume Bonus as at December 10th of the year prior to termination. The amount will be calculated using the same rate of Quality Volume Bonus as was earned for the year prior to termination. Similarly, the General Agent if living, otherwise his/her heirs, successors or assigns, will pay the Company an amount calculated in the same manner at this same rate if the Net Paid is a negative amount.

Brokers' or Agents' Endorsed Agreements 32. Where the Company has endorsed an Agreement between the General Agent and a broker or agent, the General Agent, if living, otherwise his/her heirs, successors or assigns, agrees to reimburse the Company for any amounts paid by the Company under such endorsement and authorizes the Company to deduct any payments so made from any amounts due the General Agent, his/her heirs, successors or assigns.

Signed by the General Agent at ..... this 23 day of 19 77

Witness _____

AGENCY HOLDING CORPORATION

General Agent

Signed by the Company at Toronto, Canada, this ..... day of AUG 2 4 1977 19 .....

CROWN LIFE INSURANCE COMPANY

Countersigned

Manager

COLLECTION AGREEMENT

MEMORANDUM OF AGREEMENT between AGENCY HOLDING CORPORATION herein called "the General Agent" and Crown Life Insurance Company, herein called "the Company".

1. This agreement will be effective from March 16th, 1977
2. The Company appoints the General Agent to collect premiums and other amounts on policies which were in force to March 16th, 1977 in trust for the Company and to deposit the amounts so collected in the name of Company in a bank account designated by the Company.
3. The Company will pay the General Agent as a Collection Fee a percentage of premiums collected as follows:

	In the second to tenth policy years	In the eleventh and subsequent policy years
Disability Insurance	1%	2%
Retirement Annuity	1%	2%
Other Policies	1%	3%

4. Expenses incurred with respect to such collections will be borne by the General Agent.
5. The General Agent agrees to maintain the office records required by the Company, which records are and will re the property of the Company, and on all such designated policies, to render service to policyholders and to conserv Company's business.
6. The policies covered by this agreement will not form part of the "policies in force" under provision 31 of the Ge Agency Agreement between the Company and the General Agent dated March 16th, 1977 and this Agreemen terminate on termination of that Agreement.

Signed by the General Agent at Chicago, Ill. this 5th day of May 19

Jean A. Hendrix
Witness

AGENCY HOLDING CORPORATION
Bruce M. Montgomery, Pr
General Agent

Signed by the Company at Toronto, Canada, this day of JUL 18 1977

CROWN LIFE INSURANCE COMPANY

Countersigned

Authorized Official

Authorized Official

Authorized Official

3304013269

UNITED STATES INCORPORATED GENERAL AGENTS' FINANCING AGREEMENT FOR AGENTS

CROWN LIFE INSURANCE COMPANY

MEMORANDUM OF AGREEMENT, between .....Agency Holding Corporation .....

..... herein called "the General Agent",

the CROWN LIFE INSURANCE COMPANY, herein called "the Company".

1. The Company agrees to make advances to the General Agent, as may be approved by the Company from time to time so that the General Agent in turn may make similar advances to his agents against the anticipated earnings of agents in respect to policies issued by the Company, which advances, including any amounts advanced previously for same purposes, shall be debited to the General Agent's Agents' Financing Account.

2. The General Agent agrees to pay to the Company and hereby authorizes the Company to retain and credit to Agents' Financing Account the first year and renewal commissions and any other amounts which any agents has agreed to pay to the General Agent in accordance with the Financing Agreements between such agents and the General Agent, copies of which are to be filed with the Company.

3. The General Agent agrees, if the amount debited to the Agents' Financing Account be greater than the amounts credited to pay such balance to the Company on demand.

4. The General Agent agrees to assign to the Company, upon request, all such Financing Agreements, notes or other documents relating to any financing of his agents.

Signed by the General Agent at ..... this ..... day of ..... 19..

Agency Holding Corporation

Witness ..... Pres.

I, K. P. Craig ..... hereby guarantee the obligation of Agency Holding Corporation ...
General Agent — Name of Company

..... under this Agreement.

Witness ..... General Agent

Signed by the Company at Toronto, Canada, this ..... day of 1 1977 19

Countersigned:

..... Authorized Officer ..... Authorized Officer

..... Authorized Officer

Form C01218-1

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AMENDMENT OF GENERAL AGENT'S AGREEMENT RE SPECIAL TERM CONVERSION CREDITS, US-1977

MEMORANDUM OF AGREEMENT, between AGENCY HOLDING CORPORATION

of CHICAGO, ILLINOIS herein called "the General Agent", and

CROWN LIFE INSURANCE COMPANY, herein called "the Company".

The Agreement between the parties hereto which took effect on September 1st, 1977

is hereby amended effective September 1st, 1977 as follows:

The General Agent agrees that commissions payable as stated under Clause 5(i) and "amount of policies" as shown under Clause 7(a) of his General Agents' Memorandum of Agreement will be reduced in accordance with the following procedure.

For those conversions which are eligible for the use of this procedure, the remuneration payable on the permanent policy resulting from the conversion will be as follows:

COMMISSION — No commission will be paid on the portion of the premium on the permanent policy considered to be paid by the Term Conversion credit.

AMOUNT OF POLICIES — The "amount of policy" normally allowed on the permanent policy will be reduced by the following amounts:

If the first year commission rate on the permanent policy is:	The amount of reduction is:
70%	25 times the Term Conversion Credit allowed
65%	30 times the Term Conversion Credit allowed
60%	35 times the Term Conversion Credit allowed
55%	40 times the Term Conversion Credit allowed

with intermediate rates of reduction calculated by interpolation.

Signed by the General Agent at this 23 day of 19

AGENCY HOLDING CORPORATION

Witness

General Agent

Signed by the Company at Toronto, Canada, this day of AUG 24 1977 19

CROWN LIFE INSURANCE COMPANY

Countersigned:

Authorized Official

Authorized Official

Authorized Official

Form 2187A 1

10M 8-77

AMENDMENT OF GENERAL AGENT'S AGREEMENT RE ANNUITY POLICIES, US - 1978

MEMORANDUM OF AGREEMENT, between [illegible] CORPORATION

of [illegible] herein called "the General Agent", and

CROWN LIFE INSURANCE COMPANY, herein called "the Company"

The Agreement between the parties hereto which took effect on DEC 1, 1977

is hereby amended effective APR 30, 1978 as follows:

The General Agent agrees that commissions payable on Flexible Premium Retirement Annuity Policies and Single Premium Deferred Annuity Policies as stated under Clause 6(a) of his General Agents' Memorandum of Agreement have been deleted.

The remuneration payable on Flexible Premium Retirement Annuity Policies and Single Premium Deferred Annuity Policies will be as follows:

COMMISSION		First Year	Thereafter
	Flexible Premium Retirement Annuity	5%	5%
	Single Premium Deferred Annuity	2½%	—

AMOUNT OF POLICIES The "amount of policy" will remain as stated under Clause 7(a) of his General Agents' Memorandum of Agreement.

Signed by the General Agent at [illegible] this 2 day of June 1978

[illegible]
Witness

[illegible]
General Agent

Signed by the Company at Toronto, Canada, this [illegible] day of [illegible] 19

CROWN LIFE INSURANCE COMPANY

[illegible]
Authorized Official

Countersigned:

[illegible]
Authorized Official

[illegible]
Authorized Official

[illegible] 330-5 78

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AMENDMENT OF GENERAL AGENT'S AGREEMENT
RE: GROUP PENSION POLICY

MEMORANDUM OF AGREEMENT between Agency Holdings [illegible]

of Chicago Central Agency herein called "the General Agent", and CROWN LIFE INSURANCE COMPANY, herein called "the Company".

The General Agent agrees that he has completed a Memorandum of Agreement with the Company, permitting him to act as a General Agent for the Company.

The Company and the General Agent agree to waive the stipulated commission rates under Provision 6 of the said Memorandum of Agreement for the following policy only, as long as the said policy remains in full force and effect.

The Company appoints the General Agent its agent under Group Pension Policy

GPP No. 43925. issued to TRUSTEES FOR AUSTIN A. McNICHOLS INSURANCE AGENCY PENSION TRUST

and agrees to substitute, in lieu of the commission rates under the aforementioned Provision 6 of the said Memorandum of Agreement, the commission rates shown in the following Commission Schedule.

These commissions shall be payable on all deposits received on or after January 1, 1980.

Deposits.

The commission payable is .25% of deposits received during the first ten years, including lump sum transfers.

In all other respects, the said Memorandum of Agreement shall remain in full force and effect and shall continue to be binding upon the parties hereto in accordance with the terms and conditions therein.

Signed by the General Agent at Chicago, Il. this 22nd day of April 19 80

William Kendrick — [illegible]

Signed by the Company at Toronto, Canada, this APR 22 1980 day of 19

CROWN LIFE INSURANCE COMPANY

[illegible]

Countersigned

[illegible]

[illegible]

[illegible]

October 8, 1980

Mr. K. P. Craig,
General Agent,
Agency Holding Corporation,
Suite 1780,
208 South LaSalle Street,
CHICAGO, Illinois. 60604

Dear Mr. Craig:

Re: Furniture Loan - Minneapolis Agency

With reference to your letter dated September 25, 1980 to Mr. C. R. Lloyd, I am attaching a check payable to Crown Associates of Minneapolis Inc. in the amount of $179.97 which is an addition to the Minneapolis Agency furniture loan.

There will be no change in the current Furniture Loan Repayment Method of $473.09 per month from the Minneapolis financing cheque.

I am also attaching a Promissory Note and a UCC-1 form. Please sign both of these forms and return them to my attention at your earliest convenience.

Upon receipt of the signed forms, I will have the UCC-1 form approved by the proper Home Office authority, and returned to you for registration. This form is to be registered with the Registrar of Deeds in the County where your office is located.

I trust this is satisfactory.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department,
U.K. & Caribbean.

:sm/Att'd.

c.c. Mr. W. J. Buchan, Regional Agency Superintendent.
Mrs. I. Kymantas, Supervisor, Agency Administration Department,
U.K. & Caribbean.

October 10, 1980.

Mr. K. P. Craig,
Agency Holding Corporation,
General Agent,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Dear Mr. Craig:

Re: Furniture Loan - Peoria Agency

With reference to Nadine M. Hnatysko's reply memo dated September 15, 1980, I am attaching a check payable to Kerry P. Craig & Associates in the amount of $3,964.75 which is an addition to your Furniture Loan for Peoria.

The current Furniture Loan repayment method will increase to $186.66 per month from the financing cheques.

I am also enclosing a Promissory Note and a UCC-1 form. Please sign both of these forms, and return the Promissory Note to me.

Please have the UCC-1 form registered with the Recorder of Deeds in the county where the Peoria Agency office is located. After registration of this loan, please send copy 3 of the registered UCC-1 form to my attention for our records.

I trust this is satisfactory.

Yours truly,

R. J. Jeffrey,
Section Supervisor,
Agency Administration Department.
(U.S. & Caribbean)

:lm/Encl.

c.c. Mr. A. W. Thomas, Agency Vice-President (United States).
Mrs. I. Kymantas, Supervisor, Agency Administration Department.
(U.S. & Caribbean).

89049327

October 19, 1980.

Mr. R. F. Craig,
Agency Holding Corporation,
General Agent,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Dear Mr. Craig:

Re: Furniture Loan - Chicago Agency

With reference to Nadine M. Mantysko's Reply Memo dated September 17, 1980, I am enclosing a check payable to Agency Holding Corporation for $366.37 which is an addition to your Furniture Loan.

There will be no change in the current Furniture Loan Repayment Method of $2,700.00 per month from the Chicago financing cheques.

A Promissory Note and a UCC-1 form are also enclosed. Please sign both of these forms and return the Promissory Note to me. Please send the UCC-1 form (after signature) to the Recorder of Deeds in the county where the Chicago Agency office is located for registration. After registration of this loan, please send copy 3 of the registered UCC-1 form to my attention for our records.

I trust this is to your satisfaction.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department.
(U.S. & Caribbean)

:lm

Encl.

c.c. Mr. J. W. Thomas, Agency Vice-President (United States).
Mrs. I. Symantas, Supervisor, Agency Administration Department.
(U.S. & Caribbean)

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10/NOV

October 24, 1980.

Mr. K. P. Craig,
General Agent,
Agency Holding Corporation,
Suite 1760,
208 South LaSalle Street,
CHICAGO, Illinois. 60604

Dear Mr. Craig:

Re: Furniture Loan - Colorado Agency

With reference to your letter dated September 23, 1980 to Mr. C. R. Lloyd, am attaching a check payable to Crown Associates of Colorado Inc., in the of $314.68 which is an addition to the Colorado Agency furniture loan.

There will be no change in the current Furniture Loan Repayment Method of per month from the Colorado financing cheque.

I am also attaching a Promissory Note and a UCC-1 form. Please sign both o forms and return them to my attention at your earliest convenience.

Upon receipt of the signed forms, I will have the UCC-1 form approved by t proper Home Office authority, and returned to you for registration. This f is to be registered with the County Clerk and Recorder in the County where office is located.

As usual, I will require a copy of the registered UCC-1 form for my file a registering with the proper government agency.

I trust this is satisfactory.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department,
U.S. & Caribbean.

:ck/Att'd.

c.c.: Mr. A. W. Thomas, Agency Vice-President (United States)
Mrs. I. Kymmetas, Supervisor, Agency Administration Department, U.S. Caribbean.

October 2, 1980.

Agency Holding Corporation,
General Agents,
Chicago.

Gentlemen:

Re: Special Loans

The enclosed cheques represent Special Loans for expenses not covered under advertising and promotion. These cheques are issued on the authorization of C.B. Lloyd, Senior Agency Vice-President. They have been split out as follows:

Crown Associates of Minneapolis Inc.	- $6,500.00
Crown Associates of Arizona Inc.	- $1,435.00 ✓
Agency Holding Corporation	- $5,028.00

Interest of 15% has been charged against these loans.

Please have the enclosed promissory note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department.
(Financing & Benefits)

:drn

Encls.

c.c. Mrs. Irene Kymantas, Supervisor, Agency Administration Department.
U.S. & Caribbean.
Mr. C.B. Lloyd, Senior Agency Vice-President for The U.S.
U. S. Contract File

31/10

8304032279

October 16, 1980.

Agency Holding Corporation,
General Agents,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Gentlemen:

Re: Special Loan - Kerry P. Craig & Associates - Peoria

We are pleased to enclose a cheque in the amount of $945.00 representing a Special Loan. Authorization for this Loan has been given by C. B. Lloyd, Senior Agency Vice-President for the United States.

Interest of 15% has been charged against his Loan.

As stated in your letter of October 15, the loan will be repaid from Q.V. Bonus at year-end.

Please have the enclosed promissory note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department,
Financing and Benefits.

imo

Encl.

c.c. C. B. Lloyd, Senior Agency Vice-President.
Irene Kymantas, Supervisor, Agency Administration Department. (United States & Carribean).
U.S. Contract File.

3304046275

October 20, 1980.

Agency Holding Corporation,
General Agents,
CHICAGO, Illinois.

Gentlemen:

Re: Special Advance

The enclosed checks represent Special Advances for a total of $39,500.00. Authorization for these Advances has been given by C. B. Lloyd, Senior Agency Vice-President for the United States. They have been split out as follows:

Agency Holding Corporation - Agency 341 - $24,000.00
Agency Holding Corporation - Agency 206 - $5,000.00
Agency Holding Corporation - Agency 347 - $2,000.00
Agency Holding Corporation - Agency 349 - $1,500.00
Agency Holding Corporation - Agency 348 - $5,000.00
(Issued as one check for a total of $37,500.00)
Crown Associates of Colorado Inc. - Agency 296 - $1,000.00
Crown Agencies Inc. - Agency 317 - $1,000.00.

The Advances are to be repaid from bonus from the respective Agency.

Please have the enclosed non-interest bearing note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department,
Financing and Benefits.

:ck

Encl.

c.c.: C. B. Lloyd, Senior Agency Vice-President.
I. Kymentes, Supervisor, Agency Administration. United States and Caribbe
U.S. Contract File.

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October 22, 1980.

Agency Holding Corporation,
General Agent,
CHICAGO, Illinois. 60604

Gentlemen:

Re: Special Advance

I am attaching eight checks in payment of Special Advances for Travel for a total of $60,000.00. These advances were requested today by Mr. C. B. Lloyd, Senior Agency Vice-President for the United States. The following agencies and amounts have been charged:

Agency Holding Corporation - Agency 206 -	$ 6,000 } Combine
Agency Holding Corporation - Agency 541 -	$ 6,000 } / che
Agency Holding Corporation - Agency 548 -	$ 6,000 }
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 3,000
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 6,000
Crown Agency Inc. - Agency 317 -	$ 3,000
Crown Assocs. of Minneapolis Inc. - Agency 331 -	$ 6,000
Agency Holding Corp. of Cleveland, Ohio - Agency 327 -	$12,000
Ehrman, Ratini, Oglevee & Craig Inc. - Agency 363 -	$ 6,000
Ehrman, Ratini, Oglevee & Craig Inc. - Agency 406 -	$ 6,000

The foregoing advances are to be repaid from bonus from the respective agencies.

Please have the enclosed non-interest bearing notes signed and returned at your earliest convenience.

I trust this is to your satisfaction.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department.
U.S. & Caribbean

rsg

Encl.

c.c. Mr. C. B. Lloyd, Senior Agency Vice-President for the United States.
Mrs. I. Kymantas, Supervisor, y Administration Department, U.S. & Caribbean.
U.S. Contract File.

83040432703

(FRONT)

$ 18,000.00 October 22, 19 80

I promise to pay on demand to the order of the Crown Life Insurance Company

---------- Eighteen Thousand ----------

xx/100 Dollars

with interest at Nil % per annum until paid

Value Received

Agency Holding Corporation

Special Advance, Agency 206 Chicago-AMPI, Agency 341 Chicago-MCD'S, Agency 348 Chicago-CKE

(BACK)

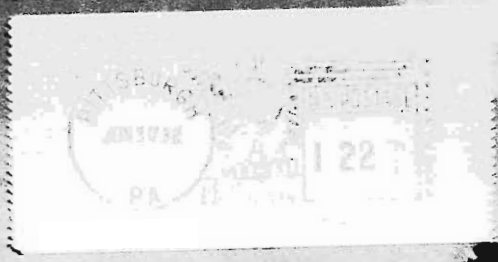
in consideration of an Advance being made to Agency Holding Corporation evidenced on the reverse side hereof by a promise to repay, we hereby guarantee in the event of default of repayment by the said Agency Holding Corporation to personally repay the amount owing under the terms of that promise.

Dated this 4th day of October 19 80

Peter H. Siegel

8304043271 0

LE & BUERGER,
N
ET



BUCHANAN, INGERSOLL, RODEWALD, KYLE & BUERGER,
PROFESSIONAL CORPORATION
57TH FLOOR

600 GRANT STREET

A.B.

PITTSBURGH, PA. 15219

TO:

Mr. Danny L. McDonald
Vice Chairman
Federal Election Commission
Washington, D.C. 20453

HAND DELIVERED 201979 Ccc# 8046

BUCHANAN, INGERSOLL, RODEWALD, KYLE & BUERGER,
PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

57th FLOOR
600 GRANT STREET
PITTSBURGH, PA. 15219
412-562-8800
TELEX: 866816

JOHN G. BUCHANAN
WILLIAM J. KYLE, JR.
EDITORS

FRANK B. INGERSOLL
1882-1977

Re: MUR 1445

June 30, 1982

Mr. Danny L. McDonald
Vice Chairman
Federal Election Commission
Washington, D.C. 20453

Dear Mr. McDonald:

As counsel for Crown Life Insurance Company, the undersigned makes this response to your letter of June 4, 1982, addressed to its President and captioned as above.

Crown Life Insurance Company denies that it violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, or any one or more of them. It welcomes the opportunity your letter affords of submitting answers to the questions enclosed with your letter and factual and legal materials relevant to the Commission's consideration of the matter. The answers to the questions are as follows:

1. Crown Life Insurance Company (Crown) has no United States franchisee corporations to which it advanced or loaned any amount or amounts during the year 1980. Crown utilizes nearly 100 corporations, all independently owned, free of any ownership interest in Crown and

82 JUN 30 PM 5:02

scattered throughout the United States, to act as its general agents in the solicitation of applications for its life, health and accident insurance policies. Each of these general agents has a contract, of which the enclosed copy of the contract with Agency Holding Corporation of Chicago, dated August 24, 1977, is typical. As appears from paragraph 21, Limits of Authority, the general agent has no authority to bind Crown but merely has authority to solicit applications and submit the same to Crown at its Home Office in Toronto. The general agent is compensated by commissions on premiums paid on the policies issued by Crown that the general agent solicited applications for, and by bonus as provided in the agreement. As appears from paragraph 26 of the general agent's contract, any indebtedness of the general agent to Crown is a first lien against any amounts coming due under the contract from Crown to the gene agent. Over the years, a general agent contract is amended frequently, but the amendments relate to rates of commission and fall into three categories, samples of which are enclosed, the first relating to special term conversion credits, the second to annuity policies and the third to group pension policies.

The loans made to general agents in the United States fall int four categories: monthly level financing, furniture loans, special advances and special loans. Taking the Agency Holding Corporation of Chicago as an example, during the month of October 1980 Crown advanced as monthly level financing through the Chicago agency the following amounts to the following agencies, for a total of $138.439.96:

3304327

Phoenix	#286	$ 14,208.59
Colorado	#291	18,782.17
Toledo	#314	10,810.47
Cleveland	#327	18,279.02
Minnesota	#331	19,466.58
Pittsburgh	#363	17,058.61
Chicago	#532	26,737.15
Peoria	#536	13,097.37

Each of the above advances was made on October 24, 1980, and was to provide for the ongoing expenses of operating the agencies. The Chicago agency was used to disburse the amounts to the other agencies because the accounting function for all the named agencies was centralized in Chicago.

In October 1980, furniture loans were made through the Chicago agency for the following named agencies on the dates and in the amounts indicated, to a total of $4,805.77:

10/10/80	Minnesota	$ 179.97
10/10/80	Peoria	3,944.75
10/10/80	Chicago	366.37
10/24/80	Colorado	314.68

Copies of the letters accompanying the checks for the above furniture loans are attached. These loans were also secured by liens on the agenc furniture.

During the month of October 1980, three special advances were made to and through the Chicago agency for agency promotion purposes. They were made on the following dates and in the following amounts, and for reimbursement of travel and entertainment expenses incurred in the sales effort in connection with national accounts, such as McDonald's, Associated Milk Producers, Coors, National Association of Fire Fighters Coca-Cola Bottlers and others. These special advances were, in the fir two instances, accompanied by letters of which copies are attached.

10/20/80	$ 39,500
10/22/80	60,000
	12,000
Total	$111,500

The $12,000 special advance was made by check delivered personally to the president of the Chicago agency during a visit to Crown's Home Office in Toronto, and without a covering letter.

During October 1980 two special loans were made to Agency Holding Corporation of Chicago, for a total of $13,908, as follows:

10/2/80	$12,963.00
10/16/80	945.00

Copies of the letters enclosing the checks are attached.

Each of the advances and loans, other than the monthly level advances above referred to, in addition to being secured by commission due and to become due the general agent and bonuses, was evidenced by a promissory note, of which an example, dated October 22, 1980, in the amount of $18,000, is attached. The back of the note contains the personal guarantee of the president of the agency.

None of the loans were made to provide funds for making poli contributions and, to the knowledge of Crown's Home Office personnel, none of the funds so loaned or advanced was so used. The volume and type of loans made, as above set forth, were typical of the loans made to the agencies named in other months of the year 1980, and there was nothing about them to cause anyone at Crown's Home Office to suspect, if indeed it was the case, that any part of the loan proceeds would be used for political contributions.

1.a. All loans to United States agencies were made by Crown on request of the particular general agent.

1.b. Answered in the above.

1.c. Crown did not require of any of its general agents that disposition of loan proceeds be accounted for.

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1.d. Answered in the above.

2. On February 2, 1982, at the deposition of Diane Pariano, attended by the writer of this letter as counsel for Crown in an unrelated lawsuit.

2.a. & b. The writer informed Hugh D. Wainwright, Legal Vice President and General Counsel of Crown of the Pariano testimony.

2.c. On February 10, 1982 Crown learned from his deposition that Mr. Craig, president of the Chicago agency, had been told three months earlier by C. B. Lloyd, formerly an employee of Crown but then a consultant to the Chicago agency, that the money should be repaid to whichever agency it was borrowed from by the individuals who had borrowe it, and that the mistake should not be permitted to recur. As this is the same admonition as Crown would have given Craig, no further corporat response was thought to be called for.

3.a. Mr. Wainwright talked with Mr. Lloyd within the past week and was told by Mr. Lloyd that his best recollection is that he did not learn of the alleged contributions until after he had retired from his position with Crown and had become an unpaid consultant to Agency Holdin Corporation of Chicago.

3.b. Answered above in paragraph 2.c.

The foregoing is the most accurate and complete statement that the time you allowed for response to the questions in your letter permit Crown is anxious to furnish you with any information in its possession o the subject and will be pleased to hear from you if you wish to have us elaborate on the foregoing or, if you have other questions that you would like us to answer.

Yours very truly,

Alexander Black

AB:US

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CROWN
LIFE INSURANCE COMPANY
120 BLOOR STREET EAST · TORONTO · CANADA · M4W 1B8

Law Department

Hugh D. Wainwright
H. Ian Mactavish, Q.C.
Roy W. Linden
J. Christopher Kyle
T.W. Powers
Karam V. Rathee
J. Robert Heatley
Katharine E. Rounthwaite

Writer's Direct Line (416) 928- 4557

VIA: FEDERAL EXPRESS

28th June, 1982.

Ralph N. Albright, Jr. Esq.,
Messrs. Buchanan, Ingersoll, Rodewald,
Kyle & Buerger,
Attorneys at Law,
Suite 960,
1333 New Hampshire Ave. N.W.,
Washington, D. C.
10036

Dear Mr. Albright:

At Alex Black's request, please find attached Statement of Designation of Counsel in favour of Alex in connection with the enquiry being conducted by the Federal Election Commission.

Yours very truly,

H. D. Wainwright,
Legal Vice-President and
General Counsel.

HDW/jn
Encl.

c.c. Alexander Black.

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STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Alexander Black

ADDRESS: 57th Floor,
600 Grant Street,
Pittsburgh, Pennsylvania.
15219

TELEPHONE: (412) 562-8830

The above-named individual is hereby designated as counsel of Crown Life Insurance Company and is authorized to receive any notifications and other communications from the Commission and to act on our behalf before the Commission.

June 28, 1982

H. D. Wainwright,
Legal Vice-President and
General Counsel.

H. D. Wainwright,
120 Bloor Street East,
Toronto, Ontario.
M4W 1B8

HOME PHONE: (416) 485-5098

BUSINESS PHONE: (416) 928-4557

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MEMORANDUM OF AGREEMENT, between **AGENCY HOLDING CORPORATION**

of **CHICAGO, ILLINOIS** herein called "the General Agent", and

CROWN LIFE INSURANCE COMPANY, herein called "the Company"

General

1. The Company appoints the General Agent its general agent:

   (a) to secure applications personally and from his/her licensed brokers or agents for such policies as the Company may issue;

   (b) to recommend for endorsement by the Company his/her Agreements with brokers or agents which are made on forms approved by the Company,

   (c) to maintain at his/her own expense a suitable office for the transaction of the Company's business;

   (d) to collect premiums and other amounts on policies as directed by the Company in trust for the Company, to deduct any first year commissions which may be payable to him/her under the terms of this Agreement and to deposit the balance in the name of the Company in a bank account designated by the Company ("Company's Account");

   (e) to maintain office records as required by the Company, which records are and will remain the property of the Company, to render service to policyholders, and to conserve and increase the Company's business;

   (f) to comply with the present and future regulations and instructions of the Company which do not contravene the provisions of this Agreement.

Group Collections

2. The authority and duties of the General Agent under provision 1 will not include the collection of premiums and maintenance of records with respect to group policies

Effective Date

3. This Agreement will be effective from **September 1st, 1977** and any existing Agreements between the General Agent and the Company will terminate on that date.

Territory

4. The territory assigned to the General Agent will be as follows, but such territory is not assigned to him/her exclusively: **Counties of Cook, Dupage, Will, Lake, McHenry, Kalb, Kane, Kendall, La Salle, Grundy, Illinois and the Counties of Lake, Porter and La Porte, Indiana.**

Commissions

5. (a) Commissions will be paid by the Company to the General Agent at the rates indicated in the Commission Schedules in Provision 6 for policies issued during the continuance of this Agreement, except as set out in Provision 5(h) and (i).

   (b) The rates of commission for policies issued during the existence of any terminated Agreement with the Company will be as set forth in such terminated Agreement.

   (c) Commission will be paid to the General Agent only on such premiums as have fallen due (and have been collected by the General Agent, if required by this Agreement) and have been deposited in the Company's Account during the continuance of this Agreement on policies issued from applications secured through the General Agent.

   (d) Upon any termination of a policy the General Agent's interest will cease as to commission or bonuses resulting from subsequent premium payments unless reinstatement of the policy is secured through the General Agent.

   (e) The "years" referred to in the Commission Schedules are "policy years" as defined in the policies.

   (f) On any individual policy of life insurance issued at an age higher than age 65, the rates of commission will be determined from the Commission Schedules using the actual premium paying period of the policy (if applicable) but such rates will be applied only to the amount of the corresponding premium for such policy if issued at age 65.

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LIFE PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—

The Life Schedule applies to: Life Paid up at age 65; 20 Payment Life; 10 Payment Life.

ENDOWMENT PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
40 Years Premiums or more	70	20	10	3
35 Years Premiums	65	20	10	3
30 Years Premiums	60	20	10	3
25 Years Premiums	55	20	10	3
20 Years Premiums	50	15	9	3
15 Years Premiums	40	11	7	3
10 Years Premiums	30	8	5½	—

The Endowment schedule applies to Endowment at age 65, 20 Pay Endowment at age 65, 20 Year Endowment.

SPECIAL PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Lowcost Life				
Low Band	70	20	10	3
High Band	70	15	10	3
Leader Ordinary Life				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—
Select Ordinary Life	70	20	10	3
Joint Select Ordinary Life (First Death Only)	70	20	10	3
Medcare Whole Life	70	20	10	3
Graded Premium Whole Life	70	20	10	3
Security Life at age 65				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—
20 Payment Security Life at age 65	60	20	10	3
Juvenile 1-5	70	20	10	3
Permanent one or more Increasing Whole Life	70	20	10	3
Yearly Renewable Decreasing Term	70	20	10	3

	1 %	2 %	3 to 5 Years %	6 %	7 to 10 %	Thereafter %
Step Rate Life	70	20	10	45	10	3

	1 %	2 %	3 Years %	4 %	5 to 10 %	Thereafter %
Lowcost Endowment at age 90	10	10	40	40	10	3

1 Low Band currently 10,000 to 99,999 sum insured

High Band currently 100,000 and over sum insured

2 2nd or other death plans will be considered as special name plans with special commissions

EXECUTIVE PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Executive Whole Life				
1 Low Band	70	20	10	3
2 High Band	60	15	10	3
4 Joint Executive Whole Life (1st Death Only)				
1 Low Band	70	20	10	3
2 High Band	60	15	10	3
Executive Protection to age 70	60	15	10	3
Executive Special Endowment	50	10	10	3

1 Low Band currently 25,000 to 99,999 sum insured

2 High Band currently 100,000 and over sum insured

4 2nd or other death plans will be considered as special name plans with special commissions

TERM PLANS AND BENEFITS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Yearly Renewable Term to age 75				
3 Low Band	45	10	10	3
3 Middle Band	40	9	9	3
3 High Band	60	7	7	3
Level Term				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	55	15	10	3
10 Years Premiums	45	12	10	—

The level term schedule applies to Level Term Plans: Income Maintenance Policy, Additional Protection Benefit, Guaranteed Income Benefit, Family Plan Insurance Benefit

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Commission Schedules (cont'd)

Monthly Reducing Term Plans	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Monthly Reducing Protection Benefit				
30 Years Premiums or more	50	15	10	3
25 Years Premiums	45	15	10	3
20 Years Premiums	40	15	10	3
15 Years Premiums	35	12	10	3
10 Years Premiums	30	10	10	—
Mortgage Insurance Plan				
Mortgage Insurance Benefit				
30 Years Duration of Coverage	50	15	10	3
25 Years Duration of Coverage	45	15	10	3
20 Years Duration of Coverage	40	15	10	3
15 Years Duration of Coverage	35	12	10	3
10 Years Duration of Coverage	30	10	10	—

Preliminary Term. No Commission Payable

	1 %	2 to 6 %	Years 6 %	7 to 10 %	Thereafter %
Five Year Renewable Term to age 70	45	10	45	10	3
Five Year Renewable Additional Protection Benefit	45	10	45	10	3
Joint Five Year Renewable Term (First Death Only)	45	10	45	10	3

Parents Waiver of Premium Benefit - same as Basic Plan

Guaranteed Purchase Option - same as Basic Plan

Cost of Living Term Benefit - same as Basic Plan

Total Disability Waiver of Premium Benefit - same as Basic Plan

Accidental Death Benefit - same as Basic Plan

a Low Band currently 5,000 to 99,999.

b Middle Band currently 100,000 to 499,999.

c High Band currently 500,000 and over

d 2nd or other death plans will be considered as special name plans with special commissions.

RETIREMENT PLANS

Income Endowments	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
40 Years Premium or more	70	20	10	3
35 Years Premium	65	20	10	3
30 Years Premium	60	20	10	3
25 Years Premium	55	20	10	3
20 Years Premium	50	15	9	3
15 Years Premium	40	11	7	3
10 Years Premium	30	8	5.5	—

The Income Endowment Schedule applies to Income Endowment at age 65, Ten Year Income Endowment, Income Endowment at age 70

	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Pension Whole Life				
55 Years Premiums or more	35	20	20	3
50 Years Premiums	30	20	20	3
45 Years Premiums	25	20	20	3
40 Years Premiums	20	20	20	3
Guaranteed Annuity Purchase Plan	70	20	10	3

	1st Year %	Thereafter %
Flexible Premium Retirement Annuity	20	5

	1st and 2nd Year %	3rd to 10 Years %	Thereafter %
Increasing Term Insurance Benefit	20	10	3

	1st Year %
Single Premium Annuities	
Non Qualified	3½
Qualified	2½
Single Premium Life	5

	1st Year %	2nd to 10th Years %	Thereafter %
Disability Insurance	60	20	10

EXPLANATORY NOTES

1 In this schedule, the plan names used are the same as u in the Rate Book. In certain States, a given plan may h a different name. This Commission Scale will apply to s plan.

2 Certain plans are not available in certain States.

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Commission Schedules (cont'd)

6 (b) GROUP TERM LIFE AND HEALTH SCHEDULE

	1st Year %	2nd to 10th Years %	Thereafter %
On the first $ 10,000 of premiums	12.500	11.250	1.250
On the next $ 15,000 of premiums	9.375	8.438	.938
On the next $ 25,000 of premiums	6.250	5.625	.625
On the next $ 50,000 of premiums	3.750	3.375	.375
On the next $150,000 of premiums	2.500	2.250	.250
On premium in excess of $250,000	1.250	1.125	.125

(c) GROUP ORDINARY LIFE AND GROUP DEPOSIT ACCUMULATION SCHEDULE

1st Year %	2nd Year %	2nd to 10th Years %	Thereafter %
40	6	6	1

Group Ordinary Life - the rates of commission with respect to premiums paid under Plan B of the policy will be according to the above schedule. The rates of commission with respect to premiums paid under Plan A of the policy will be according to Schedule (b).

Group Ordinary Life and Group Deposit Accumulation — the first year commission rate will apply to the first 12 months' premiums paid with respect to new applicants who make application for either Group Ordinary Life (Plan B) benefits or for Group Deposit Accumulation benefits. Renewal commission rates will apply with years calculated from the effective date of such applicants' insurance.

(d) GROUP RETIREMENT INVESTMENT/INCOME (GRIP) SCHEDULE

Portion of Annual Deposit	Marginal Rate %
On the first $ 10,000	8.00%
On the next $ 10,000	5.00%
On the next $ 5,000	4.00%
On the next $ 75,000	2.00%
On the next $ 50,000	1.50%
On the next $ 100,000	1.25%
On the next $ 750,000	.33%
On the next $1,000,000	.25%
On Amounts in excess of $2,000,000	.10%

(e) GUARANTEED DEPOSIT ACCUMULATION (GUARD) SCHEDULE

(i)

Portion of Annual Deposit	1st Year %	2nd to 10th Years %
On the first $ 5,000	18.750%	1.875%
On the next $ 5,000	12.500%	1.875%
On the next $10,000	7.500%	1.875%
On the next $30,000	5.000%	1.563%
On the next $50,000	2.500%	.625%
On deposits in excess of $100,000	1.250%	.625%

The foregoing rates apply to regular annual deposits and the following scale is applied to lump sum transfers.

(ii)

Portion of Lump Sum Transfer	Commission Rate %
On the first $ 1,000	5.000%
On the next $ 4,000	4.000%
On the next $ 5,000	2.788%
On the next $ 10,000	1.750%
On the next $ 30,000	1.100%
On the next $150,000	.500%
On the next $300,000	.325%
On amounts in excess of $500,000	.138%

Commission Schedules (cont'd)

(f) GROUP INDIVIDUAL RETIREMENT ANNUITY (GIRA) SCHEDULE

(i) **Single Employer**

Portion of Annual Deposit	During 1st 12 months of enrollment %	Net Annual Deposits Thereafter %
Up to $1,500 per member	10.0%	2.5%
over $1,500 per member	2.5%	2.5%

(ii) **Multiple Employer/Association**

Level rate of 5.313% of net annual deposits.

(iii) Rate payable on all Lump Sum Transfers is 2.5%

(g) GROUP TAX-SHELTERED ANNUITY/TSA SCHEDULE

(i) **Single Employer**

	During 1st 12 months of employment %	Net Annual Deposits Thereafter %
On members contributions	10%	2.5%

(ii) **Multiple Employer/Association**

Level rate of 5.313% of net annual deposits.

(iii) Rate payable on all Lump Sum Transfers is 2.5%

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(g) (i) Commissions on extra premiums for individual policies will be payable as follows:

Occupational or Aviation extra: First Year Commission at one-half rate applicable to the basic plan or rider and renewal commission at the same rate as basic plan or rider.

Permanent medical, residence or travel extra: First year and renewal commissions at the same rate applicable to basic plan or rider on the first $30.00 of annual extra premium per 1,000 of insurance only.

Temporary medical, residence or travel extra: No first year or renewal commissions are allowed on extra premium.

(ii) Commissions will be paid on premiums for individual policies waived on account of disability in accordance with the regulations of the Company as described in the Rate Book.

(iii) No commission will be paid on preliminary term premiums for individual policies.

(h) The rates of commission for policies denoted by special names or other policies and benefits not specifically mentioned in this Agreement will be as set forth in amendments to this Agreement or as determined by the Company. These include rates of commission for Group Life and Health policies

(i) that replace previous policies;

(ii) that are sold and administered on a retention basis, and

(iii) that require rates of commission specially determined by the company.

(i) The rates of commission for intermediate durations or issue ages not included in the Commission Schedules are calculated proportionately.

(j) Commissions on policies issued pursuant to a conversion of a term policy will be payable as set forth in amendments to this Agreement or as determined by the Company. For the purposes of this Agreement, the issue of a policy pursuant to a conversion will be considered to be the termination of the original policy

(k) The Company will have the right to transfer incidental policies from the General Agent or to the General Agent. If the policies are transferred from the General Agent commission otherwise payable will be reduced in accordance with the following rates. Similarly, if the policies are transferred to the General Agent, commission will be paid in accordance with the following rates.

Retirement Annuity & Flexible Premium Retirement Annuity	2%
Disability Insurance	2nd 10th years 5% — thereafter 10%.
Group policies	Up to the rate specified as payable as determined by the Company.
Other policies	3%

(l) Rates of commission for group policies under Provision 6, Schedules (b) and (c) will be payable at an average commission rate calculated by the Company at the beginning of each policy year as follows:

(i) The first monthly premium due for that year, without adjustments, is multiplied by 12 to produce the annualized premium;

(ii) The appropriate Commission Schedule is applied to the annualized premium to produce the annualized commission;

(iii) This annualized commission is divided by the annualized premium to produce that year's average commission rate.

(m) The rates of commission for the appropriate Group Life and Health Commission Schedule will apply separately to the total premium paid in each year by each group policyholder. If two or more Group policies are combined for the purpose of computing premium rates, experience, retention, etc., the premiums for all such policies will be included in the computation of the average commission rate described in Provision 5(l)

(n) If a group Life and Health policy is amended by the Company, the Company will calculate and pay to the General Agent through whom the application for amendment has been secured, commission on the increase in premiums resulting from the amendment at the commission rate being used for the policy year in which the amendment is effective. At the beginning of the following policy year, a commission rate will be calculated for the policy, as set out in 5 (l), on the total annualized premium. If such amendment is pursuant to an application secured other than through the General Agent, he/she will not be entitled to commission on the increase in premium.

(o) **Group Pension Policies**

(i) Under a Group Retirement Investment/Income Policy (GRIP), the Commissions are negotiated downward from the maximum commission rates shown in Provision 6, Schedule (d) on a per policy basis.

(ii) Rates of commission for the Guaranteed Deposit Policy (GUARD) under Provision 6, Schedule (E) are payable on the Net Deposit received in the policy year. Net deposit equals the deposits received less cash surrenders.

If a GUARD policy is amended by the Company, the Company will pay to the General Agent through whom the application for amendment has been secured, first year commission on the estimated increase in deposits resulting from the amendment and renewal commissions on such increase thereafter. An average commission rate will be calculated at the effective date of the amendment, combining the estimated first year commission rate with the estimated renewal commission rate, to be used with respect to those deposits received during the 12 month period commencing with the effective date of the amendment

If two or more GUARD policies are combined for the purpose of computing minimum deposits and expenses etc., then the commission schedule will be applied to the total premium of all such policies in any policy year

Any transfers to the GUARD policy from a previous carrier or policyholder will be subject to the separate Lump Sum Transfer rate of commission under Provision 6, Schedule (E) (ii).

(iii) Rates of commission for the Group Individual Retirement Annuity Policy (GIRA) are related to the individual members' contributions during the first year after enrolment and to net annual deposits thereafter as shown under Schedule (F) (i) If a member terminates prior to the completion of 12 months of enrolment the General Agent will refund to the Company the commission received by the General Agent with respect to that member.

On Multiple Employer Association groups with a potential total annual contribution of $100,000.00 or more the General Agent has the option of choosing, in lieu of the Single Employer group rates shown under Schedule (F) (i), the alternative commission rate outlined under Schedule (F) (ii). Commissions on any amount transferred from another carrier will be paid in accordance with the Lump Sum Transfer rate shown under Schedule (F) (iii). Net annual Deposits equals deposits received less cash surrenders.

If a Group Individual Retirement Annuity is converted to a Flexible Premium Retirement Annuity no commission is payable on the amount transferred from the GIRA to the FPRA

(iv) Rates of commission for the Group Tax Sheltered Annuity Policy (TSA) are payable in accordance with the method described under the preceding paragraph (iii) as shown under Schedules (G) (i), (G) (ii) and (G) (iii), whichever is applicable.

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"Amount of Policies" 7. (a) "Amount of Policies" means the amount shown in the schedule below for policies issued as the result of applications secured through the General Agent during the continuance of this and any terminated Agreement.

TYPE OF POLICIES	AMOUNT OF POLICIES
LIFE PLANS	
Life paid up at age 65 20 Payment Life 10 Payment Life	— $1,000 for each $1,000 of sum insured
ENDOWMENT PLANS	
Endowment at age 65 20 Pay Endowment at age 65 20 Year Endowment	— $1,000 for each $1,000 of sum insured
SPECIAL PLANS	
Lowcost Life (Both Bands) (Guaranteed Whole Life) Leader Ordinary Life Select Ordinary Life Joint Select Ordinary Life (First Death Only) Lifecare Whole Life (Excluding Lifecare Extra Benefit) Group Ordinary Life (Plan B)	— $1,000 for each $1,000 of sum insured
Graded Premium Whole Life	— $250 for each $1,000 of sum insured plus an additional $750 for each $1,000 of sum insured when the premium for the full fifth policy year is paid.
Security Life at age 65 20 Payment Security Life at age 65	— $1,000 for each $1,000 of sum insured
Juvenile 1 — 5	— $2,000 for each $1,000 of initial sum insured
Increasing Whole Life	$500 for each unit coverage
Yearly Renewable Decreasing Term	— $500 for each unit of coverage
Step Rate Life	— $500 for each $1,000 of sum insured When the premium for the full sixth policy year is paid at the increased rate, an additional $500 for each $1,000 of sum insured is allowed
Lowcost Endowment at age 90	$1,000 for each $1,000 of sum insured
EXECUTIVE PLANS	
Executive Whole Life (Both Bands) Joint Executive Whole Life (first death only)	— $1,000 for each $1,000 of sum insured
Executive Protection to Age 70	— $750 for each $1,000 of initial sum insured
Executive Special Endowment	— $500 for each $1,000 of sum insured. If all the premiums of the second policy year are not paid, the Amount of Policies previously allowed will be reversed.

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TERM PLANS & BENEFITS

Yearly Renewable Term to age 75	— The following multiple of the first annual premium (excluding extra premiums and additional benefit premiums) or 50% of the sum insured whichever is less.
Low Band sum insured $5,000 to $99,999	— 35 x the first annual premium
Middle Band sum insured $100,000 to $499,999	— 30 x the first annual premium
High Band — sum insured $500,000 and over	Nil
Level Term Five Year Renewable Term to age 70 5 Year Renewable Term Additional Protection Benefit Joint 5 Year Renewable Term (First Death Only)	— $250 for each $1,000 sum insured
Family Plan Insurance Benefit	— $250 for each $1,000 of sum insured on spouse's wife
Income Maintenance Policy Guaranteed Income Benefit	$250 for each $10 of monthly income
Monthly Reducing Term Monthly Reducing Protection Benefit Mortgage Insurance Policy Mortgage Insurance Benefit	— 30 x the first annual premium (excluding extra premiums and additional benefit premiums)

The Amount of Policies for conversion of Term Policies or Term Benefits arranged through the General Agent will be the amount of the new policy.

RETIREMENT PLANS

Income Endowments at age 65 Ten Year Income Endowments Income Endowment at age 70	— $1,000 for each $1,000 of initial sum insured
Pension Whole Life	— 50 x the first annual premium (excluding extra premiums and additional benefit premiums) or $1,000 for each $1,000 of sum insured, whichever is less
Guaranteed Annuity Purchase Plan	$1,000 for each $1,000 of sum insured
Flexible Premium Retirement Annuity	— 1 x Premium On Each Premium Whenever Paid
Single Premium Life	— $1,000 for each $1,000 of sum insured
Single Premium Annuity	— $1,000 for each $1,000 of single premium

INDIVIDUAL HEALTH PLANS

Disability Insurance Professional Overhead Expense	— $1,000 for each $20. of annualized premium

GROUP

Group Deposit Accumulation Policy	— $1,000 for each unit of Group Deposit Accumulation
Group Deposit Accumulation Policy with Crown Group Trust	$750 for each unit of Group Deposit Accumulation
Group Term Life with Crown Group Trust	— $250 per $1,000 of sum insured
Other Group Term, Life and Health	— Nil

The Amount of Policies for policies denoted by special names or other policies and benefits not specifically mentioned in this Agreement will be as set forth in amendments to this Agreement or as determined by the Company.

"Paid For" (b) "Paid For" means the Amount of Policies on which payment of the full first policy year's premium has been collected and deposited in the Company's Account.

"Net Paid" (c) "Net Paid" means Paid For less the Amount of Policies that have become Paid For and then have been continued as paid up or extended insurance or terminated before payment of the full second policy year's premium has been made, plus reinstatements of such terminations.

"Persistency Score" (d) "Persistency Score" means Net Paid less the Amount of Policies that have become Net Paid and then have been continued as paid up or extended insurance or terminated before payment of the full third policy year's premium has been made, plus reinstatements of such terminations.

Paid For Bonus 8 Paid For Bonus will be paid monthly by the Company to the General Agent at the rate of $3.00 per $1,000 of that month's Paid For (excluding Group and Disability Insurance policies.)

Group Bonus 9 Bonus will be paid monthly by the Company to the General Agent at the rate of $3.00 per $1,000 of the Amount of Policies for individual applications secured through the General Agent for Group Ordinary Life Insurance (Plan B) and for Group Deposit Accumulation policies after the first three months' premiums have been paid to the Company in respect of such applications, except that no bonus will be payable in respect to individual applications where the enrolment has been arranged by the Company at the request of the General Agent.

Net Paid Bonus 10 Net Paid Bonus will be paid monthly by the Company to the General Agent at the rate of $3.50 per $1,000 of that month's Net Paid (excluding Disability Insurance policies).

Quality Volume Bonus 11 Quality Volume Bonus will be paid by the Company to the General Agent calculated at December 10th of each year, provided this Agreement is then in force, according to the Schedule below.

Net Paid Since December 10th of the Previous Year	Bonus per $1,000 of Net Paid
$2,000,000 and less than $3,000,000	$1.00
$3,000,000 and less than $4,000,000	$2.00
$4,000,000 and less than $5,000,000	$3.00
$5,000,000 and over	$3.50

Persistency Bonus 12 Persistency Bonus will be paid by the Company to the General Agent calculated at December 10th of each year, provided this Agreement is then in force and provided this and any terminated Agreement between the General Agent and the Company have been in effect for four consecutive years, according to the Schedule below.

Persistency Score since December 10th of the previous year	Bonus per $1,000 of Persistency Score
On the first $5,000,000	$0.00
On the next $2,500,000	$1.00
On the next $2,500,000	$2.00
On the next $5,000,000	$3.00
On the next $5,000,000	$4.00
In excess of $20,000,000	$5.00

Policy Replacements 13. Where a new policy is issued and a policy or rider on the same life, or owned by the same policyholder, terminates within 36 months of such new issue, or is subjected to the exercise of a non forfeiture option or is subjected to substantial borrowing within twelve months before or after the effective date of such new policy, the Company may reduce the rates of commission under Provision 6 and the Amount of Policies under Provision 7 of such new policy.

Currency and Place of Payment 14. All amounts payable under this Agreement will be payable in the respective currencies of the policies at the Company's place of business in the territory defined in Provision 4, subject to any foreign exchange regulations. For the purpose of Provision 7, the Amount of Policies issued in currencies other than United States Dollars will be converted to United States Dollars at rates of exchange determined by the Company from time to time.

Premium Refunds 15. If for any reason the Company refunds any premiums, the General Agent will immediately refund to the Company the commissions and bonuses received by the General Agent with respect to such premiums. This shall include any premium refunds made under the Experience Rating Provision in Group policies

Medical Examinations — Applications 16. The Company will pay medical fees as authorized by its regulations Medical examinations will be made only by such medical examiners as are authorized by the Company All applications secured by the General Agent for life insurance or other contracts as may be issued by the Company, together with any medical examinations and other reports, will be delivered to the Company whether the applications are proceeded with or not

Supplies 17. The Company will supply such canvassing and other material as it may consider necessary and all such material will remain the property of the Company and will be returned on demand.

Advertising 18 No advertisement will be published or broadcast and no printed matter concerning the Company will be issued or circulated by the General Agent or his/her brokers or agents unless specifically authorized in writing by the Company.

Bond 19 The General Agent agrees to assist the Company in obtaining coverage under its bond in such amounts as the Company may consider necessary, bonding the General Agent, his/her brokers or agents and employees in favour of the Company. Such coverage will relate only to any loss which the Company may sustain by reason of the acts of the General Agent, his/her brokers or agents and employees. The General Agent agrees to indemnify the Company against any loss which it may sustain by reason of his/her acts or the acts of his/her brokers or agents and employees

License 20. The General Agent will comply with the licensing and all other requirements for doing business.

Limitation of Authority 21. The General Agent will have no authority to waive any forfeiture or in any way modify or alter an application or policy nor will the General Agent have any power to bind the Company by making any promise, interpretation or representation

Waiver 22. The failure of the Company to insist upon strict performance of any of the terms and conditions herein will not be construed as a waiver of such terms and conditions

Assignment 23 The General Agent agrees not to assign this Agreement or any sums payable hereunder unless authorized in writing by the Company

Litigation 24 Neither the General Agent nor his/her brokers or agents will institute legal proceedings in connection with any transaction between any applicant or policyholder and the Company unless authorized in writing by the Company.

Expenses 25 No expenses or charges made or authorized by the General Agent will be payable by the Company other than those specifically provided by this Agreement.

Indebtedness 26 Any indebtedness or other obligation of the General Agent to the Company will be a first charge and lien against any amounts payable or which may become payable to the General Agent under this Agreement

Records 27 All records, letters or other documents relating to the business to be transacted under this Agreement will be open to inspection by the Company at any time, and, at the termination of this Agreement, will be turned over to the Company together with any other of the Company's property then in the General Agent's possession.

Breach 28 Breach of any of the provisions of this Agreement or amendment thereto, or regulations of the Company will entitle the party not committing the breach to terminate this Agreement without notice, such termination being effective immediately on mailing a registered letter to that effect addressed to the party entitled to the notice at the party's last known address.

Automatic Terminations 29. This Agreement will terminate automatically on the happening of any of the following:

(a) The death of the General Agent.

(b) If the General Agent is a Corporation, termination of its corporate existence.

(c) The termination of the General Agent's license as a life insurance agent.

(d) Termination of the General Agent's coverage under the Company's bond.

Other Terminations 30. This Agreement may be terminated on one month's notice by either party and such notice will be deemed to have been given when a registered letter containing the notice is mailed addressed to the party entitled to the notice at the party's last known address.

Termination Benefits 31. If this Agreement is terminated and not replaced by a new Agreement between the General Agent and the Company, the Company will pay to the General Agent, if living, otherwise to his/her heirs, successors or assigns:

— First Year and Renewal Commissions

(i) First year commissions according to Provision 6, and renewal commissions according to Provision 6 on the premiums of the second to tenth policy years less a Collection Fee according to the schedule below on policies which remain in force without lapse and on which premiums have fallen due and been collected and deposited in the Company's Account.

TYPES OF POLICIES	AMOUNT OF COLLECTION FEE
Group Term Life, Health and Annuity Policies	commissions specified as payable in Provision 6
Group Ordinary Life Policies (Plan B) and Group Deposit Accumulation Policies	1% of the renewal premiums paid subsequent to the end of the first policy year 5% of the renewal premiums paid subsequent to the end of the tenth policy year for applicants who made application after the effective date of the master group policy.
For all other policies.	
(i) If termination by the Company under Provision 28	3% of premiums (2% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 5% of premiums for Disability Insurance policies).
(ii) If termination for any other reason with Policies in Force (excluding group policies) at the time of termination of	
Less than $10,000,000	3% of premiums (2% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 5% of premiums for Disability Insurance policies).
Between $10,000,000 and $20,000,000	2% of premiums (1% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 4% of premiums for Disability Insurance policies).
Over $20,000,000	1% of premiums (3% of premiums for Disability Insurance policies).

"Policies in Force" means the Amount of Policies (as defined in Provision 7) for policies resulting from applications secured through the General Agent during the continuance of this Agreement (and any terminated Agreement) between the General Agent and the Company, which are in force at the time of termination.

— Paid For Bonus (b) Paid For Bonus according to Provision 8 on the Amount of Policies which remain in force without lapse.

— Net Paid Bonus (c) Net Paid Bonus according to Provision 10. Similarly, the General Agent if living, otherwise his/her heirs, successors or assigns, will pay the Company an amount calculated in the same manner at the rate of $3.50 per $1,000 Net Paid if the Net Paid is a negative amount.

— Quality Volume Bonus (d) Quality Volume Bonus on the Net Paid calculated at December 10th of the year of termination and of subsequent years if the General Agent earned a Quality Volume Bonus as at December 10th of the year prior to termination. The amount will be calculated using the same rate of Quality Volume Bonus as was earned for the year prior to termination. Similarly, the General Agent if living, otherwise his/her heirs, successors or assigns, will pay the Company an amount calculated in the same manner at this same rate if the Net Paid is a negative amount.

Brokers' or Agents' Endorsed Agreements 32. Where the Company has endorsed an Agreement between the General Agent and a broker or agent, the General Agent, if living, otherwise his/her heirs, successors or assigns, agrees to reimburse the Company for any amounts paid by the Company under such endorsement and authorizes the Company to deduct any payments so made from any amounts due the General Agent, his/her heirs, successors or assigns.

Signed by the General Agent at ..... this ..... day of ..... 19 .....

Witness

AGENCY HOLDING CORPORATION

General Agent

Signed by the Company at Toronto, Canada, this ..... day of AUG 2 4 1977 19 .....

CROWN LIFE INSURANCE COMPANY

Countersigned

Authorized Officer

Authorized Officer

Authorized Officer

COLLECTION AGREEMENT

MEMORANDUM OF AGREEMENT between ..... AGENCY HOLDING CORPORATION ..... herein called "the General Agent" and Crown Life Insurance Company, herein called "the Company".

1 This agreement will be effective from .... March 16th, 1977 .....

2 The Company appoints the General Agent to collect premiums and other amounts on policies which were in force prior to March 16th, 1977 ..... in trust for the Company and to deposit the amounts so collected in the name of the Company in a bank account designated by the Company.

3 The Company will pay the General Agent as a Collection Fee a percentage of premiums collected as follows

	In the second to tenth policy years	In the eleventh and subsequent policy years
Disability Insurance	1%	5%
Retirement Annuity	1%	2%
Other Policies	1%	3%

4 Expenses incurred with respect to such collections will be borne by the General Agent.

5. The General Agent agrees to maintain the office records required by the Company, which records are and will remain the property of the Company, and on all such designated policies, to render service to policyholders and to conserve the Company's business

6. The policies covered by this agreement will not form part of the "policies in force" under provision 31 of the General Agency Agreement between the Company and the General Agent dated March 16th, 1977 and this Agreement will terminate on termination of that Agreement.

Signed by the General Agent at Chicago, Ill. ..... this 5th ..... day of May 19 77

Jean A. Hendrix
Witness

AGENCY HOLDING CORPORATION
Bruce M. Kimmapple, Pres.
General Agent

Signed by the Company at Toronto, Canada, this ..... day of JUL 18 1977 19

CROWN LIFE INSURANCE COMPANY

Countersigned

Authorized Official

Authorized Official

Authorized Official

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UNITED STATES INCORPORATED GENERAL AGENTS' FINANCING AGREEMENT FOR AGENTS

CROWN LIFE INSURANCE COMPANY

MEMORANDUM OF AGREEMENT, between .....Agency Holding Corporation

..... herein called "the General Agent", and the **CROWN LIFE INSURANCE COMPANY**, herein called "the Company".

1. The Company agrees to make advances to the General Agent, as may be approved by the Company from time to time so that the General Agent in turn may make similar advances to his agents against the anticipated earnings of such agents in respect to policies issued by the Company, which advances, including any amounts advanced previously for the same purposes, shall be debited to the General Agent's Agents' Financing Account.

2. The General Agent agrees to pay to the Company and hereby authorizes the Company to retain and credit to the Agents' Financing Account the first year and renewal commissions and any other amounts which any agents has agreed to pay to the General Agent in accordance with the Financing Agreements between such agents and the General Agent, copies of which are to be filed with the Company.

3. The General Agent agrees, if the amount debited to the Agents' Financing Account be greater than the amounts credited, to pay such balance to the Company on demand.

4. The General Agent agrees to assign to the Company, upon request, all such Financing Agreements, notes or other documents relating to any financing of his agents.

Signed by the General Agent at ..... this ..... day of ..... 19..

Witness

Agency Holding Corporation

Pres.

General Agent

I, K. P. Craig ..... hereby guarantee the obligations of Agency Holding Corporation

General Agent

Name of Corporation

..... under this Agreement.

Witness

General Agent

Signed by the Company at Toronto, Canada, this ..... day of 1977 19

Countersigned:

..... Authorized Officer

..... Authorized Officer

..... Authorized Officer

FOR E01218-1

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AMENDMENT OF GENERAL AGENT'S AGREEMENT
RE: GROUP PENSION POLICY

MEMORANDUM OF AGREEMENT between Agency Building and Loan Trust

of Chicago General Agency herein called "the General Agent", and CROWN LIFE INSURANCE COMPANY, herein called "the Company".

The General Agent agrees that he has completed a Memorandum of Agreement with the Company, permitting him to act as a General Agent for the Company.

The Company and the General Agent agree to waive the stipulated commission rates under Provision 6 of the said Memorandum of Agreement for the following policy only, as long as the said policy remains in full force and effect.

The Company appoints the General Agent its agent under Group Pension Policy

GPP No. 43923. issued to TRUSTEES FOR AUSTIN A. MONICIOLA INSURANCE AGENCY PENSION TRUST

and agrees to substitute, in lieu of the commission rates under the aforementioned Provision 6 of the said Memorandum of Agreement, the commission rates shown in the following Commission Schedule.

These commissions shall be payable on all deposits received on or after January 1, 1980.

Deposits.

The commission payable is .25% of deposits received during the first ten years. Including inter-fund transfers.

In all other respects, the said Memorandum of Agreement shall remain in full force and effect and shall continue to be binding upon the parties hereto in accordance with the terms and conditions thereof.

Signed by the General Agent at Chicago, Il. this 3rd day of April 19 80

Signed by the Company at Toronto, Canada, this ..... day of MAY 22 1980 19

CROWN LIFE INSURANCE COMPANY

Countersigned

Secretary

AMENDMENT OF GENERAL AGENT'S AGREEMENT RE ANNUITY POLICIES, US - 1970

MEMORANDUM OF AGREEMENT, between [illegible] COMPANY [illegible] herein called "the General Agent" and

CROWN LIFE INSURANCE COMPANY, herein called "the Company"

The Agreement between the parties hereto which took effect on [illegible]

is hereby amended effective [illegible] as follows:

The General Agent agrees that commissions payable on Flexible Premium Retirement Annuity Policies and Single Premium Deferred Annuity Policies as defined under Clause 6(d) of his General Agents' Memorandum of Agreement have been deleted.

The remuneration payable on Flexible Premium Retirement Annuity Policies and Single Premium Deferred Annuity Policies will be as follows:

COMMISSION		First Year	Thereafter
	Flexible Premium Retirement Annuity	5%	3%
	Single Premium Deferred Annuity	2½%	—

AMOUNT OF POLICIES The "amount of policy" will remain as stated under Clause 7(e) of his General Agents' Memorandum of Agreement.

Signed by the General Agent at [illegible] this [illegible] day of June 19[illegible]

Witness

General Agent

Signed by the Company at Toronto, Canada, this [illegible] day of [illegible] 19[illegible]

CROWN LIFE INSURANCE COMPANY

Countersigned:

Authorized Official

Authorized Official

Authorized Official

AMENDMENT OF GENERAL AGENT'S AGREEMENT RE SPECIAL TERM CONVERSION CREDITS, US-1977

MEMORANDUM OF AGREEMENT between AGENCY BUILDING CORPORATION of CHICAGO, ILLINOIS herein called "the General Agent", and CROWN LIFE INSURANCE COMPANY, herein called "the Company".

The Agreement between the parties hereto which took effect on September 1st, 1977 is hereby amended effective September 1st, 1977 as follows:

The General Agent agrees that commissions payable as stated under Clause 3(i) and "amount of policies" as shown under Clause 7(a) of his General Agents Memorandum of Agreement will be reduced in accordance with the following procedure.

For those conversions which are eligible for the use of this procedure, the remuneration payable on the permanent policy resulting from the conversion will be as follows:

COMMISSION — No commission will be paid on the portion of the premium on the permanent policy considered to be paid by the Term Conversion credit.

AMOUNT OF POLICIES — The "amount of policy" normally allowed on the permanent policy will be reduced by the following amounts:

If the first year commission only on the permanent policy is:	The amount of reduction is:
70%	25 times the Term Conversion Credit allowed.
65%	30 times the Term Conversion Credit allowed.
60%	35 times the Term Conversion Credit allowed.
55%	40 times the Term Conversion Credit allowed.

with intermediate rates of reduction calculated by interpolation.

Signed by the General Agent at ..... this 25 day of ..... 19..

AGENCY BUILDING CORPORATION

Witness

General Agent

Signed by the Company at Toronto, Canada, this ..... day of AUG. 24 1977 19

CROWN LIFE INSURANCE COMPANY

Countersigned:

Authorized Official

Authorized Official

Authorized Official

Completed

October 28, 1980

Mr. E. P. Craig,
General Agent,
Agency Holding Corporation,
Suite 1780,
208 South LaSalle Street,
CHICAGO, Illinois. 60604

Dear Mr. Craig:

Re: Furniture Loan - Minneapolis Agency

With reference to your letter dated September 23, 1980 to Mr. C. R. Lloyd, I am attaching a check payable to Crown Associates of Minneapolis Inc. in the amount of $179.97 which is in addition to the Minneapolis Agency furniture loan.

There will be no change in the current Furniture Loan Repayment Method of $475.00 per month from the Minneapolis financing cheque.

I am also attaching a Promissory Note and a UCC-1 form. Please sign both of these forms and return them to my attention at your earliest convenience.

Upon receipt of the signed forms, I will have the UCC-1 form approved by the proper Home Office authority, and returned to you for registration. This form is to be registered with the Registrar of Deeds in the County where your office is located.

I trust this is satisfactory.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department,
U.S. & Caribbean.

:sm/Att'd.

c.c. Mr. W. J. Durham, Regional Agency Superintendent.
Mrs. I. Kymantas, Supervisor, Agency Administration Department,
U.S. & Caribbean.

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October 10, 1980.

Mr. K. P. Craig,
Agency Holding Corporation,
General Agent,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Dear Mr. Craig:

Re: Furniture Loan - Peoria Agency

With reference to Nadine M. Nastyshe's reply memo dated September 15, 1980, I am attaching a check payable to Kerry P. Craig & Associates in the amount of $3,944.75 which is an addition to your Furniture Loan for Peoria.

The current Furniture Loan repayment method will increase to $186.66 per month from the financing cheques.

I am also enclosing a Promissory Note and a UCC-1 form. Please sign both of these forms, and return the Promissory Note to me.

Please have the UCC-1 form registered with the Recorder of Deeds in the county where the Peoria Agency office is located. After registration of this loan, please send copy 3 of the registered UCC-1 form to my attention for our records.

I trust this is satisfactory.

Yours truly,

R. J. Jeffrey,
Section Supervisor,
Agency Administration Department.
(U.S. & Caribbean)

:lm/Encl.

c.c. Mr. A. W. Thomas, Agency Vice-President (United States).
Mrs. L. Kymantas, Supervisor, Agency Administration Department. (U.S. & Caribbean).

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October 20, 1980.

Mr. R. F. Craig,
Agency Holding Corporation,
General Agent,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Dear Mr. Craig:

Re: Furniture Loan - Chicago Agency

With reference to Nadine M. Wastyuka's Reply Memo dated September 17, 1980, I am enclosing a check payable to Agency Holding Corporation for $366.37 which is an addition to your Furniture Loan.

There will be no change in the current Furniture Loan Repayment Method of $2,700.00 per month from the Chicago financing cheques.

A Promissory Note and a UCC-1 form are also enclosed. Please sign both of these forms and return the Promissory Note to me. Please send the UCC-1 form (after signature) to the Recorder of Deeds in the county where the Chicago Agency office is located for registration. After registration of this loan, please send copy 3 of the registered UCC-1 form to my attention for our records.

I trust this is to your satisfaction.

Yours truly,

B. Jeffrey,
Section Supervisor,
Agency Administration Department.
(U.S. & Caribbean)

:lm

Encl.

c.c. Mr. J. W. Thomas, Agency Vice-President (United States).
Mrs. I. Rymastas, Supervisor, Agency Administration Department.
(U.S. & Caribbean)

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10/NOV

October 24, 1980.

Mr. K. P. Craig,
General Agent,
Agency Holding Corporation,
Suite 1760,
208 South LaSalle Street,
CHICAGO, Illinois. 60604

Dear Mr. Craig:

Re: Furniture Loan - Colorado Agency

With reference to your letter dated September 23, 1980 to Mr. C. R. Lloyd, I am attaching a check payable to Crown Associates of Colorado Inc., in the am of $314.68 which is an addition to the Colorado Agency furniture loan.

There will be no change in the current Furniture Loan Repayment Method of $4 per month from the Colorado financing cheque.

I am also attaching a Promissory Note and a UCC-1 form. Please sign both of forms and return them to my attention at your earliest convenience.

Upon receipt of the signed forms, I will have the UCC-1 form approved by the proper Home Office authority, and returned to you for registration. This form is to be registered with the County Clerk and Recorder in the County where yo office is located.

As usual, I will require a copy of the registered UCC-1 form for my file afte registering with the proper government agency.

I trust this is satisfactory.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department,
U.S. & Caribbean.

rck/Att'd.

c.c.: Mr. A. W. Thomas, Agency Vice-President (United States)
Mrs. I. Kymantas, Supervisor, Agency Administration Department, U.S. & Caribbean.

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October 2, 1980.

Agency Holding Corporation,
General Agents,
Chicago.

Gentlemen:

Re: Special Loans

The enclosed cheques represent Special Loans for expenses not covered under advertising and promotion. These cheques are issued on the authorization of C.B. Lloyd, Senior Agency Vice-President. They have been split out as follows:

Crown Associates of Minneapolis Inc.	- $6,500.00
Crown Associates of Arizona Inc.	- $1,435.00
Agency Holding Corporation	- $5,028.00

Interest of 15% has been charged against these loans.

Please have the enclosed promissory note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department.
(Financing & Benefits)

:dra

Encls.

c.c. Mrs. Irene Kyrantas, Supervisor, Agency Administration Department. U.S. & Caribbean.
Mr. C.B. Lloyd, Senior Agency Vice-President for The U.S.
U. S. Contract File

31/10

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October 16, 1980.

Agency Holding Corporation,
General Agents,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Gentlemen:

Re: Special Loan - Kerry P. Craig & Associates - Peoria

We are pleased to enclose a cheque in the amount of $945.00 representing a Special Loan. Authorization for this Loan has been given by C. B. Lloyd, Senior Agency Vice-President for the United States.

Interest of 15% has been charged against his Loan.

As stated in your letter of October 15, the loan will be repaid from Q.V. Bonus at year-end.

Please have the enclosed promissory note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department,
Financing and Benefits.

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Encl.

c.c. C. B. Lloyd, Senior Agency Vice-President.
Irene Kymantas, Supervisor, Agency Administration Department. (United States & Carribean).
U.S. Contract File.

8 5 0 4 0 4 3 2 7 1 1

October 20, 1980.

Agency Holding Corporation,
General Agents,
CHICAGO, Illinois.

Gentlemen:

Re: Special Advance

The enclosed checks represent Special Advances for a total of $39,500.00. Authorisation for these Advances has been given by C. B. Lloyd, Senior Agency Vice-President for the United States. They have been split out as follows:

Agency Holding Corporation - Agency 341 - $24,000.00
Agency Holding Corporation - Agency 206 - $5,000.00
Agency Holding Corporation - Agency 347 - $2,000.00
Agency Holding Corporation - Agency 349 - $1,500.00
Agency Holding Corporation - Agency 348 - $5,000.00
(Issued as one check for a total of $37,500.00)
Crown Associates of Colorado Inc. - Agency 296 - $1,000.00
Crown Agencies Inc. - Agency 317 - $1,000.00.

The Advances are to be repaid from bonus from the respective Agency.

Please have the enclosed non-interest bearing note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department,
Financing and Benefits.

:ek

Encl.

c.c.: C. B. Lloyd, Senior Agency Vice-President.
I. Kymentas, Supervisor, Agency Administration. United States and Caribbean
U.S. Contract File.

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October 22, 1980.

Agency Holding Corporation,
General Agent,
CHICAGO, Illinois. 60604

Gentlemen:

Re: Special Advance

I am attaching eight checks in payment of Special Advances for Travel for a total of $60,000.00. These advances were requested today by Mr. C. B. Lloyd, Senior Agency Vice-President for the United States. The following agencies and amounts have been charged:

Agency Holding Corporation - Agency 206 -	$ 6,000 } Combined check
Agency Holding Corporation - Agency 541 -	$ 6,000
Agency Holding Corporation - Agency 548 -	$ 6,000
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 3,000
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 6,000
Crown Agency Inc. - Agency 317 -	$ 3,000
Crown Assocs. of Minneapolis Inc. - Agency 331 -	$ 6,000
Agency Holding Corp. of Cleveland, Ohio - Agency 327 -	$12,000
Ehrman, Ratini, Oglesee & Craig Inc. - Agency 363 -	$ 6,000
Ehrman, Ratini, Oglesee & Craig Inc. - Agency 406 -	$ 6,000

The foregoing advances are to be repaid from bonus from the respective agencies.

Please have the enclosed non-interest bearing notes signed and returned at your earliest convenience.

I trust this is to your satisfaction.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department.
U.S. & Caribbean

rmg

Encl.

c.c. Mr. C. B. Lloyd, Senior Agency Vice-President for the United States.
Mrs. I. Kymantas, Supervisor, y Administration Department, U.S. & Caribbean.
✓B.B. Contract File.

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(FRONT)

$ 18,000.00 October 22, 19 80

I promise to pay on demand to the order of the Crown Life Insurance Company

---------- Eighteen Thousand ----------

xx/100 Dollars

with interest at Nil % per annum until paid

Value Received

Agency Holding Corporation

Special Advance, Agency 206 Chicago-AMPI, Agency 547 Chicago-MCD'S, Agency 548 Chicago-CKE

(BACK)

in consideration of an Advance being made to Agency Holding Corporation evidenced on the reverse side hereof by a promise to repay, we hereby guarantee in the event of default of repayment by the said Agency Holding Corporation to personally repay the amount owing under the terms of that promise.

Dated this 4th day of December 19 80

MEMORANDUM OF AGREEMENT, between **AGENCY HOLDING CORPORATION**

of **CHICAGO, ILLINOIS** herein called "the General Agent", and

CROWN LIFE INSURANCE COMPANY, herein called "the Company"

General

1. The Company appoints the General Agent its general agent:

   (a) to secure applications personally and from his/her licensed brokers or agents for such policies as the Company may issue;

   (b) to recommend for endorsement by the Company his/her Agreements with brokers or agents which are made on forms approved by the Company,

   (c) to maintain at his/her own expense a suitable office for the transaction of the Company's business;

   (d) to collect premiums and other amounts on policies as directed by the Company in trust for the Company, to deduct any first year commissions which may be payable to him/her under the terms of this Agreement and to deposit the balance in the name of the Company in a bank account designated by the Company ("Company's Account");

   (e) to maintain office records as required by the Company, which records are and will remain the property of the Company, to render service to policyholders, and to conserve and increase the Company's business;

   (f) to comply with the present and future regulations and instructions of the Company which do not controvert the provisions of this Agreement.

Group Collections

2. The authority and duties of the General Agent under provision 1 will not include the collection of premiums and maintenance of records with respect to group policies

Effective Date

3. This Agreement will be effective from **September 1st, 1977** and any existing Agreements between the General Agent and the Company will terminate on that date.

Territory

4. The territory assigned to the General Agent will be as follows, but such territory is not assigned to him/her exclusively: **Counties of Cook, Dupage, Will, Lake, McHenry, Kalb, Kane, Kendall, La Salle, Grundy, Illinois and the Counties of Lake, Porter and La Porte, Indiana.**

Commissions

5. (a) Commissions will be paid by the Company to the General Agent at the rates indicated in the Commission Schedules in Provision 6 for policies issued during the continuance of this Agreement, except as set out in Provision 5(h) and (i)

   (b) The rates of commission for policies issued during the existence of any terminated Agreement with the Company will be as set forth in such terminated Agreement.

   (c) Commission will be paid to the General Agent only on such premiums as have fallen due (and have been collected by the General Agent, if required by this Agreement) and have been deposited in the Company's Account during the continuance of this Agreement on policies issued from applications secured through the General Agent.

   (d) Upon any termination of a policy the General Agent's interest will cease as to commission or bonuses resulting from subsequent premium payments unless reinstatement of the policy is secured through the General Agent.

   (e) The "years" referred to in the Commission Schedules are "policy years" as defined in the policies.

   (f) On any individual policy of life insurance issued at an age higher than age 65, the rates of commission will be determined from the Commission Schedules using the actual premium paying period of the policy (if applicable) but such rates will be applied only to the amount of the corresponding premium for such policy if issued at age 65.

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(g) (i) Commissions on extra premiums for individual policies will be payable as follows:

Occupational or Aviation extra: First Year Commission at one-half rate applicable to the basic plan or rider and renewal commission at the same rate as basic plan or rider.

Permanent medical, residence or travel extra: First year and renewal commissions at the same rate applicable to basic plan or rider on the first $30.00 of annual extra premium per 1,000 of insurance only.

Temporary medical, residence or travel extra: No first year or renewal commissions are allowed on extra premium.

(ii) Commissions will be paid on premiums for individual policies waived on account of disability in accordance with the regulations of the Company as described in the Rate Book.

(iii) No commission will be paid on preliminary term premiums for individual policies.

(h) The rates of commission for policies denoted by special names or other policies and benefits not specifically mentioned in this Agreement will be as set forth in amendments to this Agreement or as determined by the Company. These include rates of commission for Group Life and Health policies

(i) that replace previous policies;

(ii) that are sold and administered on a retention basis, and

(iii) that require rates of commission specially determined by the company.

(i) The rates of commission for intermediate durations or issue ages not included in the Commission Schedules are calculated proportionately.

(j) Commissions on policies issued pursuant to a conversion of a term policy will be payable as set forth in amendments to this Agreement or as determined by the Company. For the purposes of this Agreement, the issue of a policy pursuant to a conversion will be considered to be the termination of the original policy

(k) The Company will have the right to transfer incidental policies from the General Agent or to the General Agent. If the policies are transferred from the General Agent commission otherwise payable will be reduced in accordance with the following rates. Similarly, if the policies are transferred to the General Agent, commission will be paid in accordance with the following rates.

Retirement Annuity & Flexible Premium Retirement Annuity	2%
Disability Insurance	2nd 10th years 5% — thereafter 10%.
Group policies	Up to the rate specified as payable as determined by the Company.
Other policies	3%

(l) Rates of commission for group policies under Provision 6, Schedules (b) and (c) will be payable at an average commission rate calculated by the Company at the beginning of each policy year as follows:

(i) The first monthly premium due for that year, without adjustments, is multiplied by 12 to produce the annualized premium;

(ii) The appropriate Commission Schedule is applied to the annualized premium to produce the annualized commission;

(iii) This annualized commission is divided by the annualized premium to produce that year's average commission rate.

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(m) The rate of commission for the appropriate Group Life and Health Commission Schedule will apply separately to the total premium paid in each year by each group policyholder. If two or more Group policies are combined for the purpose of computing premium rates, experience, retention, etc., the premiums for all such policies will be included in the computation of the average commission rate described in Provision 5(l)

(n) If a group Life and Health policy is amended by the Company, the Company will calculate and pay to the General Agent through whom the application for amendment has been secured, commission on the increase in premiums resulting from the amendment at the commission rate being used for the policy year in which the amendment is effective. At the beginning of the following policy year, a commission rate will be calculated for the policy, as set out in 5 (l), on the total annualized premium. If such amendment is pursuant to an application secured other than through the General Agent, he/she will not be entitled to commission on the increase in premium.

(o) **Group Pension Policies**

(i) Under a Group Retirement Investment/Income Policy (GRIP), the Commissions are negotiated downward from the maximum commission rates shown in Provision 6, Schedule (d) on a per policy basis.

(ii) Rates of commission for the Guaranteed Deposit Policy (GUARD) under Provision 6, Schedule (E) are payable on the Net Deposit received in the policy year. Net deposit equals the deposits received less cash surrenders.

If a GUARD policy is amended by the Company, the Company will pay to the General Agent through whom the application for amendment has been secured, first year commission on the estimated increase in deposits resulting from the amendment and renewal commissions on such increase thereafter. An average commission rate will be calculated at the effective date of the amendment, combining the estimated first year commission rate with the estimated renewal commission rate, to be used with respect to those deposits received during the 12 month period commencing with the effective date of the amendment

If two or more GUARD policies are combined for the purpose of computing minimum deposits and expenses etc., then the commission schedule will be applied to the total premium of all such policies in any policy year

Any transfers to the GUARD policy from a previous carrier or policyholder will be subject to the separate Lump Sum Transfer rate of commission under Provision 6, Schedule (E) (ii).

(iii) Rates of commission for the Group Individual Retirement Annuity Policy (GIRA) are related to the individual members' contributions during the first year after enrolment and to net annual deposits thereafter as shown under Schedule (F) (i). If a member terminates prior to the completion of 12 months of enrolment the General Agent will refund to the Company the commission received by the General Agent with respect to that member.

On Multiple Employer Association groups with a potential total annual contribution of $100,000.00 or more the General Agent has the option of choosing, in lieu of the Single Employer group rates shown under Schedule (F) (i), the alternative commission rate outlined under Schedule (F) (ii). Commissions on any amount transferred from another carrier will be paid in accordance with the Lump Sum Transfer rate shown under Schedule (F) (iii). Net annual Deposits equals deposits received less cash surrenders.

If a Group Individual Retirement Annuity is converted to a Flexible Premium Retirement Annuity no commission is payable on the amount transferred from the GIRA to the FPRA

(iv) Rates of commission for the Group Tax Sheltered Annuity Policy (TSA) are payable in accordance with the method described under the preceding paragraph (iii) as shown under Schedules (G) (i), (G) (ii) and (G) (iii), whichever is applicable.

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LIFE PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—

The Life Schedule applies to: Life Paid up at age 65; 20 Payment Life, 10 Payment Life.

ENDOWMENT PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
40 Years Premiums or more	70	20	10	3
35 Years Premiums	65	20	10	3
30 Years Premiums	60	20	10	3
25 Years Premiums	55	20	10	3
20 Years Premiums	50	15	9	3
15 Years Premiums	40	11	7	3
10 Years Premiums	30	8	5½	—

The Endowment schedule applies to Endowment at age 65, 20 Pay Endowment at age 65, 20 Year Endowment.

SPECIAL PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Lowcost Life				
1 Low Band	70	20	10	3
2 High Band	70	15	10	3
Leader Ordinary Life				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—
Select Ordinary Life	70	20	10	3
3 Joint Select Ordinary Life (First Death Only)	70	20	10	3
Lifecare Whole Life	70	20	10	3
Graded Premium Whole Life	70	20	10	3
Security Life at age 65				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	50	15	9	3
10 Years Premiums	40	12	6	—
20 Payment Security Life at age 65	60	20	10	3
Juvenile 1-5	70	20	10	3
Permanent one or more Increasing Whole Life	70	20	10	3
Yearly Renewable Decreasing Term	70	20	10	3

	1st Year %	2nd Year %	3rd to 5 Years %	6 Years %	7 to 10 Years %	Thereafter %
Step Rate Life	70	20	10	45	10	3

	1st Year %	2nd Year %	3rd Year %	4 Years %	5 to 10 Years %	Thereafter %
Lowcost Endowment at age 90	10	10	40	40	10	3

1 Low Band currently 10,000 to 99,999 sum insured

2 High Band currently 100,000 and over sum insured

3 2nd or other death plans will be considered as special name plans with special commissions

EXECUTIVE PLANS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Executive Whole Life				
1 Low Band	70	20	10	3
2 High Band	60	15	10	3
4 Joint Executive Whole Life (1st Death Only)				
1 Low Band	70	20	10	3
2 High Band	60	15	10	3
Executive Protection to age 70	60	15	10	3
Executive Special Endowment	50	10	10	3

1 Low Band currently 25,000 to 99,999 sum insured

2 High Band currently 100,000 and over sum insured

4 2nd or other death plans will be considered as special name plans with special commissions

TERM PLANS AND BENEFITS	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Yearly Renewable Term to age 75				
1 Low Band	45	10	10	3
2 Middle Band	40	9	9	3
3 High Band	60	7	7	3
Level Term				
30 Years Premiums or more	70	20	10	3
25 Years Premiums	65	20	10	3
20 Years Premiums	60	20	10	3
15 Years Premiums	55	15	10	3
10 Years Premiums	45	12	10	—

The level term schedule applies to Level Term Plans: Income Maintenance Policy, Additional Protection Benefit, Guaranteed Income Benefit, Family Plan Insurance Benefit

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Commission Schedules (cont'd)

Monthly Reducing Term Plans	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Monthly Reducing Protection Benefit				
30 Years Premiums or more	50	15	10	3
25 Years Premiums	45	15	10	3
20 Years Premiums	40	15	10	3
15 Years Premiums	35	12	10	3
10 Years Premiums	30	10	10	—
Mortgage Insurance Plan				
Mortgage Insurance Benefit				
30 Years Duration of Coverage	50	15	10	3
25 Years Duration of Coverage	45	15	10	3
20 Years Duration of Coverage	40	15	10	3
15 Years Duration of Coverage	35	12	10	3
10 Years Duration of Coverage	30	10	10	—

Preliminary Term. No Commission Payable

	Years 1 %	2 to 6 %	6 %	7 to 10 %	Thereafter %
Five Year Renewable Term to age 70	45	10	45	10	3
Five Year Renewable Additional Protection Benefit	45	10	45	10	3
Joint Five Year Renewable Term (First Death Only)	45	10	45	10	3

Parents Waiver of Premium Benefit - same as Basic Plan.

Guaranteed Purchase Option - same as Basic Plan

Cost of Living Term Benefit - same as Basic Plan

Total Disability Waiver of Premium Benefit - same as Basic Plan

Accidental Death Benefit - same as Basic Plan

- Low Band currently 5,000 to 99,999.
- Middle Band currently 100,000 to 499,999.
- High Band currently 500,000 and over
- 2nd or other death plans will be considered as special name plans with special commissions.

RETIREMENT PLANS

Income Endowments	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
40 Years Premium or more	70	20	10	3
35 Years Premium	65	20	10	3
30 Years Premium	60	20	10	3
25 Years Premium	55	20	10	3
20 Years Premium	50	15	9	3
15 Years Premium	40	11	7	3
10 Years Premium	30	8	5.5	—

The Income Endowment Schedule applies to Income Endowment at age 65, Ten Year Income Endowment, Income Endowment at age 70

	1st Year %	2nd Year %	3rd to 10 Years %	Thereafter %
Pension Whole Life				
55 Years Premiums or more	35	20	20	3
50 Years Premiums	30	20	20	3
45 Years Premiums	25	20	20	3
40 Years Premiums	20	20	20	3
Guaranteed Annuity Purchase Plan	70	20	10	3

	1st Year %	Thereafter %
Flexible Premium Retirement Annuity	20	5

	1st and 2nd Year %	3rd to 10 Years %	Thereafter %
Increasing Term Insurance Benefit	20	10	3

Single Premium Annuities	1st Year %
Non Qualified	3½
Qualified	2½
Single Premium Life	5

	1st Year %	2nd to 10th Years %	Thereafter %
Disability Insurance	60	20	10

EXPLANATORY NOTES

1 In this schedule, the plan names used are the same as u in the Rate Book. In certain States, a given plan may h a different name. This Commission Scale will apply to s plan.

2 Certain plans are not available in certain States.

Commission Schedules (cont'd)

6 (b) GROUP TERM LIFE AND HEALTH SCHEDULE

	1st Year %	2nd to 10th Years %	Thereafter %
On the first $ 10,000 of premiums	12.500	11.250	1.250
On the next $ 15,000 of premiums	9.375	8.438	.938
On the next $ 25,000 of premiums	6.250	5.625	.625
On the next $ 50,000 of premiums	3.750	3.375	.375
On the next $150,000 of premiums	2.500	2.250	.250
On premium in excess of $250,000	1.250	1.125	.125

(c) GROUP ORDINARY LIFE AND GROUP DEPOSIT ACCUMULATION SCHEDULE

1st Year %	2nd Year %	2nd to 10th Years %	Thereafter %
40	6	6	1

Group Ordinary Life - the rates of commission with respect to premiums paid under Plan B of the policy will be according to the above schedule. The rates of commission with respect to premiums paid under Plan A of the policy will be according to Schedule (b).

Group Ordinary Life and Group Deposit Accumulation — the first year commission rate will apply to the first 12 months' premiums paid with respect to new applicants who make application for either Group Ordinary Life (Plan B) benefits or for Group Deposit Accumulation benefits. Renewal commission rates will apply with years calculated from the effective date of such applicants' insurance.

(d) GROUP RETIREMENT INVESTMENT/INCOME (GRIP) SCHEDULE

Portion of Annual Deposit	Marginal Rate %
On the first $ 10,000	8.00%
On the next $ 10,000	5.00%
On the next $ 5,000	4.00%
On the next $ 75,000	2.00%
On the next $ 50,000	1.50%
On the next $ 100,000	1.25%
On the next $ 750,000	.33%
On the next $1,000,000	.25%
On Amounts in excess of $2,000,000	.10%

(e) GUARANTEED DEPOSIT ACCUMULATION (GUARD) SCHEDULE

(i)

Portion of Annual Deposit	1st Year %	2nd to 10th Years %
On the first $ 5,000	18.750%	1.875%
On the next $ 5,000	12.500%	1.875%
On the next $10,000	7.500%	1.875%
On the next $30,000	5.000%	1.563%
On the next $50,000	2.500%	.625%
On deposits in excess of $100,000	1.250%	.625%

The foregoing rates apply to regular annual deposits and the following scale is applied to lump sum transfers.

(ii)

Portion of Lump Sum Transfer	Commission Rate %
On the first $ 1,000	5.000%
On the next $ 4,000	4.000%
On the next $ 5,000	2.788%
On the next $ 10,000	1.750%
On the next $ 30,000	1.100%
On the next $150,000	.500%
On the next $300,000	.325%
On amounts in excess of $500,000	.138%

Commission Schedules (cont'd)

(f) GROUP INDIVIDUAL RETIREMENT ANNUITY (GIRA) SCHEDULE

(i) **Single Employer**

Portion of Annual Deposit	During 1st 12 months of enrollment %	Net Annual Deposits Thereafter %
Up to $1,500 per member	10.0%	2.5%
over $1,500 per member	2.5%	2.5%

(ii) **Multiple Employer/Association**

Level rate of 5.313% of net annual deposits.

(iii) Rate payable on all Lump Sum Transfers is 2.5%

(g) GROUP TAX-SHELTERED ANNUITY/TSA SCHEDULE

(i) **Single Employer**

	During 1st 12 months of employment %	Net Annual Deposits Thereafter %
On members contributions	10%	2.5%

(ii) **Multiple Employer/Association**

Level rate of 5.313% of net annual deposits.

(iii) Rate payable on all Lump Sum Transfers is 2.5%

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"Amount of Policies" 7. (a) "Amount of Policies" means the amount shown in the schedule below for policies issued as the result of applications secured through the General Agent during the continuance of this and any terminated Agreement.

TYPE OF POLICIES	AMOUNT OF POLICIES
LIFE PLANS	
Life paid up at age 65 20 Payment Life 10 Payment Life	— $1,000 for each $1,000 of sum insured
ENDOWMENT PLANS	
Endowment at age 65 20 Pay Endowment at age 65 20 Year Endowment	— $1,000 for each $1,000 of sum insured
SPECIAL PLANS	
Lowcost Life (Both Bands) (Guaranteed Whole Life) Leader Ordinary Life Select Ordinary Life Joint Select Ordinary Life (First Death Only) Lifecare Whole Life (Excluding Lifecare Extra Benefit) Group Ordinary Life (Plan B)	— $1,000 for each $1,000 of sum insured
Graded Premium Whole Life	— $250 for each $1,000 of sum insured plus an additional $750 for each $1,000 of sum insured when the premium for the full fifth policy year is paid.
Security Life at age 65 20 Payment Security Life at age 65	— $1,000 for each $1,000 of sum insured
Juvenile 1 — 5	— $2,000 for each $1,000 of initial sum insured
Increasing Whole Life	$500 for each unit coverage
Yearly Renewable Decreasing Term	— $500 for each unit of coverage
Step Rate Life	— $500 for each $1,000 of sum insured When the premium for the full sixth policy year is paid at the increased rate, an additional $500 for each $1,000 of sum insured is allowed
Lowcost Endowment at age 90	$1,000 for each $1,000 of sum insured
EXECUTIVE PLANS	
Executive Whole Life (Both Bands) Joint Executive Whole Life (first death only)	— $1,000 for each $1,000 of sum insured
Executive Protection to Age 70	— $750 for each $1,000 of initial sum insured
Executive Special Endowment	— $500 for each $1,000 of sum insured. If all the premiums of the second policy year are not paid, the Amount of Policies previously allowed will be reversed.

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TERM PLANS & BENEFITS

Yearly Renewable Term to age 75	— The following multiple of the first annual premium (excluding extra premiums and additional benefit premiums) or 50% of the sum insured whichever is less.
Low Band sum insured $5,000 to $99,999	— 35 x the first annual premium
Middle Band sum insured $100,000 to $499,999	— 30 x the first annual premium
High Band — sum insured $500,000 and over	Nil
Level Term Five Year Renewable Term to age 70 5 Year Renewable Term Additional Protection Benefit Joint 5 Year Renewable Term (First Death Only)	— $250 for each $1,000 sum insured
Family Plan Insurance Benefit	— $250 for each $1,000 of sum insured on spouse's wife.
Income Maintenance Policy Guaranteed Income Benefit	$250 for each $10 of monthly income
Monthly Reducing Term Monthly Reducing Protection Benefit Mortgage Insurance Policy Mortgage Insurance Benefit	— 30 x the first annual premium (excluding extra premiums and additional benefit premiums)

The Amount of Policies for conversion of Term Policies or Term Benefits arranged through the General Agent will be the amount of the new policy.

RETIREMENT PLANS

Income Endowments at age 65 Ten Year Income Endowments Income Endowment at age 70	— $1,000 for each $1,000 of initial sum insured
Pension Whole Life	- 50 x the first annual premium (excluding extra premiums and additional benefit premiums) or $1,000 for each $1,000 of sum insured, whichever is less
Guaranteed Annuity Purchase Plan	$1,000 for each $1,000 of sum insured
Flexible Premium Retirement Annuity	— 1 x Premium On Each Premium Whenever Paid
Single Premium Life	— $1,000 for each $1,000 of sum insured
Single Premium Annuity	— $1,000 for each $1,000 of single premium

INDIVIDUAL HEALTH PLANS

Disability Insurance Professional Overhead Expense	— $1,000 for each $20. of annualized premium

GROUP

Group Deposit Accumulation Policy	— $1,000 for each unit of Group Deposit Accumulation
Group Deposit Accumulation Policy with Crown Group Trust	$750 for each unit of Group Deposit Accumulation
Group Term Life with Crown Group Trust	— $250 per $1,000 of sum insured
Other Group Term, Life and Health	— Nil

The Amount of Policies for policies denoted by special names or other policies and benefits not specifically mentioned in this Agreement will be as set forth in amendments to this Agreement or as determined by the Company.

"Paid For" (b) "Paid For" means the Amount of Policies on which payment of the full first policy year's premium has been collected and deposited in the Company's Account

"Net Paid" (c) "Net Paid" means Paid For less the Amount of Policies that have become Paid For and then have been continued as paid up or extended insurance or terminated before payment of the full second policy year's premium has been made, plus reinstatements of such terminations

"Persistency Score" (d) "Persistency Score" means Net Paid less the Amount of Policies that have become Net Paid and then have been continued as paid up or extended insurance or terminated before payment of the full third policy year's premium has been made, plus reinstatements of such terminations

Paid For Bonus 8 Paid For Bonus will be paid monthly by the Company to the General Agent at the rate of $3.00 per $1,000 of that month's Paid For (excluding Group and Disability Insurance policies.)

Group Bonus 9 Bonus will be paid monthly by the Company to the General Agent at the rate of $3.00 per $1,000 of the Amount of Policies for individual applications secured through the General Agent for Group Ordinary Life Insurance (Plan B) and for Group Deposit Accumulation policies after the first three months' premiums have been paid to the Company in respect of such applications, except that no bonus will be payable in respect to individual applications where the enrolment has been arranged by the Company at the request of the General Agent.

Net Paid Bonus 10 Net Paid Bonus will be paid monthly by the Company to the General Agent at the rate of $3.50 per $1,000 of that month's Net Paid (excluding Disability Insurance policies).

Quality Volume Bonus 11 Quality Volume Bonus will be paid by the Company to the General Agent calculated at December 10th of each year, provided this Agreement is then in force, according to the Schedule below

Net Paid Since December 10th of the Previous Year	Bonus per $1,000 of Net Paid
$2,000,000 and less than $3,000,000	$1.00
$3,000,000 and less than $4,000,000	$2.00
$4,000,000 and less than $5,000,000	$3.00
$5,000,000 and over	$3.50

Persistency Bonus 12 Persistency Bonus will be paid by the Company to the General Agent calculated at December 10th of each year, provided this Agreement is then in force and provided this and any terminated Agreement between the General Agent and the Company have been in effect for four consecutive years, according to the Schedule below:

Persistency Score since December 10th of the previous year	Bonus per $1,000 of Persistency Score
On the first $5,000,000	$0.00
On the next $2,500,000	$1.00
On the next $2,500,000	$2.00
On the next $5,000,000	$3.00
On the next $5,000,000	$4.00
In excess of $20,000,000	$5.00

Policy Replacements 13. Where a new policy is issued and a policy or rider on the same life, or owned by the same policyholder, terminates within 36 months of such new issue, or is subjected to the exercise of a non forfeiture option or is subjected to substantial borrowing within twelve months before or after the effective date of such new policy, the Company may reduce the rates of commission under Provision 6 and the Amount of Policies under Provision 7 of such new policy.

Currency and Place of Payment 14. All amounts payable under this Agreement will be payable in the respective currencies of the policies at the Company's place of business in the territory defined in Provision 4, subject to any foreign exchange regulations. For the purpose of Provision 7, the Amount of Policies issued in currencies other than United States Dollars will be converted to United States Dollars at rates of exchange determined by the Company from time to time

Premium Refunds 15. If for any reason the Company refunds any premiums, the General Agent will immediately refund to the Company the commissions and bonuses received by the General Agent with respect to such premiums. This shall include any premium refunds made under the Experience Rating Provision in Group policies.

Medical Examinations — Applications 16. The Company will pay medical fees as authorized by its regulations. Medical examinations will be made only by such medical examiners as are authorized by the Company. All applications secured by the General Agent for life insurance or other contracts as may be issued by the Company, together with any medical examinations and other reports, will be delivered to the Company whether the applications are proceeded with or not.

Supplies 17. The Company will supply such canvassing and other material as it may consider necessary and all such material will remain the property of the Company and will be returned on demand.

Advertising 18. No advertisement will be published or broadcast and no printed matter concerning the Company will be issued or circulated by the General Agent or his/her brokers or agents unless specifically authorized in writing by the Company.

Bond 19. The General Agent agrees to assist the Company in obtaining coverage under its bond in such amounts as the Company may consider necessary, bonding the General Agent, his/her brokers or agents and employees in favour of the Company. Such coverage will relate only to any loss which the Company may sustain by reason of the acts of the General Agent, his/her brokers or agents and employees. The General Agent agrees to indemnify the Company against any loss which it may sustain by reason of his/her acts or the acts of his/her brokers or agents and employees.

License 20. The General Agent will comply with the licensing and all other requirements for doing business.

Limitation of Authority 21. The General Agent will have no authority to waive any forfeiture or in any way modify or alter an application or policy nor will the General Agent have any power to bind the Company by making any promise, interpretation or representation.

Waiver 22. The failure of the Company to insist upon strict performance of any of the terms and conditions herein will not be construed as a waiver of such terms and conditions.

Assignment 23. The General Agent agrees not to assign this Agreement or any sums payable hereunder unless authorized in writing by the Company.

Litigation 24. Neither the General Agent nor his/her brokers or agents will institute legal proceedings in connection with any transaction between any applicant or policyholder and the Company unless authorized in writing by the Company.

Expenses 25. No expenses or charges made or authorized by the General Agent will be payable by the Company, other than those specifically provided by this Agreement.

Indebtedness 26. Any indebtedness or other obligation of the General Agent to the Company will be a first charge and lien against any amounts payable or which may become payable to the General Agent under this Agreement.

Records 27. All records, letters or other documents relating to the business to be transacted under this Agreement will be open to inspection by the Company at any time, and, at the termination of this Agreement, will be turned over to the Company together with any other of the Company's property then in the General Agent's possession.

Breach 28. Breach of any of the provisions of this Agreement or amendment thereto, or regulations of the Company will entitle the party not committing the breach to terminate this Agreement without notice, such termination being effective immediately on mailing a registered letter to that effect addressed to the party entitled to the notice at the party's last known address.

Automatic Terminations

29. This Agreement will terminate automatically on the happening of any of the following:

(a) The death of the General Agent.

(b) If the General Agent is a Corporation, termination of its corporate existence.

(c) The termination of the General Agent's license as a life insurance agent.

(d) Termination of the General Agent's coverage under the Company's bond.

Other Terminations

30. This Agreement may be terminated on one month's notice by either party and such notice will be deemed to have been given when a registered letter containing the notice is mailed addressed to the party entitled to the notice at the party's last known address.

Termination Benefits

31. If this Agreement is terminated and not replaced by a new Agreement between the General Agent and the Company, the Company will pay to the General Agent, if living, otherwise to his/her heirs, successors or assigns:

— First Year and Renewal Commissions

(a) First year commissions according to Provision 6, and renewal commissions according to Provision 6 on the premiums of the second to tenth policy years less a Collection Fee according to the schedule below on policies which remain in force without lapse and on which premiums have fallen due and been collected and deposited in the Company's Account.

TYPES OF POLICIES	AMOUNT OF COLLECTION FEE
Group Term Life, Health and Annuity Policies	commissions specified as payable in Provision 6
Group Ordinary Life Policies (Plan B) and Group Deposit Accumulation Policies	1% of the renewal premiums paid subsequent to the end of the first policy year
	5% of the renewal premiums paid subsequent to the end of the tenth policy year for applicants who made application after the effective date of the master group policy.
For all other policies.	
(i) If termination by the Company under Provision 28	3% of premiums (2% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 5% of premiums for Disability Insurance policies).
(ii) If termination for any other reason with Policies in Force (excluding group policies) at the time of termination of:	
Less than $10,000,000	3% of premiums (2% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 5% of premiums for Disability Insurance policies).
Between $10,000,000 and $20,000,000	2% of premiums (1% of premiums for Retirement Annuity and Flexible Premium Retirement Annuity policies, 4% of premiums for Disability Insurance policies).
Over $20,000,000	1% of premiums (3% of premiums for Disability Insurance policies).

"Policies in Force" means the Amount of Policies (as defined in Provision 7) for policies resulting from applications secured through the General Agent during the continuance of this Agreement (and any terminated Agreement) between the General Agent and the Company, which are in force at the time of termination.

— Paid For Bonus (b) Paid for Bonus according to Provision 8 on the Amount of Policies which remain in force without lapse.

— Net Paid Bonus (c) Net Paid Bonus according to Provision 10. Similarly, the General Agent if living, otherwise his/her heirs, successors or assigns, will pay the Company an amount calculated in the same manner at the rate of $3.50 per $1,000 Net Paid if the Net Paid is a negative amount.

— Quality Volume Bonus (d) Quality Volume Bonus on the Net Paid calculated at December 10th of the year of termination and of subsequent years if the General Agent earned a Quality Volume Bonus as at December 10th of the year prior to termination. The amount will be calculated using the same rate of Quality Volume Bonus as was earned for the year prior to termination. Similarly, the General Agent if living, otherwise his/her heirs, successors or assigns, will pay the Company an amount calculated in the same manner at this same rate if the Net Paid is a negative amount.

Brokers' or Agents' Endorsed Agreements 32. Where the Company has endorsed an Agreement between the General Agent and a broker or agent, the General Agent, if living, otherwise his/her heirs, successors or assigns, agrees to reimburse the Company for any amounts paid by the Company under such endorsement and authorizes the Company to deduct any payments so made from any amounts due the General Agent, his/her heirs, successors or assigns.

Signed by the General Agent at ..... this 22 day of 19 77

Witness

AGENCY HOLDING CORPORATION

General Agent

Signed by the Company at Toronto, Canada, this ..... day of AUG 24 1977 19 ....

CROWN LIFE INSURANCE COMPANY

Countersigned

Authorized Officer

Authorized Officer

Authorized Officer

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COLLECTION AGREEMENT

MEMORANDUM OF AGREEMENT between ..... AGENCY HOLDING CORPORATION ..... herein called "the General Agent" and Crown Life Insurance Company, herein called "the Company".

1. This agreement will be effective from ..... March 16th, 1977 .....

2. The Company appoints the General Agent to collect premiums and other amounts on policies which were in force prior to March 16th, 1977 ..... in trust for the Company and to deposit the amounts so collected in the name of the Company in a bank account designated by the Company.

3. The Company will pay the General Agent as a Collection Fee a percentage of premiums collected as follows:

	In the second to tenth policy years	In the eleventh and subsequent policy years
Disability Insurance	1%	2%
Retirement Annuity	1%	2%
Other Policies	1%	3%

4. Expenses incurred with respect to such collections will be borne by the General Agent.

5. The General Agent agrees to maintain the office records required by the Company, which records are and will remain the property of the Company, and on all such designated policies, to render service to policyholders and to conserve the Company's business.

6. The policies covered by this agreement will not form part of the "policies in force" under provision 31 of the General Agency Agreement between the Company and the General Agent dated March 16th, 1977 and this Agreement will terminate on termination of that Agreement.

Signed by the General Agent at Chicago, Ill. ..... this 5th ..... day of May 19 77

Jean A. Hendrix
Witness

AGENCY HOLDING CORPORATION
Bruce M. Pennington, Pres.
General Agent

Signed by the Company at Toronto, Canada, this ..... day of JUL 18 1977 19

CROWN LIFE INSURANCE COMPANY

Countersigned

C. Y. M. Bardens
Authorized Official

Authorized Official

Authorized Official

8 3 0 4 0 4 3 2 7 3 5

UNITED STATES INCORPORATED GENERAL AGENTS' FINANCING AGREEMENT FOR AGENTS

CROWN LIFE INSURANCE COMPANY

MEMORANDUM OF AGREEMENT, between .....Agency Holding Corporation

..... herein called "the General Agent", and the CROWN LIFE INSURANCE COMPANY, herein called "the Company".

1. The Company agrees to make advances to the General Agent, as may be approved by the Company from time to time so that the General Agent in turn may make similar advances to his agents against the anticipated earnings of such agents in respect to policies issued by the Company, which advances, including any amounts advanced previously for the same purposes, shall be debited to the General Agent's Agents' Financing Account.

2. The General Agent agrees to pay to the Company and hereby authorizes the Company to retain and credit to the Agents' Financing Account the first year and renewal commissions and any other amounts which any agents has agreed to pay to the General Agent in accordance with the Financing Agreements between such agents and the General Agent, copies of which are to be filed with the Company.

3. The General Agent agrees, if the amount debited to the Agents' Financing Account be greater than the amounts credited, to pay such balance to the Company on demand.

4. The General Agent agrees to assign to the Company, upon request, all such Financing Agreements, notes or other documents relating to any financing of his agents.

Signed by the General Agent at ..... this ..... day of ..... 19..

Witness

Agency Holding Corporation

Pres.

General Agent

I, K. P. Craig ..... hereby guarantee the obligation of Agency Holding Corporation

General Agent

Name of Corporation

under this Agreement.

Witness

General Agent

Signed by the Company at Toronto, Canada, this ..... day of 1977 19

Countersigned:

..... Authorized Officer

..... Authorized Officer

..... Authorized Officer

Form E0121B-1

8 3 0 4 0 4 3 2 7 3 5

October 8, 1980

Mr. K. P. Craig,
General Agent,
Agency Holding Corporation,
Suite 1700,
208 South LaSalle Street,
CHICAGO, Illinois. 60604

Dear Mr. Craig:

Re: Furniture Loan - Minneapolis Agency

With reference to your letter dated September 25, 1980 to Mr. C. R. Lloyd, I am attaching a check payable to Crown Associates of Minneapolis Inc. in the amount of $179.97 which is in addition to the Minneapolis Agency furniture loan.

There will be no change in the current Furniture Loan Repayment Method of $475.00 per month from the Minneapolis financing cheque.

I am also attaching a Promissory Note and a UCC-1 form. Please sign both of these forms and return them to my attention at your earliest convenience.

Upon receipt of the signed forms, I will have the UCC-1 form approved by the proper Home Office authority, and returned to you for registration. This form is to be registered with the Registrar of Deeds in the County where your office is located.

I trust this is satisfactory.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department,
U.S. & Caribbean.

:sm/Att'd.

c.c. Mr. W. J. Buchan, Regional Agency Superintendent.
Mrs. I. Kyrantas, Supervisor, Agency Administration Department,
U.S. & Caribbean.

October 20, 1980.

Mr. K. P. Craig,
Agency Holding Corporation,
General Agent,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Dear Mr. Craig:

Re: Furniture Loan - Peoria Agency

With reference to Nadine M. Hnatysko's reply memo dated September 15, 1980, I am attaching a check payable to Kerry P. Craig & Associates in the amount of $3,964.75 which is an addition to your Furniture Loan for Peoria.

The current Furniture Loan repayment method will increase to $186.66 per month from the financing cheques.

I am also enclosing a Promissory Note and a UCC-1 form. Please sign both of these forms, and return the Promissory Note to me.

Please have the UCC-1 form registered with the Recorder of Deeds in the county where the Peoria Agency office is located. After registration of this loan, please send copy 3 of the registered UCC-1 form to my attention for our records.

I trust this is satisfactory.

Yours truly,

R. J. Jeffrey,
Section Supervisor,
Agency Administration Department.
(U.S. & Caribbean)

:lm/Encl.

c.c. Mr. A. W. Thomas, Agency Vice-President (United States).
Mrs. I. Kymentes, Supervisor, Agency Administration Department.
(U.S. & Caribbean).

8304043273 1

October 20, 1980.

Mr. E. F. Craig,
Agency Holding Corporation,
General Agent,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Dear Mr. Craig:

Re: Furniture Loan - Chicago Agency

With reference to Nadine M. Kwatynka's Reply Memo dated September 17, 1980, I am enclosing a check payable to Agency Holding Corporation for $366.37 which is an addition to your Furniture Loan.

There will be no change in the current Furniture Loan Repayment Method of $2,700.00 per month from the Chicago financing cheques.

A Promissory Note and a UCC-1 form are also enclosed. Please sign both of these forms and return the Promissory Note to me. Please send the UCC-1 form (after signature) to the Recorder of Deeds in the county where the Chicago Agency office is located for registration. After registration of this loan, please send copy 3 of the registered UCC-1 form to my attention for our records.

I trust this is to your satisfaction.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department.
(U.S. & Caribbean)

:lm

Encl.

c.c. Mr. A. W. Thomas, Agency Vice-President (United States).
Mrs. I. Symantas, Supervisor, Agency Administration Department.
(U.S. & Caribbean)

83040432765

10/NOV

October 24, 1980.

Mr. K. P. Craig,
General Agent,
Agency Holding Corporation,
Suite 1760,
208 South LaSalle Street,
CHICAGO, Illinois. 60604

Dear Mr. Craig:

Re: Furniture Loan - Colorado Agency

With reference to your letter dated September 23, 1980 to Mr. C. B. Lloyd, I am attaching a check payable to Crown Associates of Colorado Inc., in the am of $314.68 which is an addition to the Colorado Agency furniture loan.

There will be no change in the current Furniture Loan Repayment Method of $4 per month from the Colorado financing cheque.

I am also attaching a Promissory Note and a UCC-1 form. Please sign both of forms and return them to my attention at your earliest convenience.

Upon receipt of the signed forms, I will have the UCC-1 form approved by the proper Home Office authority, and returned to you for registration. This form is to be registered with the County Clerk and Recorder in the County where yo office is located.

As usual, I will require a copy of the registered UCC-1 form for my file afte registering with the proper government agency.

I trust this is satisfactory.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department,
U.S. & Caribbean.

rck/Att'd.

c.c.: Mr. A. W. Thomas, Agency Vice-President (United States)
Mrs. I. Kymantas, Supervisor, Agency Administration Department, U.S. & Caribbean.

8304045275

October 2, 1980.

Agency Holding Corporation,
General Agents,
Chicago.

Gentlemen:

Re: Special Loans

The enclosed cheques represent Special Loans for expenses not covered under advertising and promotion. These cheques are issued on the authorization of C.B. Lloyd, Senior Agency Vice-President. They have been split out as follows:

Crown Associates of Minneapolis Inc.	- $6,500.00
Crown Associates of Arizona Inc.	- $1,435.00
Agency Holding Corporation	- $5,028.00

Interest of 15% has been charged against these loans.

Please have the enclosed promissory note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department.
(Financing & Benefits)

:dra

Encls.

c.c. Mrs. Irena Kymantas, Supervisor, Agency Administration Department. U.S. & Caribbean.
Mr. C.B. Lloyd, Senior Agency Vice-President for The U.S.
U. S. Contract File

31/10

8304043275

October 16, 1980.

Agency Holding Corporation,
General Agents,
Crown Life Insurance Co.,
CHICAGO, Illinois.

Gentlemen:

Re: Special Loan - Kerry P. Craig & Associates - Peoria

We are pleased to enclose a cheque in the amount of $945.00 representing a Special Loan. Authorization for this Loan has been given by C. B. Lloyd, Senior Agency Vice-President for the United States.

Interest of 15% has been charged against his Loan.

As stated in your letter of October 15, the loan will be repaid from Q.V. Bonus at year-end.

Please have the enclosed promissory note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department,
Financing and Benefits.

:mo

Encl.

c.c. C. B. Lloyd, Senior Agency Vice-President.
Irene Kymantas, Supervisor, Agency Administration Department.
(United States & Carribean).
U.S. Contract File.

3304043275

October 20, 1980.

Agency Holding Corporation,
General Agents,
CHICAGO, Illinois.

Gentlemen:

Re: Special Advance

The enclosed checks represent Special Advances for a total of $39,500.00. Authorisation for these Advances has been given by C. B. Lloyd, Senior Agency Vice-President for the United States. They have been split out as follows:

Agency Holding Corporation - Agency 541 - $24,000.00
Agency Holding Corporation - Agency 206 - $5,000.00
Agency Holding Corporation - Agency 547 - $2,000.00
Agency Holding Corporation - Agency 549 - $1,500.00
Agency Holding Corporation - Agency 548 - $5,000.00
(Issued as one check for a total of $37,500.00)
Crown Associates of Colorado Inc. - Agency 296 - $1,000.00
Crown Agencies Inc. - Agency 317 - $1,000.00.

The Advances are to be repaid from bonus from the respective Agency.

Please have the enclosed non-interest bearing note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Wubert,
Financing Examiner,
Agency Administration Department,
Financing and Benefits.

:ck

Encl.

c.c.: C. B. Lloyd, Senior Agency Vice-President.
I. Kymantas, Supervisor, Agency Administration. United States and Caribbean
U.S. Contract File.

3304043227 5

October 22, 1980.

Agency Holding Corporation,
General Agent,
CHICAGO, Illinois. 60604

Gentlemen:

Re: Special Advance

I am attaching eight checks in payment of Special Advances for Travel for a total of $60,000.00. These advances were requested today by Mr. C. B. Lloyd, Senior Agency Vice-President for the United States. The following agencies and amounts have been charged:

Agency Holding Corporation - Agency 206 -	$ 6,000 } Combined check
Agency Holding Corporation - Agency 541 -	$ 6,000 }
Agency Holding Corporation - Agency 548 -	$ 6,000 }
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 3,000
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 6,000
Crown Agency Inc. - Agency 317 -	$ 3,000
Crown Assocs. of Minneapolis Inc. - Agency 331 -	$ 6,000
Agency Holding Corp. of Cleveland, Ohio - Agency 327 -	$12,000
Ehrman, Ratini, Oglesee & Craig Inc. - Agency 363 -	$ 6,000
Ehrman, Ratini, Oglesee & Craig Inc. - Agency 406 -	$ 6,000

The foregoing advances are to be repaid from bonus from the respective agencies.

Please have the enclosed non-interest bearing notes signed and returned at your earliest convenience.

I trust this is to your satisfaction.

Yours truly,

R. Jeffrey,
Section Supervisor,
Agency Administration Department.
U.S. & Caribbean

rog

Encl.

c.c. Mr. C. B. Lloyd, Senior Agency Vice-President for the United States.
Mrs. I. Kymantas, Supervisor, y Administration Department, U.S. & Caribbean.
✓B.B. Contract File.

8304043227 57

(FRONT)

$ 18,000.00 October 22, 19 80

I promise to pay on demand to the order of the Crown Life Insurance Company

---------- Eighteen Thousand ----------

xx/100 Dollars

with interest at Nil % per annum until paid

Value Received

Agency Holding Corporation

Special Advance, Agency 206 Chicago-AMPI, Agency 347 Chicago-MCD'S, Agency 348 Chicago-CKE

(BACK)

in consideration of an Advance being made to Agency Holding Corporation evidenced on the reverse side hereof by a promise to repay, we hereby guarantee in the event of default of repayment by the said Agency Holding Corporation to personally repay the amount owing under the terms of that promise.

Dated this 4th day of October 19 80

Pedro A. Cisneros

Gcc # 8039

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

202-638-0151

'82 JUN 30 P4:12

June 30, 1982

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W. 7th Floor
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Thomas:

The Federal Election Commission approved our request for an extension of time until June 30 in the above-referenced matter to respond to questions raised in its May 26 letter to us. The purpose of this letter is to respond to the Commission's questions to the extent possible based on the information that we have been able to develop.

FEC Question 1a. "for each individual who received a bonus or other payment (including loans) from any franchisee corporation of Crown Life . . . , the name of the corporation and the amounts involved."

The U.S. corporations that we represent only solicit purchase requests from customers either directly or through brokers. Sales are ultimately made directly by Crown Life to purchasing customers. The U.S. corporations do not purchase and resell Crown insurance. They also do not sell their own product under Crown's supervision. The U.S. corporations are independent general agents of Crown Life. Our use of the term "franchisee" should be construed accordingly.

PITTSBURGH OFFICE: 2900 GRANT BUILDING, PITTSBURGH, PA. 15219 412-288-7711 TWX 710-664-4290

8 3 0 4 0 4 3 2 7 6 8

1. Agency Holding Corporation (Chicago) --- $29,000.

   a. Maurice D. Kent -- $10,000

   b. Robert C. Oglevee -- $17,000

   c. William Preisser -- $1,000

   d. Robert Bernstein -- $1,000

2. Crown Agency Inc. (Toledo) --- $3,000.

   a. Maurice Kent --- $3,000

3. Crown Associates of Minneapolis, Inc. --- $6,000.

   a. Diane Pariano -- $5,000

   b. Nick Catrini -- $1,000

4. Ehrman, Ratini, Oglevee & Craig, Inc. (Pittsburgh) --- $12,000.

   a. Diane Pariano -- $12,000 [indicated on ledger sheet and promissory note, but we cannot locate cancelled check]

5. Agency Holding Corporation of Cleveland --- $12,000.

   a. Charles T. Smith -- $12,000

6. Crown Associates of Arizona, Inc. (Phoenix) --- $0.

7. Kerry P. Craig & Associates, Inc. (Peoria) --- $0.

8. Crown Associates of Colorado, Inc. (Denver) --- $9,000

   a. Charles T. Smith --- $5,000

   b. Maurice D. Kent -- $4,000

In further response to FEC Question la., the above list covers $71,000 of the $75,000 political contribution program that we brought to the Commission's attention. We have just learned that the remaining $4,000 apparently was paid as bonuses by Incotrav Corporation [208 South La Salle Street, Chicago, Illinois 60604] as follows: $2,000 to Jim Wright; $1,200 to Tom Masters; and $1,200 to Gary Holland. We are awaiting copies of the cancelled checks. We do not know why $1,200 (rather than $1,000) went to Masters and Holland. We presume that the $2,000 to Jim Wright was shared with Dolores Wright.

8 3 0 4 0 4 3 2 7 7 0

FEC Question 1b. "for each such individual [who received a bonus, etc.], that person's relationship to the corporation making the payment."

1. Maurice D. Kent

   a. $10,000 from AHC (Chicago) at which Kent is a Brokerage Manager.

   b. $3,000 from Crown (Toledo) at which Kent has no position.

   c. $4,000 from Crown (Denver) at which Kent apparently has no position. [We would like to pursue this further since it is possible that Kent may have had some position.]

2. Diane Pariano

   a. $5,000 from Crown (Minneapolis) at which Pariano is the Secretary.

   b. $12,000 from EROC at which Pariano is the Agency Supervisor (possibly also the Secretary).

Pariano is a Marketing Supervisor at Agency Holding Corporation (Chicago).

3. Charles T. Smith

   a. $12,000 from AHC (Cleveland) at which Smith has no position.

   b. $5,000 from Crown (Denver) at which Smith apparently has no position.

Smith was a Brokerage Manager at AHC (Chicago).

4. Robert C. Oglevee

   a. $17,000 from AHC (Chicago) at which Oglevee may have had a position at one time. [We would like to pursue this further.]

Oglevee is Secretary of EROC (Pittsburgh); President of AHC (Cleveland); and President of Crown (Toledo).

5. Robert Bernstein

   a. $1,000 from AHC (Chicago) at which Bernstein is a Brokerage Manager. [Designation of counsel form not yet received by us, although Bernstein has indicated a possible desire to retain us.]

8 3 0 4 0 4 3 2 7 7 1

In further response to FEC Question 1b., we have the following information regarding individuals who are not our clients: (i) Nick Catrini received $1,000 from Crown (Minneapolis) at which he has no position [he was a Brokerage Manager at AHC (Chicago)]; (ii) Willaim Priesser received $1,000 from AHC (Chicago) at which he is an Office Manager; (iii) Jim Wright received $2,000 from Incotrav Corporation at which he was the President (Dolores Wright had no position at that company); (iv) Tom Masters received $1,200 from Incotrav Corporation at which he is the Vice President for Sales; and (v) Gary Holland received $1,200 from Incotrav Corporation at which he is an Account Executive. As to (iii), (iv) and (v), we just learned that these monies apparently were paid by Incotrav; and we are awaiting copies of the cancelled checks.

FEC Question 1c. "the date on which the payment was made by the corporation to such person [who received a bonus, etc]."

Our records indicate that all payments were made on October 27, 1980.

FEC Question 1d. "the date (s) on which any promissory notes between such persons [who received a bonus, etc.] and the corporations were executed."

The promissory notes which are enclosed in response to FEC Question 1e. apparently were executed in January or February, 1981.

FEC Question 1e. "copies of each such promissory note."

The following promissory notes are attached:

a. Kent to Crown Agency, Inc. (Toledo), $3,000.

b. Pariano to Crown (Minneapolis), $5,000.

c. Preisser to AHC, $1,000.

d. Kent to AHC, $10,000.

e. Bernstein to AHC, $1,000.

f. Oglevee to AHC, $17,000.

3 3 0 4 0 4 3 2 7 7 2

g. Pariano to EROC, $12,000.

h. Smith to AHC, (Cleveland) $12,000.

i. Smith to Crown of Arizona [should have been to Crown (Denver)], $5,000.

j. Kent to Crown of Arizona [should have been to Crown (Denver)], $4,000.

In further response to FEC Question 1e., the above-described promissory notes cover $70,000 of the $75,000 political contribution program we brought to the Commission's attention. We have not been able so far to locate promissory notes for the remaining $5,000.

FEC Question 1f. "copies of each check or instrument by which [your clients] made a contribution . . . ."

We are attaching cancelled checks from our clients, Maurice D. Kent, Diane Pariano, Charles T. Smith and Robert C. Oglevee. The cancelled checks show that each of these four individuals gave $1,000 to the following seventeen (17) candidates or committees:

1. Texan's for Wright
2. Citizens for Brademas Committee
3. Udall for Congress
4. Johnson for Congress Committee
5. Burlison for Congress Committee
6. Mavroules for Congress Committee
7. Citizens for Kogovsek
8. Wolpe for Congress
9. Jim Shannon for Congress
10. Wenstrom for Congress Volunteer Committee
11. Bauman for Congress
12. Committee to Elect Senator Bob Wilson
13. Dorgan Campaign Committee

8 3 0 4 0 4 3 2 7 7 5

14. Dyson for Congress Committee

15. Committee to Elect Barney Frank to Congress

16. David Best for Congress

17. Democractic Campaign Fund

FEC Question 2. "The name and address of the unnamed 'Washington expert' [and] that person's relationship, if any, with any of the respondents."

The "expert" is Mr. Owen Marley, a Researcher on the Democratic Steering & Policy Committee, House Annex 1 Building [Old Congressional Hotel], Washington, D.C. 20515, 202/225-7187. To our knowledge, Mr. Marley is the uncle of Charles Smith, and Marley is not related to any of the other respondents. Since we do not have a home address for Mr. Marley, we would request as a courtesy that any communications from FEC staff to him at his office address be on a strictly confidential basis.

If the Commission has not already interpreted our voluntary submission as an indication of a desire to enter into conciliation, this letter will serve to advise the Commission of our express desire to conciliate this matter. We request that the staff promptly begin the conciliation process.

Our clients will be happy to meet with FEC staff at any mutually convenient time and place. Please call us to make the necessary arrangements, and we will respond promptly.

Very truly yours,

Roger M. Golden

RMG/ir
cc: John H. Bingler, Jr., Esquire

8 3 0 4 0 4 3 2 7 7 4

Re: MUR 1445

ATTACHMENT 1

Copies of promissory notes in response to FEC Question 1e.

8 3 0 4 0 4 3 2 7 7

$3,000.00 OCTOBER 27, 1980

M. KENT after date, for value received, the undersigned promises to Pay to the order of CROWN AGENCY INC at _____, the sum of THREE THOUSAND ONLY Dollars, with interest at the rate of ____ per cent per annum after _____ until paid.

(And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 41 Due DEMAND Maurice D Kent

CASCADE® L1-C3320 PRINTED IN U.S.A.

$5,000.00 OCTOBER 27 1980

DIANE FARANO after date, for value received, the undersigned promises to Pay to the order of CROWN OF MINNEAPOLIS at _____, the sum of FIVE THOUSAND — Dollars, with interest at the rate of ____ per cent per annum after _____ until paid.

(And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 43 Due DEMAND Diane Farano

CASCADE® L1-C3320 PRINTED IN U.S.A.

3 0 4 0 4 3 2 7 7 6

$1000.00 OCTOBER 27 1980

W. PREISSER after date, for value received, the undersigned promises to Pay to the order of HSENCY HOLDING CORP at _____, the sum of ONE THOUSAND — Dollars, with interest at the rate of ____ per cent per annum after _____ until paid.

(And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 44 Due DEMAND

CASCADE® L1-C3320 PRINTED IN U.S.A.

$1,000 00 OCTOBER 27 1980

L. KENT after date, for value received, the undersigned promises to Pay to the order of AGENCY HOLDING CORP at _____ the sum of TEN THOUSAND ONLY Dollars, with interest at the rate of ___ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 45 Due DEMAND Lawrence D. Kent

CASCADE® L1-C3320 PRINTED IN U.S.A.

$400 00 OCTOBER 27 1980

R. BERNSTEIN after date, for value received, the undersigned promises to Pay to the order of AGENCY HOLDING CORP at _____ the sum of ONE THOUSAND ONLY Dollars, with interest at the rate of ___ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 46 Due DEMAND Robert Bernstein

CASCADE® L1-C3320 PRINTED IN U.S.A.

$17,000 00 OCTOBER 27 1980

R. C. OGLEVEE after date, for value received, the undersigned promises to Pay to the order of AGENCY HOLDING CORP at _____ the sum of SEVENTEEN THOUSAND — Dollars, with interest at the rate of ___ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 47 Due DEMAND Robert C. Glover

CASCADE® L1-C3320 PRINTED IN U.S.A.

$ 12,000 — OCTOBER 27 1980

D. PARSONS after date, for value received, the undersigned promises to Pay to the order of EHRMAN, KATZ, OGLE, & CLARK at _____, the sum of TWELVE THOUSAND — Dollars, with interest at the rate of _____ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 48 Due DEMAND Dave Parsons

CASCADE® L1-C3320 PRINTED IN U.S.A.

$ 12,000 00 — OCTOBER 27 1980

C. SMITH after date, for value received, the undersigned promises to Pay to the order of AHC OF CLEV, OHIO at _____, the sum of TWELVE THOUSAND — Dollars, with interest at the rate of _____ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 49 Due DEMAND Charles R. Smith

CASCADE® L1-C3320 PRINTED IN U.S.A.

$5,000 00 — OCTOBER 27 1980

C. SMITH after date, for value received, the undersigned promises to Pay to the order of CROWN ASSOC OF ARIZONA at _____, the sum of FIVE THOUSAND Dollars, with interest at the rate of _____ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 50 Due DEMAND Charles R. Smith

CASCADE® L1-C3320 PRINTED IN U.S.A.

$ 4,000 00 OCTOBER 27 1980

M. KENT after date, for value received, the undersigned promises to Pay to the order of CROWN ASSOC OF ARIZONA at _____ the sum of FOUR THOUSAND _____ Dollars, with interest at the rate of ____ per cent per annum after _____ until paid.

(And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fee, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations herein shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 51 Due DEMAND

Janice D. Kent

CASCADE® L1-C3320 PRINTED IN U.S.A.

830401327 7

Re: MUR 1445

ATTACHMENT 2

Copies of checks in response to FEC Question 1f. Checks are from Maurice D. Kent, Robert C. Oglevee, Diane Pariano, and Charles T. Smith.

8 3 0 4 0 4 3 2 7 3 0

8 3 0 4 0 4 3 2 7 3 1

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

577

Oct 25 1980 2-3/710

Pay to the Order of Mauriceles for Congress Committee $1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted]

Maurice D. Kent

0577 ⑈0000100000[redacted]⑈

LITTON FINANCIAL PRINTING

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

576

Oct 25 1980 2-3/710

Pay to the Order of The Tenth District / Bureau for Congress Committee $1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted]

Maurice D. Kent

0576 ⑈0000100000[redacted]⑈

LITTON FINANCIAL PRINTING

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

575

October 25 1980 2-3/710

Pay to the Order of Johnson for Congress Committee $1,000.00/xx

One Thousand and No Dollars Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted]

Maurice D. Kent

0575 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

579

October 25 1980 2-3/710

Pay to the Order of Citizens for Kessinger $1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

⑆0710002233⑆

memo Political Donation [redacted]

Maurice D. Kent

0579 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

8 3 0 4 0 4 3 2 7 8 1

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

582

Oct 25 1980 2-3/710

Pay to the Order of Wolpe for Congress $ 1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0582 ⑈0000 1000[redacted]⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

581

October 25 1980 2-3/710

Pay to the Order of Jim Shannon for Congress $ 1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0581 ⑈0000 1000[redacted]⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

580

October 25 1980 2-3/710

Pay to the Order of Wolpe for Congress $ 1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0580 ⑈0000 100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

583

Oct 25 1980 2-3/710

Pay to the Order of Shannon for Congress $ 1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0583 ⑈0000 100000⑈

8 3 0 4 0 4 3 2 7 8

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

586

Oct 25 1980 2-3/710

Pay to the Order of Dyson for Congress Committee $ 1,000.00

One Thousand Dollars and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0586 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

585

October 25 1980 2-3/710

Pay to the Order of Dorgan Congress Committee $ 1,000.00

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation 10/25/80 [redacted] Maurice D. Kent

0585 ⑈0[illegible]100[illegible]⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

584

Oct 25 1980 2-3/710

Pay to the Order of Committee to Elect Senator Bob Wilson $ 1,000.00

One Thousand Dollars and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0584 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

587

Oct 25 1980 2-3/710

Pay to the Order of Committee to Elect Senator Charles H. Percy $ 1,000.00

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0587 ⑈0000100000⑈

8 3 0 4 0 4 3 2 7 3 4

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

590

Oct 25 80 2-3/710

Pay to the Order of Democratic Campaign Fund $ 1,000.00/xx

One Thousand Dollars and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0590 ⑈0000 1000[redacted]⑈

LITHO FINANCIAL PRINTING

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

589

Oct 25 80 2-3/710

Pay to the Order of Udall for Congress $ 1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0589 ⑈0000 100[redacted]0⑈

LITHO FINANCIAL PRINTING

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

588

Oct 25 80 2-3/710

Pay to the Order of Paul Sarbanes for Congress $ 1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0588 ⑈0000 100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

591

Oct 25 80 2-3/710

Pay to the Order of Citizens for Brandemuehl Committee $ 1,000.00/xx

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] Maurice D. Kent

0591 ⑈0000 100000⑈

LITHO FINANCIAL PRINTING

3 3 0 4 0 4 3 2 7 8 3

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

59

Oct 25 1976 2-3/710

Pay to the Order of Citizens for Wright — $1,000 00/xx

One Thousand Dollars and No Cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation [redacted] [redacted] 0592 ⑈0000100000⑈

Maurice D. Kent

LITTON FINANCIAL PRINTING

8 3 0 4 0 4 3 2 7 8 6

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

279

25 OCT 19 80 — 8-26/430

PAY TO THE ORDER OF Johnson For Congress Committee $1000.00

One Thousand and — NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Oglevee

[redacted] 0279 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

280

25 OCT 19 80 — 8-26/430

PAY TO THE ORDER OF The Tenth District Burlison For Congress $1000.00

One Thousand and — NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Oglevee

[redacted] 0280 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

289

25 OCT 19 80 — 8-26/430

PAY TO THE ORDER OF Dyson For Congress Committee $1000.00

One Thousand and — NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Oglevee

[redacted] 0289 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

277

25 Oct 19 80 — 8-26/430

PAY TO THE ORDER OF Citizen's For Brademas Committee - $1000.00

One Thousand and — NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Oglevee

[redacted] 0277 ⑈0000100000⑈

PITTSBURGH, PA. 15222

25-Oct 19 80 — 8-26/430

PAY TO THE ORDER OF Mavroules For Congress Committee $1000.00

One Thousand and — NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

[redacted] 0281 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

288

25 OCT 1980 8-26/430

PAY TO THE ORDER OF DORGAN CAMPAIGN COMMITTEE $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

Robert C. Oglevee

[redacted] 0288 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

RETURNED NOT PAID
25 NOV
Mellon Bank N.A.
ENDORSEMENT

PAY TO THE ORDER OF COMMITTEE TO ELECT BLAKE FOR DEBATE $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C. Oglevee

[redacted] 0287 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

276

RETURNED NOT PAID
BY Mellon Bank N.A.
ENDORSEMENT

PAY TO THE ORDER OF TEXAN'S FOR $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C. Oglevee

[redacted] 0276 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

286

26 OCT 1980 8-26/430

PAY TO THE ORDER OF BAUMAN FOR CONGRESS $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

Robert C. Oglevee

[redacted] 0286

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301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

27 OCT 1980 8-26/430

PAY TO THE ORDER OF CITIZENS FOR ROGOVSEK $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C. Oglevee

[redacted] 0282 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

283

25 OCT 1980 8-26/430

PAY TO THE ORDER OF WOLFE FOR CONGRESS $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C. Oglevee

[redacted] 0283 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

292

25 OCT 1980 8-26/430

PAY TO THE ORDER OF DEMOCRATIC CAMPAIGN FUND $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C. Oglevee

[redacted] 0292 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

278

25 OCT 1980 8-26/430

PAY TO THE ORDER OF UDALL FOR CONGRESS $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C. Oglevee

[redacted] 0278 ⑈0000100000⑈

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9 3 0 4 0 4 3 2 7 3 9

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

290

25 OCT 1980

8-26
430

PAY TO THE ORDER OF Committee to Elect Barney Frank to Congress $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Ogleve

[redacted] 0290 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

291

25 OCT 1980

8-26
430

PAY TO THE ORDER OF DAVID BEST FOR CONGRESS $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Ogleve

[redacted] 0291 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

285

25 OCT 1980

8-26
430

PAY TO THE ORDER OF WENSTROM FOR CONGRESS Volunteer Committee 1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Ogleve

[redacted] : [redacted] 0285 ⑈0000100000⑈

ROBERT C. OGLEVEE
SANDRA M. OGLEVEE
301 - 5TH AVE. BLDG.
PITTSBURGH, PA. 15222

284

25 OCT 1980

8-26
430

PAY TO THE ORDER OF Jim SHANNON FOR CONGRESS $1000.00

ONE THOUSAND and NO/100 DOLLARS

FARMERS BANK OFFICE
Mellon Bank N.A.
Pittsburgh, Pennsylvania

MEMO

Robert C Ogleve

[redacted] 0284

8 3 0 4 0 4 3 2 7 9 0

8 3 0 4 0 4 3 2 7 9 1

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

323

⑆830403⑈ 792

Oct 25 1980

2-3
710

Pay to the Order of Citizens for Dirksen $ 1000.00

One thousand Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

⑆024092334

Diane Pariano

MEMO

[redacted] [redacted]

⑈0323⑈ ⑆0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

8 3 0 4 0 3 2 4 7 0 3

Oct 25 1980

2-3
710

Pay to the Order of Help for Congress $ 1000.00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

MEMO [redacted]

Diane Pariano

0324 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

330403253 794

Oct 25 1986

2-3
710

Pay to the Order of Jan Schakowsky for Congress $ 1000.00

One thousand Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] [redacted] 0325 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

230403263 7 9 5

Oct. 25 19 80

2-3
710

Pay to the Order of Literature for Congress $ 1000.00

One thousand Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] 0326 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

830403275 7 0 6

Oct 25 19 80

2-3
710

Pay to the Order of Friends for Congress $ 1500.00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

820135407

Diane Pariano

[redacted] 0327 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

8 3 0 4 0 3 2 8 3 2 7 0 7

Oct 25 19 80

2-3
710

Pay to the Order of Committee to Elect Senator Dick Williams 100 00

One Hundred Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] 0328 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

329

Feb 30 19 81

2-3
710

Pay to the Order of Jerzon Campaign Committee $1000 00

One thousand dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano ✓

memo [redacted]

0329 ⑈000010000⑈

LITHOS FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

8 3 0 4 0 0330 7 9 9

Oct 25 19 86

2-3
710

Pay to the Order of Dyson for Congress Committee $ 1000.00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

For

Diane Pariano

MEMO [redacted]

0330 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

8 3 0 4 0 4 3 1 8 0 0

Oct 25 19 80

2-3
710

Pay to the Order of Committee to Elect Jerry Frank to Congress 1000 00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] 03

⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

332

830403 2801

Oct 25 19 80

2-3
710

Pay to the Order of David Roberts for Congress $ 1000.00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

MEMO [redacted]

0332 ⑈000010000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

830403332802

Oct 25 19 86

2-3
710

Pay to the Order of Friends for Congress $ 1000.00

One Thousand Dollars and no Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] [redacted] 0333 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

830403 334 8 0 0

Oct. 25 ok

2-3
710

Pay to the Order of: Democratic Campaign Fund $ 1032.03

One thousand thirty two and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

MEMO

Diane Pariano

[redacted] 0334 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

83040 335 180

Oct 75 [illegible]

2-3
710

Pay to the Order of Citizens for Gradenas Committee $ 100.00

One hundred dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] 0335 ⑈0000100000⑈

LUTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

336

⑧3040432⑧0

Oct 25 80

2-3
710

Pay to the Order of Isaac Wright $ 1000.00

One Thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] [redacted] 0336 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

337

830403 806

Oct 25 19 80

2-3
710

Pay to the Order of Ms. Ann Alstrid/Election to Congress $ 100 00

Cox, Miller

One Hundred Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

[redacted] 0337 ⑈0000100000⑈

LITHO FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

8 3 0 4 0 4 3 8 2 3 0 7

338

Oct. 25 19 80

2-3
710

Pay to the Order of Illinois Democratic Congressional Committee $ 1000.00

One Thousand Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

MEMO [redacted]

Diane Pariano

[redacted] 0338 ⑈0000100000⑈

LITHOS FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

830403398

339

Oct 25 19 86

2-3
710

Pay to the Order of Friends of Congress Committee $ 1000.00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

MEMO

Diane Pariano

[redacted] [redacted] 0339 ⑈0000100000⑈

LITTON FINANCIAL PRINTING

8 3 0 4 0 4 3 2 3 0 9

8304043281 0

CHARLES T. SMITH

2293 09 11-03-80 1 5 U U 1 1 /114

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Marvin Leibler for Congress Committee $1000 7/10

One Thousand Dollars and 10 Cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0114 "0000100000"

CHARLES T. SMITH 119

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Bauman for Congress — $1000 7/10

One Thousand Dollars and 10 Cent — DOLLARS

2127 09 11-05-80 1 5 820438408

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0119 "0000100000"

CHARLES T. SMITH 113

Oct 25 1980 2-54/710

PAY TO THE ORDER OF The Ben Gilman Democratic Business Men Congress Committee $1000 7/10

One Thousand Dollars and 10 Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO 2417 09 11-07-80 3 7

Charles T. Smith

[redacted] [redacted] 0113 "0000100000"

CHARLES T. SMITH 121

2553 09 11-13-80 2571 [illegible]

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Dryan Campaign Committee $1000 7/10

One Thousand Dollars and 10 Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0121 "0000100000"

8 3 0 4 0 4 3 2 8 1 1

CHARLES T. SMITH

110

Oct 25 1950

2.54
710

PAY TO THE ORDER OF City [illegible] Bridge Committee [illegible]

One Thousand Dollars and No Cents DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

[redacted]

[redacted]

Charles T. Smith

0110 ⑈0000100000⑈

CHARLES T. SMITH 123

2807 03 10-30-80 2 8 [illegible]

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Committee to elect Barney Frank for Congress $ 1000 00/100

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0123 ⑈0000100000⑈

CHARLES T. SMITH 117

2804 03 10-30-80 1 7 [illegible]

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Jean Shaheen for Congress $ 1000 00/100

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0117 ⑈0000100000⑈

CHARLES T. SMITH 116

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Wolpe for Congress — $ 1000 00/100

One Thousand Dollars and no Cent — DOLLARS

[illegible]

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0116 ⑈0000100000⑈

CHARLES T. SMITH 109

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Peters for Wright — $ 1,000 00/100

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0109 ⑈0000100000⑈

3304043281 2

CHARLES T. SMITH

115

Oct 25 19 80

2-54
710

PAY TO THE ORDER OF Citizens Pro Kogovsek $1000 00/100

One Thousand Dollars and no cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0115 "0000100000"

CHARLES T. SMITH

122

Oct 25 19 80

2-54
710

PAY TO THE ORDER OF Dyjsen For Congress Committee $1000 00/100

One Thousand Dollars and no cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0122 "0000100000"

CHARLES T. SMITH

112

Oct 25 19 80

2-54
710

PAY TO THE ORDER OF Johnson For Congressional Committee $1000 00/100

One Thousand Dollars and no cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0112 "0000100000"

CHARLES T. SMITH

111

Oct 25 19 80

2-54
710

PAY TO THE ORDER OF Udall For Congress — $1,000 00/100

One Thousand Dollars and no cent — DOLLARS

30831 01988

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0111 "0000100000"

8 5 0 4 0 4 3 2 8 1 3

CHARLES T. SMITH

125

Oct 25 19 80

2-54
710

PAY TO THE ORDER OF Dave Conti Campaign Fund $ 1000 00/100

One thousand Dollars and no cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0125 ⑈0000100000⑈

CHARLES T. SMITH

124

Oct 25 19 80

2-54
710

PAY TO THE ORDER OF David Bury for Congress $ 1000 00/100

One thousand Dollars and no cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0124 ⑈0000100000⑈

CHARLES T. SMITH

118

3082 Oct 25 19 80

2-54
710

PAY TO THE ORDER OF Vern Ivan for Congress Volunteer Committee $ 1000 00/100

One thousand Dollars and no cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0118 ⑈0000100000⑈

CHARLES T. SMITH

120

Oct 25 19 80

2-54
710

PAY TO THE ORDER OF Committee to Elect Sister Bob Wilson $ 1000 00/100

One thousand Dollars and no cent — DOLLARS

3083 1702004

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

[redacted] [redacted] 0120 ⑈0000100000⑈

3304043281

8 3 0 4 0 4 3 2 8 1 5

LAW OFFICES OF
THORP, REED & ARMSTRONG
1575 EYE STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W. 7th Floor
Washington, D.C. 20463

8080

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Emery J. Homor

ADDRESS: 1955 Raymond Drive, Northbrook, IL. 60062

TELEPHONE: (312) 480-0444

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

June 28, 1982
Date

Thomas C. Masters
Signature

NAME: Thomas C. Masters

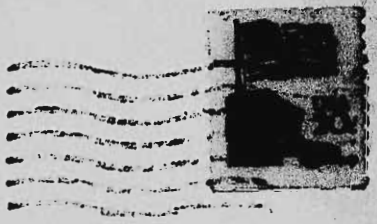
ADDRESS: 72 East Elm Street, Chicago, IL. 60611

HOME TELEPHONE: (312) 280-8815

BUSINESS TELEPHONE: (312) 435-7950

8304032816

TRAVEL MANAGEMENT, INC.
310 South Michigan Avenue • Chicago, Illinois 60604



Federal Election Commission
Washington, D.C. 20463

8 3 0 4 0 4 3 2 0 3 1 7

01984 GCC #8064

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
(312) 726-4646

THOMAS W. RIECK
JEROME F. CROTTY

JAMES G. WIARD
RONALD P. DUPLACK
MARC J. BIAGINI

June 28, 1982

Mr. Gary W. Holland
2214 North Sedgwick
Chicago, Illinois 60614

In re Federal Election Commission
Matter Under Investigation No. 1445

Dear Mr. Holland:

The Federal Election Commission requires that you provide them with a Statement of Designation of Counsel with our representation of you during the pending investigations. Consequently, please execute the enclosed duplicate copies of this correspondence and return them directly to Stephen H. Mims in the envelope provided.

Very truly yours,

RIECK AND CROTTY, P.C.

Jerome F. Crotty

Jerome F. Crotty

JFC:gl
Enclosures

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Jerome F. Crotty, Esq., RIECK AND CROTTY, P.C.
ADDRESS: 55 West Monroe Street, Suite 3660, Chicago, Illinois 60603
TELEPHONE: (312) 726-4646

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

Date: June 30, 1982 Gary W. Holland
Signature

NAME: Gary W. Holland
ADDRESS: 2214 North Sedgwick, Chicago, Illinois 60614
HOME TELEPHONE: 935-7843 BUSINESS TELEPHONE: 266-0001

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE-55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
(312) 726-4646

THOMAS W. RIECK
JEROME F. CROTTY

JAMES G. WIARD
RONALD P. DUPLACK
MARC J. BIAGINI

June 28, 1982

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Chicago, Illinois 60614

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RIECK AND CROTTY, P.C.

Jerome F. Crotty

JFC:gl
Enclosures

8 3 0 4 0 4 3 2 8 1 9

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Jerome F. Crotty, Esq., RIECK AND CROTTY, P.C.
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Signature

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RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
(312) 726-4646

THOMAS W. RIECK
JEROME F. CROTTY

JAMES G. WIARD
RONALD P. DUPLACK
MARC J. BIAGINI

June 28, 1982

Mr. Gary W. Holland
2214 North Sedgwick
Chicago, Illinois 60614

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Matter Under Investigation No. 1445

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RIECK AND CROTTY, P.C.

Jerome F. Crotty

JFC:gl
Enclosures

9 3 0 4 0 4 3 2 8 2 0

STATEMENT OF DESIGNATION OF COUNSEL

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ADDRESS: 55 West Monroe Street, Suite 3660, Chicago, Illinois 60603
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Signature

NAME: Gary W. Holland
ADDRESS: 2214 North Sedgwick, Chicago, Illinois 60614
HOME TELEPHONE: 935-7843 BUSINESS TELEPHONE: 266-0001

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603

8 9 0 4 0 4 3 2 9 8

Mr. Stephen H. Mims
Federal Election Commission
Washington, D.C. 20463

80957 GCCH 8053

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
(312) 726-4646

THOMAS W. RIECK
JEROME F. CROTTY

JAMES G. WIARD
RONALD P. DUPLACK
MARC J. BIAGINI

June 28, 1982

2 JUL 2 P1:57

Ms. Dolores Jean Wright
1310 Ritchie Court
Chicago, Illinois 60610

In re Federal Election Commission
Matter Under Investigation No. 1445

Dear Ms. Wright:

The Federal Election Commission requires that you provide them with a Statement of Designation of Counsel with our representation of you during the pending investigations. Consequently, please execute the enclosed duplicate copies of this correspondence and return them directly to Stephen H. Mims in the envelope provided.

Very truly yours,

RIECK AND CROTTY, P.C.

Jerome F. Crotty

JFC:gl
Enclosures

8 3 0 4 0 4 3 2 8 2

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Jerome F. Crotty, Esq., RIECK AND CROTTY, P.C.
ADDRESS: 55 West Monroe Street, Suite 3660, Chicago, Illinois 60603
TELEPHONE: (312) 726-4646

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

Date: 6-29-82 Dolores Jean Wright
Signature

NAME: Dolores Jean Wright
ADDRESS: 1310 Ritchie Court, Chicago, Illinois 60610
HOME TELEPHONE: 649-1683 BUSINESS TELEPHONE: 443-2724

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
(312) 726-4646

THOMAS W. RIECK
JEROME F. CROTTY

JAMES G. WIARD
RONALD P. DUPLACK
MARC J. BIAGINI

June 28, 1982

Ms. Dolores Jean Wright
1310 Ritchie Court
Chicago, Illinois 60610

In re Federal Election Commission
Matter Under Investigation No. 1445

Dear Ms. Wright:

The Federal Election Commission requires that you provide them with a Statement of Designation of Counsel with our representation of you during the pending investigations. Consequently, please execute the enclosed duplicate copies of this correspondence and return them directly to Stephen H. Mims in the envelope provided.

Very truly yours,

RIECK AND CROTTY, P.C.

Jerome F. Crotty

JFC:gl
Enclosures

8 3 0 4 0 4 3 2 8 2 3

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Jerome F. Crotty, Esq., RIECK AND CROTTY, P.C.
ADDRESS: 55 West Monroe Street, Suite 3660, Chicago, Illinois 60603
TELEPHONE: (312) 726-4646

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

Date: 6-29-82

Dolores Jean Wright
Signature

NAME: Dolores Jean Wright
ADDRESS: 1310 Ritchie Court, Chicago, Illinois 60610
HOME TELEPHONE: 649-1683 BUSINESS TELEPHONE: 443-2724

RIECK AND CROTTY
ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
XEROX CENTRE - 55 WEST MONROE STREET
CHICAGO, ILLINOIS 60603

8 3 0 0 4 0 4 3 2 3 2 4

CHICAGO, ILL. PM 30 JUN 1982

Mr. Stephen H. Mims
Federal Election Commission
Washington, D.C. 20463

82 JUL 2 P1:23

201955 Ccc# 8051

June 25, 1982

Mr. Stephen Mims
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Mims:

In reply to your letter of May 26, 1982, I am submitting enclosed my answers to the "Questions" as well as describing below the factual circumstances of my contribution to "Texans for Wright" cause.

In October 1980, I was employed by INCOTRAV Corporation, a travel agency, in charge of sales. To the bestof my knowledge the travel agency was owned by Agency Holding Company which, in turn, was owned by Mr. Kerry Craig. On October 27, 1980, Mr. James Wright, the President of INCOTRAV, approached me and my associate Mr. Gary Holland, and asked us to make a political contribution to "Texans for Wright" for $999.00. He said that Mr. Craig wants us to do this favor to him. He also said that he will give us money to cover it, so we will not be short-changed. Then I asked him whether this transaction is legally correct. He answered that I should not worry about legality, because any person can make a contribution up to $1,000.00, and he also checked with his lawyer who assured him that the whole arrangement is perfectly legal. At that time, I gave him my check #377 in the amount of $999.00.

Later I gave a second thought to the income versus deduction and thought that the contribution deduction will not offset the $1,000.00 income since I am in a lower tax bracket. I voiced my concern to Mr. Wright who replied that I should not be concerned; he would not take advantage of me, and assured me that he will make it up to me later.

On the same day, later in the afternoon, Mr. Wright walked into my office and handed over to me a check payable to me in the amount of $1,000.00 or $1,100.00; I do not recall the exact amount. He did not give my any additional money or anything of value. The whole affair was closed at that time.

Very truly yours,

Thomas C. Masters

Thomas C. Masters
72 East Elm Street
Chicago, Illinois 60611

7 JUL 2 P1:59

83040152825

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;
   Employee (Sales) Sept 1979 - Dec. 1981.

2. the date on which the payment was made by the corporation to you; October 27, 1980

3. the date(s) on which any promissory notes between you and the corporations were executed; Not applicable

4. copies of each such promissory note; and
   Not applicable

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.
   Photocopy attached.

8 3 0 4 0 4 3 2 8 2 6

THOMAS C. MASTERS
72 EAST ELM
CHICAGO, ILL. 60611

377

2-28
710

PAY TO THE ORDER OF _____ $ _____

_____ DOLLARS

HARRIS BANK — Harris Trust and Savings Bank Chicago, Illinois

MEMO _____

[redacted] 0377 ⑈0000099900⑈

CT '80' 31 87-1

For Deposit Only

8 3 0 4 0 4 3 2 8 2 7

Mr. Thomas Masters
72 East Elm Street
Chicago, IL 60611

Mr. Stephen Mims
Federal Election Commission
Washington, D.C. 20463

82 JUL 2 P1:23

RECEIVED

83040432828

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1982

Mr. Alexander Black
Buchanan, Ingersoll, Rodewald,
Kuly & Buerger
600 Grant Street,
57th Floor
Pittsburgh, Pennsylvania 15219

Re: MUR 1445

Dear Mr. Black:

This is in response to your letter to Mr. Stephen Mims dated June 14, 1982, wherein you requested an extension for filing a response to the Commission's determinations and questions in the above-captioned MUR.

In accordance with your request, you are hereby afforded an extension for filing a response to the questions and to provide any pertinent factual and legal materials regarding this matter. Your response should be filed with the Office of General Counsel no later than June 30, 1982.

Enclosed is a designation of counsel form which should be completed by your client and returned to this Office as soon as possible.

Should you have any additional questions, please contact Mr. Mims at (202) 523-4060.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure

8 3 0 4 0 4 5 2 8 1 9

201849

GCC#7985

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005
202-638-0151

82 JUN22 P2:04

June 17, 1982

82 JUN22 P4:56

Mr. Stephen Mims
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Steve:

Per our June 17 telephone conversation, I am enclosing Designation of Counsel forms for Maurice D. Kent and for Crown Associates of Minneapolis in the above-referenced matter. My understanding is that we probably will be retained also by Bob Bernstein. Please note in your records that responses for all of our clients are not due until June 30, 1982.

Very truly yours,

Roger M. Golden

RMG/sab

Enclosures (2)

PITTSBURGH OFFICE: 2900 GRANT BUILDING, PITTSBURGH, PA. 15219 412-288-7711 TWX 710-664-4290

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, Pennsylvania 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
Suite 1125
1575 I Street, N.W.
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: 6/7/82

Maurice D. Kent
Signature

NAME: MAURICE D. KENT
ADDRESS: 819 N. Euclid Ave.
OAK PARK, ILL
60302
HOME PHONE: 312-848-2460
BUSINESS PHONE: 312-346-7318

2 JUN 82 P 5:08

83040432831

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, Pennsylvania 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
Suite 1125
1575 I Street, N.W.
Washington, D.C. 20005
(202) 638-0151

2 JUN 82 P5:08

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: June 1 1982

Signature

Minneapolis Office

NAME: CROWN ASSOCIATES OF MINNEAPOLIS, INC.

ADDRESS: 400 Marquette Bluiding, Minnespolis, Minnesota 55401

HOME PHONE: N/A

BUSINESS PHONE: 612-339-7716

83040432837

206852

GCC#7919

82 JUN 22 P2:01

LAW OFFICES
ALPER, MANN & REISER
818 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20006
(202) 298-9191

JEROME M. ALPER (D.C., TENN., ILL.)
LAWRENCE M. MANN (D.C.)
DEBORAH E. REISER (D.C., MD.)

MARYLAND OFFICE:
25 W. MIDDLE LANE
ROCKVILLE, MARYLAND 20850
(301) 340-2020

June 17, 1982

Office of the General Counsel
Federal Election Commission
1335 K Street, N.W.
Washington, D. C. 20463

Re: MUR 1445

Dear Sirs:

Please be advised that this firm represents Mr. C. Nick Catrini in connection with the above-referenced matter. I have just received the file in the case, and have not had an opportunity to review and study the merits of the allegations by the Commission. Moreover, I have not had an opportunity to discuss this matter in detail with my client. Therefore, I am hereby requesting an extension of time of 30 days within which to respond to your allegation.

Very truly yours,

Lawrence Mann

Lawrence M. Mann

LMM/sas

83040132831

LAW OFFICES
ALPER, MANN & REISER
818 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20006

RECEIVED

WASHINGTON D.C. JUN 16 '92 U.S. POSTAGE PRESSED PAPER .20

Office of the General Counsel
Federal Election Commission
1335 K Street, N.W.
Washington, D. C. 20463

8304043285

GCC# 7911

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation; At the time of the payment, I was an employee of Agency Holding Corporation who represent Crown Life Insurance in Chicago.
2. the date on which the payment was made by the corporation to you; October 25, 1980
3. the date(s) on which any promissory notes between you and the corporations were executed; I cannot remember whether or not I signed a promissory note.
4. copies of each such promissory note; and
   I do note have a copy.
5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.
   Copy of check enclosed

I resigned from Agency Holding Corporation on February 5, 1982

3304043293

2105

WILLIAM F. PREISSER
CYNTHIA L. PREISSER
1000 CREST
WHEATON, IL 60187

Oct 25, 86

RETURNED NOT PAID
Account Closed
Signature Missing

0-2114
719

Pay to the Order of TEXANS For Co[illegible]

One Thousand Dollars [illegible] Dollars

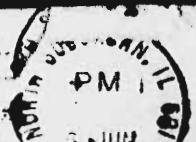
PAID
NOV 1 1986
Date
BANK OF WHEATON
WHEATON, ILLINOIS

Bank of Wheaton
A Charter Bank Wheaton, Illinois 60187

For

[redacted] 0719-2114 ⑈0000100000⑈

B. Preisser
1000 Crest
Wheaton, Ill.
60187



02 JUN 8 A

Frank Reiche
Federal Election Commission
Washington, D.C.
20463

RE: MUR 1445

201814

Gcft 7666

BUCHANAN, INGERSOLL, RODEWALD, KYLE & BUERGER
PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
57TH FLOOR
600 GRANT STREET
PITTSBURGH, PA. 15219
412-562-8800
TELEX: 866514

JUN 17 A 9:50

PAUL G. RODEWALD
DAVID B. BUERGER
DONALD L. McCASKEY
ALEXANDER BLACK
EDWARD H. SCHOYER
GEORGE E. FLINN
JOHN P. McCOMB, JR.
ROBERT F. PATTON
JAMES G. PARK
JAMES D. MORTON
WILLIAM Y. RODEWALD
JACK G. ARMSTRONG
LOUIS EMANUEL, III
ROBERT L. FRANTZ
ROBERT D. RANDOLPH
JOHN J. McLEAN, JR.
K. SIDNEY NEUMAN
WILLIAM R. NEWLIN
DONALD T. O'CONNOR
WILLIAM J. McCORMICK
A. BRUCE BOWDEN
GEORGE L. CASS
LARRY E. PHILLIPS
JAMES R. SWEENY
STEPHEN A. GEORGE
C. RICHTER TAYLOR, JR.
THOMAS M. THOMPSON
CALVIN R. HARVEY
M. BRUCE McCULLOUGH
ROBERT A. JOHNSON
GREGORY A. PEARSON
THOMAS L. VANKIRK
BRUCE A. AMERICUS
RONALD W. FRANK
ROBERT A. KING
VINCENT C. DELUZIO
JAMES W. UMMER
R. DELL ZIEGLER
CHARLES G. KNOX
JOHN R. PREVIS
MICHAEL J. FLINN
P. JEROME RICHEY
MARTHA A. ZATEZALO
LEWIS U. DAVIS, JR.
SAMUEL W. BRAVER
R. MICHAEL DANIEL
JOHN R. JOHNSON
MELVIN L. MOSER, JR.
STEPHEN P. NASH
JOHN S. BRENDEL
DAN ALTMAN
KAREN M. BARRETT
JAMES D. OBERMANNS
BRUCE I. BOOKEN
SUE FRIEDBERG
RUTH S. PERFIDO
JOSEPH J. BARNES
THOMAS E. BOYLE
JOHN G. BUCHANAN
WILLIAM J. KYLE, JR.
COUNSEL
FRANK B. INGERSOLL
1893-1977
CARL A. COHEN
CARL E. ROTHENBERGER, JR.
PAUL D. KRUPER
ROBERT G. DEVLIN
RAMONA J. ROKOSKI
WILLIAM F. GIARLA
PAMELA E. ROLLINGS
STANLEY YORSZ
JAY W. DAWSON
CLARK R. KERR, III
JONATHAN M. SCHMERLING
KENNETH P. FRIEDMAN
ADELINE PATRICIA DIULUS
LEONARD J. MARSICO
MARTIN C. SLOAN
ROBERT W. BROWN
RICHARD C. ROYLANCE
CHARLES T. CAPUTE
TERESA H. JOHNSON
HUGH G. VAN DER VEER
TED WESOLOWSKI
WENDELYNNE J. NEWTON
RONALD W. CROUCH
PETER K. BLUME
LAWRENCE J. KUREMSKY
WILLIAM R. NEE
JAMES A. ESCOVITZ
WASHINGTON OFFICE
SUITE 980
1333 NEW HAMPSHIRE AVE., N. W.
WASHINGTON, D. C. 20036
202-659-8714
RALPH N. ALBRIGHT, JR.*
EDWARD MAGUIRE*
LARRY E. CHRISTENSEN*
AVIS E. BLACK*
F. SCOTT KELLMAN
FLORIDA OFFICE
SUITE 400
5550 GLADES ROAD
BOCA RATON, FLORIDA 33431
305-392-4700
W. RODGERS MOORE
DAVID B. VAN KLEECK*
CHARLES T. BARKER*
CORMAC C. CONAHAN*
DUNCAN J. FARMER*
NATHALIE L. HUGHES*
LETITIA E. WOOD*
*NOT ADMITTED IN PENNSYLVANIA

Re: Your MUR 1445

June 14, 1982

Stephen Mims, Esquire
Federal Election Commission
Washington, D.C. 20463

Dear Mr. Mims:

The letter of Vice Chairman Danny L. McDonald, addressed to Mr. R. A. Vanbeen, about the above captioned matter, has been referred to me, as I have been representing Crown Life Insurance Company in litigation pending here. Crown Life Insurance Company is glad to have the opportunity, as tendered in the second paragraph of Mr. McDonald's letter, to demonstrate that no legal action should be taken against it, and does have factual and legal materials, relative to the Commission's consideration of the matter, that it would like to submit. However, the ten days allowed from receipt of the letter (June 8, 1982), does not afford sufficient time to gather and forward the relevant materials, and particularly to prepare and submit answers to the questions included with Mr.

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McDonald's letter.

Accordingly, we request an extension to June 30, 1982. I will be obliged if you will let me know whether the extended due date will be satisfactory.

Yours very truly,

Alexander Black

AB:WS

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BUCHANAN, INGERSOLL, RODEWALD, KYLE & BURGER
57TH FLOOR — 600 GRANT STREET
PITTSBURGH, PENNSYLVANIA 15219

RECEIVED

PITTSBURGH PA 15219 JUN 17 '82 PB 046079 L

U.S. POSTAGE $1.50 20

8304043284 1

Stephen Mims, Esquire
Federal Election Commission
Washington, D.C. 20463

MEMORANDUM FOR THE FILE

MUR 1445

FROM: MIMS SM 6/10/82
SUBJECT: RETURNED LETTER TO ROBERT OGLEVEE

The RTB letter to Robert Oglevee which was returned undeliverable to the Commission should be forwarded to:

Mr. Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, NW
Suite 1125
Washington, DC 20005

Mr. Golden is on record as counsel for Mr. Oglevee

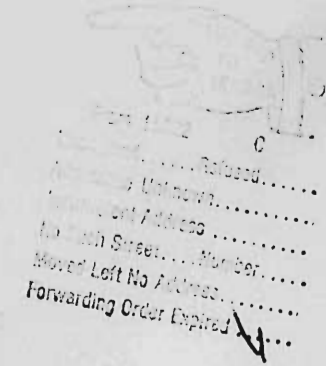
##

3304043281

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business
Penalty for Private Use $300

POSTAGE AND FEES PAID



Mr. Robert Oglevee
301 5th Avenue Building
Pittsburgh, PA 15222

83 04 04 32 84 13

87

301789

CC#7941

82 JUN 14 P 1:28

82 JUN 14 P2:58

82 JUN 14 P3:01

BYRNE, SHECHTMAN & SLATER, P.C.
COUNSELORS AT LAW
111 PEARL STREET • POST OFFICE BOX 3216
HARTFORD, CONNECTICUT 06103
(203) 525-4700

JAMES F. BYRNE
RICHARD G. SHECHTMAN
HOWARD L. SLATER
JOHN ROSE, JR
JAMES H. SHULMAN
THOMAS A. ROUSE

ROBERT B. FAWBER
ROBERT C. LORETTE
J. THOMAS VINCENT
BARRY S. FEIGENBAUM
BRIAN T. GARRITY

June 8, 1982

Mr. Stephen Mims
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Re: C. Nick Catrini MUR 1445

Dear Mr. Mims:

This letter will confirm our telephone conversation of this afternoon whereby I indicated that we represent Mr. C. Nick Catrini with respect to your letter of May 26, 1982. At that time, I indicated to you that he had moved from the Illinois address and had just received your letter last Friday.

On behalf of Mr. Catrini, we are in the process of obtaining Washington counsel who should be in contact with you some time next week. Therefore, it was for these reasons that you agreed to extend the 10 day answer period.

Thank you for your cooperation.

Very truly yours,

BYREN, SHECHTMAN & SLATER, P.C.

By: Richard G. Shechtman
Richard G. Shechtman

RGS:amb

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BYRNE, SHECHTMAN & SLATER, P.C.
COUNSELORS AT LAW
111 PEARL STREET • POST OFFICE BOX 3216
HARTFORD, CONNECTICUT 06103

HARTFORD, CT 06
PM
10 JUN
1982

02 JUN 14 PM 2:28

National Flag Day
JUNE 14
Pause For the Pledge

Mr. Stephen Mims
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 4, 1982

Mr. Roger M. Golden, Esquire
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, DC 20005

Re: MUR 1445

Dear Mr. Golden:

This is in response to your letter to Mr. Thomas dated May 28, 1982, wherein you requested an extension for filing a response to the Commission's determinations and questions in the above-captioned MUR.

In accordance with your request, you are hereby afforded an extension for filing a response to the questions and to provide any pertinent factual and legal materials regarding this matter. Your response should be filed with the Office of General Counsel no later than June 30, 1982.

Should you have any additional questions, please contact Stephen Mims at 523-4060.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 4, 1982

Mr. R.A. Vanbeen, President
Crown Life Insurance Company
120 Bloor Street, East
Toronto, Ontario, Canada M4W1B8

Re: MUR 1445

Dear Mr. Vanbeen:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that Crown Life Insurance Company violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Danny L. McDonald

DANNY L. McDONALD
Vice Chairman

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

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Re: MUR 1445

QUESTIONS

1. It appears that during 1980, Crown Life Insurance Company (Crown), advanced or loaned several U.S. franchisee corporations $ 88,000. It appears that at least a portion of these funds were used for the purpose of making contributions to candidates for public office.

   a. At whose urging were the funds forwarded by Crown to the U.S. franchisee corporations?

   b. Identify the corporations which received any portion of this advance/loan.

   c. Identify the principals responsible to Crown for accounting for advances/loans to any of the above domestic franchisee corporations.

   d. Identify any conduit which may have been used to forward the funds to the recipient franchisee corporations

2. When did any agent or principal of Crown first become aware that the funds were used, at least in part, to make contributions to candidates for public office?

   a. Identify that (those) person(s).

   b. How did Crown become so informed?

   c. Was there any official corporate response? Please explain.

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3. A partial transcript of deposition testimony given by Mr. Kerry P. Craig, in an unrelated matter, indicated that subsequent to the distribution of some of the proceeds of the $ 88,000 advance/loan received from Crown, to candidates for public office, a conversation took place with Mr. Lloyd of Crown. During that conversation Mr. Lloyd was apparently notified that at least a portion of the advance/loan from Crown had been used to make contributions to candidates for public office.

a. Please identify Mr. Lloyd's relationship with Crown at that time.

b. Explain any measures or official action, if any, taken by Mr. Lloyd (or any other agent of Crown).

Please provide any relevant documents pertaining to any such action.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER 1445
STAFF MEMBER MIMS
Telephone No. (202)523-4060

RESPONDENT'S NAME: CROWN LIFE INSURANCE COMPANY

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee 1/ and involved a total of $ 75,000 in apparent illegal contributions.

1/ Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441b(a) prohibits, inter alia, any corporation from making any contribution to any candidate for federal office or to any committee supporting such candidates. By providing "bonuses" to certain employees to be used for the purpose of making contributions to federal candidates, the corporations made contributions otherwise prohibited by § 441b(a).

Section 441f, makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents 2/ apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names.

Furthermore, section 441e(a) makes it unlawful for a foreign national "directly or through any other person to make any contribution...in connection with an election to any political office..." Crown Life Insurance Company did provide the funds to the domestic corporate respondents which were utilized in the plan which resulted in contributions by those corporations to candidates for political office.

2/ The funds appear to have originated from the account of a foreign national corporation, Crown Life Insurance Company.

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Factual and Legal Analysis

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Crown Life Insurance Company (of Toronto, Canada) violated 2 U.S.C. § 441e(a), as well as 2 U.S.C. §§ 441b(a) and 441f.

83040432852

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N. W.
SUITE 1125
WASHINGTON, D. C. 20005
202-638-0151

May 28, 1982

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W., 7th Floor
Washington, D.C. 20463

Re: MUR 1445 (Agency Holding Corporation, et al.)

Dear Mr. Thomas:

We have received the Commission's letter of May 26 with attachments in the above-referenced matter.

In addition to Diane Pariano Craig and Charles T. Smith, who are identified in the Commission letter, we also represent Robert C. Oglevee. A designation of counsel form by Mr. Oglevee was filed with our May 11 letter to you. FEC communications to Mr. Oglevee, therefore, should be directed to us.

We appreciate the copies of your letters to Robert Bernstein and Maurice D. Kent. My understanding is that Messrs. Bernstein and Kent will execute appropriate designation of counsel forms.

We represent the following U.S. corporations identified in the Commission's letter: (1) Ehrman, Ratini, Oglevee & Craig, Inc.; (2) Agency Holding Corporation of Cleveland; (3) Kerry P. Craig & Associates, Inc.; (4) Agency Holding Corporation (Chicago); (5) Crown Agency, Inc.; (6) Crown Associates of Minneapolis, Inc. (designation of counsel form to be filed shortly); (7) Crown Associates of Arizona, Inc. (should not be included per our May 11 letter); and (8) Crown Associates of Colorado, Inc.

Contrary to your letter, however, we do not represent Crown Life Insurance Company, a foreign national corporation located in Toronto, Ontario, Canada. FEC communications regarding this company should be directed to the company or to its counsel, and not to us.

The Commission has requested answers to certain questions within 10 days of receipt of your letter. Although we will make every effort to respond as quickly as possible,

we request an extension to June 30 to respond. We voluntarily brought this matter to the Commission's attention. We are continuing to cooperate fully with the staff. Some of the requested information may be available quickly and even over the telephone. Other information (e.g., copies of contribution checks made by our individual clients) may be more difficult to develop. As you know, our individual clients are located in Boston, Pittsburgh, and Chicago.

You also advise that we may submit any factual or legal materials which might be relevant to the Commission's consideration of this matter. No deadline is set for the submission of such information. We request that the deadline, if any, be no earlier than June 30, the deadline we have requested for responding to your questions. In that way, we can coordinate the submission of additional material and the required responses.

Thank you for your prompt review of this letter and favorable consideration of our requests.

Very truly yours,

Roger M. Golden

RMG/sab

Copy to: John H. Bingler, Jr., Esquire

8304043235

MEMORANDUM FOR THE FILE MUR 1445

FROM: MIMS SM 6/10/82

SUBJECT: RETURNED LETTERS (RTB NOTIFICATIONS)

The returned letters for James R. and Dolores Wright (returned undeliverable) should be sent to the new address:

James R. Wright
1310 Ritchie Court
Chicago, IL 60610

and Dolores Wright
1310 Ritchie Court
Chicago, IL 60610

###

8304043283

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. Roger M. Golden
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005

Re: MUR 1445

Dear Mr. Golden:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that your client, Crown Life Insurance Company violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, and that Ehrman, Ratini, Oglevee & Craig, Inc., Agency Holding Corporation of Cleveland, Ohio, Kerry P. Craig & Associates, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Crown Associates of Arizona, Inc., and Crown Associates of Colorado, Inc., violated 2 U.S.C. §§ 441b(a) and 441f. Additionally, the Commission found reason to believe that your clients Diane Pariano Craig and Charles T. Smith, violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against your clients. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against your clients, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if your clients so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

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For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

8304043285

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

Re: MUR 1445

QUESTIONS

1. Please provide the following information or documents:

   a. for each individual who received a bonus or other payment (including loans) from any franchisee corporation of Crown Life Insurance Company for the purpose of making contributions to or on behalf of candidates for federal office or to any committee supporting such candidates, the name of the corporation and the amounts involved;

   b. for each such individual, that person's relationship to the corporation making the payment or loan;

   c. the date on which the payment was made by the corporation to such person;

   d. the date(s) on which any promissory notes between such persons and the corporations were executed and

   e. copies of each such promissory note.

   f. copies of each check or instrument by which Diane Pariano Craig and Charles T. Smith made a contribution to a federal candidate or other political committee in 1980.

2. The name and address of the unnamed "Washington expert" referred to in your letter to the Commission together with that person's relationship, if any, with any of the respondents.

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FEDERAL ELECTION COMMISSION

OUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

(1) Foreign corporation: Crown Life Insurance
ada); (2) Domestic corporations: Ehrman,
ig, Inc.; Agency Holding Corporation of
P. Craig & Associates, Inc.; Agency Holding
; Crown Agency, Inc.; Crown Associates of
wn Associates of Arizona, Inc.; and Crown
, Inc. (3) Individual respondents: Diane
les T. Smith.

LLY GENERATED

SUMMARY OF ALLEGATIONS

respondents, during the 1980 General
the domestic corporate respondents to make
ates for federal office and to one
committee. These contributions were made in
dual respondents via their personal bank
respondents financed this activity by
"bonuses" which were later converted to
s corporate activity was provided by Crown
a foreign national corporation.

Analysis

sulted in contributions to sixteen candidates for
d the one unauthorized political committee * and
of $ 75,000 in apparent illegal contributions.

FACTUAL BASIS AND LEGAL ANALYSIS

C. § 441b(a) prohibits, inter alia, any
making any contribution to any candidate for
to any committee supporting such candidates.
uses" to certain employees to be used for the
contributions to federal candidates, the
contributions otherwise prohibited by § 441b(a).
makes it unlawful for any person to make a
e name of another or for any person to knowingly
name to be used for that purpose. The funds
mestic corporate respondents apparently were
personal accounts of the individual respondents.
made contributions to the candidates and one
their own names.

---

t, Citizens for Brademas, Udall for Congress,
ss (Ca.), Burlison for Congress, Marvoules for
for Kogovsek, Wolpe for Congress, Jim Shannon
tron for Congress Volunteer Committee, Bauman for
to Elect Senator Bob Wilson, Dorgan Volunteer
or Congress Committee, Committee to Elect Barney
David Best for Congress, and the Democratic
lls Church, Va.).

gal Analysis

re, section 441e(a) makes it unlawful for a foreign
ctly or through any other person to make any
.in connection with an election to any political
own Life Insurance Company did provide the funds to
orporate respondents which were utilized in the plan
in contributions by those corporations to candidates
office.

the Office of General Counsel recommends that the
reason to believe that Agency Holding Corporation
hio, Ehrman Ratini, Oglevee & Craig, Inc., Kerry P.
tes, Inc., Agency Holding Corporation (Chicago),
nc., Crown Associates of Minneapolis, Inc., Crown
rizona, Inc., and Crown Associates of Colorado,
2 U.S.C. §§ 441b(a) and 441f.

ndividual respondents, the Office of General
ds that the Commission find reason to believe that
d Charles T. Smith violated 2 U.S.C. § 441f.

of General Counsel additionally recommends that the
reason to believe that Crown Life Insurance Company
ada) violated 2 U.S.C. § 441e(a), as well as 2
) and 441f.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Ms. Dolores Wright
1366 North Dearborn Parkway
Chicago, IL 60610

Re: MUR 1445

Dear Ms. Wright:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

8 3 0 4 0 4 3 2 8 5 3

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

9 3 0 4 0 4 3 2 8 3 4

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: DOLORES WRIGHT

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

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* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Dolores Wright violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. James Wright
1366 North Dearborn Parkway
Chicago, IL 60610

Re: MUR 1445

Dear Mr. Wright:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

3304043285 7

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: JAMES WRIGHT

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that James Wright violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. William Preisser
1000 Crest
Wheaton, IL 60187

Re: MUR 1445

Dear Mr. Preisser:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

83040432837

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER- 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: WILLIAM PREISSER

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

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* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that William Preisser violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. Robert Oglevee
301 5th Ave. Bldg.
Pittsburgh, PA 15222

Re: MUR 1445

Dear Mr. Oglevee:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

3 3 0 4 0 4 3 2 8 7 3

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: ROBERT OGLEVEE

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

3304043287

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Robert Oglévee violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. Thomas Masters
72 East Elm
Chicago, IL 60611

Re: MUR 1445

Dear Mr. Masters:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

3 3 0 4 0 4 3 2 8 7 3

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: THOMAS MASTERS

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Thomas Masters violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. Gary Holland
1221 N. Dearborn, # 203 N.
Chicago, IL 60610

Re: MUR 1445

Dear Mr. Holland:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

83040432839

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: GARY HOLLAND

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Gary Holland violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. C. Nick Catrini
548 Lowden Avenue
Glen Ellyn, IL 60137

Re: MUR 1445

Dear Mr. Catrini:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

8 3 0 4 0 4 3 2 8 3 7

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER- 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: C. NICK CATRINI

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

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* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that C. Nick Catrini violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. Robert Bernstein
1705 Midland Avenue
Highland Park, IL 60035

Re: MUR 1445

Dear Mr. Bernstein:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

cc: Roger Golden, Esq.

83040432391

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER-
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: ROBERT BERNSTEIN

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Robert Bernstein violated 2 U.S.C. § 441f.

83040432897

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1982

Mr. Maurice D. Kent
819 N. Euclid
Oak Park, IL 60302

Re: MUR 1445

Dear Mr. Kent:

On May 25, 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Chairman for the
Federal Election Commission

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

cc: Roger Golden, Esq.

8304043289

Re: MUR 1445

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER - 1445
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: MAURICE D. KENT

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

---

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Maurice D. Kent violated 2 U.S.C. § 441f.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Agency Holding Corporation	)	Pre-MUR 86
(Chicago), et al.	)	

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on May 25, 1982, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions with respect to Pre-MUR 86:

1. Open a MUR.

2. Find reason to believe that Ehrman, Ratini, Oglevee & Craig, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Ohio, Crown Associates of Arizona, Inc., Kerry P. Craig & Associates, Inc., and Crown Associates of Colorado, Inc., violated 2 U.S.C. §§441b(a) and 441f.

3. Find reason to believe that Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig, Jim Wright, Dolores Wright, Tom Masteres, Gary Holland, C. Nick Catrini, Robert Bernstein and Bill Preisser violated 2 U.S.C. §441f.

4. Find reason to believe that Crown Life Insurance Company violated 2 U.S.C. §441e(a), as well as 2 U.S.C. §§441b(a) and 441f.

5. Approve the letters attached to the FEC General Counsel's May 14, 1982 report in this matter.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision.

Attest:

5/25/82
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY RANSOM JCR

DATE: MAY 17, 1982

SUBJECT: OBJECTION - PRE-MUR 86 First General Counsel's Report dated 5-14-82; Received in OCS, 5-14-82, 10:00

The above-named document was circulated to the Commission on May 14, 1982 at 2:00.

Commissioner Elliott submitted an objection at 4:01, May 17, 1982.

This matter will be placed on the agenda for the Executive Session of Tuesday, May 25, 1982.

83040432900

May 14, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: Pre MUR 86

Please have the attached First General Counsel's Report distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Mims

83040452901

SENSITIVE

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 5-14-82

MUR # Pre MUR 86
STAFF MEMBER MIMS

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENTS' NAMES: (1) Foreign corporation: Crown Life Insurance Company (Toronto, Canada); (2) Domestic corporations: Ehrman, Ratini, Oglevee & Craig, Inc.; Agency Holding Corporation of Cleveland, Ohio; Kerry P. Craig & Associates, Inc.; Agency Holding Corporation (Chicago); Crown Agency, Inc.; Crown Associates of Minneapolis, Inc.; Crown Associates of Arizona, Inc.; and Crown Associates of Colorado, Inc. (3) Individual respondents: Maurice D. Kent; Diane Pariano Craig; Charles T. Smith; Robert Oglevee; Jim Wright; Dolores Wright; Tom Masters; Gary Holland; Nick Catrini; Bob Burnstein and Bill Preisser.

RELEVENT STATUTE: 2 U.S.C. §§ 441b(a), 441e, 441f

INTERNAL REPORTS CHECKED: 30 Day Post General Election Report - Texans For Wright.

3 3 0 4 0 4 3 2 9 0 2

GENERATION OF MATTER

This matter is based upon a letter from Roger Golden, counsel for corporate respondents, and individual respondents Diane Pariano Craig, Charles T. Smith, sua sponte, which set forth the factual circumstances involving apparent violations of the Act.

SUMMARY OF ALLEGATIONS

On March 31, 1982, Mr. Roger M. Golden, counsel for respondents, submitted a letter to the Office of General Counsel in which Mr. Golden voluntarily admitted that his individual and domestic corporate clients may have violated the Federal Election Campaign Act of 1971, as amended. See Attachment 1.

Specifically, Mr. Golden stated that during the 1980 General Election, individual and domestic corporate respondents embarked upon a plan for passing corporate funds to candidates for federal office, and to one unauthorized committee, 1/ through individual respondents' personal bank accounts. From Mr. Golden's letter, it appears that this plan was designed based upon the advice of

1/ Texans for Wright; Citizens for Brademas; Udall for Congress; Johnson for Congress (Ca.); Burlison for Congress; Mavroules for Congress; Citizens for Kogovsek; Wolpe for Congress; Jim Shannon for Congress; Wenstron for Congress Volunteer Committee; Bauman for Congress; Committee to Elect Senator Bob Wilson; Dorgan Volunteer Committee; Dyson for Congress Committee; Committee to Elect Barney Frank to Congress; David Best for Congress; and the Democratic Candidates Fund (Falls Church, Va.).

8304043290

an unnamed "Washington expert" in response to an inquiry by respondents Smith and Craig for information regarding setting up a PAC. Smith and Craig wanted to contribute to the 1980 general election effort. They were advised that since it was already September, 1980, it was, for practical purposes, too late to set up a PAC.

Mr. Golden further stated:

> The Washington expert also advised Messrs. Smith and Craig that the corporate funds could be contributed by individiual corporate employees who could deduct from their income tax all of the amount of the contributions and that those individuals would be reimbursed by "bonuses" in the amount of the contributions. The expert explained that this was the standard operating procedure for corporations without PACs; and although he never stated that this procedure had been approved by the FEC, the implication was left that his knowledge extended to, and was based in part on, communications with the FEC.

The plan was eventually implemented, and the payments were recorded in the records of the domestic corporate respondents as "bonuses." This scheme resulted in contributions by respondents Smith, Oglevee, Kent, and Pariano (now Craig) of $ 1,000 each to sixteen candidates and the non-candidate committee. Respondents Jim and Dolores Wright, Masters, Holland, Catrini, Bernstein and Preisser, each contributed $ 1,000 to Texans for Wright. The total amount involved thus appears to be $ 75,000.

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Subsequent to making the contributions, respondents became aware that the contributions were not entirely tax deductible. The decision was then made to have each individual respondent execute a promissory note payable to the relevant corporation. The loans would then be repaid by means of corporate bonuses to the individual respondents.

Individual respondents admit to allowing their names to be used as a means of making corporate contributions. Therefore the facts provided by counsel set forth the appearance of violations of 2 U.S.C. §§ 441b(a) and 441f by the corporate respondents and 2 U.S.C. § 441f by the individual respondents.

FACTUAL AND LEGAL ANALYSIS

A. Whether domestic corporate respondents violated 2 U.S.C. § 441b(a) and whether the officers and directors violated 2 U.S.C. § 441b(a).

Title 2 U.S.C. § 441b(a) forbids, in relevant part, any corporation to make contributions or expenditures in connection with an election of a candidate to federal office. Through counsel, respondents admit engaging in a scheme, upon the recommendations of a so-called "Washington expert," to make corporate contributions to various candidates for federal office

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and to one unauthorized committee supporting candidates for federal office, via the personal accounts of the individual respondents.

Title 2 U.S.C. § 441b(a) also makes it unlawful for any "officer or any director of any corporation...to consent to any contribution or expenditure by the corporation...prohibited by this section."

From counsel's statement, it appears clearly established that corporate funds were utilized in the scheme for making indirect contributions (through the employees) to candidates for federal office. See 2 U.S.C. § 441b(b)(2). The nature of the relationship of the various individual respondents to each of the corporate respondents and the nature of the control which Smith and Craig had over the corporate respondents is not clear, however. 2/

Although the facts presented and those gleaned from the review of at least one of the recipient committees' reports lead to at least an inference that some of the officers or directors of the respondent corporations may have consented to the use of this scheme of making indirect corporate contributions, this Office believes that the evidence on hand is insuffiucient for making a recommendation that the Commission find reason to believe that any

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2/ A review of the contributors to Texans for Wright discloses that a majority of the respondents are listed as "executives" of the various corporate respondents.

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particular officers or directors of the corporate respondents violated 2 U.S.C. § 441b(a).

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that the domestic corporate respondents violated 2 U.S.C. § 441b(a), but recommends that the Commission defer finding reason to believe that the officers or directors of the corporate respondents violated 2 U.S.C. § 441b(a) pending further investigation.

<u>B. Whether domestic corporate respondents and individual respondents violated 2 U.S.C. § 441f.</u>

Title 2 U.S.C. § 441f makes it unlawful for any person to "...make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution..."

The scheme outlined in counsel's letter clearly sets forth the purpose for employing the "bonus" plan -- to provide a subterfuge for corporate contributions through individuals who allowed their names to be used for that purpose. From the facts presented, there appears to be no question that these individual respondents did willingly allow their names and bank accounts to be utilized by the domestic corporate respondents as conduits for contributions by the

83043290 7

corporations to candidates for federal office. Thus the use of this plan enabled the corporations to make contributions in the names of others and the individual respondents assisted in the plan.

The Office of General Counsel accordingly recommends that the Commission find reason to believe that the domestic corporate respondents and individual respondents violated 2 U.S.C. § 441f.

C. Whether Crown Life Insurance Company (a Canadian national) violated 2 U.S.C. § 441e, as well as 2 U.S.C. §§ 441b(a) and 441f.

Title 2 U.S.C. § 441e(a) makes it "unlawful for a foreign national directly or through any other person [emphasis added] to make a contribution...in connection with an election to any political office..." 3/

The domestic corporate respondents are franchisees of Crown Life. Counsel indicates that Crown "finances the operation of its franchisees through advances and loans." Counsel asserts that "[t]he foreign franchisor, Crown Life, had no knowledge of the political contributions." Materials already supplied to this Office by counsel indicate that the source of the funds may have

3/ Although § 441e(b)(2) makes an exception for resident aliens, it is clear that Crown Life could not attain such status for the purposes of the Act.

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been an $ 88,000 loan from the foreign national corporation. 4/ It appears that the request for the loan originated with Messrs. Smith and Craig, although final approval for the loan was authorized by the foreign national corporation.

After the contributions were made, Mr. Lloyd, then Senior Agency Vice-President for the United States for Crown Life, was informed by Craig that a portion of the $ 88,000 loan was used for political contributions. According to deposition testimony given by Mr. Craig in the aforementioned antitrust litigation, Mr. Lloyd indicated that he felt such use of the funds was a "waste of money" but that in any event the funds should be paid back.

It therefore appears that Crown Life's funds were the original source of the funds used by the various domestic corporations to make the contributions in question. The foreign national thereby can be said to have made the contributions through its domestic franchisees. While counsel for Crown Life suggests that Crown Life had no advance knowledge of the political contributions, the agency relationship between Crown Life and its franchisees would appear to warrant applying § 441e. Moreover, no attempt appears to have been made by Crown Life to inform the Commission of the violation. Rather, encouragement was given to record the bonuses as "loans" to the individuals, thus making the activities appear more legitimate.

4/ The purported purpose of the loan was a special advance of $ 11,000 for travel and solicitation and/or mass marketing for each of eight different agencies. This information is contained in depositions taken in antitrust litigation involving Crown Life. See Attachment 1, footnote on page 3. A copy of relevant portions of these depositions is appended as Attachment 2.

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The Office of General Counsel recommends that the Commission find reason to believe that Crown Life Insurance Company violated 2 U.S.C. § 441e(a), as well as 2 U.S.C. §§ 441b(a) and 441f.

E. Whether respondents' violations of the Act were knowing and willful.

Counsel's letter is unclear on the issue of the degree of understanding by respondents that the scheme violated the Act. Smith and Craig might have believed that the advice of the "Washington expert" was "...based in part, on communications with the FEC."

Circumstantially, at least, it might be argued that respondents knew that the scheme was unlawful and at least should have been put on notice when the "bonuses" were converted to "loans" that a legal problem might have existed. This Office believes, however, that it would be most appropriate to defer a finding of reason to believe that respondents knowingly and willfully violated the Act until we have had the opportunity to investigate the basic facts.

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RECOMMENDATIONS

1. Open a MUR.

2. Find reason to believe that Ehrman, Ratini, Oglevee & Craig, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Agency Holding Corporation of Cleveland, Ohio, Crown Associates of Arizona, Inc., Kerry P. Craig & Associates, Inc., and Crown Associates of Colorado, Inc., violated 2 U.S.C. §§ 441b(a) and 441f.

3. Find reason to believe that Charles T. Smith, Maurice D. Kent, Robert C. Oglevee, Diane Pariano Craig, Jim Wright, Dolores Wright, Tom Masteres, Gary Holland, C. Nick Catrini, Robert Bernstein and Bill Preisser violated 2 U.S.C. § 441f.

4. Find reason to believe that Crown Life Insurance Company violated 2 U.S.C. § 441e(a), as well as 2 U.S.C. §§ 441b(a) and 441f.

5. Approve the attached letters.

Charles N. Steele
General Counsel

May 13, 1982
Date

BY: Kenneth A. Gross
Associate General Counsel

Attachments

1. Letter from Roger M. Golden
2. Excerpts of depositions of Diane Pariano and Kerry Craig
3. Letters to Respondents

83040432911

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005
202-638-0151

Attachment 1

(1)

HAND DELIVERED

March 31, 1982

82 MAR 31 A10:21

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Mr. Gross:

We are voluntarily submitting certain information to the Federal Election Commission so that the Commission, pursuant to 11 C.F.R. § 111.3(a)(1981), may ascertain whether to self-initiate a compliance matter. We reserve the right to utilize FEC conciliation procedures (11 C.F.R. § 111.18), if necessary, at a later date.

In October, 1980, political contributions to congressional campaigns were made by employees of certain domestic corporations on one, and only one, occasion. One year and three months after these contributions were made, the corporations' outside legal counsel learned of the contributions. Upon being advised by us that these contributions appeared to be improper, the corporations and the employees conferred through us with the Federal Election Commission.

The domestic corporations, Agency Holding Corporation (Chicago)*, are franchisees of a foreign national corporation, Crown Life Insurance Company (Toronto), which finances the operations of its franchisees through advances and loans. The foreign franchisor, Crown Life, had no knowledge of the political contributions.

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* The other domestic corporations (including location) are Crown Agency, Inc. (Toledo, Ohio); Crown Associates of Minneapolis, Inc. (Minneapolis, Minnesota); Ehrman, Ratini, Oglevee & Craig, Inc. (Pittsburgh, Pennsylvania); Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Arizona, Inc. (Phoenix, Arizona); Kerry P. Craig & Associates, Inc. (Peoria, Illinois); and Crown Associates of Colorado, Inc. (Denver, Colorado).

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Attachment 1
(2)

In September, 1980, shortly before the Congressional elections, Charles T. Smith, then an employee of Agency Holding Corporation of Chicago (an Illinois corporation; corporate contributions in state and local races are legal under Illinois law) and now an employee of Crown Life Insurance franchisee of Boston, met with an ostensibly knowledgeable individual in Washington, D.C. The Washington expert explained to Mr. Smith (and thereafter to Kerry P. Craig, a Canadian national employed by Agency Holding Corporation of Chicago and by Kerry P. Craig & Associates) that various congressional candidates were in need of campaign contributions. The Washington expert offered to (and in fact did) prepare a recommended list of candidates needing contributions.

Messrs. Smith and Craig questioned the Washington expert as to how the recommended contributions could be made legally. The expert, who was not a lawyer, rendered advice allegedly based on his Washington knowledge. The expert advised that it was too late to establish a PAC. He advised that the contributions be made before the election and that a PAC or PACs be established after the election.

The Washington expert also advised Messrs. Smith and Craig that the corporate funds could be contributed by individual corporate employees who could deduct from their income tax all of the amount of the contributions and that those individuals would be reimbursed by "bonuses" in the amount of the contributions. The expert explained that this was standard operating procedure for corporations without PACs; and although he never stated that this procedure has been approved by the FEC, the implication was left that his knowledge extended to, and was based in part on, communications with the FEC.

As a result of conversations with the Washington expert, the two employees decided upon a contribution program that was acceptable to the expert both in terms of dollar amount and the recipients. The program ultimately involved a total of $75,000 which was to be distributed to 16 congressional candidates and one committee*. Logistically, and

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* Texan's for Wright (Texas); Citizens for Brademas Committee (Indiana); Udall for Congress (Arizona); Johnson for Congress Committee (California); Burlison for Congress Committee (Missouri); Mavroules for Congress Committee (Massachusetts); Citizens for Kogovsek (Colorado); Wolpe for Congress (Michigan); Jim Shannon for Congress (Massachusetts); Wenstrom for Congress Volunteer Committee (Minnesota); Bauman for Congress (Minnesota); Committee to Elect Senator Bob Wilson (California); Dorgan Campaign Committee (North Dakota); Dyson for Congress Committee (Maryland); Committee to Elect Barney Frank to Congress (Massachusetts); David Best for Congress (Florida); and Democratic Campaign Fund (Falls Church, Virginia).

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Attachment 1
3

after acceptance of the program by the expert, the two employees decided to have contributions made as follows: each of four employees (Mr. Smith, Maurice D. Kent, Robert C. Oglevee and Diana Pariano) would give $1,000 to each of the 16 candidates and the committee, and another seven employees would give $1,000 each to Texan's for Wright.

In October, 1980, the above-described plan was implemented. Corporate funds utilized by the individual contributors were recorded as bonuses on the corporate books, as recommended by the Washington expert. The contributions were then made through checking accounts of the individuals.

After the 1980 fall election, apparently in conjunction with preparation of 1980 income tax returns, the individual contributors learned for the first time that the contributions were not entirely deductible. The decision was then made to have each individual who had received corporate funds execute promissory notes to the relevant corporations. This decision apparently was based on advice of Chicago counsel, who may not have known all the facts. The notes were executed and dated as of the time of receipt of the corporate funds in October, 1980. The intention was to pay back these loans over time by means of corporate bonuses to the relevant individuals.

In February, 1982, outside counsel for the corporations, Thorp, Reed & Armstrong, learned of the contributions and disclosure was subsequently made during depositions in litigation* unrelated to these contributions by a corporation employee who had made contributions. Thereafter, in order to pursue the matter and learn all the facts, we arranged a meeting of relevant corporate employees. At that meeting, after having the benefit of necessary facts, we concluded that the contributions appeared to have been improper -- <u>not</u> because of any willful or deliberate conduct by the corporations or its employees but, rather, because of continued and erroneous reliance by the employees on the advice of their Washington expert.

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* <u>Malley-Duff & Associates, Inc. v. Crown Life Insurance Company, et al</u>, Western District of Pennsylvania, Civil Action Nos. 78-373, 81-439. Questions regarding this case should be directed to John H. Bingler, Jr., of our Pittsburgh office at (412)288-7785.

3304043291

Attachment 1
(4)

The U.S. corporations and the affected individuals now would like to take such appropriate remedial action as the Commission may recommend.

Very truly yours,

Roger M. Golden

RMG/ddh

cc: John H. Bingler, Jr., Esquire

8304043291

Attachment 2

1 (United Mine Workers).

2 Do you know what the purpose of that

3 advance was?

4 A. For the United Mine Workers?

5 Q. Yes.

6 A. No, I don't. I don't remember if I did

7 know at one point.

8 Q. Was there anyone within the Chicago agency,

9 within Agency Holding Corporation in Chicago who

10 has responsibility for reviewing such matters,

11 preparing requests for advances?

12 A. Mr. Craig would be the one for any final

13 approval to send it to Toronto. Mr. Pulak or

14 whoever was in his position would know if we

15 needed some kind of special help in meeting

16 responsibilities or obligations or things of that

17 nature.

18 (Thereupon, Pariano Deposition

19 Exhibit No. 21 was marked for identification).

20 BY MR. BORKOVIC:

21 Q. Miss Pariano, I would like to show you a

22 document that has been marked for identification

23 as Pariano Deposition Exhibit No. 21 and ask

Attachment 2

1 whether you have ever seen that document?
2 A. Again, I may have.
3 Q. The letter indicates that a check payable
4 to Agency Holding Corporation for $88,000.00 was
5 made out representing a special advance of
6 $11,000.00 for travel and solicitation, mass
7 marketing for each of eight different agencies.
8 Can you tell me what the -- or why a
9 special advance of $11,000.00 for travel and
10 solicitation, mass marketing was requested for
11 each of those agencies?
12 A. What a large -- with all the national
13 account work that we did, there was a lot of
14 travel, air fare, expenses, things of that nature.
15 Q. And this $11,000.00 was to cover travel,
16 air fare and expenses for these national accounts?
17 A. Well, I am just reading here what the
18 letter says.
19 Q. Do you know why $11,000.00 for each of
20 those eight agencies was requested for travel and
21 solicitation in mass marketing?
22 A. Well, I didn't prepare any of the figures
23 and I can't say where the money was used. I mean,

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Attachment 2

as far as if that is what they say, I have probably seen this.

Q. But you don't know what the $11,000.00 was used for at each of those eight agencies?

A. I remember something at this time that there was certain monies advanced and bonus -- they were loans for some of the different employees and I don't know if this is the same period of time that that happened.

Q. Loans to employees where?

A. In Chicago and I believe maybe Mr. Oglevee in Pittsburgh.

Q. You are not sure whether those loans are covered by these advances, by this $11,000.00 advance?

A. Well, I remember funds of this nature. I don't know if that corresponds to the same date there. It may.

Q. Did Phoenix and Minnesota each incur $2,000.00 for travel and solicitation with respect to --

A. I think at this point that the money was used to -- they were just loans from Crown to

Attachment 2

1 Kerry and then loans from Kerry to employees, but
2 this is how it was disbursed.
3 Q. I am sorry. When you say that this is how
4 it was disbursed, do you mean that $11,000.00 was
5 sent to each of those agencies or attributed to
6 those agencies?
7 A. Charged to those agencies.
8 Q. Each of those agencies was charged with
9 $11,000.00?
10 A. Yes.
11 Q. Did the funds actually go to each of those
12 agencies; did each of those agencies actually
13 receive $11,000.00?
14 A. I don't think that they did.
15 Q. I take it it is your understanding that
16 this $88,000.00 was distributed in loans from Mr.
17 Craig to various employees?
18 A. Yes.
19 Q. One of whom was Mr. Oglevee?
20 A. Yes.
21 Q. Do you recall what the amount of the loan
22 to Mr. Oglevee was?
23 A. I think his was in the amount of 17,000.

Attachment 2

1 Q. Do you recall who any of the other
2 employees were?
3 A. Myself, Morey Kent, Charles Smith and then
4 there were some small amounts to other
5 individuals.
6 Q. Do you recall what amount you received?
7 A. Seventeen.
8 Q. Do you recall what amount Mr. Kent received?
9 A. Seventeen.
10 Q. And did Mr. Smith also receive 17,000?
11 A. Yes.
12 Q. What were these loans of $17,000.00 each to
13 Mr. Oglevee, yourself, Mr. Kent and Mr. Smith to
14 be used for?
15 A. For contributions in the upcoming election.
16 Q. Contributions -- I am sorry. Which
17 upcoming election?
18 A. I guess this is before November, so it was
19 for different Congressmen and Senators -- I don't
20 know about Senators, but Congressmen.
21 Q. In any particular area?
22 A. No.
23 Q. Do you recall to whom you made such

Attachment Q

1 campaign contributions?

2 A. One was the committee for James Wright.

3 One was for Udahl, Brice I think was another one.

4 There were 17 different ones, so I don't at this

5 point remember all that was on the list that I

6 wrote out.

7 Q. I am sorry. By that, do you mean that each

8 of the four of you had 17 individuals to whom you

9 were to make a contribution?

10 A. To whom we did make a contribution.

11 Q. And each contribution I take it was in the

12 amount of $1,000.00?

13 A. That is correct.

14 Q. Did you make these contributions using

15 personal checks?

16 A. Yes.

17 Q. Did you ever make any contributions to any

18 labor official?

19 A. No.

20 Q. Did you ever make any contribution to any

21 official or trustee of any union in terms of an

22 election?

23 A. No.

3024032921

Attachment 2

Q. Do you know of any one who has?

A. Not that I am -- no, not that I know as a fact.

Q. Who chose the various Congressmen to whom these contributions would be made?

A. I am not really sure.

Q. Were these loans ever repaid?

A. I don't believe they have been repaid yet. I know mine haven't.

Q. I am sorry. I may have been imprecise. There appear to be two tiers of loans.

I take it the loans from Mr. Craig to you and to the others may not have been repaid, at least yours has not been repaid?

A. Correct.

Q. Do you know whether the loan from Crown to Agency Holding Corporation has been repaid?

A. That I don't know.

(Thereupon, Pariano Deposition Exhibit No. 22 was marked for identification).

BY MR. BORKOVIC:

Q. Miss Pariano, I would like to show you a document that has been marked for identification

BY MR. TURNER:

Q Did you ever use any money borrowed from Crown Life for the purpose of making political contributions?

A I used our agency money.

Q When was that?

A Let me correct that. I loaned some money to different people in October of last year? Or was it the year before?

Q What did you loan it to them for?

A To make political contributions.

Q To whom?

A To a number of congressional candidates.

Q How did you select which ones would get it?

A I didn't.

Q Who did?

A Charles Smith.

Q How much was lent?

A Somewhere around $75,000 or $76,000.

Q To whom was it lent? Who actually made the contributions?

A Miss Diane Pariano, Charles Smith, Maury Kent, Bob Oglevee, Bob Bernstein, Nick Catrini, Bill Ward.

Q Whose idea was this to make these contributions?

A It was presented to me by Charles Smith.

Q What was his reasoning for this expenditure?

A He had some friends that worked in Washington, and he thought it would be a good idea for us or for the company to become involved politically because of the national accounts that we were working on and the investments that we had in them.

Q What congressmen got these monies?

A I only know one or two. I don't know --

Q Tell me who you know.

A There was a Mr. Wright in Texas, Mr. Udahl. I can't remember the rest of them.

Q And did you receive notes from the employees or --

A Yes, sir.

Q But you don't expect them to actually pay you back, do you?

A Yes, sir.

Q Have any of them paid it back?

A Not yet.

Q Did anybody at Crown Life know that you were making these expenditures?

A No, sir.

Q Did you discuss it with Mr. Lloyd?

A Afterwards.

Q Didn't you actually borrow $88,000 in a special loan from Crown to have the money to make those contributions?

A No, I didn't.

Q Well, did you understand that Miss Pariano so testified

1 here last week?

2 MR. BLACK: Now, that's a misstatement of what her

3 testimony was. It's improper anyway to compare one witness's

4 testimony with another.

5 MR. BINGLER: Read back the last couple of questions

6 starting with the question right before the one about Pariano

7 testifying.

8 (A portion of the testimony was read by the reporter.)

9 MR. BINGLER: I don't think that's quite what she

10 testified.

11 MR. BLACK: No, it certainly isn't, and anyway, it's

12 not a proper question to ask this witness. He's called upon to

13 testify to what he knows, and it doesn't matter what somebody

14 else might have testified.

15 BY MR. TURNER:

16 Q What was done with the $88,000 that was borrowed from

17 Crown at or about the same time as these loans?

18 MR. BLACK: Now, I don't think that that appears

19 either, certainly not from this witness's testimony.

20 BY MR. TURNER:

21 Q Did you borrow $88,000 from Crown Life at one time,

22 at one loan, one event?

23 A I don't remember the specific loan. Can you show me

24 something to refresh my memory?

25 Q If I choose to. Now, you don't remember borrowing

1 the sum of $88,000?

2 A No, I don't.

3 Q Where is Mr. Charles Smith today?

4 A In Boston.

5 Q What's he doing?

6 A He works in the Crown general agency in Boston.

7 Q Which one?

8 A For Mr. John Powers.

9 Q What did Mr. Lloyd say when you told him about this,

10 political contributions?

11 A He was upset.

12 Q What did he say though?

13 A Waste of money.

14 MR. BLACK: I would say so too.

15 A And to get it back.

16 Q Pardon me?

17 A To make sure you're paid back.

18 Q By who?

19 A By the people that signed the note that owe me the

20 money.

21 Q How much did Nick Catrini borrow and use to make

22 political contributions?

23 A A thousand dollars.

24 Q Were the gifts all in thousand dollar amounts to

25 these congressmen?

Attachment 2

A I don't know.

Q Did the people that paid these gifts to congressmen know the congressmen or know anything about them?

A I believe that Charlie briefed them.

Q How were they picked? I mean, what criteria?

A I don't know.

Q Did you ever go anywhere with a man named Lou Antol?

A I met Mr. Antol, yes, sir. I haven't traveled with him anywhere.

Q You never went to Atlanta with him?

A No, sir.

Q Did you ever make or arrange for any gifts or contributions to Mr. Antol?

A No, sir.

Q Do you know anybody that has?

A I recently found out that Mr. Oglevee has.

Q Who did you find that out from?

A From Mr. Oglevee.

Q When did he tell you that?

A Just the other day after his deposition.

Q What did he tell you about his gifts or contributions to Mr. Antol?

A That you asked him that question.

Q What did he tell you he had done?

Attachment 3

17

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Roger M. Golden
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005

Re: MUR _____

Dear Mr. Golden:

On , 1982, the Federal Election Commission determined that there is reason to believe that your client, Crown Life Insurance Company violated 2 U.S.C. §§ 441b(a), 441e(a) and 441f, and that Ehrman, Ratini, Oglevee & Craig, Inc., Agency Holding Corporation of Cleveland, Ohio, Kerry P. Craig & Associates, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Crown Associates of Arizona, Inc., and Crown Associates of Colorado, Inc., violated 2 U.S.C. §§ 441b(a) and 441f. Additionally, the Commission found reason to believe that your clients Diane Pariano Craig and Charles T. Smith, violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against your clients. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against your clients, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if your clients so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

3 3 0 4 0 4 3 2 9 2 3

Attachment 3

(18)

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

83040432929

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

Attachment 3

19

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENTS' NAMES: (1) Foreign corporation: Crown Life Insurance Company (Toronto, Canada); (2) Domestic corporations: Ehrman, Ratini, Oglevee & Craig, Inc.; Agency Holding Corporation of Cleveland, Ohio; Kerry P. Craig & Associates, Inc.; Agency Holding Corporation (Chicago); Crown Agency, Inc.; Crown Associates of Minneapolis, Inc.; Crown Associates of Arizona, Inc.; and Crown Associates of Colorado, Inc. (3) Individual respondents: Diane Pariano Craig and Charles T. Smith.

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

8 3 0 4 0 4 1 3 2 9 1 0

Attachment 3

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441b(a) prohibits, inter alia, any corporation from making any contribution to any candidate for federal office or to any committee supporting such candidates. By providing "bonuses" to certain employees to be used for the purpose of making contributions to federal candidates, the corporations made contributions otherwise prohibited by § 441b(a).

Section 441f, makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names.

---

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

3 3 0 4 0 4 3 2 9 3 1

Furthermore, section 441e(a) makes it unlawful for a foreign national "directly or through any other person to make any contribution...in connection with an election to any political office..." Crown Life Insurance Company did provide the funds to the domestic corporate respondents which were utilized in the plan which resulted in contributions by those corporations to candidates for political office.

Therefore, the Office of General Counsel recommends that the Commission find reason to believe that Agency Holding Corporation of Cleveland, Ohio, Ehrman Ratini, Oglevee & Craig, Inc., Kerry P. Craig & Associates, Inc., Agency Holding Corporation (Chicago), Crown Agency, Inc., Crown Associates of Minneapolis, Inc., Crown Associates of Arizona, Inc., and Crown Associates of Colorado, Inc., violated 2 U.S.C. §§ 441b(a) and 441f.

As to the individual respondents, the Office of General Counsel recommends that the Commission find reason to believe that Diane Pariano and Charles T. Smith violated 2 U.S.C. § 441f.

The Office of General Counsel additionally recommends that the Commission find reason to believe that Crown Life Insurance Company (of Toronto, Canada) violated 2 U.S.C. § 441e(a), as well as 2 U.S.C. §§ 441b(a) and 441f.

3 3 0 4 0 4 3 2 9 3 2

Attachment 3
(22)

Re: MUR _____

QUESTIONS

1. Please provide the following information or documents:

   a. for each individual who received a bonus or other payment (including loans) from any franchisee corporation of Crown Life Insurance Company for the purpose of making contributions to or on behalf of candidates for federal office or to any committee supporting such candidates, the name of the corporation and the amounts involved;

   b. for each such individual, that person's relationship to the corporation making the payment or loan;

   c. the date on which the payment was made by the corporation to such person;

   d. the date(s) on which any promissory notes between such persons and the corporations were executed and

   e. copies of each such promissory note.

   f. copies of each check or instrument by which Diane Pariano Craig and Charles T. Smith made a contribution to a federal candidate or other political committee in 1980.

2. The name and address of the unnamed "Washington expert" referred to in your letter to the Commission together with that person's relationship, if any, with any of the respondents.

3 3 0 4 0 4 3 2 9 3 3

Attachment 3

23

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Dolores Wright
1366 North Dearborn Parkway
Chicago, IL 60610

Re: MUR _____

Dear Ms. Wright:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

8 3 0 4 0 4 5 2 9 3 4

Attachment 3

(24)

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

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Attachment 3
25

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER_____
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: DOLORES WRIGHT

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

---

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

8304043293 6

Attachment 3

26

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Dolores Wright violated 2 U.S.C. § 441f.

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Attachment 3

27

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. James Wright
1366 North Dearborn Parkway
Chicago, IL 60610

Re: MUR _____

Dear Mr. Wright:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

3 5 0 4 0 4 5 2 9 5 6

Attachment 3
(28)

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

3304043293

Attachment 3

29

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: JAMES WRIGHT

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

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Attachment 3
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FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that James Wright violated 2 U.S.C. § 441f.

83040432941

Attachment 3
(31)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. William Preisser
1000 Crest
Wheaton, IL 60187

Re: MUR _____

Dear Mr. Preisser:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

8 3 0 4 0 4 3 2 9 4 1

Attachment 3

32

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

3304043294

Attachment 3

(33)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER-
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: WILLIAM PREISSER

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

3304043294

Attachment 3

34

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that William Preisser violated 2 U.S.C. § 441f.

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Attachment 3

35

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Mr. Robert Oglevee
301 5th Ave. Bldg.
Pittsburgh, PA 15222

Re: MUR _____

Dear Mr. Oglevee:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

8 3 0 4 0 4 3 2 9 1 6

Attachment 3

36

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

8304043297

Attachment 3

(37)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER _____
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: ROBERT OGLEVEE

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

---

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

8 3 0 4 0 4 3 2 9 4 3

Attachment 3

38

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Robert Oglevee violated 2 U.S.C. § 441f.

3 3 0 4 0 4 3 2 9 4 0

Attachment 3
(39)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Thomas Masters
72 East Elm
Chicago, IL 60611

Re: MUR _____

Dear Mr. Masters:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

3 3 0 4 0 4 3 2 9 3 0

Attachment 3
40

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

83040432931

Attachment 3
(40)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: THOMAS MASTERS

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

8 3 0 4 0 4 3 2 9 5 2

Attachment 3

142

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Thomas Masters violated 2 U.S.C. § 441f.

83040432953

Attachment 3
43

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Gary Holland
1221 N. Dearborn, # 203 N.
Chicago, IL 60610

Re: MUR _____

Dear Mr. Holland:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

3 3 0 4 0 4 3 2 9 3 4

Attachment 3

44

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

3 3 0 4 0 4 3 2 9 3 3

Attachment 3
(45)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER _____
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: GARY HOLLAND

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

---

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

8 3 0 4 0 4 3 2 9 3 5

Attachment 3

46

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Gary Holland violated 2 U.S.C. § 441f.

8 3 0 4 0 4 3 2 9 3 7

Attachment 3

(47)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Robert Bernstein
1705 Midland Avenue
Highland Park, IL 60035

Re: MUR _____

Dear Mr. Bernstein:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

8 3 0 4 0 4 3 2 9 3 8

Attachment 3

48

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

3304043295

Attachment 3

(49)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER_____
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: ROBERT BERNSTEIN

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

---

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

3 0 4 0 4 3 2 9 5 0

Attachment 3
(5a)

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Robert Bernstein violated 2 U.S.C. § 441f.

3 3 0 4 0 4 3 2 9 6 1

Attachment 3

51

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. C. Nick Catrini
548 Lowden Avenue
Glen Ellyn, IL 60137

Re: MUR _____

Dear Mr. Catrini:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

3 3 0 4 0 4 3 2 9 5 2

Attachment 3
52

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

83040432953

Attachment 3
(53)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER_____
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: C. NICK CATRINI

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

---

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

8 3 0 4 0 4 3 2 9 5 4

Attachment 3

54

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that C. Nick Catrini violated 2 U.S.C. § 441f.

3 3 0 4 0 4 3 2 9 5 5

Attachment 3

55

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Maurice D. Kent
819 N. Euclid
Oak Park, IL 60302

Re: MUR _____

Dear Mr. Kent:

On , 1982, the Federal Election Commission determined that there is reason to believe that you violated 2 U.S.C. § 441f. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no legal action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if you so desire. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission that you wish the investigation to be made public.

For your information we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephen Mims, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

Attachments

1. Questions
2. General Counsel's Factual and Legal Analysis
3. Procedures

83040432956

Attachment 3

56

Re: MUR _____

QUESTIONS

Please provide the following information or documents:

1. your relationship to the corporation making the payment or loan which was used by you for the purpose of making contribution(s) for or on behalf of the corporation;

2. the date on which the payment was made by the corporation to you;

3. the date(s) on which any promissory notes between you and the corporations were executed;

4. copies of each such promissory note; and

5. copies of each check or instrument by which you made a contribution to a federal candidate in 1980.

3304043295 7

Attachment 3
(57)

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NUMBER
STAFF MEMBER MIMS
Telephone No. 523-4060

RESPONDENT'S NAME: MAURICE D. KENT

SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

Certain individual respondents, during the 1980 General Election, arranged for the domestic corporate respondents to make contributions to candidates for federal office and to one unauthorized political committee. These contributions were made in the names of the individual respondents via their personal bank accounts. The corporate respondents financed this activity by giving the individuals "bonuses" which were later converted to "loans." Funding of this corporate activity was provided by Crown Life Insurance Company, a foreign national corporation.

This plan resulted in contributions to sixteen candidates for federal office and the one unauthorized political committee * and involved a total of $ 75,000 in apparent illegal contributions.

* Texans for Wright, Citizens for Brademas, Udall for Congress, Johnson for Congress (Ca.), Burlison for Congress, Marvoules for Congress, Citizens for Kogovsek, Wolpe for Congress, Jim Shannon for Congress, Wenstron for Congress Volunteer Committee, Bauman for Congress, Committee to Elect Senator Bob Wilson, Dorgan Volunteer Committee, Dyson for Congress Committee, Committee to Elect Barney Frank to Congress, David Best for Congress, and the Democratic Candidates Fund (Falls Church, Va.).

8 3 0 4 0 4 3 2 9 5 5

Attachment 3
58

FACTUAL BASIS AND LEGAL ANALYSIS

Title 2 U.S.C. § 441f makes it unlawful for any person to make a contribution in the name of another or for any person to knowingly permit his or her name to be used for that purpose. The funds provided by the domestic corporate respondents apparently were deposited into the personal accounts of the individual respondents. These persons then made contributions to the candidates and one other committee in their own names. Thus they appear to have violated § 441f by allowing their names to be used by the corporations in making the prohibited contributions.

Accordingly the Office of General Counsel recommends that the Commission find reason to believe that Maurice D. Kent violated 2 U.S.C. § 441f.

8 3 0 4 0 4 3 2 9 5 9

Gco# 7722

THORP, REED & ARMSTRONG

ATTORNEYS AT LAW
1575 I STREET, N. W.
SUITE 1125
WASHINGTON, D. C. 20005

202-638-0151

May 11, 1982

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W., 7th Floor
Washington, D.C. 20463

Re: Pre MUR 86 (Agency Holding Corp., et al.)

Dear Mr. Thomas:

By way of supplement to my April 26 letter and Henry Miller's May 10 call in the above-referenced matter, I am enclosing Designation of Counsel forms from the following individuals and organizations:

Robert C. Oglevee, President
Ehrman, Ratini, Oglevee & Craig
309 Smithfield Street, Suite 2000
Pittsburgh, Pennsylvania 15219

Robert C. Oglevee, President
Agency Holding Corporation
One Erieview Plaza, Suite 1243
Cleveland, Ohio 44114

Robert Oglevee, Individually
200 Tyburn Woods Drive
Gibsonia, Pennsylvania 15044

Kerry P. Craig, President
Crown Agency, Inc.
330 Toledo Home Federal Building
626 Madison Avenue
Toledo, Ohio 43604

Kerry P. Craig, President
Crown Associates of Colorado
410 Building, Suite 2330
410 - 17th Street
Denver, Colorado 80202

MAY 11 P1:56

8 3 0 4 0 4 3 2 9 7 0

Kerry P. Craig, President
Kerry P. Craig & Associates, Inc.*
Savings Tower Building, Suite 1936
411 Hamilton Boulevard
Peoria, Illinois 61602
(* Please use this address instead of the Chicago address provided in my April 26 letter.)

Kerry P. Craig, President
Agency Holding Corporation
208 South LaSalle Street, Room 1644
Chicago, Illinois 60604

Kerry P. Craig, Individually
387 Sterling
Kenilworth, Illinois 60043

Diane Pariano Craig, Individually
387 Sterling
Kenilworth, Illinois 60043

Charles T. Smith, Individually
100 Reservoir Road
Cohasset, Massachusetts 02025

Upon further review, we have determined that Crown Life of Arizona, Inc., did not provide any funds for political contributions. Therefore, no address is furnished. We request that this company be dropped from your investigation.

We hope to follow up shortly with information regarding the name of the Washington expert identified in our March 31 letter. In addition, it appears that we have not provided an address for the Minnesota franchisee; we will get this for you soon. The Denver and Toledo addresses of the relevant companies are set forth above.

Very truly yours,

Roger M. Golden

RMG/sab

Enclosures

Copy (with enclosures) to: John H. Bingler, Jr., Esquire

8304043297 1

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: April 30, 1982

Robert C. Oglevee
Signature

NAME: Robert C. Oglevee, President
Agency Holding Corporation
ADDRESS: Suite 1243 No. 1 Erieview Plaza
Cleveland, OH 44114

HOME PHONE:

BUSINESS PHONE:

83040432977

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: April 30, 1982

Robert C Oglevee
Signature

NAME: Robert C. Oglevee, President

ADDRESS: Ehrman, Ratini, Oglevee & Craig
Suite 2000, 309 Smithfield Street
Pittsburgh, PA 15219

HOME PHONE:

BUSINESS PHONE: 412-562-0180

3304043297

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: April 30, 1982

Robert C Oglevee
Signature

NAME: Robert Oglevee, Individually

ADDRESS: 200 Tyburn Woods Drive
Gibsonia, PA 15044

HOME PHONE: 443-8141

BUSINESS PHONE: 412-562-0180

83040432974

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: 30/4/82

Signature

NAME: Kerry P. Craig, President
Crown Agency, Inc.
330 Toledo Home Federal Building
ADDRESS: 626 Madison Avenue
Toledo, OH 43604

HOME PHONE:

BUSINESS PHONE:

83040432973

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: 30/4/82

Signature

NAME: Kerry P. Craig, President
Crown Associates of Colorado
ADDRESS: 410 Bldg., 410 17th Street
Suite 2330
Denver, CO 80202
HOME PHONE:

BUSINESS PHONE:

83040432976

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: 30/4/82

Signature

NAME: Kerry P. Craig, President
Kerry P. Craig & Associates, Inc.
ADDRESS: Savings Tower Building
Suite 1936
411 Hamilton Blvd.
Peoria, IL 61602
HOME PHONE:

BUSINESS PHONE:

8304043297

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: 30/4/82

Kerry P. Craig
Signature

NAME: Kerry P. Craig, President
Agency Holding Corporation
ADDRESS: 208 S. LaSalle Street
Room 1644
Chicago, IL 60604
HOME PHONE:

BUSINESS PHONE: 312-346-7318

83004032978

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: 30/4/82

Signature

NAME: Kerry P. Craig, individually

ADDRESS: 387 Sterling
Kenilworth, IL 60043

HOME PHONE:

BUSINESS PHONE: 312-346-7318

3304043297

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: April 30, 1982

Diane Pariano Craig
Signature

NAME: Diane Pariano Craig

ADDRESS: 387 Sterling
Kenilworth, IL 60043

HOME PHONE:

BUSINESS PHONE:

83040432930

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: John H. Bingler, Jr.
THORP, REED & ARMSTRONG
ADDRESS: 2900 Grant Building
Pittsburgh, PA 15219
TELEPHONE: (412) 288-7785

and

Roger M. Golden
THORP, REED & ARMSTRONG
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005
(202) 638-0151

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

DATE: May 7, 1982

Signature

NAME: Charles T. Smith
ADDRESS: 100 Reservoir Road
Cohasset, MA 02025

HOME PHONE: 617 - 383-9448

BUSINESS PHONE: 617 - 482 - 6841

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LAW OFFICES OF
THORP, REED & ARMSTRONG
1575 EYE STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

FIRST CLAS

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W., 7th Floor
Washington, D.C. 20463

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Gcc# 7631

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N. W.
SUITE 1125
WASHINGTON, D. C. 20005

202-638-0151

82 APR 27 P12:15

82 APR 28 A10:18

April 26, 1982

Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W., 7th Floor
Washington, D.C. 20463

Re: Pre MUR 86 (Agency Holding Corp., et al.)

Dear Mr. Thomas:

Thank you for your letter of April 21 enclosing designation of counsel forms in the above-referenced matter. You requested that these forms be completed by each of the eight domestic corporations and eleven individuals referred to in our letter of March 31. Per your request, we will forward the FEC forms to the corporations and also to the specific individuals (out of the eleven) whom we do represent. Completed forms will be returned to you as soon as possible.

The additional information that you requested over the telephone follows:

INDIVIDUALS:

(1) Maurice D. Kent
543 Wesley
Oak Park, Chicago, Illinois 60304

(2) Diane Pariano
387 Sterling
Kenilworth, Illinois 60043

(3) Charles T. Smith
Ten Post Office Square, Suite 319
Boston, Massachusetts 02109

(4) Robert Oglevee
Oglevee & Associates, Inc.
309 Smithfield Street, Suite 2000
Pittsburgh, Pennsylvania 15222

(5) Jim Wright

(6) Dolores Wright

(7) Tom Masters

(8) Gary Holland

(9) Nick Catrini

(10) Bob Burnstein

(11) Bill Preisser

COMPANIES:

(1) Ehrman, Ratini, Oglevee & Craig, Inc.
309 Smithfield Street, Suite 2000
Pittsburgh, Pennsylvania 15222

(2) Agency Holding Corporation
One Erieview Plaza, Suite 1243
Cleveland, Ohio 44114

(3) Kerry P. Craig & Associates, Inc. (Peoria, Illinois)
208 South LaSalle Street, Room 1644
Chicago, Illinois 60604

(4) Agency Holding Corporation
208 South LaSalle Street, Room 1644
Chicago, Illinois 60604

(5) Crown Agency, Inc. (Toledo, Ohio)

(6) Crown Associates of Minneapolis, Inc. (Minneapolis, Minnesota)

(7) Crown Associates of Arizona, Inc. (Phoenix, Arizona)

(8) Crown Associates of Colorado, Inc. (Denver, Colorado)

We will provide addresses for the four companies listed last and hopefully also the identity of the Washington expert in a subsequent letter.

Very truly yours,

Roger M. Golden

RMG/sab

Copy to: John J. Bingler, Jr., Esquire

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LAW OFFICES
THORP, REED & ARMSTRONG
1575 I STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

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Scott E. Thomas, Esquire
Assistant General Counsel
Federal Election Commission
1325 K Street, N.W., 7th Floor
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 21, 1982

Roger M. Golden
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005

Re: Pre MUR 86
(Agency Holding Corp., et al.)

Dear Mr. Golden:

Pursuant to our telephone conversation today, enclosed you will find designation of counsel forms which should be completed by representatives of each of the eight domestic corporations identified in your letter of March 31, 1982, and by each of the eleven individuals referred to in your letter who used corporate bonus funds to make contributions to candidates. Upon receipt of the completed forms, we will be able to provide notice to counsel of any Commission action taken. See 11 C.F.R. § 111.23.

Sincerely,

Scott E. Thomas
Assistant General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 21, 1982

Roger M. Golden
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C. 20005

Re: Pre MUR 86
(Agency Holding Corp., et al.)

Dear Mr. Golden:

Pursuant to our telephone conversation today, enclosed you will find designation of counsel forms which should be completed by representatives of each of the eight domestic corporations identified in your letter of March 31, 1982, and by each of the eleven individuals referred to in your letter who used corporate bonus funds to make contributions to candidates. Upon receipt of the completed forms, we will be able to provide notice to counsel of any Commission action taken. See 11 C.F.R. § 111.23.

Sincerely,

Scott E. Thomas
Assistant General Counsel

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GCC #7452

THORP, REED & ARMSTRONG
ATTORNEYS AT LAW
1575 I STREET, N. W.
SUITE 1125
WASHINGTON, D. C. 20005
202-638-0151

HAND DELIVERED

March 31, 1982

2 MAR 31 A10:21

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Mr. Gross:

We are voluntarily submitting certain information to the Federal Election Commission so that the Commission, pursuant to 11 C.F.R. § 111.3(a)(1981), may ascertain whether to self-initiate a compliance matter. We reserve the right to utilize FEC conciliation procedures (11 C.F.R. § 111.18), if necessary, at a later date.

In October, 1980, political contributions to congressional campaigns were made by employees of certain domestic corporations on one, and only one, occasion. One year and three months after these contributions were made, the corporations' outside legal counsel learned of the contributions. Upon being advised by us that these contributions appeared to be improper, the corporations and the employees conferred through us with the Federal Election Commission.

The domestic corporations, Agency Holding Corporation (Chicago)*, are franchisees of a foreign national corporation, Crown Life Insurance Company (Toronto), which finances the operations of its franchisees through advances and loans. The foreign franchisor, Crown Life, had no knowledge of the political contributions.

---

* The other domestic corporations (including location) are Crown Agency, Inc. (Toledo, Ohio); Crown Associates of Minneapolis, Inc. (Minneapolis, Minnesota); Ehrman, Ratini, Oglevee & Craig, Inc. (Pittsburgh, Pennsylvania); Agency Holding Corporation of Cleveland, Ohio; Crown Associates of Arizona, Inc. (Phoenix, Arizona); Kerry P. Craig & Associates, Inc. (Peoria, Illinois); and Crown Associates of Colorado, Inc. (Denver, Colorado).

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In September, 1980, shortly before the Congressional elections, Charles T. Smith, then an employee of Agency Holding Corporation of Chicago (an Illinois corporation; corporate contributions in state and local races are legal under Illinois law) and now an employee of Crown Life Insurance franchisee of Boston, met with an ostensibly knowledgeable individual in Washington, D.C. The Washington expert explained to Mr. Smith (and thereafter to Kerry P. Craig, a Canadian national employed by Agency Holding Corporation of Chicago and by Kerry P. Craig & Associates) that various congressional candidates were in need of campaign contributions. The Washington expert offered to (and in fact did) prepare a recommended list of candidates needing contributions.

Messrs. Smith and Craig questioned the Washington expert as to how the recommended contributions could be made legally. The expert, who was not a lawyer, rendered advice allegedly based on his Washington knowledge. The expert advised that it was too late to establish a PAC. He advised that the contributions be made before the election and that a PAC or PACs be established after the election.

The Washington expert also advised Messrs. Smith and Craig that the corporate funds could be contributed by individual corporate employees who could deduct from their income tax all of the amount of the contributions and that those individuals would be reimbursed by "bonuses" in the amount of the contributions. The expert explained that this was standard operating procedure for corporations without PACs; and although he never stated that this procedure has been approved by the FEC, the implication was left that his knowledge extended to, and was based in part on, communications with the FEC.

As a result of conversations with the Washington expert, the two employees decided upon a contribution program that was acceptable to the expert both in terms of dollar amount and the recipients. The program ultimately involved a total of $75,000 which was to be distributed to 16 congressional candidates and one committee*. Logistically, and

---

* Texan's for Wright (Texas); Citizens for Brademas Committee (Indiana); Udall for Congress (Arizona); Johnson for Congress Committee (California); Burlison for Congress Committee (Missouri); Mavroules for Congress Committee (Massachusetts); Citizens for Kogovsek (Colorado); Wolpe for Congress (Michigan); Jim Shannon for Congress (Massachusetts); Wenstrom for Congress Volunteer Committee (Minnesota); Bauman for Congress (Minnesota); Committee to Elect Senator Bob Wilson (California); Dorgan Campaign Committee (North Dakota); Dyson for Congress Committee (Maryland); Committee to Elect Barney Frank to Congress (Massachusetts); David Best for Congress (Florida); and Democratic Campaign Fund (Falls Church, Virginia).

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after acceptance of the program by the expert, the two employees decided to have contributions made as follows: each of four employees (Mr. Smith, Maurice D. Kent, Robert C. Oglevee and Diana Pariano) would give $1,000 to each of the 16 candidates and the committee, and another seven employees would give $1,000 each to Texan's for Wright.

In October, 1980, the above-described plan was implemented. Corporate funds utilized by the individual contributors were recorded as bonuses on the corporate books, as recommended by the Washington expert. The contributions were then made through checking accounts of the individuals.

After the 1980 fall election, apparently in conjunction with preparation of 1980 income tax returns, the individual contributors learned for the first time that the contributions were not entirely deductible. The decision was then made to have each individual who had received corporate funds execute promissory notes to the relevant corporations. This decision apparently was based on advice of Chicago counsel, who may not have known all the facts. The notes were executed and dated as of the time of receipt of the corporate funds in October, 1980. The intention was to pay back these loans over time by means of corporate bonuses to the relevant individuals.

In February, 1982, outside counsel for the corporations, Thorp, Reed & Armstrong, learned of the contributions and disclosure was subsequently made during depositions in litigation* unrelated to these contributions by a corporation employee who had made contributions. Thereafter, in order to pursue the matter and learn all the facts, we arranged a meeting of relevant corporate employees. At that meeting, after having the benefit of necessary facts, we concluded that the contributions appeared to have been improper -- <u>not</u> because of any willful or deliberate conduct by the corporations or its employees but, rather, because of continued and erroneous reliance by the employees on the advice of their Washington expert.

---

* <u>Malley-Duff & Associates, Inc. v. Crown Life Insurance Company, et al</u>, Western District of Pennsylvania, Civil Action Nos. 78-373, 81-439. Questions regarding this case should be directed to John H. Bingler, Jr., of our Pittsburgh office at (412)288-7785.

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The U.S. corporations and the affected individuals now would like to take such appropriate remedial action as the Commission may recommend.

Very truly yours,

Roger M. Golden

RMG/ddh

cc: John H. Bingler, Jr., Esquire

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LAW OFFICES OF
THORP, REED & ARMSTRONG
1575 EYE STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

FIRST

HAND DELIVERED

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

SCOTT THOMAS

83040432992

LAW OFFICES OF
THORP, REED & ARMSTRONG
1575 EYE STREET, N.W.
SUITE 1125
WASHINGTON, D.C. 20005

FIRST

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Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

SCOTT THOMAS

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1445

Date Filmed 9/7/83 Camera No. --- 3

Cameraman JRL

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF FILM # 1445 Depositions

Date Filmed 9/9/83 Camera No. — 4

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Before the

FEDERAL ELECTION COMMISSION

- -x
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In the Matter of: :
:
AGENCY HOLDING CORPORATION, et al. : MUR No. 1445
:
- -x

Washington, D. C.

Wednesday, August 4, 1982

Deposition of

DIANE CRAIG

a witness in the above-entitled matter, called for examination by counsel for the Federal Election Commission, pursuant to agreement of counsel, taken in the offices of the Federal Election Commission, 1325 K Street, N.W., Washington, D. C., beginning at 9:35 a.m., before Karen Hinnenkamp, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

For the Federal Election Commission:

SCOTT THOMAS, ESQ.
STEPHEN H. MIMS, Legal Intern
1325 K Street, N.W.
Washington, D. C. 20463

3 3 0 4 0 4 2 9 9 5

1 For Diane Craig:

2 ROGER M. GOLDEN, ESQ.
Thorp, Reed & Armstrong
3 1575 I Street, N.W.
Suite 1125
4 Washington, D. C. 20005

5 and

6 JOHN H. BINGLER, ESQ.
Thorp, Reed & Armstrong
7 2900 Grant Building
Pittsburgh, Pennsylvania 15219

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10 C O N T E N T S

WITNESS:	
	EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION: (Mr. Thomas)
DIANE CRAIG	4
	EXAMINATION BY COUNSEL FOR DIANE CRAIG: (Mr. Golden and Mr. Bingler)

- - -

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E X H I B I T S

Marked for Identification and Attached:	Page
FEC Exhibit 1	46
FEC Exhibit 2	46
FEC Exhibit 3	47
FEC Exhibit 4	57
FEC Exhibit 5	61

- - -

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1 Thereupon

2 DIANE CRAIG

3 a witness, was called for examination by counsel for the Federal
4 Election Commission and, after having been sworn by the Notary,
5 was examined and testified as follows:

6 EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION

7 BY MR. THOMAS:

8 Q Would you state your name, please?

9 A Diane Craig.

10 Q What is your present home address?

11 A 387 Sterling in Kenilworth, Illinois.

12 Q What is your nationality?

13 A I am Italian-Irish.

14 Q What is your present citizenship?

15 A United States.

16 Q What is your marital status?

17 A I am married.

18 Q Who is your husband?

19 A Kerry Craig.

20 Q How long have you been married to him?

21 A Since April 16th.

22 Q Of this year?

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A Yes, sir.

Q Where are you presently employed?

A I am not. I am unemployed.

Q Where were you last employed?

A At Agency Holding Corporation.

Q When did you cease employment there?

A The end of March '82.

Q When did you begin employment at Agency Holding?

A July of '78, I believe.

Q What was your position at Agency Holding?

A I had numerous positions, but when I left I was Marketing Supervisor.

Q What were your responsibilities as a Marketing Supervisor?

A For the numerous agencies that my husband owned, I did all the promotion work for new products, mailing lists, sending out fliers, announcements, in charge of their conferences, conventions, and their national accounts.

Q In charge of their national accounts, is that what you said?

A National marketing.

Q How long did you hold that position of Marketing

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Supervisor?

A About a year, I guess.

Q Prior to that, what was your position?

A Prior to that I was a Brokerage Coordinator, which that was assisting our different brokers with new business and existing business.

Q What kinds of assistance are you referring to?

A If they needed a quotation for a life insurance proposal or if they submitted a new application for life insurance, they usually would go through me because we knew each other for some time and I would get everything going for them.

Q Prior to being the Brokerage Coordinator, what position did you hold?

A Then I was Agency Supervisor, which was in general like an office manager for the different agencies that we had.

Q When you refer to "different agencies that we had," what do you mean by that?

A We had agencies in Cleveland, in Toledo, in Pittsburgh, in Denver, Peoria, Minneapolis, and Phoenix.

Q Your work then, I take it, involved your functions

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for all of those firms at the same time?

A Yes, sir.

Q Did you receive compensation from more than one of those firms during that period?

A No; just through Agency Holding.

Q Were you in any other position at Agency Holding?

A For a while I left and worked for Incotrav Corporation, which is a travel agency also owned by Mr. Craig.

Q What time period was that that you worked there?

A I guess I went there in July of '81 until approximately November of '81.

Q What sort of function did you perform there?

A I guess you could say general manager.

Q Why was it you went to work for Incotrav?

A They weren't doing very well and Mr. Craig asked me to go there to kind of get business generated, and overall he needed someone there he could trust to see what was going on.

Q Had any of the employees of Incotrav left?

A Yes.

Q Who had left?

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A There are about 10 people that had left. Do you want me -- I don't even know if I remember the names.

Q Do you recall why they left?

A Yes. It started with Jim Wright, and then, because a lot of these people were closely associated with him, it really wasn't working out once he was terminated, so we had to let some other people go.

Q Why was he terminated?

A I would guess the best reason was mismanagement of funds.

Q Who terminated him?

A Mr. Craig and -- well, the Board of Directors, I should say.

Q The Board of Incotrav?

A Yes.

Q Who was on the Board?

A Myself, Mr. Craig and Mr. O'Brien, who is our attorney in Chicago.

Q For 1981, do you recall what your overall compensation amount was from Agency Holding?

A $18,000 per year.

Q How about for 1981?

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A Didn't you just ask me that?

Q I am sorry. Then for 1980 what would be your gross?

A I would say about $14,000 or $15,000.

Q At any point in 1980 did you earn any bonus payments?

A Are we talking about other than the political contributions?

Q Yes.

A Yes; small amounts, I mean like a thousand dollars here. Also, I did some work on the McDonald's account and was compensated for that.

Q Do you recall how much you were compensated for working on the McDonald's account?

A Approximately $1,800, I think.

Q When was that?

A Probably sometime in 1980, '79 or '80.

Q That compensation was for having done what?

A I did a lot of traveling on our national accounts. There are meetings, regional meetings, for McDonald's owner/operators. I would go and like set up a booth or a cocktail party, distribute literature, help out the other gentlemen. I couldn't sell insurance. I wasn't licensed. So the gentlemen I would travel with, I would assist them.

A Didn't you just ask me that?

Q I am sorry. Then for 1980 what would be your gross?

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Q Other than the McDonald's account work that you just described that you got some initial compensation for, what other specific instances do you recall receiving additional compensation for?

A It is kind of embarrassing, but I was broke and I couldn't pay a Visa bill that I had so I asked Mr. Craig if I could have a loan, and he said, "Listen, you have been doing a nice job. Just tell me how much." I think it was like $800 or something like that.

Q Any other instances that you can recall?

A There could have been. You know, nothing large or anything like that. There could have been a couple small ones. I worked there five years. There might have been a couple others.

Q I am trying to focus on the year of 1980.

A I don't think so.

Q How long have you known Kerry Craig?

A For approximately five years.

Q Did he hire you to work at Agency Holding?

A I originally started at Agency Holding Corporation of Cleveland, Ohio, which was an agency that Mr. Craig had just recently acquired from Crown Life Insurance, and I worked

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for a year and then I was transferred to Chicago.

Q Mr. Craig was the person responsible for arranging to hire you in Chicago; is that correct?

A He transferred me, yes.

Q He transferred you?

A Yes.

Q When you were working in Chicago for Agency Holding, then was Mr. Craig your supervisor?

A Yes.

Q Was there anyone else at the firm there who was in a supervisory capacity?

A Not in Chicago. I considered Mr. Oglevee one of my bosses also because he was part owner in a few of the agencies that Mr. Craig also owned.

Q Which of those agencies?

A Cleveland, Pittsburgh and Toledo.

Q Do you recall what part or percentage he owned of those particular firms?

A They are either 60-40 or 50-50. For example, Pittsburgh was 50-50. Cleveland and Toledo were 60-40, 60 percent being Mr. Craig.

Q Were you an officer of any of these firms at any point?

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A Yes.

Q Which firms were you an officer of?

A Secretary for Chicago, Peoria, Denver, Phoenix, Minneapolis. To be honest, I am not sure with Cleveland, Pittsburgh and Toledo. I could have been.

Q Were you in any other officer position with any other firms?

A Incotrav also.

Q You referred to being --

A -- Secretary.

Q You were Secretary of that firm as well?

A Yes.

Q Were you a Director of any of those firms?

A I believe I was a Director for Incotrav, and maybe Minneapolis or Denver, but I am really not sure. I didn't set up all the incorporations.

Q Do you know Mr. Clarke Lloyd?

A Yes.

Q How long have you known him?

A Approximately five years also.

Q How did you meet him?

A When I was in Cleveland, he came down as the Agency

830403006

1 Vice President for Crown Life Insurance to check on things,
2 get business generated.
3 Q What sort of function did he perform for Crown?
4 A He was the Senior Agency Vice President for the
5 United States was his title.
6 Q What did he do, though?
7 A My understanding is that he was in charge of all
8 the general agencies for Crown Life Insurance in the States
9 in terms of marketing, selling, promotion, financing, overall
10 management of these agencies.
11 Q Was he involved with the financing of agencies?
12 A Yes.
13 Q What is your understanding of how much of a role
14 he had in that?
15 A Well, from my own experience, if a new office was
16 opening, to Clarke you would submit your budget of your financing
17 that you would require per month to operate for Crown Life
18 Insurance. He would either approve it or say cut expenses.
19 If you needed any special advances or loans, the request
20 usually went through Clarke.
21 Q From Agency's end of it, how did requests for advances
22 or loans get generated?

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A A couple ways, either orally or through written requests. Say you had a copy of an invoice for a typewriter that a loan would be documentation or whatever, and he would pass it on to whoever he passes these things on to.

Q Lloyd would?

A Yes.

Q So you would send that kind of information to him and he would send it to his people?

A Not really. If it was something very basic, like a new typewriter, then you could send it directly to the Agency's Administration Department. Then they would finance, or do all the papers, all the loan forms or notes to be signed and things of that nature. If it was something out of the ordinary, the request usually was made to Mr. Lloyd.

Q Were you aware of relatively large amounts of expenditures for Agency Holding Corporation during the period of say September through November of 1980?

A Rather large expenses, yes.

Q Do you have any recollection of how much larger than usual expenses were during that time period?

A A dollar amount I couldn't say, except for we were doing a lot of solicitation in national accounts all over

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the United States and our expenses at that time were very large.

Q Did you have any role at all in monitoring those expenses?

A Not really, other than -- we were always trying to cut costs because it was just getting really high. For example, the gentlemen were asked to stay in Holiday Inns versus Marriotts and that kind of stuff. We were trying to get the cheapest air fare.

Q So what was your role in that, if any?

A Not really supervising it, but just aware of it.

Q Passing the word to people and asking them to do it?

A Yes.

Q Were you involved at all in any of the voucher process for keeping track of expenditures of people who traveled?

A For a while -- I don't know if it was at that time -- I approved expense statements, and I also approved advances if they were going out of town and needed money.

Q Do you recall at what time you were doing that?

A It was probably right around there, September of '80, or whatever, because that is when we started the

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solicitation.

Q Around September of 1980, which of those functions that you described earlier were you in, do you recall?

A No, I don't, to be positive.

Q You don't recall whether you were in what you described as the Agency Supervisor?

A I worked directly with Kerry on everything, so regardless of what my title was, I was pretty much involved in everything that was going on.

Q Did Clarke Lloyd and Kerry Craig have very close interaction for purposes of making the business decisions of Agency Holding?

A Not day-to-day; maybe overall projections and techniques and things of that nature.

Q What system, if any, was there whereby Crown would monitor whether Agency was spending the money that Crown was giving it for the purposes that it was supposed to?

A I don't really think there were any systems.

Q It was just a system of reliance upon the people at Agency to do that?

A I believe so, yes.

Q Did you become aware that Clarke Lloyd ceased

830404 0016

1 employment for Crown Life?

2 A Yes.

3 Q Do you know when that took place?

4 A August or September of '81.

5 Q Do you know why he ceased employment there?

6 A He was given a new position and he didn't want

7 it.

8 Q Was he sort of edged out?

9 A Yes.

10 Q Do you know what the reason for them trying to

11 edge him out essentially was?

12 A A lot of the general agents didn't like his mannerisms.

13 They thought he had a lot of favoritism toward certain agents,

14 and they created a lot of unrest with the home office and

15 with Clarke's supervisors.

16 Q What agents were being favored? Do you know more

17 about that?

18 A Their feeling was Mr. Craig was being favored,

19 Mr. Oglevee. Basically that is about it.

20 Q What was their -- I am speaking of the other general

21 agents -- rationale for that kind of position?

22 A Their feeling -- I don't agree with this -- but

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1 their feeling was that there was favoritism, oh, they have
2 said underwriting favoritism; in other words, pushing business
3 through. You know, if a broker -- just to generate more
4 business, for example, in Chicago. Favoritism with financing,
5 with the time that he spent in Chicago. I don't know. I
6 guess that about sums it up.
7 Q Favoritism in terms of financing, what do you mean
8 by that? What sort of assertions were they making?
9 A I believe their feeling was that we were getting
10 more money than we needed to operate our business.
11 Q Were there any specific examples that they were
12 referring to as seeming to be more money than you were entitled
13 to?
14 A Not that I know of. I didn't ever talk to these
15 people. These are just things I heard from others.
16 Q It wasn't in reference to any specific account,
17 for example, that was getting a lot of money in Chicago?
18 A I don't think so. Not that I know of, no.
19 Q Did it have anything to do with any money having
20 gone to Agency Holding that was used to make payments to
21 individuals to make contributions?
22 A I don't believe any of them even knew about it.

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Q Going back to that time period I referred to, September through November of 1980, do you recall ever making any political contributions?

A Yes.

Q Would you tell me how that came about?

A I was asked if I could contribute to certain parties, and so I made out the checks.

Q Who asked you and where did that happen?

A Mr. Craig did, and it was in the office.

Q Do you recall when that happened?

A The exact date?

Q Yes.

A No.

Q Do you recall what day of the week it was that it came about?

A No.

Q Do you recall if you were at the office on a weekend?

A I don't think so. We worked on weekends, so it could be, but I don't think so.

Q What specifically do you recall Mr. Craig saying to you?

A That we were -- "we" being a number of the people

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1 in the office -- we were going to be contributing to certain
2 candidates for the upcoming election, and basically that
3 the reason was for our industry, the business that we were
4 in, to set up a PAC, which I don't know what a PAC is to
5 this day, so, you know, we were going to be setting up PACs
6 so that we can have a say or an interest, whatever, in whatever
7 changes government could make for our industry.
8 Q Was there any reference to any specific governmental
9 regulation that was of interest?
10 A All that was really mentioned was Section 79, which
11 is a law that is always coming up I guess in Washington,
12 for whatever reason, Retired Lives Reserve, that we were
13 handling on a national basis for not just McDonald's but
14 other companies, that if -- how do I explain that. There
15 is something where in Congress they had a plan similar to
16 this, but they were always talking about whether it should
17 stay or go. That is about it.
18 Q Did Mr. Craig then say that the idea was to contribute
19 to candidates so that hopefully maybe down the line the firm,
20 Agency Holding, might be able to have some impact with those
21 kinds of policies?
22 A I believe that that was the whole reason for it.

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Q Were there specific candidates mentioned at this first discussion you had with him?

A No. It all happened at the same time.

Q There was just one discussion?

A Well, at the time that I made the contributions. It was, I think, "Here is a list." You know, "Make out the checks. We will deposit the money."

Q Let me try to get you to recall specific discussions that you had and try to separate the ones out that you had. With regard to the first one, how much was said there? I mean how much was said and what was accomplished at that one?

A I think it was basically that we were going to be doing this, would you mind, would you do it, this is the reason why.

Q Who was present at that one?

A I believe Charlie Smith, Maury Kent, and I assume Kerry also.

Q Anyone else that you recall?

A Not that -- those are the characters that always pop in my mind when I remember any of these things.

Q Do you remember if William Preisser was there at

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1 that discussion?

2 A I don't remember if he was there or not.

3 Q Do you remember if Mr. Robert Bernstein was there?

4 A I don't think so.

5 Q Was Mr. Oglevee there?

6 A I doubt it since he is from Pittsburgh.

7 Q Was Mr. Lloyd there?

8 A No.

9 Q Were all of those people together for that particular

10 conversation you are recalling?

11 A Were they together?

12 Q Was this a group discussion?

13 A Yes.

14 Q At that particular time, did you actually sit down

15 at that moment and write out checks payable to candidates?

16 A No.

17 Q When did you do that?

18 A Maybe a couple days later, a day or two later.

19 Q Did you do that at the office?

20 A Yes.

21 Q Do you recall having seen a list, a written out

22 list, of candidates?

8 3 0 4 0 4 0 3 0 1 6

A Yes. That is where I knew who to make my checks payable to.

Q Where did you get that list?

A Someone, maybe Kerry, maybe Charlie, maybe the secretary, gave it to me. I am not sure.

Q Do you recall ever typing up a list like that yourself?

A No. That was done by our secretary.

Q Who was your secretary?

A Her name is Doreen Majewski.

Q When Mr. Craig asked you to do this, did you respond affirmatively?

A Yes.

Q Without any questions, did you say you would do it?

A No. I asked him how I would be able to get so much money based on my salary.

Q What did he say?

A He said that it was deductible. I have never filled out my own tax returns so I wouldn't know how to deduct something if I had to. But he said that it was not a tax problem, and that basically that was it. That is all I really asked him.

8 3 0 4 0 4 3 0 1 7

1 Q Did he also say that you would be getting some
2 money to cover the contributions?
3 A He said if we had to pay taxes on it, or something
4 of that nature, that he could bonus the money to us to take
5 care of any payment that we would have to make like to the
6 IRS or something.
7 Q This is in the first discussion you had with him?
8 A I believe so, yes.
9 Q You referred to you asked him how you could make
10 contributions of that much money. Did he tell you in that
11 initial discussion how much he wanted you to contribute?
12 A I think so.
13 Q Do you recall what that amount was?
14 A $17,000.
15 Q Do you recall how he arrived at that amount?
16 A No.
17 Q He didn't say anything about how he arrived at
18 that amount?
19 A No.
20 Q You recall that he said that if necessary, it could
21 be bonused out at the end of the year?
22 A Yes.

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1 Q What was your understanding of what that meant?
2 A I have never had to pay taxes before. I usually
3 get a refund. So I said, if I have to pay, one, I am not
4 going to have the money to do it. It shouldn't be my problem.
5 He said, well, it won't be. If you have to pay, we can bonus
6 the money, you know, and take taxes out of that and then
7 you make it up the following year, or something of that nature.
8 Q It was not clear at all to you what he was referring
9 to, though?
10 A Not particularly, no.
11 Q Had you ever on any other occasion received or
12 gotten an offer that you could make some sort of payment
13 and then have the firm bonus it out so that you would be
14 able to avoid paying taxes?
15 A I don't understand your question.
16 Q Do you recall any other instance where he had made
17 a similar offer to you before?
18 A No.
19 Q With regard to the payments you referred to earlier,
20 the extra payments you received above your salary, was there
21 any discussion in those instances as to whether those would
22 have any tax implications for you?

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A Well, they always took taxes out, the appropriate taxes.

Q So it was your understanding you would have to pay income tax on those additional amounts in those instances you referred to earlier?

A Include it in my income, yes, my total income for the year.

Q Is that the situation with the $800 amount that you referred to?

A Yes.

Q That was not a loan?

A No.

Q With regard to this discussion about the political contributions, was there any discussion at that point about your having to repay back to the firm any money you would receive to cover contributions?

A At the time of the first conversation?

Q Yes.

A I was not under the -- I didn't understand it to be that I would have to pay any money back.

Q Did there later come a time when there was discussion about your having to repay the money to the company?

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A Yes. When they found out that it wasn't deductible, it could no longer be on a bonus situation -- I had talked to our lawyer, Mr. O'Brien, in Chicago, just between him and I, what kind of tax problems I could have with such a large amount. He said, "Well, you can't do that." And that is when I talked to Mr. Craig. Actually, Mr. O'Brien talked to Mr. Craig. And then the notes were prepared for everyone to sign as a loan.

Q When did you speak with Mr. O'Brien?

A I believe it was in January of '81.

Q At that time did you explain fully the transaction that had occurred?

A I didn't understand fully what had happened. I told him what I did and just said, "Do I need to do anything to clear this up?" Tax reasons.

Q Why did you go to him to ask him that question?

A Because there was discussion in the office between Mr. Kent and I know Mr. Oglevee also called and said, "It is time to do our tax return. What is the story?" And then I believe at that time, I think it was Charlie came back --

Q Charlie?

A Smith. -- came back and said, "Sorry guys, it

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is not deductible." And that is why I went and spoke with Mr. O'Brien.

Q What exactly happened? You referred to executing notes. How did that actually come about?

A Mr. O'Brien suggested to me and I think recommended to Mr. Craig that we should prepare these notes and have it as a loan and that Kerry would have to work out the repayment with each of the individuals.

Q Was there discussion about repayment never actually having to be taken out of people's pockets?

A I don't know with regards to the other people. I know my situation, based on my salary, that I was not going to be able to make any lump sum payments. He said, "Well, don't worry about it now."

Q Who is this who is saying that?

A Mr. Craig.

Q Is that all he said?

A Basically, yes.

Q Did he give you any explanation as to how it would be arranged so that you wouldn't have to worry?

A No. At that time I had no reason to believe I would be leaving the company or anything like that, so I

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1 really wasn't all that concerned about it.

2 Q But you were advised by him that you wouldn't actually

3 have to repay those funds?

4 A Well, he just said, "Don't worry about it now,"

5 so I didn't.

6 Q Back to the actual contributions. How did you

7 actually deliver the contributions that you made?

8 A How did I deliver them?

9 Q Yes.

10 A I wrote out the checks and then they were enclosed

11 in an envelope with a note and sent in the mail.

12 Q What did the note say?

13 A It was an "enclosed please find" kind of note.

14 Q Was that a note that you prepared yourself?

15 A No. The secretary typed it up for everyone. It

16 was the same format that was used on each letter.

17 Q Did you have to sign that note?

18 A I don't remember signing the letter, just the checks.

19 Q Do you recall if there was a signature at all on

20 the note or letter?

21 A No, I don't know if there was one. I know our

22 home addresses were on it and it said "Enclosed please find

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1 a check for" whatever.

2 Q Was there any reference in the letter as to your

3 occupation and your place of employment?

4 A Not that I remember.

5 Q Do you recall if the note was on Agency Holding

6 stationery?

7 A It was just blank paper, plain.

8 Q There was no letterhead on it?

9 A No.

10 Q Do you know of other individuals who also made

11 contributions who were employees of Agency Holding?

12 A Do I know of other people that did it?

13 Q Yes.

14 A Yes.

15 Q Who were those other individuals?

16 A Maury Kent, Charlie Smith, Bob Bernstein, Bill

17 Preisser, Nick Catrini, and then there is from Incotrav

18 James Wright, his wife Delores, Tom Masters and Gary Holland.

19 Q With regard to Mr. Preisser, do you recall how

20 he was asked to make a contribution?

21 A Just that he was asked to make a contribution.

22 Q Do you know who asked him to do that?

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A I believe Mr. Craig.

Q Were you present at that time?

A I think so.

Q Do you recall where that happened?

A I believe it was in Kerry's office.

Q Do you recall whether it was before or after you had been asked?

A I believe it was after I had been asked.

Q Were you aware that some individuals were contributing $17,000 total and others were contributing only $1,000?

A Yes.

Q Do you recall if there was any discussion as to why some individuals were contributing less than the others?

A Not that I remember, no.

Q Do you recall if there was any discussion about any particular candidates that needed or could use additional support?

A Not that I know of.

Q What reason was given to you as to why these particular candidates were selected?

A I don't know why they were selected.

Q Did you ask anybody?

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A I don't think so, no.

Q Did Mr. Craig ever give you any indication as to where he had gotten the idea?

A The idea for the certain people or the whole idea?

Q The whole idea.

A I know Charlie Smith's uncle had conversations regarding what people and how to do it and that it was okay to do it and everything else.

Q How do you know that?

A Charlie's office was right by mine and I heard some of his conversations with his uncle.

Q Do you recall in those conversations if Mr. Smith had any discussions about the legality of these transactions?

A Yes; because that was everyone's concern that was contributing, was it a proper thing to do.

Q What aspect are you talking about, the fact of just making contributions at all?

A Yes.

Q Was there a discussion about the legality of having some sort of bonus-out procedure used?

A I don't remember that. I just remember Charlie coming back and saying that it was all deductible. I don't

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1 know at that time or what conversations I overheard that
2 were about bonus-out.
3 Q Are you aware of other employees who were recipients
4 of the same sort of bonus-out process?
5 A I don't understand your question.
6 Q Were you aware at the time of other employees at
7 Agency who had received the same bonus-out arrangement?
8 A For the contributions?
9 Q For the contributions.
10 A See, I don't know. Mr. Craig obviously talked
11 to these people about their situation. Whatever they discussed,
12 I don't know.
13 Q You didn't talk to them about their situation?
14 A Well, when it came to do the tax return and this
15 was brought up by Maury Kent and Bob Oglevee, a number of
16 us discussed it because that is when we found out it wasn't
17 deductible. So I know there were some groans, kind of like,
18 "What do we do?" kind of thing.
19 Q Did you pass on the word to any of the other
20 individuals about the deductibility problem?
21 A Well, we all kind of discussed the fact -- I think
22 Charlie came back and said this isn't deductible. I think

we were all discussing it at one point. He went and made a phone call and came back and said now it is not deductible, or something like that.

Q Which individuals are you aware of that had made contributions that were apprised by either yourself or Mr. Craig or Mr. Smith that the contributions were not in fact deductible?

A Well, I suppose just about everyone that contributed knew.

Q Did you, yourself, actually call up anybody, for example, to notify them of this problem?

A Maybe I discussed it with some of the gentlemen at Incotrav, Mr. Masters and Mr. Holland. But I don't know that I could have given them any answers or reasons.

Q I am just trying to figure out if there was some effort undertaken by the folks who found out about this problem to let everybody who was involved in making contributions know about it.

A I think everyone knew.

Q Did you attend a meeting in Washington, D. C. in late September or early October of 1980 at the general agents meeting?

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A Yes.

Q How many days were you in attendance there?

A I believe in total two days.

Q Did you have any discussions at that time about the possibility of any employees of Agency making any political contributions?

A No.

Q Do you recall any discussions about setting up a Political Action Committee at that time?

A No.

Q Do you recall meeting an individual named Owen Marley?

A Yes.

Q When did you meet him?

A I guess it was on the first day in a bar at the hotel we were staying in.

Q Do you recall any discussions you had with him?

A Not really. I mean, it was just general talk. I was introduced to him. I was sitting at a table with Mr. Smith when he walked in. That is how I met him.

Q You don't recall any discussions, now that I have given you his name, about any political contributions that

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1 would be made by Mr. Smith or anybody else at Agency?
2 A No.
3 Q Did you later attend a social night on the town
4 at Nathan's?
5 A Yes, sir.
6 Q At that point, did you have any discussions with
7 Mr. Marley?
8 A I don't remember that he was there. I kind of
9 stayed away from him, you know, like -- well, I shouldn't
10 say that. He could have been there, but I certainly wasn't
11 around him if he was.
12 Q You weren't trying to avoid him per se, were you?
13 A I thought he was kind of different when I met him,
14 so I just really didn't look for him or anything like that.
15 Q At any point after that did you have any conversations
16 with Mr. Marley?
17 A I don't think so.
18 Q Do you recall him ever calling anyone at Agency
19 other than Mr. Smith?
20 A He may have called Mr. Craig, but I can't say for
21 sure. I know Mr. Craig tried getting ahold of him different
22 times.

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1 Q Do you recall any of the reasons why Mr. Craig
2 was trying to get ahold of him?
3 A We wanted to make sure all of this was -- it is
4 one thing when Charlie relays back, but sometimes you like
5 to get it from the horse's mouth kind of thing.
6 Q Do you recall any discussions that Kerry Craig
7 told you he had with Mr. Marley?
8 A Not that he told me, no. I mean that there were
9 times he tried to reach him. Whether they actually talked,
10 I don't know.
11 Q But your recollection is that he was calling him
12 to find out if this plan of making contributions was legal?
13 A Yes.
14 Q Do you recall within that that he was calling to
15 find out if this plan to bonus-out indivduals for contributions
16 they made was legal?
17 A I don't know about the different reasons why he
18 was trying to get ahold of him. I know it was regarding
19 if all of this was proper. So if the tax implications were
20 included, I don't know.
21 Q Did you collect any contribution checks from any
22 of the other individuals?

8 3 0 4 0 4 0 3 0 3 1

A I think most of it was done by Doreen. I don't remember that I -- unless someone handed me their check. Maybe for Mr. Preisser. I think that is the only one I remember him giving me his check and then I must have given it to Doreen to put in the mail.

Q Where do you recall that he actually gave you the check?

A I believe we were in his office.

Q Do you recall any discussions you had with him at that point about this process?

A I probably told him what little I know, you know.

Q Did you tell him, for example, that other employees, including yourself, were having this bonus-out arrangement made so it wouldn't ultimately cost you anything?

A I don't think so, because I think at the time that we were actually making them it was more -- everyone was under the assumption it was deductible. So I don't think anyone was talking about bonus-out at the time.

Q Do you recall any discussions with any of those other people who had been asked to make contributions about the legality of those contributions?

A I guess we all believed what we were doing was right.

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Q No discussion about it, though? Do you recall any discussion about that?

A The only one that I would have spoken to about it would have been Mr. Masters and Mr. Holland, who I was friends with and might have said, "Don't worry about it. I have been told it is okay what we are doing."

Q Do you recall having actually done that, though?

A It seems probable. I don't remember any exact discussion or place or time or anything like that. I might have gotten their checks from them or something like that.

Q Do you recall having at any point actually given checks to Mr. Holland or Mr. Masters to cover the amount of the contributions that they had made?

A I would assume it was probably me that did it, you know, handed the checks or collected them from those. Their office was on the same floor in the same building of Agency Holding, but it was down the hall, so usually I was the one who ran back and forth between the two offices. As a matter of fact, I think I did collect Mr. Holland's check.

Q I wasn't asking about collecting a check. Do you recall ever giving them a check for payment to cover the

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1 amount of the contribution?

2 A I probably did.

3 Q Do you recall ever actually handing any checks

4 to any of those other individuals who made contributions

5 to cover the amount of their contributions?

6 A I don't remember, you know, handing it right over,

7 but I guess it is familiar now because you are bringing it

8 up. I hadn't really thought about it before, but I guess

9 I was probably the one that did it. But I don't really remember

10 back then how each person got their money. I would imagine

11 I gave everyone theirs, because I wrote out the checks,

12 so I probably handed it to them.

13 Q When you say you wrote out the checks, what do

14 you mean?

15 A On our ledger sheets here. That is my handwriting.

16 I literally wrote the checks to them.

17 Q Did you then take the checks to the individuals

18 who had to sign them and get their signature?

19 A I mean the corporate check that they got so that

20 they have the funds in their account.

21 Q Yes.

22 A I wrote out those checks.

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Q When you say you wrote them out, though, do you just mean the initial "Pay to the Order of" line and date and amount?

A Yes. "Pay to Diane Pariano," I wrote it out.

Q What was the process for getting them signed so that they would be negotiable, the authorized signatories on the check?

A Oh, I don't know how the bank was set up at the time, but I think if the check amount was over $5,000, it required Mr. Craig's signature. If it was under or if that wasn't set up at the time, myself and anyone else could have signed the checks. Like Mr. Preisser and I were co-signers. The girl that was there at the time that was doing the book-keeping was a co-signer.

Q When you were delivering these checks to these individuals, what was your understanding as to how these checks were going to be treated on the company's books?

A I wrote "Bonus" down on the ledgers, and I think the reason why I did that was just so that the girl that was doing the accounting would know that they weren't just getting $17,000, that no taxes should be taken out, or it shouldn't be treated like income. So I think I just

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1 chose to put in the word "Bonus."

2 Q To make clear it would be treated as income is

3 what you are saying?

4 A That it wouldn't be treated as income.

5 Q That it would not?

6 A So she wouldn't take any taxes out is what I am

7 saying.

8 Q Taxes were not taken out for bonus payments?

9 A Well, no. For this they weren't. Okay?

10 Q Was there any system of bonus compensation in

11 effect whereby taxes were taken out at that time?

12 A All I know is in my situation where I had taxes

13 taken out wherever I was paid a bonus because I didn't want

14 to pay taxes later. Am I making myself clear? Because

15 I am getting confused with all this.

16 Q You wrote "Bonus" because you wanted to make it

17 clear that the accounting people would not take out taxes;

18 is that right? Is that what you are saying?

19 A I wanted her to know that it wasn't like getting

20 a paycheck, okay?

21 Q Did you have any involvement with the preparation

22 of W-2 forms for people at the end of the year that listed

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their income?

A No.

Q Who was responsible for that?

A Well, you know, I told Mr. Bingler one thing today. Well, the lady who was writing this at the time, her name was Helen Young.

Q When you are saying writing, are you referring to a ledger sheet of Crown Associates of Colorado with the date of October '80 on it?

A Yes.

Q That handwriting on that you are saying is her handwriting?

A Yes; except for the checks that I made out to Mr. Kent and Mr. Smith. Those are the only two that are in my handwriting.

Q What was the reason that you wrote down these notations on the ledger with regard to bonus payments as opposed to Mrs. Young?

A Why did I do this instead of her?

Q Yes.

A I don't know. I think at the time Kerry just said -- I mean, I knew how to do it, so I just did it myself

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because I knew what amounts the different people were supposed to get.

Q Do you recall at what time of day it was that you did this?

A No.

Q Do you recall if it was an ordinary business day at the office when you did this?

A It could have been on a Saturday, you know. I guess it depends when the checks came in.

Q As far as trying to get some possible reason as to why you would have written this as opposed to the person who ordinarily handled these ledger things.

A I remember sitting at her desk, so obviously she wasn't there, so it could have been on a weekend.

Q And Kerry Craig asked that you go ahead and make these notations on the ledger sheets?

A No. The notations, what I explained to Mr. Golden and Mr. Bingler, I think I just wrote that in, because she writes why all of this stuff is so if it is something that doesn't make sense. So I thought I was being quite efficient and put in a notation also. I don't know why I put in bonus. Maybe at the time I was told it was a bonus.

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Q Can you focus on that and try and recollect if in fact someone did suggest what you should be putting down is the word bonus?

A No. I know no one told me what to put down there.

Q Do you recall specifically when Mr. Craig asked you to make these contributions and discussed the fact that you wouldn't have any detrimental effect, did he use the word bonus-out, or the phrase bonus-out?

A I don't think so.

Q I was trying to get some sense of where the word bonus may have come from.

A I don't recall him saying that to me.

Q Do you recall any other occasions when you ever wrote entries in the check ledgers?

A Prior to this, I could have, because we didn't -- see, I had my hand in just about everything, so there could have been times that I have written out checks, when one of the guys needed a check to go out of town or something like that. I could have done that.

Q But you don't recall any specific instance of having done that?

A This is going back a lot of years. I know that

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I have written out checks from a company checkbook before. So to give you a specific, no. I used to pay the bills.

Q During that time period, and let's go back and make it a little broader, say from June of 1980 through the end of 1980, were you in a position where you were in any sense regularly or routinely writing checks out of the checkbooks?

A No, not at that time.

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 1, please.

(The document referred to was marked FEC Exhibit 1 for identification, a copy of which is attached to the court copy of this deposition.)

(Brief recess.)

MR. THOMAS: The next thing I would like to do, before I go on with what has been marked as Exhibit 1, is have the reporter mark Exhibit 2.

(The document referred to was marked FEC Exhibit 2 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: I am showing Exhibit 2 to the witness and counsel.

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1 BY MR. THOMAS:

2 Q Can you identify Exhibit 2, please?

3 A It is a ledger sheet for our Denver office.

4 Q Is this the document to which you were referring

5 earlier in your testimony?

6 A Yes.

7 Q Now showing you what has been marked Exhibit 1.

8 You will note that has several pages to it.

9 For clarification, that is a copy of documents

10 provided to us by your counsel pursuant to a document request

11 by the Commission.

12 Can you identify Exhibit 1?

13 A These are the checks that I wrote to the different

14 political committees or whatever.

15 MR. THOMAS: Now I would like to have the reporter

16 mark this document as Exhibit 3.

17 (The document referred to was

18 marked FEC Exhibit 3 for identifi-

19 cation, a copy of which is attached to the court copy of this deposition.)

20 MR. THOMAS: I am showing Exhibit 3 to the witness

21 and counsel.

22

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BY MR. THOMAS:

Q Can you identify Exhibit 3?

A This is a check I received from our Minneapolis office for $5,000.

Q Do you know what you received that check for?

A For the contributions.

A Do you know why you received this check from the Minneapolis office?

A The funds that came from Toronto, the checks were written out to a number of our different offices, and the --

Q The checks from Toronto?

A Right.

Q What kinds of checks? Checks covering or for operating expenses and so on?

A I believe this was a special request of funds and it came down to the different offices, and through this, this $5,000, and I am sure there is a couple other checks, made up $17,000, which I was given for the contributions.

Q You referred to a special request that came down. What were you talking about?

A The money was requested from Toronto in order that these contributions could be made.

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Q Do you recall who made that request?

A I have heard since that Mr. Craig called Mr. Lloyd and told him that we needed some money.

Q When did you hear that?

A Well, from the time all of this happened, maybe shortly thereafter, a month after.

Q All of what happened?

A All of these contributions. I know the money was requested and I know that Kerry requested it through Mr. Lloyd.

Q Your recollection is that it was a month or two months after the contributions had been made?

A That I might have heard about it.

Q Oh, that you heard about it?

A Yes.

Q When do you recall a request was made for moneys from Toronto?

A I was told the money was made at the same time we were writing the checks.

Q You mean the request was made.

A Yes.

Q Were you told that Mr. Lloyd was told specifically

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that money was needed to cover advances made so the contributions could be made?

A I don't -- he wasn't told what the money was going to be used for.

Q How do you know that?

A Well, I am very close to Mr. Craig, obviously, and I know that Mr. Lloyd didn't know what the money was being used for.

Q Did Mr. Craig tell you that?

A Yes.

Q Did he tell you that at the time?

A I think he did.

Q Has he told you that specifically since then?

A Well, the reason -- okay, let me explain. I know that Mr. Lloyd didn't know about this because at the time when Kerry was making the request for the money, he was requesting the money for operating expenses, and that is how Mr. Lloyd, I presume, took his request.

Q How do you know that he was requesting the money for operating expenses?

A Because at the time we had a lot of expenses, and I guess Mr. Lloyd felt that it was a reasonable request

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at the time because we were going through a lot of money because of all the traveling we were doing.

Q Did Mr. Craig tell you, however, that he knew that the money he was requesting was actually going to be used to cover the contributions that were made?

A I suppose he knew that.

Q Did he tell you that?

A I can't say for sure if he actually came out and said that.

Q But it was a general understanding of your own that that was Mr. Craig's understanding?

Does that make sense?

A No; I am sorry.

Q At that time was it your understanding that Mr. Craig was getting the moneys from Toronto so it could be used to make these contributions?

A Yes.

Q Did you ever see any correspondence that went to Crown of Toronto in making these requests for special funds?

A I don't think I have, no.

Q Who was responsible for drafting letters for

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1 Mr. Craig's signature at that time?

2 A What kind of letters?

3 Q Letters requesting funds from Crown.

4 A Sometimes I would do it. Sometimes it was done

5 through the Accounting Department, depending on what kind

6 of a request it was.

7 Q Do you recall yourself having drafted any letters

8 to Crown seeking these special funds that you referred to

9 in your testimony?

10 A For the contributions?

11 Q Yes.

12 A I don't think so.

13 Q Do you recall whether the request for special

14 funds was made prior to or after the actual checks paying

15 the Agency employees were drawn?

16 A I don't really know. I talked about this with

17 Mr. Bingler and Mr. Golden this morning. I have a funny

18 feeling that when we wrote our checks, we knew money was

19 going to be coming to cover them.

20 Q At that time, when the checks were issued to the

21 various individuals who made contributions, did Agency and

22 the various firms already have enough money to cover those

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checks drawn?

A I really don't know. I don't know what their balances were.

Q Do you recall any discussions you had with Mr. Craig about that matter, whether there was enough money?

A I may have. I really don't know. You know, I wouldn't have known about every account, how much money they had.

Q Had you ever received any compensation from Crown Associates of Minneapolis prior to receiving what has been marked as Exhibit 3?

A Not that I think — no, I don't think so. Maybe an expense statement, but that would be it.

Q Subsequent to that payment that is referred to in Exhibit 3, have you received any other payments from Minneapolis, the Minneapolis office?

A Not that I — no, I don't think so.

Q As to the payments you received, do you recall how much they totalled? The payments at that time from the Agency firms, do you know what they totalled?

A The total amount I received?

Q Yes.

A $17,000.

Q Was that total amount included on your W-2 form at the end of the year?

A No, it was not.

Q Did you declare ultimately that amount as income on your income tax return that year?

A No.

Q Did you actually take a political contribution deduction or credit that year?

A No.

Q Why did you not take a deduction?

A I wouldn't know how to deduct something when I do my income tax return. It has normally been done by an accountant in the past. I really don't -- I know it is only a short form. I have never taken any deductions for anything.

Q Who prepared your tax return for the 1980 year?

A I think my sister might have done it for me. She is not an accountant. She is a bookkeeper and knows how to do it. I think she might have done it for me.

Q Why did you not include the $17,000 as income?

A Because I didn't think it was income. We were

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1 told -- Mr. O'Brien said to me if you take it as a loan
2 and pay it back, then it is not income.
3 Q So that decision had all been made by the time
4 you actually filed your tax return?
5 A Yes.
6 Q I believe you testified that you recalled having
7 perhaps or probably delivered payment checks to Mr. Holland
8 and Mr. Masters --
9 A Yes.
10 Q -- for the political contributions they made;
11 is that right?
12 A Yes.
13 Q Do you recall how much those payments were?
14 A A thousand dollars for each.
15 Q Do you recall how much their contributions were?
16 A A thousand dollars also.
17 Q Would it perhaps refresh your recollection if
18 I told you that we have received some checks indicating
19 that their contributions were actually $999?
20 A Yes.
21 Q Does that refresh your recollection?
22 A They were supposed to be -- if it was $999, then

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1 it was deductible. That was more advice we received.
2 Q From whom?
3 A I think it was, you know, I think it was through
4 Charlie Smith somehow, that $999, that was okay.
5 Q Would it also refresh your recollection if I told
6 you that we have information that the checks they received
7 were in the amount of $1,200 each?
8 A I don't remember that. It could have happened.
9 I just don't remember that.
10 Q Were you also responsible for drawing the checks
11 from Incotrav to pay those individuals?
12 A I am not sure.
13 Q At that time, did you have authority to draw checks
14 from Incotrav?
15 A I don't think I was ever a signer on the Incotrav
16 accounts.
17 Q Do you recall any discussion with anyone, including
18 Mr. Masters or Mr. Holland, about paying them a little bit
19 more than they had actually contributed to cover the additional
20 tax burden that they would have as a result of getting the
21 bonus payment?
22 A Now that you are bringing all of this up, some

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of this is coming back to me. That could have happened. You know, it sounds familiar now that you are saying it.

Q Do you recall any discussions at the time about making payments above the amounts that people had actually contributed so that those individuals would not have any additional tax burden?

A That sounds familiar.

Q This is with regard to your own contribution as well. Is that what you are saying? You recall something along this line regarding --

A With regard to Mr. Holland and Mr. Masters, that sounds familiar.

Q How about with regard to the other individuals, do you recall such discussion?

A No.

MR. THOMAS: I would like to have the reporter mark this document FEC Exhibit 4, please.

(The document referred to was marked FEC Exhibit 4 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: I am showing Exhibit 4 to the witness and counsel. Again for clarification, these are Xeroxes

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of certain portions of pages provided to us by your counsel.

BY MR. THOMAS:

Q Can you identify Exhibit 4?

A It is a promissory note that I signed for $5,000 and $12,000.

Q Are these the notes that you referred to earlier in your testimony as the arrangements you made as a result of consulting with Mr. O'Brien?

A Yes, sir.

Q Did you fill out the upper portion of each of those notes; that is, the amount and date and payee?

A No. This was filled out by Bob Pulak, who is our accountant.

Q Is that your signature in the lower right-hand corner of each of the instruments?

A Yes, it is.

Q You will note in the lower left-hand corner is the number 43 on the first page, on the first instrument, and number 48, I believe --

A Yes.

Q -- on the second instrument. Do you know what those numbers refer to?

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A We have a notebook and there are receipts and they go consecutively.

Q Do you recall how many notes were actually prepared for all of the individuals who had made contributions?

A How many notes were prepared?

Q Yes.

A Not offhand, because everyone got money from different sources, different corporations. So, for example, I have two. Someone might have had more or maybe just one if they got all 17 from one corporation.

Q Were you involved at all in arranging to have individuals execute notes?

A After Mr. O'Brien spoke with Mr. Craig that notes should be drawn up, I asked Mr. Pulak to go back to our records and find out who received what funds from what corporation and prepare the notes for signatures.

Q Then what happened?

A The notes were given to Mr. Craig before they were signed, and then what I remember is that then he went to the individuals involved and said, you know, "Can you sign this note?"

Q You didn't actually deliver them to any of the

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1 individuals?

2 A I may have. I remember Kerry having them in his

3 hand. But I might have done a couple.

4 Q Do you recall ever asking Mr. Preisser to execute

5 a note?

6 A I may have.

7 Q You don't recall specifically whether you spoke

8 with him or not about this?

9 A Not specifically, but it is possible. I was a

10 go-between a lot.

11 Q How about a Mr. Catrini? Do you recall at any

12 point ever asking him to sign it?

13 A He rings a bell to me because I think he is the

14 one that didn't sign it because we don't have -- when we

15 collected these documents, I remembered at that time when

16 I was taling with Mr. Golden that for some reason I don't

17 think he wanted to sign it, because we don't have it.

18 Q When did you actually collect these documents

19 for Mr. Golden?

20 A I think it started in February with the deposition

21 I was taking in another matter.

22 Q That is the first time you recall trying to pull

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together the various notes?

A It was afterwards when Mr. Bingler and Mr. Craig, we all had a conference, and I think what I did, I might have even forwarded them from Chicago directly to Mr. Bingler just so that he would have them.

Q The notes that you had, when you started searching for them, had already been signed?

A Yes, sir.

Q Prior to making a search and discovering that there was not a note for Mr. Catrini, do you recall any efforts you undertook to try to get Mr. Catrini to sign a note?

A I may have like reminded him or something, for Kerry, have you signed it. They are all kept together. I might have, when I was -- I put them in the safe, with a copy of the list of who we contributed to. I might have at that time said, "I don't have your note. Can you give it to me?" or something like that. I don't remember.

MR. THOMAS: Let me have the reporter mark this document as FEC Exhibit 5.

(The document referred to was marked FEC Exhibit 5 for identification, a copy of which is attached to the court copy of this deposition.)

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MR. THOMAS: I am showing Exhibit 5 to the witness and counsel.

By way of explanation, this is a document that we have received from Nick Catrini, and it was not a single document; it was a cover note, a handwritten note that is, and then a separate document was a promissory note, or what purports to be a promissory note form.

BY MR. THOMAS:

Q Can you identify Exhibit 5, please?

A Well, it is my handwriting on my notepaper.

Q Is all of that your handwriting on the first page?

A On the first page, not the "Received." That is Nick's.

Q Do you recognize that as his?

A Yes.

Q And the second page of Exhibit 5?

A That is Mr. Pulak's.

Q Mr. Pulak's handwriting?

A Yes.

Q Having seen Exhibit 5, does that refresh your recollection as to any efforts you undertook with regard to getting the note signed by Mr. Catrini?

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A I don't remember doing this, but obviously I did.

Q You will note that in the lower portion is the reference "Received 12-5-81." Do you know if in fact on or about 12-5-81 you did actually send this little handwritten note to him?

A I would have thought it was in January, but maybe I did it in December then.

Q January of?

A '82. But I guess not.

Q Why do you recall January?

A The reason why I recall January, like both when I was talking to Mr. Golden and Mr. Bingler, was that everyone was concerned about their taxes, so I assumed it was during that time, the end of the year.

Q This is '82 we are talking about. The end of '81 or early 1982.

A 12-5-81. Last December, right?

Q Yes.

A That doesn't seem familiar then at all.

Q You don't recall making any efforts to have him sign a note that late, is that what you are saying?

A Yes. I assumed these were all done way before that.

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1 Maybe we noticed he didn't sign it. I don't really know.
2 Or maybe that is when they were executed.
3 Q When, in '81?
4 A I don't have any reason to believe that he would
5 have put the wrong date down. But I was under the assumption
6 it was done in January of '81.
7 Q Did you have any conversations with Robert Pulak
8 as to the execution of these notes after that initial discussion
9 where you asked him to prepare the notes?
10 A I don't remember any specific conversations, no.
11 Q When you made a search for the notes to provide
12 them to your attorneys, do you recall any discussions you
13 had with him at that point?
14 A Not the first time because I knew where they were.
15 They were in our safe.
16 Q So you just got them without speaking with him?
17 A I believe so.
18 Q After that, did you have discussions with him?
19 A Yes. It was when we received the request for
20 documents from your office, and it said originals, and at
21 that time -- I don't even know if he did send the originals,
22 the original notes. Did you ever get them?

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1 MR. BINGLER: I don't know because Glen Bost handled
2 all the collection.
3 THE WITNESS: I was trying to find the originals,
4 anyhow, and I asked Bob because they were not in the safe
5 where they were, and we didn't know if Pittsburgh had them
6 because they have a lot of the records. I still don't know
7 if you ever received the originals.
8 BY MR. THOMAS:
9 Q At one point we did, with the document production
10 in Pittsburgh. But I am a little confused. You are saying
11 at one point you collected the originals of the notes and
12 did something with them?
13 A I made copies and sent them to Mr. Bingler.
14 Q So then subsequently an effort was made to obtain
15 the originals and send them to --
16 A -- to Mr. Golden.
17 Q It is in the subsequent effort you recall having
18 a conversation with Mr. Pulak?
19 A Yes.
20 Q What did he say?
21 A He didn't know where they were. He has access
22 to the safe also. That is why I asked him. The last time

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I looked in the safe they weren't in there.

Q What did you do after you made the Xeroxes the first time?

A I put the originals back in the safe, and then -- okay, wait a minute. I am confused. Then the notice came for the originals. I remember I didn't work there anymore, and I remember calling him and saying, "Can you get those originals?" He said, "Well, where are they?" I said, "They should be in the safe. If they are not, call me back." He didn't call me back, so I assumed then that he had taken care of it, sent it on.

Q I want to be very clear. I may have already asked you this. When you took the notes out the first time to make Xeroxes to send to your counsel, were they not only filled out above but actually signed by individuals?

A I believe so, yes.

Q That first time that you tried to do that was, as you recall it, around January of 1982?

A The first time I tried to do what?

Q To take the notes out to make copies and send them to your counsel.

A I would say February of '82.

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Q When was the subsequent effort when Mr. Pulak was asked to get the notes?

A It wasn't very long ago, a couple weeks, two weeks or something like that.

Q Again backtracking a little bit, back to the Incotrav individuals. Do you recall what funds were used to make those payments to those individuals to cover the contributions they made?

A Where did they receive the check from?

Q Yes.

A I think it was from Incotrav, and Incotrav might have received a check from Agency Holding first.

Q You say might have. Do you recall whether in fact that happened?

A Only because Mr. Golden and I, when we were trying to piece this together and we couldn't come up with the full amount that we contributed, I said that might have happened, and I think since then he has received some ledgers from Incotrav. Again, this was something Mr. Pulak was asked to send on.

Q After you made the contributions, do you recall whether any effort was made to contact any of the people

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1 who had been contributed to to try to get across to them
2 some of the viewpoints that Agency might have?
3 a Not that I know of.
4 Q Any discussion that you recall about whether that
5 was going to be done or not?
6 A No, not that I remember of anything, hearing anything
7 like that.
8 Q Did you have any contact with any of the actual
9 campaigns to whom you made contributions, any persons working
10 for them?
11 A Any personal contact?
12 Q Yes.
13 A No.
14 Q None of those campaign people called you, for
15 example, and asked you who you were and where you worked
16 or anything like that?
17 A We get a lot of junk mail. That is about all.
18 Q From campaigns?
19 A Yes.
20 Q What kind of junk mail?
21 A If you are from Washington, that is not what you
22 would say. I suppose I shouldn't say that. I have been

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invited to benefits and they have asked for my money and things like that.

Q But you have never actually had any conversation with any people associated with any of those campaigns?

A No.

Q Do you know of anyone else who made contributions who actually has had any contacts with any of the campaigns to whom contributions were made?

A Not that I know of.

Q Do you recall any discussions about Maury Kent at the time having gotten some calls from campaigns?

A Oh, yeah. Now, I can't remember. What was that for? I think his wife got some calls at home or something like that. Geez, I don't remember what it was all about, like who he was or something. Oh, no, there was something. I don't remember why, but there was some reason that some of the people were getting phone calls at home. I never got any because there was never anyone home to answer my phone if I wasn't there.

Q Was there ever any discussion about perhaps having Mr. Marley in Washington contact some of these campaigns to advise them who these people were that would be contributing?

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A I don't know about that.

Q When you made your own contributions, do you recall whether on any of the documents, including the check and the little cover memo you say was included in the envelope, there was any reference to where you were employed and what your occupation was?

A I don't think so.

Q Do you recall anyone ever asking you for that information?

A I don't understand what you mean. Who would ask me?

Q Either the campaigns or someone else that was involved at Agency in having contributions made.

A Just because you just recently mentioned it, I know there was some reason why Maury was getting these phone calls at home. I don't know -- I don't even remember now what the story was. It might have been having to do with his work or something. I never got any, so I don't remember what they said. I remember him telling me at the time, but I just don't remember now why he said they were calling.

Q For purposes of filling out campaign reports, candidates and their committees have to get certain information

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1 from certain contributors who contribute so much. That
2 information includes the principal place of employment and
3 the person's occupation, if they contribute $1,000, for
4 example.
5 Now, do you recall at any point anyone either
6 at Agency or from the campaigns asking you for that kind
7 of information?
8 A I don't think I ever filled anything like that
9 out.
10 Q Had you prior to making these contributions you
11 made ever made a political contribution?
12 A No.
13 Q Had you prior to making these contributions ever
14 received any solicitation from any political candidates?
15 A I don't think so.
16 Q In your discussions with Mr. Craig about what
17 funds would be used to pay the various people who had made
18 contributions, was there ever any mention of trying to keep
19 the matter secret from the Crown people?
20 A I don't know if secret is the right word, but
21 I know they didn't know about it.
22 Q Without any sort of sinister context, do you recall

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if there was ever any discussion that your firm, Agency Holding, was entitled to do this but it would probably be wiser not to let the people in Toronto and Crown know about the use of funds for this purpose?

A I mean, I don't remember ever saying -- I mean, they would never know what we used it for anyhow, really, so I don't know if there would have been a need for any kind of discussion like that.

Q Do you recall any other instances where funds from Agency or any of the other firms owned by Mr. Craig were given to indiviuals so that those individuals could, well, first of all, make political contributions?

A Had this ever been done in the past from Crown to someone?

Q No. Well, from Agency Holding or firms that Mr. Craig owned.

A To make contributions?

Q To make contributions.

A Not that I know of.

Q Had any such funds from Agency or any of the other firms owned by Mr. Craig ever been used for any other disbursements to employees for non-work related purposes?

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A What do you mean by that?

Q Well, for example, loans for or straight gifts for the purpose pf perhaps buying a home?

A Money has been loaned for things like that.

Q Has it always been in a loan context and never in an outright gift situation?

A I don't know of any outright gift of a house.

Q Do you recall any situations where any company funds, Agency Holding funds, were used or given to an employee so that educational expenses could be paid for?

A I don't know how Kerry handled CLUs. I know he helped a girl out with LOMA. It is a life insurance managerial kind of program. I know that, you know, the girls, a lot of girls have done that. They have had it paid for by the company. It is regarding life insurance.

Q It is a training sort of matter?

A Yes. It is like teaches basics.

Q What is a CLU?

A That is certified life underwriter, I believe. It is like a title. It is at the end of someone's name. Usually men are CLUs.

Q Are you aware of any advances or loans that we

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1 will refer to as "confidential" loans?

2 A From whom to whom?

3 Q From Agency or any of the Kerry Craig firms to

4 any of the employees of those firms.

5 A Well, if it was confidential, then I doubt I would

6 know about it.

7 Q You said you were pretty much involved in everything.

8 A Well, if Kerry lent, for example, Maury money,

9 which he very well could have, I don't remember anything

10 being in any large amounts or anything that was really

11 confidential.

12 Q But the specific term "confidential loan" doesn't

13 mean anything to you as a specific kind of loan that Agency

14 might make?

15 A I have never heard the phrase used in our office.

16 Q How about loans from Crown to Agency? Does that

17 term mean anything to you in those kinds of loans?

18 A I don't think I ever heard that term used,

19 confidential loan.

20 Q When Mr. Craig asked you to make this contribution,

21 did you feel any pressure in any way to make the contribution?

22 A No.

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1 Q As a result of your employment relationship, did
2 you feel like there was, albeit subtle, some pressure?
3 A No.
4 Q With regard to any of the other individuals, do
5 you know if any of them gave any indication to either you
6 or any of the other folks there that they felt somewhat
7 uncomfortable or pressured about being asked to make these
8 contributions?
9 A I don't remember anyone saying that to me or anyone
10 feeling or being upset.
11 Q Were you present at any point in a discussion
12 when either Jim Wright or Delores Wright were asked to make
13 a contribution?
14 A No.
15 Q Did you ever hear any discussions after they had
16 made a contribution check out as to whether they had been
17 uncomfortable at all about making contributions?
18 A Jim and I were pretty close, and he never mentioned
19 anything to me that he felt he didn't want to do it or anything.
20 Q Jim Wright?
21 A Yes; sorry.
22 Q Do you recall him ever making any reference to

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the fact that perhaps his wife was a little uncomfortable making the contribution?

A Well, no.

Q Do you recall anyone at all ever making any reference to the time when Mrs. Wright was asked to make a contribution?

A Do I remember hearing anything about it?

Q Yes.

A No.

Q With regard to Mr. Masters and Mr. Holland and Mr. Wright and Mrs. Wright, were any efforts made to have them execute notes to have them repay the funds given to them?

A I don't think so. I think the reason being that our notebook is strictly Agency Holding. I don't even know if Incotrav has a notebook.

Q Do you recall any discussion at the time about that specific problem, if you will?

A What problem?

Q About there not being a notebook so a note could be obtained from them.

A No.

Q What you referred to then is just your awareness

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of that in general?

A Yes.

Q Did you have any conversations with any of those individuals about the possibility of them executing some sort of promise to repay the funds given to them?

A I may have, but I don't remember any discussions, I mean specifically what I said or what they said or anything like that. I talked to these people all the time, so I may have said something. I just don't remember.

Q This is asking them to execute a note repaying over a thousand dollars, or a thousand dollars.

A I don't know if they were ever asked to.

Q With regard to the notes that you executed, have you made any repayments on those notes?

A No.

Q Is it your understanding that you have to make repayments on those notes?

A I don't think I have to. I mean, I don't think that my husband would sue me for it or anything. Situations change is I guess what I am trying to say.

Q At any point has he told you that you were not expected to actually repay those notes?

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1 A I guess I -- I wouldn't expect him to say that
2 I would have to repay it. I mean, I never asked him, you
3 know.
4 Q But has he ever said anything to you about it?
5 A No, not that I remember he has.
6 Q The last question in that regard. Is it your
7 present intent to actually repay those notes?
8 A I don't mean to laugh. No. I don't have any
9 money to pay that back.
10 Q When other individuals were asked to execute notes,
11 do you remember ever conveying to them that they would not
12 have to repay those notes?
13 A I may have. Now that you said it, it sounds familiar.
14 I don't think anyone was really under the understanding
15 that at one time, payable upon demand, the money would have
16 to -- you know, they would have to pay the money.
17 Q Let's try to distinguish. Were you conveying
18 to any of these individuals that no payment would have to
19 be made any time soon but that ultimately payment would
20 have to be made?
21 A All I remember is that when all of this came up,
22 in my first deposition, when a number of us discussed it,

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1 because I think we were given bad advice or wrong advice,
2 no one really believed that this would have to be repaid.
3 But then when all of these things started happening, everyone's
4 understanding is well, if we have done something improper,
5 then we may have to repay it. At that time I guess, you
6 know, you make up a payment schedule or something. Nothing
7 was really laid out because we never really have known what
8 we were doing with all this.
9 Q In your discussions with Art O'Brien, do you recall
10 whether he ever said that notes could be executed but that
11 payment would not actually have to be made?
12 A I don't think that was Mr. O'Brien's view on the
13 whole thing. Now, he didn't know anything about it other
14 than what I told him. His feeling was, well, it doesn't
15 sound like someone told you all the facts on how something
16 like this is handled. So I think the reason for him saying
17 the notes was that it was tax return time and we had to
18 do something with this money.
19 Q Did Kerry Craig ever suggest that "Okay, fine,
20 we will go ahead and have notes issued, but in fact we won't
21 require these people to repay them"?
22 A I don't remember him being that specific. No one

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1 really ever knew what they were doing with this stuff. I mean,
2 I still don't even know what we should have done and what
3 we have done wrong. So for him to say how we were going
4 to handle it, no one ever knew. One probably thought we
5 knew.
6 Q What do you mean?
7 A Well, we were told that this was all deductible
8 so that people like Mr. Kent, who I assume would take other
9 deductions being he has a family and everything, he probably
10 knew what to do with it. I never did.
11 Q Do you recall any discussions at the time that
12 the contributions were first brought up, the possibility
13 of making them, as to whether Kerry Craig himself would
14 make contributions?
15 A He told me he couldn't because he was a Canadian
16 citizen.
17 Q Did he tell you on what he was basing that?
18 A Basing that information?
19 Q Yes.
20 A No.
21 Q He didn't mention that he had gotten legal advice
22 from Mr. O'Brien, for example, about that?

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A At the time of the contributions, Mr. O'Brien didn't know about any of this.

Q The answer to the question as to whether he had gotten advice from Mr. O'Brien then, I take it, is --

A No.

Q -- that he did not, to your knowledge.

A No.

Q At the time that you were involved with issuing the checks, drawing up the checks, to pay the various individuals for the contributions they made, did you talk to anybody about how that should be reflected on the company books?

A Not at the time.

Q When did you talk to somebody about that?

A Contrary to this, I believe it was in January of '81, and the discussion I believe was with Mr. Pulak and -- no, it could have been later. I am not sure when we have to file our corporate returns. But at that point I believe he talked to our auditors on some kind of -- I mean how we were going to treat it on corporate books.

Q What is your understanding of what he discussed with them?

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A I don't remember what Bob told me. I think he had a couple of conversations with the auditors, and I really don't remember how they were going to reflect -- it was just when we were in Pittsburgh for our conference with Mr. Golden that we called Mr. Pulak and asked him to talk to the auditors. When I hung up the phone, he was going to make the phone call. I don't believe that -- yeah, he did call back, but I don't remember what he said.

Q Now these conversations were taking place when, this year?

A Yes; February. Or, no --

Q At the time back when the contributions were being made, do you recall any discussion with Mr. Pulak or anyone else about how the books should reflect these payments that were being made?

A Mr. Pulak wasn't there at the time the contributions were made. It was a lady by the name of Helen Young. Her and I did not get along very well, so I really didn't discuss very much ever with her.

Q Was the fact that you didn't get along with her one of the reasons why you filled out the ledger sheets?

A I would doubt that I would tell her too much about

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what was going on. I mean, I didn't make a habit of it. So maybe that is why I wrote them out myself.

Q What was the reason you didn't get along?

A Personalities just clashed, I guess. She is an older lady. We just didn't quite see eye to eye on things.

Q Let me go back to Exhibit 2, if I could, please. I believe you have identified, although you didn't have the exhibit right in front of you, that some of the notations there were in your handwriting. Could you specify which notations those are?

A The check to Charles Smith for $5,000, the check to Maurice Kent for $4,000, and I didn't look back here, and I believe that is it.

Q On the second page at the top there is a notation Crown check 48309 and check 627079. Are either of those notations yours?

A No, they are not.

Q Do you know whose those are?

A It looks to me like the writing of Helen Young.

Q Is any of the other handwriting on Exhibit 2 yours that you recognize?

A Let me look at it good before I say that. I don't

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1 believe so, no.

2 Q Was there any discussion with anyone about trying

3 to arrange the books -- and this is back in September,

4 approximately, or during November of 1980 -- about trying

5 to arrange the books so that there would be no reference

6 to political contributions having been made?

7 A Not that I know of, no.

8 Q You don't recall any discussions about let's try

9 to keep it from looking like contributions we made?

10 A See, we were understanding we did everything properly,

11 so there would be no reason that we would have to, you know,

12 hide it or whatever.

13 Q Other than the people that made contributions,

14 at the time, do you recall anybody else that knew about

15 the contributions having been made?

16 A Oh, I am sure there were other people in the office,

17 some of the husbands or the wives of the gentlemen that

18 made them. I know some of the -- I am sure other people

19 in the office knew about it.

20 Q What other people, for example, knew about it?

21 A Well, the girl that typed up all the letters,

22 Doreen Majewski, and maybe another girl by the name of Theresa

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1 Sorenson.

2 Q What was her position?

3 A She worked with me as an assistant, so she might

4 have known about it.

5 Q Did you tell her about it?

6 A I don't remember. It wasn't a big secret, you

7 know.

8 Q How about Mr. Pulak? I am sorry; he wasn't there,

9 I take it, at the time.

10 A No.

11 Q How much later did he come?

12 A That meeting that was held in Washington, Bob

13 was in for that meeting because he had just started and

14 Kerry wanted him to meet all the different people in the

15 office. So when Helen left, this girl, and when he came

16 exactly, I am not sure, but they are right around the same

17 time because I remember him being in Washington.

18 Q Had he started working in the office in Chicago

19 by that time?

20 A I don't know if he had actually physically started

21 there or not. I happen just to remember today that Bob

22 was also at that meeting, Bob Pulak.

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Q In Washington?

A Right. So it was somewhere around there.

Q Did the meeting in Washington precede the making of contributions?

A The contributions came after the meeting. So I guess Bob was there, but I don't remember him being there, when we made the contributions.

Q Was there anybody working for Agency Holding at the time and who was aware of those contributions having been made who is no longer working there?

A Both of the two girls I mentioned, Doreen and Theresa, are no longer there.

Q Do you know where they are located now?

A Theresa I don't. Doreen and I still keep in touch with one another. She is at Merrill Lynch.

Q In Chicago?

A Yes.

Q You keep in touch. Are you very good friends?

A We worked well together. We got along well. I have lunch with her occasionally and that is about it.

Q How about Mrs. Young? Is she still there?

A No. She left shortly -- I don't know. Mr. Pulak

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1 probably would know this better. But I think Bob came in
2 under her, with the intentionthat Kerry was going to let
3 her go when he was there. So it all really happened at
4 the same time. I don't know where she is at.
5 Q Do you know if she was aware of political
6 contributions having been made?
7 A I don't know. I don't think so.
8 Q Was she otherwise responsible for filling out
9 thse ledger sheets?
10 A Yes.
11 Q Is it possible she probably saw the ledger sheet
12 entries that made reference to bonus payments to individuals?
13 A I am sure she did in totalling her figures and
14 balances and things of that nature.
15 Q Do you know where she is presently?
16 A No, I don't.
17 MR. THOMAS: Let's take another two-minute break.
18 (Brief recess.)
19 MR. THOMAS: I have just one other narrow area.
20 BY MR. THOMAS:
21 Q Around the time that these contributions were
22 made, was there anybody that was at Agency that was monitoring

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any particular legislation that might affect the company?

A Was anyone monitoring anything?

Q Yes.

A Well, we always kept abreast of any changes that would affect our industry.

Q Who was most involved with that then?

A I would say it was any of the gentlemen. You know, in selling insurance, they obviously had to know some of the ramifications or rulings that came down. All of us kind of kept on top of it.

Q There was not any one person, though, in the Chicago office that was more in charge of receiving information on the legislative or tax issues and disseminating that information to the other people?

A Well, if something came up that would affect our business, say if Maury read something in the Wall Street Journal, he would let us know or we would have clippings and pass it around and maybe I would send it out to the other offices in case they hadn't seen it, you know, just to keep everyone informed. It was my function to distribute information.

Q At that time was there anyone who was responsible

8 3 0 4 0 4 3 0 8 2

1 for making contacts with anyone in Washington, D. C. to
2 obtain that kind of information?
3 A No, not that I know of.
4 Q Do you recall if you at that point had any counsel,
5 legal counsel, retained in Washington, D. C. to provide
6 information on that?
7 A Not in Washington; Hartford.
8 Q Who in Hartford?
9 A His name is Richard Shechtman. He is a very well-
10 known insurance lawyer. For example, when we worked on
11 the McDonald's retired lives reserve case, he worked with
12 us and the client to say how things could be, what do you
13 call it, how you could take corporate deductions for the
14 life insurance they would provide for employees, to make
15 sure that everything was, you know, all set and proper.
16 So he is I guess you could call him retained. I mean, he
17 has done a lot of work for us.
18 Q Do you recall him ever making any reference to
19 any particular legislators here in Washington who were involved
20 with issues that might affect your industry?
21 A The only thing that I can remember, and I don't
22 know all the specifics of it, but there was something regarding

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1 Connecticut General and their key man insurance and how
2 it was somehow being ruled on in Washington and just it
3 was favorable because supposedly the men who were ruling
4 on it had the same type of insurance. So we didn't feel
5 that they would be knocking out this kind of a plan because
6 it would be knocking out their own benefits. That is the
7 only thing I can actually ever remember being referred to
8 Washingto.
9 Q Do you recall if anything ever came of that? Was
10 an effort undertaken to try to have some impact on that?
11 A From us?
12 Q Yes.
13 A No, not that I know of.
14 Q I am just trying to get any information you might
15 have as to what nexus there was between the stuff that was
16 going on in the insurance industry and legislation or IRS
17 matters and these political contributions that were to be
18 made.
19 A You want to know what, the connection?
20 Q I am trying to get some sense of what the generation
21 of this idea to make contributions was.
22 A That I don't know. Like I said, whatever a PAC is,

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we were supposedly going to set up a PAC, and by doing all of this just keep abreast of what was going on with legislation for our industry.

Q Is it your understanding that the initial idea came from Charles Smith's uncle here in Washington?

A I think he initiated it.

Q What is your belief based on?

A Just discussions that I have heard. I mean, nothing like this had ever happened previous to coming to Washington and meeting his uncle. So I think that started all this.

MR. THOMAS: I have no further questions. Do you wish to cross?

MR. BINGLER: No.

MR. GOLDEN: No, we do not wish to cross.

MR. THOMAS: Do you wish to waive signature?

MR. GOLDEN: We will waive signature.

(By stipulation of counsel and agreement of the witness, reading and signature waived.)

8304030035

CERTIFICATE OF NOTARY PUBLIC

I, Karen Hinnenkamp, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further that I am not a relative or employee of any attorney or counsel employed by any of the parties thereto, nor financially or otherwise interested in the outcome of the action.

Karen Hinnenkamp
Notary Public in and for
the District of Columbia

My commission expires:

July 31, 1983

830404 3096

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

83040323 0 3 7

Apr 25 80

2-3
710

Pay to the Order of Citizens for Hoffman $ 1000.00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

Memo

⑆071000039⑆ 52⑈91305⑈ 0323 ⑈0000100000⑈

LITHO FINANCIAL PRINTING

FEC EX. 1
KH 5-9-82

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

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324

Oct. 35 ofc

2-3
710

Pay to the Order of Chicago Pol Congress $ 1000.00

One thousand Dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000391⑆ 52⑈91305⑈ 0324 ⑈0000100000⑈

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

830443 0 8 9

325

Oct 25 1976

2-3
710

Pay to the Order of Jim Sharpe for Congress $ 1000.00

One thousand dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Memo

Diane Pariano

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LUTHER FINANCIAL PRINTING

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DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

326

Oct. 25 80

2-3/710

Illinois Committee for Congress $ 1000.00

One Hundred Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0326 ⑈0000100000⑈

UNION FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

327

830404331091

Oct 25 80

2-3
710

Friends of Diane for Congress $ 1523.00

One Hundred Twenty Three and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0327 ⑈0000100000⑈

Uniform Commercial Printing

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

8 3 0 4 0 3 4 8 3 0 9 2

Oct 25 1976 3-3/10

Illinois Committee to Elect Lenore Bolt Wilson, 1038 N
Lake Shore Drive Chicago Ill 60611 — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

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DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

329

Ill. 45 & Ill.

2-3
710

Pay to the Order of Morgan campaign committee $ 1000.00

One thousand dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0329 ⑈0000100000⑈

DIANE PARIANO
314 W. MENOMONEE
CHICAGO, ILL. 60614

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Let 25 yrs

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Pay to the Order of Dyson for Congress Committee $ 1000.00

One thousand Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

For

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0330 ⑈0000100000⑈

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DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL., 60614

331

Oct 25 80

2-3
710

Pay to the Order of Committee to Elect Jerry Joseph to Congress 1000.00

One thousand dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

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EATON FINANCIAL PRINTING

DIANE FARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

332

Aug 25 19 8 3 0 4 0 4 3 0 9 6

23-710

Pay to the Order of Illinois Bank Examiners $ 1,000.00

One thousand Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Fariano

⑆071000039⑆ 52⑈91305⑈ 0332 ⑈0000100000⑈

CHICAGO FINANCIAL PRINTING

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

830404333097

Oct 25 19 80

2-3/710

Pay to the Order of Hall for Congress $ 1000 00

One thousand dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Memo

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0333 ⑈0000100000⑈

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DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

334

Oil 25 oz

2-3
710

Pay to the Order of Democratic Campaign Committee $ 1022.03

One thousand twenty two and 03/100 Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0334 ⑈0000100000⑈

8 3 0 4 0 4 3 3 0 9 9

DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

335

Pay to the Order of Citizens for Gardner Committee $ 100.00

One hundred Dollars and no cents — Dollars

2-3
710

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0335 ⑈0000100000⑈

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DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

336

Cil 25 00

2-3
710

Pay to the Order of Isaac Wright $ 1000 00

One thousand Dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000039⑆ 52⑈91305⑈ 0336 ⑈0000100000⑈

DIANE PARIANO
314 W. MENOMONEE
CHICAGO, ILL. 60614

337

Oct. 25 19 80 — 83-0404331 — 2-3/710

Pay to the Order of St. Louis Alderman/Auditor for Congress Committee — $ 1000.00

One thousand dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

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BIANE FARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

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Oct. 25 80

2-3
710

Pay to the Order of Illinois Democratic Committee $ 1000.00

One thousand dollars and no cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Biane Fariano

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DIANE PARIANO
314 W. MENONOMEE
CHICAGO, ILL. 60614

339

Oct 25 86

2-3
710

Pay to the Order of Democratic All Congress Committee $ 1000.00

One thousand dollars and no cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

Diane Pariano

⑆071000391⑆ 52⑈91305⑈ 0339 ⑈0000100000⑈

FORM 8730

☐ PURCHASE JOURNAL
☑ DISBURSEMENTS JOURNAL

Crown Assoc. of Colorado — MONTH OF Oct 19 80

8 3 0 4 0 4 3 3 1 0 4

NAME		DATE	INVOICE NO. CHECK NO.	AMOUNT OF CHECK			ACCOUNTS PAYABLE DEBIT	CREDIT	BALANCE	
AMOUNTS FORWARDED	18,782.17			8779	25				11,742.02	
Deep Rock Water Co.		10/10/80	1197	25	00					
Michael Turner		10/10/80	1198	376	80	small paper bag			11,340.22	
Incotran		10/13/80	1199	361	50				10,978.72	
✓ Denyel Hefner		10/14/80	1200	3,000	00	loan ✓				
Robert Barton		10/15/80	1201	258	91					
Xerox		10/15/80	1203	99	04					
Robert Barton		10/15/80	1202	411	77					
Mountain Bell		10/15/80	1204	569	22					
Mountain Bell		10/15/80	1205	299	95	Computer				
M.C.I. Telecommunications		10/15/80	1206	75	00				6,265.53	
Educational Testing Service		10/15/80	1207	32	00					
EXCHANGE NATIONAL BANK		10/17/80	1208	506	83	FICA 1803 payroll tax FICA 101.78 105.83				
		10/17/80		1380	21	payroll				
U.S. Postmaster		10/17/80	1209	200	00				4,147.39	
Cash		10/20/80	1210	125	00	expense				
Exchange Natl Bk Cashier Ck #22415	3,000.00	10/21				D. Hefner repayment of loan				
CROWN Ck 47278	1,000.00	10/22				spec. adv.				
Colorado State Treasurer		10/22/80	1211	30	97	unemployment comp.				
City & County of Denver		10/22/80	1212	36	00	occupational privilege tax				
Colorado Dept. of Revenue		10/22/80	1213	273	14	income withholding tax			768.78	
✓ Charles J. Fitz		10/27/80	1214	5000	00	Bonus ✓				
✓ Maurice D. Fort		10/27/80	1215	4000	00	Bonus ✓				
CROWN Ck. 48286	314.68	10/27				furniture loan				
Carlton Electric Co.		10/29/80	1216	314	68	office wk. done			(1318.72)	
Kristine Peterson		10/29/80	1217	32	73				~~(1351.45)~~	
									(1351.45)	
TOTALS THIS PAGE	4314.68			17,408	15					
PAGE NO. — PROOF OF BALANCE ON LINE 7 — TOTALS TO DATE	23,096.85			26,187						

FEC Ex. 2 KB 8-4-82

R 8730

NO. Crown Assoc. of Colorado

☐ PURCHASE JOURNAL
☒ DISBURSEMENTS JOURNAL

MONTH OF Oct 19 80

8 3 0 4 0 4 3 3 1 0 5

NAME		DATE	INVOICE NO. CHECK NO.	AMOUNT OF CHECK			ACCOUNTS PAYABLE DEBIT	ACCOUNTS PAYABLE CREDIT	BALANCE	DISCOUNT CREDIT
AMOUNTS FORWARDED	23,096.85			26,187	40				1,354.40	
CROWN Ck 18309	9,000.00	10/27				non adj.				
CROWN ck 627079	18,782.17	10/30				Now finance ck.				
Crown Assoc. of Colorado ck 1041	3,629.98	10/31				not entered in Checkbook				
Exchange National Bank		10/31/80	1218	506	93					
				1385	40	Payroll				
Agency Holding Corp.		10/30/80	1219	2935	00					
Incotrex		10/30/80	1220	2943	60					
Cadillac Fairview Properties		10/31/80	1221	1,035	65	New Lease				
Robert White		10/31/80	1222	8	78					
Anderson's Secretarial		10/31/80	1223	5	13					
Research & Review		10/31/80	1224	20	96					
Hyatt Regency		10/31/80	1225	106	85					
Aetna		10/31/80	1226	154	28					
Growers-All		10/31/80	1227	40	00					
Incotrex		10/31/80	1228	346	00					
Commercial Office Products		10/31/80	1229	40	62					
Federal Express		10/31/80	1230	80	00					
TOTALS THIS PAGE	31,412.15			9589	20					
PAGE NO. PROOF OF BALANCE CHECKED	TOTALS TO DATE 54,509.00			35,776	60				20,470.50	

CROWN ASSOCIATES OF MINNEAPOLIS, INC.

MARQUETTE BLDG. SUITE 20
600 MARQUETTE AVENUE
MINNEAPOLIS, MINN. 55401

206 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS 60604

1225

3-54
710

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

30114100 0

DRAFT

PAY Five Thousand Dollars and no cents — DOLLARS

DATE 10/27/80

12

EXCHANGE NATIONAL BANK OF CHICAGO

TO THE ORDER OF		DATE	CHECK NO.	AMOUNT	
	Kevin Farris	10/27/80	1225	5,000	00

CROWN ASSOCIATES OF MINNEAPOLIS, INC.

⑈001225⑈ ⑆071000547⑆ 2 001612⑈ ⑈0000500000⑈

830404 3106

03 22019

2-54 F.G. ATL CHICAGO 2-54

Kevin Farris
52-91305

FEC Ex. 3
KB 8-4-82

$5,000.00 OCTOBER 27 1980

DIANE FAZIANO after date, for value received, the undersigned promises to Pay to the order of CROWN OF MINNEAPOLIS

at _____ the sum of

FIVE THOUSAND _____ Dollars, with interest

at the rate of ____ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes irrevocably any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fee, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 413 Due DEMAND

Diane Faziano

CASCADE® L1-C332D

8304047312

FEC Ex 4
KH 8-4-82

Bill — Stock 27 M

D. Parsons after date, for value received, the undersigned promises to pay to the order of Eberhart, Kattel, Ogle & Co. at _____ the sum of Three Thousand — Dollars, with interest at the rate of _____ per cent per annum after _____ until paid.

[illegible]

No. 48 Due Demand

Jesse Parsons

8304031 08

Diane Pariano

NICK —

PLEASE SIGN AND RETURN TO ME. CALL WHEN YOU RECEIVE AND I OR KERRY WILL EXPLAIN HOW WE ARE HANDLING WITH TAXES.

THANKS,
DIANE

RECEIVED 12/5/81

FEC Ex 5
KH 8-4-82

83040431 09

$ 1,000 00 OCTOBER 27 1980

N CATRINI after date, for value received, the undersigned promises to Pay to the order of CROWN ASSOC OF MINNEAPOLIS at _____, the sum of ONE THOUSAND ONLY - Dollars, with interest at the rate of ____ per cent per annum after _____ until paid.

(a) to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. (All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 42 Due DEMAND

CASCADE® L1-C3320 PRINTED IN U.S.A.

8304043110

RM/mfm

ORIGINAL

1 BEFORE THE FEDERAL ELECTION COMMISSION

2 - x

3 In the Matter of: :

4 AGENCY HOLDING CORPORATION, et al. : MUR NO. 1445

5 - x

6

7 Washington, D.C.
Tuesday, August 3, 1982

8

9

10 Deposition of

11 ROBERT J. BERNSTEIN

12 a witness in the above-entitled matter, called for examination

13 by counsel for the FEC, pursuant to agreement of counsel, at

14 the offices of the Federal Election Commission,

15 1325 K Street, N.W., Washington, D.C. 20463, beginning at

16 11:15 a.m., before Raleigh Milton, a Notary Public in and

17 for the District of Columbia, when the parties were represented

18 by the following counsel:

19 For the Federal Election Commission:

20 SCOTT THOMAS, ESQ.
and

21 STEPHEN H. MIMS, Legal Intern,
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22 Washington, D.C. 20463

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1 For Robert J. Bernstein:

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and
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C O N T E N T S

WITNESS:	EXAMINATION BY MR. MIMS:
ROBERT J. BERNSTEIN	3
	EXAMINATION BY MR. GOLDEN:
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E X H I B I T S

EXHIBIT NO.	FOR IDENTIFICATION
FEC No. 1	24
FEC No. 2	25

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P R O C E E D I N G S

Thereupon,

ROBERT J. BERNSTEIN

a witness, was called for examination by counsel for the FEC, and, after having been first duly sworn by the notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEC

BY MR. MIMS:

Q Would you please state your name?

A Robert J. Bernstein.

Q Your address, Mr. Bernstein?

A 1705 Miffen, Highland Park, Illinois.

Q Are you married?

A Yes.

Q Your wife's name?

A Marcia.

Q What is your present employment?

A Brokerage manager of Agency Holding Corporation.

Q How long have you been with Agency?

A February of '80 is when I started.

Q You have been in that position since as brokerage manager?

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A That is right.

Q Would you provide me with a brief description of what your responsibilities are as brokerage manager?

A Basically it is to solicit new business from existing brokers and recruit new brokers to place business through Crown Life, through our agency.

Q Who is your supervisor?

A Kerry Craig.

Q You report directly to Mr. Craig?

A Right.

Q Is that pretty much the routine for all the brokers or brokerage managers in Agency?

A For the brokerage manager, yes.

Q Who hired you in Agency?

A Mr. Craig and Mr. Lloyd was in town at that particular time but Mr. Craig was the one that really had the final decision.

Q Are you a social acquaintance with Mr. Craig?

A No.

Q Just business relationship?

A Right; office functions.

Q Strictly to that. I see. I am going to give you

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a list of names of some individuals and I would like you to describe what their positions are -- excuse me, or were with Agency Holding Corporation during October to November 1980. Diane Pariano, now Diane Pariano, correct?

A At that point I believe she was office manager or in a supervisory capacity with the agency. I am not sure what her responsibilities were at that time, but running the -- partially running the office at that point in time, I believe.

Q Did you have any day-to-day business contact with her? Were you in any way responsible for accounting in any way to her?

A No, I wasn't.

Q Are you social acquaintances with Diane Pariano?

A No, I am not.

Q Mr. Bill Ward?

A Bill was in the same capacity as I was, as brokerage manager.

Q Social acquaintances with Mr. Ward?

A No.

Q How about Mr. Maurice Kent?

A Same capacity, brokerage manager. I believe at that

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time Bernie might have been co-general agent. But, basically his responsibility was as brokerage manager.

Q You say you believe he was co-general agent at the time? May I ask what you base your believe on there?

A Conversations, not necessarily with Mr. Kent, but just in the office.

Q Perception?

A Yes, impression.

Q Mr. Charles Smith?

A Brokerage manager at that time, also same capacity, same functions.

Q How about Robert Oglevee?

A Bob Oglevee was not involved in the Chicago office. He was in the Pittsburgh office and had his own agency, was president of his own agency in Pittsburgh.

Q Did he come to the Chicago office from time to time?

A From time to time, yes.

Q For what purpose? Do you know?

A I assume some office functions since he was an officer of the other agency in Pittsburgh. I have no idea what his capacity was.

Q Do you know whether or not Mr. Craig had an

interest in Mr. Oglevee's office?

A The only thing I know about that is that his name used to be called -- I am not sure of the order of names but Ehrman, Ratini, Oglevee and Craig, Inc. So he was involved because I assume of that, yes.

Q How about Mr. Robert Pulak?

A Bob was our accountant and had the Chicago office. I believe he was obviously hired at that point also for accounting.

Q Did you have any day-to-day contact with Mr. Pulak?

A Not other than cordial, you know, hellos and visiting socially or talking with him socially during the day. But nothing of business sense.

Q If you were to have questions regarding any payment which you had received from Agency, who would you go to and ask questions about that?

A Probably Bob Pulak and/or Mr. Craig.

Q In the event that you were to have any reimbursement requests to make for travel or anything else associated with your responsibilities, with whom would you file a request?

A If Bob Pulak was in the office, I would probably go to him first and have to have it approved by Mr. Craig?

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Q Would you also have to submit a request for reimbursement in writing or could that ever be done orally?

A Once a month we turned in expense reports.

Q So on a routine basis?

A Yes.

Q Was there any method by which you accounted to a certain client or a certain program, let's say, one of your insurance relationships with a client, McDonald's, for instance?

Would you account for your reimbursements on the basis of work for that particular company?

A I would account for it on an expense report, a separate expense report for that solicitation from the accounts solicitation but from the same ledger account.

Q You indicated a few moments ago that when you were hired with Agency in February of 1980 that you met not only with Kerry Craig but you said Clark Lloyd, who was in the office at the time?

A He happened to be in Chicago at that time. So I was introduced to him, visited with him.

Q Who is Mr. Lloyd?

A His capacity then or now?

Q Then.

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A He was, I believe, senior agency vice-president for the United States, for Crown Life in the home office.

Q Did he have any relationship with Agency at the time, any direct relationship?

A Not to my knowledge.

Q Did he have any occasion or regular schedule that he observed in coming down to Agency to visit?

A Not that I was aware of.

Q Did he often visit? Did you see him around a lot?

A I am not sure what you consider "a lot". Occasionally he would be there. There would be no pattern.

Q Would it be fair to say a couple of times a month?

A Too much.

Q Too often?

A Yes, too often.

Q Do you have any social relationship or social acquaintance with Mr. Lloyd?

A No, I don't.

Q When was the last time you might have spoken with Mr. Lloyd?

A Two days ago. Is today Wednesday? Yes, Monday.

Q Mr. Lloyd is in a capacity different then what

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he was in in 1980?

A That is correct.

Q What is that capacity now?

A To be honest, I am not sure titlewise what his capacity is; in the Chicago office as a consultant, I believe.

Q So he has an office in the Chicago office now?

A Yes.

Q Have you since you received notification from the commission had any discussion with Mr. Lloyd about this investigation?

A No.

Q When you had your conversation with Mr. Lloyd yesterday --

A Monday.

Q Excuse me, Monday.

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MR. GOLDEN: That is yesterday.

THE WITNESS: Is today Tuesday? I am sorry, we are both right.

BY MR. MIMS:

Q When you had your discussion with Mr. Lloyd yesterday, what did you talk about?

A It was regarding a situation with a broker that we had made some proposals for, presentation for.

Q Do you recall what time of the day that conversation was?

A It had to be in the morning. I don't recall the time. But it had to be in the morning I would think because I was leaving to come to Washington.

Q Did you tell him you were coming to Washington?

A I don't think I told him. I was under the impression that he knew I was coming to Washington.

Q Did you make any political contributions in 1980?

A Yes.

Q Can you tell me a little bit about how that might have come about?

A Mr. Craig came up to me in the office and asked if I would make a political contribution.

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Q Did he tell you who he would like you to contribute to?

A Yes. He mentioned a name, Texan's for Wright was the name.

Q Any idea why he wanted you to contribute to Texan's for Wright?

A None. I have no idea. I didn't then and I don't now.

Q Did you ask why?

A No, I didn't. It was made more as a, rather than asking if I would, he suggested that he would like me to make a contribution but I think is how it was put.

Q You said he suggested that he would like you to make a contribution. Was there any pressure?

A No. No pressure other than what I might have put on myself but none by him.

Q You said that you might have put on yourself?

A At that point in time I had been with the agency six months or whatever. It was a little bit of an awkward situation and I felt that it was something that he aksed me to do and it was fine, nothing wrong with it.

Q Did you have the money to make that contribution?

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A No. I did not.

Q How much was the contribution?

A $1,000.

Q If you didn't have the money to make the contribution, how could you make the contribution?

A I told him that and he made a suggestion that he would give me the money and I would write out a personal check for it.

Q Which of these two things took place first: Did he give you the money first or did you write the check first?

A He gave me the money first. I couldn't write the check without covering it.

Q How was that money reported to you?

A I honestly don't know.

Q Do you know whether it was given in the form of a bonus?

A I don't know.

Q Had you ever received a bonus from Agency Holding before?

A No. I hadn't.

Q Do you know whether this particular transaction, this thousand dollar payment that you received from Agency Holding

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was included in your income tax return for that particular year?

A I don't recall that it was or wasn't. In fact, I didn't even think about it to be honest at the end of the year when I did my taxes.

Q What was your salary during that year, if you recall, approximately?

A $36,000.

Q That included any commissions or bonuses, what you might have received?

A It was an advance. The moneys are earned in advance and the bonuses and overrides are used against that.

Q Going back to the contributions, did you hand that check to anyone? Did you mail it yourself?

A I believe I presented it in person. I didn't use the mail.

Q You presented it in person to whom?

A Mr. Craig.

Q Just the check?

A Just the check.

Q Do you know what happened to that check afterwards?

A No. I don't.

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1 Q Did you provide or see any cover letter that would have
2 accompanied that check?
3 A No, I didn't.
4 Q Did you fill out any kind of form with that check,
5 which would have indicated some personal information, for
6 instance your name, address, your place of employment?
7 A I don't remember doing that.
8 Q Were you aware of whether or not anyone else in
9 Agency was making a contribution to any political candidates
10 during that same time period?
11 A I believe just from talk around the office and I
12 believe, I won't swear to this, that Kerry had mentioned that
13 there were others in the office that were making contributions
14 also. Nothing specific.
15 Q Was anyone else present when Mr. Craig first came
16 to you and asked you to make a contribution?
17 A I don't believe so.
18 Q So he came to you in your office?
19 A It was either in my office or in the hallway, foyer,
20 if you will.
21 Q You just indicated that you heard that there was
22 pretty much talk around the office, I believe you said, that

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1 others may have made contributions. Do you know whether any of
2 these other people were also similarly reimbursed for the contri-
3 butions?
4 A I had no idea. I didn't know.
5 Q Do you know how?
6 A No. I still don't know.
7 Q Was there any discussion about where the funds for
8 your reimbursement were to come from?
9 A None.
10 Q So as far as you were concerned, it came just simply
11 from Agency Holding? Is that correct?
12 A As far as I was concerned, yes. I really didn't
13 stop and think about it.
14 Q Are you familiar at all with the financial structure
15 of Agency and its relationship to Crown Life Insurance Company?
16 A No.
17 Q Do you have any idea how Agency obtains its monthly
18 funding?
19 A Very superficially, in terms of getting a financing
20 check from the home office. I don't know what it is based on,
21 what amounts are relegated to that and how it is figured out.
22 But they are paid overrides and bonuses on production. That

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is about as far as it goes.

Q Do you know whether this particular check which was delivered to you was charged to any particular account?

A I don't have any idea.

Q Did you at any time ever have an opportunity to speak with anyone from the Texan's for Wright campaign?

A No, I didn't.

Q You never received a call from them?

A I don't remember receiving any.

Q During October 1980 did you make a trip to Washington?

A The only other time I have been to Washington is for a general Agency meeting and it might have been-- very well could have been in October of '80.

Q Was anyone else from Agency present?

A I believe most of us from the Chicago office were there at this meeting.

Q Have you ever heard discussed during that time period either at the general Agency's meeting or anywhere else in Washington including a restaurant for instance any of the discussion about Agency or any of these other individuals making political contributions?

A Never.

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Q Did Mr. Lloyd attend that meeting?

A I am sure he was there.

Q Do you know Charles Smith?

A Yes, I do.

Q Was Charles Smith at that meeting?

A Again, I would say I am sure he was. I can't picture him but I am sure he was.

Q Did you during that meeting or afterwards actually go to dinner with anyone at Nathan's?

A No, I don't believe so. In fact, I had a MacDonald's solicitation that I left on the plane and had to fly out to Lake Tahoe that evening.

Q Did you leave at the end of the Agency's meeting?

A Right. I left at the end of the meeting.

Q Do you know a person named Owen Marley?

A Never heard of him.

Q When you made the contributions, when Mr. Craig came to you and asked you to make the contributions and gave you a check to cover your account, did you have any discussion with him regarding the legality of that transaction?

A No, I didn't.

Q You didn't raise at all the issue of me

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writing a check payable to a candidate and you giving me a check so I can put it in my account. There was no discussion at all as to whether or not this was above board?

A Not that I can recall.

Q Did he say anything to you that would have led you to believe it was legal?

A I don't remember. He might have but I don't remember. I couldn't say for sure.

Q When Mr. Craig says something to you during the course of your employment that suggests that you do something, how do you treat that? Maybe I can make myself clearer. Are you in the position where you would feel comfortable in questioning what he said do if you had any thought that it might not be the best way to handle something?

A Much more so now than then.

Q Then because you were a new employee?

A Yes. I would say that was the case.

MR. GOLDEN: Did you have any reservations at that time when Kerry approached you about making the contributions?

THE WITNESS: No. I didn't.

BY MR. MIMS:

Q When Mr. Craig came to you and asked you to

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1 contribute to Congressman Wright's campaign of Texas, you said
2 that you didn't ask any questions as to why you were making
3 a contribution to this particular candidate. Is that correct?
4 A That is correct.
5 Q Just to clarify, he made no indication as to why he
6 wanted you to make a contribution for that particular can-
7 didate?
8 A No. He didn't.
9 Q Was there ever any discussion of any pending legis-
10 lation or possible Internal Revenue Service ruling which might
11 affect Agency Holding Corporation during that time frame?
12 A Not that I was aware of.
13 Q You worked for Agency and one of your clients is
14 MacDonalds as I understand.
15 A Of the Agency. That is right.
16 Q Of the Agency. Are you aware a retired life reserves
17 program that you were trying to implement for MacDonalds?
18 A Yes.
19 Q Are you aware of any possible legal problems associa-
20 ted with implementing that program?
21 A There were certain questions, IRS questions.
22 Q Were you privy to any of the discussions regarding

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what those problems were?

A I was privy only in the respect of general knowledge, if we had gotten bulletins or something regarding IRS rulings. At that point there were no final rulings.

Q Who coordinated Agency efforts with the IRS with respect to attempting to get a certain ruling with the IRS?

A I don't know.

Q Do you know whether they had counsel in Washington at the time?

A I really don't know.

Q So is it safe to say then that you were just aware basically that there was possibly a problem and that something was being done about it and that you were being kept up to date as to what was going on?

A I would say that was the case.

Q When you made the contribution in October 1980, did you discuss with anyone else at Agency other than your conversation with Mr. Craig that you had made a contribution?

A I am sorry. Would you repeat that?

Q I will make it a little more clearer.

A It was clear. I was thinking of something else. Can I clarify one thing going back?

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Q Of course.

A Can you read back -- does he have a record of your question? The one about an attorney that we might have known about outside of Chicago.

(Discussion off the record.)

BY MR. MIMS:

Q Would you now make that statement?

A We had an attorney that had helped us with the MacDonald's program in terms of tax-related questions.

Q Who was that attorney?

A Richard Scheckman.

Q Where is he located?

A Hartford, Connecticut.

Q Do y ou know whether Agency has any present relationship with Mr. Scheckman?

A I really don't know at this point.

Q When Mr. Craig came to you and indicated that he would like to make a contribution and told you that you would receive a reimbursement for that contribution, was there ever any discussion of whether that would hurt you when you file your taxes, whethat that was going to have any tax ramifications?

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A I don't remember a discussion of that sort.

Q So as far as you are concerned, the bonus was included as income?

A To be honest, I didn't think about it. I may have assumed it.

Q Do you complete your own tax returns?

A No.

Q Do you have an accountant who did your tax returns during 1980?

A Yes.

Q Do you know whether a decision was taken for the contribution?

A Yes. I know.

Q Texan's for Wright?

A I do know. The answer is no, there was no deduction.

Q Why was no deduction taken?

A I believe I didn't want to include it because I didn't really make a contribution.

Q You say you didn't make the contribution. You wrote the check payable to Texan's for Wright?

A Right.

Q Why do you think that you didn't make the contribution?

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A Because of the way, because it wasn't really my money. So I didn't feel that I should deduct it.

Q Was that the way you felt at the time that you wrote the check?

A I really didn't think about it at that time until the next tax season I suppose.

Q Were you ever asked to pay that money back?

A No. I wasn't.

Q Did anyone ask you to sign any kind of promissory note?

A I believe I did and I didn't even remember signing it, but I was told that I did.

MR. MIMS: I would like the reporter to mark this as FEC Exhibit No. 1.

(The document referred to was marked for identification as FEC Exhibit No. 1.)

MR. MIMS: I will show this to witness and counsel. By way of explanation, this is a copy of a note which we did obtain from your counsel. Do you recognize the document?

THE WITNESS: Vaguely.

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BY MR. MIMS:

Q Can you identify it?

A It looks like a note signed by me. That is my signature. For a thousand dollars due on demand.

Q The upper right-hand corner has the date October 27, 1980. Was that the same time which you wrote the checks payable to the candidate?

A I really couldn't say. I don't remember.

Q Was that the day on which you received a payment from Agency to cover that check?

A I don't remember exact dates.

MR. MIMS: I will ask the reporter to mark this as FEC Exhibit 2.

(The document referred to was marked for identification as FEC Exhibit No. 2.)

MR. MIMS: I show this to witness and counsel and this was obtained in the same way from counsel.

BY MR. MIMS:

Q Would you identify this document, please?

A It is an Agency Holding check made out to me in the amount of a thousand dollars, dated the 27th of October, 1980,

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signed by Mr. Craig.

Q Is that the check you received?

A I can't swear to it, but it must have been.

Q The upper right-hand corner of that check has a date. October 27, 1980?

A Yes.

Q At the time that you received this check, assuming that it was delivered on that same day, was there any discussion about you signing a promissory note at that time for this thousand dollars?

A I don't remember.

Q I have shown you FEC Exhibit 1 which appears to be the promissory note which you signed?

A Yes.

Q Can you recall when you might have signed that note?

A Not really.

Q Do you recall who might have given you that note?

A No. I don't.

Q Did you sign that note?

A It is my signature.

Q You don't recall who gave you the note, when the note was given to you?

A No.

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Q Or anything that might have been said about it?

A No.

Q Have you made any payments on the note?

A No. I have not.

Q Do you intend to make payments on it?

A No.

Q Has anyone asked you about the note since the time that you signed it?

A No.

Q So between the time you signed it and this moment nobody has said anything to you about this note?

A That is correct.

Q When you got the note, if you don't recall who gave it to you, can you recall anything about a conversation you might have had with anyone regarding whether or not repayment was expected on the note? Did anybody for instance say you are not going to be expected to pay it back?

A I don't remember anybody saying that. I don't remember any conversation regarding that note.

Q So you weren't concerned that somebody handed you a promissory note for you to sign that said I will pay back on demand $1,000 to Agency Holding Corporation?

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A That is correct.

(Discussion off the record.)

BY MR. MIMS:

Q I want to go back on the record and refer again to Exhibit No. 1 which is the note.

Is that your signature on the note? Did you sign the note?

A Yes. I did.

Q Was it prepared for you when you received it?

A You mean was it filled in other than the signature?

Q Other than the signature, was it filled in?

A I don't remember.

Q Is that your handwriting other than the signature?

A No, it is not my handwriting.

Q Then it is possible that you might have signed a blank piece of paper saying I will pay you back whatever amount you fill in?

A It is possible since I don't remember. It certainly is possible.

Q I am having a little bit of a hard time I guess understanding how you might have a conversation with Mr. Craig who would say I would like you to make a contribution to

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Texan's for Wright. You have indicated you had no reason why he was asking you to make a contribution to that particular campaign. Did you have the money in the account at the time to cover that check? I think you indicated no. Is that correct?

A No, I did not.

Q He tells you then he will give you a bonus check or a check to cover your check to the candidate. Some time later somebody comes up to you and asks you to sign a demand promissory note indicating that you will pay back a $1,000 and correct me if I am wrong, but you can't remember who gave you the note?

A That is correct

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Q You can't recall anything about the conversation surrounding whoever gave you the note?

A No, I can't.

Q You had no conversations with anyone else in the office about that note?

A Not that I can recall.

Q Either at the time or up until today?

A That is correct.

Q No one has asked you to repay that note?

A That is correct.

Q No other mention has been made of the note?

A Right.

Q Did you ever have the opportunity to discuss these transactions and making a contribution and the check from agency to cover the contribution; did you ever have the opportunity to discuss that with Mr. Smith?

A No, I did not.

Q Did you ever have the opportunity to discuss anything about the contribution or the reimbursement or the note with Mr. Catrini?

A No.

Q Have you spoken with Mr. Catrini regarding political

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1 contributions since October 1980?

2 A Only since the FEC situation came up. Before that,

3 none.

4 Q When was that?

5 A A few weeks ago, I suppose, whenever we were notified

6 of the situation.

7 Q Can you recall that conversation?

8 A I think it was just regarding the fact that had he

9 received a letter from the FEC, yes; what do we do? That

10 type of thing. I mean, not anything technical or really

11 definitive, just seeing if we all had received copies of

12 this letter.

13 Q Did Mr. Catrini indicate that he had signed a

14 promissory note?

15 A I don't believe we even talked about that.

16 Q Have you ever discussed with Mr. Catrini any of

17 the legal aspects of the retired reserves fund?

18 A Just in the course of doing business, if we had been

19 out on a solicitation together, conversationally.

20 Q This attorney who you mentioned in Hartford,

21 Connecticut, Mr. Scheckman, have you ever discussed with

22 Mr. Scheckman any of these transactions here, the making of

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the contributions?

A Never.

Q Have you discussed with anyone other than your counsel present here today and counsel for Thorp, Reed & Armstrong any of these transactions?

A No. I have not.

Q There is a question that I would like to ask and you might be able to help me out with, explaining perhaps how someone again could enter into a series of transactions like this and know that they weren't making a contribution really of their own money, I think you said, in the sense that that is why you didn't take your tax deduction and at the same time be handed a promissory demand note for $1,000 and not ask any questions about it.

I mean, maybe I am missing something here and you can enlighten me.

A I don't think it is anything you are missing. I think it is something I really didn't give much thought to, right or wrong, I didn't spend that much time thinking about it; at the time or obviously subsequent to that.

The reason I am not sure, but it was evidently not significant enough in my mind or it wasn't made significant

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enough to question.

Q Apparently, correct me if I am wrong, you didn't really feel pushed to pay the note?

A Possibly not. That might have had some bearing. I don't know.

Q Was there anything that anybody said or the way anyone acted that would lead you to develop that conclusion?

A I don't think so.

Q Have you ever taken out any kind of loans before with Agency?

A No. I have not.

Q Have you had any since?

A No.

Q Have you had any loans since the time you began work with Agency from not only Agency but Kerry Craig personally or any of the other corporations which he might have relationships with?

A No.

MR. GOLDEN: Why don't I save and ask a series of questions when you are finished.

MR. MIMMS: That is good. Fine.

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BY MR. MIMS:

Q Mr. Bernstein, when some individual came to you and handed you this note, was there perhaps any discussion that this note is to make it so that you won't have to report this $1,000 from Agency listed here as a bonus as income for that year?

A I don't remember a discussion like that.

Q Was there any discussion whether the note was being executed as a formality because that is the way political contributions are made or anything like that?

A Not that I can recall; I don't remember any discussion regarding that.

Q Who would be responsible for maintaining those notes at Agency?

A I would think Mr. Pulak.

Q Did you have the note in your possession for any period of time or did you sign it immediately when that person brought it to you?

A I don't believe I had it in my possession for any period of time. I think I signed it when it was presented.

Q But it was presented to you personally?

A Yes. I am sure it must have been. I don't remember

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any other way I would have gotten it. It certainly wasn't via the mail.

Q You don't recall who you turned it in to?

A No, I don't.

Q You don't recall whether you completed the blanks in the note other than your signature?

A I know that is not my writing. The signature is mine.

Q You don't recall whether those notes, those blanks were completed when you got the note?

A I don't recall when it was filled in, right.

Q You indicated when you had your conversation with Mr. Catrini, I believe you said a few weeks ago when you both received notice from the Commission regarding this investigation.

Who initiated that phone call? Did he call you? Did you call him?

A I don't remember because I think Mr. Catrini and I had talked previous to that about something completely unrelated to this matter. I don't remember who called who at that subsequent time regarding the FEC letter.

Q When you received the notification from the

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Commission, did you discuss with anyone else at the Agency, Kerry Craig, Diane Craig?

A I brought it into Mr. Craig.

Q Can you summarize that conversation for me?

A I just asked him what this was about; this is very general, but I asked him what it was about, was there any problem and it was indicated that they were going to take care of it, not to worry about it, that he would let us know what the next step was, what was going to be happening, something to that degree.

Q There was a series of questions which included notification to you from the Commission?

A Correct.

Q One of the questions delt with the promissory note providing the Commission with the copy of that note.

Did you discuss that with Mr. Craig at the time, whether ~~what~~ this business is about the note?

A Not at that time, but it was brought up later, I think, in a subsequent discussion because I know he asked Mr. Pulak, he needed copies of the notes. It was during that conversation.

Q What was discussed in that later conversation wehn it was brought up again?

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A Just to get copies of the notes, that he would get copies of the promissory notes. Because I know I didn't have mine. And I don't know if any of the other people had theirs.

Q He didn't say anything to you about the note at the time?

A Not directly.

Q Not directly?

A No.

Q What do you mean by that?

A I mean that I overheard him saying something to Bob Pulak to find the copies or to get the copies of the notes that had been signed.

Q Did that raise any concern in your mind that Mr. Craig was now looking for a note that you had signed to pay back $1,000 to Agency?

A It raised some concern. The whole situation raised some concern. The note was just another facet of it. There was concern when we first got the letter. So that didn't concern me any more than the whole situation.

Q Then he just assured you not to worry about it?

A He said they were going to take, you know, look into it and see what had to be done.

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Q Have you had any discussions with him since?

A Briefly, just on what was transpiring as things started coming together in terms of the depositions and meetings and so on. It was in that light.

Q Just in an outline?

A Just in that light, yes.

Q Have you discussed this with anyone else?

A Subsequent to getting --

Q Subsequent to getting the notice other than Mr. Catrini and Mr. Craig, have you discussed, for instance, with Bob Pulak, the existence of the notes?

A I just asked if he had the notes, I mean in a conversation, and he said he had to get them. I don't remember if he said he was going to take care of it, or he had to find them or they were in a file, you know.

Q He didn't say anything else about the notes?

A Mr. Pulak?

Q Mr. Pulak.

A No.

Q When you got the letter from the Commission and we asked you about the promissory note was the note in existence at the time? Had you signed that note before you received

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notification from the Commission?

A Yes. I would say so.

Q Do you recall when you signed that note?

A I don't recall specifically.

Q How about generally?

A Again, it is my signature and I am sure I signed it sometime around the date that shows here. I couldn't say exactly when. I mean I didn't sign it three months ago or two months ago or last week.

Q Can you give me a season of a year as to when you might have been presented with that note?

A I could but I would just be assuming.

Q Assuming, based on what?

A That that is when I probably signed it and I don't want to say something that I really am not sure of.

Q But you know that it wasn't delivered to you on the day in which you received this check from Agency Holding nor on the day in which you made your contribution to Texans for Wright -- is that correct?

A Could you repeat that?

Q When you received the check from Agency Holding, bearing the payment date of October 27, and you made your

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contribution for Texans for Wright on or about the same time, had you seen that note at that time?

A I don't believe so.

Q Then it came --

A Subsequent, I believe, that it was subsequent to that.

Q No discussion with Mr. Craig came to you, took place when he asked you for the contribution and told you that you would be reimbursed, no discussion took place with respect to signing a promissory note, maybe we don't expect payment from you, this is being done for some reason which is so that you won't have to report this $1,000 as income?

A That is correct. No. There was no discussion that I recall.

MR. MIMMS: Counsel, do you have any questions?

MR. GOLDEN: I have a few questions, but first I think, Mr. Mimms, at some point back there was a series of questions, one of which asked Mr. Bernstein, had he talked with anybody about these political contributions?

I don't recall whether your question was limited to a time period. I think afterwards it came out, I guess, that he had talked to Pulak regarding notes and what have you.

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1 Was there anybody else subsequent to receiving the
2 notice from the FEC -- did you talk to anybody else outside
3 the Agency Holding Corporation besides us?
4 THE WITNESS: Yes.
5 BY MR. GOLDEN:
6 Q Who was that?
7 A My closest friend who is a criminal attorney in
8 Chicago.
9 Q What is his name?
10 A Samuels, Elliott Samuels.
11 Q Just so the record is clear, I couldn't remember
12 the timeframe in which you asied. I wanted the record
13 complete.
14 How much time did you spend, Mr. Bernstein, in your
15 initial conversation with Kerry Craig either at your desk or
16 in the hallway about giving money? How much time do you think
17 he lapsed between his approaching you and you responding?
18 A Two minutes.
19 Q How much time do you think he lapsed whenever it
20 was that you were approached regarding a promissory note
21 between the time you were approached and the time you
22 apparently executed that note?

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A Fairly similar, I am sure, a minute or two.

Q So would it be fair to say that regarding the $1,000 political contribution to Texans for Wright that you probably did not spend more than 40 mintues either on a contribution itself or any type of promissory note related to that contribution?

A That is correct.

Q In the greater scheme of things, given your job and other interests, how significant was this contribution to you at the time you made it?

A Very little.

Q How significant was it to you after you made it?

A Just a little.

Q How significant was it to you at any point up until you received notice from the Federal Election Commission that there might be a problem?

A As much significance as I forgot all about it.

Q Was there any discussion at the time that Kerry Craig approached you on either his part or your part as to the legality of this contribution?

A Not that I remember.

Q Did you have any reason to believe that what he was

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1 asking you to do might not have been legal?

2 A I didn't know. There wasn't a doubt.

3 Q Do you assume that what he was asking you to do was

4 legal?

5 A Yes. I assumed that.

6 Q Did you have any reservations whatsoever that it

7 might not be legal?

8 A No.

9 Q There was a series of questions as to when the note

10 which is dated October 27 actually was executed and I think

11 you testified that you were not certain.

12 Is it possible just for the record -- is it possible

13 that the note was executed after the date shown on the note?

14 In other words, is it possible that you signed that piece of

15 paper after you received, after you made the contribution, and

16 received the reimbursement for the contribution?

17 A Sure, definitely possible.

18 Q But again in terms of executing that note you have

19 testified it is your signature. How much time did you

20 devote to signing that piece of paper?

21 A 15 seconds.

22 Q You cannot recall when you signed it however, or

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1 who gave you the note?

2 A That is correct.

3 Q One other point just to clarify.

4 There have been no other loans that you received

5 from Agency Holding Corporation, either before or since this?

6 A That is correct.

7 Q You indicated that in preparing or perhaps in

8 providing information to your accountant for preparation of

9 your 1980 tax return that you did not take a deduction for

10 this $1,000 contribution; is that correct?

11 A That is correct.

12 Q What was the reason you did not take a deduction

13 for the contribution?

14 A I hadn't thought about it during the whole year

15 until my accountant through the normal course of circumstances

16 asked if I made my political contributions and it jogged my

17 memory.

18 I just said no, because I really didn't. I didn't

19 feel I made a political contribution. That was it.

20 Q Did you discuss with your accountant this particular

21 $1,000 contribution?

22 A No.

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Q You simply advised the accountant in response to his question that you did not make any contributions?

A That is correct.

Q That is correct?

A That is correct.

Q You have indicated that you did not really view this as your money; is that correct?

A That's right.

Q But you did not view making this contribution as being improper or illegal; did you?

A No.

MR. GOLDEN: I think that ends our questioning.

MR. MIMS: Do you wish to waive signature on this?

MR. GOLDEN: We will waive signature.

(By stipulation of counsel, and agreement of the witness, reading and signature was waived.)

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CERTIFICATE OF NOTARY PUBLIC

I, Raleigh E. Milton, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for the
District of Columbia

My commission expires
October 15, 1986

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7EC Ex 1
Pr id
8/3/82

$1000.00 OCTOBER 27 1980

R. BERNSTEIN after date, for value received, the undersigned promises to Pay to the order of AGENCY HOLDING CORP at _____ the sum of ONE THOUSAND ONLY Dollars, with interest at the rate of ____ per cent per annum after _____ until paid.

(And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 46 Due DEMAND

Robert Bernstein

CASCADE® L1-C332D

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1210
CHICAGO, ILLINOIS 60604

1719

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

PAY One Thousand Dollars and 20 cents — DOLLARS

TO THE ORDER OF	DATE	CHECK NO.	AMOUNT
Robert Bernstein	10/27/82	1719	1000
Bonus			

AGENCY HOLDING CORP.

⑈001719⑈ ⑆071000052⑆ 2 001518⑈ ⑈0000100000⑈

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TFC Draft
2 signed
8/5/82

PAID 10-01-28 EXCHANGE NATIONAL BANK OF CHICAGO 60 PAID

PAID 10-01-28 EXCHANGE NATIONAL BANK OF CHICAGO 2-90 PAID 2857

Robert Bernstein
JC-5434-2

ORIGINAL

FEDERAL ELECTION COMMISSION

In the Matter of:

AGENCY HOLDING CORPORATION, ET. AL.

MUR-1445

Washington, D.C.

Friday, July 30, 1982

Deposition of

OWEN MARLEY

a witness, called by counsel for the Federal Election Commission, pursuant to notice, taken in the Office of the General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. , beginning at 10:00 a.m., before Luanne Dawson, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

For the FEC:

SCOTT THOMAS, ESQ.
Office of General Counsel,
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.

1 Counsel for Mr. Marley:

2 ROBERT TYNAN DEVOY, JR., ESQ.
3 Ragan & Mason
The Farragut Building
4 Washington, D.C. 20006

5 Also Present:

6 STEPHEN H. MIMS, ESQ.
Legal Intern
7 Office of General Counsel
Federal Election Commission

8

9 C O N T E N T S

10

Witness:	EXAMINATION BY COUNSEL FOR FEC (Mr. Thomas)
Owen Marley	3

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16 E X H I B I T S

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NUMBER	FOR IDENTIFICATION
FEC Exhibit No. 1	115

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P R O C E E D I N G S

Thereupon,

OWEN MARLEY

a witness, was called for examination by counsel for the Federal Election Commission and, after having been sworn by the Notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEC

BY MR. THOMAS:

Q Could you state your name, please?

A Owen Marley.

Q What is your present home address?

A 6631 Wakefield Drive, Alexandria, Virginia.

Q What is your telephone number there?

A 768-1508.

Q Are you married?

A No.

Q What is your educational background?

A Do you want a total, complete educational background or just the highest level of achievement?

Q Yes.

A Which?

Q Which degrees do you hold?

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A PhD, University of Massachusetts.

Q What is that degree in?

A Philosophy, humanities.

Q Have you obtained a law degree at any point?

A No.

Q You are not a lawyer?

A I'm not a lawyer.

Q What is your present place of employment?

A I'm a government employee.

Q Where?

A U.S. House of Representatives.

Q What is your present position or titles there?

A Legislative analyst.

Q For what group?

A Democratic Steering and Policy Committee.

Q How long have you been with that organization?

A Six years.

Q In that same position that whole time?

A No, no.

Q What other positions?

A Well, no, I have been basically in that same position.

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Q Have you had any other job titles during that time period?

A No, I wouldn't say that.

Q What are your general responsibilities?

A Legislative issues.

Q What does that mean?

A You know, tracking legislation, that kind of stuff, whatever particular thing that the committee was interested in, whatever the range; that is from the budget kind of responsibility to things that might deal with social issues, that type of thing.

Q Give me a little background, if you would, on what kinds of research you perform and who is the benefit of that research?

A The benefit has to be the Democratic Steering and Policy Committee and those people that are on that membership, the committee members of that committee. That is the beneficiaries of such research. But it would be doing anything like, for example, Reaganomics. We have been checking that, and therefore going through the process of the timing, how it affects legislation; for the Budget Committee, you will be dealing with the kind of budgetary things that would come out

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that would reflect legislation.

It is a broad spectrum of issues that would be generated from the committee responsibility.

Q Who is your supervisor?

A Now, you mean the Staff Director, or are you talking about ---

Q Let's go to the Staff Director first.

A ~~R. E. Wise~~. ARI WEISS (opu) *

Q Is he the person who gives you your specific assignments?

A Yes.

Q Aside from the Staff Director, who is in overall control of the Democratic Steering and Policy Committee?

A Do you mean who is Chairman of the committee?

Q The Chairman.

A The Speaker of the House.

Q Are you responsible for any particular subject areas of legislative research?

A It varies at times. As I said, whatever the issues are at the time. It could range anywhere from if the issue was abortion, ranging from that as a social issues. Now we are working a little bit on the balanced budget amendment,

* TO CORRECT SPELLING ERROR

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1 those kinds of things; those kinds of things, we would zero in
2 on depending on what was the spirit of the legislation at the
3 time.
4 Q So it goes into virtually any area of legislation
5 that might be pending?
6 A If you want me to generalize, Mr. Thomas, on the
7 nature of that committee, it is basically a brain trust com-
8 mittee for the leadership, which is a resource arm. Therefore,
9 the issues are not as specific as it would be if you worked
10 for the Judiciary Committee, although we might be tracking
11 certain things in the Judiciary Committee, all right?
12 Q Does any of your legislative research work ever
13 involve research work for political candidates?
14 A You will have to rephrase that question.
15 Q Does any of your research work ever involve doing
16 legislative research so that you can give information to par-
17 ticular candidates to help them with their campaign?
18 A No. The answer would have to be no, with the excep-
19 tion that when you deal -- there are members of Congress on
20 that committee. Therefore, whatever information -- if you,
21 for instance, tell them what the budget deficits you think
22 would be projected for 1985, they would use that information

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out ~~in~~ on (off) * a television program. In that nature, yes, but not specifically.

Q I guess, then, the question is are you saying the Democratic Steering and Policy Committee doesn't serve as an arm of the political operation of the Democratic Party?

A It is not a political arm of the -- yes, I would have to say it is not, as opposed to the DNC, which is a political arm of the Democratic Party. No, it is not that.

Q Is there, for example, any relationship between the Democratic Steering and Policy Committee and the Democratic Congressional Campaign Committee?

A No, not to my knowledge, no.

Q You don't receive any requests for research work from any of the officers or officials of the Democratic Congressional Campaign Committee?

A No.

Q All of your assignments come through your supervisor?

A Yes, in the normal function of the staff director and whatever responsibilities he might define legislatively. It is basically a legislative committee.

Q Okay. In the last three years, have you held any other concurrent positions of employment?

* TO CORRECT ERROR

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A Are you speaking have I moonlighted or something? Is that what the thrust of your question is?

Q Have you had any other jobs at the same time?

A No. No, I have not.

Q Have you, during that last three years, done any political campaign work?

A Political -- no.

Q Have you ever served as a volunteer to any political candidates?

A Yes.

Q What sorts of activities are you talking about?

A I think that in a campaign, I would stuff envelopes, that kind of volunteer work, put stamps on envelopes, that kind of thing.

Q Are there any Federal candidates that you have worked for in the last three years in that capacity?

A The Speaker.

Q Anyone else?

A No, ~~huh-uh.~~ (cont) *

Q Have you ever done any sort of political consulting work for any candidates?

A No.

* TO STRIKE EXTRANEOUS MATERIAL.

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Q Did you do any fund raising work in the sense not just of stuffing envelopes, say, but of actually trying to solicit contributions?

A I have assisted people in collecting political funds, yes.

Q Are you speaking now of just in connection with the Speaker and his campaigns?

A No. There are other people that I would have done that for.

Q Who have you assisted? What Federal candidates in the last three years have you assisted with fund raising?

A There were a number of candidates that were in the 1980 election I assisted. You would have to give me a -- I would have to write them down. Are you trying to jog my memory of the ones?

Q Let me get some better sense. Are you just talking about occasional phone calls where you would advise on how to do fund rasing, or are you talking about where you have gone out yourself and made phone calls or tried to ask people to make contributions?

A You will have to rephrase that.

Q What sorts of things have you done?

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A In what time frame are we talking?

Q Last three years on behalf of Federal candidates?

A I assisted my nephew in the collection of certain funds.

Q Your nephew?

A Charles T. Smith.

Q Any other candidates other than ---

A He wasn't a candidate. I am trying to ---

Q He was involved with certain candidates perhaps?

A Yes, he was involved.

Q Other than that instance, have you assisted anyone else ---

A No, no one else.

Q --- in raising funds?

A No one else.

Q When you made that reference, that was what you had in mind?

A That is what I had in mind, that's exactly right, and the only time.

Q I want to take you back to the time frame of September through November of 1980. Do you recall whether you were doing any legislative research involving pending or potential

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pending tax legislation that involved treatment of group insurance policies?

A The answer to that question would be no. The responsibility of the Ways and Means Committee was somebody else's at that time, on that -- on the staff. It was not my staff responsibility.

Q But were you aware of any research that was going on in that area?

A By whom?

Q By someone on the Democratic Steering and Policy Committee?

A Not totally, no, no, just general kind of research, Mr. Thomas; I would be aware but not specifically, no.

Q The subpoena that we issued asked that you produce certain documents or materials if you had them in your possession or control. Do you have any such documents with you?

A I have no documents with me today.

Q Have you made a search for such documents?

A I have made a reasonable search to try to find some, yes.

Q Did you find any such documents?

A No, I did not. The subpoena refers to, for instance,

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the telephone logs. I didn't keep any. I don't have any telephone logs, for instance.

Q Could you describe for me what files and what areas you researched to determine if you had such documents?

A I looked in the desk drawers that I have at home, the long desk drawers and some of the folders that I have kept on other kinds of things, and a couple of boxes that I had that I thought there might be some documents that I might have stuffed away in the process.

I did not keep any lengthy documents of that nature.

Q Any short documents?

A Well, short documents, well, of course, I would write on a pad of paper a telephone number or something like that, but I do not have it. I did not keep it. I do not keep a systematic record, no. So therefore when I went searching, there was very little if nothing to find because I didn't have it. I didn't keep it to begin with.

Q Have you discussed the fact that you were coming here today with anyone other than Mr. Devoy?

A Yes.

Q Who have you discussed it with?

A Oh, you mean coming to this specific hearing? My

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nephew, Charlie Smith would be aware of that, that I would be here today.

Q When did you talk to him?

A I have ongoing conversations with him, because he is a member of the family. In fact, his father is dying of cancer right now, so the ongoing conversations I have with Charlie, I talked to his father last night AND HIS BROTHER (OPM) Timothy. I have been talking all week with Charlie on many other things. One of the things he said is, "Well, are you going today?" And I said, "I am going to ~~take~~ GIVE (OPM) a deposition with the FEC." His father is dying; it is a very, very serious situation at home, and in the last weeks, we have been constantly talking. *[1]

Q In your conversations with him where you made reference to the fact that you were coming here today, was there any discussions at all about these particular events back in 1980 concerning political contributions?

A He made me aware that he might be coming also at some point, I think, next week some time or the week after. He did make reference to that.

Q Did he make any reference at all to actually his recommendation of what happened back then?

A I asked him for -- because I knew I was coming, and

*[1] TO CLARIFY THE RECORD.

*[2] TO CLARIFY THE RECORD.

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I was trying to recall some of the type of meetings we had and could he come up with the specific dates of when he was in town and so forth and when we might have met. He was kind of vague on it, as I was, and I did ask, because I just wanted to be able to supply that information to you, the exact time that we had met with Charlie when it came time -- when we were dealing with the collection of funds for political candidates.

I tried to remember the time that we had met. I did discuss that with him, yes.

Q Anyone else that you had any discussions with about your coming here today?

A No, no.

Oh. No. I would say when I had talked to Roger Golden, who was then counsel, I had mentioned that. I think he said sometime there would be a deposition, but not specifically for today, no, I did not discuss that with him.

Q You referred to Charles Smith, your nephew?

A Yes.

Q In or about September of 1980, did you have any conversations with him about the responsibility of making political contributions to any Federal candidates?

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A Yes.

Q Could you tell me how that came about?

A That is a very difficult -- do you want me to recollect the entire ~~environmental~~ (opm) * [2] circumstances under which this occurred? That is a tough thing to do.

Q To the best of your recollection tell me.

A What time period are we talking about?

Q That might be the first question. When is your first recollection of having a discussion about political contributions with him?

A You have to ~~somewhat~~ (opm) * [2] understand that Charlie is my nephew. He is a family member. We ~~have somewhat~~ ARE (opm) * [3] a political family. We have talked a long time about various things and political ~~apparatuses~~ APPARATI (opm) * [4] and political contributions would be one of them. He certainly would have discused it with his father. It is kitchen table talk. It has been done for years, so you ask me when the inception was when I talked to Charlie about political collection for anyone; it would have been years ago.

It has to be, because there is no other way. In fact, my dad was involved and everyone in the family. It was just a political family. So he would know about that. He

* [1] TO STRIKE EXTRANEOUS MATERIAL.
* [2] TO STRIKE EXTRANEOUS MATERIAL.
* [3] TO STRIKE EXTRANEOUS MATERIAL.
* [4] TO CORRECT THE RECORD.

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would know about that when he was eight years old, Charlie would know about that and what it meant, about working volunteers. I mentioned to him when I had been working before. We have been stuffing envelopes and working as volunteers for years.

Charlie would be totally aware of that, and our conversations would be long-time, long-term, ongoing. When it began, I can't tell you.

Q I am interested in the conversation that may have involved contributions being made by either Charlie Smith or any other employees of Agency Holding Corporation of Chicago or any of its related firms?

A In that instance, there were, as I said, if the preamble is that Charlie and I had talked about, and you must try to understand that, political contributions and so on and so forth has been going on for many, many years.

In that evolvement and the evolution of that process, Charlie is working, as you know, for the Crown Life Insurance Company. They were in town, and I don't recall the exact date. I can't pull it out of my head; late September, early October 1980. They were in for a convention or general agency conference or something like that. Charlie called me,

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as he would, my nephew, when he was in town, and he said, "Why don't you join us for dinner" -- I mean "for lunch" rather "at the Hyatt Regency?"

I said, "No, I can't make it. I will see you later in the evening perhaps."

He was in for a couple of days. I don't know the exact time he was in for. He invited me to come down to the Hyatt Regency on Capitol Hill, which I did. Again, the conversation, which comes out of family talking, "How are things on the Hill; how are things going?" and so forth and the political process and so on, and in the course of that time period, we mentioned that the Democrats are in difficulty and so forth, and he says, "Well, maybe I can help by making some contribution to some Democratic candidates." That was brought up at that time at the Hyatt Regency.

Q Are you saying he brought up the possibility?

A We brought it up. It was a mutual kind of thing, Mr. Thomas. It was just kind of talking back and forth.

Q That is important. I want to get some sense of your best recollection of how the subject came up of him or people that he worked with making contributions?

A It would be very difficult for me to pinpoint who

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1 who initiated that, to say that Charlie said it first or I
2 said it first or somebody else said it first. It was just
3 a commingling of ideas and thoughts. I can't recollect that I
4 said it first or that he said it first.

is ends

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1 Q How about a little bit of background? What is your
2 basis for knowing what bad times the Democrats were in? Do
3 you have constant contact with people who are aware of the sta-
4 tus of various political campaigns of Democratic members?
5 A It would be highly unusual for me not to be aware of
6 what was happening to the Democratic Party in 1980.
7 Q Are you talking about you had just general knowledge,
8 or are you talking about you had fairly specific knowledge of
9 specific campaigns that may have been held?
10 A I would have general knowledge of what the polls
11 and other things and the common bantering and chatter, the
12 gossip or whatever it would be that you would find out in the
13 difficulty in the Democratic Party, and in the collection of
14 that kind of information, I would have knowledge of specific
15 people who were in difficulty, yes, more than others. There
16 are certain, as you know, in any Congressional campaign, 435
17 seats. There are X number of seats that ~~you — that~~ (are) * are diffi-
18 cult to ever win, whether Democrat or Republicans. Others
19 are in difficulty, they are marginal districts. I would be
20 aware of those, yes.
21 Q The subject came up of his possibly making contri-
22 butions. What else was said?

* TO STRIKE EXTRANEOUS MATERIAL.

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A What do you mean by what else was said?

Q Was that the end, he said, "I might make some contributions" and that was the end of the conversation?

A In the process of the conversation, it was mentioned that yes, there were some candidates that might need some help and so forth and maybe we could investigate the possibility of helping them; yes, that was mentioned.

Q Was any specific idea put forth as to how that might come about?

A No, not at that time.

Q Is that the entire sum and substance of the first time that this subject came up?

A Are we talking about any conversation with Charlie Smith, is that what we are talking about?

Q Yes.

A Say it again.

Q Is that the sum and substance of that conversation that you had with him that evening at the Hyatt Regency about the possibility of making contributions?

A With Charlie?

Q Yes.

A Explain what you are talking about.

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Q Was someone else there?

A Yes. See, if that is what your question is, perhaps then ---

Q Who else was there?

A If I can set, somewhat, the atmosphere, I went over to the Hyatt Regency, and in the Hyatt Regency, there was X number of people in the cocktail lounge, which is a (cont) * THE ATMOSPHERE. moment in time of sociability. That ~~is what~~ was ~~there.~~ There were X number of general agents whom I was not totally aware of. In fact, I knew Charlie and Kerry, the best of that group that were there. In the process of being there, we chatted and so forth, and we talked about how things were going, as I have already suggested, and Kerry and Charlie and I were isolated a little bit.

We went off and talked, and it came up in the conversation that maybe we could possibly talk about helping some Democratic candidates, sum and substance.

Q Kerry Craig was in on this conversation that you were describing earlier?

A No, he was not in the early part of it. He was in it later on and, Craig is a friend of Charlie. He stays at his house when he stays up in Massachusetts. They are friends,

* TO CLARIFY THE RECORD.

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1 and I guess they have a reasonably long relationship -- I
2 cannot tell you how long they have known each other -- and they
3 work with each other. He just happened to be part of that
4 conversation.
5 Q So you had an initial conversation with Charlie
6 where the subject just initially came up?
7 A You are trying to be so precise in the exact moments
8 in time in which I was aware of that thing. What I am trying
9 to explain is there was an ambiance in the entire situation,
10 and we talked as we would normally have talked in previous
11 occasions.
12 Q I understand.
13 A Out of that came, we were talking, I think, at that
14 time that Kerry wanted to get involved and we said, "Okay,
15 let's just the three of us talk." There was no other need to
16 call in the 40 other general agents and chat.
17 Q I understand. I understand the circumstances, but
18 to the extent that you can, it is helpful if you can describe
19 to me who was in the conversation at what point.
20 A I am trying to. That is why I mentioned that as
21 I am thinking out loud, here, I knew that Kerry was there,
22 so I would mention that to you.

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Q Was anyone else that you are aware of present for that conversation that you have described?

A At the Hyatt Regency?

Q At the Hyatt Regency.

A No. And very briefly, there was a short period of time because we were saying, "Come on, let's go to dinner."

Q Had you met Kerry Craig before that time?

A I have known Kerry -- I have known him namewise for a long time through Charlie and so forth associated with the family. And Kerry would come to the house and my sister would say, "Kerry is at the house this weekend." I would not necessarily see him, but I would meet Kerry at my sister's house when Charlie would have him as a house guest, yes.

Q Do you recall in that initial conversation at the Hyatt that evening if there was any discussion of a possibility of setting up a Political Action Committee for Crown Life or for Agency Holding Corporation?

A To the best of my knowledge, there was no strategies or methods talked about at that point.

Q When was the next time you had any discussion with either Charlie or anyone else about the possibility of him or fellow employees making contributions?

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A See, I go back to the question you just asked a little bit, about the strategy and method. In that conversation, there would have been mentioned that we would make -- perhaps we could make individual contributions, yes, that was mentioned, if you mean that. Sure, that is the way to do it; maybe we could make some individual contributions, but that is all.

Q Was there a discussion about the distinction of perhaps having individuals make direct contributions to candidates as opposed to setting up a Political Action Committee for the company and the pros and cons of that, those various alternatives in this first meeting?

A I do not recall that it came up in the first meeting, no. The individual -- yes, that is just the way you make just individual contributions. If my nephew wanted to make an individual contribution, he can make an individual contribution, there is nothing wrong with that, and that, I think, was discussed.

I do not believe so; I cannot recall. I will try before we get out of here, but I can't.

Q When was the next time that the subject came up?

A That same evening, we went over to Nathan's for dinner, and that same, basically, that same group. It was 25;

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we had 25, 40 people, there had to be, and it was getting later and so forth. As we were sitting around dinner and so forth and so on, we chatted again about the fact that maybe some assistance and individual contributions could be made.

Q Again, who is "we" that you refer to?

A Charlie, Kerry was there.

Q Anyone else? (cont) * [1]

A Oh, there were ~~tons of them.~~ MANY PEOPLE THERE.

Do you mean privy to that conversation?

Q In on that conversation?

A When we were at Nathan's, Mr. Thomas, there was a table, and there might have been 25 or 20 people. I don't know if you have ever been in Nathan's, but they had blocked off certain tables, so there was a very open atmosphere. There was ~~no other~~ NOTHING OTHER THAN (cont) * [2] "maybe it would be a good idea," and we continued the thought that we had earlier in the evening, that perhaps individual contributions could be made, and it was very brief, very short, nothing in detail discussed, to my knowledge.

Q Was there any discussion at all of, again, possible alternatives, having individuals make contributions as opposed to setting up a Political Action Committee?

* [1] TO CLARIFY THE RECORD.

* [2] TO CLARIFY THE RECORD.

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A It might have been mentioned at the time, and I don't know if that was there at that time that perhaps the methodology might be a PAC. I don't know if I said to them there, "You can set up a PAC and that is one way of doing it."

Q When did you say that? Was it at either of those two meetings?

A I'm not sure of that. In fact, my guess is that probably it was -- I'm not certain if maybe it was there or later on, at another time. You have got to keep in mind, I have many conversations with my nephew, so I might have mentioned that at another time. To pinpoint whether I said it that evening, I'm not sure. It's possible.

Q I want to give you some names of individuals and see if you can recall if those individuals were at Nathan's when you had the followup conversation.

A Wait a minute. We are separating Hyatt Regency, and we are now at Nathan's.

Q Yes. To my understanding you said there were only three of you that were at all privy to conversations regarding contributions by Agency employees?

A Yes. Just so you understand it, many of those people at the cocktail lounge at the Hyatt Regency were also at Nathan's.

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Q At Nathan's you indicated you were at a long group table?

A Bigger than this space here.

Q Do you know if there was anyone else that was actually listening in on that conversation about political contributions?

A One person particularly, Clark Lloyd. He is on that ~~paper~~ SUBPOENA (CPU) *. He was at the dinner table, okay?

Q And are you saying that to your knowledge, he was also in on that conversation?

A No, he was not in on the conversation, in fact, as much other than the fact that he somehow became aware of the conversation that was made earlier in the evening at the Hyatt Regency, and you have to understand this. Later in the evening, in fact, I can remember, there was a Chicago football game on, and we were kind of wagering on Chicago and somebody else. I do remember that, because they were standing around the bar and so forth, and it was 10, 11, 12 o'clock in the evening, somewhere around that period of time.

I'm not even sure about that. The party had a glow on. There were lots of people there. They were in the fun situation. It was play time, and everybody was up and moving

* TO CLARIFY THE RECORD.

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around and so forth. You also have to keep in mind, I think, that these people are general agents, and they are relatively affluent, these people, and in the city, they have done their tasks for the day, and they were having a good time. Clark said, "Gee, I hear you are going to maybe get involved in some political contributions. That's good."

That was about the extent of it. I think he might have said in the process, IN A FRIENDLY WAY, (OPR) "Gee, if I can help you ~~in a~~ (OPR) *[1] ~~friendly way~~ (OPR), I will be delighted," and that was about the extent of that conversation, but Clark was there.

Q How about Diane Pariano? Do you recall her being involved in any of those kinds of conversations?

A No, and just for your sake, Diane, I met Diane back -- now we will go back, at the Hyatt Regency at the cocktail party. I met Diane very briefly, was introduced to her, and that is the only time I have ever seen Diane Pariano, and to my knowledge, EVER (OPR) *[2] ~~never~~ talked to her, (OPR) ~~but she~~ was at the Hyatt. She wasn't -- in fact, she could have been at Nathan's, I don't recall, but certainly I was introduced to her. In the process of the round of introductions, she is one of the persons I was introduced to, yes. I can remember that and single it out, because there were very few women there. ~~and I remember~~

*[1] TO CLARIFY THE RECORD.

[2] TO CLARIFY THE RECORD.

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(OPU) *

1 ~~attractive women.~~

2 Q With regard to Clark Lloyd, did you go into any

3 specifics at all about [redacted] for making political

4 contributions?

5 A No.

6 Q Did you discuss with him at all who might be involved

7 in actually making contributions?

8 A No.

9 Q Up to that point, was it your understanding that just

10 your nephew, Charles Smith, might be making a contribution,

11 or was the idea fairly clear that other people who were

12 employees would also be making contributions?

13 A My feeling was that I did not know at the time,

14 even though we chatted about it and thought it might be a good

15 idea. At this point, you have got to remember it is late

16 in the campaign. It is only four or five weeks to go before

17 the election day. As we were talking, there is no — there is

18 no knowledge at all — at least I don't have any knowledge —

19 that any method was being discussed at that time, no, but

20 maybe other individuals might contribute as we went along —

21 that was possible — other than my nephew, yes.

22 Q After the Nathan's gettogether, what was the next

* TO STRICE EXTRANEOUS MATERIAL.

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1 occasion that you had to discuss this matter with anyone?

2 A After Nathan's and the Hyatt Regency, I met -- I

3 was not certain whether this would be fulfilled. I did not

4 know whether or not, because we had, my nephew and I had talked

5 before and things had never developed or anything like that.

6 I am talking about other political kinds of things, so I

7 listened to what they had said and made no concrete responses,

8 and thought, well, maybe nothing would ever happen from this.

9 That was the end of that. There was the moment, it was the

10 ambiance of the time and the exchange, and I said, "Okay,

11 they want to give political contributions. Maybe they will

12 and maybe they won't," and that is the way I left them,

13 after that, from Nathan's and so forth.

14 Q When was the next time that the subject came up?

15 A It had to occur maybe three or four or five -- maybe

16 a week later, and I can't say -- on the telephone.

17 Q Who called who?

18 A I don't recall whether I called Charlie or Charlie

19 called me. He would call me for other reasons, and I don't

20 know who made the first phone call. I don't know.

21 Q What was said in that phone conversation?

22 A I think he said, "Uncle O;" I think he said he (O'Q) would be able

to give some political contributions. That is basically

* TO CLARIFY THE RECORD.

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what he said. I said, "Fine, let's do something to help."

Q Did he ask for any suggestion as to how to go about it in that conversation?

A At that time, the suggestion would be that there would be individual contributions made by individual people, yes, that was discussed; that they would -- they somehow, friends of Charlie would be able to, other than himself, other friends, would be able to make political contributions.

Q This is him telling you that this would be possible, or is this you asking him to see that this be done?

A That is a very difficult thing to determine, we get involved -- because ~~it~~ AE (OPU) * is ~~such an intense member of the family and~~ such an intimate member of the family, whether I said "Charlie this," or he said "Owen that," "Uncle O. that," I don't know at that particular point. That is difficult. I hope you can appreciate that.

Q You are not denying at any point that it would be good if he could arrange political contributions then?

A Rephrase that, please.

Q You are not denying that it would be nice if he could arrange political contributions?

A I would not deny that implicit in our conversations

* TO CLARIFY THE RECORD.

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1 ~~were~~ WAS (opt) * that the opportunity that there might be political funds
2 given, that I would be helpful and agree to it, sure. That
3 was all independent and away from me. They could give what-
4 ever they wanted to give.
5 Q Was that the total substance of that conversation
6 with regard to political contributions?
7 A No. There, I guess, there is a series of conver-
8 sations that occurred.
9 Q Of that conversation, I said?
10 A That is hard to recollect, the conversation.
11 Q Because there were several? Is that why it is hard
12 to recollect?
13 A Yes, plus also because he is a family member and we
14 were talking about it before this whole thing began.
15 Q Plus you talked about other things, I take it, unre-
16 lated to contributions?
17 A Oh, absolutely; family matters, of course, how he
18 is doing; how is his career doing; how are you doing, the inti-
19 mate conversation that would occur between an uncle and a
20 nephew and particularly one of my sister's dear children,
21 that would occur, and it would be ongoing for a long time. So
22 I can't get into where the ignition is. It is a long period.

* TO CLARIFY THE RECORD.

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Q What is your recollection of the next discussions or discussion that you had about this matter?

A There were a couple of phone calls in there, and Charlie said -- we exchanged. I don't know who said it, but we exchanged that possibly some other people within the organization would make individual contributions. I said, " Fine." Pretty much, that is what happened -- including himself.

Q Did there at any point come a time where you talked about the mechanics of possibly making contributions?

A As far as the mechanics is concerned, that they would then, the individuals would then make their contributions to specific candidates.

Q Did you come up with a list of suggested candidates to have ---

A I assisted my nephew in putting together a list, yes.

Q How did you do that?

A Again, if we flash back, my awareness of the political scene would make me cognizant, very cognizant of the people, the Democrats, who were in difficulty, and Charlie, being a good Democrat, would respond to Democratic candidates, as I would. Our allegiance is ~~that~~ TO THOSE (OPM) * people. ~~It never mind~~. There is another

* TO CLARIFY THE RECORD AND STRIKE EXTRANEOUS MATERIAL.

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1 Party in this world, but we were always brought up in that kind
2 of tradition.
3 Therefore, he would look to me for Democratic can-
4 didates. He would assume, unless it was some unusual friend
5 of his, or candidate that he might want to give to otherwise.
6 Q What did you do? Did you just tell him over the
7 phone a list of people?
8 A Over -- and again, in this serial conversation that
9 took place, over a period of time, which, again, is a very
10 short period of time, we discussed the possible people to whom
11 money would be given, yes.
12 Q Did you write up a list that you gave to him?
13 A As I recall, now, as I remember it, that conversa-
14 tions took place, and in the process of the conversations,
15 that the list that I gave him, we exchanged names over the
16 telephone. I would write down some, say, "Charlie, take down
17 these names. These are the ones that I think would be good to
18 give to," yes, and then I would have a pad of paper and he
19 would jot down names -- I think on the other end was jotting
20 down names.
21 Q There wasn't a process whereby you wrote out a writ-
22 ten list and said, "These would be good to contribute to" and

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you mailed it to him?

A No, that is why when I was looking for ~~that,~~ (cpm) MY NOTES I ~~do~~ VERIFIED THAT I DID not ~~have that~~ SEND ANY (cpm) correspondence ~~sent~~ OF THAT TYPE (cpm) * [1] to him.

Q What was the next discussion you recall having had about this, if any?

A Again, if you -- are we talking now about the same serial conversations? As we went along there were a number of conversations, and as we went along, Charlie and I became more aware that there may be some other individuals that would give, in other words, the list could become, by nature, larger, all right, it could be of greater number, not larger, but a greater number of people, and therefore, in those conversations, the list grew. There was no, "Here is the list, here are X number of candidates; give to these people." As I thought about it, and as there was a confluence of thoughts ---

Q Was he telling you that he was aware of additional individuals who would be able to make contributions?

A He said, "Uncle Owen, ~~that~~ (cpm) perhaps some other people could help us out," yes as individual ~~contributions~~ CONTRIBUTORS (cpm) * [2].

Q With regard to the candidates' names that you gave him as possible recipients of contributions, had you gotten any specific request from any candidate or campaign official?

* [1] TO CLARIFY THE RECORD.

* [2] TO CLARIFY THE RECORD.

A No.

Q No candidate asked that you try to get contributions for them?

A No.

Q Was there a discussion with your nephew about where the individuals who would be making the contributions would get the money to make contributions?

A My understanding with Charlie is that that I thought, and I think we had an understanding, that the people that were going to give were affluent and well-salaried enough that they could give to each one out of their PERSONAL (OWN) * account.

Q Was there any discussion about the possibility of people getting bonus payments to enable them to make contributions?

A As the conversations progressed, there was discussion about income, and as I was somewhat to believe, and under the understanding, knowing a little bit about Crown Life, they had a tendency to bonus people for various occasions. After all, it is a sales agency. They are into selling insurance, and there would be incentive bonuses; there could be cash bonuses to trips to golf clubs, and Charlie was a recipient of that. Charlie, he himself, that was part of the motivation kind

* TO CLARIFY THE RECORD

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1 of apparatus in the insurance company and in the sales business,
2 and he, himself, would get bonuses.
3 He didn't share with me exactly what they were, but
4 my sister told me that he had received bonuses at various times
5 and was doing very, very well. We did discuss that maybe
6 bonuses, if bonuses were to be given, it would be income, and
7 that income could be given; yes, we discussed that.
8 Q Was it the clear understanding of both you and
9 Charlie Smith that in connection with these political contribu-
10 tions that might be made, these people would be given bonuses
11 to enable them to make the contributions?
12 A It is my understanding -- see, all along it was my
13 understanding that they were going to give from individual
14 income. We talked about bonuses, bonuses as becoming indi-
15 vidial income, and then the people can do what they want with
16 it, absolutely can do what they want with it. Therefore, if
17 a person's salary is increased, then they could do whatever
18 they want with that money.
19 No, I do not recall there was a time in which the
20 bonus money, as you refer to it, would then be specifically
21 given.
22 Q In any of these conversations that you had with

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Charlie, was there a discussion about the alternative of perhaps setting up a PAC?

A In the framework, if we go back to the beginning, to late September, early October, there was always some -- in discussions going on, and so forth, but not at the beginning, BECAUSE OUR DISCUSSIONS ON CONTRIBUTIONS WERE VERY GENERAL; WHEN IT BECAME CLEAR THAT CONTRIBUTIONS WERE IN FACT TO BE MADE, THE DISCUSSION AS TO METHODS WAS (CONT) * that the best way to give money and the proper and correct way was through PACs. Therefore, PACs were discussed as a method, but it was too late, and therefore after and when the continuation of involvement as Charlie would want to, in the political process, because he had already done it many years before, and it surely would be a continuation that perhaps, that after we do this individual contribution, they do their individual contributions, that a PAC would be set up.

We were very keen to be sure that things would be followed, the FEC regulations would be properly agreed to, through a PAC. They were keen on a PAC. That is what they wanted to do anyway. They wanted to get more involved which indicates a continuity of involvement by setting up a PAC. That was discussed early on, I can't pinpoint exactly when.

Q Did Charlie Smith have any background knowledge as to the election law requirements?

A I would think not.

* TO CLARIFY THE RECORD.

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Q Do you know if he had made any political contributions before, himself?

A I do not know.

Q Had you made any political contributions before, say, October of 1980?

A ~~I will rephrase that.~~ (OMIT) * [1] Because of the family commitment, yes, I have made modest contributions to political candidates.

Q At that time were you familiar with any of the Federal election law provisions and requirements?

A No.

Q When you had your conversations with Charlie Smith, was there any discussion about the legality of employees getting bonus payments and then using the moneys to make contributions?

A There ~~was~~ WERE (OMIT) never any discussion~~s~~, ~~you know, that,~~ (OMIT) in the process, that ~~would ever~~ WHAT (OMIT), I was saying to Charlie and he was saying to me would be considered to be done illegally, but ONLY (OMIT) honestly, fairly, and directly, and individual contributions, as I understand it, ~~is~~ ARE (OMIT) * [2] a proper way to give to political candidates.

Q Was there discussion, though, about whether it was

* [1] TO STRIKE EXTRANEOUS MATERIAL

* [2] TO STRIKE EXTRANEOUS MATERIAL AND CLARIFY THE RECORD.

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1 legal to give employees bonuses and then have them use those
2 bonus payments to make contributions?
3 A I don't think we sat down and discussed the legality
4 of bonus payments, because we both understood that it would
5 be given as individual income, and we would not think it would
6 be an illegal thing to be doing. It would be considered to
7 be proper, that it was an okay thing to do.
8 Q Up to that point, had you ever had any occasion to
9 advise anyone else about the possibility of having employees
10 make contributions using bonus money?
11 A Please say that again? I am sorry.
12 Q Had you had any occasion to advise anyone else about
13 the possibility of having employees use bonus money to make
14 contributions?
15 A When are we talking about? Are you talking about
16 years ago?
17 Q Let's go back to that time period. Up to that time
18 period, had you ever advised anyone else or discussed with any-
19 one else that subject?
20 A I don't quite understand this question, so you are
21 going to have to -- so I can understand it.
22 Q You described some conversations you had?

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A With Charlie, yes, we had ~~discussed~~ (cont'd) DISCUSSIONS *.

Q The possibilty of his employees and his friends making contributions and of getting bonus payments?

A Okay.

Q All right. Did you ever have any conversations about the same kind of activities with regard to any other companies or employees?

A Other companies? Do you mean away from Agency Holding?

Q Outside of this context?

A Of, in other words, you are taking me away from the Crown Life?

Q Yes.

A No. That is what I thought you might be asking, but I wanted to be sure.

Q Who brought up the idea of additional income being given to these employees, bonus payments?

A I do not recall who initiated that conversation, but in the process of the discussions, in the process of thinking it out, there was kind of a mutual exchange, and there was -- so I don't know exactly when it started.

Q Did somebody say, "I don't know where these people are going to get enough money to contribute. How can that be

* TO CLARIFY THE RECORD.

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done?"

A I don't recall anybody saying that. Because in my feeling, going back, if you can understand the atmosphere of the Hyatt Regency and Nathan's and so forth, it was my understanding that these people, there was no way that they couldn't give X number of dollars.

Q Was there a discussion about specific names of individuals who were going to be making contributions?

A Do you mean, like, say, from late September to November; is that what you are talking about, Mr. Thomas?

Q Yes.

A In the ongoing conversations about the establishment of a list, how the money was -- who was going to send the checks and so forth, there were names mentioned of people that would send checks to the various campaigns.

Q Who mentioned that?

A Charlie, between Charlie and me.

Q Did he bring up the names?

A Well, the names, obviously, would be coming from the people that we knew and were friendly with. Yes, he brought up the names.

Q Did he tell you what positions these people held

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with Agency Holding or Crown Life?

A I would be aware of a couple of people, because I know them, but other than that, no, he never mentioned them.

Q And you don't recall any discussion about whether some of these people would be in a position that they really might not be able to have enough money to make political contributions?

A I would not know their salary. ~~I would not know what in fact~~ (ogu) *

Q That is not the question. Was there a discussion about it might be difficult for some of them to make political contributions?

A I don't recall anybody saying it might be difficult for them to make contributions.

Q Did you talk about how much particular individuals might be contributing?

A Yes.

Q What was that discussion about?

A As you would know, when you are counting X number -- the dollars that were going to be contributed, then there was specific checks that had to be sent and the individuals sent it; yes, we discussed that.

* TO STRIKE EXTRANEOUS MATERIAL.

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Q So you were aware of how much these individuals were going to be able to contribute?

A As the thing went on, that I became more aware, yes, but I was not aware at the outset. I mean, Charlie would say, "I will be able to give a couple of thousand dollars," whatever the exchange was at that time, and yes, I was aware of some of the people and what they would be giving.

Q Did you ultimately find out how much these individuals did, in fact, contribute?

A I was aware of, ultimately, yes, not all of them, of some of them.

Q How did you become aware of that?

A Charlie indicated that to me in the process.

Q In the course of a telephone conversation?

A Conversations, yes.

Q So you were aware of, for example, that Charlie Smith ultimately contributed $17,000?

A I am aware that Charlie contributed $17,000.

Q And you are aware that there were four other individuals who contributed $17,000?

A That is incorrect. There are three others.

Q Three others, I am sorry; you're right. You were

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aware of that?

A Yes, I was.

Q At the time?

A It was ongoing. I mean, I found out. I mean, I don't know whether I found out after the election. I think it was probably somewhere down the line I found out, but specifically what the totals would amount to -- the group of individuals who wanted to give, they did not make me aware all of the money and where -- how much they were going to give and so forth. When the sum total comes out, I am somewhat aware of that.

Q Were you aware also that those individuals who had made contributions did, in fact, receive bonus payments in the same amounts?

A I would not be quite certain of the amounts of the bonuses that each individual was getting, no, but I would be aware that they were going to get additional income ~~to the~~ THROUGH * (OPK) bonus structure, yes.

Q Were you aware that the bonus amount was going to correspond to the contribution amount?

A I was not certain of that as the thing was going on, no. In other words, if Charlie gave $17,000, I did not know when it was four, when it was eight and ultimately what it was

* TO CLARIFY THE RECORD.

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1 going to be, no.

2 Q Have you had a general understanding that the bonus

3 payments were going to be given in the approximate amount of

4 contributions?

5 A I would be aware generally what amounts that were

6 floating around out there, sure.

7 Q Were you aware generally of the fact that people

8 were going to be getting bonus payments in roughly equivalent

9 amounts to their contributions?

10 A I would not have the full knowledge of that, no.

11 Q A general understanding?

12 A Well, general understanding -- if the individual

13 contributions, and they were going to become income, and the

14 income was going to come from the bonus structure, I was

15 aware that they had to get additional money, yes, I was aware

16 of that. I mean, how could I not be aware of that if I am

17 putting a list saying X number of dollars is going to a certain

18 candidate. I would be aware of that. Charlie would make me

19 aware of it. We would become mutually aware of it in our

20 conversations.

21

22

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mjkl

(Brief recess.)

BY MR. THOMAS:

Q Mr. Marley, did you have any discussions with Charles Smith about why it would be advantageous for him and his fellow employees to make contributions?

A Charlie, you know, my nephew, I would be interested in his career, I have been interested in his career. He is a relatively young person. He had been doing very, very well with the Crown Life Insurance Company, and I would have talked to him about various kinds of things that would be helpful to him in his career.

Q When you had your first discussions about possibly making contributions, was there also some discussion about pending legislation that might have affected his business?

A There never was any specific references to legislation that would affect his business, not to my knowledge.

Q You don't recall discussions about pending legislation or of a possible IRS ruling that would have affected group health policies?

A Never.

Q Treatment of group health policies?

A Never, no, it never occurred.

Q Did Charlie Smith ever keep you apprised of what sorts of issues he was confronting with his work?

A Issues?

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Q Did you ever talk about any business problems that related to what was going on in Washington?

A No, not to my knowledge.

Q Was there any conversations to the effect that maybe by making political contributions it might, in some way, help Charlie's career?

A Well, again, Charlie being part of the family, and I ~~he~~ was INTERESTED in his career, ~~that~~ BUT there was never ANY CONVERSATION as I recall, that there would be any quid pro quo from exchange of political contributions to anything, any access, any buying of votes or something like that would occur because of a political contribution, never.

Q At that time, when you were discussing employees of Agency Holding making contributions, were you aware that it was illegal to have a company pay employees bonuses to make contributions?

A No, I did not know that was illegal.

Q Did you think it was legal?

A I thought that by giving bonuses, which is, again, additional income, and becoming additional income, then the employee can do what he wants with additional income. That is what I understood.

* TO CLARIFY THE RECORD

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Q You had no perception as to if there is a direct link between making a bonus payment so that the person will make a political contribution, whether that was legal or not?

A I would never advise -- if I thought that, I would never advise my nephew or anyone to do anything illegal, and I did not think that that was an illegal activity.

Q Did you, in fact, advise him to arrange to have bonus payments made to individuals so that they could make contributions?

A When we were discussing the bonus situation, and when that came up, that again, it would be mutual understanding rather than specific advice saying, do this, or do that; that he would understand that; that the bonuses, because he was accustomed, within the framework of the company, to receiving bonuses for other things. Therefore, I would have said to him that that is additional income and bonuses are a way of doing it. Then it seems to me to be proper.

Q So there was some discussion about whether what you had discussed doing was proper or not?

A We understood that whatever we were doing was

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1 proper.

2 Q There was a question raised as to whether it was

3 proper or not?

4 A I don't recall whether a specific question was

5 raised whether it was proper or not. But it was understood

6 that your uncle is not going to advise a nephew to do something

7 improper. He would have thought it was an okay thing

8 to do. He might have said, "Uncle Owen, do you think we

9 are doing okay?" And I said, "Yes, we're doing okay."

10 If you accept that as some kind of tangential advice being

11 given to him, I would have done that, or we would have

12 mutually exchanged that.

13 Q At any point did you ever discuss with any attorney

14 this conversation you had had with your nephew and ask that

15 attorney if it was legal?

16 A You mean a lawyer?

17 Q Yes.

18 A No.

19 Q Did you discuss it with any other person at your

20 office, for example?

21 A No. And there are lawyers on staff in the office,

22 but I did not discuss it with them.

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Q Did you at any point make any effort to call the FEC to find out if it would be proper to have the employees make contributions?

A During this time period?

Q During that time period?

A Not that I recall.

Q Had you spoken with the FEC before?

A I had a general understanding, and we were going to put a PAC together ultimately, and so forth, and if that were to come about, putting a PAC together, then I would have contacted the FEC.

Q You said "would have". I am asking you, did you actually contact the FEC at any time?

A No.

Q You never did?

A Not to my knowledge.

Q After these conversations that you have described to me, did you ever have a meeting at all with Charlie Smith or Kerry Craig?

A You have to just move me back in time. Are we talking about late September?

Q We are still in the same time frame, roughly up

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to Election Day.

A Roughly late September, and that is the time we started since we knew of the conversation?

Q Yes.

A No. I mean there was no other conversations, meetings. The only meeting that took place during that time frame was the one I referred to earlier on at the Hyatt Regency with Charlie and Kerry. All ensuing information, exchange of information, compiling of a list, that type of thing, was done over the telephone.

Q Did you ever have any of those conversations with Kerry Craig?

A I talked perhaps 2 or 3 times with Kerry over the telephone, yes.

Q What were those conversations about?

A In general, Kerry was asking, beause Charlie was pretty much, as I understand it -- and I don't know exactly what was doing on in Crown Life, and so on. I don't know what was going on out there -- that Kerry's conversation was, he would call me and say, "How are things going; everything okay? Charlie is working this" --

Q "Working" meaning --

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A He was talking to me about getting the political contributions and where they were going to go, and so forth.

Q He was asking you where they were going to go?

A No, no. Kerry got into an exchange. I think what he was doing was more or less -- because Kerry -- and I'm not sure of this, either -- he was a general agent, I think. I am not positive of that, so therefore he would be -- he was higher up than Charlie was in the corporate schema.

Therefore, Kerry, I think, was calling me, because I knew Kerry, too, again, as a personal friend, and as I said, going back long before he had been at the house, and so forth, at my sister's house, and so he would call me and say, "How are things going? Charlie is helping you out. Things are going okay", yes, we talked about that.

Q What about the contributions? What information did you exchange?

A Kerry would be aware of the contributions. He would be aware of, I think, generally, maybe what was being given, but I think that specifically, Charlie knew much more about it. I'm not so certain exactly whether Kerry knew all that was going on, but he probably

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1 did, but I'm not sure of that because the conversations
2 I had with Kerry were mostly general in nature, saying
3 that, "Gee whiz, I think I got some other people that might
4 be able to help you", and I said, "Fine." I responded favorably
5 to that; the Democrats were in trouble.
6 Q Did he mention anything about where these individuals
7 would be getting bonus payments from?
8 A No, never.
9 Q There was never a discussion of the mechanics of
10 how it would be done?
11 A Not any more than saying that, I guess, the
12 bonus, giving bonuses is an okay thing to do.
13 Q He said that?
14 A We both said that, you know, that people's incomes
15 have increased by bonuses; then it is an okay thing to do.
16 Sure, he would have said that, as I remember.
17 Q Did he mention anything about a conversation he
18 might have had with someone as to whether it was legal or
19 not?
20 A No, not that I remember, Mr. Thomas.
21 Q Did he mention having talked to an attorney about
22 whether it was legal or not?

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A Not that I -- I don't think he ever exchanged any information like that with me.

Q Do you know an individual named Art O'Brien?

A Say the name again, please?

Q Art O'Brien.

A No. I have never even heard the name.

Q Did you have any conversations with Clark Lloyd about these contributions being made?

A The only --

Q Other than the one that you referred to at Nathan's?

A Clark Lloyd is mentioned, as you know, in the subpoena. The only Clark Lloyd -- I probably would have been, namewise, again, with Clark Lloyd for a number of years, exactly how many I don't know. He is a dear friend of a dear friend of mine, but I only met Clark on one occasion, strangely, in his life, and that was at Nathan's. I have heard about him. I have known about him. I knew that he was, again, in the corporate structure, higher than my nephew. He was an executive, a much higher-ranking executive. I knew that, and as I said, I knew that I had always heard good things about Clark as far as Charlie's

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career was concerned. He certainly would have been an important person, because they work together, and so forth, in Charlie's career, and I knew of him that way.

The only time that I had met Clark Lloyd face to face (cqu) * ~~or anything~~ was at Nathan's that night when they went to the general agents' conference at Nathan's. In fact, I don't even recall meeting Clark at the Hyatt Regency that evening when there was a round of introductions, again. I don't remember if Clark was there, even, but we did share dinner together in that setting I have already explained. That is the only time, and I've got to be careful, because it is the only time in my life that I have met Clark Lloyd, but he has been visiting with my sister and things, and I don't know if I have met -- but that was the only time I have met him.

Q In any of your conversations with Charles Smith or Kerry Craig, was there any reference to Clark Lloyd and whether he was aware of this contribution plan?

A He would have been aware from the conversations -- I mean, the conversation, singular, at Nathan's. He would have been aware of the possibility of a contribution plan.

* TO STRIKE EXTRANEOUS MATERIAL.

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Q Aside from that, was he, to your knowledge, brought up in any of the conversations as to whether Crown Life would, for example, be giving any funds to Agency Holding Corporation to enable bonus payments to be made?

A No, no, I do not know of any. I don't know much of that, other than he would be supportive, as I indicated to your before.

Q What do you think he meant by that?

A That was just a friendly gesture.

Q Was there any discussion at all in that conversation about possible mechanics for enabling these individuals to make contributions?

A No, no, no.

Q Was there a discussion then about possible bonus payments being used?

A No, there was not.

Q What is your sense of why Clark Lloyd would be supportive of making political contributions?

A You might be over -- there might be an overreading there. I did not get involved with Clark a great deal. I only talked to him very briefly. I was aware of him. It would be difficult for me not to be aware of him, because,

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as I suggested, friendly parlor talk at home, and so forth, but as far as his involvement in it, I don't know of any.

Q You never had any discussions with him about any pending legislation or potential legislation, or any tax matters that might impact on his business?

A Never.

Q Did you have any conversation of that nature with Kerry Craig?

A Of what nature?

Q About possible legislation or tax, legal matters that would impact on the insurance industry?

A No specific references to legislation, using your language, that would impact on tax legislation.

Q How many conversations would you say you actually had with either Charlie or Kerry?

A I had very few with Kerry, and this is conjecture. I hope you appreciate it is conjecture -- 2 or 3 in that time frame.

We are still in the time frame?

Q Yes, up to the Election.

A Yes, because that is the normal flow of events that I would be talking to Charlie, in particular, and with

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Charlie, a number of phone calls, and I can't even --

Q Ten?

A You want me to speculate? I would say that, in all fairness, maybe a couple times a week during that time, so what are we talking, 4 weeks, 8 conversations, a couple of times a week we chatted, probably, so 8 -- 8 to 10 may be a reasonable number.

Q After you had had the conversations and the idea was fairly settled that he would be making contributions and the plan was set up, did you ever discuss with any of the recipients of the contributions the fact that these individuals were in some way connected with you?

A Recipients?

Q And candidates?

A And candidates. All right. I would have, in the process of that, late -- maybe it was a couple of weeks prior to election time -- I would have called some of the campaign headquarters, too, because I knew some of the people that were, to whom the money was being directed.

I am talking about the campaign managers to whom it would be directed, and I would call them, assuring them that the check was valid and good and these are good people,

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and so on, in making individual contributions. Yes, I would have done that.

Q So did you?

A I did; sure; would have; did. I did that.

Q Did you do that for each of the candidates whom you were aware of that received contributions?

A I am trying to think. I would have done it for most of them and maybe all of them.

I am trying to -- excuse me. Let me see if I can back up a little bit, just so we can clarify. By your question, did you mean that I talked to each campaign manager, or anybody within the framework of that campaign?

Q Anybody within the framework of the campaign.

A And your question is to all of them? No; the answer is no.

Q Did you make a general effort to reach as many as you could?

A I would think it would be proper for me to, as in the carrying out of the distribution of the money, that it would have been courteous for me to call them to alert them that the money was coming, so I would try to do it to all of them, but I don't think I did.

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Q Explain to me a little bit more why you did this.

A That it was late in the campaign. A PAC could not be formed. It just couldn't be done, so we are going to do it through individual contributions.

Therefore, once Charlie and I, and pretty much Charlie and I had established where the money was going, therefore, it is common practice to alert, at that time, money (orig) is orig * [1] that ~~are~~ coming from sources that the people might not be aware of.

In other words, if I had selected a candidate, and a candidate does not know my nephew Charlie Smith, and he gets a check from Charlie Smith for $1,000, he says, "Where is this check coming from?" It is just coming out of the sky. Therefore, it would be proper for me to alert these people, to tell them it is from my nephew and friends and it is a solid, good contribution. I would have carried out that assignment, and, Mr. Thomas, I would try to do it as much as I could. Whether I did it to everyone -- beause it was ~~rushing~~ RUSHED (orig) * [2], it was late in the campaign. I would have tried to do it to all of them.

Q What individuals do you actually recall having made contact with in that regard?

* [1] TO CLARIFY THE RECORD.

* [2] TO CLARIFY THE RECORD.

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A You mean individual campaign people?

Q Yes.

A Oh, I don't know. I did not keep a --

Q Let's begin, say, with Congressman Wright. Did you contact anyone from his campaign staff?

A There was someone I talked to down in Texas. I would really have to search to find out that name. But I think I probably could recollect, but I -- yes. I was also aware of people on -- because in my normal carrying out, my normal activities, through the function I do as employment on Capitol Hill, I know the people, some of the people and the staff people of Majority Leader Wright. I did contact somebody, and, in fact, what I am trying to remember is if that was one and the same person as the campaign person, and I'm not sure of that.

Q Who was the person you do recall contacting?

A As I say, the contact, see, it wasn't the campaign thing. It was more just the general kind of knowledge thing.

Q I want the name of the person you recall contacting where you did what you said you did. You told them about the contributions from Charlie Smith and the other folks.

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A John Mack.

Q John Mack.

A (OMW) * ~~Uh-huh, but~~ I don't think -- I don't know if John was in the campaign at that time. He was a staff person, and I would know him. I know him. I knew him previous to this whole account, so I would know John.

Q What did you tell him? Did you tell him that Charlie Smith and his employees were associated with agency Holding Corporation?

A No.

What I would do would be just talk to these people and, as you know, in a campaign, there are certain kinds -- the campaign is set up. They have -- it is like tents, like gypsy tents, they are set up for a period of time, the campaign, and those people were involved. I would just alert them, and sometimes I would call down there not knowing who that person was, and I seek that person out and be sure, in all these cases, that the money was coming from my nephew and his friends, and that is all I would say, in general.

Q What was the purpose of that, just to let them know who they were?

* TO STRIKE EXTRANEOUS MATERIAL.

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Couldn't they get that from a check?

A See, what I think would happen, when the check would come in, and then name "Charlie Smith" was on the check, the person wouldn't be aware of who that person was, and whether the check was an okay check to accept. That is not an unusual thing to do.

Q Was it because a lot of these checks were coming out of Chicago and the candidates involved were not in Ilinois? Was that it?

A Perhaps. Perhaps that was part of it, sure.

Q Did you tell Mr. Mack, for example, that these people were all related to Agency Holding Corporation?

A I think it would be unfair for me to use the name of John Mack in describing, because I am not even sure at the time. I know John, and I would talk to him, and I would feel that the other people in the camapaign that were involved, that I would have directed the money down, and if I talked to John, I would have suggested to him that they were friends of my nephew and were sending money, and that was it, no more than that.

Q Only told them that they were friends? You wouldn't have made any reference that they were --

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A No, no.

Q -- employees in any way related with Agency Holding Corporation?

A I think -- no. In fact, the thing was spinning so quickly, Mr. Thomas, and the events were happening so quickly, that I would say, "Fine, fine, that is coming from my nephew. Everything is fine."

Q How about gathering information concerning, for example, occupation and place of employment for Federal Election [redacted] Were you involved at all in that --

A Repeat that, please? What?

Q Getting information about the contributor's place of employment and occupation for purposes of reporting purposes for our statute; were you involved in seeing that that information was gathered?

A No, I was not.

Q At any point did your discussions with any of these camapign people get into that point of what these people ought to be --

A Let me understand. This question is --

Q For election law purposes, for reporting purposes,

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for contributors, did people list the occupation and place of employment?

A I think that was done, yes, I think that might have been on the checks, some of the checks. There would be "Scott Thomas", whatever, whatever, and I think that was on the check, and I would verify that, yes, that would be authentic.

Okay, in that sense, yes. I see what you are saying by reporting.

Q So you may have had some conversations where it was discussed that these people were related with Agency Holding Corporation in Chicago?

A I think on some of the checks, there might have been Agency Corporation or something like that or -- no, they are personal checks. That wasn't on them. I don't know. I can't respond to that because I really don't know. You are making me say something that I am not sure of. I think it would be an unfair response on my part. I just don't know.

Q Did you at any point ever see any of the contribution checks that were actually issued to the various campaigns?

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A Never saw any of them.

Q What was the procedure for getting the contributions to the candidates?

A Charlie and I would discuss it, and in the process of the discussion, Charlie would say, I would say, this is a particular candidate, and therefore I would be aware the place to whom it should be sent, the campaign for Scott Thomas, and I would say, that is it, and he would address it and send it as an individual contribution.

Q So it was understood that the people were to send by mail the specific contributions to the camapign people?

A It was understood between Charlie and me, yes, that they were going to send individual checks, yes.

Q You were the one that essentially provided him the address, the information of the candidates?

A When I was aware of it, yes.

Q Let me ask you about some other names and ask you if you may have spoken with these individuals to advise them of these contributions that were coming from your nephew to the particular campaign.

Do you recall ever having a discussion with

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Mr. James Dincolol, with the Citizens for Brademas Committee?

A What is his name again?

Q James Dincolol.

A I talked to somebody from the Brademas campaign. I do not recall his name, but I did talk to somebody. I don't think it was he. I'm not sure. I don't remember the name.

Q Do you recall having a conversation with a Mr. Bruce Wright of the Udall camapign?

A Some of these names that I had talked to -- is he still with the campaign?

Can you give me any information about that?

Q I don't know if he is still with them. We are talking about the 1980 campaign, I believe?

A That is right, 1980 campaign, and I did talk to somebody out in Arizona, and, shoot, I really don't remember his name. I don't want to embarrass him by not remembering.

Q How about someone associated with the Johnson for Congress Committee in California?

Do you recall who you spoke with?

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A No, but have you got a name?

Q Do you remember a Margaret Trimble, having a conversation with her?

A I talked to somebody out there, and I thought I had talked to his former AA, and I forget his name, and I don't think it was a woman. I would really have to stretch, but I did talk to somebody out there, yes.

Q Did you speak to someone with the Burlison for Congress Committee in Missouri?

A I talked to somebody, yes, from the Burlison Committee, yes, but I don't remember the name.

Q Does the name Paul Blaylock refresh your recollection?

A This is really tough, Mr. Thomas, because I did talk to these people, and I did alert them that the checks were coming, and I just didn't -- see, I don't keep a systemized, as I suggested, a list of the things that were happening. I don't even have it to refresh my memory when I went through my search, but I did talk to somebody in the campaign, yes, but I don't remember the name.

Q How about somebody from the Mavroules for Congress Committee in Massachusetts?

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A Was that Art O'Brien?

Q I don't know. Does the name Paul Scangas mean anything to you?

A That name is somewhat familiar.

Q Do you know him?

A Only in the conversation that I might have had with him. I shouldn't have mentioned a name, because I just thought he was with them, and he is not. I did talk to someone in that campaign, yes.

Q How about Citizens for Kogovsek?

A The name is pronounced Kogovsek.

Q That didn't sound right.

In Colorado, did you speak with someone at that camapign?

A In all of these, as you go through this list of the people who received contributions, I would have, in general, talked to somebody on their campaigns. Some of those people are campaign managers just for the campaign and they are gone.

Q I understand.

A Therefore, I didn't contact them later,

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so therefore, for them to stick in my memory is extremely difficult, because when I was making a phone call, if I may explain, if I make a phone call, let's say the Mavroules campaign, my question would be, "Who is the campaign manager?" I would not be aware of that person, and they would say, "Stephen Mimms", and then, in turn, I would say, "May I speak to him?" and they would say, "Sure", and also say, "Did you receive a check from Charlie Smith?" And, "Oh, yes, yes, yes, we received a check from Charlie Smith."

"I just want to say that that is my nephew and it is authentically and honestly given", and that is what I wanted to do.

Q Why would you tell them that it was authentically and honestly given?

A If you are confused about those words, I am using them in that terminology to mean that, is the fact that -- you are misrepresenting the way I was using that word, I think. The ony way I was saying that is I think people in all campaigns at that time late in the campaign get individual contributions from people that were not on their,

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1 necessarily, on their list, or were alerted to would
2 say, "Where is the check coming from, and why is it
3 coming?" Therefore, my function at that point was
4 to be certain, as a courtesy, that they would say, "Okay,
5 that is -- it is not coming from some illicit fund
6 somewhere; it is not coming from" -- I don't like to use
7 this pejoratively -- "coming from the Mafiosa, or something,
8 and some guy decides he wants to send in a check." That
9 is what I would do to make sure they knew that the checks were
10 from an individual who wanted to give to the campaign,
11 and that is what I would do. Therefore, if I use the
12 word "authentic" and "honest" to indicate there isn't
13 anything illegal, the connotation, that is not what I am
14 saying. It was a courtesy. It was normally done.
15 Q Did any of these campaigns contact you to ask
16 you about these particular contributions before you
17 contacted anyone at the campaign?
18 A No.
19 Q Did anyone at any point ever contact you and
20 say, "What are these contributions?"
21 A There might have been a phone call in that
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process, when I had made a phone call, I initiated a phone call, made a phone call, they might have called me back, and that was the first contact I had, and they would say, "What is this?" Because I left my name and they would call me back; that would have happened.

Q But you don't recall an instance where somebody initially called you without your having contacted them first to ask you about the contributions?

A Did anyone -- not to my memory, but it could have occurred, because when -- I have to say almost no to that. I mean, that is a qualified no, beause I'm not sure whether somebody might have called me at some point in time and said, "Hey", because they may have had my name, or something like that. That could have happened.

Q It seems plausible to me that maybe that is why you might have gone ahead and called the other people; is that maybe someone initially thought it might be curious to someone receiving it; is that what happened?

A That is a reasonable thing, I think, to assume, but at the same time, I thought that a good procedure would be to alert these people that the money was coming.

Q But that plan wasn't initiated because you got some question at the outset; is that what you are saying?

A That is what I am trying to say to you, but then, again, I don't know whether, in this whole framework of activity, that I don't know whether somebody might have heard from somebody else within the campaign, and that would have triggered somebody else to call me, and that could have happened, because -- and I do recall that in that maze of conversations, the whole kind of -- the complexity of that situation at the time, that somebody might have called me, yes. There might have been, but I don't recall.

Going to what you said, hey, they got a check, "Let's call", but if your question is, did it, then, trigger me to check everybody else out, no, I was doing that as a normal procedure.

Q You say "normal procedure".

A A courtesy, normal.

Q You had never done that for any other campaign, for any other --

A No.

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Q -- set of contributions?

A No.

Q When you spoke with Mr. Mack, did you advise him that you were aware that some $10,000 would be coming to the Wright campaign?

A There were other people in the Wright campaign to whom I might have addressed it, but then I would have alerted whoever that person was, and in some case, it might have been John Mack, yes.

Q Of the total amount that might be coming, a reference to the $10,000 amount?

A Well, in putting together of the list, that it was skewed a little bit in the favor of Wright, so therefore, he would be aware that more money was coming -- that I would be aware, rather, that he was not aware.

Q The question is, did you make anyone at the Wright campaign aware of this before the money was actually sent?

A No, it was in the process of being sent.

Q When you were aware that it was, in fact, being sent, then you made a contact?

A When I was aware that the individual contributions

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1 reached the level, whatever level they reached, when
2 I was aware and informed by my nephew Charlie that that
3 was occurring, whether it was $1,000, $4,000, or in only
4 one case more than that, which was in the Wright campaign,
5 which received more money than the others, that I would
6 have alerted him as the checks were coming through the door;
7 in other words, it is concomitant, it was concurrent
8 behavior. No, I did not know the exact sums prior. I mean,
9 I wouldn't have alerted them prior is what I am saying.
10 Q In your discussions with Mr. Mack or the other
11 people you spoke with at the Wright campaign, was there
12 ever any discussion about the fact that these individuals
13 had gotten bonus payments?
14 A No. No.
15 Q You are absolutely certain of that?
16 A Rephrase it or restate it so that I can respond
17 again, if you wish.
18 Q In your conversations with Mr. Mack or with anyone
19 else at the Wright campaign where you were discussing
20 these contributions by Charles Smith and his friends,
21 was there any discussion at all about the fact that these
22 individuals had gotten bonus payments in connection with these

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1 contributions?

2 A Discussion of bonus payments, Mr. Thomas, with

3 members of Majority Leader Wright's or any other

4 candidate's campaign, I mean, staff?

5 Q The committee or staff, someone that was connected

6 with Congressman Wright?

7 A No. No. Absolutely not.

8 Q I just want to go through the rest of this list of

9 campaigns just to ask you if, in fact, you recall having made

10 such a contact?

11 A Of course, of course, whatever. Whatever you

12 wish.

13 Q The Wolpe for Congress Committee in Michigan,

14 did you make a contact with anyone at that committee?

15 A Yes.

16 Q Do you recall who it was?

17 A I can't recall, but if you say the name, maybe

18 it will trigger my head.

19 Q I have the name of Wayne Deering.

20 A These people will be very upset. I don't remember

21 a Wayne Deering, but I did talk to somebody out there.

22 Q How about the Jim Shannon for Congress

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Committee? Do you recall a communication with anyone?

A Yes, I did talk to someone on that campaign, yes, I did.

Q Was it James Martin?

A That sounds more familiar to me, the James Martin name.

Q But you are not certain?

A I'm not certain, no.

Q How about the Wenstrum for Congress Volunteer Committee in Minnesota?

A I did talk to somebody in that campaign, yes, I did. If you will bounce the names off me --

Q Do you recall a conversation with a George Gaffney?

A I don't remember the name George Gaffney, no.

Q How about the Bauman for Congress Committee in Minnesota?

A I don't know whether, in that campaign, whether I talked to somebody or not; I'm not sure of that one, because I think there was some linkage out there between the two campaigns.

In talking to one person, I might have been able to pass information on to another.

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Q Which two?

A The Bauman and the Wenstrom were in the same state, (ogm) * ~~and therefore,~~ they were not incumbents. They were candidates, not incumbents, and I think maybe that was one time when I talked to one of the people and they were -- they knew each other, or something like that, and I said, be sure to pass on the information to the other, although I did make an attempt to talk out there, and I might have talked to people in the Bauman campaign, yes.

Q How is it that you selected those people as potential recipients of contributions?

A Which people?

Q Those latter two, Mr. Bauman and Mr. Wenstrum?

A I work up on Capitol Hill, and I am aware of the people that are in danger. I was also aware that they were strong candidates. I knew that was common knowledge from talking to lots of people, and I knew that they were really strong candidates. In fact, my knowledge is Wenstrum is running again this time, his third attempt to try to win that seat. They were strong candidates, and they were up and coming young people, and I was just aware of them through working on the Hill and in the Democratic Party, and that

* TO STRIKE EXTRANEOUS MATERIAL

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is why they got selected, I selected them.

Q How about the Committee to Elect Senator Bob Wilson from California?

A I talked to somebody out there. In fact, I think at the time -- and I don't know if the memory of this one -- this is hard, you realize -- I think when I first made the call out there, I talked to Mrs. Wilson, his wife, if she answered the phone and so forth, and we kind of chatted back and forth, and then she turned me over to the person who was the campaign manager. I think I made my initial contact out there.

As I told you, it was a procedural kind of thing, just calling out -- that I talked to Mrs. Wilson, and I don't recall the name of the person. You might say it --

Q Do you recall a conversation with a Thomas Fowler?

A I had a conversation with somebody out there, and --

Q That name doesn't ring a bell?

A No, that doesn't ring a bell.

Q Did you make a contact with the Dorgan Campaign Committee in North Dakota?

A Yes, I did.

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Q Was it with a Mr. James Haver?

A There was a young lad that worked for the Kennedy Campaign, and he worked with the Dorgan Committee, I think, and I had a conversation. We were kind of chirping on about the fact that he worked for the Kennedy Campaign, and I think it was the Dorgan person, but I don't recall his name. In fact, he had an Eastern accent, and I kind of picked it up and thought it was kind of strange, and I said, "What are you doing out there?", and I think this is the campaign, and he said, "I worked previously for the Kennedy Campaign and Dorgan now." I'm not sure if I recollect, but -- I don't remember.

Q Did you have a contact with the Dyson for Congress Committee in Maryland?

A Yes, I did.

Q Did you have a contact with the Committee to Elect Barney Frank to Congress?

A Yes, I did.

Q How about the David Best for Congress Committee?

A Yes, I did, in Florida.

Q Finally, did you have a contact with a committee called the Democratic Campaign Fund?

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A Yes, I did.

Q What is that committee?

A Just an ad hoc committee to raise funds for the Democratic Party, as I understand it.

Q Do you have any connection with that committee yourself?

A No, I did not.

Q Why was that committee selected as a recipient of funds?

A Because it was a Democratic campaign committee, and if you underline Democratic with a large "D", upper caps, that is right.

Q Did you ever suggest to Charles Smith that they might also want to contribute to the Democratic Congressional Campaign Committee?

A You mean the DNC, the Democratic National Committee here?

Q The House, the Democratic National Campaign Committee.

A I don't recall a conversation on that.

Q With any of those campaigns that you have indicated

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1 you had contacts with, and you have already described contacts
2 with the Wright Committee, was any of these campaigns,
3 other than the Wright Committee -- did you at all refer
4 to the fact that these individuals who were making
5 contributions were related with Agency Holding Corporation?
6 A You are singling out the Wright Campaign.
7 Q We have talked about the Wright Campaign;
8 other than the Wright Campaign?
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A I see. There is no time in any of these situations, on the entire list, that I talked to anybody about the Agency Holding Corporation.

Q Did you talk to any of those people about the fact that there were usually -- about the fact that seven checks would be coming from Chicago, Illinois, to an out-of-state campaign?

Did you talk to those people about that?

A No. Well, no. Well, excuse me. What I would have said is that the checks would be coming from friends, my nephew and from friends of his, yes. I would have said that.

Q Did anyone ever say, "Why is he contributing"?

A Do you mean the people on the campaign?

Q The people on the campaign.

A I would just introduce myself and say that they were just interested in the campaign.

Q So some people did sort of say, "Why, why did these people or why are they interested in the campaign"?

A No, the other question was not -- did not become a focal point, to my knowledge.

Q Did you say that it was pursuant to your suggestion that these contributions had come about?

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A I would suggest that it was a mutual effort on behalf of my nephew and his friends and, that, "they wanted to contribute, as good Democrats, to your campaign."

Q When you called, where were you calling from?

A From home, usually.

Q You weren't calling from your office?

A No, no.

Q Were you ever calling during office hours?

A No. There might be an occasion in which Charlie might call me in my office, and I would say, "I will call you tonight at home," or he would have left a message to me, and I would say, "Charlie, I will call you back tonight. I will call you this weekend" or something.

Q I am talking about your contact with these various campaigning officials?

A It was done from home.

Q Always from home?

A Always from home.

Q How did you introduce yourself? Did you introduce yourself as Owen Marley, legal researcher for the Democratic Steering and Policy Committee?

A Usually I would introduce myself, and some of these

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1 occasions on which I am rather vague on these names, I was
2 aware of some of the people on these campaigns, and I would
3 introduce myself as Owan Marley in Washington and interested
4 in candidates for the Democratic Party. I did that.
5 Q Did you make any reference to your position with the
6 Democratic Steering and Policy Committee?
7 A On some occasions somebody would ask me, "What are
8 you doing in Washington,"in the banter, and I would say,
9 "I work for the Democratic Steering and Policy Committee."
10 Q After November, when was the next time you had a
11 conversation with somebody about these contributions?
12 A We are out of the time frame from September to
13 November, correct, and your question was?
14 Q When was the next time that you had a conversation
15 about this matter?
16 A There would be some on-going conversations with
17 Charlie, my nephew, when I SAW (OWN) * him at Christmas time and
18 Thanksgiving time.
19 Q What was said about these contributions?
20 A "Well, I am glad it worked and I am glad everybody
21 got it and I am glad everything was done properly and solidly,
22 and gee whiz, it was nice that some of the candidates won

* TO CLARIFY THE RECORD.

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1 and some of them lost" and that kind of thing.

2 Q Was there any discussion about whether, in fact,

3 he had gotten bonus payments to cover the contributions?

4 A Yes, there would have been some comment after that

5 that they had given bonuses to certain people as income, yes,

6 that was mentioned; again, casually.

7 Q You are indicating that you had several conversations,

8 usually in a casual context with Charlie?

9 A Uh-huh.

10 Q About this subject?

11 A Yes.

12 Q After November?

13 A Well, there was some, but what happened is, after

14 the whole spirit of that whole kind of thing, the temper,

15 the mood, the spinning of a campaign, after that, there is a

16 sort of a period of limbo.

17 There is a quiet time, and it was all over with and

18 the campaign was done. Some had won and some had not been as

19 fortunate, and we just talked about, as you would in a locker

20 room after a game or something, this happened and that

21 happened, "So many runs were scored," and it was just a casual

22 kind of thing.

* TO CLARIFY THE RECORD.

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Q Did there come a time when you had any discussions about this where potential problems, legal problems arose?

A There was some time later, and it was much later, and I don't recall exactly, but it had to be a lot of time had passed, that somehow, they were going to go to a loan system or something; you may be aware of that.

Q Charlie made you aware of that?

A Yes.

Q And Kerry also? Did you discuss that with Kerry also?

A No, I did not.

Q Be a little bit more specific in terms of time; a lot of time you said?

A It would be extremely difficult for me to pinpoint those conversations in time. It was months; long after that; long time.

Q Was it more than a year?

A It could have been a year. It could have been around -- I would say ranging from ten months to 14 months, in there; a long period of time. I was not privy to that. In fact, it was mentioned very casually over a dinner conversation or something like that, and I was made aware of it,

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and I said, "Oh, I guess that is the way you did it. That is the way you did it," and I had no knowledge of it.

Q What did he say about loans?

A Something about the fact that they had decided to, because of some auditing process within the company or something like that, to go to a loan procedure with certain people; that was all.

You have got to understand, I know very little about what was going on in that particular time within the internal operations of that corporation.

I do not know it. I don't know it; to this day, I don't know that.

Q Did he make any reference to potential tax problems for these people who had gotten bonuses?

A There was some concern; there was some concern about that they would have difficulty meeting the tax problem, yes, there was.

Q Do you recall if that was in connection with having to declare the bonus money as income, or was it in connection with having an erroneous assumption as to the deductability of the contribution?

A I think there was a blend of that. I think that

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there was -- the fact that the bonus money could be income and then as income, "Gee, if you make 'X' number, $10,000 more now, I got to pay tax on it; oh, gee whiz, I wish I didn't have to pay that additional tax," that kind of thing. That was mentioned.

Q Back when you had your initial conversations about people making contributions and getting bonus money, had you had any discussions about potential tax ramifications of those transactions?

A There was some comment about that they should -- well, "Gee, if we are going to make "X" number more income, gee, I hope we don't have to pay taxes on it, that we have to cover taxes."

Q I am sorry, I missed it.

A At the time, talking about bonuses, you are talking about additional income, and therefore you will get additional income burden. "Gee whiz, I hope we don't have to pay the tax."

Q "We hope we are going to be able to pay the tax"? Is that it?

A You are asking me something, and I am trying to recall, and I am trying to recall roughly two years ago, and

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I think that in that -- as anyone, if I suddenly was moved up to an upper bracket in the tax thing, I would say, "Gee, I have got to pay additional taxes." That is the context it was discussed in, "That I have to pay additional taxes because I was making additional money."

Q And there was some concern expressed about having additional taxes?

A I would think concern in terms of if someone's salary is increased $250,000, "How am I going to now assume that tax burden"; yes, there was that kind of conversation.

Q And was there also discussion about the deductibility of a contribution made?

A Whether or not political contributions were deductible, is that what you are asking?

Q Yes.

A I don't recall whether there was anything specifically on that.

Q Did you know about the deductibility of contributions back then?

A No, I did not.

Q Did you give any advice to him as to whether they were deductible or not?

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A No, but I think there might have been some kind of assumption made that they might have been.

Q An assumption made on Charlie's part, for example?

A Yes, maybe so. I am not sure.

Q Do you think it was his expectation that they were fully deductible?

A I don't know.

Q You don't know. Again, after November, who, other than Charlie Smith, did you ever have a conversation with about these contributions having been made?

A There was no one that I discussed these -- you mean contributions? Do you mean the whole problem? I think later on -- other than Charlie? Again, I haven't got the frame work, the time lag. It could be a year, more or less, that Charlie came into town with Kerry. They came in for other business. They gave me a call. They were doing something else, and we went to the Maison Blanche for lunch, a late lunch, actually, and I drove them to the airport.

In that conversation, again, the question of a PAC was brought up. "Gee whiz, we better get on with it. Are we going to do what we did before and be involved with candidates?

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"There is an election coming up in '82. We ought to put a PAC together." That was discussed.

Q But was there any discussion, then, about the contributions made back in 1980?

A In what form?

Q In any form?

A They were mentioning that we had made contributions before and it would be better rather than individuals, maybe we should set up and get more, obstensibly, because of the organizational structure, involved in a PAC, which is the proper FEC way to go. That was discussed.

Q Any discussions about any perceived problems with the way they had done it before?

A They were, I think, somewhat concerned that they, themselves, didn't have enough money individually to give it, and they wish they had had it and they maybe didn't have to give bonuses to people to make it happen. They would rather have it properly within the corporate structure so they could give through the PAC; yes, that was discussed.

Q Was there any discussion about whether the former system of issuing bonus payments to people was legal or not legal in the conversation going to the airport?

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A The former, the former, that it was legal?

Q Yes.

A At that time it was still thought to be legal, I think, to be a proper way of doing it, but I am not sure of that, whether that came up or not.

Q You don't remember if that was discussed or not?

A I don't remember if that came up or not.

Q But there was a discussion that a PAC would be better?

A I think it was in the context of "Gee, we did it individually. We did it in a rush. It would be so much better for all of us, particularly for Charlie and his career and Crown Life and all that kind of stuff that we have a PAC," which they wanted to do initially.

They wanted a PAC at the beginning of this whole thing, and it was just too late to put a PAC together. And that is what they wanted, and so therefore there was discussion about a PAC.

Q Going again back to the pre-election conversations, when you had your discussion with Charlie Smith, was there discussion --

A Where are we in time again?

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Q We are prior to the election when you had the initial conversations?

A We are back to late September to early November, okay.

Q Did the topic come up that you were running out of time in order to make contributions and therefore a PAC was not feasible?

A Yes, that did come up.

Q Where was the push coming from? Were you the one that was saying that, "We are going to get help for these people; we need to do it quickly," or was that him saying, "I want to help these people; let's do something quickly"?

A I think what happened is that, again, in the evolution of my (opus) * family contact with Charlie, as I tried to indicate to you at the very outset, with the Hyatt Regency, that Charlie is, again, coming from a political family, and there was an opportunity that was almost serendipity. It was not -- Charlie and I and others -- I mean family by others, I mean family -- have discussed it, and then there came a time at the Hyatt Regency when maybe some of the things we had chatted about informally at home and various places had come to fruition, because there were some altruistic people who were interested in giving money to the Democratic party.

* TO CLARIFY THE RECORD.

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That is how it happened in that framework.

Therefore, when it came up at the Hyatt Regency that evening, you know, that first encounter that you underscore, that he was, "Let's do it now; let's do it now."

The PAC was not available as an agency of distribution. Therefore --

Q Why is that?

A The PAC was not available because it was too late to put a PAC together.

Q Why was it too late? You are talking September?

A We are talking September, late September. It was my understanding that you couldn't put a PAC together in that period of time.

Q Why was that?

A Because I just -- from my conduct and so forth on the Hill, I just knew that somehow, in the back of my head, it was too late for a PAC, there just wasn't time to put it together.

end mfm

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LAD/is
Tape 5
Dep. of
Marley
7/30

(A short recess was taken.)

BY MR. THOMAS:

Q Let me return a little bit to this PAC concept.

Did you know at the time what the contribution limitations were for a PAC?

A No. No, I did not.

Q Did you know what the contribution limitations were for individuals?

A I thought that individuals could give up to $25,000.

Q How about on a per candidate per election basis?

A $1,000, I thought, was it.

Q Did you know that there was a limitation of per candidate, per election for PACs?

A I knew that within the framework of a PAC there were limitations. I did not know what they would be.

Q You did not know there was a $5,000 limit?

A No, but as you say it to me, I have heard it.

Q In your discussions with Charles Smith, was there reference to the fact that if individuals wanted to make contributions for candidates, they could contribute more, as individuals, than they could if they all contributed to a PAC and than that PAC could contribute?

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A No, that was not discussed.

Q Neither of you were aware of that distinction at the time?

A No. I am speaking for Charlie, that I'm sure he would not be.

Q Were you aware that there was a six month registration time period for PACs so that they could contribute $5,000 as opposed to only $1,000?

A I did not know what the registration time would have been. I knew there was a time period, but I didn't know what it was.

Q Was it that understanding of that time period that was behind your statement that there wasn't enough time?

A Yes. Well, I knew that they had to be in the formation of a PAC more than five weeks to put it together, or four weeks, whatever this time period was; from late September to early November, I knew that that was not enough time because you needed more time just to formulate the papers, just to get them through the bureaucratic aspect of the FEC or any other bureaucracy. So I knew that four or five weeks was not enough time to put it together.

Q Did you mention, other than what you have already

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described to me, did you have any other conversations with anybody else about this series of contributions by Charlie and his friends?

A Not to my knowledge, ~~series~~ (opn) *, no.

Q Is there any particular reason you didn't mention it to anyone else?

A It was happening so -- it was, I guess you might have to say that it was a family affair, you know, and that's what it was. It was that way. There was no one in need to discuss it with anyone else but Charlie any more than we discuss things at home and more or less was an uncle and nephew putting something together and there was nobody else to discuss it with.

Q You didn't bring it up at all with anybody, say, at your office?

A No.

Q In your discussions with Charlie or with Kerry Craig, did either of them indicate that they would have some Agency Holding Company firms, related firms, pay individuals varying amounts per bonus? In other words, did you get into the mechanics that certain employees would get bonus payments from various forms?

* TO STRIKE EXTRANEOUS MATERIAL

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A From various firms? I was not actually, during this time period, now, we are talking about September to November -- that I did not know that the Agency Holding Corporation was -- I always called it Crown Life. It was always Crown Life to me. Only when we got talking about the checks and so forth and people working, that the Agency Holding Corporation, that I became aware of it, of what it was. I'm still not even certain of what it is. I think it is a franchise for the general agencies, and they do other things, but I'm not sure. Only then did I know -- it was somewhere down the line, later on, that it was Agency Holding Company. And I never referred to it as Agency Holding Company.

Charlie worked for Crown Life, and I always refer to it as Crown Life; that that was part of the corporate makeup, I did not know that.

Q So you are saying you became aware of that after that?

A Well, it might have been very late or in the process when some of the checks were coming in or something like that, that people were working for the Agency Holding Corporation, then I became aware of that. To them it was a synonymous term. To me it wasn't. That is all I'm saying.

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Q Was there a discussion about which firms might be paying bonuses to which employees?

A No. No.

Q Was there any discussion about how the transactions would be recorded on the books of Agency Holding or these other firms?

A No.

Q Did Kerry Craig ever mention that?

A No.

Q Did Kerry Craig ever mention that the funds to make bonus payments were funds that were other wise earmarked for other purposes?

A Other purposes?

Q Like travel or something?

A No, no, no.

Q Did he say, "Oh, there is no problem, we have got lots of money at our company to make bonus payments"?

A I would think that -- and I guess probably this is an understanding of mine -- as I indicated before, I would think that the company was in a pretty good financial position to make bonus payments, yes, but Kerry never said that to me.

Q Just your general ---

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A General knowledge.

Q --- that they had enough money?

A Well, see, had enough money, type of comment, I thought way back then, because I told you, they were general agents and so forth, and they would -- they were well placed in the company. They were, I think, even in most knowledge, if you own -- that you are a general agent, most people in the community would realize that a general agent has got a fairly good income. Most general agents I have ever run into, my own general agent, as I know, he runs that little outfit, he is doing fairly well, even in small communities, and I was well aware of that.

Therefore, I thought these people were very well paid for what they -- for their work, so they could give money.

Q Were you given the names of each individual who was going to be making contributions as a result of this plan?

A What happened is when the checks would be -- they were going to designate the checks, they were making me aware of the principal people that were giving money, Charlie and three others, and those are the names that I was relatively aware of, ancillary names that, in the case of, say, Jim Wright's campaign, which they got more money, I was not aware of those

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1 individuals. But they made me aware of them, just so that
2 when I made my phone call, that I would know that Scott Thomas
3 was one of the persons who was giving that check.
4 Q So ultimately, they did tell you the specific names
5 of even the other people other than the four?
6 A It would have come up, but I don't think I had all
7 the names, no, of all those people. Charlie was pretty much
8 managing that, and he did it. I did not know those names.
9 Q Didn't they want to give you all the names so that
10 when you made your calls you would be able to go through all
11 the names?
12 A Yes, they did, but to answer the question fairly,
13 Mr. Thomas, my recollection, and the reason I am phrasing it
14 that way, is there might have been one or two names that
15 somehow were not given to me or something like that. That
16 might have happened in the process, and I just want to be care-
17 ful to have you know that I might not have known them all, but
18 they would try to give them to me, yes.
19 Q Was there ever any discussion as to whether Kerry
20 Craig would make any contributions?
21 A I don't think Kerry was going to make contributions.
22 I don't know whether there was a discussion of whether he would

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or not. But somehow -- no, I don't think there was any discussion as to whether he would give any or not. I just assumed he wasn't going to give any.

Q Any discussion of why, though?

A No, Charlie was managing, these were the people, and I did not get involved -- they would just indicate to me or pinpoint the people, and then I would respond, and there was no discussion -- like Charlie and me working it out and Charlie was going to be the person, he was ultimately going to be the PAC person, so therefore Charlie would be the person to contact and work it out. Kerry was not involved, particularly.

Q In spite of the fact that he was a Canadian citizen and there were legal problems?

A That is an interesting comment. I did not know that Kerry was a Canadian citizen until long after -- I don't think if I knew that until afterwards, and Charlie said, "You are stupid, you should know that." They just assumed that all this time I knew that Kerry was a Canadian citizen, but I did not. I always thought they were American-based places, and they were here and he was operating, and somewhere along the line it came out, "You should know that. You have known him for so long, and you should be aware of this" but I was not

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aware of this. But it did come out after this time frame that that was one of the reasons Kerry couldn't give.

Q When did that come out?

A It might have come out, like I said, at Thanksgiving time or Christmas or something like that that Kerry did not participate.

Q YOu don't recall any specific time, like it wasn't in connection with a meeting, say, with attorneys to unravel this whole thing, fairly recently?

A No, no, no; absolutely not.

Q Your recollection is that it did come out, though, in casual conversation?

A What I think came out, my recollection of it is, is that I was accused of a certain amount of unawareness of Kerry's background, that he was a Canadian citizen. I said, "I didn't know that, nephew, Charlie, I just didn't know it." He said, "Well, you can see why he wouldn't have contributed." I said, "Fine, I can understand that." That was about it. He couldn't have participated.

Q Your impression was that they were aware that legally he couldn't contribute?

A I would think that they would be aware that he

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1 couldn't contribute. Is that the question? Would I be
2 aware that they were aware?
3 Q Was your perception ---
4 A If they knew he was a Canadian citizen, they would
5 know -- I would think they would know he couldn't give to
6 campaigns.
7 Q At that time did you know that a foreign citizen could
8 not contribute to a Federal campaign?
9 A I was aware that you couldn't give foreign money,
10 yes, or to put it your way, a citizen, a foreign citizen couldn't
11 give money, yes.
12 Q You don't recall any discussion to the effect that
13 the records of Charlie's company should be noted in such a way
14 that there would be no reference to political contributions
15 having been made through bonus payments?
16 A Please restate that so I can understand it.
17 Q There was no discussion that you are aware of to
18 the effect that the records of the company should be noted in a way to
19 reflect that the contributions were made with the bonuses?
20 A There would be no record of that, because I thought
21 they were all individual contributions, and with other than
22 the bonuses.

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Q Was there any discussion of keeping Agency Holding or the parent company, Crown Life of Toronto, from knowing that any funds had been issued for contributions?

A I would absolutely not be aware of that, because I am still, my mind set is that there was individuals giving money, and I was not aware of that at all.

Q You referred earlier to a general recollection of a statement made that there was some of these bonus payments were turned into loans, isn't that what you were referring to?

A I heard that, again, as I said, in a family kind of situation that -- something to do with the auditing or the internal accounting.

Q The decision had already been made to do that, and you didn't have anything to do with it?

A No, absolutely nothing to do with it.

Q They were just telling you what it had been doing after the fact?

A Oh, yes, nothing to do with that, absolutely nothing.

Q But at the time that you had your discussions back in September and November of 1980, setting up this plan, there was no discussion at all about these bonus payments being repaid, was there?

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A Repaid, what do you mean by repaid?

Q Turning them into loans, for example?

A No, no. The discussions were the fact that, again, if the sequitur would be that they were going to -- the sequence would have been, "Let's set up a PAC. We can't do that. All right, let's make individual contributions. That, we can do. We can do it properly and legally."

Then they get into it a little bit about the bonusing people as incentives and so forth and so on, then that becomes individual income and that is a sequitur -- as I understand it, a sequential kind of development, and nothing about loans at that time.

Q Other than conversations you had with Charles Smith or Kerry Craig that you have already referred to as being these casual ones around a holiday, for example, have you discussed these contributions that were made with anyone else since the election time, November of 1980?

A With my attorneys.

Q Other than with your attorneys?

A Mr. Devoy.

Q No one else?

A No, there is one one else that I'm aware of.

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Q So since the time you made a casual conversation with Charlie Smith or Kerry Craig as you have already referred to, the first time that anyone brought this to your attention was when you got notice from the Commission?

A Brought what to my attention?

A About this matter of contributions? Was it when the Commission notified you, from the FEC?

A Mr. Golden would have notified me, yes.

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Q Prior to that, when was the next previous time you can remember having discussed the matter?

A About the contributions?

Q Yes.

A With Charlie.

Q When?

A When he was telling me he was coming to Washington and would be involved in a deposition. I chatted with him about it.

Q And that was a conversation you referred to earlier in the deposition?

A Earlier, yes, uh-huh.

Q What I would like to do is take about a five-minute break; let Steve and I go out and powwow out here and see if there is anything else additional I want to ask you.

(Brief recess.)

MR. THOMAS: I first wanted to ask the reporter to mark this document as FEC Exhibit 1, please.

(The document referred to was marked FEC Exhibit No. 1 for identification.)

8 3 0 4 0 4 7 3 2 7 0

BY MR. THOMAS:

Q I am showing the exhibit to the witness and counsel.

A John was the person down on the Texas campaign.

Q John?

A John Mack, yes.

Q The first question is, though, have you ever seen that document before?

A Have I ever seen this?

Q Yes.

A No.

Q This isn't a document you prepared?

A No. Wait a minute. Hold it. I mean, not in written form. I would have passed on those names and -- some of them to Charlie over the telephone, and the list might have been composed, and then I would have had a similar list that I would have written down, as I said, on a legal pad or something like that that I would have kept as we went along, but not this document, per se; no, not with those names there.

Q What are you referring to?

A The names of contributors. In other words, I guess your question to me is, have I seen this document before as it exists per se; have I seen that list as it is, and the

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1 answer is no.

2 Q Apart from the document, did you, in providing

3 information to Charlie Smith, give him, for example, the names

4 of treasurers to contact or to direct checks to?

5 A Mr. Thomas, there would have been a name -- let

6 me just take a look at this -- there would have been a name,

7 and I am just going to pull this at random, say, the Johnson

8 for Congress Committee.

9 I would have, somehow, in my conversations, secured

10 the name of Margaret Trimble, and to facilitate the check

11 arriving, rather than just "write Johnson for Congress

12 Committee," I would say, "Be sure you write it to a specific

13 person. It will be handled and funneled better;" it was just

14 a normal thing, and, yes, I would have done that.

15 Q How would you have gotten the information?

16 A Can we key on that one?

17 Q Yes.

18 A What I would have done was called the Johnson for

19 Congress Committee and asked who the campaign manager was.

20 Very often, the campaign manager, if it was Steve Mimms,

21 would say to me, "Gee, I think it is better to send it to the

22 Treasurer."

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1 That is why I would get those names, or usually,
2 sometimes the person was one in the same, the campaign manager
3 was the treasurer.
4 Q How were you getting the telephone numbers of the
5 people to call to ask for that information?
6 A Those, when I would say, "Udall for Congress," or
7 something, I would call up Udall for Congress, those committees
8 and that number would be listed in information or something like
9 that, and that is how I got it.
10 Q Or something like that? That is what I am interested
11 in.
12 A In general, that is the way I would do it, or in
13 my knowledge of being on the Hill and being home and working
14 on campaigns, when I had earmarked somebody or someone like
15 Mo Udall for something like that, then I would try to find
16 out by calling, talking to a friend or something like that.
17 Q That is what I am curious about.
18 Did you, when you needed to get that information,
19 call up someone in Congressman Udall's office and say,
20 "Who is the campaign person"?
21 A No. I would -- sometimes that might have occurred,
22 that I would, on the Hill, be walking by, and that would be

8 3 0 4 0 4 3 2 7 3

a normal kind of floor activity that I would try to check with the campaign person; but generally not, no, I would call. That stuff you kind of know.

Q Would you pick up the phone and ask for directory assistance and say, "Have you got a number for Udall for Congress Committee in Arizona?

A Sure. That is how I did it.

Q Did you go to the Democratic Campaign Committee and say, "I am trying to get a hold of this person or this campaign"?

A The thing is, I know quite a few people, and in the course of knowing quite a few people, if I said, "Gee whiz, I think we should get to Mo Udall," because he was in the trouble at the time and so forth and so on, I would probably, in some cases, call the DNC and say, "Who is it" -- and they had a list; they have a list. It is a composed list.

Q Did you do it?

A Yes, I did, on some occasions, but not specifically -- what I am trying not to convey is I don't know if I did that in the specific case of Udall for Congress. But I would also call, and the Democratic Congressional Committee has a list, and they have a list of people they would give to you and give

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1 to the public.

2 Q That is what I am trying to get at. Did you do

3 that, as well?

4 A I have known staff members over there, and over

5 the course of lunch or something, I might have asked them --

6 I cannot tell you which one specifically -- "Who is the

7 treasurer for the Udall Campaign" or something like that, sure,

8 I can do that.

9 Q You said "might have". I want to make clear for

10 the record --

11 A On a couple of occasions I did that, because I

12 couldn't get them through Directory Assistance. I wasn't

13 making out too well, so I said I will call them and get a

14 list. That is a public list that anybody can get at any

15 time.

16 Q At any point, were you ever given any compensation

17 at all from any of the Agency Holding Corporation firms?

18 A Absolutely not. Emphatically no.

19 Q Were you ever asked to make a contribution to any

20 of these campaigns?

21 A No.

22 Q Did you ever make a contribution to any of these

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1 campaigns?

2 A No.

3 Q Were you ever contacted by anyone in connection with

4 the anti-trust litigation that is going on in Pittsburgh that

5 involves Agency Holding Corporations?

6 A No.

7 Q You haven't been question by any counsel in connec-

8 tion with that litigation at all?

9 A Formally, you mean?

10 Q Formally.

11 A I don't know whether Roger Golden, on the phone the

12 other day, said something about a suit going on the other day.

13 He might have said something.

14 Q Did you call him or did he call you?

15 A I called him because CHARLIE SMITH (opm) ~~Roger Golden, counsel, he~~ asked

16 me many times to call him, and I finally CALLED (opm) * [1] ~~asked~~ him.

17 Q Charlie was sort of suggesting that maybe you would

18 want to call him?

19 A There was some -- that if something was going on,

20 I could be helpful in some way TO (opm) * [2] ~~to be able to help~~ my nephew.

21 He said, "Gee whiz, maybe, what is going on? Why don't you call

22 Roger and see what is -- "

* [1] TO CLARIFY THE RECORD.

* [2] TO STRIKE EXTRANEOUS MATERIAL.

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I initiated that phonecall, only because I think my nephew said, "Gee whiz, Uncle O, would you do it for me to see what is going on"?

I said, "Of course I will do it," again, because I want to answer specifically what you are asking, and I think he said there was something else going on, and I said, "I don't want to know about it."

(OQM) ~~Mr. Golden said that, Roger Golden.~~ Your question to me was about another anti-trust suit going on, and I think it is possible in the conversation (OQM) WITH ROGER GOLDEN * that he did say, "There is something else going on and this is just a segment of it," or something like that.

I said, "I don't know, I don't even know what is going on."

Q When your nephew called, did he make reference to the FEC matter that had been initiated?

A Oh, Charlie said that they were going to be coming and seeing you folks at some point in time, yes.

Q This is the conversation that you were referring to earlier in your deposition that you had with him, prior to coming here and in reference to perhaps coming to Washington?

A Oh, yes. You asked me that; yes, the same thing.

* TO CLARIFY THE RECORD.

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Q The same conversation?

A Yes, I would think, yes.

Q There were more than one?

A No. What you are asking is about the same conversation. Some of it is fragmented because I explained to you, since early -- it is very hard for me to talk about it because it is a weepy situation. His dad is dying of cancer, and I have been talking to him regularly.

The conversations up there is, "How is Smitty?" Not, "What is going on?"

That is the kind of questions.

In fact, we say to ourselves, "We don't have time to talk about business; let's talk about the personal problems.

Therefore, you are asking me; in that particular conversation I might have said, "Gee, I am going to the FEC two weeks from now," or whatever as almost the termination of the conversation, rather than the substance of the conversation is what I am trying to indicate to you.

Q Again, in reference to this seeming hurriedness back in October of 1980, did you get any requests at all from any of the people who worked for any of these campaigns that maybe you help solicit funds for them?

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A You see, it wasn't that anybody in the campaign initiated contact ~~from~~ with (corr) * [1] me to help out with them, no.

Q Did anyone from the Democratic National Campaign Committee or the DNC raise it with you in conversations that maybe it would be helpful if you could raise some funds for some candidates?

A No. No.

Q When you were compiling a list of candidates to receive contributions, did you ask for advice from anyone?

A I think that in conversation -- what is the proper terminology -- conversation at large, when you work on the Hill and you hear of people and so forth and so on, I might have heard from someone that ~~Buzz~~ Bizz (corr) Johnson is in trouble, so forth and so on, and I would just catalogue that in my head and say, "Oh, ~~Buzz~~ Bizz (corr) Johnson, oh."

But I did not seek out people that were in trouble. I mean, I didn't go to ~~Buzz~~ Bizz (corr) * [2] Johnson and say, "Are you in trouble? Do you need "X" number of dollars?"

Q In your assistance in coming up with names, you didn't go to anyone outside and discuss it with them that you had a nephew who was thinking about making contributions; who needed money?

* [1] TO CLARIFY THE RECORD.

* [2] TO CORRECT THE RECORD.

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A I am trying to say in the flow of activity, that would not have occurred.

Q So that your assistance in coming up with the names was entirely your own doing?

A No, that can't be, because I pick up information from other kinds of people, and when I put the mosaic together, that kind of information was in my head, so therefore other people did help me but not --

Q But no one that you had told about your nephew was interested in making contributions?

A No, it would not come out that way, other than when I contacted the campaign itself. Then I would say that my nephew was interested in making contributions.

MR. THOMAS: I have no further questions.

Do you have any cross?

MR. DEVOY: No.

MR. THOMAS: All right.

Thank you very much for your time.

Would you like to waive signature? Do you want to see the transcript?

MR. DEVOY: Yes. We would like to know what is the procedure.

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1 MR. THOMAS: If you want to waive signagure, you
2 can, but if you don't, we will have the transcript made
3 available.
4 We usually like to have the original stay with the
5 reporter and you would have an opportunity to review the
6 transcript and make any necessary corrections that you wanted
7 to.
8 The ordinary timetable is usually about two weeks.
9 After that is done, then you have 30 days.
10 Under our regulations, we use the similar 30-day
11 period as under the Federal Rules of Civil Procedure for time
12 to review the transcript.
13 If no revision or signature is made in 30 days,
14 then the original comes back to our agency.
15 MR. DEVOY: Let me just review that to see if I
16 understand. It will take approximately two weeks to get the
17 transcript prepared, and you will call us and say it is ready
18 and you pick it up?
19 MR. THOMAS: Ordinarily, the reporter does that.
20 If you want to order a copy, of course, you can, and you have
21 to pay for it.
22 Alternatively, if you want to just go ahead and

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review the original, the reporter will notify you that the original is ready and you can go review it and make any corrections or whatever and have it signed there.

MR. DEVOY: And we have 30 days to conduct our review?

MR. THOMAS: Yes.

MR. DEVOY: Fine. At the end of our review period, the witness will sign the transcript?

Fine.

MR. THOMAS: That is the idea.

MR. DEVOY: Okay.

MR. THOMAS: Thank you again.

THE WITNESS: You are very welcome, in whatever way I could help you.

(Whereupon, at 1:00 p.m., the deposition was concluded.)

(I have read the foregoing pages 3 through 127, inclusive, which contain a correct transcript of the answers made by me to the questions therein recorded.)

Owen J. Marley

Owen Marley

B30404 3202

CERTIFICATE OF NOTARY PUBLIC

I, Luanne Dawson, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this depositiion was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Luanne Dawson
Notary Public in and for
the District of Columbia

My commission expires
August 14, 1982

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October 15, 1982

'82 OCT 15 P12:54

Scott Thomas, Esq.
Office of General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C.

Re: In the Matter of Agency Holding Corporation, MUR 1445

Dear Mr. Thomas,

The following changes and corrections have been made to the deposition of Owen Marley, taken Friday, July 30, 1982:

Page	Line	From:	To:
6	8	"R. E. Wise"	"Ari Weiss"
8	1	"on a television program"	"in a television program"
9	19	"No, huh-uh."	"No."
14	7	"father last night, Timothy"	"father last night, and his brother Timothy"
14	10	"take a depositoin"	"give a deposition"
16	4	"environmental circumstances"	"circumstances"
16	11	"somewhat understand"	"understand"
16	12	"have somewhat a"	"are a"
16	14	"apparatuses"	"apparati"
20	17	"that you -- that are"	"that are"
22-23	8	"That is what was there."	"That was the atmosphere."
27	8	"there were tons of them."	"there were many people there."
17	15	"no other 'maybe'"	"nothing other than 'maybe'"
29	8	"He is on that paper."	"He is on that subpoena."
30	8-9	"process, 'Gee, if I can help you in a friendly way,"	"process, in a friendly way, 'Gee, if I can help you,"

8 3 0 4 0 4 3 3 2 9

Page	Line	From:	To:
30	17	"never talked to her, but she was at the"	"ever talked to her was at the"
30-31	22	"there, and I remember attractive women."	"there."
32	22	"I think he would"	"I think he said he would"
33	12	"because it is such an intense member of the family and"	"because he is"
34	1	"were that the"	"was that the"
35	22	"is that people -- never mind."	"is to those people."
41	2-3	"for that, I do not have that correspondence sent to him."	"for. My notes verified that I did not send any correspondence of that type to him."
41	18	"Uncle Owen, that perhaps"	"Uncle Owen, perhaps"
41	19	"individual contributions."	"individual contributors."
42	11	"of their account."	"of their personal account."
44	5-6	"beginning;that	"beginning because our discussions on contributions were very general; when it became clear that contributions were in fact to be made, the discussion as to methods was that"
45	6	"I will rephrase that."	delete sentence
45	16	"was never any discussion, you know,"	"were never any discussions,"
45	17	"that would ever,"	"that what"
45	20	"is a proper way"	"are a proper way"

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Page	Line	From:	To:
47	1	", we had discussed."	", we had discussions."
48	9	"I would not know what -- in fact --"	delete sentence
51	17	"income to the bonus"	"income through a bonus"
54	8	"and he was in his career, that there was never, as I recall,"	"and I was interested in his career, but there was never any conversation, as I recall,"
62	5	"or anything was at"	"was at"
67	8	"moneys that are coming"	"money that is coming"
67	19	"because it was rushing,"	"because it was rushed,"
69	3	"Uh-huh, but I"	"I"
84	3	"state, and therefore,"	"state,"
91	19	"when I see him at"	"when I saw him at"
92	1	"and some of them lost'"	"and unfortunate that some of them lost'"
100	14	"our family"	"my family"
104	4	"Not to my knowledge, series, no."	"Not to my knowledge, no."
121	15	"because Roger Golden, counsel, he asked"	"because Charlie Smith, counsel, he asked"
121	16	"I finally asked him."	"I finally called him."
121	20	"in some way to be able to help my nephew."	"in some way to my nephew."
122	8	"Mr. Golden said that, Roger Golden."	delete sentence
122	10	"the conversation that he did say,"	"the conversation with Roger Golden that he did say,"
124	12	"contact from me"	"contact with me"
124	13	"Buzz Johnson"	"Bizz Johnson"
124	15	"Buzz Johnson"	"Bizz Johnson"
124	17	"Buzz Johnson"	"Bizz Johnson"

The corrections having been made to Owen Marley's deposition, it is hereby being filed with the Federal Election Commission.

Sincerely,

Lu Anne Dawson

Lu Anne Dawson
reporter/notary

cc: Mr. Robert Tynan Devoy, Jr., Esq.

8304043286

Scott Thomas, Esq.
Office of General Counsel
Federal Election Commission
1325 K Street, N. W., #700
Washington, D. C.

ORIGINAL

RM/is

BEFORE THE FEDERAL ELECTION COMMISSION

- x
In the Matter of: :
AGENCY HOLDING CORPORATION, ET AL. : MUR NO. 1445
- x

Washington, D.C.
Tuesday, August 3, 1982

Deposition of

CHARLES T. SMITH

a witness in the above-entitled matter, called for examination by counsel for the FEC, pursuant to agreement of counsel, at the offices of the Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463, beginning at 1:45 p.m., before Raleigh Milton, a Notary Public in and for the District of Columbia, when the parties were represented by the following counsel:

For the Federal Election Commission:

SCOTT THOMAS, ESQ.
and
STEPHEN H. MIMS, Legal Intern
1325 K Street, N.W.
Washington, D.C. 20463

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For Charles T. Smith:

ROGER M. GOLDEN, ESQ.,
Thorp, Reed & Armstrong
1575 I Street, N.W.
Suite 1125
Washington, D.C.
and
JOHN H. BINGLER, ESQ.,
Thorp, Reed & Armstrong
2900 Grant Building
Pittsburgh, Penna. 15219

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C O N T E N T S

WITNESS:	EXAMINATION BY MR. THOMAS:
CHARLES T. SMITH	3, 79
	EXAMINATION BY MR. GOLDEN:
	77

E X H I B I T S

EXHIBIT NO.	FOR IDENTIFICATION
FEC No. 1	49
FEC No. 2	50
FEC No. 3	55
FEC No. 4	68

- - -

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1 P R O C E E D I N G S

2 Thereupon,

3 CHARLES T. SMITH

4 a witness, was called for examination by counsel for the FEC,

5 and, after having been first duly sworn by the notary, was

6 examined and testified as follows:

7 EXAMINATION BY COUNSEL FOR THE FEC

8 BY MR. THOMAS:

9 Q Would you state your name?

10 A Charles T. Smith.

11 Q What is your present home address?

12 A One Reservoir Road, Cohasset, Massachusetts.

13 Q What is your nationality?

14 A U.S. citizen.

15 Q What is your marital status?

16 A Single.

17 Q Where are you presently employed?

18 A John W. Powers Insurance Agency, Boston, Massachu-

19 setts.

20 Q How long have you been employed there?

21 A Since December or January 1, actually.

22 Q Of?

8 3 0 4 0 4 0 3 2 9 1

A 1982.

Q What is your present position there?

A Associate general agent.

Q What are your responsibilities as associate general agent?

A Managing the business, administratively and also responsible for business sales.

Q You are responsible for trying to solicit business?

A Solicit sales, right.

Q Do you have any ownership interest with John Powers Insurance Agency?

A Not at this time.

Q Have you at any point had such an ownership interest?

A No. We are in the process of establishing a buy-out.

Q Who is the present owner of that firm?

A John W. Powers.

Q Is he the sole owner?

A Yes. He is.

Q Are you an officer or director of that agency?

A No.

Q Do you know who the officers are?

A There is only one.

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Q That is?

A John W. Powers.

Q How long have you been employed there?

A Since December or January 1 would be the official day, 1982.

Q Where were you employed before that?

A Agency Holding Corporation.

Q How long were you employed there?

A Since 1976.

Q What was your position there?

A Brokerage manager.

Q What did that position entail?

A I was responsible for soliciting sales for Crown Products.

Q Did you have any management responsibilities there?

A No.

Q Did you have any ownership interest in Agency Holding Corporation?

A No. I did not.

Q Do you know who did own the company at that point?

A Kerry Craig.

Q Were you an officer?

8 3 0 4 0 4 3 2 9 9

A No. I was not.

Q Is John Powers Insurance Agency in any way related with Crown Life Insurance Company?

A Yes, it is related with Crown. It is a franchise distributor for Crown Life's products.

Q Are you presently compensated solely by John W. Powers Insurance AGency?

A Yes.

Q Previously when you were with Agency Holding Corporation were you compensated only by Agency Holding during that time period?

A Yes.

Q Do you recall what your gross income was approximately for 1980?

A My gross income was $25,000 — somewhere between 25 and 30.

Q Is that including salary and advances during that year?

A Yes.

Q From 1981 do you recall what your gross compensation was?

A Salary was the same and I think there was some

advances. It might be closer to 34 or 40.

Q You say there might have been some advances. Do you recall when you received those?

A I believe I took an advance of $10,000 total I think that year.

Q Do you recall at what point in that year?

A No. I don't really recall. It is probably springtime.

Q Explain to me how you got advances? What were the advances for?

A I was paying for my brother's schooling, prep school, so I needed I think $5,000. So I asked for $5,000. Then when I needed to do some other things I requested it and it was advanced to me against future earnings.

Q So they were strictly personal advances?

A Yes.

Q Have you ever received any advances that were related to your work specifically, that is compensation for work done?

A Any advance would be related directly to work. It has to be offset by production. So even a personal advance at some point in time would have to be offset by the compensation that the agency derives from my sales.

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Q I understand. But did you ever get any advances that were for work performed as opposed to your request for personal purposes?

A I am not sure what you are getting at and I am really not sure.

Q How about bonuses? Where there any occasions where you earned bonuses?

A No.

Q Have youever had any ownership interest in any insurance company or firm?

A No. I have not.

Q When you were with Agency who was your supervisor?

A Kerry Craig.

Q Was there anyone else at Agency from whom you took direction?

A No.

Q How long have you known Kerry Craig?

A I have known Kerry since '74.

Q How was it that you first met him?

A I met him while I was working in Toronto, Canada for Crown Life Insurance Company.

Q Are you social friends with him now?

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A If I was with him, yes.

Q When you were with Agency Holding Corporation did you see each other on a social basis for a regular ---

A Yes. We did.

Q You mean for dinner?

A Yes.

Q Have drinks after work?

A Yes.

Q Do you know an individual named Clarke Lloyd?

A Yes, I do.

Q How do you know him?

A Clarke Lloyd supervised the entire U.S. agency system.

Q Did he supervise the agency operation in Chicago?

A Yes, he did.

Q When you say supervisor, what do you mean?

A Senior vice president for Agency's Crown Life Insurance Company. So he had the responsibilities of administrating, making sure that they were performing properly and actually hiring and terminating agencies or appointing and terminating agencies.

Q Did he oversee the process whereby it was determined whether a particular agency in the United States would get financing?

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A Yes, he did. He approved all financing.

Q How involved would you say he was in monitoring what actual expenses the agencies were incurring?

A Very carefully.

Q Was there a system whereby all expenses incurred by an agency were in some sense written down through a voucher system perhaps and that information was sent onto Toronto so that he could review it?

A The day to day T.&E.?

Q T.&E. being?

A Travel and entertainment.

Q Yes, for example?

A May or may not be. I am not sure. Each agency is independent and they perform as an independent business. Therefore I am sure that Clarke Lloyd wasn't privy to every expense in an agency. But if money was needed the individuals would approach him and ask for financing. He may request a breakdown of why they needed that financing.

Q What accounts did agency maintain at that time? Do you have any sense of the various categories of accounts they maintained?

A We maintained the McDonald's account, all their

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franchises across the country. We had the National Home Furnishings account which is an association of furniture stores or owners, we had Berger King, we had Coors, we had Coca Cola Bottlers, we had NFED, National Fire Equipment Distributors. We had a number of accounts of that nature.

Q Of those accounts would you say that most of those were opened or developed around 1979 or 1980?

A Yes.

Q During that period of say September through November of 1980 was that a particularly active period with regard to those accounts you just identified?

A Yes, it was.

Q Why was that?

A We were soliciting a number of those accounts and we were in the process of tying up contracts with others.

Q Was Agency Holding incurring large expenses for that development?

A Yes.

Q What kinds of expenses were being incurred?

A We had to hire a number of solicitors which we would pay a salary, advance type of basis. We had to pay for their travel and expenses. We also had to pay the cost of developing,

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marketing material for each of these accounts, legal fees for the establishment of trust agreements, et cetera.

Q At that time period in approximately September through November of 1980, do you recall if Agency Holding was in a surplus cash position or negative cash position?

A I would not absolutely be aware of that.

Q Who would have known that?

A Kerry Craig, Clarke Lloyd, Bob Pulak, the accountants.

Q What kinds of bank accounts did Agency maintain? Do you know?

A We maintained -- I am not totally familiar with the bank accounts. I know that there is a bank account for commission payments and there is a personal bank account, one or more, for the agency itself.

Q What is the difference between these accounts?

A One account we will receive a check from the home office it would be deposited to pay commissions and then we would have other accounts to handle day to day business.

Q Operational expenses?

A Right.

Q Travel and entertainment expenses?

A Right.

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Q Was there a separate account for sales promotion and advertising?

A I don't believe so.

Q That to your knowledge was paid out of that general operation account?

A Right.

Q You have indicated that you knew Clarke Lloyd during that time period. Was he what you would consider a social acquaintance at that time?

A Yes, he was. I had worked for Clarke as well at the home office.

Q Did he come to Chicago fairly frequently?

A Yes, he did.

Q How often would you say he was in Chicago?

A I would say he was there at least once or twice a month.

Q Did you ever go to Toronto?

A Yes, I did.

Q During 1980 approximately how often did you go?

A I probably went at least twice.

Q Do you recall going to Toronto at any point around that time period, September through November of 1980?

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A I did not go there at that time.

Q Do you recall if Clarke Lloyd came down to Chicago at any point during that time period?

A He may have. I am not sure. But we were heavy into the McDonald solicitation at that point in time. So it is a good possibility.

Q Before coming here today, have you spoken with anybody about the fact that you were going to come speak with us?

A I spoke to Roger Golden and John Bingler and I talked to my uncle on occasions.

Q When was the last time you spoke with your uncle?

A I believe it was Thursday or Wednesday. We speak often because my father is quite ill. So he calls to find out how my father is doing.

Q When you spoke with your uncle, it is Mr. Marley, isn't it?

A Yes.

Q Last Wednesday or Thursday, what did you speak about?

A We spoke about my father.

Q Was there any discussion at all about your coming here to testify?

A Only in general terms that I would be coming into

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Washington.

Q Did you ask him what questions we had already asked him?

A No.

Q Did he offer any information about what we had asked him?

A No.

Q Mr. Smith, in that time period of October through November of 1980 did you make any political contributions?

A Yes, I did.

Q How did that come about?

A I was approached by my uncle while I was at a general agency's meeting here in Washington at the Hyatt. He inquired as to whether or not I might be interested in making any political contributions and whether or not Agency Holding might be interested in making, or members of Agency Holding Corporation, would be interested in making political contributions. And I said that I might be interested and I could also find out whether or not anybody else is interested at that point in time. Subsequently Owen Marley, who is my uncle, Kerry Craig and myself and we discussed the possibility of making political contributions by setting up a PAC which

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1 was acceptable and we thought that was something we would be
2 interested in and we left it at that after the meeting and
3 Owen would be getting back to us as to how to possibly set up
4 that PAC.
5 Q When do you recall this initial discussion about
6 this that took place?
7 A It was some time either the middle or end of Septem-
8 ber at the general agency's meeting.
9 Q When you say it took place at the Hyatt Regency on
10 Capitol Hill ---
11 A Yes. If that is the only Hyatt, fine.
12 Q The one over near the Capitol building?
13 A I think so.
14 Q Within eyeshot. Was this around dinner time?
15 A This was in, our initial meeting was in the afternoon.
16 Q Was anyone else in on that conversation?
17 A No.
18 Q Just you and your uncle?
19 A Right. Kerry Craig was present.
20 Q Was he present at the outset when the subject came
21 up?
22 A The first time, no. It was just my uncle and I and

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then I said I would see if Kerry was interested in setting up the PAC. So I met with then, Kerry, my uncle and myself got together later that afternoon.

Q Where was this subsequent meeting?

A At the Hyatt.

Q Same place?

A Yes.

Q Was this in the lounge?

A No. I believe it was in my hotel room.

Q What was the discussion in terms of the possibility of setting up a PAC? Who suggested the possibility of doing that?

A That was suggested by my uncle.

Q After that subsequent meeting, the second one, were you talked about setting up a PAC, was there any decision reached as to whether a PAC would or would not be set up?

A Are you talking about later? My uncle went to see if we could set up the PAC and we found out it was too late to establish a PAC in time for the up and coming election.

Q Did he somehow notify you of that fact?

A Yes.

Q Why did he say it was too late?

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A There is a deadline prior to elections in establishing a PAC.

Q Is that what he told you?

A Yes.

Q Was there any discussion in the initial two conversations you advised me of about what contribution limits were in effect at the time?

A No.

Q Was there any discussion as to who would be possibly making contributions?

A No. We discussed that we would establish a PAC and by establishing a PAC that employees of the firm could make contributions to that PAC.

Q Was there any reference to what individuals might be able to contribute to that PAC?

A We didn't establish that.

Q Was there any discussion about any particular candidates who could use campaign support in these first two discussions?

A No. We didn't discuss specific candidates, only that the Democratic Party had some tough elections and was in need of some political contributions.

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Q Was there discussion about what Kerry Craig would also be making contributions?

A We didn't as I said get into specifics. We were waiting -- first of all, we were going to research the PAC situation and that is the way we left it at that point in time.

Q So after this subsequent meeting at the Hyatt, when was the next conversation that you recall about this subject?

A The next conversation was later that evening, we went to Nathan's and we actually all met at the Hyatt; that is, a group of people from the Agency Holding Corporation, myself, Kerry, Clarke Lloyd and a number of other general agents. It was a very large group. We all went over to Nathan's and during our time there we ate. As a group we took I guess one side of the restaurant. We had all the tables essentially. Mr. Marley, Clarke Lloyd, Kerry Craig and myself all sat and had dinner.

Q Is that when the subject came up again about political contributions?

A Yes, it did.

Q What was said then?

A Essentially it was again discussed in very general terms that we would establish a PAC and it seemed to, because

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of the scope of our business, the involvement at the national level, having agencies in a number of different cities and we were planning on continued growth as far as acquiring those cities, it would be beneficial to establish a PAC and everybody seemed, all individuals present were quite enthusiastic about the potentials.

Q This is Clarke Lloyd, yourself, Kerry Craig?

A Right.

Q Anyone else?

A My uncle and that is it.

Q Did your uncle participate in that conversation? Did he actually discuss anything about PAC's?

A Essentially the evening was more of a social event and we were discussing everything other than PACs actually. It was just brought up very quickly and dropped very quickly in general terms that we would be working in investigating the possibilibites of establishing a PAC and making contributions to the up and coming election.

Q At that meeting was there any discussion of any particular candidates that could use support?

A No, only in general terms discussing politics as a whole. It was a divided table. I think half wanted to donate

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1 to the Republicans at that point in time.

2 Q Was there any discussion as to why it would be

3 beneficial to contribute to political candidates vis-a-vis

4 your firm?

5 A Yes. It was felt that because of the scope of our

6 business that we would have various types of products that would

7 be affected by tax regulations and it was felt that if we made

8 political contributions and became involved in the system, in

9 that way through a PAC, that we would have access to voice our

10 opinions much better than we would if we did not.

11 Q Was there discussion about there would be an attempt

12 to try to target contributions to legislators who had some

13 involvement with the tax legislation issues?

14 A We didn't discuss that specifically. We were leaving

15 -- at that point we were just going to research the possibili-

16 ties of setting up the PAC, how we would make contributions and

17 then at some point we would consider candidates.

18 Q Were you leaving the responsibility for advice as to

19 what candidates would get support up to your uncle?

20 A As it turned out, that is the way it came about.

21 Q Had you up to that point ever followed any of this

22 particular legislation here in Washington or the tax matters

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that affected the firm?

A We didn't specifically follow individual legislators as to their voting policies on tax legislation. We were always kept up to date regarding anything that had to do with our business as far as tax legislation. So we were aware of certain Senators, certain Congressmen who voted in favor of our industry. We would receive tax updates or tax bulletins from our independent legal staff in our home office.

Q Were you aware of any particular votes on legislation during that time period September-October-November of 1980?

A Not that I recall.

Q After that meeting, discussion at Nathan's, when was the next time that you recall ever discussing the possibility of making contributions?

A Since the election was only a short period away, I was to be in contact with Owen on a fairly regular basis. He notified us very quickly that it was too late to establish the PAC. So we felt that we still wanted to make some contributions and he advised us that we still had that possibility by making individual contributions. He had a number of candidates at that point in time that were in need of contributions and he suggested that if possible we make contributions. He said these

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had to be made on an individual basis. In that first conversation we didn't establish the amounts. It was more or less that we just couldn't establish a PAC, I have some candidates, can you make contributions.

Q Did he give you names of candidates at that point?

A He did give us the names of a few candidates at that point in time.

Q Did he say how he got those names and how he selected them?

A No, other than the fact that he knew these were close races and these people are appreciating donations and we could make them.

Q Had he been in contact with anyone involved in those campaigns to find out if they could use some support?

A I didn't ask him that.

Q Did you get the sense that he was just relying on his general knowledge at that point?

A Yes. I would say that.

Q Do you know if he made any efforts to contact the Democratic National Committee to find out if they could give some advice?

A He may have. I knew that he worked for the Democratic

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1 Steering Committee. So I assumed that any recommendations or
2 the candidates that he came up with had been carefully analyzed
3 by that committee or the Democratic National Committee.
4 Q You say that he advised you that these contributions
5 that might be made would have to be made by individuals?
6 A Yes.
7 Q Was there any discussion at all at that point about
8 the possibility that individuals might get reimbursement
9 from their employer or firms?
10 A We approached that subject in later conversations when
11 we established candidates and then we discussed amounts to be
12 contributed to candidates.
13 Q How much later were those conversations? Do you
14 recall?
15 A Probably within a week and a half.
16 Q How many conversations, telephone conversations, would
17 you say you had between the Nathan's meeting and the election?
18 A We probably had 15. I know there was quite a number
19 of them.
20 Q What was said when it was discussed that there might
21 be some reimbursement from the company?
22 A We began to get the list of candidates and we

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realized that the amounts for each individual were going to be a bit heavy. So therefore we were only going to make a limited number of contributions. Then since we are in the insurance business a lot of our programs are done on a grossed out basis, reimbursement basis for employee benefits. So that we thought of that possibility and I discussed that with Owen and he said that he felt that we could probably do that without any problems as long as it was included as income in that year. So we felt that if we establish it as income, then we could gross up the individuals who made the contributions.

Q You say you had a practice of grossing out?

A Not in the Agency Holding Corporation but in general in the employee benefits area a lot of insurance is bought through Section 162-A of the code and that the employee, the tax implications is offset by a bonus at the end of the year.

Q You are going to have to explain it to me because I am not sure what you are talking about?

A If an insurance policy costs somebody $1,000, the employee of the corporation would bonus that $1,000 and if he is in the tax bracket, 50 percent, his tax implication is $500, they would bonus him again to offset the tax implication. You never get to zero but you could continue bonusing up to that

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is ends

point in time.

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Q So what you were suggesting is the possibility of doing something similar to that within the agency?

A Right.

Q Who suggested the possibility of doing that?

A I don't recall who specifically stated that. I know that we had talked to my uncle about it and it seemed like a possible avenue and it was one that we thought we could work on.

Q Who is "we"?

A Kerry Craig, myself.

Q Anybody else?

A No.

Q In your discussions with your uncle, however, do you recall who was the first person to bring up the possibility of maybe issuing bonuses?

A We knew when we couldn't establish a PAC we still wanted to, we had intentions of establishing a PAC right after the election; that in order to accomplish the same results that we would, the employees of the firm would make contributions and it was discussed, that is, there is a possibility that we could bonus them. He seemed to feel that that was acceptable. We did discuss that. Yes.

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Q But you don't recall who between yourself and your uncle brought up that possibility?

A My uncle said that this is something that is done.

First of all, he said that it would be totally deductible. We were discussing it. He said that you can make a contribution, $1,000 to each candidate and it was totally deductible. So we had a number of candidates and we were going to contribute $1,000 to each one of those candidates as individuals and it wasn't decided at that point in time who would be contributing others than myself.

We were also told at that point in time that my -- I said Cary being a foreign citizen could not make a contribution to a political campaign. So that just left me at that point in time and it was discussed that if we made a $1,000 contribution, I would have to be bonused for that $1,000 contribution to cover the income necessary to make that contribution; plus offsetting the taxes for the increased income.

He said that I believe this is probably done quite often and it seems quite acceptable. So I went back to Kerry and we sat down and we felt that as I stated that this happens in our business and we figured that it was the way to go and

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so we went ahead and implemented that or he did, I should say.

Q He being?

A Kerry because I was not an officer of the company and I didn't make those decisions.

Q What happened then?

A Owen came to us, came to me, and gave me a list of possible candidates.

Q He actually came to Chicago?

A No. He called me, gave me a list. I wrote the list down and I went in to Kerry and said this is a list of the candidates. If we are going to make the contributions, I am going to contribute, who else is going to contribute?

At that point in time, we discussed it, Diane Pariano, Morrie Kent and Bob Oglevee would make contributions at that point in time.

Q Was this just a conversation that you and Kerry were privy to at that point?

A That was just our conversation, right.

Q Did he suggest the possibility that those others might make contributions or was that you suggesting it?

A No. Basically I think it was both of us. We attempted to see who would be interested, number one, in making

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1 contributions. We talked about it and we decided that these
2 people would be interested. They had been with the firm a
3 long time. And it was expected that they would be with the
4 firm for a long time. So we felt that we could discuss with
5 them and they probably would feel that it is a program that
6 would be to the benefit of their growth and the firm's growth.
7 Q Up to that point, none of those individuals had been
8 told anything about the possibility of making contributions?
9 A No, they hadn't.
10 Q So then what happened?
11 A We asked them if they would be interested and they
12 all said it was acceptable to them. So then we established
13 the number of candidates, the amount of money that was to be
14 contributed and at that point in time they were going to write
15 individual checks.
16 We issued a check to them from the corporation and
17 then they deposited that in an account and sent the political
18 contributions out, on their personal checks.
19 Q Did you, yourself, ask any of these individuals
20 to make a contribution?
21 A No. I was present when we talked to some of the
22 individuals but Kerry asked them.

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Q Where was it that you were present at such a discussion?

A I was present in Agency Holding Corporation, office in Chicago.

Q Do you recall when that happened?

A It would have been in October, I believe, the second or third week.

Q Who do you recall being present at that time?

A Morrie Kent was present, Dianne was present, Nick Catrini and I believe that was it at that point in time.

Q Was William Preisser present then?

A He may have been or we may have talked to him later.

Q Do you recall if it was a weekend?

A No. I don't recall the time.

Q In your discussions with Kerry prior to this later discussion with these other individuals, was there any mention of the legality of making contributions?

A No.

Q In a general sense, did it come up as to whether it was proper or not?

A No. We didn't. We thought that they were totally deductible and we felt that we were on; we felt we were doing

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the right thing at that point. There was no indications of any wrongdoing on our part. It was never discussed.

Q But you talked about the deductibility of it, for example?

A Yes. We asked how much was deductible and we were told $1,000.

Q You asked whom?

A My uncle.

Q Did you ask him or is this something he told you?

A It came up in conversation and, of course, when you are doing this we assumed political contributions were deductible. We didn't know how much was deductible. So we asked and were told you can contribute $1,000 to each candidate and that the total amount would be deductible.

Q Did you ask whether it was permissible to be bonused or reimbursed so that you could make a contribution?

A As I say, we discussed that earlier. I made statements that we had discussed that and that the indications we got was that that was an acceptable fashion of making political contributions.

Q You said we discussed. Are you talking now about --

A Owen.

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Q You and Owen?

A Right.

Q You mutually talked about that and came to the conclusion it was permissible under election law to do it that way?

A That's right.

Q Did he indicate where he got his opinion that that was permissible?

A No. I never asked. I thought that he was manageable in this area and I just went along with what he said.

Q Did he give you any indication that he was aware that that was done in other instances?

A He indicated that this, as I said, is an acceptable fashion of making political contributions and it was not directly stated but it was something that you would assume you were getting advice from somebody and they never raised a red flag that that is not acceptable.

Q With regard to your discussions with Kerry Craig, you indicated, I believe, that the plan was that these individuals would make contributions, would get enough money to cover the contributions and in addition would get some money to cover the tax consequences; is that right?

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A That was something we didn't discuss. We discussed amongst ourselves, yes.

Q You and Kerry?

A Right.

Q After that discussion and after the contributions were actually made?

A Right.

Q Do you know if anyone actually received the money to cover the tax consequences?

A No, because not one of us included those as income.

Q Why was that?

A We made the advances and the election went by and of course the end of the year went by and I believe Morrie Kent came in and asked, how do we handle or how do I handle my tax return. And should I include the $17,000.

It was at that point in time that I believe it was Bob Pulak raised the issue that he had been reading some tax law and he said that I believe the political contributions are only deductible up to the amount of $100.

Of course we were all dismayed by that so we assumed that they were totally deductible. So I made some quick phone calls and I called, I couldn't believe it, so I called

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Owen.

It took me a day or two to reach him. In the meantime Bob Pulak went to our accountants and Owen was quite surprised that they weren't. Then he came back and he says, I apologize for making that error. And then he turned around and he left it at that and Morrie was in the position where it wasn't deductible.

So we just let it sit there as an advance on the books with our intentions of paying it back over a period of time.

Q Explain what you mean by that?

A We had established that we would issue them. Instead of income in that year, we would sign them over as loans and then amortize the loans over a period of time so we would pay them back so the corporation would be reimbursed.

We would maintain the legality of our original approach and that is as we made individual contributions out of our own income.

Q Was there a discussion to the effect that in order to eventually repay this back to the company that additional bonuses would be paid out to employees so that they could make these payments?

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A We didn't discuss it. I think that was in the plans. We, of course, didn't want to, I shouldn't say "we", I said the corporation didn't want to be in the position to see somebody be in a penalty position.

We were in the process of designing an amortization table to begin to pay back. I was one that would have to pay the corporation back, Morrie and so on, over a period of time.

Q So was there ever any discussion between you and Kerry Craig, for example, to the effect that the idea would be that on paper you would owe the company but in fact the company would pay you enough so that you could pay him back without being hurt so that you would not be hurt?

A Essentially, yes. We didn't want; we discussed it. We didn't want to put anybody in the position where they would be stuck with a large tax burden as a result of these donations.

Q You removed the tax burden, did you not, by having them treat it as loans rather than as income?

A We would have to pay the loans back because, as I said, we were going to establish an amortization schedule and pay the loans back.

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So what you wanted to remove was the burden of having to pay back the company?

A Right.

Q So you are saying there was discussion to help the people pay back the company by somehow giving them --

A However they were going to work that out, I wasn't involved in the actual plans for that, but, essentially, what they were going to do, you would pay $17,000 over a period of time which would be included in income and they would offset the taxes as well as the $17,000.

Q Is this Kerry Craig telling you that this is what he had planned to do?

A Yes. We all talked, Kerry and I talked about it and it was one way of doing it and he said that that is probably what we are going to do. We never did repay. We never established, we talked about it, never got to it.

Q Why did it never come about?

A Because at Agency Holding Corporation, as I say, we were involved in large accounts. We would be gone a lot, traveling all over the country and this is the type of thing since they are on the books as loans that you would just sort of, he knew he would have to get to it but he wasn't there to

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1 get to it. So he would be out on the road and we never did
2 broach the subject again.
3 Q Would it be fair to say that because it was a loan
4 of $17,000 you weren't anxious to bring it up to him? Is that
5 part of what is going on?
6 A No. I don't think that was my intentions at all.
7 Q You intend to repay the $17,000?
8 A Based on the way I discussed it, yes. I would pay
9 it back. But out of my own, you know --
10 Q So it is still your understanding that you will get
11 some money from the company so that you can repay it?
12 A I believe so, yes.
13 Q Is it your understanding that the money that you
14 will get from the company will be money that you earned or
15 working having been performed or is it going to be just some
16 additional money above and beyond specifically so that you can
17 repay that loan?
18 A To break that out would be rather difficult. I still
19 have earnings in Agency Holding Corporation, I believe. But
20 I don't know how that will wash out at the end of the year,
21 based on lapses versus retention of business.
22 Q I don't follow you.

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A That is the formula. We were never paid an income. We were advanced an income. It would show up as income but we had to validate it all. So I still have some residual income possibly and depending on whether or not my business stays on the books this year. I don't know how large an amount that would be.

Q So if you get some business to come through this year, it will really reflect your work back at Agency Holding and they will be obligated to pay you some money for that income you bring in?

A Yes.

Q When was it that you recall Kerry Craig coming to you and indicating that and discussing with you the possibility of having the individuals repay the agency?

A Right after it was -- it was in '81, it was, it was either in January or February when Morrie came to us with his tax question.

It was at that point in time that we would establish those as loans or advances which they had been all along, but we would sign notes at that point in time for those loans.

Q You say Morrie Kent came to you. Do you mean he walked into the office and spoke with both you and Kerry

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at the same time?

A Not specifically, no. We were all in the same area of the office and he walked in and I don't know who he talked to first, but he had a question regarding the deductibility or actually the question was, should I include these in my income this year and then he said, how do I deduct them?

It was at that point in time that Bob Pulak raised the issue that the total amount was not deductible.

Q In any of those conversations, do you recall whether either Kerry Craig or yourself spoke with an attorney as to whether this was legal or not?

A I didn't speak to any attorney.

Q Do you know if Kerry did?

A I may have.

Q Did he ever indicate to you that he was going to?

A I believe at that point in time he was going to talk to his attorneys in Chicago regarding the deductibility of the political contributions and how they should be handled.

Q Who were his attorneys in Chicago?

A O'Brien and I don't recall the name of the law firm.

Q After he indicated that he was going to make such

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1 contact, do you recall if he or anyone else ever indicated
2 to you what kind of legal advice they had gotten?
3 A We didn't discuss it. All he says is at that point
4 in time we would be signing the notes for the loans and we
5 would be establsihing an amortization schedule for the
6 repayment of those loans.
7 Q You, I believe, said that you began to draw up
8 some amortization schedules?
9 A We didn't. We were going to.
10 Q None were actually prepared?
11 A No.
12 Q None even drafted?
13 A Not that I am aware of.
14 Q Do you recall which individuals in fact ended up
15 making contributions?
16 A Yes. Morrie Kent, Diane Pariano, Bob Oglevee and
17 myself made contributions of $17,000 a piece, to 16 different
18 candidates and one committee. There was James D. Wright,
19 Tom Masters, Gary Holland, Bill Preisser and Nick Catrini and
20 Bob Bernstein
21 Q How was it decided who would contribute how much?
22 A The initial, the people who gave the most we had

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1 established that we were going to contribute to 17 candidates;
2 or 16 and one committee.
3 The other people were broguht in because there was
4 some particularly tight races that Owen indicated that he
5 was interested in. One was Wright in Texas. So we wanted,
6 he asked if we could make any more contributions to Wright
7 other than $4,000.
8 I brought that information to Kerry and we discussed
9 it and he decided that we would ask if Bob Bernstein, Nick
10 Catrini, the Wrights, Gary Holland and Tom Masters could make
11 a contribution of $1,000 apiece to bring that total up to
12 $10,000.
13 Q Was there any discussion about any problems that any
14 of these people might have in making contributions as well?
15 A No. Everybody seemed to be, there was no concern.
16 I did not talk to Tom Masters and Gary Holland. I was present
17 when James and "Dee" were approached and they seemed very
18 interested and wanted to make the contributions at that time.
19 Q Where did the James Wright and "Dee" Wright discussion
20 take place?
21 A At Briggs Downstairs, which is a bar.
22 Q They both indicated that they would be happy to make

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1 contributions?

2 A Yes. They were very familiar with the Wright case.

3 As a matter of fact, Time Magazine had a recent article on

4 that campaign discussing the large amount of moneys that were

5 being pumped into the campaign by the Republican Party.

6 Q They were both apparently familiar with that

7 article? Is that what you are saying?

8 A Yes.

9 Q Did they say that they had read it?

10 A Yes. It was out that week. So they were familiar

11 with the campaign. As a matter of fact, I remember Wright

12 was being interviewed on the news at the bar. So they wrote

13 out the checks.

14 Q Are you speaking of just Jim or both Jim and Dee?

15 They both knew about it?

16 A Yes and they both took out their individual check-

17 books and wrote out their checks. Dee at that time was working

18 for the First National Bank and James for Bank and Trust.

19 Q You don't recall whether either one of them had

20 any initial resistance to making out a $1,000 contribution?

21 A Absolutely not.

22 Q Was it stated to them at that time that some

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provision would be made so that they could get reimbursed?

A We didn't discuss that. James owned a share of Inco and he made his own business decisions.

Q It was your impression, based on that discussion Briggs that they were just going to make contributions of $1,000 each because they did like Congressman Wright?

A That's right, yes. We were discussing, we said we had made some political contributions and the conversation turned around and they said, well, we will, we asked them if they would be interested in making a contribution to Wright and they said that they would be.

James is the one that said he would be, asked her to write out the check and she did.

Q Have you ever had any disputes of any kind with Dee Wright?

A Not at that time.

Q Before then?

A No.

Q After then?

A Much after.

Q What happened?

A We were at a cocktail party at her house and we got

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in a rather heated debate about a subject that is rather dear to her heart.

It resulted in, let's put it this way. I left and I don't think I really ever had another conversation with Dee Wright other than to say hello and goodbye.

Q When do you recall that conversation at her house?

A Much after that. I think it was later, December sometime, possibly into January of '81. I am not quite sure of the date.

Q Was there any discussion at that time about the contribution that you asked that she make?

A No. There was not.

Q Do you know if after that any provision was made so that Jim Wright and Delores Wright would be reimbursed for the contribution?

A No. I don't.

Q You don't know if through Incotrav's no arrangement was made?

A No. I didn't discuss it with them.

Q Did Kerry Craig ever tell you anything to that effect?

A No, I never asked him.

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Q After you actually made the contributions, did you ever have any more conversations with Owen Marley about it?

A Yes. After the election -- of course, I talked to him prior to the election after we made the contributions. I discussed it shortly thereafter, the results. As a matter of fact, I believe the night of the election I called him. I was in Wisconsin watching the returns and I talked to him that night about the election returns and how we were doing. And we at that time even then discussed that we have got to establish the PAC.

Q Was there any discussion at that point as to whether any effort should be made to contact any of these campaigns to let them know who was making these contributions?

A No, other than we always discussed it, that Kerry and I would come in to Washington and sit down with him and draw up and establish a PAC and at that time we could go and possibly visit a few people in Washington.

Q What was the purpose of contributing as individuals? How was that going to in any way benefit your business?

A We felt that since we were going to establish a PAC, once we established a PAC we knew who made the

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1 contributions to the PAC and we could say that we had made
2 contributions on our own as individuals and that we have now
3 established this PAC and would continue to contribute.
4 Q When was that concept first conceived?
5 A That concept was discussed after we discovered
6 we couldn't set up a PAC.
7 Q So in some of those earlier phone conversations with
8 Owen Marley, after Nathan's meeting, did that come out then?
9 A Yes. It did during the conversations when we found
10 out we couldn't make it, we discussed that possibly when we
11 will make individual contributions, but our objective would
12 be to set up the PAC and at the time we set up the PAC, we
13 would say we had made them on an individual basis and we would
14 continue in the future to make political contributions.
15 Q Do you recall any discussion about what contribution
16 limits would apply if you set up the political action
17 committee?
18 A Not that I recall at that time, no.
19 Q Do you know now what the contribution limitations
20 apply as given by a political action committee?
21 A I couldn't specifically tell you. I have heard the
22 number. But I couldn't say accurately.

(Discussion off the record)

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BY MR. THOMAS:

Q Back to your reference to the meeting you had at Nathan's, dinner, you indicated that Clarke Lloyd was one of those present at the table; is that right?

A Yes.

Q Did he know your uncle?

A He was introduced to my uncle at that point in time.

Q Do you know if he had met him at any point prior to that?

A He had not.

Q Do you know if at any point since then Clarke Lloyd has ever had any conversations with your uncle?

A No, he has not that I am aware of.

Q Did Lloyd ever make any statements at all about the possibility of making contributions at that time?

A I am sorry?

Q Yes.

A No. You mean himself making any contributions?

Q No, did he make any statement at all in the course of that conversation at Nathan's that related to the contribution idea?

A I don't recall a specific wording but he was aware of our conversation, what we were doing and he seemed to feel that it was something that should be looked into.

Q In that conversation, he did bring up the possibility of setting up a PAC; is that right?

A Yes.

Q Did you bring up at that point the possibility of maybe having individuals make the contributions?

A No. We thought we could establish a PAC at that point in time.

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 1, please.

(The document referred to was marked FEC Exhibit No. 1 for identification.)

BY MR. THOMAS:

Q I am showing Exhibit 1 to the witness and counsel. Having examined that document, can you identify Exhibit 1?

A Yes. These are copies of the personal checks that I wrote or issued for political contributions.

MR. THOMAS: I would like to have the reporter mark

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this document as FEC Exhibit 2, please.

(The document referred to was marked FEC Exhibit No. 2 for identification.)

BY MR. THOMAS:

Q I am showing Exhibit 2 to the witness and counsel.

A These are the two checks that I deposited in my account to offset the checks that I issued.

Q You will note that the date on the two checks on Exhibit 2 is October 27 of 1980 and the date of the checks to candidates is October 25th.

Do you recall if you delayed at all in sending the contribution checks to candidates so that you would have enough money in your account to cover them?

A I don't recall.

Q Did you have enough money in your account at the time you wrote those checks to cover them?

A Probably not.

Q Back to Exhibit 2, directing your attention to the first page, it purports to be a check from Crown Life Associates of Colorado, Inc.

Do you know why you received the check from that

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1 firm?

2 A No. I don't know exactly why I received a check

3 from that firm.

4 Q Did you ever discuss with anyone why you got a check

5 from that firm?

6 A I knew that they were all owned by Kerry Craig and

7 I assumed that that was just something that would be normal

8 within the business since he owned them all.

9 Q You assumed it would be normal that he would issue

10 checks that way?

11 A He owns all the companies so I thought, and I worked

12 for him, Agency Holding Corporation, and I would at times

13 although I never did anything in Colorado specifically but

14 I would if requested would travel in to these agencies for

15 him, something that required my expertise.

16 Q But you don't recall any discussion with him

17 about why the checks were issued this way?

18 A No. I didn't question the checks at all.

19 Q Did he ever mention, for example, that it would be

20 appropriate to have the checks issued this way so that the

21 books might not be as questionable in appearance to someone

22 like Clarke Lloyd at Crown, for example?

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A No. He never said that to me.

Q Did he ever indicate to you that he did not want Clarke Lloyd or anyone else at Crown to know that the funds had been used to make contributions?

A No. He did not.

Q Did you have that general sense that there was an effort to avoid letting Crown know?

A As I previously stated, the operation of the general agency since it is an independent business entity, it is up to the people who own it how they spend their money. It is not up to Crown Life to dictate that, plus any moneys that are advanced from the home office have to be offset by earnings and if money was advanced for these checks, it wouldn't have been done unless they predicted or could see that future business would offset the advance.

Q Did Crown know that contributions had been made with these moneys?

A No.

Q How do you know that?

A Because we, as I said, wouldn't discuss this type of thing with the home office. This would be something that we were doing on our own.

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Q Why is it you wouldn't let them know that?

A Because even though we are a franchise or distributor for the home office, our business decisions are our decisions.

Q Was there ever any sentiment that perhaps they might not approve of it if they found it?

A I don't know. I don't know which way they would or how they would consider it.

Q No discussions with Kerry Craig on anything about that?

A No.

Q Were there other individuals to your knowledge also reimbursed from firms other than Agency Holding Corporation?

A Yes. I am aware of that.

Q How do you know that?

A Because when the checks were issued, Morrie and Diane Pariano were in the office that day. We were all there when we got these checks.

Q Did you talk about it with them or did they tell you that? Is that how you know?

A Just in general conversation we were standing there when the checks came out and we were given the checks to

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1 deposit in our accounts, so we all saw each other. I think
2 we all knew that we issued checks.
3 Q You actually saw other people getting checks from
4 several of the other firms?
5 A Yes.
6 Q Did any of those people question why they were
7 getting checks from firms other than their regulatory
8 employer?
9 A No.
10 Q No one?
11 A No, because you see we worked at basically the
12 headquarters of -- all business decisions in all of these
13 other agencies were made out of Chicago. So we would, this is
14 something we were generally accustomed to. We wouldn't
15 question this at all.
16 Q You were generally accustomed to. Had it ever
17 happened before that you got a payment from any of these other
18 firms?
19 A Not that I recall.
20 Q So when you say you were generally accustomed to
21 it, you don't mean that you were accustomed to getting
22 payments from other firms?

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A No. I wasn't accustomed go getting payments. I was just accustomed to the business procedure.

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 3.

(The document referred to was marked FEC Exhibit No. 3 for identification.)

BY MR. THOMAS:

Q I am showing Exhibit 3 to the witness and counsel. Can you identify Exhibit 3?

A These are the notes I signed for the advances for the political constributions, wait a minute. That is not right.

MR. GOLDEN: He will ask you about it.

BY MR. THOMAS:

Q First of all, directing your attention to the date, October 27, do you recall if in fact the date you signed these was October 27?

A No. I signed these in 1981, January or February.

Q That is your signature?

A Yes. It is.

Q Do you recall who actually handed these to you

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1 and asked you to sign them?

2 A Terry Craig.

3 Q In person?

4 A Yes.

5 Q Were they already filled out in the upper portion?

6 A Yes, they were.

7 Q Do you know whose handwriting that is?

8 A I believe it is Diane Pariano's.

9 Q Is there any possibility that these were in fact

10 filled out in late 1981?

11 A It could have been. I don't know. I don't recall.

12 Q Is there any possibility that these were filled

13 out after notification was given to you by the Federal

14 Election Commission?

15 A No.

16 Q You are positive they were not filled out --

17 A Positive.

18 end RM/mfm KH fls.

19

20

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BY MR. THOMAS:

Q How is it that you know that you did not sign these after the Commission gave you notification in this matter?

A Because I don't -- I didn't sign them afterwards, I know that. I signed them before. As I stated previously, this came up after the tax questions regarding the inclusion in the 1980 taxes and deductibility, which Maury Kent raised.

Q Did it not come up in connection with the antitrust litigation in an effort to --

A No. We had already done this long before. Well, of course I don't know very much about that, and I know it was going on, but this came up prior.

Q Have you been questioned in connection with that antitrust litigation?

A Yes, I have.

Q Were you deposed?

A Yes.

Q In addition to that deposition, were you interviewed by anyone at any point?

A Only I was interviewed by John Bingler two or three times -- it was 1980, I believe -- in the office in Chicgao just regarding --

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MR. BINGLER: It would have been '79, right after the change of counsel, June or July of '79.

BY MR. THOMAS:

Q Now back to Exhibit 3. What appears as the top instrument has a reference "Pay to the Order of AHC of Cleveland, Ohio." The lower instrument has a reference of "Pay to the Order of Crown Associates of Arizona." Now, on Exhibit 2 the references are Crown Life Associates of Cleveland, but also Crown Life Associates of Colorado, Inc. Do you have any idea why the note which appears at the bottom of Exhibit 3 is "Pay to the Order of Crown Associates of Arizona"?

A No, I don't.

Q Have you had any conversation with anyone recently about that matter?

A No, I haven't.

Q Did you at any point get any funds from the Arizona firm, to your knowledge?

A Not that I am aware of, no.

Q Now directing your attention to page two of what has been marked as Exhibit 2, the second page, in the lower left-hand corner appears the name Charles T. Smith. Is that your signature?

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A No, it is not.

Q Do you know whose writing that is?

A I have no idea.

Q On Exhibit 3, on both of those instruments, is that your signature?

A Yes, those are my signatures.

Q Do you recall if you gave the checks that you received, particularly from Crown Life Associates of Colorado and Agency Holding of Cleveland, to anyone to have deposited on your behalf?

A Not that I recall.

Q Do you recall ever authorizing anyone to sign those instruments for you?

A I may have.

Q No idea whose signature that appears to be on those bottom portions of one and two of Exhibit 2?

A No. I don't know.

Q After tax time for the 1980 year, that is around February, and until you received notice from the Commission about this matter, did you have any conversations with anybody about these political contributions?

A Nobody, other than Owen.

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Q What conversations did you have with him?

A We were discussing establishing the PAC all of this time, and he wanted us to come into Washington, Kerry and myself, and we did not find the time to do that. We eventually came in at a later date and had lunch here in Washington.

Q When was that?

A In 1981, I believe it was, but I am not sure.

Q Did you meet with your uncle at that time?

A Yes, we did.

Q Where did you meet?

A We had lunch at a restaurant here in Washington, across from -- well, I don't recall. Near the White House, the Capitol.

Q What was the discussion about the contributions at that time, if any?

A It was more of a social type of visit and also that my uncle was interested in possible future contributions, and we discussed the setting up of a PAC. We were supposed to come in at some later date to set up the PAC. He was going to do all the research on it.

Q Did that ever happen? Did you ever come and ultimately

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set up a PAC?

A No, we didn't.

Q Why not?

A Because again, we were traveling a great deal and we never could -- I was supposed to go into Washington a couple times and I cancelled those, as a matter of fact, because of business commitments.

Q Did there ever come a time when you made any contacts at all with those candidates or the campaigns you had made contributions to?

A We never made any contact.

Q At the time you made these contributions, did any of the campaigns contact you and ask you for any information as to who you were with, who you worked for?

A Not that I recall.

Q Do you recall if anybody ever contacted anyone who made the contributions?

A Maury came in and said he was receiving a number of phone calls at home regarding the checks, just to establish his residence and place of employment.

Q Did anybody else tell you that happened?

A No, I don't believe so.

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Q To your knowledge, did anyone ever make any effort, apart from Maury Kent, to contact any of these campaigns to give them any information about these contributions?

A No, we didn't.

Q Was there any plan that Owen Marley contact these campaigns?

A No, as we were waiting until we established the PAC, which we didn't get around to doing, so we never contacted any of the campaigns.

Q Had Owen Marley ever said he had done that on his own?

A I do know that when Owen was putting this together that he had contacted some of the campaign fund-raising offices to make sure of the proper addresses, et cetera.

Q What addresses?

A To mail the checks to. But we had never contacted them other than that.

Q You say "we," meaning --

A Well, he hadn't.

Q And after that, to your knowledge, he never made any contact with any of the campaigns?

A To my knowledge, no. When we were in Washington,

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he did indicate that a few of the Congressmen had mentioned that they were quite pleased with the contributions and said that, you know, he said that when we came into Washington in the future, we could meet a few of them.

Q Which Congressmen do you recall him mentioning?

A I believe Wright, Shannon of Massachusetts, I think Mavroules. There were a few others. I can't recall.

Q Did he indicate that he had spoken with those Congressmen specifically? I mean in person.

A Yes, I believe he has.

Q Did he indicate that he had told those Congressmen who these people were that were making contributions?

A No, because at the time we weren't going to -- it was being left until we had established a PAC, until we had a need to discuss any future legislation that we might be concerned about.

Q You mean in his discussions with these Congressmen, he didn't even say, for example, that one of those people was his nephew, or you don't know?

A I don't know. I didn't discuss that with him. I have no idea.

Q Did Owen Marley ever say to you that he had ever

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1 gotten an inquiry from any of these campaigns asking why
2 people from Chicago would be contributing to these particular
3 campaigns?
4 A No, he didn't indicate that. As I said, I didn't
5 go into deep conversations as to -- actually, I really never
6 discussed what he specifically does. I know he is here.
7 I know he is on the Democratic Steering Committee, and I
8 assume he sees a lot of these people on a day-to-day basis.
9 And he would occasionally just say that people were quite
10 pleased or happy, and any time you are in town, you can come
11 and visit them as long as they are in.
12 Q At any point was there conversation about whether
13 these campaigns needed certain factual information about
14 place of employment and occupation?
15 A That only came up in Maury's situation. We didn't
16 really discuss the need for that. We just wrote the checks
17 and put them in an envelope and sent them off.
18 Q As to your contribution, did you, yourself, put
19 your checks in envelopes and stamp them and put them in the
20 mailbox?
21 A Yes, I did.
22 Q Where did you do it?

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A I did it at Agency Holding Corporation in Chicago.

Q You didn't have a secretary do that?

A No. I did it myself.

Q Did the other individuals do it themselves?

A They may have put some of the checks in themselves. We had a secretary type up the envelopes and then we had them write out the checks and then I think that we gave them a number of envelopes and they just put the money in the envelopes.

Q Did you put a letter in with the checks, did you say?

A I don't recall. I think we just -- on some of them we included a little note, "Best of luck in your up and coming campaign."

Q A note that you signed?

A No. I don't believe we signed it. And we didn't do that in all cases. I think there were just a few of those.

Q Which ones?

A I don't recall.

Q Any of yours?

A It may have been. We started to and then we decided that that was too much effort at that point in time, so we

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1 just sent out the checks.

2 Q Why was that too much effort?

3 A We were doing other things at that time.

4 Q Was there a rush or something to get these

5 contributions out?

6 A Yes, because I believe, isn't there -- I believe

7 there is a cutoff date for making contributions. As I recall,

8 we had to get them in at a certain time, and we did.

9 Q Was this, your belief that you had to get them

10 in by a certain time, something that had been communicated

11 to you by Owen?

12 A Yes.

13 Q Did it have to do with perhaps the fact that the

14 election was coming up very close in November?

15 A Yes. Correct. The reason we couldn't set up the

16 PAC, that was one of the reasons. And then, to make the

17 individual contributions, it was conveyed to me we had to

18 make those by a certain date. So we got them out in the

19 last week of October.

20 Q Did Owen Marley ever indicate that he had gotten

21 a request for a contribution from any specific campaign?

22 A No. He just simply said that the Democratic Committee

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was interested in a number of candidates, that there were some very close, hard-fought campaigns.

Q What Democratic Committee are you talking about?

A I assumed it was the Steering Committee. I never asked him.

Q Is that what he referred to it as, as the Democratic Committee?

A I don't know.

Q What was his party committee that you made a contribution to?

A I don't recall. I think it is the Democratic Election Committee. I am not sure. I don't recall.

Q Is it a committee that Owen Marley has any connection with?

A I never asked.

Q This was another entity that he advised you would be a good group to give contributions to?

A Yes.

Q So it was entirely his suggestion?

A Yes.

MR. THOMAS: Let me have the reporter mark this document as FEC Exhibit 4, please.

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(The document entitled "Campaign Contributions" was marked FEC Exhibit 4 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: I am showing Exhibit 4 to the witness and counsel.

For the record, this document, as well as the others we used as exhibits in this deposition, were obtained from counsel for Agency Holding Corporation pursuant to our document request.

BY MR. THOMAS:

Q Can you identify Exhibit 4?

A Yes, I can.

Q What is it?

A It is a list of the individuals that we contributed to.

Q Who prepared that list?

A This specific list?

Q Yes.

A I don't know who typed this up. The list is the one that was given to me by Owen Marley.

Q Did you have a secretary type that list?

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A I did not.

Q Do you know who did?

A Probably Diane Pariano.

Q At some point then did you give the information you had obtained to her so she might be able to do that?

A Yes. I gave them the list of the people we were contributing to.

Q Them, who?

A Kerry and subsequently Diane.

Q At any point do you recall whether Agency Holding Corporation had an established procedure for giving loans for personal purposes to employees?

A No, I don't.

Q I think you have identified that you received an advance so that you could help pay for your brother's education; is that right?

A Right.

Q Was that what you would consider an isolated instance of that happening?

A Not necessarily so. I am not sure whether other people get advances or not.

Q Did you have to execute a promissory note for that?

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A Yes, I did.

Q Do you know of any other instances when employees have received loans for personal reasons?

A Not specifically, no, I don't.

Q Do you know whether employees who have received advances, other than yourself, have had to execute promissory notes for repayment?

A No, I don't.

Q At any point when you had your discussions with Owen Marley did either one of you ever say to the other that it would be a good idea if this plan to have employees get bonus payments to cover the contributions not be disclosed to anybody else?

A Meaning who?

Q Well, for example, to anybody associated with Crown.

A No. That was something that Kerry and I discussed, and Owen wasn't aware of that. Owen didn't know who we discussed it with afterwards. He never recommended whether we should or not talk to people about that.

Q Did he ever indicate he had spoken with anybody at the Federal Election Commission about the legality of such a practice?

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A He didn't indicate to me.

Q Did you have any impression that he had background knowledge about the Election Act?

A I assumed that a person in his position would be aware of the procedures. I accepted his recommendations.

Q But you don't recall any specific statement he made to that effect?

A No.

Q Was it you or was it him that first brought up that Kerry Craig was a foreign national?

A Well, I am sure I brought it up and told him Kerry was not a U.S. citizen. He was the one that came back to me and said he could not make contributions.

Q Was it an initial idea to have Kerry make contributions if he could?

A Yes.

Q In your meeting at Nathan's with regard to setting up a PAC, was it assumed at that time that Kerry Craig would be making contributions to the PAC?

A I am sure that in general that is what we all thought.

Q There was no discussion about a restriction on foreign nationals making contributions at that point?

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A No.

Q The first time it came up was in a subsequent conversation when Owen Marley got back to you and told you that was not a possibility?

A Right.

Q You have indicated that you were aware that some people sent little notes with their contribution checks; isn't that right?

A Yes.

Q Were any copies of those little notes made, to your knowledge?

A No.

Q You know they were not made?

A Not that -- I never saw any.

Q Do you recall what the notes said?

A Not specifically, just "Best of luck in your up and coming election."

Q Do you recall if they were on Agency stationery?

A No, I don't.

Q Do you recall which individuals, if any, wrote out those kinds of notes?

A Well, I believe they were just typed. I don't

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kar 17 1 think anybody wrote them out.

2 Q Do you think they were typed at Agency offices?

3 A I think so, yes.

4 Q You know so?

5 A No, I don't. I don't recall.

6 Q Do you know if one particular person typed notes

7 for more than one person? Does that make sense?

8 Did one secretary, for example, type up notes for

9 more than one person?

10 A The only secretary that did any typing on this

11 was Diane Pariano. I don't know if anybody else typed any

12 of the addresses on the envelopes.

13 Q Since receiving notice from the Commission, have

14 you had any conversations with Kerry Craig about this matter?

15 A Yes, I have talked to Kerry.

16 Q What conversations have you had? What was said?

17 A I don't know -- specifically I cannot give you

18 our conversations, but in general it was just that we submitted

19 the evidence, and he notified me that I would probably be

20 deposed, and I said fine. We didn't go into any details as

21 to what we did.

22 Q There was no attempt, for example, to obtain any

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1 of the documentation that was requested of you?

2 A No.

3 Q Did your attorneys contact you and advise you that

4 documents had been requested?

5 A Yes.

6 Q Did you make any effort to search for such documents?

7 A Yes, I did.

8 Q Did you, yourself, find any documents?

9 A Yes, I did.

10 Q What did you find?

11 A I submitted these, my personal checks.

12 Q Any documents other than those that you found?

13 A Not that I recall.

14 Q Did you discuss at all with Kerry why the candidates

15 that had been contributed to had been selected?

16 A Only that I informed him that these people were

17 candidates that needed contributions and had a good chance

18 of winning.

19 Q So you are talking about back when this idea was

20 initially generated?

21 A Right.

22 Q I am talking about recent conversations that you

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had with him after receiving Commission notice.

A No. We didn't discuss that at all.

Q You indicated that John W. Powers' firm is now in the process of being purchased; is that right?

A Well, not today, but it was something we were discussing, yes.

Q Do you know, is there any particular person that is contemplating purchasing that agency?

A Yes.

Q Who is that?

A Me.

Q Are you contemplating buying it with anyone else?

A No.

Q Sole owner?

A Yes.

MR. THOMAS: Let me take about a three-minute break.

(Brief recess.)

MR. THOMAS: I just have one small area I want to cover.

BY MR. THOMAS:

Q We have spoken with Delores Wright. She indicated to us that she was very reluctant to give a contribution

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when asked and that she felt somewhat intimidated into giving a contribution. Your testimony seems to be that she was perfectly willing to give the contribution.

A Yes, she was.

Q Was she willing from the moment it was brought up or did you have to do a little bit of convincing?

A No, we didn't do any convincing. We just had a normal conversation and she volunteered to make the contributions, or the contribution.

Q She said she didn't know who Congressman Wright was.

A I know I was sitting there when James and I and Delores and Kerry Craig was there. She knew how he was and James knew who he was.

Q At the time she came and not after she was told by somebody there? It is your impression she knew before she came?

A That was my impression. Now, we talked for quite a while, so -- but she didn't broach, you know -- she didn't say, "I know James Wright." But she was there and she volunteered to make those contributions.

Q After being asked?

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A Yes, we asked her.

Q You don't recall that she was resistant whatsoever?

A I don't recall that at all, no.

MR. THOMAS: I don't have any further questions. Do you have any cross?

MR. GOLDEN: Very few, you will be pleased to know. I will go with a couple and then John has one.

EXAMINATION BY COUNSEL FOR THE AGENCY HOLDING CORPORATION

BY MR. GOLDEN:

Q Since we are on the subject of Delores Wright, Mr. Smith, could you just comment on the record briefly what was the subject matter of the discussion or the heated discussion which you had with Delores Wright sometime well after the contributions were made?

A We were at a cocktail party at her home and there was James, Dee and some other people there, and we were talking about psychologists. And I am divorced and have two boys, and she believes in the usage of psychologists and psychiatric care. And I had a rather heated argument about my opinions of psychiatrists with her. It got to the point where I finally had to leave, and since then we have never really had a conversation on that point. James and I still talk, but Dee

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will go across the street.

Q Then to repeat Mr. Thomas' question, did your discussion with Delores Wright at that occasion have anything whatsoever to do with the political contributions we are talking about now?

A It was never discussed.

Q She did not raise it at all during that discussion?

A No, she did not.

Q This heated discussion with Delores Wright about the pluses or minuses of child psychologists occurred, did you say, well after these contributions were made?

A Yes.

Q The second subject matter, Mr. Thomas inquired or made some inquiries as to a signature on a check here. Did you provide us as your counsel with a deposit slip which showed your depositing $17,000?

A Yes.

MR. GOLDEN: I will, for the record, if you like -- I guess we did not provide that before. I will check my files. We have a deposit slip which shows on the same date, or within a day or two, that the amounts indicated in FEC Exhibit 2 totalling $17,000 were deposited to the account

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of Charles T. Smith, and that was the basis of the funding for the individual contribution check shown in FEC Exhibit 1. Would you want us to provide that for the record?

MR. THOMAS: Yes. I would appreciate having that.

MR. GOLDEN: We will provide that deposit slip for the record promptly.

I think that would do it on those two areas. Mr. Bingler may have some questions.

BY MR. BINGLER:

Q Are you related to Jake Powers?

A Yes. His wife is my godmother.

MR. BINGLER: That is all I have.

MR. THOMAS: Let me redirect on a couple of subjects.

FURTHER EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION

BY MR. THOMAS:

Q With regard to Delores Wright and the conversations you had that caused some friction, did the subject of travel to Israel come up at all?

A No.

Q Did the subject of Jewish religion or Jewish people come up at all?

8304033657

kar 24

A No, it did not.

Q With regard to Exhibit 2, which is the copies of the checks that you have indicated you received, were you married at the time that you received those?

A Yes, I guess I was.

Q Did your wife have authority to deposit funds in your account?

A No.

Q Did your wife ever endorse any checks in your name?

A I am sure she may have.

Q Could you identify whether that is her signature on your behalf?

A That is not her signature, no.

Q Again I am referring to the signature on the lower part of that copy of the exhibit.

A No. Her penmanship was much different than that.

MR. THOMAS: I have no further questions. Thank you for your time.

Do you wish to waive signature?

MR. GOLDEN: Yes, we waive signature.

(By stipulation of counsel and agreement of the witness, reading and signature waived.)

830404 0336

CERTIFICATE OF NOTARY PUBLIC

I, Raleigh E. Milton, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, not employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for
the District of Columbia

My Commission expires
October 15, 1986

830404 3365

ar 25

CERTIFICATE OF SHORTHAND REPORTER

I, Karen Hinnenkamp, shorthand reporter, do hereby certify that the testimony of the witness appearing in the foregoing deposition at pages 56 through 80 , inclusive, was taken by me in shorthand and thereafter reduced to typewriting by me; that said deposition at said pages is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Karen Hinnenkamp
Shorthand Reporter

8304043370

8304043371

FEC Dep Ex 1
Rec'd 8/3/82

Oct 25 19 80 2-54/710

PAY TO THE ORDER OF Democratic Company Committee $ 100.00

One Thousand Dollars and No Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0125⑈ ⑈0000100000⑈

CHARLES T. SMITH 124

2183 09 11-03-80 3 5 322572870

Oct 25 19 80 2-54/710

PAY TO THE ORDER OF Dave Bennett for Congress $ 100.00

One Thousand Dollars and No Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0124⑈ ⑈0000100000⑈

CHARLES T. SMITH 118

2493 09 11-03-80 3 3 0 8 5 4 2 7 2

3 0 8 2. Oct 25 19 80 2-54/710

PAY TO THE ORDER OF Nancy Frost for Congress Victory Committee $ 100.00

One Thousand Dollars and No Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0118⑈ ⑈0000100000⑈

CHARLES T. SMITH 120

Oct 25 19 80 2-54/710

PAY TO THE ORDER OF Committee to Elect Sister Bob Wilson $ 1000.00

One Thousand Dollars and No Cent — DOLLARS

3 0 8 3 1 7 0 2 0 0 4

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0120⑈ ⑈0000100000⑈

CHARLES T. SMITH

Oct 25 19 80 — 2-54 / 710

PAY TO THE ORDER OF Warren for Congress Committee $1000 00/100

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0114⑈ ⑈0000100000⑈

CHARLES T. SMITH — 119

Oct 25 19 80 — 2-54 / 710

PAY TO THE ORDER OF Bauman for Congress — $1000 00/100

One Thousand Dollars and no Cent — DOLLARS

2127 05 11-05-80 1 5 520435405

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0119⑈ ⑈0000100000⑈

CHARLES T. SMITH — 113

Oct 25 19 80 — 2-54 / 710

PAY TO THE ORDER OF The Ben Th Dirksen Bailey for Congress Committee $1000 00/100

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

2417 05 11-07-80 3 7

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0113⑈ ⑈0000100000⑈

CHARLES T. SMITH — 121

Oct 25 19 80 — 2-54 / 710

PAY TO THE ORDER OF Dorgan Campaign Committee $1000 00/100

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0121⑈ ⑈0000100000⑈

830404 3372

8 3 0 4 0 4 3 3 7 3

CHARLES T. SMITH 110

Oct 25 1956 2-54/710

PAY TO THE ORDER OF [illegible] DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0110⑈ ⑈0000100000⑈

CHARLES T. SMITH

2207 03 10-30-80 2 5 5250402

Oct 25 1980

PAY TO THE ORDER OF Committee to elect Barney Frank Congress $1000

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0123⑈ ⑈0000100000

CHARLES T. SMITH 117

2904 03 10-30-80 1 7 7250235 95

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Jim Slaughter for Congress $1000

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0117⑈ ⑈0000100000

CHARLES T. SMITH 116

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Wolpe for Congress — $1000

One Thousand Dollars and no Cent — DOLLARS

7252235 95

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0116⑈ ⑈0000100000

CHARLES T. SMITH 109

Oct 25 1980 2-54/710

PAY TO THE ORDER OF Reform for Wright — $1,000

One Thousand Dollars and no Cent — DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

1 2 3 4 5 6 7 8 9 10 11 12

MEMO

Charles T. Smith

⑆071000547⑆ 2 662161⑈ 0109⑈ ⑈0000100000

830404 3374

CHARLES T. SMITH

Oct 25 19 80 2-54/710

PAY TO THE ORDER OF Johnson For Congress $ 1000.00

One Thousand Dollars and no cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

MEMO

⑆071000547⑆ 2 662161⑈ 0115⑈ ⑈0000100000⑈

CHARLES T. SMITH 122

Oct 25 19 80 2-54/710

PAY TO THE ORDER OF Dixon For Congress Committee $ 1000.00

One Thousand Dollars and no cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

MEMO

⑆071000547⑆ 2 662161⑈ 0122⑈ ⑈0000100000⑈

CHARLES T. SMITH 112

2308 09 10-31-80 2 2232281 2-54/710

Oct 25 19 80

PAY TO THE ORDER OF Johnson For Congressional Committee $ 1000.00

One Thousand Dollars and no cent DOLLARS

EXCHANGE NATIONAL BANK OF CHICAGO

MEMO

⑆071000547⑆ 2 662161⑈ 0112⑈ ⑈0000100000⑈

CHARLES T. SMITH 111

Oct 25 19 80 2-54/710

PAY TO THE ORDER OF Wahl For Congress $ 1000.00

One Thousand Dollars and no cent DOLLARS

⑈ 3 0 0 3 1 ⑈ 0 1 9 8 8

EXCHANGE NATIONAL BANK OF CHICAGO

MEMO

⑆071000547⑆ 2 662161⑈ 0111⑈ ⑈0000100000⑈

8 3 0 4 0 4 3 3 7 5

CROWN LIFE ASSOCIATES OF COLORADO, INC.

410 BUILDING
17TH STREET #2330
DENVER, COLORADO 80202

208 S. LA SALLE ST.
SUITE 1760
CHICAGO, ILLINOIS 60604

2-64
710

1214

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

30114502

PAY Five thousand Dollars and no cents — DOLLARS

		DATE	CHECK NO.	AMOUNT	
TO THE ORDER OF	Charles T. Smith	10/27/80	1214	5000	00

Bno

CROWN LIFE ASSOCIATES OF COLORADO, INC.

⑈001214⑈ ⑆071000547⑆ 2 001634⑈ ⑈0000500000⑈

FEC EX 2
for id
8/3/82

Charles T. Smith
2-662161

830404 3376

031 77520 CO

AGENCY HOLDING CORPORATION OF CLEVELAND, OHIO

SUITE 1200
ONE EAGLEVIEW PLAZA
CLEVELAND, OHIO 44114

540 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS 60604

1196 ✓

EXCHANGE NATIONAL BANK OF CHICAGO
CHICAGO, ILLINOIS

3 0 1 1 4 5 0 2 1

PAY Twelve Thousand Dollars and no cents — DOLLARS

		DATE	CHECK NO.	AMOUNT
TO THE ORDER OF	Charles T. Smith	10/27/80	1196	12,000 00

Bonus

AGENCY HOLDING CORPORATION OF CLEVELAND, OHIO

⑈001196⑈ ⑆071000547⑆ 2 001658⑈ ⑈0001200000⑈

3 0 4 0 4 0 3 3 7 7

Charles T. Smith
2662161

0 3 7 7 5 1 9

FEC EX3
Rec'd 8/3/82

$12,000.00 OCTOBER 27 1980

C. SMITH after date, for value received, the undersigned promises to Pay to the order of AHC OF CLEV, OHIO at TWELVE THOUSAND — Dollars, the sum of with interest at the rate of per cent per annum after until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 49 Due DEMAND

CASCADE® L1-C3320 PRINTED IN U.S.A.

$5,000.00 OCTOBER 27 1980

C. SMITH after date, for value received, the undersigned promises to Pay to the order of CROWN ASSOC OF ARIZONA at the sum of FIVE THOUSAND Dollars, with interest at the rate of per cent per annum after until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 50 Due DEMAND

CASCADE® L1-C3320 PRINTED IN U.S.A.

ADVICE

PLEASE PRINT ADDRESS TO WHICH ADVICE SHOULD BE MAILED

MAURICE D. LENT
819 N. EUCLID
OAK PARK, ILL. 60302

CLEARED THROUGH
CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO
SUBJECT TO PROVISIONS OF THE UNIFORM COMMERCIAL CODE
SUBJECT TO DETAILED VERIFICATION

CINB
OCT 5
646

RECEIPT FOR CASH

DATE 10/27/80

CASH		
CHECKS LIST SINGLY	17000	00
BE SURE EACH ITEM IS ENDORSED		
TOTAL		
LESS CASH RETURNED		
NET DEPOSIT	17000	00

⑆ 5 6 0 5 7 ⑈

830404 3376

Depo Ex
1 Ad
8/3/82

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

577

Oct 25 1980 2-3/710

Pay to the Order of Citizens for Congressional Committee $1000.00

One Thousand and No Cents

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000391⑆ 93⑈54859⑈ 0577 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

576

Oct 25 1980 2-3/710

Pay to the Order of The Tenth District / Business for Congress Committee $1000.00

One Thousand and No Cents

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000391⑆ 93⑈54859⑈ 0576 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

575

October 25 1980 2-3/710

Pay to the Order of Johnson for Congressional Committee $1000.00

One Thousand and No Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000391⑆ 93⑈54859⑈ 0575 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

579

October 25 1980 2-3/710

Pay to the Order of Citizens for Kegouris $1000.00

One Thousand and No Cents

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

324052233

memo Political Donation

Maurice D. Kent

⑆071000391⑆ 93⑈54859⑈ 0579 ⑈0000100000⑈

FEC Dep
Ex 2
Rec'd
8/3/82

8 3 0 4 0 4 3 3 1

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

582

Oct 25 1980 2-3/710

Pay to the Order of Workman for Congress $ 1,000.00

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0582 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

581

October 25 1980 2-3/710

Pay to the Order of Jim Shannon for Congress $ 1,000.00

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0581 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

580

October 25 1980 2-3/710

Pay to the Order of Wolpe for Congress $ 1,000.00

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0580 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

583

October 25 1980 2-3/710

Pay to the Order of Pucinski for Congress $ 1,000.00

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0583 ⑈0000100000⑈

8 3 0 4 0 4 3 3

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

586

Oct 25 1980 2-3/710

Pay to the Order of Dyson for Congress Committee $ 1,000.00

One Thousand Dollars and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0586 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

585

October 25 1980 2-3/710

Pay to the Order of Dorgan Congress Committee $ 1,000.00

One Thousand and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation NO/2600

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0585 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

584

Oct 25 1980 2-3/710

Pay to the Order of Committee to Elect Senator Bob Wilson $ 1,000.00

One Thousand Dollars and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0584 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

587

Oct 25 1980 2-3/710

Pay to the Order of Committee to Elect Senator Bob Dole $ 1,000.00

One Thousand Dollars and No Cents Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0587 ⑈0000100000⑈

3 3 0 4 0 4 3 3 8 3

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

590

Oct 25 80 2-3/710

Pay to the Order of Democratic Campaign Fund $ 1,000.00

One Thousand Dollars and No Cents

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0590 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

589

Oct 25 80 2-3/710

Pay to the Order of Udall for Congress $ 1,000.00

One Thousand and No Cents

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0589 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

588

October 25 80 2-3/710

Pay to the Order of Davis Best for Congress $ 1,000.00

One Thousand and No Cents

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0588 ⑈0000100000⑈

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

591

Oct 25 80 2-3/710

Pay to the Order of Citizens for Blackwell Committee $ 1,000.00

One Thousand and No Cents

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0591 ⑈0000100000⑈

8 3 0 4 0 4 3 3 8 4

MAURICE D. KENT
819 N. EUCLID
OAK PARK, ILL. 60302

592

Oct 25 19 86 2-3/710

Pay to the Order of Citizens for Wright — $1,000 00/100

One Thousand Dollars and No Cents — Dollars

CONTINENTAL BANK
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

memo Political Donation

Maurice D. Kent

⑆071000039⑆ 93⑈54859⑈ 0592 ⑈0000100000⑈

CROWN LIFE ASSOCIATES OF COLORADO, INC.

[illegible] BUILDING
[illegible] 2330
DENVER, COLORADO 80202

300 S. LA SALLE ST.
SUITE 1750
CHICAGO, ILLINOIS 60604

1215

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

DRAFTS
OCT 27 1980
EXCHANGE NATIONAL BANK OF CHICAGO

3 0 1 1 4 1 0 0 0 2 8

PAY Four thousand Dollars and no cents — DOLLARS

		DATE	CHECK NO.	AMOUNT
TO THE ORDER OF	Maurice D. Kent	10/27/80	1215	4000

Gross

CROWN LIFE ASSOCIATES OF COLORADO, INC.

⑈001215⑈ ⑆021000052⑆ 2 001634⑈ ⑈0000400000⑈

Dep
[illegible]
8/3/82

[illegible]

[illegible]

8 3 0 4 0 4 3 3 8 5

CROWN AGENCY, INC.

[illegible] TOLEDO [illegible] BUILDING
[illegible] JEFFERSON AVENUE
TOLEDO, OHIO [illegible]

206 S. LA SALLE ST.
SUITE 1700
CHICAGO, ILLINOIS [illegible]

1159

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

DRAFT
OCT 27 1980
EXCHANGE NATIONAL BANK OF CHICAGO

⑆011410002 9

Three thousand Dollars and no cents — DOLLARS

TO THE ORDER OF		DATE	CHECK NO.	AMOUNT	
	Maurice D. Kent	10/27/80	1159	3000	00

Bruce

CROWN AGENCY, INC.

⑈001159⑈ ⑆071000547⑆ 2 001883⑈ ⑈0000300000⑈

830404 3386

~~For Deposit Only~~

Sam Kent
23 Kent
Chicago
2-54

03 2-[illegible] [illegible] [illegible] [illegible] 2-[illegible] OC[illegible]

AGENCY HOLDING CORP.
135 LA SALLE ST. SUITE 1700
CHICAGO, ILLINOIS 60603

DRAFTS
OCT 8 7 1980
EXCHANGE NATIONAL BANK

1720

EXCHANGE NATIONAL BANK
OF CHICAGO
LA SALLE AT MADISON

3 0 1 1 4 1 0 0 8

PAY Twelve Thousand Dollars and no cents DOLLARS

		DATE	CHECK NO.	AMOUNT	
TO THE ORDER OF	Maurice D. Keat	10/27/80	1720	10,000	00

Bonus

AGENCY HOLDING CORP.

⑈001720⑈ ⑆071000547⑆ 2 0046 18⑈ ⑈0001000000⑈

8 3 0 4 0 4 5 3 3 8 7

Maurice D. Keat

$ 4.00 CO OCTOBER 27 1980

M. KENT after date, for value received, the undersigned promises to

Pay to the order of CROWN ASSOC. OF ARIZONA

at _____ the sum of

FOUR THOUSAND _____ Dollars, with interest

at the rate of ____ per cent per annum after _____ until paid.

Offered to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable cost of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations herein shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 51 Due DEMAND

Janice S. Kent

CASCADE® L1-C3320

330404 3398

FEC EX
4 pr id
8/3/82

CINDY OCTOBER 27, 1980

KENT after date, for value received, the undersigned promises to pay to the order of CROWN AGENCY INC

at _____ the sum of THREE THOUSAND ONLY Dollars, with interest at the rate of ___ per cent per annum after _____ until paid.

And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the said signer in such court, at term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations herein shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 41 Due DEMAND

Maurice D Kent

CASCADE® L1-C3320 PRINTED IN U.S.A.

3 3 0 4 0 4

SIX MONTHS OCTOBER 27 1980

AFTER KENT after date, for value received, the undersigned promises to

Pay to the order of AGENCY HOLDING CORP

at _____ the sum of

TEN THOUSAND ONLY Dollars, with interest

at the rate of ... — per cent per annum after _____ until paid.

(And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for said amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 45 Due DEMAND

Maurice D. Kent

CASCADE® L1-C3320

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CAMPAIGN CONTRIBUTIONS

CAMPAIGN	NAMES OF CONTRIBUTORS	
Texan's for Wright P.O.Box 1906 Fort Worth, TX 76101 Attn: Mr. John Mack (817) 738-1921	Jim Wright Dolores Wright Tom Masters Gary Holland Charles Smith	Nick Catrini Bob Bernstein Maury Kent Diane Pariano Bob Oglevee

---

For the remaining campaigns listed below, contributions were made only by the following persons:

Maurice D. Kent
Diane Pariano
Charles T. Smith
Robert C. Oglevee

CAMPAIGN

Citizens for Brademas Committee
103 West Wayne Street
212 Commerce Building
South Bend, IN 46601

Attn: James Dincolol, Treasurer
(219) 234-2436

Udall for Congress
P.O.Box 1908
Tucson, AZ 85701

Attn: Mr. Bruce Wright
(602) 327-4987

Johnson for Congress Committee
619 Darling Way
Roseville, CA 95678

Attn: Margaret Trimble, Treasurer
(916) 782-4411

The Tenth District/
Burlison for Congress Committee
P.O. Box 153
Clarkton, MO 63837

Attn: Mr. Paul Blaylock, Treasurer
(314) 276-2980

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FEC Ex. 4
KH 8-3-82

CAMPAIGN

Mavroules for Congress Committee
P.O.Box 3431
Peabody, MA 01960

Attn: Mr. Paul Scangas, Treasurer
(617) 531-6514

Citizens for Kogovsek
P.O.Box 1371
Pueblo, CO 81002

Attn: Mr. Russ DeSalvo, Treasurer
(303) 584-1980

Wolpe for Congress
246 East Kilgore Street
Kalamazoo, MI 49001

Attn: Mr. Wayne Deering, Treasurer
(616) 343-0672

Jim Shannon for Congress
P.O.Box 597
Lawrence, MA 01842

Attn: Mr. James Martin, Treasurer
(617) 682-6919

Wenstrom for Congress Volunteer Committee
P.O.Box 1077
Elbow Lake, MN 56531

Attn: Mr. George Gaffney, Treasurer
(218) 685-5333

Bauman for Congress
101 West Main Street
Marshall, MN 56258

Attn: Ms. Ann Pick, Treasurer
(507) 537-1566

Committee to Elect Senator Bob Wilson
7317 El Cajon Blvd.
LaMessa, CA 92041

Attn: Mr. Thomas Fowler, Treasurer
(714) 464-6164

3 3 0 4 0 4 7 3 3 9 2

CAMPAIGN

Dorgan Campaign Committee
P.O.Box 2632
Bismark, ND 58501

Attn: Mr. James Haver, Treasurer
(701) 222-2861

Dyson for Congress Committee
578 Paradise Road
Aberdeen, MD 21001

Attn: Ms. Marion Fredas, Treasurer
(301) 838-0871

Committee to Elect Barney Frank to Congress
27 Harvard
Brookline, MA 02146

Attn: Richard Morningstar, Treasurer
(617) 277-8660

David Best for Congress
644 West Colonial Drive
Orlando, FL 32804

Attn: Ms. Betty Ann Bazemore, Treasurer
(305) 843-8433

Democratic Campaign Fund
1924 Freedom Lane
Falls Church, VA 22043
(703) 573-6811

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RM/mfm

ORIGINAL

1 BEFORE THE FEDERAL ELECTION COMMISSION

2 - - - - - - - - - - - - - - - - - - x

3 In the Matter of: :

4 AGENCY HOLDING CORPORATION, : MUR. NO. 1445
et al. :

5 :

- - - - - - - - - - - - - - - - - - x

6

7 Washington, D.C.
Tuesday, August 3, 1982

8

9 Deposition of

10 MAURICE KENT

11 a witness in the above-entitled matter, called for examination

12 by counsel for the FEC, pursuant to agreement of counsel, at

13 the office of the Federal Election Commission, 1325 K. Street, NW,

14 Washington, D.C. 20463, beginning at 9:35 a.m., before Raleigh

15 Milton, a Notary Public in and for the District of Columbia,

16 when the parties were represented by the following counsel:

17 For the Federal Election Commission:

18 SCOTT THOMAS, ESQ.,
and

19 STEPHEN H. MIMS, Legal Intern,
1325 K Street, N.W.

20 Washington, D.C. 20463

21

22

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1 For Maurice Kent:

2 ROGER M. GOLDEN, ESQ.,
Thorp, Reed & Armstrong
3 1575 I Street, N.W.
Suite 1125
4 Washington, D.C.
and
5 JOHN H. BINGLER, ESQ.,
Thorp, Reed & Amrstrong
6 2900 Grant Building
Pittsburgh, Pennsylvania 15219
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C O N T E N T S

WITNESS:	EXAMINATION BY MR. THOMAS:
MAURICE KENT	3

E X H I B I T S

EXHIBIT NUMBER:	Page:
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FEC NO. 2	24
FEC NO. 3	25
FEC NO. 4	27
FEC NO. 5	49

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1 P R O C E E D I N G S

2 Thereupon,

3 MAURICE KENT

4 a witness, was called for examination by counsel for the FEC,

5 and, after having been first duly sworn by the notary, was

6 examined and testified as follows:

7 EXAMINATION BY COUNSEL FOR THE FEC

8 BY MR. THOMAS:

9 Q Would you state your name, please?

10 A Maurice D. Kent.

11 Q What is your present home address?

12 A 619 North Euclid Avenue, Oak Park, Illinois.

13 Q Your marital status?

14 A Married.

15 Q What is your wife's name?

16 A Susan.

17 Q What is your nationality?

18 A American.

19 Q What is your present place of employment?

20 A Agency Holding Corporation.

21 Q In Chicago?

22 A Yes, 208 South LaSalle Street.

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Q How long have you been employed there?

A Since February of, I believe it was '78.

Q What is your present position?

A I am brokerage manager.

Q Have you been a brokerage manager there the entire time you have been employed?

A Yes.

Q What type of work did you do as a brokerage manager?

A It is my job to develop business through brokers, those people who sell insurance, property and casualty or life insurance, to develop insurance with Crown Life Insurance.

Q Was that description of your responsibilities the same for the period around September through November of 1980?

A Yes, it was.

Q Where do your employment checks come from?

A Agency Holding Corporation.

Q What is the Agency Holding Corporation?

A It is a corporation owned by Kerry Craig in Chicago. They are the general agents for Crown Life Insurance Company.

Q Are there other firms that are related to Agency Holding Corporation as subsidiaries?

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A I am not sure of the status. I know there is General Agencies that Mr. Craig owns in Denver, in Minneapolis, in Phoenix, and Chicago.

Q Do your functions as a brokerage manager pertain only to operations of Agency Holding in Chicago?

A Yes, they do.

Q You don't perform any services for those other firms that you just referred to that Mr. Craig owns?

A No. I mean somebody in one of those offices may call and have a question on an insurance matter that I will help them with but that is pretty much the extent of it.

Q Do you recall what your gross income from Agency Holding was in 1980?

A In 1980 I would say it was $40,000.

Q Is that just salary or is that salary plus any bonus payments you might receive?

A We actually work on a schedule whereby we receive a $12,000 salary and then we are advanced, based on business that we do bring in. This was actually a draw, if you will, of $40,000.

Q So your W-2 Form, which shows your income had a 40 --

A Roughly $40,000 to the best of my memory. Yes.

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Q Did any of the checks that you received for compensation come from any company or firm other than Agency Holding Corporation during that period?

A No. Every paycheck that I have ever received was from Agency Holding Corporation.

Q Who is your present supervisor?

A Kerry Craig.

Q During that time period of September '80, was he your supervisor then?

A Yes. he was.

Q Who runs the day-to-day activities of Agency Holding Corporation?

A Kerry Craig.

Q What is his official position?

A General Agent and President of Holding Corporation.

Q How long have you known Kerry Craig?

A Since I began employment.

Q Was he the person that hired you?

A Yes, he was.

Q Do you know him socially as well as through business relationship?

A Yes, I do.

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Q Would you consider yourself a personal friend of his?

A Yes.

Q Was that also the case back in September of 1980?

A Yes.

Q Do you know an individual named Charles Smith?

A Yes, I do.

Q What was his function with Agency Holding back in that period?

A Brokerage manager.

Q Were his responsibilities identical to yours?

A Yes.

Q Did they cover any of the firms other than Agency Holding Corporation?

A Mr. Smith's responsibilities?

Q Yes.

A No.

Q Did you undertake any travel during that time period of approximately September through November on behalf of Agency Holding?

A Yes, I did.

Q What was the travel undertaken for?

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A I would travel to different general agencies that Mr. Craig owned to assist the brokerage managers in those particular offices with sales presentations and brokerage development.

Q At that time period, around September through November, were there any particular accounts of Agency Holding that were particular active?

A Yes. That would be the McDonald's account.

Q What was going on with the McDonald's account?

A I was traveling really all over the country at that point in time enrolling McDonald's owner operators in a group retired leave reserve program which was an insurance program sponsored by McDonald's underwritten by Crown Life Insurance Company with Agency Holding Corporation as the soliciting general accountants. It was our duty just to talk to the owner operators and sell them on joining the plan.

Q Was anybody else at Agency Holding also incurring travel expenses and what not for the McDonald's account during that period?

A Yes.

Q Hotels?

A Charles Smith, Kerry Craig, Nick Catrini, Diane

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1 Pariano. I am trying to think hotels; Kerry. I believe that
2 is it.
3 I am sure there were more, within all of our other
4 offices. There were other people traveling as well.
5 Q Was there a procedure in place whereby the expenses
6 anticipated for that McDonald's account were budgeted in
7 advance and planned in advance?
8 A I assume they were; yes.
9 Q Who was responsible for that?
10 A Mr. Craig.
11 Q What involvement, if any, did you have in monitoring
12 the expenses incurred for that project?
13 A None.
14 Q Did you have to prepare travel vouchers?
15 A Yes. I thought you were talking about budgeting.
16 No, I would prepare expense vouchers, McDonald's expense
17 accounts actually for the expenses that I incurred while
18 traveling in the solicitation of McDonald's.
19 Q What would you then do with your vouchers?
20 A I would turn them into our accounting department
21 to be reimbursed.
22 Q What is your understanding as to what the budget

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process, if any, was that Kerry Craig was responsible for that particular --

A I assume that he would prepare a budget based on anticipated travel and entertainment expenses and present that to Lloyd in Toronto for approval of the budget and therefore be advanced that amount of funds.

Q What was Clarke Lloyd's position? Toronto?

A Senior vice-president, head of the agency department, U.S. Agency Department.

Q Did Clarke Lloyd have to approve the expenses that were incurred by Agency Holding during that time period?

A I couldn't answer that. I don't know.

Q How long have you known Clarke Lloyd yourself?

A Since I began employment at Agency Holding Corporation.

Q Were you at that time around September through November, what you would consider a social acquaintance of his as well?

A I guess it was really a business relationship with Mr. Lloyd. He lived in Toronto. I lived in Chicago. It was a business relationship.

Q Mr. Kent, around that time period of September through

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November of 1980, did you ever make any political contributions to Federal candidates?

A Yes, I did.

Q Can you tell me how that came about?

A I was asked to make contributions by Mr. Craig.

Q Do you recall when this happened?

A I believe it was late October of 1980.

Q Where did he approach you and ask you to do this?

A In the office.

Q Do you recall what day of the week it was?

A I believe it was actually a Saturday. We happened to be in the office working.

Q Do you recall anybody else who was present in the office that day?

A Charles Smith, Diane Pariano. That is all I can remember.

Q Were they present when he asked you to make these contributions?

A Yes, I believe they were.

Q Was he at the same time asking them to make contributions?

A That, I don't know. At that time, no. I mean he

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1 didn't say, Morrie, Dee, make a contribution, Charlie, will
2 you make a contribution, no, you know.
3 Q Were they privy to that conversation when he asked
4 you?
5 A With me? Yes.
6 Q So it was just a general solicitation by him that
7 all those present, if they would, would make contributions?
8 Is that how it happened?
9 A Yes. I think that is basically it. Yes, it wasn't
10 a general, you know, will you make a contribution, it was,
11 you know, I want you to make a contribution for this, this and
12 this.
13 Q Do you recall specifically what he said with regard
14 to why he wanted you to make these contributions?
15 A No, I really don't.
16 Q Did I say anything about why?
17 A No. He really didn't. He really didn't give me
18 a reason as to why he wanted me to make contributions.
19 Q Did you ask him why he wanted you to do it?
20 A Yes. I believe I did. I don't remember the answer
21 at that time. I didn't give it a lot of thought,
22 unfortunately.

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Q Did you in some sense feel some subtle pressure because of your employment relationship to make a contribution as you were requested?

A Yes. I would say so. I mean -- I am sure if I said no at that time, he wouldn't have, you know, fired me or anything along those lines but it is an employer-employee relationship and I did feel -- I can't call it real pressure but I did feel some pressure, I guess.

Q What happened after that initial conversation?

A Nothing. We were given $17,000. I was given $17,000 and a list of candidates as to who to mail my personal checks to.

Q How were you given $17,000?

A I was given -- I don't know if it was one check but I was given a check for $17,000 or it might have been a couple of checks. I don't recall. All I have is the deposit slip showing a deposit for $17,000 that was made on 10/27/80.

Q I see you have got a document with you.

Would you mind if we made a copy of that document and kept it for our records?

A Not at all. I believe you have a copy of this for your records already.

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MR. GOLDEN: We have a copy of that in the file. I cannot recall whether we provided that to you. We may not have provided that to the Commission because they didn't ask for it.

It is evidence of when the $17,000 was given to Morrie Kent.

Can I interject a question at this point?

MR. THOMAS: Yes.

MR. GOLDEN: Regarding the questions that Mr. Thomas has asked you, Mr. Kent, about the conversation with Kerry Craig, about how much time was involved in this request by Kerry to make contributions?

THE WITNESS: It couldn't have been more than a minute.

MR. GOLDEN: Did you give his inquiry a lot of thought and consideration or did you respond fairly quickly?

THE WITNESS: I responded fairly quickly.

MR. GOLDEN: You indicated that in response to Mr. Scott's question as to whether there was subtle pressure, I think you indicated that that question really couldn't be answered yes or no.

THE WITNESS: I think there is pressure alone in

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being in an employer-employee relationship.

I am saying that alone is the pressure point. There was no other pressure involved.

MR. GOLDEN: Just so the record is clear other than the employer-employee relationship, was there any pressure applied?

THE WITNESS: No.

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 1, please.

(The document referred to was marked FEC Exhibit No. 1 for identification.)

BY MR. THOMAS:

Q I am showing what has been marked as Exhibit 1 to the witness and counsel.

Can you identify Exhibit 1?

A Yes.

Q What is that?

A It is a deposit slip of mine.

Q What does that deposit slip reflect?

A Deposit of $17,000 made on October 27, 1980.

Q When Kerry Craig asked you to make these contributions,

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did he at that time also tell you that an arrangement would be made so that you would be reimbursed to cover that amount of contribution?

A Yes, he did.

Q Again, as to that portion of the conversation, were the other individuals present also told that?

A Yes.

Q So this was in essence a discussion where several people were present and told the same thing at the same time?

A Yes.

Q Do you recall if any of the other individuals present asked why these contributions were to be made?

A I don't recall.

Q At that time, were you given a list of candidates that you referred to?

A Yes, I was.

Q Then what did you do?

A I then sat down and wrote $1,000 checks to, I believe, it was 16 candidates and one $1,000 check, I believe, to the National Democratic Committee, and then mailed those checks to the candidates and to the Democratic Committee. That is the extent of it.

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Q Was there a cover letter that went along with the checks you made?

A I don't recall if there was or not. Well, I am sure there was some sort of letter but I don't recall.

Q Have you ever seen a copy of that cover letter?

A I am sure I have but I couldn't tell you what the first word in the first line was. I don't recall.

Q Was that a letter that you signed?

A I don't even know if I signed it. I am sure I did but I don't even recall that at all.

Q Did you, yourself, actually do the stuffing of envelopes?

A Yes, I did.

Q Putting on the stamps and so on?

A Yes, I did.

Q And putting them in a mailbox?

A Yes, I did.

Q Did those other individuals who were present that you mentioned, Diane Pariano, Kerry Craig, Charlie Smith, did any of those individuals at the same time draw checks payable to candidates and prepare to mail them?

A I assume so. I did mine at home. I did not do

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1 it at the office.

2 Q So it wasn't right there on the spot that you actually

3 cut the checks?

4 A No.

5 Q Did you speak with any of those individuals after the

6 fact as to whether they had made any contributions to those

7 candidates?

8 A Yes. I am sure I did. I asked them if they had

9 made their contributions. They told me yes.

10 Q Do you recall any discussion with any of them as

11 to why Kerry had asked you to do this?

12 A No. No. I do not recall any conversation as such.

13 Q Any discussion with any of them as to whether you

14 were feeling somewhat uncomfortable with having been asked

15 to do that?

16 A No. I can't say I had any discussions with them

17 in that regard.

18 Q With regard to the fact that contributions had

19 been made, what do you recall of any of those discussions

20 you had?

21 A Basically just Mr. Craig asking me to make those

22 contributions.

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Q How about contributions with any of the other folks?

A No. I mean I might have discussed it with Charles Smith but I don't recall any details of it. What is the purpose of it or anything.

Q You never asked?

A I might have said, what is the purpose of the contributions or something. Charles may have said, well, these are candidates who might be able to help us in the Retired Life Reserve Program, things along those lines. But I really didn't give it any thought or a lot of thought at all.

Q What is Retired Life Reserve Program?

A This is the insurance program that we are working on with McDonald's, as a matter of fact.

Q You say he might have told you something like that.

Are you recalling that he, in fact, did make a reference to that program that these candidates might have been able to help in some way with that program?

A He may have made that reference. I mean that is what I kind of remember.

As I say, I didn't give it a lot of thought. I should have given it more thought than I did as it turns out but that was pretty much the -- as I understand it, it was

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candidates. I don't know if they were on any committees studying government regulations regarding insurance. I think I made that assumption.

Q You didn't ask Charles Smith if that was the case?

A Charles just said that he knew -- I said, where did you get the list of these candidates or something. I might have asked him that. And he said that this friend of his in Washington had made the recommendation, you know, who the candidates would be.

That is pretty much the extent of it. I was not involved in that end of it at all.

Q Did he say who this friend in Washington was?

A No, he did not.

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Q In any of those discussions about these contributions did anyone make any reference to how you would treat the payments that you received to cover the contributions?

A At that time I think we discussed the fact that, I believe, at that time I thought we would be bonused the money and we would then be reimbursed for our after tax costs, you know, the following year.

Q Is that what someone told you?

A Yes.

Q Who told you?

A Mr. Craig.

Q Was this again at that initial point when the subject was brought up?

A Yes.

Q That was part of what was said then?

A That is a question I had of course.

Q You talked about how you would be, I believe you said compensated, to cover the after tax cost. What do you mean by that?

A I mean if I am reporting $17,000 bonus as additional income I would have to pay taxes obviously on the $17,000. And I felt that I should be compensated as well for that after tax cost.

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is-2

Q Were you in fact compensated an additional amount?

A No. I was not.

Q Did you ever ask for that?

A No. As I said, that is how we initially thought that it was going to be handled. As it turned out we all signed personal notes to the corporation for $17,000.

Q When did you sign the personal notes?

A I believe it was in January.

Q Of?

A Or February of '81.

Q Do you remember how that came up?

A Kerry I think brought it up. He had talked to his attorneys in Pittsburgh, John Bingler and if I am not mistaken. It is rough for me to say how it was brought up. But it turned out that the bonus idea was not the way to go, but rather a loan to the individual.

MR. GOLDEN: If I may interject at this point, we can clarify this when Mr. Bingler is here but my recollection is that if Kerry was consulting counsel at that point it was not our firm. It may have been Chicago counsel. I don't recall that we were brought into this particular issue until a little later after as I understand it a determination had been made as

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is-3

to what as and what was not deductible, et cetera. But we will be happy to clarify this for the record either in subsequent depositions or in a submission after that.

BY MR. THOMAS:

Q Who brought that issue to your attention? Was this Kerry?

A Yes.

Q At the time it was brought to your attention, had you already received your W-2 form listing your income?

A Yes, I had. Yes, I had. I believe I had.

Q Do you recall if your W-2 form had listed the $17,000?

A It did not.

Q Do you know why it did not?

A No. Well, because we had signed a loan agreement as opposed to all this income.

Q You had already signed a loan agreement?

A Before I ever received my W-2. I believe so. I am not sure of the dates to be honest with you.

Q In any event for tax purposes do you recall whether you included the $17,000 as income?

A I did not include the $17,000 as income.

Q Did you declare any of the contributions as deduction?

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is-4

A Yes. I did. I took a $100 tax credit. I did my taxes right away. I assumed that is the way it was going to be done.

Q Who prepared your taxes?

A I prepared them myself.

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 2, please.

(The document referred to was marked FEC Exhibit No. 2 for identification.)

BY MR. THOMAS:

Q I am showing Exhibit 2 to the witness and counsel.

A Yes.

Q You will note there are several pages if you would thumb through to doublecheck. For clarification, Exhibit 2 is a series of pages that have been provided to us by your counsel pursuant to a document request.

Can you identify Exhibit 2?

A They are personal checks of mine made out to Congressional candidates and to the National Democratic Committee in the amounts of $1,000 each.

Q Are these the checks that you referred to earlier in your testimony?

A Yes, they are.

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MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 3.

(The document referred to was marked FEC Exhibit No. 3 for identification.)

BY MR. THOMAS:

Q I am showing Exhibit 3 to the witness and counsel. Again, these pages are documents that were provided, copies of documents, that were provided to us by your counsel pursuant to a document request. Can you identify Exhibit 3?

A These are checks made payable to me from Crown Agency, Inc. in Toledo, Crown Life Associates of Colorado, and Agency Holding Corporation totalling $17,000.

Q Are these the payments that you refered to earlier in your testimony that you received to cover the contributions?

A Yes.

Q Why did you receive three separate checks from three different firms?

A I don't know. I would say that this is the way that the dollars were allocated by our accounting department.

Q Your accounting department was responsible for this?

A I don't know if it was the accounting department or Mr. Craig or who. But I assume that they allocated the funds

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is-6

accordingly.

Q You weren't involved at all in the decision as to which firm would give you the reimbursement?

A No, I was not.

Q Do you recall any other occasion when you would have received a payment check of any sort from Crown Life Associates of Colorado, Inc.?

A No, I cannot.

Q Do you recall any other instance when you have received a payment from Crown Agency, Inc.?

A No, I have not.

MR. GOLDEN: Could I interject at this point? Again following up Mr. Thomas's question, did you know why there were checks from three different organizations instead of one?

THE WITNESS: No, I did not.

MR. GOLDEN: Secondly, how much thought did you give to the fact that you received three checks as distinguished from one?

THE WITNESS: I didn't, so long as it totalled $17,000, I was very happy.

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is-7

BY MR. THOMAS:

Q Did you ask anyone at all why you had gotten three different checks?

A No, I did not.

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 4.

(The document referred to was marked FEC Exhibit No. 4 for identification.)

BY MR. THOMAS:

Q I am showing Exhibit 4 to the witness and counsel. Can you identify Exhibit 4?

A They are three promissory notes totalling $17,000 made payable to Crown Associates of Arizona, from Agency, Inc., and Agency Holding Corporation, promissory note signed by me.

Q Are these the notes that you referred to earlier in your testimony?

A Yes.

Q First of all, let's clarify. Do you have any idea why one of the notes was issued in the amount of $4,000 to Crown Associates of Arizona?

A No, I have no idea why. Obviously it was in error

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is-8

1 and it should have been made payable to Crown Associates of
2 Colorado.
3 Q Who actually brought these notes to you and asked you
4 to sign them?
5 A Mr. Craig.
6 Q Do you recall where that happened?
7 A In the office.
8 Q Did you sign them at that moment?
9 A Yes, I did.
10 Q Did you ask him any questions or have any discussions
11 with him at all about it?
12 A I said what is the purpose of this. He said this
13 is the way that the political contributions had to be handled
14 due to, I don't know if it was tax deductibility or some tax
15 reason, but it had to be handled on a promissory note basis as
16 opposed to any other way.
17 Q Did you ask him to explain that in any way?
18 A Yes, I did. I said, well, I am not crazy about
19 signing a demand note. He said, well, don't worry about it.
20 Q What else did he say?
21 A He said, you know, in essence don't worry about it,
22 that that is all and I really didn't worry about it. You know,

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is-9

1 you won't have to pay it back, but we have to do it.

2 Q He said you wouldn't have to pay it back?

3 A That was my understanding, yes.

4 Q Did he say that you would receive additional bonus

5 amounts in small increments to enable you to repay it?

6 A Yes. I believe he did say that.

7 Q Have you in fact received any such additional bonus?

8 A No, I have not.

9 Q Have you asked him why?

10 A No, I have not.

11 Q Is it your intent to repay those notes?

12 A No.

13 Q It is your understanding now that you don't have to

14 repay those notes?

15 A That is right.

16 MR. GOLDEN: Mr. Kent, how much time would you say

17 elapsed in this discussion with Kerry Craig about signing the

18 note? How long did the dialogue last?

19 THE WITNESS: Once again, maybe a minute.

20 MR. GOLDEN: Thank you.

21 BY MR. THOMAS:

22 Q I am going to ask you to try to focus as best you can

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is-10

on that particular conversation. I think your testimony was that you weren't sure if he indicated that it was for tax reasons or deductibility reasons or because of the way the contributions had to be handled. More specifically, can you recall was he saying that it was a problem to try to alleviate your having to declare that amount as income or did he say this was the way that the contributions had to be handled?

A Through discussions with his attorney it was recommended to Kerry that it be handled in this fashion, a promissory note fashion. That is basically what he told me.

Q Who was his attorney?

A I thought it was John Bingler but it may have been Art O'Brien.

Q Who is Art O'Brien?

A Agency Holding Corporation counsel from Latchford, Rice & O'Brien.

Q Did you ever have any conversation with any attorney about the legality of the transaction?

A No. I did not.

Q Did you ever ask anyone else either at Agency Holding or otherwise about whether this transaction was legal?

A At that point in time, no, I did not.

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is-11

Q Did there come a point in time later when you did ask someone about the legality of the matter?

A Yes, when I received your letter is really the first time I was, realized that there was a problem and I discussed it with my brother who is an attorney and then I of course discussed it with Roger once I retained Roger.

Q Your brother is an attorney where?

A Chicago.

Q What is his name?

A Jeffery Kent.

Q Did you discuss the matter at all again with Kerry Craig?

A Once I received the letter I said you know what is the story here.

Q What did he say?

A He said that he had, when he found out that there was a problem with these political contributions he approached the FEC and made them aware of the situation, brought it to their attention and would like to clean the matter up if there was a problem, and for me, I believe in your letter you indicated that you needed documents and provide the FEC with all of their requests.

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is-12

Q Did he explain at all at that point why he had asked you to make those contributions back then?

A No. He did not. Well, Kerry said that he, it was a poorly organized deal, that he shouldn't have gotten involved in it, didn't give it a lot of thought and basically sorry I think that he got involved in it, was really the impression that I received.

Q Did he say who had gotten him involved in the matter?

A Charles Smith I think is the one he referred to.

Q Did he give any indication whether at the time that he had asked people to make the contributions he thought that it was legal or not legal?

A There was never a question of whether it was legal or not legal. I am sure he thought and I sure thought it was legal. I didn't give it a lot of thought. But I sure didn't think it was illegal. If I thought it was illegal, I wouldn't have put the pen on the check.

Q But in your recent conversations with him after you received notification from the Commission, do you recall if he said whether he thought it was legal or not at the time?

A No. I don't recall a conversation as such. It may be at the time I am sure Mr. Craig thought it was legal.

3 3 0 4 0 4 7 3 4 2 6

is-13

Q What makes you say that?

A I don't believe that he would have acted illegally either.

Q Is it your recollection that he told you that he became aware that there was a problem with the political contributions being legal or when he asked you to sign these notes or were you recalling that he brought to your attention about possible tax problems?

A I think it was tax problems. I don't think there was any question regarding the legality of the contribution. It was never a question raised as far as I know.

Q Until when?

A To this day.

Q Let me go back then. When he brought the notes to you and asked you to sign those, was there any discussion about the legality of the political contributions?

A There was no discussion of that whatsoever.

Q So the first time that you had discussions about the legality of the contributions was when?

A Really when I received the letter.

Q From the Commission?

A From the Commission and to be honest, I am not sure

8 3 0 4 0 4 0 3 4 2 7

is-14

1 to this day about the legality of the contributions. I am really
2 unsure of it all.
3 MR. GOLDEN: Since you are allowing me kindness to
4 make narrative comments, I think back to the point on the
5 timing with respect to counsel and again we will clean this up,
6 but I think our original submission to the Commission states
7 that soon after we learned -- that is, Thorp, Reed & Armstrong,
8 John Bingler and I, learned -- what had transpired we approached
9 the Commission in an effort to use the language of your regula-
10 tions to seek conciliation. So soon after we had had an oppor-
11 tunity to assess the pattern of facts that we took this action.
12 (Discussion off the record.)
13 BY MR. THOMAS:
14 Q Around early October of 1980 do you recall attending
15 a meeting in Washington, D.C. of general agencies?
16 A Yes, I do.
17 Q Who else from Agency was here in Washington at that
18 meeting?
19 A Myself, Nick Catrini, Charles Smith, Bob Bernstein
20 and Bill Ward. I believe Bill was in Chicago at that time.
21 Q Was Kerry Craig there?
22 A And Kerry Craig, yes.

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is-15

Q Was Diane Pariano there?

A I don't recall.

Q What was the function of that meeting?

A It was a general agents meeting of the Crown Life Insurance Company where all the general agents got together to discuss Crown's products and approaches to marketing life insurance.

Q Do you recall approximately how many people were in attendance?

A Roughly 90.

Q At that time do you recall any conversations with Charles Smith about the possibility of him or anyone else at Agency making contributions?

A No. I do not.

Q Do you recall at that time when you were in the Washington meeting a man named Owen Marley?

A No, I do not.

Q Do you recall whether Clarke Lloyd was in attendance at that meeting?

A Yes, he was.

Q At any point in the course of the time you were here did you have any discussions with Clarke Lloyd?

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is-16

A On insurance matters, yes, but nothing else.

Q Did you have any discussions with Mr. Lloyd about any of the legal treatment for, is it reserve retirement funds?

A Retired life reserves.

Q Retired life reserves?

A No, I do not.

Q Do you recall any discussion about any particular legislators who were involved with the IRS or tax matters affecting Crown?

A No, I do not.

Q Do you recall if any legislators attended any of the meetings here in Washington?

A No, I do not.

Q Do you recall going to Nathan's in Georgetown at any point?

A No, I did not go. I was only in town for that meeting one day. I had a meeting in Peoria the following day. So I actually left the general agents meeting one day early.

Q Prior to September through November of 1980, had you ever made a political contribution to a candidate?

A No, I didn't, never had.

Q At the time that Mr. Craig asked you make political

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contribution checks out to candidates did you have enough money in your personal accounts to cover $17,000 worth of contributions?

A No, I did not.

Q Did you have any discussions with anyone else at Agency Holding other than Kerry Craig as to where other individuals who had made contributions were getting reimbursement for the contributions?

A I don't understand the question.

Q Did you talk to anybody else at Agency about where they were getting money to cover the contributions they had made?

A I knew that they had been reimbursed by Agency Holding Corporation.

Q That is what I am getting at. Was there any discussion with any of them as to whether they got reimbursed in part by Agency for example and in part by other firms?

A No. There was no discussion as to where the money was coming from, how it was to be split. But I knew that everyone was reimbursed.

Q Who at Agency at that time was responsible for actually getting the checks issued?

A It would have been our accounting department. I

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1 believe Bob Pulak was accountant at that time, internal
2 accountant.
3 Q Did you ever have any conversations with him as to
4 why for example you got several checks from different firms?
5 A No. I never did.
6 Q At that time you were asked by Mr. Craig to make the
7 contribution was there ever any references to where Agency would
8 get the funds that it would use to make these payments to you?
9 A Never discussed with me, no.
10 Q Was there any discussion about whether Agency had
11 a surplus of funds that they would be able to use?
12 A No, not to my knowledge.
13 Q Were you aware at the time that Agency was receiving
14 substantial operating advances from Crown life in Toronto?
15 A Yes, I was.
16 Q What was your basic understanding as to why they were
17 getting those advances?
18 A As I understand the financing structure, the general
19 agency is financed if you will through loans to be offset by
20 further business so that they will, if you will, give you the
21 money up front based on the fact that the business you will
22 bring in will repay Crown Life Insurance the money that they
have advanced you. So it was an advance of funds if you will,

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is-19

1 based on the future business.

2 Q After you made the contributions and got your pay-

3 ments do you recall any discussions with anyone there at Agency

4 as to where Agency had gotten the funds to reimburse these

5 people?

6 A No.

7 Q Do you know if Clarke Lloyd was in on any of the

8 conversations about the political contributions that had been

9 made?

10 A No.

11 Q Was he present at the initial conversation you had

12 with Mr. Craig?

13 A No, he was not.

14 Q Did any of those individuals at any point discuss

15 with you whether they thought that Clarke Lloyd would disapprove

16 or approve of using Agency funds for this purpose?

17 A No. It was never mentioned.

18 Q Did anyone discuss to your knowledge that Crown should

19 not be advised that Agency funds had been used for this purpose?

20 A No.

21 Q Did Agency have any practice of making loans to

22 individual employees for personal reasons?

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A Not that I know of.

Q Do you recall what different accounts Agency Holding maintained at that time, bank accounts?

A No. I really am not familiar with the banking accounts that they had.

Q Do you know William Preisser?

A Yes, I do.

Q Was he in the office that Saturday when this subject came up?

A I don't know. I don't recall. I remember Kerry, Charlie, Diane. But I don't remember if Bill was there or not.

Q After that meeting do you ever recall discussing with him whether the fact that contributions to candidates had been made?

A No.

Q Did you have much interaction with him?

A Sure. Bill was the office manager and I had dealt with him on a daily basis.

Q Around that time in the fall of 1980 do you know if Agency Holding retained any counsel in Washington, D.C.?

A I have no idea.

Q I want to go back to the conversation where Kerry

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1 Craig first asked you to do this. Was there any discussion at
2 that point as to any alternatives that there might be whereby
3 contributions could be made to candidates?
4 A It was never discussed with me. No. I don't know
5 of any.
6 Q Did you ever talk about maybe setting up a Political
7 Action Committee for Agency Holding?
8 A No. I am not familiar with that at all.
9 Q Do you know what that is?
10 A I think generally I know what a Political Action
11 Committee is. If you will, it is a lobbyist organization,
12 is what I perceive it to be.
13 Q Do you recall any discussions with anybody there at
14 Agency about the possibility of setting up a PAC?
15 A No. I do not.
16 Q Not with Charles Smith even?
17 A No, not with Charles at all.
18 Q At that time did you know what the legal limits were
19 for making contributions to candidates?
20 A No. I did not.
21 Q Did you ask anybody?
22 A I think I found out when I did my tax return.

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Q No one at the time that you were asked to do this told you what the limits were?

A No.

Q How is it that you arrived at the amount of the contributions that you made?

A The $17,000? There was a list of 17 candidates that I was given or 16 candidates and the Democratic Committee and was asked to make a thousand dollar donation to each of those. That is basically how it was.

Q The $1,000 amount was suggested to you?

A Oh, I see. Yes. It was.

Q You didn't know independently what the limits were?

A I did not, no. I didn't know there were limits.

Q When you went ahead and wrote the checks and took care to see that they were mailed, did you fill out any sort of contributor card or information?

A No, I did not.

Q Was there any procedure in place so that for example your occupation and your place of employment was sent to the candidates?

A What I believe happened was that some of the committees for these candidates had called me and had asked I

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is-23

1 believe the full name, address, or occupation, that sort of
2 thing. I know I was given receipts I believe from these can-
3 didates for my contribution.
4 Q Which candidates do you recall having called you?
5 A I don't recall any one. I couldn't give you the
6 name of any one candidates.
7 Q Do you remember getting a call from Congressman
8 Wright's campaign?
9 A Like I say, I don't remember. It could well have
10 been Congressman Wright's. A good many of them, I don't
11 really know of any one.
12 Q Was this after you had made the contribution?
13 A Yes.
14 Q They had received the contribution?
15 A Yes.
16 Q Did they ask you anything about why you had made a
17 contribution to them?
18 A Not that I recall. It was basically a secretary or
19 something from the committee would call.
20 Q They were just asking for your place of employment?
21 A Yes.
22 Q Do you know if any of those candidates campaigns

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1 called any of the other people at Agency and ask for similar
2 information?
3 A I don't recall. I believe they called Charles Smith
4 as I recall for some information.
5 Q How do you recall that?
6 A Because I remember, I am sure I asked Charlie after I
7 got a few phone calls, did you get a call from this Congress-
8 man's committee asking for information.
9 Q And he said yes?
10 A Yes.
11 Q Did he tell you anything that he had said to those
12 people calling?
13 A No, because as I said, it was just a matter of asking
14 where you worked, I think, and personal data.
15 Q Do you recall any discussions concerning the response
16 that these candidates receiving the money might have had
17 because contributions were coming in from out of state from
18 several individuals?
19 A I don't remember a discussion as such. No.
20 Q After you had this conversation, these conversations
21 with the candidates, did you do anything to follow up with that?
22 A No, I did not.

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Q Did you just give the information over the phone?

A Over the phone.

Q That was the end of the matter?

A Yes.

Q Do you recall any discussion with Charlie Smith where it was decided that maybe someone should be responsible for going ahead and calling all of these candidates just to give them some advanced notice about the contributions that they were receiving?

A I believe after I received a couple of calls -- I am recollecting here -- but I believe, I picked up the phone and called a new of them just to give them that data because I was in and out and I was travelling on the MacDonald's account. I know they needed that information. So I believe I actually called and gave them a few of the committees that hadn't called me the data that was needed. Because as I found out after the first call, it was required by law that they have some information from me.

Q Did you do that on your own or did Charlie Smith or someone ask you to do that?

A I did that on my own.

Q In any of those calls that you made to those people

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1 did you also explain that there was some other contributions
2 that were coming in from people there at Agency?
3 A I may have, yes.
4 Q What do you recall having said about that?
5 A That if they needed their personal information probably
6 to reach them at the phone number at Agency Holding Corporation.
7 Q Did any of those candidates or the campaign people that
8 you talked to ask you whether there was, whether these people
9 were receiving any funds from the company to reimburse them
10 for contributions made?
11 A No. The question never arose.
12 Q When you made this effort to contact some of these
13 campaigns how did you get the phone numbers?
14 A I believe through directory assistance.
15 Q You don't recall getting the information say from
16 Charlie Smith?
17 A I know. There were no phone numbers on that list
18 that I recall. So I am sure I just picked up ---
19 Q What list are you talking about?
20 A Of the 17 candidates where I had to mail out. I knew
21 their addresses obviously because I mailed the checks to their
22 campaign headquarters.

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1 MR. GOLDEN: In regard to Mr. Thomas's line of ques-
2 tioning just to clarify this, when you first gave the money to
3 each of the 17 recipients did you do it in your own name?
4 THE WITNESS: Yes.
5 MR. GOLDEN: Did you make any effort at the time you
6 gave the money to identify along with your own name the name of
7 a company, Agency Holding Corporation, that you were working
8 for?
9 THE WITNESS: No.
10 MR. GOLDEN: Did you make any effort at the time
11 that you gave the money to disclose to the recipients the line
12 of business in which you were involved?
13 THE WITNESS: No.
14 MR. GOLDEN: After you gave the contributions and
15 were contacted by some committees or in the case of some com-
16 mittes that you advised Mr. Thomas that you called voluntarily,
17 you gave these recipients certain information. What information
18 did you provide to them?
19 THE WITNESS: I believe my place of employment and
20 I think my name, address, just personal.
21 MR. GOLDEN: Was your intention at the time you gave
22 this information to these recipients either upon request or when

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you self initiated, was your intention to use the telephone call as an excuse to advance the name of your company or your business?

THE WITNESS: Absolutely not.

MR. GOLDEN: Was your intention merely to provide information you felt they needed as a matter of law?

THE WITNESS: Yes.

MR. GOLDEN: Was the information that you intended to provide to them that you thought they needed as a matter of law basically personal information, information having to do with your name, and where you worked, not so much your line of business but just where you worked?

THE WITNESS: Yes.

MR. GOLDEN: Finally, not to overdo a point, but we hae during this deposition an indication that you talked to Kerry Craig I guess twice regarding contributions, one when you were asked to make them on a Saturday and then on a second occasion when you were asked to execute promissory notes. How much time taking the two instances together and any thought you gave to it, any conversations you may have had with anybody, what do you think is the amount of total time you put into this effort?

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1 THE WITNESS: Five minutes at tops.

2 MR. THOMAS: I would like to have this document

3 marked as FEC Exhibit 5.

4 (The document referred to was marked

5 for identification as FEC Exhibit

6 No. 5.)

7 BY MR. THOMAS:

8 Q I am showing Exhibit 5 to the witness and counsel.

9 Can you identify Exhibit 5?

10 A A list of the candidates to which contributions were

11 made by me in the amounts of $1,000 each.

12 Q Is this the list that you referred to earlier in

13 your testimony that you were given?

14 A Yes.

15 Q This is the list that you used to come up with the

16 addresses so that you could mail the contributions?

17 A Yes.

18 Q Is this the list you were referring to also recently

19 that you used when you nndertook to contact some of the

20 campaigns to advise them of your place of employment and

21 personal information?

22 A Yes.

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Q Do you know who prepared this list?

A No, I do not.

Q Do you remember who actually handed it to you the first time you saw it?

A I believe Kerry did or Diane handed it to me, one or the other.

Q Had you ever had any contact with anyone to your knowledge who was working on one of these campaigns up to the point that you were asked to make contributions?

A Never.

Q To your knowledge did Kerry Craig or Charles Smith have any contact with any of these campaigns prior to the time that you were asked to make the contributions?

A No.

Q Do you know how this list was composed?

A I really don't know.

Q When you discussed having a promissory note or several promissory notes made out to repay Agency and the other firms for the money that they paid you, was there any discussion at all about Crown of Toronto's knowledge of this matter?

A None whatsoever.

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Q Any discussion of whether Clarke Lloyd knew about this?

A No, no discussion with me at all.

MR. THOMAS: I have no further questions. Do you have any additional questions?

MR. GOLDEN: No additional questions. So just so the record is clear, to show that we are voluntarily here to try to be helpful and as far as questions, we have no objection to questions today of Mr. Kent having to do with what he thought somebody else thought because in the spirit of cooperation we want to have all the information developed. This is our policy.

MR. THOMAS: Do you wish to waive signature?

MR. GOLDEN: Yes. That is fine.

(By stipulation of counsel, and agreement of the witness, reading and signature waived.)

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1 CERTIFICATE OF NOTARY PUBLIC

2 I, Raleigh E. Milton, the officer before whom the foreoging
3 deposition was taken, do hereby certify that the witness
4 whose testimony appears in the foregoing deposition was duly
5 sworn by me; that the testimony of said witness was taken by
6 me in shorthand and thereafter reduced to typewriting under my
7 direction; that said depositions are a true record of the
8 testimony given by said witness; that I am neither counsel for,
9 related to, nor employed by any of the parties to the action in
10 which this deposition was taken, and further that I am not a
11 relative or employee of any attorney or counsel employed by the
12 parties thereto, nor financially or otherwise interested in
13 the outcome of the action.
14
15
16 Notary Public in and for
17 the District of Columbia
18 My commission expires
19 October 15, 1986
20
21
22

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Before the

FEDERAL ELECTION COMMISSION

- -x
:
In the Matter of: :
:
AGENCY HOLDING CORPORATION, et al. : MUR No. 1445
:
- -x

Washington, D. C.

Wednesday, August 4, 1982

Deposition of

KERRY PATRICK CRAIG

a witness in the above-entitled matter, called for examination by counsel for the Federal Election Commission, pursuant to agreement of counsel, taken in the offices of the Federal Election Commission, 1325 K Street, N.W., Washington, D. C., beginning at 1:33 p.m., before Karen Hinnenkamp, a Notary Public in and for the District of Columbia, when were present on behalf of the respective parties:

For the Federal Election Commission:

SCOTT THOMAS, ESQ.
STEPHEN H. MIMS, Legal Intern
1325 K Street, N.W.
Washington, D. C. 20463

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For Kerry Patrick Craig:

ROGER M. GOLDEN, ESQ.
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Washington, D. C. 20005

and

JOHN H. BINGLER, ESQ.
Thorp, Reed & Armstrong
2900 Grant Building
Pittsburgh, Pennsylvania 15219

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C O N T E N T S

WITNESS:	EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSON: (Mr. Thomas)
KERRY PATRICK CRAIG	4
	EXAMINATION BY COUNSEL FOR KERRY PATRICK CRAIG: (Mr. Golden and Mr. Bingler)
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E X H I B I T S

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Thereupon

KERRY PATRICK CRAIG

a witness, was called for examination by counsel for the Federal Election Commission and, after having been sworn by the Notary, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE FEDERAL ELECTION COMMISSION

BY MR. THOMAS:

Q Would you state your name, please?

A Kerry Patrick Craig.

Q What is your present home address?

A 387 Sterling Road, Kenilworth, Illinois.

Q What is your nationality?

A Canadian.

Q What is your present marital status?

A Married.

Q Who is your wife?

A Diane Craig.

Q Where are you presently employed?

A Agency Holding Corporation.

Q How long have you been employed there?

A Going on five years.

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Q Has Agency Holding Corporation been in existence longer than that?

A About the same time.

Q What is your position with Agency Holding?

A President.

Q How long have you been president?

A Since almost its inception, around five years.

Q Was someone else president before you were?

A Briefly there was an attorney that was president, who set it up. His name was Penneapad.

Q As president, what are your responsibilities?

A Overall management, sales.

Q You actually get involved in promotion of sales as well?

A Yes. It is a brokerage firm, an insurance brokerage firm, which deals with just independents. It is not insurance agents. It is independents of all lines, so that we call on them.

Q So you try to solicit agents to sell Crown insurance, is that what happens?

A Correct.

Q Are you a director of Agency Holding Corporation?

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A Yes.

Q Who are the other directors?

A I believe Art O'Brien -- I am not too clear on this because we changed it -- I believe Art O'Brien, who is an attorney, our attorney, and I think Diane was a director, but I removed Diane, and myself.

Q And yourself?

A Yes.

Q When was that?

A No. I didn't remove myself. Myself and Art O'Brien I believe right now.

Q When did you remove Diane as a director?

A When we were married, Diane quit working.

Q Back in September through November of 1980, who were the directors of Agency Holding Corporation?

A I believe Art O'Brien, Diane, my wife, and myself.

Q Who were the other corporate officers of Agency Holding back then?

A Maury Kent was vice president. That was it.

Q Secretary-treasurer?

A I believe Diane may have been secretary. I think I was treasurer, named treasurer.

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Q Do you own any other insurance firms?

A Yes.

Q What are those firms?

A An agency for Crown Life in Minneapolis, Phoenix, Denver and Peoria.

Q Any others?

A No.

Q Back in September through November of 1980, did you own any others?

A I had a partner, Mr. Oglevee, in Pittsburgh, Cleveland and Toledo.

Q When did you cease as a partner with those firms?

A I believe last summer.

Q With regard to each of those firms in which you have an ownership interest that you just identified, what position as an officer do you hold with those?

A I can't tell you exactly because I have changed them some here and there. People leave, and personnel. But I believe I am president in Peoria, Phoenix, Denver. And Maury Kent is president in Minneapolis.

Q Was that the situation also in approximately November of 1980?

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A I believe so.

Q Were you on the board of directors of any of those firms back in --

A Yes.

Q -- back in November of 1980?

A Yes.

Q Are you presently on the board of directors of those firms?

A Yes.

Q Have you ever received any compensation from any firms other than Agency Holding Corporation since September, say, of 1980?

A No.

Q Do you know an individual named Charles Smith?

A Yes, sir.

Q How long have you known him?

A I have known Charlie -- we worked together in Toronto for a number of years -- I would say pretty close to 10 years.

Q Around September of 1980, were you at that time what you would consider a social acquaintance of his as well?

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A Oh, yes, definitely.

Q Friends?

A Yes.

Q How about an individual named Clarke Lloyd? Do you know him?

A Yes, I do.

Q How long have you known him?

A Well, I have worked at Crown all my working career, and I started very young. I started when I was 16, I think -- no, no; 19 or 20. And I have always known him as a passing acquaintance, and then I started working for him about 10 years ago, 11 years ago.

Q In what capacity were you working for him?

A Well, it was in the Agency Department, U.S. Agency Department.

Q What did that department do?

A What it does is it manages the U.S. operations for Crown, primarily their agencies under sales and marketing.

Q Did you hold any other positions with Crown of Toronto before you came to Chicago?

A When I was young, I worked in the Promotion Department.

Q After you were with the -- the second position

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that apparently you held --

A The Agency Department?

Q -- did you hold any other positions with Crown before coming to Chicago?

A No, I didn't.

Q Around the time period of September through November of 1980, would you say that you were a social acquaintance of Clarke Lloyd's?

A He was in Toronto then, but not that much, no. And we were good friends, and we were friends when we worked together and everything, but we couldn't have that much social contact.

Q When he came to Chicago, did you occasionally go have drinks with him?

A Oh, sure, yes.

Q Have dinner with him?

A Yes.

Q When you went to Toronto in connection with business, would you usually meet up with him?

A Yes.

Q And have drinks or dinner with him?

A Yes.

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Q What kind of business relationship did you and Clarke Lloyd have? What sort of interaction did you have?

A When I was in Toronto?

Q When you were with Agency.

A When I was in Chicago?

Q Yes.

A Well, he was head of the department, and Clarke handled all the larger agencies himself. I dealt almost exclusively with him on everything, all matters of business with the company.

Q Can you give me a description of how the financing operations worked between Crown and, say, Agency Holding Corporation, how they were operating around, say, November of 1980?

A Well, we were still building the agency up and we were working on some large accounts that Clarke had worked on and designed. The company was financing the agency, financing the accounts.

Q What kinds of things was it financing?

A Total operation.

Q Paying salaries for the people working at Agency Holding?

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A Well, you see, any money that comes from Toronto, from the home office, is always sent to the agency. They are very careful about not having too much of a contact with the individuals, the employees.

For example, a check could never be sent directly payable to Kerry Craig. It would have to be paid to the agency, to the corporation.

Q For expense of an employee, for example, it would never be paid directly from Crown to that employee is what you are saying?

A No, never. A check never goes out that way.

Q What kinds of things did Crown pay for, though? What kinds of expenses was Agency Holding incurring that Crown was paying for?

A For sales promotion. We were traveling, a lot of traveling at that time. Salaries, taxes, loans for furniture. What they do is they finance you for a given period of time and then your earnings catch up. Then what they do is you have a debt that you freeze and hopefully your earnings continue to grow so so much goes towards that and so much goes towards your business.

Q Around that time period of September through November

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of 1980, was Agency Holding Corporation in debt to Crown?

A Yes.

Q Do you recall about how much they were in debt to them at that time?

A Geez, I can't remember. Considerable, I would say. Maybe $600,000. Maybe.

Q Is that just Agency Holding Corporation or are you referring to Agency Holding Corporation and the other firms in which you had an interest?

A It would include some other firms. I think for Agency Holding -- no, I would say that is about what it would be for Agency Holding.

Q Is that an amount that had built up over the five years of Agency's existence?

A Yes.

Q For that particular year, 1980, up to the point of September, do you recall approximately how much of that indebtedness had been accumulated just for that period?

A In addition to the regular financing, we always had checks coming down for special accounts. See, it was difficult to work on a budget because we had all of these people traveling and promotion and so on. So I would request

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1 additional funds. So I can't really multiply it out as
2 a month. I think it cost something like $50,000 for the
3 operation for a month, in addition to special financing.
4 Q So your ordinary fixed costs were approximately
5 $50,000 a month?
6 A Yes.
7 Q During that time period of September, then, were
8 you incurring a lot of additional expenses?
9 A Yes.
10 Q Why was that?
11 A Well, for example, with the McDonald's account,
12 we worked on the account for two years -- that was two years
13 before we even sold anything -- and I think the legal bill
14 was somewhere around $60,000 by the time we were finished
15 on that alone. We were running some conferences for our
16 brokers, which we run these conferences to like Hawaii or
17 something like that. So they would finance that as well.
18 We had one going to Ireland. I think we were promoting
19 that. So we were putting down deposits for that.
20 Q A conference in Ireland?
21 A Yes.
22 Q Are these conferences for brokers?

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A Yes.

Q Sort of like the Bar Association's annual meeting, only for brokers?

A They have to qualify through sales of insurance. See, they are independents. They don't have to deal with us. So we do these things to induce them to sell our product.

Q I suppose I should clarify for the record, was that $60,000 legal bill for Thorp, Reed and Armstrong?

A No.

Q What kinds of expenses, if any, did Agency Holding incur around that time period that had to be repaid essentially out of future earnings to Crown?

A That is sort of a broad question. Everything.

Q Were there not some there did not have to be a repayment on?

A No.

Q How about sales and promotion expenses?

A Well, there is a formula for sales and promotion, that they give you "X" amount of dollars per units of insurance that you sell so that you can use those for trips and conferences. Because, see, the company at one time used to sponsor huge conventions and take all the American

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1 brokers. I think we took something like 2,000 people to
2 Switzerland at one time. So it just got so big they decided
3 to break it down, so they would get you to bring your own
4 group, to get to know your people, which was the purpose
5 of the conference to begin with.
6 Q Are you familiar with a type of financing that
7 Crown gave Agency around that time that was called a special
8 advance?
9 A Oh, yeah. We have special advances.
10 Q How about the term special loan?
11 A They have special loans.
12 Q How about the term furniture loan?
13 A Yes.
14 Q How about the term confidential loan?
15 A I saw that involving the other lawsuit, but I
16 had never seen that when I worked up there. That was something
17 new.
18 Q What is your understanding of what the distinction
19 was at the time that we have been talking about between
20 special advance, special loan and furniture loan?
21 A Furniture loan is exactly what it says, to set
22 up your operation, which is totally repaid. You repay that

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through your earnings. Special advance would be like the legal bill for McDonald's, for example. That would be a special advance. A special loan would be exactly that, a loan you have to pay interest on. So one is non-interest bearing, one is interest.

Q Do you know any particular reason why some were interest bearing and some were not?

A No. And for that matter, they just stopped charging interest on all of them.

Q When was that?

A It was a new policy within the last few months.

Q But back in September through November of 1980 they did have that kind of distinction?

A Yes.

Q Did you ever have any discussions with Clarke Lloyd involving financing where you were negotiating whether the advance you might be given would have interest on it or not?

A No. I never negotiated anything like that. I would just -- I left it up to him.

Q That was his discretion entirely?

A Well, let me explain. This will give you an idea

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of how the financing works. At one time in Toronto they had a system that usually older gentlemen that worked there for several years, there was like a controller and two people, could sign these checks and so on. It was a safety mechanism. Actually, Clarke, I don't think he ever did have the authority to send a check out or sign one even though he was in charge of the whole operation. But as these people retired and as Clarke assumed more and more control over the operation, that was insigificant. I mean, he just ran it, absolutely. He would just, "Give me a check for 'X' amount of dollars. I want it ready," and it would go out. It seems loose now, but there was a period of time that took to get to that point for one man to have that much control over everything.

He is no longer with the company. When he left, they set up a separate financing committee, and this committee reviews each and every request. That was never the case before.

I was telling you about the committee that they have since set up. It was pretty loose in Toronto for the way the U.S. operation worked.

Q Back in that time period of November of 1980?

A Well, not loose in the sense that Clarke was running

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1 it, but years ago it was somewhat of a tradition that the
2 money would finance different things.
3 Q Things not necessarily business related, is that
4 what you are getting at?
5 A Well, the way you manage a group of agencies throughout
6 the country like that -- I was telling these gentlemen today
7 that I remember one time we loaned somebody money just to
8 pay their income taxes, which they don't do now, but in
9 those days they did, and mortgages; just to keep the thing
10 moving, keep them in business.
11 Q Are you saying that Clarke, Mr. Lloyd, at that
12 time was attempting to put a little bit more control and
13 review into the process so that those kinds of expenses
14 were not going to be made?
15 A One of Clarke's problems that he had was that
16 he had favorites and didn't have favorites. You know, some-
17 body -- I think that he helped one of our general agents
18 in San Francisco buy a restaurant. What that has got to
19 do with the insurance business I don't know, but he helped
20 out with it. But then somebody else may have had a legitimate
21 request and he would just say no. It was totally at his
22 whim.

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1 Q Was he pretty much asked to leave at Crown?

2 A As a matter of fact, he terms the fact that he

3 was asked to leave, he says that through his lawyers and

4 everything that negotiated it that he was fired. I don't

5 think he was.

6 Q Why is that?

7 A Well, I know that the president did not want him

8 to leave. He wanted to leave. See, they were having management

9 problems up there, and from what I gather, Clarke said to

10 Rob Dowsett, who was president then, that in his opinion,

11 he should tell everyone that Clarke was fired and that that

12 would help get a lot of people in line that he was having

13 trouble with.

14 Q Is Mr. Lloyd serving in any capacity in Chicago

15 with Agency Holding?

16 A He is consulting now.

17 Q How long has he been doing that?

18 A Pretty much since he left.

19 Q That was when?

20 A Last October.

21 Q Has he been receiving compensation from Agency

22 Holding?

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A No; just expenses.

Q Do you recall how much already he has been paid for expenses?

A No, I don't.

Q A ballpark figure?

A Just paying for living expenses really. They were on instructions from his attorney, his immigration attorney, that he cannot receive any compensation.

Q I am just asking for some general sense in terms of the living expenses that have been extended to him, if it is in the range of, say, a thousand dollars a month, or is it more than that?

A Well, we pay for rent on the apartment, gas.

Q Meals?

A Yes. The amount?

Q Yes.

A Well, the rent alone on the apartment is $1,200, and maybe another $1,000 a month or something.

Q Now going back to that time period of approximately September through November of 1980, do you recall whether the subject ever came up of any employees of Agency Holding making any political contributions?

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A Yes.

Q What do you recall from that as to how that came up?

A The initial discussion?

Q Yes. Let's start with the initial discussion.

A I was in Washington for a general agents meeting. They have these meetings every once in a while where all the Crown general agents get together. I brought in some of my personnel, Charlie and a number of other people.

Q Charlie?

A Smith; I am sorry. And I came in a day late because I think I was working on the McDonald's solicitation, or one of the accounts, so I missed the opening dinner, but I came in the following day. And Charlie told me that his uncle, Owen Marley, was in town, and I had met Owen once before in Cohasset, where Charlie lives. And then we had a drink, Charlie and I. Owen doesn't drink. And then we went up to I think it was my room. I can't remember whether it was Charlie's. I can't understand why it would be. I think it was my room. I was checking in, or something, at that point. And Owen said to me, "Well, I understand your business is going well. You have these national accounts,"

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and so on. And he said, "Do you ever think of getting involved politically?" So basically I spoke, "What do you mean by that?" He said, "Well, would you make some contributions?" I said, "Well, we could talk about it," and so on. There wasn't much more said then. He said well, he would either get ahold of me or Charlie.

And then, when we got back to Chicago, I think it was right after we got back to Chicago, Owen called Charlie and they were going to work up a list to give contributions to and see how much money we were going to give.

Q How do you know? Did Charlie tell you that?

A Charlie tell me what?

Q That they were going to work up a list. When you got back to Chicago, how did you become aware they were going to work up a list?

A Charlie told me he was going to talk to Owen.

Q Was there just the one conversation you had then with Owen Marley about the subject here in Washington?

A In person, yes.

Q That was at the hotel?

A Yes.

Q I didn't catch, did you mention which hotel that was?

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A I think we stayed at the Hyatt.

Q Do you recall whether he made any mention of how contributions might be made?

A Not at that meeting. It was all going to be worked out through Charlie.

Q Was there any discussion by him as to how one possibility might be setting up a Political Action Committee?

A Yes.

Q At that initial meeting do you recall he mentioned that?

A He may have. I can't recall exactly, but he may have.

Q How about the dinner you had at Nathan's?

A Yes.

Q Were you in on a dinner at Nathan's in that same Washington meeting?

A Yes.

Q Do you recall any discussion with Owen Marley about political contributions at that point?

A No, I don't. To be honest with you, I was at the bar most of the day. To be further frank with you, I didn't even have dinner. So my recollections are not

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1 crystal clear on that.

2 Q Although perhaps not crystal clear, do you recall

3 whether the subject came up at all at the dinner at Nathan's?

4 A I couldn't tell you that, no.

5 Q Do you recall who you had dinner with, or who

6 you were with that night at Nathan's?

7 A Clarke was there, and there was a number of people

8 there that we all worked together in Chicago. They were

9 having dinner.

10 Q After you returned to Chicago and I guess Charlie

11 Smith advised you that he was going to be in touch with

12 his uncle about arranging how contributions might be made,

13 what is the next thing you recall that you heard about that

14 matter?

15 A Charlie was in touch with Owen, and he came up

16 with a list on a yellow pad like that, and then Charlie

17 and I sat down and decided okay, we are going to give so

18 much to each one of these people, or Owen did; I can't remember.

19 I don't think I decided the amounts. I think Charlie came

20 up with that as well. I turned a lot of things on this

21 over to Charlie.

22 Q Did you ask Charlie what possible benefit there might

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be in making political contributions?

A No.

Q Did he offer any explanation as to what benefit there might be from this?

A Charlie, no.

Q When did you become aware of the amounts of contributions that were being suggested?

A The amounts?

Q Yes.

A It must have worked when I told him how much money we had and I think he worked out the amounts, I am sure with Owen.

Q You say you told him how much money you had. What do you mean by that?

A How much money I was going to allow for this.

Q What did you base your determination as to that on?

A Well, I just asked for some money to be sent down for that.

Q You asked Crown?

A Crown.

Q Did you ask Clarke Lloyd?

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A Yes. I always asked Clarke. I was doing that regularly at that time because we really couldn't budget and we were having numerous, numerous requests.

Q You made numerous requests?

A Yes. And they were followed up later. The system was I phoned and he would say, "I will take care of it," and I would get the check. Sometimes I had to have the check sent down by Federal Express. Then afterwards like documentation would come down for a note to be signed and a letter or whatever.

Q As to the amounts that you were requesting so that you could make these contributions, did you request those amounts in advance of when the contributions were actually made?

A I think so.

Q Do you recall how much you requested to be sent down?

A I think I asked for $60,000 or $75,000 or something like that; sixty maybe.

Q As to those amounts, was it clear in your mind you were requesting those amounts so that you could make these political contributions?

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A Yes. I would say yes. I know I had some money on hand, too, that I was going to put into use.

Q What money are you referring to?

A Just cash that I had in the bank account.

Q Your own personal cash?

A No, no.

Q Agency Holding Corporation's funds?

A Yes.

Q What account are you referring to?

A Well, just the company bank account.

Q Explain to me what company bank account or accounts they were.

A Each agency has an account, so I treat them more or less as all one account.

Q So the reference you just made to you were aware of additional cash that you had in the account, are you talking about there was money in several of those accounts of firms that you own?

A Yes.

Q Including Agency Holding Corporation?

A Yes.

Q Do you recall approximately how much money there

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was that you thought was available from that source?

A $10,000 or $15,000 or something of that sort.

Q How did you reach that kind of calculation as to funds that were available? Were those funds that weren't earmarked for some other purpose?

A No. I don't think, no. It didn't work that way. They wouldn't be earmarked for anything. If I needed something, I would just pick up the phone and call. It was that simple, really.

Q Was there any occasion when Clarke Lloyd would say, "What do you need these funds for?"

A I would -- yeah, sometimes he would ask me; most times he would ask.

Q Do you recall a specific instance when that happened?

A He would ask me maybe what account. Initially he did. Then afterwards he didn't, really. Like he would say -- he was keeping track of accounts at McDonald's, for instance, that we were working on. Then Coca-Cola and Coors and so on. Then it would just get to the point I would just ask him for the funds and he did the allocations up in Toronto.

Q When are you saying initially he used to monitor them very closely?

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A When I first moved down.

Q So time-wise that is 1977, approximately?

A '78, I think.

Q When would you say you reached a point where he would not monitor as closely?

A Initially he did, but we had worked together for so long up in Toronto, and when I was a superintendent up there for the company, I managed more agencies than anyone at that time. So I would just say, "Will you send down $50,000 or $20,000," and he would send me the check.

Q You have indicated you recall asking for about $60,000 or $75,000 for the purpose of being able to make these contributions; is that correct?

A Basically, yes. Maybe use some of it for something else, but that was in my mind.

Q Did you make an oral request to Clarke Lloyd for those funds?

A Yes.

Q Did you tell him what you wanted to use the funds for?

A No.

Q Are you positive?

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A Positive.

Q Why didn't you?

A Well, I didn't want to tell him what I was using it for.

Q Why is that?

A I don't think he would have thought it was a very good idea. Not that he doesn't like politics or politicians or whatever. I know he does. He has friends in politics in Canada. But no, furthermore, I wouldn't tell Clarke that I was doing this in conjunction with Charlie.

Q Why is that?

A Well, you see, there is a little -- there is this thing between Clarke and Charlie where when Charlie worked up in Toronto, Clarke got him a job in Canada as a favor to his godfather or uncle or whatever in Boston, and he always worked in the Canadian operation. Clarke would never let him work in the U.S. operation. Then Charlie and I became friends, and I was trying to get him to transfer over. Clarke just would have no part of it. This is nothing Charlie -- Charlie is a friend of mine. He keeps calling Charlie a beach bum or something down in Cape Cod, or something like that. He said that is what he will always be.

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Q This is Clarke that made these references about Charlie?

A Yes. He tells Charlie. But what happened was that he really wasn't doing anything up in Canada, I mean nothing, and there was a death in the agency in Boston, and Charlie happened to be down there at Christmas. So that is when I said, "Well, we will send in Charlie." And I finally got him into the U.S. operations. Then I later had him transferred to Chicago. Clarke is just not enamored of his executive abilities.

Q So you were a little bit troubled or worried that if you told Clarke that Charlie had some involvement with this plan, that Clarke immediately would nix it?

A Basically.

Q Had Clarke Lloyd ever suggested to you that you could get involved in political campaigns, if you would?

A Yeah. He is big on that. He likes that, and so do I. I like politics. But he is not that way with money.

Q Well, had he ever encouraged you to make political contributions before?

A No. He may have said something about Canada over

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1 the years, but not here. It is a different setup there.
2 They encourage a lot of this.
3 Q Now after you had these conversations with Charlie
4 Smith and you advised him how much funds were available,
5 what was the next thing that happened?
6 A Well, for some reason it was difficult to get
7 ahold of Owen, say for times and things like that. So I
8 was relying on Charlie to get ahold of him because he had
9 odd hours. And Charlie was getting the information about
10 how to do it, how to, you know, first draw the list, then
11 the amounts, and then -- then it was too late for the committee,
12 PAC committee, that he told me was going to be set up. He
13 said it was too late in the season and we had to get it
14 done, because this was pretty late. I don't know when it
15 was, November or something like that, October, but anyway,
16 getting close to the deadline. And the first report that
17 Charlie gave me was that in setting this all up, that it
18 was he and Maury and Diane who would put in the large amounts
19 and Bob Oglevee, because it was totally tax deductible.
20 Q This is Charlie telling you this?
21 A Yes. All tax deductible. So I thought okay,
22 well, this is going to be a wash. Then -- and I am a little

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confused on the timing -- then we were rushing around to get this stuff out, at least they were rushing around getting it out, and then it came back that it wasn't tax deductible. Now I can't remember when that was. It must have been after the money was sent out that it wasn't tax deductible. I think Maury Kent was the one who first raised it. Obviously he was upset. Then Bob Oglevee called me and he was upset. So then I said to Charlie -- I said, "Charlie gave me this information." I have everybody on my back now. What you do is you can bonus it or sign a note was the thing.

Q Is this Charlie that told you that this was possible?

A Yes; because he was in touch with Owen.

Q So your sense was that he got that suggestion from Owen?

A I think at one time Owen even told me -- this is why it sounds like it is disorganized and everything. The reason I went along with it and thought it was all okay was Owen told me in one phone conversation that he had somebody that was giving him advice from here.

Q From the FEC?

A Yes.

Q Do you recall who he said that was?

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A No. I wouldn't remember names anyway.

Q Did he say whether it was somebody on the legal staff or --

A I couldn't tell you. But as I was saying earlier today, I got the impression that I would say to him like, "Have you checked this out? Is everything okay on that?"

"I have to go call my guy," or whatever.

Q Referring to his uncle?

A No, no. Charlie, too.

Q This is Owen Marley, I see.

A I talked to him, yes, because one thing that did come up, I was going to give a contribution, but then they told me I couldn't because I was Canadian.

Q Who is "they"?

A Charlie and Owen I think. Owen I think this is. "You can't. You are Canadian." So I got the impression they were getting advice.

Q You made a statement about the possibility that Owen may have had a contact with someone at the FEC. Do you recall him specifically saying that or is this just something that maybe you heard from someone else?

A No. I recall that. Would there be somebody else

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1 that he would -- is there another body like this?

2 Q There are lots of agencies in town.

3 A This was doing strictly with contributions, so

4 I assume this.

5 Q Did he perhaps tell you that he got information

6 from the organization that he worked for, which was the

7 Democratic Steering Policy Committee?

8 A I didn't know that until today that he worked

9 for that.

10 Q You had never heard of that organization?

11 A Oh, I have heard about it, read about it or something

12 like that, but I never knew exactly, once we got involved

13 in this, to try to find out what Owen actually did, find

14 out what he did. Once Charlie told me he was a professor.

15 Then he was a speechwriter and a researcher. I thought

16 he was something to do with Congress. I never did really

17 pin him down. And you could never call him at the office

18 either.

19 Q We know.

20 A I don't even think there is a working number for

21 him or anything, is there? When I did try to get ahold

22 of him, when I had some problems with all this stuff, it

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was between well, call me after 12:00 tonight or 11:00; odd hours, you know.

Q What conversations do you recall actually having had with him? How many, and try to place them in time, if you can.

A One in Washington and then once we got this thing moving and Charlie was working on all this stuff, I talked to him a couple times, because the rules started to change. You know, like now it wasn't deductible, and that kind of thing. It was like I had to more or less set it up.

Another thing was we were going to set up a PAC right after all this. I was under the impression that once you set this thing up, if you made any mistakes before, you could correct them.

Q Set what thing up?

A A PAC.

Q What do you mean by make mistakes and correct them later?

A Well, exactly that. Like if something was done wrong, let's say whatever, whatever technical thing was incorrect, the PAC could straighten it out.

Q Do you recall where you got that impression? Was that

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1 the advice you got from someone?

2 A Either Charlie or Owen. I didn't talk to anybody

3 else about this.

4 Q Was that perception you have related to mistakes

5 that may have been made in terms of making improper

6 contributions and perhaps having them corrected through

7 the PAC process?

8 A Yeah. If it was wrong or we weren't allowed to

9 give this money or whatever, somehow it could be corrected

10 or something.

11 Q You think Charlie told you something to that effect

12 or Owen?

13 A I guess it would be Charlie, I think.

14 Q Do you recall when he told you that?

15 A When we found out it wasn't deductible. That

16 was the biggest thing. Then I had to have everyone sign

17 notes. He told me I have to have a note now. Then I went

18 to see a lawyer and he said, "Well, your note is fine, but

19 you better have a repayment on them." So I thought well,

20 I am going to have to get organized.

21 Q The first person then who suggested the note

22 possibility to you was Charlie?

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A I believe so, yes.

Q Did he say where he got that idea?

A It would have to be Owen. I don't think he talked to anybody.

Q You say you went to a lawyer. What lawyer did you go to?

A Art O'Brien. He is our company lawyer, the Agency lawyer in Chicago.

Q When would you say was it that you got the information that the contributions were not deductible?

A I don't think it was that long after we mailed them out. I believe Maury Kent came in. He just came up with the news, I can't remember, not that much longer afterwards.

Q Was it in connection with preparation of tax returns?

A It could have been.

Q Around that time?

A It could have been. That rings a bell. He was very upset.

Q Maury Kent was?

A Yes. So was Bob, you know. And I had to explain to them that I got this information from Charlie, and they got even more upset.

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Q At the time that you had your initial discussions with Charlie Smith as to how this could be set up, who was responsible for deciding how these individuals would be reimbursed?

A Who reimbursed?

Q The individuals who made contributions. Were individuals who made the contributions reimbursed with Agency funds?

A Yes.

Q Who was in on that decision?

A I guess Charlie and I.

Q Was a Mr. Robert Pulak in on that?

A No.

Q Did he know about this at the time, this plan of contributions?

A I don't think so. He just started. As a matter of fact, I think one of his first days was for this meeting here in Washington, the GA meeting. But he wasn't -- no. I wouldn't have told him. I would just tell him to get the checks ready, that is all.

Q Now after the problems arose as to the deductibility of the contributions, what was decided to be done?

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A I told Charlie, I said, "We better get ahold of Uncle Owen and find out what we are going to do with all of this to straighten it out." Then I think he came up with some theories about he called it grossing this thing up and like giving them the money to pay taxes. That is when I said, "Well, wait a minute. You are telling me I have to first put out this money and then come up with more money?" I said, "No, I am not going to do that." I think the next best thing was to have a note. I am pretty sure you could get this from Owen.

Q What is his concept of grossing things up or out?

A His idea was to give you that much again to pay taxes. I guess what he means is net, I suppose.

Q This is Charlie talking to you?

A Yes.

Q Did he say that he got that idea from Owen Marley?

A I think so, yes.

Q Did he indicate that Owen Marley felt that that was a legal procedure?

A Yes. Because now I remember exactly what he said. "Everybody does it." And I said, "Are you sure this is okay?" He goes, "Everybody does it."

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Q This is Charlie or Owen now?

A Charlie. "Everybody does it. It is common practice," or something.

Q Do you know of anybody else that ever did it?

A No.

Q Did Charlie ever mention any other firms or companies that did it?

A No.

Q Did you ever discuss that with Owen Marley yourself?

A No, no. I just basically did it as a favor for Charlie.

Q When Charlie suggested this idea of grossing it out -- is that the term that you used?

A Grossing out, or something.

Q Grossing out?

A Grossing out, yeah.

Q -- making a gross, or something along those lines, did you raise with him the issue whether it was legal or not under election law?

A Oh, absolutely. I raised it a number of times beforehand. I said, "This has got to be absolutely correct." "Oh, yes, fine." That is when I think I got the story that

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1 Owen was talking to someone directly here. He was going
2 to pick up the phone and call his -- I can't remember exactly
3 what. There was something. But they had to get ahold of
4 somebody right away, somebody who knew about all this. Some
5 element came up that I can't remember what, but I was under
6 the impression they were going to get in touch with someone
7 here, Owen was. Owen knew someone.
8 Q How long after you initially got word that these
9 contributions may not be deductible did it take until you
10 undertook an effort to have people execute notes?
11 A Probably a couple months I think. I knew about
12 the idea of the notes, but I just didn't get around to it.
13 This was done and that was it. But I think I knew I had
14 to get them sooner or later because, you know, you have
15 to pay taxes or something on the money. So that is when
16 I had the notes signed.
17 Q Did you get --
18 A Charlie didn't want to sign the notes.
19 Q Why not?
20 A I don't know. I was just thinking about it today,
21 that I was talking to Diane, and we were talking about notes.
22 I said, "You know, I don't think Charlie wanted to sign those

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1 notes, did he." She said, "No." But I made him sign them.
2 Q It was a $17,000 note. Is that maybe why?
3 A Yeah.
4 Q Did you get those notes signed by those people
5 before tax returns had to be filed for 1980; that is, before
6 April 15th?
7 A I don't know whether that was the point or not.
8 All I knew was I had to get those notes. I eventually got
9 them.
10 Q You said Diane told you Charlie was resistant
11 to signing a note.
12 A Yes.
13 Q Did you know that from your own recollection or
14 is that something only that she would have known?
15 A No. I remember that.
16 Q Did you actually ask him to sign the note at that
17 time?
18 A Yes.
19 Q How about the other people who gave contributions
20 and were reimbursed with Agency funds? Did you go to each
21 one of those people personally and ask them to sign notes?
22 A No. I think Diane did. Charlie just wouldn't sign,

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so I did it.

Q You did what?

A I got him to sign.

Q What did you say to him?

A Something like this: "This was your great idea, Charlie. Now I want your notes signed." Charlie is very different, and when it comes to things like that, he doesn't like to sign anything. He just doesn't do it.

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 1, please.

(The document referred to was marked FEC Exhibit 1 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: I am showing Exhibit 1 to the witness and counsel.

THE WITNESS: Yes.

MR. GOLDEN: Off the record.

(Discussion off the record.)

BY MR. THOMAS:

Q Having examined Exhibit 1, can you identify it?

A Yes.

Q What is it?

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A It is a letter addressed to Clarke Lloyd requesting a special advance.

Q Did you send this letter?

A I believe so.

Q Is this one of the requests for advances which you referred to earlier in your testimony that you sought for the purpose of having funds to make the contribution reimbursements?

A No, I don't believe so.

Q Did all of your requests for funds during that time period have to be followed up with a written letter?

A No, I don't believe so.

Q Occasionally a request could be made orally?

A Oh, yes.

Q In the third paragraph of Exhibit 1 there is the statement, "Enclosed are cash receipt and disbursement reports for each of the aforementioned accounts." Do you know what that refers to?

A No. I just think it is just -- no, I don't, to tell you the truth. Cash receipts and disbursements? No.

Q It doesn't ring a bell?

A No.

8 3 0 4 0 4 3 4 9 2

Q Did you ever send any back-up documentation along with your request for advances to Mr. Lloyd?

A I may have initially, but I stopped. I may have.

Q Do you know who prepared this letter?

A Probably me.

Q You just don't recall now what that reference to cash receipts and disbursement reports means?

A No.

MR. THOMAS: I will have the reporter mark this document as Exhibit 2.

(The document referred to was marked FEC Exhibit 2 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: And I will have this document marked as Exhibit 3.

(The document referred to was marked FEC Exhibit 3 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: I am showing Exhibits 2 and 3 to the witness and counsel.

BY MR. THOMAS:

Q Having examined those documents, can you identify

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1 Exhibits 2 and 3?

2 A Yeah.

3 Q What are those?

4 A A letter addressed to Miss Peggy Hubert and going

5 over financing.

6 Q Are Exhibits 2 and 3 both copies of letters that

7 you in fact did send?

8 A Yes. I think I was requested to send these letters

9 after I got the money. I can tell the way it is written.

10 Q Do you recall the circumstances about that incident?

11 A I don't know. Is this the time they sent some

12 checks down that were wrong or something? No.

13 Q You will notice that the difference between

14 Exhibits 2 and 3 appears to be that in the paragraph on

15 the first page, towards the bottom, in one there is a reference

16 to an amount for Pittsburgh and in the other one an amount

17 for Toledo. Yet the letters appear to be dated the same.

18 Does that refresh your recollection as to why there would

19 be two letters otherwise seemingly identical?

20 A No. But again, I can tell the way it is laid

21 out that I was -- they may have sent a letter like this

22 down for me to draft and send a letter out.

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Q "They" being?

A Peggy. This is the lady Clarke would go to and say, "I want a check. Send it out right away."

Q Do you recall if in fact you received two separate checks say in the amount of $80,000 on or around June 24, 1980?

A Two?

Q Yes.

A I don't recall two.

Q I am trying to get at is there any reason for the discrepancy between the reference to Pittsburgh and Toledo on the letter which is otherwise the same.

A I can't tell you why, really.

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 4.

(The document referred to was marked FEC Exhibit 4 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: I am showing Exhibit 4 to the witness and counsel.

THE WITNESS: Yes.

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BY MR. THOMAS:

Q Having examined Exhibit 4, can you identify what that is?

A Yes. It is a letter requesting financing from Toronto. It is addressed to Mr. Lloyd.

Q Did you send that letter?

A I believe so.

Q Does this letter refer to advances you were requesting in connection with the making of contributions?

A I don't think so. My recollection is I just had one check come down for all of it. I would think that, if anything, it would be that one, unless the date is wrong or something.

Q When you say "that one" --

A The other exhibit.

MR. BINGLER: Do you want these back?

MR. THOMAS: Can I borrow those exhibits back from you?

BY MR. THOMAS:

Q Are you indicating that the reference to a check for $80,000 around June 24, 1980 would have been that check?

A Oh, no. The dates are wrong there. No. I know

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1 what this money was for. I know. No, wait a minute. See,
2 I borrowed some money from them and bought a house in Toronto.
3 I used that money for buying the house in Toronto.
4 Q You got an advance from Crown around June of 1980
5 to help buy a house?
6 A That is correct.
7 Q You think the checks referred to at the bottom
8 of 3 and 4 refer to that?
9 A Yes. That is what it is definitely. I remember
10 the amounts now.
11 MR. THOMAS: Let me have the reporter mark this
12 document as FEC Exhibit 5.
13 (The document referred to was
14 marked FEC Exhibit 5 for identifi-
15 cation, a copy of which is
attached to the court copy of
this deposition.)
16 MR. THOMAS: I am showing Exhibit 5 to the witness
17 and counsel.
18 THE WITNESS: Yes.
19 BY MR. THOMAS:
20 Q Can you identify Exhibit 5?
21 A It is a letter to Agency Holding Corporation from
22 Peggy Hubert.

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Q Do you recall seeing that letter before?

A I must have seen it. I don't recall immediately.

Q To your knowledge, does this relate to the request that is referred to in Exhibit 4?

A Yes, I believe so.

Q Does that help you in any way recall whether in fact that request that was made under the letter of Exhibits 3 and 4 was for the funds that were used for political contribution reimbursement?

A I don't know whether these were actually used for that.

MR. THOMAS: Let me have the reporter mark this document as FEC Exhibit 6, please.

(The document referred to was marked FEC Exhibit 6 for identification, a copy of which is attached to the court copy of this deposition.)

THE WITNESS: Yes.

BY MR. THOMAS:

Q Can you identify Exhibit 6?

A Yes. It is a letter sent to Clarke Lloyd, addressed to Clarke Lloyd. The signature is mine.

Q Do you recall what the circumstances were for

3 3 0 4 0 1 3 4 9 8

1 your making this request?

2 A I think simply I needed more money.

3 Q Was this, to your recollection, the money you

4 were requesting for making the political contribution repayments?

5 A No. My recollection is I just asked Clarke over

6 the phone for the funds.

7 MR. THOMAS: Let me have the reporter mark this

8 document as FEC Exhibit 7.

9 (The document referred to was

10 marked FEC Exhibit 7 for identifi-

11 cation, a copy of which is attached to the court copy of this deposition.)

12 THE WITNESS: Yes, sir.

13 BY MR. THOMAS:

14 Q Can you identify Exhibit 7?

15 A Yes. This is a letter addressed to Agency Holding

16 Corporation from R. Jeffrey.

17 Q Who is R. Jeffrey?

18 A I believe he is a finance supervisor.

19 Q For Crown in Toronto?

20 A Yes.

21 Q Do you recall if you ever actually saw this letter?

22 A I believe I have, yes.

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Q At the time, that is around October 22, 1980, did you see the letter?

A It is dated then. I assume, yes.

Q This document refers to special advances totalling $60,000. Does this document, Exhibit 7, refresh your recollection as to whether this refers to the funds requested for the making of contributions?

A I would believe that this is the letter for the contributions.

Q The letter says, "I am attaching eight checks in payment of special advances for travel for a total of $60,000." Do you know why it says "special advances for travel"?

A It would be having everyone on the road for McDonald's.

Q Yet was this money that you were actually intending at the time for the making of political contributions?

A Yes.

Q Why does it say travel instead of political contributions?

A I didn't tell Clarke what I needed the money for.

Q You didn't intend to tell Clarke; is that right?

8 3 0 4 0 4 3 5 0 0

A Basically.

Q What is your recollection as to why the funds were broken down as going to separate agencies?

A That is how Clarke handled this type of thing. When they loaned me the money to buy the house, it was broken down the same way. He would just spread the financing through the different agencies.

Q Why is that?

A So you wouldn't in one month have a jump in a debt. This was spreading it out.

Q What was the difference in having a jump in the debt?

A That is just something he avoided.

Q Why?

A It would bring notice to the way -- my thinking on this would be he liked to do it this way just to keep it down, keep the debt evenly spread, so it wouldn't bring notice to how he handled financing.

Q Was Clarke Lloyd the one responsible for splitting it out this way?

A Yes.

Q You didn't request him to split it out this way?

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A No.

Q Is it your understanding that he split it out this way to avoid any notice being brought to this particular advance of $60,000?

A No. He did that. That was his method of doing it, you know. You see, up in Toronto, they have computer printouts for all of the agencies and the officers get them, and he never wanted to have a big lump. It attracted attention. So you would have a smaller sum. If it went up $10,000, nobody would notice it. If it went up $75,000, then somebody would notice it, one of the senior officers. He just did it that way.

Q Do you have any indication that Clarke Lloyd split it out this way because he was aware that this money was being used for political contributions?

A No.

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 8, please.

(The document referred to was marked FEC Exhibit 8 for identification, a copy of which is attached to the court copy of this deposition.)

(Brief recess.)

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1 MR. THOMAS: I am showing Exhibit 8 to the witness
2 and counsel.
3 THE WITNESS: Yes.
4 BY MR. THOMAS:
5 Q Can you identify Exhibit 8?
6 A I don't remember seeing this.
7 Q There is a reference in this to, "On Mr. Lloyd's
8 instructions, we have today reissued" I believe is the word
9 "the checks mailed with our letter dated October 22, 1980,
10 and the replacement checks will be taken to your office
11 today by Mr. Craig's brother." You will note the date of
12 this particular correspondence is October 24, 1980. Does
13 that refresh your recollection at all about any similar
14 instance having happened around that time period?
15 A Similar instance to what?
16 Q Of checks having been reissued and delivered by
17 your brother.
18 A No. That is very rare.
19 Q What position did your brother hold at that time?
20 A He worked in the Advertising Department.
21 Q At Crown in Toronto?
22 A Yes.

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Q Did he work for Mr. Lloyd?

A Indirectly.

Q In what sense?

A Clarke was in charge of all of the operation. Dale worked in the Marketing Department, separate department.

Q Do you recall around this time your brother delivering some checks to you from Crown?

A He must have. I didn't -- I am sure he did.

Q Do you recall any other occasion when any checks were hand delivered to you by someone coming down from Toronto?

A I don't recall, but it probably did happen, if I needed something right away. I think in a couple of instances I had some money wire transferred down, but they didn't like to do that.

Q What instances are you recalling?

A Just over the years. I have had it like I need it right away, you know, to pay expenses, and request they wire transfer it.

Q How about around this time period, around October of 1980, do you recall having gotten some funds transferred by wire?

A No. I don't know the time, but I doubt it.

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Q It is your recollection that the advances you received from Crown which you used to reimburse people for contributions were this $60,000 amount that was referenced in Exhibit 7; is that correct?

A I believe it was.

Q Do you recall with regard to that advance for that amount whether there was some problem with getting those advance checks from Crown in time?

A There may have been. We were pushed for time. I do recall that. That was one of the reasons why so many mistakes, or whatever you want to call them, were made is that, as I said before, they were going to set up a PAC. We couldn't set up the PAC, but if we were going to do anything, we were going to have to do it like right away. So it was urgent if we were going to do it at all. So I wouldn't be surprised if there was a problem not having the money there.

Q What was the urgency?

A Is there a cutoff period where you cannot make any more contributions?

Q Not that I am aware of.

A I was under that impression, that it was like

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you couldn't do it 30 days before or two weeks before or something like that.

Q Did somebody tell you that?

A I think so.

Q Who?

A I think Charlie. Whatever, it was urgent and it had to be right away. I think he said a month before or something.

Q Apart from perhaps this instance referred to in Exhibit 8, do you recall any instance of checks having been sent and then not received by Agency Holding and your having to request reissuance of checks?

A I don't recall it, to tell you the truth. I know that Clarke spoke to you people and he said something to me about checks and I didn't recall it either.

Q After he spoke with us, he spoke with you?

A Yes.

Q What did he tell you?

A He said something about did I remember having checks come down twice or something. I said no. It couldn't have been that important a deal. I didn't remember it.

MR. THOMAS: Let me have the reporter mark this

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document as Exhibit 9.

(The document referred to was marked FEC Exhibit 9 for identification, a copy of which is attached to the court copy of this deposition.)

MR. THOMAS: I am showing Exhibit 9 to the witness and counsel.

BY MR. THOMAS:

Q Can you identify Exhibit 9?

A It is a letter addressed to Crown Life Insurance Company, attention Peggy Ann Hubert, from Bob Pulak.

Q Have you ever seen Exhibit 9 before?

A I don't believe I have.

Q Having seen Exhibit 9, however, does that in any way refresh your recollection as to an incident in which checks were received from Crown and then had to be returned around that time period?

A It is obvious that it happened, but it is just not something that I remember.

MR. THOMAS: Let me have the reporter mark this document as Exhibit 10, please.

(The document referred to was marked FEC Exhibit 10 for identification, a copy of which is attached to the court copy of this deposition.)

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THE WITNESS: Yes.

BY MR. THOMAS:

Q Can you identify Exhibit 10?

A Yes. This is a computer mail. It is a communication between Toronto and our office. It is from R. Jeffrey again to my attention.

Q Do you recall receiving this?

A No, I really don't recall. This could have been done by Bob.

Q Bob?

A Pulak, who is the accountant. I could have been traveling.

Q You don't recall at all having been asked on or about November 14 once again to have checks reissued -- I am sorry; to have the checks that had been initially issued returned to Toronto?

A It is like -- it is a vague memory about something like this. I don't remember exactly what the problem was or what was wrong with the checks or anything.

Q Do you recall having any discussions with Mr. Lloyd about needing to have new checks issued?

A I had a discussion with him, I am not too sure

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1 it was regarding this, but about something he said, "Have
2 you sent them back?" or something. I said, "Yeah, I have
3 already mailed them," or something like that. But I don't
4 know whether it was this. It was something that Toronto
5 wanted. It could have been this.
6 Q Your recollection is that there was somewhat of
7 a rush, though, to get the money down from Toronto for purposes
8 of making contribution reimbursements?
9 A Yes.
10 Q You say you made your request to Mr. Lloyd orally --
11 A Yes.
12 Q -- that the money come from Toronto?
13 A Yes.
14 Q Did you ask him to rush the money?
15 A I must have.
16 Q Did you tell him why it was rush?
17 A I told him I needed some money.
18 Q But nothing more? Didn't you tell him why you
19 needed the money on a rush basis?
20 A I would just tell him that our expenses are building
21 up. If someone is on the road, you see, there is a whole
22 bunch of expenses that would come in, air tickets and so on.

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1 So I would just say I needed some money.

2 Q But in terms of this rush factor, that is what I am

3 focusing on now.

4 A Yes. Well --

5 Q How did you justify getting money in a rush?

6 A From Toronto?

7 Q Yes.

8 A I did it a lot. As I said, sometimes they had

9 to wire it down or bring it down.

10 Q That did happen frequently, though?

11 A I remember it happened enough that they didn't

12 want it to happen anymore.

13 Q When did that happen?

14 A I can't remember the dates. It was a while ago.

15 But they just didn't like it. It is somehow more difficult

16 to wire transfer money from Canada to a U.S. bank. I don't

17 know why. They just didn't like it.

18 Again, you see, it gets back to what I was saying

19 earlier. You didn't do anything that would bring attention

20 to how you were handling an agency's financing, whether it

21 is Chicago or any agency in the company. You know, he likes

22 everything to go smoothly, a little bit like government.

8 3 0 4 0 4 3 5 1 0

1 You know, as I explained earlier, like there was somewhat
2 of a competition with the different Agency people like in
3 Toronto. Before Clarke was promoted to the senior man over
4 there, they were all independent and reporting to someone
5 else. The competition got to the point, like I said, they
6 would go over these computer reports, well, they just loved
7 to knock one another saying, "Well, he just sent out $50,000
8 to Fargo, North Dakota and you haven't got any business
9 and you do a lousy job." It was competition that did it.
10 Clarke was promoted. That type of thing was going on. It
11 still goes on today. You just want no attraction to your
12 particular agency. And everyone gets those computer sheets.
13 And it is broken down by what the regular financing is,
14 special loans, advances.
15 And I will tell you what really was one of Clarke's
16 biggest problems was the jealousy factor that came up on
17 this. You see now, as I told you earlier, he would say,
18 "Fine, I will help you with this house" and then someone
19 else, "No," for whatever whim, you know. Who knows? And
20 what happened to Clarke is that they thought a lot of the
21 favoritism was coming to us and not going to his old buddies
22 that he had worked with for 30 years that he had helped before.

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And that was one of his biggest problems. So he certainly didn't want to say -- and that was the word, Kerry Craig got whatever he wanted, that was their complaint, and they were neglected. Do you understand me? There was tremendous jealousy among those people like in the field, the old-timers.

Q It would also make sense, it would seem, that if he knew about the political contributions, that he was giving you money to make political contributions, that maybe that was why he would split them out the way he did so that other people wouldn't have attention called to it.

A If you went back and went over all the financial records for the Agency, you would see it is common practice for everything.

Q To have things split out that way?

A And furthermore, we were still having money sent down to us to assign to accounts like Coors or Coke, for example, that we didn't do any business with.

Q Why was that?

A Right back to what I am explaining to you. That was a vehicle for Clarke to send out whatever money he wanted, and we will assign it to the Coors account, and if someone

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said, "Well, where is the business for Coors?", it was "It is coming."

Q Would you say that he was giving your firm favorite treatment at that time?

A Well, it was a policy change that he wanted. For years Crown, the way they operate, they give you an exclusive territory, the state of Illinois, greater Massachusetts, or whatever. And they had some old-timers, for lack of another term, that had the market that didn't do any business. I mean they literally did no business. So the market was just being tied up. When you went to go in and appoint someone else -- this again was another one of Clarke's problems -- you know, they would say, "You are putting me out of business" and this and that.

I don't know how familiar you are with the lawsuit of Pittsburgh, but that is what that is all about. You see, he wanted to put another agency in there to get the market going, and he really had to put a squeeze on them because a lot of the business was coming from very few people in the company. That is why Charlie Smith is now in Boston, for that very reason.

Q He was set up there to --

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A He left us and has gone to work for his godfather in Boston because his godfather hasn't worked in years, and Charlie was probably the most successful guy in the system for us, and they are expecting big things out of Boston. What he wanted to do, to answer your question on favoritism, what he wanted to do is accomplish something in five years which normally took the company--for example, the large agencies on the West Coast are 25, 30 years old. He wanted to get the level of business up in a much shorter period of time, whether it be through national accounts, of which we were the only agency that had national accounts, which was another complaint of everybody, that Clarke did this as a special favor and we are not getting it.

So that was the atmosphere. It started to get pretty hot for Clarke. He didn't want any attention. They would go right around him and go to the president, saying Clarke gives all of this to his agencies and they get this and that, and special financing. So his deal was to keep it quiet. There was enough correspondence.

Q If he didn't want attention drawn to him, why was he giving you these advances without inquiring what they were to be used for?

8 3 0 4 0 4 3 5 1 4

A I don't know the answer to that.

Q Did he not reach a point where he began to inquire moe what you needed those funds for?

A No. If anything, it was the reverse.

Q When you asked for this $60,000, do you recall if he asked you what the funds would be used for?

A No. I think he just said, "I will get it for you." I don't think he was like that with anyone else.

Q You think he trusted your judgment?

A Yes; because we had worked together very closely up in Toronto.

Q After the contributions were made, did there come a point where Clarke did become aware that the contributions had been made?

A Yes.

Q When was that?

A A while afterwards. I can't tell you exactly when, but it was a while afterwards.

Q Months?

A Yes, something like that, I think.

Q Six months?

A I don't know.

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1 Q Twelve months?

2 A I don't know whether it was that long.

3 Q In what circumstance did it come up?

4 A I don't know. We were just talking or doing --

5 Q Where?

6 A Maybe Chicago.

7 Q Not on the phone?

8 A No. I don't think it was on the phone because

9 he got upset with it.

10 Q Do you remember, how did it come up? Were you

11 just talking about political contributions that he had made

12 or something like that?

13 A I could have said well, we probably gave him the

14 wrong information, or something like that.

15 Q Was he asking you what the funds that he had been

16 giving you were being used for? Is that how it came up?

17 A No, no. It came up in conversation. It didn't

18 come up in any direct, you know, anything in regards to

19 money or anything like that.

20 Q What is your recollection of what he said then?

21 A Well, you can't afford it. It is a waste of money.

22 That was it. And he said a lot of other things about Charlie

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1 that, you know, I wouldn't want to repeat.

2 Q Can you paraphrase?

3 A Just asked me where my judgment was. And then,

4 as a matter of fact, since this has all come up, he has

5 been involved in it because I would tell him. But his summation

6 is that "You were had by Uncle Owen," quote.

7 Q You say that Mr. Lloyd made a reference that it

8 was a waste of money. Did you also say he said something

9 to the effect that you couldn't afford it?

10 A Yeah.

11 Q Did he mean you personally or was he talking about

12 the firms could not afford it?

13 A The firm. Well, I would say the firm.

14 Q You told him, I take it, that the money had come

15 out of the firms at that point?

16 A Yeah.

17 Q I guess I should ask, is that what you told him?

18 A Yes.

19 Q Did you tell him how much?

20 A Vaguely.

21 Q What do you mean by vaguely?

22 A Well, I wasn't exactly looking very great at this

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point in time. Then he found out I think it was more than that.

Q How much did you tell him initially?

A Oh, I said 35, something like that.

Q When did he find out that it was more?

A Sometime after.

Q Did you tell him it was more? Is that how he found out?

A I think so, yeah. He may have asked me or something like that, "Exactly just what did you give out?" I told him.

Q Then what did he say?

A After that he asked me what the money was for from then on in. He was upset because he was, you know, getting a lot of heat from these other people, and then he was trusting me, which he thought I made a mistake.

Q When the subject did first come up with Clarke Lloyd, did you tell him which candidates had received contributions?

A No. I didn't even ask.

Q Did you explain to him that several people had been given money so they could make individual contributions

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to the candidates? Did you explain that that is how it worked?

A Not until recently, no.

Q When recently did you explain that to him?

A Well, in the last little while, being involved in checking this out.

Q Since notice came from our agency, is that what you are talking about?

A Yeah. Now he knows the details.

Q Was it in connection with our agency's notification or in connection with the litigation involving Malley-Duff?

A No, not the litigation. I think involving you.

Q Prior to that, though, he had no understanding or knowledge, to your knowledge, as to who had in fact been giving contributions?

A He was much like me. After it was done, it was done, you know. No sense going over it and over it.

You see, I knew that it would come up in the other litigation. That is why, surprisingly enough, I wanted it to be done correctly if we were going to do this. I even made a special trip here to Washington to talk to Owen and tell him that.

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Q When was that?

A Maybe eight months ago, nine months ago, something like that.

Q This is 1982. What are you talking about, having it done right now?

A When we originally made the contributions, I wanted it to be correct because, you know, for the last few years they have been going through all of our records and everything else in the other litigation, so naturally this is going to be part of them, when they ask for anything. So that is why when it wasn't correct, that is when I said to Owen, "If there are some problems here, we should straighten this thing out." That is why I had to get the thing like the notes signed and do the best I could.

Q You are saying that you started doing that about eight or nine months ago from today?

A No. The trip to Washington was I think in the summer. It may have been almost a year ago.

Q In that conversation with Mr. Marley, what do you recall having actually told him?

A Well, I explained briefly the litigation we had in Pittsburgh, and I said, "If they continue to ask me for

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1 information the way they have been, I am going to have to
2 give them all this information." I said, "I want to prepare
3 you for it, if someone is going to raise it, or your job
4 or whatever."
5 Charlie was, and still is, a good friend of mine.
6 I didn't want him to get in any trouble with his uncle.
7 I thought at least we could warn him.
8 Q At that time, had the issue come out in the
9 litigation?
10 A No.
11 Q In that conversation, was there any reference
12 made to Mr. Marley as to whether the matter should be kept
13 secret from anyone?
14 A No.
15 Q You didn't suggest to him that he keep anything
16 secret?
17 A No, no. I did the reverse. I told him, "They are
18 going to ask for all this," which they want every financial
19 record that we have. That is part of it. "I am going to
20 have to give it to them."
21 Q You made a reference earlier that has me slightly
22 confused. You made some reference to and also getting the

3 3 0 4 0 4 3 5 2 1

1 notes taken care of.

2 A That was before. I mean it was much before that.

3 Q Were you stating that you explained to Mr. Marley

4 what you had done yourself to try to take care of the matter

5 and that included getting notes signed? Is that what you

6 are referring to?

7 A No. That wasn't the purpose of the -- are you

8 asking me the purpose of the trip?

9 Q No. I am asking about this reference to the notes.

10 What wer you referring to a moment ago?

11 A We discussed previously about having the notes

12 signed.

13 Q Did that have anything to do with your conversation

14 with Mr. Marley about eight or nine months ago?

15 A No.

16 Q I was confused. I thought you made some connection

17 there.

18 A No. I am sorry.

19 Q Why were you advising Mr. Marley of these matters

20 if you felt that everything had been handled properly?

21 A I didn't think it was handled properly, though.

22 Initially when we -- because we are being rushed. The money

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1 has been sent out. Then the information that I was given
2 is all turned around. It was incorrect. So here I am sitting
3 with notes, demand notes from these people, that I am supposed
4 to start getting repayments from and everything and I don't
5 know what else, whatever he had done wrong or something,
6 because I said to Charlie, I said, "I can't believe that
7 Owen didn't know this. How can he have total tax deductibility
8 one minute and then a week later it is not? I mean, what
9 else is there?" That is why I came. And as I told Charlie,
10 if they are asking me for them, I am giving it to them.
11 Q Did Mr. Marley say at that point that he in fact
12 knew that it was improper to be using Agency funds at the
13 time, but he thought that maybe you could get away with
14 it?
15 A No.
16 Q Did he ever give any indication to you that when
17 he was initially discussing this with Charles Smith and
18 they were coming up with the idea that he did really suspect
19 that there was something improper about it but that it probably
20 wouldn't be discovered?
21 A No, not at all. He just said, you know, "I am
22 sorry. I made a mistake. I didn't know."

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1 Q Did he explain to you that he really didn't have
2 a background in election law?
3 A No.
4 Q Did you ask him what he was basing his initial
5 recommendations on?
6 A At this stage, after I saw him, that was it. I
7 just wanted to say, "Look, this is what you can expect."
8 You see, I know the family. I know Charlie's
9 mother and father quite well. I have traveled with them
10 and been places. Charlie's father is sick and so on. So
11 I didn't want the whole house to collapse on them at once.
12 Q To your knowledge, did Clarke Lloyd know who Owen
13 Marley was?
14 A No. As a matter of fact, after he spoke to you,
15 he asked --
16 Q Who?
17 A After he spoke to you gentlemen.
18 Q Who?
19 A Clarke. -- he asked me whether he had ever met
20 him. He said, "What is this thing at Nathan's?" That is
21 what he asked me. I said he was -- well, Owen is there
22 and he disappears. I mean we were in town for a couple days.

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1 He would be there for a few minutes, then gone. So he
2 wasn't a constant presence or something like that, but he
3 was there and gone. I said, "Yeah, we had a drink with
4 him that night." He said, "I wouldn't know him if I bumped
5 into him."
6 Q Do you recall whether anybody made any contacts
7 with candidates who were contributed to?
8 A Not to my knowledge.
9 Q Or with any of the campaign staff?
10 A Not to my knowledge.
11 Q Do you recall whether Maury Kent made any reference
12 to you that he had had some contact with someone from some
13 of the campaigns?
14 A I just heard that the other day, that someone
15 called him for some information or something.
16 Q Did he tell you that?
17 A He may have told me at the time. It sounds familiar.
18 Q At the time, you mean just yesterday?
19 A At the time he got the contact. He may have told
20 me then. It is not something that --
21 Q You just don't recall from back then.
22 A That is correct. The only thing people got out

3 3 0 4 0 3 5 2 5

of this was a lot of mail.

Q Had you initially thought you might be able to make a contribution yourself?

A Yes.

Q Was the first time you heard that you couldn't this conversation you had with Mr. Marley you referred to earlier?

A I believe he told me that I couldn't because I am a Canadian. I think he told me on the phone.

Q You didn't know that independently prior to all of this happening?

A No. I didn't even know this place existed. As I said, it is very different in Canada. They encourage contributions from anybody and anything.

Q We do here, too. It is more complicated here, as you discovered.

A I mean, there is any amount, anything. There are no regulations that I know of.

Once Owen did ask me if I wanted to meet some people.

Q When was that?

A One of the conversations or something.

Q One of the conversations you had with him back in November or so of 1980?

A Yes.

Q Did anything come of that?

A No. I didn't want any part of it, you know. All it does is cause me problems.

Q What was the reason that was given to you by Charles Smith or Owen Marley as to why this contribution plan might be helpful?

A Geez, I can't even remember, to tell you the truth. I can't remember. The only thing I can remember is Owen saying something like, "Do you want to get involved in national politics?" He made the reference to having national accounts, which really doesn't mean anything.

Q This is $75,000 that went out the door.

A Yes.

Q You didn't ask any questions?

A Questions?

Q As to why, what benefit it would be?

A I tell you, I was doing it basically as a favor for Charlie.

Q With regard to these advances that you received

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1 from Crown, did you not have to execute promissory notes
2 on behalf of the firms involved promising to repay that
3 amount?
4 A Yes.
5 Q Is that standard business operating procedure
6 at Agency Holding and for those other firms?
7 A Yes.
8 Q Did you not also have to personally guarantee
9 yourself as an individual that those moneys would be repaid?
10 A Yes.
11 Q With regard to the individuals who made contributions,
12 did you in each instance request those other persons, persons
13 other than Charles Smith, to make those contributions?
14 A Yes.
15 Q Do you recall whether any of those individuals
16 expressed any resistance at all to making contributions?
17 A Nobody did. That was anoher thing that Owen told
18 us, or Charlie told me, that you can't force anyone to do
19 anything like this. See, that is when he told me, "It is
20 done all the time. The one thing you can't do" -- I think
21 Owen said this, too -- "is you can't force anyone to make
22 a contribution." So with that in mind, I just asked.

8 3 0 4 0 4 3 5 2 6

1 Q Did you ask Gary Holland and Tom Masters to make
2 contributions?
3 A I might have, or maybe Jim Wright did.
4 Q Did you ask Jim Wright to ask them?
5 A I may have done that.
6 Q Did you ask Jim Wright to make a contribution?
7 A Yes.
8 Q Did he give any indication that he was hesitant
9 to do so at the outset?
10 A Not at all.
11 Q Where did that request take place?
12 A I talked to him I believe downstairs in the restaurant
13 in our building and upstairs in my office.
14 Q Which happened first?
15 A I think downstairs.
16 Q In the restaurant?
17 A I think.
18 Q How about his wife, Dee Wright? Do you recall
19 if you asked her to make a contribution?
20 A Yes.
21 Q Where was that?
22 A I think downstairs in the restaurant.

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Q Do you recall if she had any hesitation about making a contribution?

A Not at all.

Q Why do you say not at all?

A Well, the position that he was in, he just wouldn't argue about anything.

Q I am talking about her, Mrs. Wright.

A She did whatever he recommended.

Q But did she indicate any hesitation when you asked her to make a contribution?

A Not at all. Not a bit.

Q Did she ask who Congressman Wright was?

A May have. That rings a bell.

Q Did you know who he was?

A Owen told me who he was.

Q So did you explain to her who he was?

A I don't even -- all I know is he is on some committee or something.

Q What committee?

A I don't know. I was going to say Ways and Means or something.

Q Did Owen Marley tell you that these candidates

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1 that he suggested contributions be made to were on any particular
2 committee or in any particular position that might be
3 advantageous to Agency Holding's business?
4 A No.
5 Q He gave no rationale at all, to your knowledge,
6 as to why those particular candidates were selected?
7 A He did say one thing about Wright, and that was
8 that a lot of oil money was being spent to unseat him or
9 something like that. That is about the only one I remember.
10 I never even heard of most of these people.
11 Q Did you have any perception that in fact any of
12 those people could be helpful to Agency Holding's business?
13 A Well, I thought about that. The only possible
14 way they could help would be through maybe a pending
15 tax law change or something like that. Other than that,
16 no.
17 Q Do you recall any discussion about any help they
18 might give in that regard as to a tax law matter?
19 A With Owen?
20 Q With Owen or with anyone else.
21 A I talked about it to Charlie.
22 Q What do you recall about that?

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A Well, for example, the national accounts we had -- now this is very, very unlikely -- but the national accounts we have, which we had a lot of money invested in, if they were going to change a tax code or something, that would just wipe that right out. Other than that, I can't think of anything. Even then, I don't think anything would come of it.

Q But now you are talking about what? Are you talking about something that Charlie talked to you about as a possible nexus with those candidates, or are you just talking about now conjecture after the fact?

A Conjecture after the fact.

Q Your own thoughts about what could have been going on in their minds?

A Yes. It was Charlie did Owen a favor and I did Charlie a favor. That is basically it.

Q Charlie did Owen a favor?

A Well, I am assuming that this is what Owen does. If Owen could get this money at the last minute, it would be I guess a feather in Owen's cap. I can't think of why he would want to do it.

Q Dee Wright said that she was strongly resistant

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1 to making a contribution. She told us that essentially.

2 A It is a lie.

3 Q Did you ever have any disputes with Dee Wright?

4 A Not directly. But I had to discharge her husband,

5 and I am sure she isn't too happy about that.

6 Q What was the reason you had to discharge him?

7 A Just unaccounted for money. Expenses alone, personal

8 expenses, he couldn't account for $16,000.

9 Q Prior to your having dismissed Mr. Wright, did

10 you have any disputes with Dee Wright?

11 A No, nothing. She may think so, but not that I

12 think. Just not my type of person, so we never -- I didn't

13 socialize at all. I avoided it. I know Charlie had some

14 problem.

15 Q What problem did he have?

16 A Charlie and Dee Wright just could not abide one

17 another.

18 Q Do you know what that stemmed from?

19 A Some argument they had at some dinner or something.

20 I really don't know. But after that, it was they wouldn't

21 even stay in the same room.

22 Q When you asked her to make a contribution, would

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it be fair to say that you were almost teasing her with her lack of knowledge about Congressman Wright and her lack of knowledge about the reason you wanted to make a contribution?

A No, not at all.

Q She seemed perfectly willing from the moment you suggested it?

A Yes.

Q Do you recall any reference to a magazine article about Congressman Wright at or about that time that you were asking people to make contributions?

A I don't understand the question. Are we talking about the conversation with Dee Wright now still?

Q Not necessarily in connection with Dee Wright, but are you aware around that time of a magazine article pertaining to Congressman Wright?

A No, I don't remember that.

Q That evening in the restaurant when you asked Mr. Wright and, I take it, Dee Wright at the same time --

A Yes.

Q -- to make a contribution, do you recall whether there was any television program on in the bar that was making reference to Congressman Wright?

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A No, I don't remember. Television program on?

Q Was there a TV on at all?

A There is a TV in that particular bar, but it is not on at night.

Q Was it nighttime when you were in the bar?

A I believe so. I think so. It is for baseball games.

Q Is that the only time they turn it on?

A Yes; and races. It is for the hard-working folk.

The reason why Dee Wright may dislike me is I gave all the records I had to the local IRS.

Q Records regarding what?

A Regarding the finances when he was running the travel business.

Q Why did you do that?

A Well, with the money that he couldn't account for and deposits that he had taken from clients he couldn't account for -- and in one particular case there was a transaction with some checks that we were having a conference in Ireland and it is just my opinion, but it looks like it has been forged, and it was for $25,000.

Q Payable to whom?

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A Payable to a travel service. But, see, there was I think --

Q A payment from Incotrav accounts to this other travel service?

A No; from the Agency.

Q From Agency Holding Corporation?

A To Incotrav. And these checks would go in the other country and be processed in Ireland and stamped with the Bank of Ireland on it. They had a little ornate signature. All three were identical. The fourth one I thought was just a poor imitation of the signature and with no stamp on it.

Q Signature of whom?

A Of whoever initials the back of the check. Then I tried to trace it down. As far as I could get from the bank was some clearing house in Philadelphia. So I went to the lawyers. And also he borrowed money he made no effort to pay, and so on. They said it is a waste of time. If you want anything, just give your records to the IRS. They will trace it down.

Q Are you in litigation against Jim Wright right now?

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A There is something pending on it.

Q Did you sue him?

A Yes.

Q Do you know, has it been resolved at the trial court level yet or is it on appeal?

A No. There was a deposition scheduled. He couldn't make it, or something like that.

Q A deposition of Jim Wright was scheduled and he could not make it?

A Yeah.

Q Do you know if Jim Wright and Delores Wright and Garry Holland and Tom Masters were reimbursed for any contributions they made to any political candidates?

A Reimbursed?

Q Yes.

A You mean treated the same way?

Q Yes.

A Yes.

Q Do you know how they in fact received the payments they got?

A I assume just a check.

Q Do you recall from whom or from what firm they

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1 received payment?

2 A I believe it was from the travel agency.

3 Q Did the travel agency in turn receive funds from

4 Agency Holding to cover that amount?

5 A I think so. I can't swear to that, but I think

6 so.

7 Q Did you authorize that that be done?

8 A Yes.

9 Q Do you recall if they received reimbursement in

10 the exact amount of their contributions?

11 A Well, I didn't until just yesterday or today.

12 Q You did not know that until yesterday?

13 A No; because I spoken to Diane. I didn't know

14 they received like $1,200 or something like that.

15 Q You learned that when, today?

16 A Yes.

17 Q Just after we spoke with her today?

18 A Yes.

19 Q At the time, though, do you have any independent

20 recollection from the time back in 1980 when the contributions

21 were made as to why they received more than they made in

22 contributions?

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A No. My recollection was that they just had a bonus or something.

Q So that the amount above the contribution may have represented an actual bonus that they earned?

A That was my recollection, because I talked to Jim Wright about it.

Q Do you recall whether the additional amount was to help them with any tax ramifications that they might come up against?

A That is what Diane said, but I couldn't recall that.

Q Do you have a recollection, not from what you heard recently but from independently what you recall from back then, about how much those people actually contributed?

A I thought everybody contributed a thousand dollars.

Q Except for those who contributed $17,000, is that what you mean?

A Yes. There was some other conversation about if it was less than a thousand dollars, you didn't have to declare it or something like that.

Q There was some conversation. Who had that conversation?

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A I believe Charlie?

Q With you?

A I just remember it, someone saying it. I don't remember who or what circumstances.

Q That you didn't have to declare it?

A Something to do with their taxes or something. I don't know. There was a lot of misinformation around.

Q What was the cutoff amount that you recall?

A $999 or something.

Q Why then was it that other people were not advised to make contributions of $999 amounts?

A I don't know. I just told you that is the recollection I had.

Q With regard to your coming here today, who else have you talked to about the fact you would be coming here today?

A Clarke, obviously Diane.

Q Did Clarke tell you what we had asked him about?

A Some things. Not a great deal. Like did he ever meet Owen. Stuff like that.

Q Did he tell you about this matter of having several checks come down and then asking for reissuance of checks?

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A See, he mentioned something like that about did I remember a bunch of checks. I said no, I don't.

Q Who else have you spoken to?

A I talked to Maury.

Q When did you speak with him?

A Yesterday.

Q What did you speak with him about?

A Just about what happened here.

Q Questions we had asked him?

A No. He just called me and told me how it went and everything else.

Q Anybody else you spoke with?

A No.

Q You mentioned you spoke with Diane, your wife?

A Yes.

Q But that was just today?

A Yes; just over here.

Q Apart from any recent discussions you had, that is since receiving notice from the Commission, do you recall any discussions you had about the notes that were executed and coming up with those notes for purposes of document production?

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A Coming up with the notes?

Q In connection with the litigation, for example, involving Malley-Duff. Did you ever have to come up with those notes, or copies of those notes for that matter?

A No.

Q Do you recall whether in connection with the Federal Election Commission matter you were requested to come up with those notes?

A I thought that we had.

Q I think you have, too. I am asking if you recall that having been brought up.

A Yes.

Q Do you recall with whom you had discussion about that?

A I think Diane and Glen Bost.

Q Did the request come from Glen Bost to you that you try to find those notes?

A I think we were trying to find them. I thought -- did they turn up in Pittsburgh? I don't know.

Q They turned up in Pittsburgh, yes.

A You had me worried there that you didn't have them or something. We were looking for them. I think that

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is why we came up there.

MR. GOLDEN: Just to facilitate the line of questioning -- I will save everything else -- whether the request came for notes, you had a request, as I recall, for originals of notes. In working with our law firm -- I will speak for Glen; he can correct it later -- I will speak for myself, I think in something like this we might have talked to Kerry. But in attempting to get documents from the company, we would have gotten them through Diane or through Bob Pulak. Kerry might well not have known or he might have heard me and said go talk to Diane about it. So the fact that he does not remember an inquiry about notes, it may mean Glen or I simply went right to Diane.

THE WITNESS: Diane doesn't work with the company anymore, but she is familiar with everything, these documents, and she will come in and handle that.

BY MR. THOMAS:

Q With regard to those notes, have any of those individuals made any payments on those notes?

A No.

Q Have you had any discussions with any of those people about whether they were going to make payments on

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1 the notes?

2 A I think I told Maury and Charlie at one time that

3 there is going to have to be a repayment.

4 Q Do you recall when that was?

5 A No, I don't.

6 Q Soon after they signed them?

7 A After I talked to Art O'Brien, the attorney.

8 He told me there had to be a repayment.

9 Q That initial conversation with him where he told

10 you there had to be a repayment, do you recall when that

11 took place?

12 A A couple months afterwards.

13 Q After what?

14 A After the contributions.

15 Q Perhaps around tax time?

16 A It could have been around tax time because I think

17 Diane just told me about Maury filing his taxes.

18 Q So you are saying that you may have asked Charlie

19 and Maury to make some payments on those a couple of months

20 after the contributions were made?

21 A Right. I just told them the advice I had gotten

22 from Art O'Brien.

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Q Other than those individuals, have you asked or had someone else ask any of the other individuals to try to make a payment?

A No.

Q Do you intend to get any repayment on those notes?

A I don't know. I thought today I may ask Charlie.

Q At the time that you were asking people to execute the notes, do you recall telling any of them that you didn't actually expect them to make the payments?

A No. But that was basically the intent of it. I didn't want to tell them they had to pay back the money that I initially said was going to be tax deductible and then there was no problem, see. So I was stuck with the problem of sitting here and having to tell these people that they had to take $17,000 as income.

Q So was the idea basically to have the documents, the loan documents, the notes, created so that they wouldn't have to have a tax problem, but in fact you didn't expect them to actually repay the money?

A I would say basically. But I kept them. I think it was Maury or somebody wanted the notes. I wouldn't give it to them.

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Q They are demand notes, aren't they?

A They are demand notes.

Q To your knowledge, they technically are still in effect?

A Oh, yes. I mean, I could ask Charlie for the money.

Q I won't ask you whether you are going to when you leave this office today.

MR. THOMAS: Do you have any questions, Steve?

MR. MIMS: I would like to have two minutes.

MR. THOMAS: All right. Let's take a short break.

(Brief recess.)

MR. THOMAS: Back on the record.

BY MR. THOMAS:

Q Mr. Craig, with regard to your reference to clash of personalities or disagreements perhaps between Charlie Smith and Dee Wright, I think you referred to your recollection that there may have been an argument or something that they had.

A Yes.

Q Were you present on that occasion?

A No.

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Q Did either of them tell you what that argument was about?

A It was a dinner party and I think Charlie had quite a bit to drink and I think it was teaching children or something like that.

Q This is him having related what happened, what he said to you?

A Yes.

Q Is that how you are getting your information?

A Yes.

Q Do you recall whether the subject of Dee Wright's travel to Israel came up in any way?

A Oh, I don't know anything about that. I didn't even know she had been to Israel. Something to do with children. I think she teaches children with speech defects or something. I don't know why Charlie would even have an argument with her. Just something that went in one ear and out the other.

Q Have you spoken with Charlie Smith since we deposed him?

A No.

Q When was the last time you spoke with Charlie Smith?

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A Oh, about three weeks ago maybe. I called him about his father, or he called me.

Q Did you refer at all at that point to the fact that you were coming to testify before the Commission?

A I don't believe so.

Q Did you make any reference at all in that conversation about the allegation that political contributions had been made?

A I think it came up in the conversation, b t it was like "Just get it straightened out."

Q Who saying that to whom?

A Charlie said something, raised it, and I said, "Well, we will just get it straightened out." I just told him not to worry about it. "We will make sure we straighten it out." I think I told him he had enough problems as it is right now at home and so on.

Q Now whose idea was it to bring this matter to the attention of the Commission?

A Mine.

Q When did you actually try to effect that idea?

A With John Bingler.

Q About how long ago?

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A We had a discussion in his office, and we decided this is the best way to go about it, and that is when I called Charlie in from Boston.

Q You called him in from Boston, meaning you called him to come to Chicago?

A Pittsburgh. He wanted to have John represent him.

Q Was this after the matter came up in the course of the depositions in the litigation?

A I think so. It may have been before. No, it was after.

MR. THOMAS: I have no further questions.

MR. GOLDEN: Thank you. Just a few questions by way of follow-up to some of the testimony, taking it in order.

EXAMINATION BY COUNSEL FOR KERRY PATRICK CRAIG

BY MR. GOLDEN:

Q Mr. Craig, in regard to the political contribution issue, you testified to the effect that you turned a lot of the responsibility over to Charlie. Can you just elaborate on that?

A Well, Charlie was going to get the necessary information from Owen when he was in Washington, and he

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1 was going to just take care of the details.

2 Q You also indicated that you did not want to tell

3 Clarke Lloyd about funds which would go for political

4 contributions because, as I recall, he would not like it.

5 He would view it perhaps as a waste of money, or he would

6 be concerned that Charlie Smith was involved.

7 Were you concerned at all and reluctant to tell

8 Clarke Lloyd because you had doubts as to the legality of

9 what you were going to do?

10 A No.

11 Q In other words, you had no reservations at the

12 time that you made this request for funds that what you

13 were about to do would create any legal problems?

14 A Not at all. It was the use of the money that was

15 my concern.

16 Q The use of the money and how Mr. Lloyd might react

17 to that. But again, you had no doubt or no legal reservations,

18 reservations from a legal point of view, as to the request

19 that you were making or the use you proposed to make of

20 the money.

21 A That is correct.

22 Q You indicated earlier that Owen Marley made a

8304035 0

1 reference to something which sounded I guess like the Federal
2 Election Commission. Could you be more specific for the
3 Commission and try to recall one or more telephone conversations,
4 what specifically did Owen Marley say to you that either
5 expressly gave you the feeling or gave you the impression
6 that he had checked with the Commission?
7 A He told me he had a friend here.
8 Q A friend where?
9 A I am pretty sure it is the committee, the Election
10 Committee.
11 Q Do you mean the Election Commission?
12 A I don't know. I don't know. I was under the
13 impression that it was this place.
14 Q For the record --
15 A The FEC.
16 Q Then although it may not have been expressed,
17 you were under the impression that Owen Marley had a connection
18 or contact at the Federal Election Commission?
19 A Now that you just said it -- what did you say
20 the other committee was?
21 Q I didn't. Mr. Thomas said there are a hundred
22 agencies here. There is the committee he works on, which

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1 I think is called the Steering Committee.

2 A No, Commission. Would he contact someone at their

3 campaign collection headquarters or something?

4 MR. MIMS: If I may, you said at one time the

5 Election Committee.

6 MR. GOLDEN: No; I am sorry. There is only a

7 Federal Election Commission. There is not an Election Committee

8 on Capitol Hill.

9 THE WITNESS: That sounds familiar. Maybe Campaign

10 Committee or something like that. Could it have been that?

11 BY MR. GOLDEN:

12 Q Just to end this line of questioning, you were

13 under the impression from him that he had connections somewhere,

14 possibly at the Election Commission, possibly on some type

15 of Campaign Committee, which gave him knowledge of how the

16 election laws worked?

17 A Yes.

18 Q Is that correct?

19 A Yes.

20 Q Then a related subject, just to keep the record

21 clear, I think you testified it was your impression that

22 if a Political Action Committee, a PAC, was set up, "later"

8 3 0 4 0 4 0 3 5 5 5 2

any earlier mistakes could be corrected?

A Yes.

Q Was that your impression?

A Yes.

Q Where did you get this impression from?

A Charlie.

Q That was Charlie Smith?

A Smith.

Q Do you think he knew that independently or do you think he was advised by Owen Marley?

A He took his advice from Owen. I would say probably Owen.

Q You testified in response to a series of questions about the manner in which Clarke Lloyd "spread out" expenditures for the various U.S. agencies. For the record, was the spreading out of the moneys which went for political contributions treated any differently than the spreading out of any other kinds of advances?

A No.

Q You indicated to Mr. Thomas that you were "pushed for time," apparently regarding the need to make contributions fast. Mr. Thomas asked, and let me ask again, where was

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the pressure? What kind of pressure were you feeling to make contributions?

A I think that Charlie was receiving pressure from Owen. Charlie then would tell me, "We are running out of time if we are going to do it."

Q Did you ever pursue the subject with Charlie to get a better handle on what was causing the pressure?

A I just have a recollection that you couldn't make any contributions a month before the campaign was over or something. They shut it off or there was a timetable or something. That is what they told me.

Q Did you rely, in regard to the political contribution issue, on anyone other than Charlie Smith or Owen Marley?

A No.

Q Did you rely directly or indirectly on Owen Marley?

A Yes.

Q Did you rely directly or indirectly on Charlie Smith?

A Yes.

Q When you came to Washington, D. C. -- you testified that you came to see Owen Marley perhaps a year ago last summer -- what was the purpose of that trip?

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A Well, I felt it only fair to Charlie, to be fair to Charlie, to warn Owen that he could be in some trouble.

Q Would it be fair to say then that you came basically as a friend of Charlie Smith's?

A Yes.

Q Did you come to Washington, D. C., to see Owen Marley at that time for any other reason?

A No.

Q In other words, you did not come to Washington, D. C. to discuss with Owen Marley any effort to adjust the factual situation or anything like that?

A No.

Q Or to put it more bluntly, you did not come to cover up anything.

A No.

Q You indicated to Mr. Thomas something to the effect that you "didn't think it was handled properly." Just so the time sequence is correct, could you explain -- or let me put it in questions. At the time the contributions were made, did you feel you were doing anything wrong?

A No.

Q When did you first realize that there might be

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1 a problem with what had been done? I am not after so much
2 the time frame. Let me rephrase it again.
3 When you first were approached as to the fact
4 that the contributions could not be deducted, is that when
5 you first became aware of a problem?
6 A Yes.
7 Q So when you testified that you didn't think it
8 was handled properly, you are referring to your thoughts
9 and views after you learned about the tax problem?
10 A Yes.
11 Q Not to your views at the time the contributions
12 were made?
13 A No.
14 Q Were any questions asked by Mr. Lloyd regarding
15 the $60,000 or $75,000 that was obtained for political
16 contributions?
17 A What?
18 Q Did Mr. Lloyd probe deeply into this, or would
19 it be common practice at this time that you could request
20 and obtain an advance of this size?
21 A No. I could request and obtain an advance verbally.
22 Q Did you know or recognize the names of any of

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1 the candidates on the list for whom contributions were given?
2 A I may have just recognized them through like reading
3 about them, the magazines or periodicals.
4 Q Other than Congressman Wright, did you recognize
5 any names?
6 A Yeah. There was Wright, I remember, and Udall
7 I think. I probably recognized one or two others, but I
8 can't think of any others.
9 Q But you had no direct or close knowledge of any
10 of the candidates?
11 A No.
12 Q Did you have any direct knowledge of the candidates'
13 interest in insurance or in tax legislation?
14 A No.
15 Q You indicated that "Charlie did Owen a favor and
16 I did Charlie a favor." Could you just elaborate on that?
17 A Well, when you are looking at the whole situation
18 and you are looking at $75,000, it is difficult to believe
19 that it wasn't done for any other reason, and that is the
20 only reason I can give.
21 Q You indicated in regard to the files of Incotrav
22 that they were turned over to the IRS apparently on the

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advice of counsel. What counsel or who was that?

A Oh, it was the firm in our building, because I wanted to sue, you know, to get my funds back.

Q Which firm?

A O'Brien. Latchford, Rice and O'Brien. We had some discussions and I gave them the whole background and the amount of money and so on. His reaction was that not to sue, actually, because he showed me some sort of legal periodical that tells you what cases are being heard, when they were filed or something, and he said, "Do you want to see the cases that are being heard right now in Chicago?" It was something like '72 or something like that. He said, "You can wait." That was it.

Q When you talked to Jim Wright about making a contribution, to the best of your recollection, what did you say to him?

A I said the same thing to him that I said to everyone else.

Q What was that?

A "Do you want to make a contribution?"

Q What did he say?

A At first he said something like, "What is it

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all about?" and "What is it for?" and all. He said, "Is it all correct?" I said, "Absolutely," because at the time I thought it was. And then he would do that.

Q Did you apply any pressure to him or to Mrs. Wright to make a contribution?

A No. How could you apply pressure? Either you want to do it or you don't do it.

MR. GOLDEN: That is the end of my questions.

I might state for the record, by way of wrap-up to the various depositions, that we are here voluntarily. We will be happy to submit any further information that the Commission would like, and we will make the witnesses available should you want specific information from them at any time as you do your follow-up work.

MR. THOMAS: Thank you.

Do you wish to waive signature?

MR. GOLDEN: We will waive signature.

(By stipulation of counsel and agreement of the witness, reading and signature waived.)

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CERTIFICATE OF NOTARY PUBLIC

I, Karen Hinnenkamp, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition wastaken; and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Karen Hinnenkamp
Notary Public in and for
the District of Columbia

My commission expires:
July 31, 1983

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* * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * *
* FROM: R. JEFFREY                    AGENCY ADMIN-US & CARIB 4 SM# 00541 *
*   TO: K.P. CRAIG                   CHICAGO ILL               RM# 03667 *
*   RE: SPECIAL ADVANCES       DATE: 14 NOV 80    TOR TIME: 10:17        *
* * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * * *
        REQUESTED BY MR. C.B. LLOYD
```

ROUTE TO: R. JEFFREY
AGENCY ADMIN-US & CARIB 4

PLS RETURN 8 CHEQUES TOTALLING $60,000.00 MAILED TO U OCTOBER 22ND AND DUPLICATES DELIVERED BY DALE CRAIG OCTOBER 24TH.

UR AGENCIES WILL BE CHARGED TWICE UNTIL CHEQUES RETURNED FOR CANCELLATION.

NOV 80 ACCOUNTS CLOSED NOV 19TH.

* * * SENT BY: PL * * * * * * 102 END * *

PER SCHEDULE SM#00541 TO BE SENT TO CHICAGO ILL AT 08:30 TOMORR

FEC Ex. 10
KA 8-4-82

8304043351

Agency Holding Corporation
Managing General Agents • Crown Life Insurance Company
208 South La Salle Street
Chicago, Illinois 60604
Tel.: (312) 346-7318

November 12, 1980

Crown Life Insurance Company
Attn: Peggy Hubert
120 Bloor Street East
Toronto, Canada M4W 1B8

Dear Peggy:

Please find the enclosed checks in the amount of $60,000.00 being returned per Russell Jeffrey's request dated November 4, 1980. Since check #7874 was deposited in error, I have enclosed our check #1215 as a replacement.

Sincerely,

Robert Pulak

Robert Pulak

RP/dm
enclosure

CHKS INITIAL REFUND

FEC Ex. 9
KA 8-4-82

83040035562

MEMO

(Copy)

CROWN LIFE INSURANCE COMPANY

FROM	R. JEFFREY, SECTION SUPERVISOR, AGENCY ADMIN (U.S. + CARIB.)	PHONE LOCAL 7688
TO	AGENCY HOLDING CORPORATION. GENERAL AGENT. CHICAGO, ILLINOIS. 60604	DATE OCT. 24, 1980 SUBJECT SPECIAL ADVANCE FOR TRAVEL

Gentlemen:

Further to my letter dated October 22, 1980, I am attach[illegible] eight promissory notes to be signed and returned to me at your earliest convenience.

On Mr. C.B. Floyd's instructions, we have to day re-issued the checks mailed with our letter dated October 22, 1980, [illegible] the replacement checks will be taken to your office to-[illegible] by Mr. Craig's brother.

Please return the original eight checks to me for cancellation as soon as you receive them.

Thank you for your help in this matter.

Yours truly,

R. J. Jeffrey

Form 803708-7

FEC Ex 8
KH 8-4-82

830404 3563

CROWN
LIFE INSURANCE COMPANY · 120 BLOOR STREET EAST · TORONTO · CANADA · M4W 1B8

October 22, 1980.

Agency Holding Corporation,
General Agent,
CHICAGO, Illinois. 60604

Gentlemen:

Re: Special Advance

I am attaching eight checks in payment of Special Advances for Travel for a total of $60,000.00. These advances were requested today by Mr. C. B. Lloyd, Senior Agency Vice-President for the United States. The following agencies and amounts have been charged:

Agency Holding Corporation - Agency 206 -	$ 6,000 } Combined in 1 check
Agency Holding Corporation - Agency 541 -	$ 6,000
Agency Holding Corporation - Agency 548 -	$ 6,000
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 3,000
Crown Assocs. of Colorado Inc. - Agency 296 -	$ 6,000
Crown Agency Inc. - Agency 317 -	$ 3,000
Crown Assocs. of Minneapolis Inc. - Agency 331 -	$ 6,000
Agency Holding Corp. of Cleveland, Ohio - Agency 327 -	$12,000
Ehrman, Ratini, Oglevee & Craig Inc. - Agency 363 -	$ 6,000
Ehrman, Ratini, Oglevee & Craig Inc. - Agency 406 -	$ 6,000

The foregoing advances are to be repaid from bonus from the respective agencies.

Please have the ~~enclosed~~ non-interest bearing notes signed and returned at your earliest convenience. *These notes will be sent to you tomorrow.*

I trust this is to your satisfaction.

Yours truly,

R. Jeffrey

R. Jeffrey,
Section Supervisor,
Agency Administration Department.
U.S. & Caribbean

:cz

Encl.

FEC Ex. 7
KH 8-4-82

c.c. Mr. C. B. Lloyd, Senior Agency Vice-President for the United States.
Mrs. I. Kymantas, Supervisor, Agency Administration Department, U.S. & Caribbean.
U.S. Contract File.

830404 035564

Kerry P. Craig
General Agent

Agency Holding Corporation
Managing Agents
Crown Life Insurance Company
Suite 1760
208 South LaSalle Street Chicago, Illinois 60604
Tel.: (312) 346-7318

October 24, 1980

Mr. Clarke B. Lloyd
Senior Agency Vice-President
CROWN LIFE INSURANCE AGENCY
120 Bloor Street East
Toronto, Ontario CANADA

Dear Clarke:

Enclosed for your personal information is a Disbursement Recap Report for the McDonald account.

I am now requesting an additional Special Advance of $20,000.00 to be applied to Agency 541.

We have some outstanding invoices for Incotrav which total $10,117.00 for travel and hotel accomodations for our brokers. This advance will be applied to these bills,

Should you require any additional information, please do not hesitate to contact me.

Sincerely,

Kerry P. Craig
General Agent

Enclosure

cc: I. Kymantas, R. Pulak

KPC:va

FEC Ex. 6
KHB 8-4-82

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CROWN
LIFE INSURANCE COMPANY · 120 BLOOR STREET EAST · TORONTO · CANADA · M4W 1B8

October 20, 1980.

Agency Holding Corporation,
General Agents,
CHICAGO, Illinois.

Gentlemen:

Re: Special Advance

The enclosed checks represent Special Advances for a total of $39,500.00. Authorization for these Advances has been given by C. B. Lloyd, Senior Agency Vice-President for the United States. They have been split out as follows:

Agency Holding Corporation - Agency 541 - $24,000.00 - McDonald's
Agency Holding Corporation - Agency 206 - $5,000.00 - Amfi
Agency Holding Corporation - Agency 547 - $2,000.00 - Coors ✓
Agency Holding Corporation - Agency 549 - $1,500.00 - Naped
Agency Holding Corporation - Agency 548 - $5,000.00 - Coke
(Issued as one check for a total of $37,500.00)
Crown Associates of Colorado Inc. - Agency 296 - $1,000.00 - Burger King
Crown Agencies Inc. - Agency 317 - $1,000.00. - Burger King

The Advances are to be repaid from bonus from the respective Agency.

Please have the enclosed non-interest bearing note signed and returned at your earliest convenience. I trust the above is satisfactory.

Yours very truly,

P. Hubert,
Financing Examiner,
Agency Administration Department,
Financing and Benefits.

FEC EX. 5
KB 8-4-82

:ck

Encl.

c.c.: C. B. Lloyd, Senior Agency Vice-President.
I. Kymantas, Supervisor, Agency Administration. United States and Caribbean.
U.S. Contract File.

8304035566

Kerry P. Craig
General Agent

Agency Holding Corporation
Managing Agents
Crown Life Insurance Company
Suite 1760
208 South LaSalle Street Chicago, Illinois 60604
Tel.: (312) 346-7313

October 15, 1980

Mr. Clarke B. Lloyd
Senior Agency Vice-President U.S.
CROWN LIFE INSURANCE COMPANY
120 Bloor Street East
Toronto, Ontario CANADA

Dear Clarke:

I am requesting a Special Advance in the amount of $39,500.00 for our Special Account enrollment programs.

The appropriation for each account is as follows:

Agency ~~552~~ 511 - McDonalds		$24,000.00
Agency 206 - AMPI		5,000.00
Agency 547 - Coors		2,000.00
	Burger King	2,000.00
Agency 549 - NAFED		1,500.00
Agency 548 - Coca-Cola		5,000.00

Cash Receipt and Disbursement reports for each of the aforementioned accounts will follow shortly.

Repayment for these Special Advances will be in the same manner as our previous advances, from bonus at year end.

Please forward necessary promissory notes at your earliest convenience.

Should you require any additional information, please do not hesitate to contact me.

Sincerely,

Kerry P. Craig
General Agent

cc: R. Pulak, I. Kymantas, V. Atkinson

KPC:va

FEC Ex. 4
KH 8-4-82

3304035567

Agency Holding Corporation
Managing General Agents • Crown Life Insurance Company
Kerry P. Craig • General Agent
208 South LaSalle Street
Chicago, Illinois 60604
Tel.: (312) 346-7318

September 23, 1980

Ms. Peggy Ann Hubert
Financing Examiner
Agency Administration Dept.
Financing & Benefits
CROWN LIFE INSURANCE COMPANY
120 Bloor Street East
Toronto, Ontario CANADA

Dear Ms. Hubert:

Re: Special Loan
April 8, 1980 - $ 2,000.00
June 24, 1980 - $10,000.00
Toledo Agency - 314

Please be advised that Crown Agency, Inc. accepts the liability of a Special Loan in the above referenced amounts totalling $12,000.00.

This letter also represents authorization for Crown Life Insurance Co. to issue two separate checks made payable to Agency Holding Corporation.

Check No. 24436, dated April 8, 1980 for the amount of $8,500.00 is to be charged as follows:

Toledo Agency - 314 - $2,000.00
Pittsburgh EROC Agency - 363 - $2,000.00
Erie Agency - 367 - $2,000.00
Chicago Agency - 532 - $2,500.00

Check No. 34394, dated June 24, 1980 for the amount of $80,000.00 is to be charged as follows:

Toledo Agency - 314	-	$10,000.00
Arizona Agency - 286	-	10,000.00
Cleveland West Agency - 314	-	10,000.00
Colorado Agency - 291	-	10,000.00

FEC Ex. 3
KH 8-4-82

(continued)

THIS DOCUMENT IS SUBJECT TO A PROTECTIVE ORDER

A member of the A.H.C. group of management companies.

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Agency Holding Corporation

Toledo Agency - 314	-	$10,000.00
Minneapolis Agency - 331	-	10,000.00
Chicago Agency - 532	-	10,000.00
Peoria Agency - 536	-	10,000.00

We understand that interest of 15% will be charged against this loan. Also, the repayment is to come from year-end bonus of each Agency.

I trust the above is satisfactory. Should you require anything further, please do not hesitate to contact me.

Sincerely,

Kerry P. Craig
General Agent

cc: C.B. Lloyd
R.C. Oglevee
I. Kymantas
V. Atkinson
N. Hnatykso

KPC:va

8304043569

THIS DOCUMENT IS SUBJECT TO
A PROTECTIVE ORDER

Agency Holding Corporation
Managing General Agents • Crown Life Insurance Company
208 South La Salle Street
Chicago, Illinois 60604
Tel.: (312) 346-7318

September 23, 1980

Ms. Peggy Ann Hubert
Financing Examiner
Agency Administration Dept.
Financing & Benefits
CROWN LIFE INSURANCE COMPANY
120 Bloor Street East
Toronto, Ontario CANADA

Dear Ms. Hubert:

Re: Special Loan
April 8, 1980 - $ 2,000.00
June 24, 1980 - 10,000.00
Pittsburgh EROC Agency - 363

Please be advised that Ehrman, Ratini, Oglevee & Craig, Inc. accepts the liability of a Special Loan in the above referenced amounts totalling $12,000.00

This letter also represents authorization for Crown Life Insurance Co. to issue two separate checks made payable to Agency Holding Corporation.

Check No. 24436, dated April 8, 1980 for the amount of $8,500.00 is to be charged as follows:

Pittsburgh EROC Agency - $2,000.00
Toledo Agency - 324 - $2,000.00
Erie Agency - 367 - $2,000.00
Chicago Agency 532 - $2,500.00

Check No. 34394, dated June 24, 1980 for the amount of $80,000.00 is to be charged as follows:

Pittsburgh EROC Agency - 363	-	$10,000.00
Arizona Agency - 286	-	10,000.00
Colorado Agency - 291	-	10,000.00
Cleveland West Agency - 327	-	10,000.00

FEC Ex 2
KB 8-4-82

(continued)

THIS DOCUMENT IS SUBJECT TO A PROTECTIVE ORDER

830404 3570

Agency Holding Corporation

Minneapolis Agency - 331	-	$10,000.00
Pittsburgh EROC Agency - 363	-	10,000.00
Chicago Agency - 532	-	10,000.00
Peoria Agency - 536	-	10,000.00

We understand that interest of 15% will be charged against this loan. Also, the repayment is to come from year-end bonus of each Agency.

I trust the above is satisfactory. Should you require anything further, please do not hesitate to contact me.

Sincerely,

Kerry P. Craig
General Agent

cc: C.B. Lloyd
R.C. Oglevee
I. Kymantas
V. Atkinson
N. Hnatysko

KPC:va

8304043571

THIS DOCUMENT IS SUBJECT TO
A PROTECTIVE ORDER

Kerry P. Craig
General Agent

Agency Holding Corporation
Managing Agents
Crown Life Insurance Company
Suite 1760
200 South Wacker Street Chicago, Illinois 60606
Tel.: (312) 346-7518

September 18, 1980

Mr. Clarke B. Lloyd
Senior Agency Vice President U.S.
CROWN LIFE INSURANCE COMPANY
120 Bloor Street East
Toronto, Ontario CANADA

Dear Clarke:

I am requesting a Special Advance in the amount of $20,000.00 for Coca-Cola, McDonalds' and AMPI enrollment programs.

The breakdown for this Special Advance is:

12,000.00	McDonalds'
4,000.00	Coca-Cola
4,000.00	AMPI

Enclosed are Cash Receipt and Disbursement reports for each of the aforementioned accounts.

The large sum for McDonalds' is due to the fact that we have a number of presentations scheduled through out the month of October for which we need to make deposits prior to receiving confirmed reservations.

Also, there will be extensive traveling through Idaho, Texas, Virginia, Nevada, Pennsylvania and Louisiana for various meetings and presentations.

I trust you will find everything satisfactory. Should you require anything further, please do not hesitate to contact me.

Sincerely,

Kerry P. Craig - General Agent

FEC EX. 1
KH 8-4-82

cc: Enclosures
I. Kymantas
NADIUE

KPC:va

830404 3572

GCC #8254

August 2, 1982
Pages 1 to 58

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:	)	
	)	
AGENCY HOLDING CORPORATION, et al.,	)	No. MUR 1445
	)	

2 AUG 12 PM 2:12

8304043357 3

DEPOSITION

of

WILLIAM F. PREISSER

LAURA M. BRENNAN
OFFICIAL COURT REPORTER
U. S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1918
CHICAGO, ILLINOIS 60604
312-427-4393

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:	)	
	)	No. MUR 1445
AGENCY HOLDING CORPORATION, et al.,	)	

DEPOSITION of WILLIAM F. PREISSER, taken by the Federal Elections Commission, pursuant to agreement, before Cynthia Dykins, being a disinterested person, not of counsel for, or employed by any or either of the parties hereto, or interested in the outcome of said cause, a duly Certified Shorthand Reporter and Notary Public of the State of Illinois, at 219 South Dearborn Street, Room 1669, Chicago, Illinois, on Monday, August 2, 1982, commencing at the hour of 8:35 a.m.

PRESENT:

MR. SCOTT E. THOMAS
(Office of General Counsel
Federal Election Commission
Washington, D.C. 20463)

appeared on behalf of the Federal Election Commission;

UPTON, NESMITH & MILLER
(33 North Dearborn Street
Chicago, Illinois 60602) by
MR. LAWRENCE T. MILLER

appeared on behalf of the deponent.

ALSO PRESENT:

MR. STEPHEN H. MIMS

- - -

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A

I N D E X

W I T N E S S

	Direct
Willian F. Preisser	2

E X H I B I T S

	Identified
FEC Exhibit 1	34
" " 2	36
" " 3	52

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MR. THOMAS: Would you swear the witness, please.

(Witness sworn.)

WILLIAM F. PREISSER,

called as a witness by the Federal Elections Commission, having been by me, the said Cynthia Dykins as Notary Public aforesaid first duly sworn, was examined upon oral interrogatories and he did thereupon depose and testify as follows:

DIRECT EXAMINATION

BY MR. THOMAS:

Q Would you state your name, please?

A William F. Preisser.

Q What is your present address, please?

A 1000 Crest Street, Wheaton, Illinois.

Q And your present place of employment?

A 1640 East Algonquin Road, Schaumburg.

Q What is the name of your business?

A Postal Instant Press.

Q What type of business is that?

A That is a printing business.

Q Are you the owner?

A Yes, I am.

Q How long have you been in that position?

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A I have owned the business since December of '79, but I have been there full time since February of this year.

Q Where were you employed before your present business?

A I was employed with Agency Holding Corporation.

Q What was your position with Agency Holding Corporation?

A Office manager.

Q How long were you in that position?

A From February of '80 until -- or from March of '80 until February of 1982.

Q What were your general responsibilities as office manager?

A I supervised the non-sales functions of the office.

Q What do you mean by that, the non-sales function?

A The administrative staff.

Q Were you responsible for overseeing any of the accounting function?

A Yes, I was.

Q Was there any other individual who was specifically in charge of handling the accounting?

8304043577

A Yes.

Q Who was that individual?

A A girl named Violetta Atkinson, who was later replaced by Robert Pulak.

Q When did Mr. Pulak replace her?

A Fall of 1980.

Q Did you oversee employees' salary payments?

A Yes.

Q Were you responsible for actually monitoring whether employees received bonuses for their work?

A I was aware of them, if that answers your question.

Q Can you give me some sort of description of how bonuses for employees were decided upon?

A Bonuses or salary increases?

Q Well, explain the difference for me.

A A merit increase would, you know, periodically be given to any employee.

Q And that is distinguished from a bonus payment?

A Right, correct.

Q On what basis were bonus payments decided?

A There was no formal policy for it.

Q How did a person earn a bonus, I guess?

A Any number of ways could you earn a -- you know, it's...

8304043357

Q Was it just the sales --

A There was no form --

Q -- people?

A Yes, the sales people received bonuses.

Q How many employees were there at Agency Holding Corporation when you were there?

A Here in Chicago, approximately 15 to 20.

Q Was Agency Holding Corporation itself a general agent of the Crown Life Company?

A Yes, they represented Crown Life exclusively.

Q Was Agency Holding Corporation related to several other firms for which it performed, for example, accounting functions?

A Yes.

Q Was that an ownership relationship; did Agency Holding own the stock of those other companies?

A More or less, yes.

Q Now with regard to salary payments, when an employee earned a bonus, were you the person that was responsible for seeing that the check for that person's bonus was issued?

A At times, sure.

Q Explain who was involved usually with that process and how that worked.

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A Like I said before, very informal. There was no formal bonus policy. If an employee was deserving, based on performance, of a bonus, maybe, maybe not, they would get a bonus. There was no formal policy.

Q Who was in charge of deciding whether they got a bonus or not?

A Ultimately Kerry.

Q Kerry Craig?

A Sure.

Q What would he do; would he then come to you and ask that you arrange that that person's records reflect he is receiving the bonus and that a check be issued?

MR. MILLER: I want to object to the nature of the question. This witness is testifying, not yourself. If your questions could be less leading, I would appreciate it. Okay?

MR. THOMAS: All right, if the witness can appreciate the fact I am trying to find out the procedure.

BY THE WITNESS:

A There was no procedure. He could come to me. He could go to anybody. It was a small business. He was the owner. He could go to anyone and just say, "Give so and so a check."

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BY MR. THOMAS:

Q All right, but there were certain persons responsible for signing checks, weren't there?

A Sure.

Q Who were those persons?

A There were half a dozen people, Kerry, myself, Violetta when she was there. Maury at times could sign checks.

Q Maury?

A Maury Kent. Diane could sign checks.

Q Diane?

A Pariano. Bob Pulak; those are the ones I recall.

Q Was there a requirement that a certain number of people sign a check?

A Other than Kerry, two signatures were required.

Q Were you responsible for overseeing the process of paying bills of Agency Holding Corporation?

A Yes, you know, with Bob. It was his responsibility, but on paper, I was his supervisor and I was aware of what bills were paid because I signed the checks.

Q You signed all the checks?

A Well, a very large percentage of them.

Q Was there a separate account for operating

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expenses of Agency Holding?

A There were several bank accounts.

Q What were the different bank accounts?

A Commission account, premium account, and operating account.

Q What was the difference between those three?

A The premium account is the premium payments of the policyholders.

Q That is where the payments would be deposited?

A It was a special account just for premiums. That was one account. There were no checks on that account.

There was a commission account. Money was deposited into the commission account for brokers' commissions, but then there was a general operating account that paid the bills and the salaries of Agency Holding.

Q What was the process when a payment from an individual would come in; would that be posted in your premium account?

A A policyholder's payment?

Q Yes.

A Yes.

Q Then it would be transferred to Crown Life, is that correct?

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A Yes.

Q In Toronto?

A Well, New York.

Q New York?

A Morgan Guaranty or Chase Manhattan, one of the two. They would just draw the funds out. We would report the net amount, and they would just draw it out.

Q How about the account for operating expenditures, where did the money for operating expenditures come from?

A Toronto.

Q They would issue payment directly to Agency?

A Right, it was more or less a budget. So every month, whatever your budget was, you received a check for that deposited into your account.

Q Were salaries and bonuses paid from that account?

A Yes.

Q Who was your supervisor at Agency Holding?

A Kerry.

Q Was there anyone else who was in a position above you?

A I reported to Kerry. I am sure there were people that had higher status, but to answer your question, no, nobody was -- I reported directly to Kerry.

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Q All right, why did you leave Agency Holding Corporation?

A The time was right to go full time into my business.

Q Was there any sort of dispute at all between you and persons at Agency Holding?

A None whatsoever.

Q During the time period you worked for Agency Holding, were you a social acquaintance of Kerry Craig?

A Within the framework of an eight-hour day or nine-hour day, yes.

Q Did you occasionally meet with him after work and have drinks?

A On occasion.

Q Did you ever attend any social parties or events with him?

A Yes, I did.

Q When was the last time that you spoke with him?

A June, it must have been the middle of June, June 15.

Q Of this year?

A Yes.

Q What was that occasion?

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A They had a golf outing for their brokers, and I was invited.

Q "They" being?

A Agency Holding.

Q Did you at any point talk with him at all about the notification you had received from the Federal Election Commission?

A No.

Q The subject didn't come up at all from either one of you?

A No.

Q Would you tell me what position Diane Pariano held with Agency Holding?

A She was Kerry's secretary.

Q How about Bill Ward?

A He was brokerage manager.

Q How about Maury Kent?

A Brokerage manager.

Q How about Robert Bernstein?

A Brokerage manager.

Q How about Charles Smith?

A Brokerage manager.

Q How about Robert Oglevee?

A He was Kerry's partner in Pittsburgh, general

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agent, but they shared the agency.

Q Did he ever work in Chicago for Agency Holding when you were there?

A No, he always worked in Pittsburgh.

Q Are you a social acquaintance with any of those individuals now?

A Well, Bill is in Connecticut.

Yes, with Maury, Bob Bernstein.

Q You still see them socially on occasion?

A Yes. Not any -- I mean, the last time was the golf outing last month.

Q Both of them were there?

A Sure.

Q Did you discuss with either of them the notification you had received from the Commission?

A Not at that time, not at that meeting or not at that party.

Q When was the last time you spoke with one of them about this matter?

A I talked to Maury last week.

Q What was the nature of that conversation?

A He had understood that I was here last Friday -- or, you know, whenever I was here; I don't recall -- and he wanted to know -- we just talked in

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general about it, you know.

You know, I mean, what can you say?

Q Did you tell him what we had asked you?

A No, not really. All I told him was that I wasn't under oath and I will be under oath the next time you're in town.

Q Did you talk at all about the actual events that relate to the matter you received notification about?

A That was before, when I first received the letter.

Q You did call him at that point?

A Yes, because I wasn't working there any more and I wanted to see who else got a letter. It was a natural thing to do.

Q Did you try to remember what had happened back in September of 1980?

A Personally or --

Q You personally.

A Yes, I tried to remember, right.

Q Did you discuss that with him?

A No, there was nothing to discuss. You know, I remembered the incident and, you know, I didn't say anything to him about it.

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Q What was your relationship with Charles Smith; was he a social acquaintance of yours when you were with Agency Holding?

A Yes, he was.

Q Are you still a social acquaintance with him?

A I consider myself a friend of his. He is in Boston.

Q What was his relationship with Kerry Craig at Agency Holding?

A He worked for Kerry as a brokerage manager.

Q Were they very close in their business relationship?

A You know, they both lived -- yes, I would say they were close.

Q "They both lived," what?

A You know, they both lived downtown, more or less downtown, so -- yes, they were close.

Q Who would you say was the person that Kerry Craig consulted most with concerning the business decisions?

A Clarke Lloyd.

Q Why is that?

A That is who he confided in the most.

Q How do you know that?

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A Just general observation.

Q Would he call him on the phone quite often; is that your understanding?

A Yes.

Q Did he visit Toronto on occasion to meet with Clarke Lloyd?

A Sure.

Q Did Clarke Lloyd come to Chicago on occasion?

A Yes.

Q Did he come to the offices and meet with Kerry there?

A Yes, he did.

Q Are you a social acquaintance of Clarke Lloyd?

A Yes.

Q By that, do you mean occasionally you would go out and he would be in the group that you would have drinks with, for example, after work?

A Correct.

Q Do you know what position Clarke held with the company?

A Yes, with Crown he was the vice president in charge of U. S. operations, a marketing position.

Q What were his responsibilities; do you know?

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A He was responsible for the U. S. general agencies.

Q Was he the person who was in charge of determining whether Agency Holding got financing for operating expenses?

A Yes.

Q Was it your sense that he was always aware of what the various expenses were that Agency Holding Corporation was incurring?

MR. MILLER: Could you repeat the question?

BY MR. THOMAS:

Q Was it your impression that he was always aware of the financing arrangements for Agency Holding Corporation?

A My impression was yes. There might have been an instant that he wasn't.

You said "always," Well, "always" is -- generally so, yes, he was.

Q Was there a system whereby you or anyone else at Agency Holding Corporation had to send, for example, vouchers to Crown Life for the expenses of Agency Holding?

A Yes.

Q Was that a standard procedure?

A For unusual, other than routine operating

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expenses, they could on occasion request additional funds.

Q No, I was asking whether there was a procedure whereby Agency Holding Corporation had to submit a voucher for expenditures with, say, receipts and invoices to Crown Life?

A It worked the other way. If you wanted money for any reason and you didn't have it in your budget, you wrote a letter and requested it.

So there was no voucher or receipts to send because you requested it before the fact.

Q After the fact, did you have to then send any information back to Crown in Toronto to verify what the expenditures had been made for?

A Yes, I guess you could say certain expenses, which were based on production. For example, the more you produced, the more you sold, the more development expense you were entitled to. So in those situations, if you had a printing bill or a golf outing, yes, you would submit that to go against your developmental allowance.

Q Was Clarke Lloyd the person at Crown Life who monitored those types of vouchers or verifications that were sent to them?

A Yes, up to a point. After -- and I can't

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remember exactly when, but it must have been after, let's say, April, May, June of '81, Crown decided to form a committee to review all requests.

Q What was the reason for that; do you know?

A No, no idea.

Q Was there some dissatisfaction with Clarke Lloyd's handling of the matter?

A Possibly.

Q Had you heard statements to that effect?

A Well, after that he was, you know, terminated.

Q Do you know why he was terminated?

A No, not for --

Q Did someone ever tell you that they had heard why he had been terminated?

A No. I mean, you could just only presume. There must have been some personality difference with him and his supervisors, or they didn't like something he had done or a number of things he had done.

Q But you didn't know --

A Maybe pressure from other general agents.

I don't know. I don't know the real reason.

Q Was there any system whereby Crown ever sent anybody in to audit Agency Holding's records?

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A Not a formal audit, no.

Q Any kind of informal audit?

A No, the closest would be kind of like a budget review, you know, I mean a face-to-face negotiation of what the operating budget should be.

Q Those negotiations would have been between whom?

A Kerry and Clarke.

Q Mr. Preisser, did you make a political contribution in 1980?

A Yes, I did.

Q Could you tell me how that came about?

A I was asked by Kerry if I would make a contribution, and I made the contribution and was reimbursed for it.

Q Do you recall when he came to you and asked you to make a contribution?

A I believe the date of the check was October 25, so that would have been the day.

Q Do you recall where this took place that he asked you to do this?

A In the office

Q At Agency Holding Corporation?

A Yes.

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Q Was anybody else present at that time?

A Not in the initial discussion when he asked me, no.

Q He asked you to do this. Did you immediately take out your checkbook and write him a check on the spot?

A Within a reasonable time, yes.

Q Well, I have to ask --

A I don't know if it was immediately.

Q You don't recall if it was the exact same --

A No, the same day, same hour.

Q What did you do with the check? Did you hand it to him?

A I believe so.

Q Were there any arrangements made for delivering the check to the candidate?

A Not by me, but I just presumed that they would address the envelope and mail it to him.

Q You say that you were reimbursed. How did that come about?

A You know, I went and got a check and wrote a check out to myself for $1,000.

Q Now, this was after Kerry Craig advised you to do that, asked you to do that?

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A Yes.

Q He told you that that was what he wanted you to do?

A Yes.

Q Did he give any reason for why he wanted you to make a political contribution?

A No.

Q He just said, "Issue a check"?

Did he tell you who to make it payable to?

A Yes.

Q Do you remember who that was?

A Texans for Wright.

Q He didn't say anything about why he wanted you to contribute to that?

A I don't recall, no.

Q Did you ask him?

A No.

Q Why didn't you ask him?

A I didn't. I didn't ask him.

Q But why? I mean, did -- well, strike that.

Did you in any sense feel like you were under pressure to make this contribution and not ask any questions?

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A I felt that it was, you know, with my position there, advisable to just go along and follow his request.

Q Had you ever had any disputes at all with Kerry Craig?

A No.

Q Was Kerry Craig fairly authoritative with his operation of the business; i.e., didn't allow much discretion to people in positions such as yours?

A Yes, that was how I looked at it.

Q With regard to your function as office manager, did you have to routinely report to him what you were doing?

A Yes.

Q You say you issued yourself a check for $1,000. Did you do anything else with regard to making a record of that payment to you on the books of Agency Holding?

A I don't know if I made -- I might have made an entry on the check journal.

Q Were you responsible for keeping the check journal?

A Yes, I was. I was responsible, but I had very little to do with it.

Q Who had actual physical responsibility of doing that usually?

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A Violetta before Bob, and after that, then Bob. Bob oversaw the area.

I had no background in accounting.

Q With regard to that specific instance of your having gotten a $1,000 check, did you yourself actually go to the records, the check ledger, and write in that entry?

A Yes.

Q Was there any reason why you did it as opposed to having Mr. Pulak do it then?

A I believe it was a Saturday and there were very few people in the office that day. There was no one from bookkeeping.

Q Do you know if Kerry Craig had any connection whatsoever with Congressman Jim Wright?

A No, I don't know what, if any, connection he had.

Q After this occasion when he asked you to issue a check to the Texans for Wright Committee and you did so, did you have any other follow-up conversations about that?

A No.

Q Not with anybody?

A Oh, well, not with Kerry that I recall, other

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than -- no, I can't specifically think of a time I talked to Kerry about it after that.

Q Did you talk to --

A I mean, general office conversation with other people, yes.

Q Who do you recall having had a conversation about it with?

A The conversation was about, you know, it was going to be bonused out to us at the end of the year.

Q How did that process work?

A It didn't. It didn't develop. I mean, it just didn't happen.

Q How come?

A I don't know why it didn't.

Q What do you mean when you say it would be bonused out?

A Well, it would be added to our W-2.

Q You are saying that didn't actually happen?

A No, it didn't.

Q What was done instead?

A That just didn't happen.

Q When you got your W-2 at the end of the year, was that $1,000 included?

A No, as far as I know. I don't -- no, it wasn't.

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It wasn't included.

I didn't think of it at the time.

Q When were the arrangements made not to have that included?

A I don't know. It just -- you know, they never did it, so when they made their minds up not to do it or forgot about it, which is a possibility -- they could have just, you know, forgotten about it and that's why it wasn't done. I don't know.

Q Was there any discussion that you recall around tax preparation time, i.e., around early April, say, of 1981, about any possible tax problems with the bonus that you were receiving or had received?

A Ask me the question again?

Q Around tax time in 1981, were there any discussions about the tax ramifications of that bonus payment that you had received?

A Yes, there were.

Q What was said?

A Again this was just, you know, people like myself talking amongst each other. It just wasn't deductible.

Q All right, let's get this clear.

You say it wasn't deductible. Do you

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mean there was a discussion about the fact that the contribution which you had made was not deductible?

A Yes.

Q Do you mean it was not deductible in full as distinguished from being partially deductible?

A Correct.

Q Do you remember how that discovery came about?

A I think it was Bob Pulak or someone, you know, who had a background and said that that wasn't deductible.

Q Do you remember what happened then?

A No.

Q Did you actually have a conversation with Mr. Pulak about that?

A We went to lunch every day. Yes, we talked about that, and other things.

Q Did you talk with anybody else in the office about that problem of deductibility?

A No, not that I know of, you know, not that I recall, or if I did, it would have been, you know, "It's not deductible."

I mean, it was -- but specifically who and when, I don't know.

Q Did you become aware that other people in the office had made political contributions?

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A Yes.

Q How did you become aware of that?

A I think the first time would have been when Kerry asked me. He said that he had asked other people. So that is when I knew.

Q Do you know of anybody specific who made contributions?

A You know, I think I do.

Q All right, who? Who do you think you know made contributions?

A I think Maury did. I think Nick did. I think Bob Bernstein, Diane, Charlie, Bob Oglevee possibly.

Q All right, now --

A I didn't see their checks or Agency Holding's check.

Q Did any of those people tell you that they had made those contributions?

A It is hard to distinguish at this time, you know, because I have talked to them since, since the letter, so --

Q I am trying to --

A More or less we all assumed that the others had contributed.

Q But I am trying to have you focus, if you can,

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give your best recollection as to whether at that time, back around October of 1980, whether any of those people actually told you that they had made contributions?

A I think Diane told me that she had. Yes, that is fairly clear.

Q Did she tell you how much she had contributed?

A Somehow I found out, but, you know, I don't know when that was; but yes, she did.

Q Was there a similar arrangement for those other people whereby they got a bonus payment through Agency Holding Corporation?

A Yes.

Q How were those bonus payments arranged?

A Similar to mine, I suppose. I think they were just given a check.

Q Were you involved in issuing those checks?

A No.

Q Do you know who was?

A No.

Q Were you involved with issuing bonus checks to any of those other people besides yourself at that time?

A I don't recall. I would have to look at the checks to see if my signature was on there.

Q Would that be the only way you could tell?

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A That is the only way I could tell.

Q Did you make any of the check ledger entries for the payments to those individuals?

A No. As I recall, it was just my own that I made the entry for.

Q Your recollection is that you made your contribution on a Saturday?

A I think October 25th. I think it was a Saturday, yes.

Q Did you actually make the ledger entry that you referred to on Saturday as well?

A Yes.

Q Or that same day, if it was a Saturday?

A Yes.

Q I want to just be clear on this. You are testifying that at that time you did not make any ledger entries or issue any checks to any other individuals?

A I just don't recall. I would have to look --

Q Your recollection is --

A Yes, my recollection, I would have to look at the handwriting. My best recollection was that the first check I took out I had to void, but then the next one was mine.

Q The first check you took out, I am not sure

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I understand.

A I made a mistake on it or something and had to re-issue it.

Do you have a copy of it to look at or not?

Q I might in a moment here. I want to follow up a little bit here.

You say that Kerry approached you and asked you to make this contribution. Did you ask him at all whether this was legal or not?

A I don't recall.

Q Do you know if he made any statement at all to the effect of whether this was legal or not?

A I think at the time and the way it was being done that I thought it was proper. This was a proper thing, you know, proper because of the amount and so forth, that it was proper.

Now, how that feeling was conveyed to me, I just don't recall.

Q Had you done anything to earn a bonus up to that point?

A Not that I know of.

Q Had you received any other bonuses prior to that?

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A No.

Q Were you on a regular straight salary at the time?

A Yes, I was.

Q Do you recall what that salary was back then?

A Thirty-two.

Q At the time you issued the contribution check, did you have $1,000 in your checking account?

A No, I don't know what I had, but I don't believe I had enough for that.

Q How did you arrange the transaction; did you take the check that you received from Agency Holding and deposit that into your checking account immediately after you gave the check to him?

A Yes, the next business or banking day.

Q Did you ever discuss your having made a political contribution and having gotten reimbursed with Charles Smith?

A I don't know if I did or not.

I don't know if I did or not; probably did.

Q In any of your discussions with Kerry Craig or any of the other people at the office, did any of them give any explanation as to why these contributions were being made?

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A No. No, I -- no.

Q You don't recall anyone expressing even a curiosity to you and saying, "Gee, I wish I could figure out why he wants us to do this"?

MR. MILLER: Could we go off the record for a second.

MR. THOMAS: Wait. What is your purpose of going off the record?

MR. MILLER: I would like to have a short discussion with you.

MR.THOMAS: Okay, fine. Let's go off the record.

(There was a brief discussion off the record, after which the taking of the deposition was resumed as follows:)

MR. MILLER: Back on the record.

MR. THOMAS: Let's go back on the record.

I will decide when we go on and off the record.

MR. MILLER: Okay.

BY MR. THOMAS:

Q Now after you made the contribution and got reimbursed, did you discuss the legality of that transaction with anyone?

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A My wife.

Q Did you ever discuss the transaction with Nick Catrini?

A Not until we got the letter.

Q The letter from the Commission?

A Yes.

Q What was that conversation about?

A We both got the letter.

Q Did you discuss with him what your recollection was of what happened?

A No.

Q Did he discuss with you his recollection of what happened?

A No.

Q Was there ever any effort made to have the bonus payment that you received returned or paid back?

A No.

Q You don't recall anyone coming to you and saying, "We don't want to leave that transaction that way. We want to change it to a loan instead of a bonus"?

A Right, but nobody asked for the money.

That was requested. Nobody asked for the money. Nobody asked for me to pay it back.

Q But someone did ask you to issue a note; is

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that your recollection?

A My recollection is I didn't sign a note. I was told I signed a note; I don't recall.

MR. THOMAS: I will have the reporter mark this document as FEC Exhibit 1, please.

(Said exhibit was thereupon marked as FEC Exhibit 1, for identification, 8/2/82.)

MR. THOMAS: I am showing Exhibit 1 to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: By way of explanation, this is a Xerox of a document that we received from Agency Holding Corporation.

MR. MILLER: Is the document in the possession of the FEC?

MR. THOMAS: The original document?

MR. MILLER: Yes, sir.

MR. THOMAS: No, the original document is not in our possession.

MR. MILLER: Do you know where it is?

MR. THOMAS: It is in the possession of Agency

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Holding Corporation's attorneys.

MR. MILLER: I object to him testifying concerning this because this is merely a copy and there is no way to ascertain precisely what it is a copy of. We are all familiar with the magic that can be accomplished by the Xerox machine.

Subject to the objection...

BY MR. THOMAS:

Q All right, Mr. Preisser, can you identify FEC Exhibit 1?

A It is a copy of a check.

Q Does that appear to be a copy of the check that you received and which you referred to earlier?

A Yes.

Q I direct your attention to the bottom of FEC Exhibit 1. Can you identify or recognize any signature which appears there to be your own?

A Yes.

Q That is your signature?

A Yes, it is.

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 2.

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(Said exhibit was thereupon marked as FEC Exhibit 2, for identification, 8/2/82.)

MR. THOMAS: Again, this document, I would explain, is a copy of a document we obtained from Agency Holding Corporation through its counsel.

I would like the witness and counsel to examine FEC Exhibit 2.

MR. MILLER: Where is the original of this document?

MR. THOMAS: That also is with the attorneys for Agency Holding.

MR. MILLER: All right, object to this witness testifying with regard to this exhibit. Subject to the objection, he can testify.

BY MR. THOMAS:

Q Mr. Preisser, can you identify FEC Exhibit 2?

A It is a copy of a note, I presume.

Q Directing your attention to the bottom right-hand corner of Exhibit 2, there appears to be a signature. Can you identify that as your own signature?

A I would say it is. It is a copy of my signature.

Q Having seen Exhibit 2, does that refresh your

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recollection as to whether or not you signed a note?

A No. You know -- no, it doesn't.

It appears that I did, but when I did it, I just don't remember what the circumstances were.

Q Who asked you to sign such a note?

A I do not know for sure.

Q Diane Pariano?

A I do not know for sure.

Q Is the rest of the handwriting on Exhibit 2 yours?

A No.

Q Do you recognize that handwriting?

A No, I don't.

Q In your discussions with Nick Catrini, did you discuss having been asked to execute a note for repayment of the $1,000?

A No. I don't recall

I don't remember the note, so...

Q In your recent discussion with him, though, after you received notice from the Commission --

A No.

Q -- I am focusing on, was there any discussion about notes having been issued?

A With Nick? No.

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Q Do you recall when it was that someone came to you and asked you to issue a repayment note?

A No.

Q In general what year it was?

A No.

Q You don't recall if it was 1982?

A I don't remember the note.

Q I know you don't remember the note.

A And I don't remember anybody coming and asking me and putting a note in front of me and me signing it.

Q I thought you testified earlier that you remembered someone asking you to do that.

A No, what I said before was that Bob Pulak told me that I did sign a note, and that is -- Bob is a good friend of mine and, you know, I believe him, but I don't remember signing it.

Q When was that conversation with him?

A After I got the letter.

Q You spoke with him once before we spoke last week, is that correct, about this matter?

A Yes.

Q And then you spoke with him after we met last week, is that correct?

A Yes, I heard from him this past Monday, whatever.

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Q He called you?

A Yes.

Q Have you in fact made any repayment of that $1,000 to Agency Holding?

A No.

Q Has anyone from Agency Holding asked you to make such a repayment?

A No.

Q Have you had any discussion whatsoever with anyone from Agency Holding about your obligation to repay money to them?

A No.

Q Who prepared your tax return for 1980?

A My CPA.

Q On that tax return, did you report that bonus you received as income?

A No.

Q Did you report the contribution that you had made?

A No.

Q You claimed no deduction for that?

A None.

Q Why was that?

MR. MILLER: I am going to object at this point.

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I feel you are getting beyond the subject of your investigation into another investigation, and it further exceeds the parameters of our previous discussions.

MR. THOMAS: All right, the question stands. I understand you have made an objection.

MR. MILLER: Well, can we go off the record?

MR.THOMAS: Okay, let's go off the record.

(There was a brief discussion off the record, after which the taking of the deposition was resumed as follows:)

MR. MILLER: Go back on the record.

BY MR. THOMAS:

Q Mr. Preisser, do you recall any conversations, after you made your contribution and received a bonus, about the tax ramifications of having done so.

A I told you before that Bob Pulak said it wasn't deductible.

Q And you indicated, I recall, that you did not declare the contribution as a deduction?

A Correct.

Q Was there any discussion with anyone as to why you didn't declare it as a deduction?

A It wasn't deductible, so I didn't declare it as a deduction.

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Q Was this advice that your tax accountant gave to you?

A My tax accountant didn't know about it.

Q Was there a reason you didn't tell him about it?

A Maybe at the time maybe I -- no, there is no reason why I didn't tell him. I just didn't tell him.

Q Had Kerry Craig or anyone else at Agency Holding told you not to tell your tax accountant?

A No. No.

Q Did you tell your tax accountant about the $1,000 payment that you had received?

A No.

Q With regard to contributions made by other individuals at Agency Holding, do you recall what procedure was used to pay them bonus payments?

A No, I don't recall.

Q Did you ever see any of the books of Agency Holding that reflected payments from various firms related to Agency Holding to them?

A No.

Q For example, check ledgers?

A No. I have seen the check ledgers, but not the particular sheets that would have had checks payable to

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them.

Q With regard to making the book entries for any bonuses that may have been paid to other employees, who would have been responsible for actually making those entries?

A One of the bookkeepers.

Q Would that be Mr. Pulak at that time?

A One of the people who worked for him.

Q Did you have any discussion with anyone, after the contribution that you made was completed, about any of the bookkeeping that was done for payments to other people?

A No.

Q Did you ever become aware that several individuals received bonus payments from more than one firm related to Agency Holding?

A No, I didn't know that.

Q What account did the bonus payment that you made to yourself come from?

A The operating account.

Q Do you recall how much money was in the operating account at that time?

A No, I don't.

Q At that time would you say that Agency Holding

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Corporation was very successful financially?

A No, but then again, I am looking back, hindsight.

I wasn't that aware. I didn't have a full understanding of how the agency made money. I had only been there for six months.

Q Did you ever see any of the budgets for Agency Holding Corporation?

A Yes, I did.

Q In what connection did you see them?

A Anyone could see them. You know, if I remember, it was just like one sheet of paper that had general items, such as salaries. entertainment, rent, Xerox, telephone, with a monthly total.

Q Did a budget come out each month; is that what you are saying?

A No, it would be revised periodically as the office changed.

Q Were you responsible for preparing a budget for the office expenses, such as --

A I never prepared a budget for it. We just let the people in bookkeeping put it together.

Q Do you recall any discussions with anyone at Agency, after you made your contribution, as to where

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Agency would get enough funds to pay individuals these bonuses that were made?

A After the fact? As I recall, there must have been a special request made for a loan for this. How it was done, I don't know.

Q What makes you think that that happened?

A That is just my recollection.

Q You are recalling a conversation you had with somebody?

A It would just make sense. It wasn't an ordinary business expense like we talked about before when you had, you know, a need for something that was unbudgeted, the funds were requested by letter to Toronto.

Q Did you ever see a letter like that go to Toronto?

A No. That doesn't -- you know, no, I didn't.

Q In your job as office manager, did you usually see those kinds of letters that went to Toronto asking for moneys?

A Yes, if I wanted to see them, I could see them.

Q But as part of your ordinary function, did you see them?

A Yes.

Q How were those letters generated? Who was

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responsible for getting the information together and putting it in the letter form?

I am sorry. It is a compound question, but I think it is more explanatory.

A It could be anybody. You know, Kerry could ask anybody to write a letter, but it would have to be over his signature.

Q At what point did you see those letters in that process?

A A copy would go to bookkeeping.

Q And those all came into your in-box for your review?

A No, it went right to the bookkeeper, who had a file in her drawer so that when money did come back, they knew what it was for.

Q To your knowledge, was Clarke Lloyd aware at the time that these employees had been asked to make contributions?

A I assumed he was, but, to my knowledge, I don't know. I just assumed he...

Q Was he in Chicago at that time when those contribution requests came to you?

A My request was made on that Saturday? Clarke wasn't around.

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Q After that on any occasion when you were discussing the matter with people in the office, was Clarke Lloyd ever involved?

A No. I just assumed he was. I just assumed he knew.

Q Did anyone ever say that they had talked to him about it?

A No.

Q What is your assumption based on?

A He was tuned into everything we did. So I just assumed he knew.

He knew more about the operation than I did, so you would naturally assume that he knew what was going on.

Q Do you know if he ever made any political contributions?

A No, I don't.

Q Now, after the contribution that you made was given to Kerry, were there any other follow-up conversations about this with Clarke Lloyd?

A No.

Q Have you talked to him recently about this matter?

A Not this matter, no.

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Q When was the last time you saw him?

A The golf outing, Clarke was at the golf outing. That was the last time I saw him.

Q Was there any regular procedure at Agency Holding whereby employees would be given loans for personal reasons?

A I think Charlie Smith was given a loan, but no procedure for it.

Q Do you recall what he received a loan for?

A I think for his brother's college.

Q Do you remember how that loan was processed?

A No, I don't.

Q Did you ever see any documents relating to that loan?

A No, I didn't.

Q Do you recall any other kinds of personal loans that any of those employees received?

A No, I don't.

MR. THOMAS: All right, I would like to take about a three or five-minute break so Steve and I can just chat. We will be right back and we will finish it up.

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(There was a brief recess, after which the taking of the deposition was resumed as follows:)

MR.THOMAS: Back on the record, please.

BY MR. THOMAS:

Q Mr. Preisser, as your position of office manager, can you tell me if Agency Holding also oversaw the financial and auditing function for several other firms related to Agency Holding?

A Other agencies, yes, and firms.

Q All the accounting was handled through the Chicago office at Agency Holding?

A Yes.

Q Were all of the records maintained at the offices of Agency Holding?

A Yes.

Q Did Agency Holding also perform the record-keeping function for Incotrav?

A Not at that time, no. They do today or they have for maybe the last year.

Q Was there a reason for that change?

A I think the basic reason was that they had lost some key staff.

Q "They" being?

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A Incotrav.

Q Now with regard to financing payments that came from Crown Life to Agency and the related Agency firms, was there a system whereby a personal note of the individual general agent had to be made out payable to Crown?

A Not with the financing check, just with the special requests.

Q Do you know what the reason for that was?

A Well, they were loans. Like if you wanted a desk or needed a typewriter, Crown would finance that, and a note would be signed.

Q How was repayment made on those matters?

A It was deducted then on the monthly statement, commission statement.

Q At the outset I think we clarified the premium account and the operating account. Are you talking about the commissions account now is the one that was being used for making this deduction for repayment?

A Right, that is how Crown collected.

Q The money that was in the commissions account was money that --

A Certain amount of the money in the commission account was Agency Holding's, but since they had borrowed

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into the future, Crown retained Agency Holding's portion and applied it against financing, against loans.

Q As to that commission account, was Agency Holding responsible for maintaining the records for that account?

A Well, the records were generated from Toronto and sent to us.

Q So that it was within Toronot's control then as to whether commissions were deducted that were owing to Agency?

A Correct.

Q Now I believe you stated earlier that you recalled having given the check for Texans for Wright to Kerry Craig?

A Yes.

Q Do you recall at that time whether anyone asked you to fill out any type of contributor card that listed your name and address,occupation?

A I don't remember.

Q Do you recall signing any cover letter that went along with your contribution check in the mail?

A No, I don't recall.

Q Do you recall if there was any provision made to have someone prepare a cover letter?

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A No.

Q You don't recall?

A No, I don't recall. I wasn't aware of it.

Q With regard to any other individuals of Agency Holding, do you know if any of them ever declared it as income, any of the bonus payments that they received at that time?

A No, I am not aware of that.

Q Who was responsible for actually preparing the W-2 forms?

A We had a service, payroll service.

The bookkeepers, you know, gave them the initial information. So, you know, we were responsible for it.

MR.THOMAS: I am waiting for a moment. Steve is trying to copy a document.

MR. MILLER: Copy a document?

MR. THOMAS: We are going to ask him about one more document, and that's it.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 3, please.

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(Said exhibit was thereupon marked as FEC Exhibit 3 for identification, 8/2/82.)

MR. THOMAS: For the record, again this is a document that we have received from Agency Holding Corporation through their attorneys. This is a copy of a document we received.

MR. MILLER: You received this from Agency Holding?

MR. THOMAS: Yes.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

THE WITNESS: What is this document?

MR. THOMAS: I will have your attorney show it to you.

As you can see, it refers to, at the top, "Campaign Contributions."

MR. MILLER: Off the record?

MR. THOMAS: Go off the record.

(There was a brief discussion off the record, after which the taking of the deposition was resumed as follows:)

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BY MR. THOMAS:

Q Have you ever seen Exhibit 3?

A No, I haven't.

Q To your knowledge, did anyone ever prepare a list of persons who made contributions at Agency Holding?

A No, not to my knowledge.

Q To your knowledge, did anyone ever give you a document which listed the address of Texans for Wright so that you could send a contribution to them?

A No.

MR. THOMAS: All right, I have no further questions. Do you wish to cross?

MR. MILLER: No. Could we receive copies of all the exhibits?

MR.THOMAS: Yes, I wanted to ask if the witness wishes to waive signature of the deposition transcript?

MR. MILLER: No, we will not waive signature. The reason we will not waive signature, as I said in the course of the deposition, perhaps off the record, is that I found that we were responding to compound and in some cases triple questions. It was very difficult to understand what the testimony is in that respect.

MR. THOMAS: That is fine. Under our procedures, the original will be available at the reporter's

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office, unless you want to order a copy. You can order a copy, of course, at your own expense.

MR. MILLER: We will take a look at it.

THE REPORTER. May it be signed before any notary?

MR. THOMAS: Yes.

AND FURTHER DEPONENT SAITH NOT.

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I have read the foregoing transcript of my deposition consisting of pages 1 to 54, inclusive, and the same is a true, correct and complete transcript of my said deposition as it now appears, so given at the time and place aforesaid.

_____
William F. Preisser

Subscribed and sworn to
before me this ____day of
_____, A.D. 1982.

_____
Notary Public

My commission expires:

_____

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FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:)
) No. MUR 1445
AGENCY HOLDING CORPORATION, et al.,)

CERTIFICATE OF NOTARY PUBLIC
AND SHORTHAND REPORTER

I, Cynthia Dykins, a duly commissioned, qualified and acting Notary Public within and for the County of Cook and State of Illinois, do hereby certify that prior to the commencement of his deposition the witness WILLIAM F. PREISSER was by me first duly cautioned and sworn to testify the truth, the whole truth and nothing but the truth in the cause aforesaid;

That the deposition of the said WILLIAM F. PREISSER was taken before me at 219 South Dearborn Street, Room 1669, Chicago, Illinois, on Monday, August 2, 1982, commencing at the hour of 8:35 a.m., and was concluded on the same day at 10:05 a.m.; and

That the testimony contained in the said deposition then and there given by the said witness was taken down by me in shorthand in the presence of the said witness and thereafter by me and under my direct personal supervision transcribed into typewriting.

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I FURTHER CERTIFY that I am a Certified Shorthand Reporter of the State of Illinois, and that the foregoing transcript of the said deposition is a true, correct and complete transcript of the said shorthand notes so made as aforesaid, and is a true, correct and complete report of the whole of the testimony so given by said witness as aforesaid, together with such other matters and things as counsel for the parties present at the taking of the said deposition desired to have appear of record.

I FURTHER CERTIFY that the Federal Elections Commission was represented at the taking of the said deposition by Mr. Scott E. Thomas; that Mr. Lawrence T. Miller appeared on behalf of the deponent; and that there was also present Mr. Stephen H. Mims.

I FURTHER CERTIFY that after the said deposition was transcribed into typewriting, it was submitted to the said witness, who did thereupon read, sign and again subscribe and make oath to the same, as more fully hereinbefore set forth.

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I FURTHER CERTIFY that I am not of counsel for, or attorney,or solicitor for any or either of the said parties, nor am I interested in any manner in the said cause or in its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Chicago, Cook County, Illinois, this ____day of _____,A.D. 1982.

_____
Notary Public
State of Illinois

My commission expires:

October 25, 1985.

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CHICAGO, ILLINOIS August 10, 1982 19__

FEDERAL ELECTION COMMISSION

Attn: Mr. Scott E. Thomas

TELEPHONES:
AREA CODE 312
427-4393
668-1184

IN ACCOUNT WITH
LAURA M. BRENNAN
[redacted]
CERTIFIED SHORTHAND REPORTER
OFFICIAL COURT REPORTER – UNITED STATES DISTRICT COURT
ROOM 1918, U.S. COURT HOUSE, CHICAGO, ILLINOIS 60604

ALL ACCOUNTS CHARGEABLE TO ATTORNEYS. NO CREDIT IS GIVEN TO CLIENTS. JUDICIAL CODE SEC. 753 (F): "THE REPORTER MAY REQUIRE ANY PARTY REQUESTING A TRANSCRIPT TO PREPAY THE ESTIMATED FEE IN ADVANCE."

August 2, 1982

Re: IN THE MATTER OF: AGENCY HOLDING CORPORATION, et al., No. MUR 1445

Attendance	1 full day @ $120.00 per day	$ 120.00
Deposition of William F. Preisser	58 pages @ $3.00 per page	174.00
Deposition of Clarke Burton Lloyd	81 pages @ $3.00 per page	243.00
	Postage and Handling	2.24
	35 Xerox Copies @ $.25 per copy	8.75
	TOTAL . . .	$ 547.99

August 2, 1982
Pages 1 to 81

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:	)	
	)	No. MUR 1445
AGENCY HOLDING CORPORATION, et al.,	)	
	)	

'82 AUG 12 P12:12
GENERAL COUNSEL

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DEPOSITION

of

CLARKE BURTON LLOYD

LAURA M. BRENNAN
OFFICIAL COURT REPORTER
U. S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1818
CHICAGO, ILLINOIS 60604
312-427-4393

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:	)	
	)	No. MUR 1445
AGENCY HOLDING CORPORATION, et al.,	)	

DEPOSITION of CLARKE BURTON LLOYD, taken by the Federal Elections Commission, pursuant to agreement, before Cynthia Dykins, being a disinterested person, not of counsel for, or employed by any or either of the parties hereto, or interested in the outcome of said cause, a duly Certified Shorthand Reporter and Notary Public of the State of Illinois, at 219 South Dearborn Street, Room 1669, Chicago, Illinois, on Monday, August 2, 1982, commencing at the hour of 12:15 p.m.

PRESENT:

MR. SCOTT E. THOMAS
(Office of General Counsel
Federal Elections Commission
Washington, D.C. 20463)

appeared on behalf of the Federal Elections Commission;

MR. RICHARD S. JALOVEC
(150 North Wacker Drive, Room 2570
Chicago, Illinois 60606)

appeared on behalf of the deponent.

ALSO PRESENT:

MR. STEPHEN H. MIMS.

- - -

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I N D E X

W I T N E S S

	Direct
Clarke Burton Lloyd	2

E X H I B I T S

		Identified
FEC Exhibit	1	53
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" "	7	66
" "	8	68

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MR. THOMAS: Would you swear the witness, please.

(Witness sworn.)

CLARKE BURTON LLOYD,

called as a witness by the Federal Elections Commission, having been by me, the said Cynthia Dykins as Notary Public aforesaid first duly sworn, was examined upon oral interrogatories and he did thereupon depose and testify as follows:

DIRECT EXAMINATION

BY MR. THOMAS:

Q Would you state your name, please?

A Clarke Burton Lloyd.

Q What is your present home address?

A I am currently staying at 1349 North Astor in Chicago, Illinois.

Q What is your nationality?

A Canadian.

Q Are you married?

A Yes.

Q What is your wife's name?

A Hazel Betty.

Q Where are you presently employed?

A I am consultant to Agency Holding Corporation

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and some subsidiaries.

Q What are your general types of work as a consultant?

A I develop sales approaches and advertising and marketing concepts. I consult with certain brokers. I consult with legal entities for the development of product lines.

Q Do you have any involvement with the accounting operation at Agency Holding Corporation?

A Very little.

Q What is your involvement in that regard?

A My involvement in that regard is to try to develop an accounting system that is suitable for watching cash flow and for reporting to accountants.

Q Do you have accounting training?

A No.

Q What is your educational training?

A My educational training, I have recently received from New York -- I must admit I don't remember the firms, but from New York I recently received an equal to Master of Business and Commerce, I think, but my actual training is I have a high school education in Toronto and business after that.

Q What firms do you actually provide consulting

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services for now?

A Currently Agency Holding Corporation, Crown Associates of Arizona, Crown Associates of Colorado, Crown Associates of Minnesota, and Kerry P. Craig & Associates.

Q Any others?

A Not currently, no.

Q From whom do you receive compensation for your consulting services?

A I will eventually receive compensation from Agency Holding Corporation.

Q Have you been compensated thus far for your consulting services?

A Only for expenses.

Q How long have you been serving as a consultant to them?

A For ten months.

Q Where were you employed before then?

A Crown Life Insurance Company in Toronto.

Q What was your position there?

A I was the senior agency vice president for the United States.

Q What did that position entail?

A I was in charge of all the marketing for the

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Crown Life Insurance Company in the United States.

Q "In charge of marketing," what does that mean?

A That includes agency organization, appointments, market direction, product development, product design, and development of accounts.

Q What did you mean by "appointments"?

A Agency appointments, we appoint independent general agents throughout the United States. It was my function to approve all appointments.

Q The selection process --

A Yes, sir.

Q -- for which firms or individuals would be general agents?

A That is correct, yes, sir.

Q With Crown did you have any involvement with monitoring any pending or potential legislation that affected the insurance industry?

A Peripherally.

Q In what sense did you have that kind of involvement?

A Well, I obviously watched what the industry was doing in the United States because that has a great deal to do with our marketing thrust. I was involved

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a number of years ago in developing a product or having the U. S. Internal Revenue Service provide a private letter ruling to Crown on what was popularly called Section 79, which was a method that a client could use in separating group term insurance from the cash value side of the product.

Q You were involved with helping Crown seek a letter ruling; is that what you said?

A That is correct, I appeared before the IRS.

Q What time period was that; do you recall?

A I can't recall; a number of years ago.

Q Was there a division or department within Crown Life that had general ongoing responsibility for following legislation or IRS rulings that affected the insurance industry?

A I had a -- well, I would say no to that question.

Q Were you the person most responsible for that area at the company?

A I would be the person most responsible for the output from the legal department or from my own sales research associates and any other input I got, which would be from general agents. It came from all over as to what information was available.

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Also we had -- and I don't remember their name -- but I know the company had counsel in Washington for the purpose of monitoring legislation.

Q Do you recall which firm or what the name of that counsel was?

A I wish I did. I didn't have any direct contact other than being able to call and find out how we should interpret this law or how we should interpret that law.

Q Could you describe for me in a general way, first of all, how the financing scheme operated as between Crown in Toronto and Agency Holding Corporation in Chicago?

A Well, there was very little difference between how it operated between Agency Holding Corporation or any other general agency. So if I go through that, then you can ask me the other specifics.

Q Fine.

A Basically the company financed certain sales operations in general agencies, in all general agencies. We financed either general sales thrusts or particular sales thrusts.

We also from time to time would finance particular one-time or two-time purchases. We would also sometimes finance personal loans for general agents.

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Q With regard to operating expenditures of the general agent's companies, was there any sort of system set up whereby they had to have a special account for operating expenses alone?

A No, no.

Q Was there any sort of system set up whereby they had separate accounts for specific functions?

A In some cases yes; in some cases no, depending on their marketing thrust of what they particularly were doing, what the money was being used for in general terms, or how they wanted it accounted for.

The accounting was generally fed back to us, not from us to them.

Q In that sense, you say the accounting was fed back to you; do you mean that they had to submit records to you at Crown for your review?

A Well, not particularly. Those were automatic. That is all computerized.

What they would do is they would say, "Well, I want this money listed under this particular account," or, "I want this money listed under that particular account."

Q "They" being the general agent?

A The general agent, because all financing was

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the first call on earned commissions and, therefore, if they wanted to, say, split commissions between this marketing thrust and that marketing thrust, they would have moneys go there so that the sales that were related to that particular thrust would go back against those sales; the sales related to this particular thrust would go back to those sales -- or go back to those advances; I am sorry.

Q The advances, all right, yes.

Was there a specific type of loan called a monthly financing loan?

A Yes, sir.

Q What was that kind of loan?

A Well, generally speaking monthly financing loan, or what you would refer to as a level financing loan, is a loan that has been pre-budgeted, that, to all intents and purposes, each month, up or down, your general agent knows what his expenses are going to be. He has salaries. He has taxes. He has rents. He has telephone, legal fees, accounting fees.

Those are generally speaking fairly level; not altogether always true. In other words, a number of general agents would have their accountant, even though the accounting bill was the same, it might

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come only in December or it might come only in January, and they didn't budget for it during the year. It would be a special loan, but generally that is a level loan, which I think is what you are referring to.

Q How about the term "special advance," what was a special advance?

A Special advance would be for a particular project or a particular problem. For example, if a general agent hadn't budgeted for his accounting and he needed to pay a $6,000 bill or a $7,000 bill, we would make a special advance for that purpose; or if he had legal fees that were generally out of the norm, we would advance money for that purpose.

Q How about the category called confidential loans, do you know what that means?

A Confidential loans are probably this kind of loan, such as loans that would be made for some purpose, such as accounting bills or legal bills or whatever; but I think the word "confidential loan," as far as I am concerned, I used it to avoid having to complete 17 pages of documentation to spell out the reason for the loans.

Q What sort of documentation process did you have to go through for most loans?

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A Well, for example, if somebody called me and said, "I need $10,000," and I asked him, "What do you need it for," and they said, "Well, I need 1,000 for this and I need 500 for that and I need 1,000 for this," and the list goes on and on and on, I would say, "Well, we will make it a confidential loan and charge it against your bonus at the end of the year."

That was what -- I mean, that was as frequent as the other.

Q All right, but what paper work did you avoid that way?

A I wouldn't have to write memorandums to everybody saying, "I have to charge this amount to here and I have to charge this amount to here and I have to charge this amount to here," etc. I just charged it generally against that particular account, where it ended up anyhow.

Q So what is the difference then between the confidential loan that you have just described and, say, a special advance?

A Well, none, except a confidential loan is a special advance -- oh, I am sorry. I should tell you where it says "loan," then there is interest of 15 percent charged. An advance, there is no interest charged.

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Q What was the determination as to whether interest is going to be charged or not?

A If it was a marketing function, then there would be no interest. If it was a special loan for things such as automobile rentals or anything that the fellow would normally go to a bank to get, you know, then I would consider that a loan.

Q Who at Crown during the time period of September through November of 1980 was responsible for approving all loan requests from the United States agencies?

A There were a number, and I don't really -- my function was there are technical procedures within Crown. I did not have the authority to officially request or approve any financing or loan. It would go through a series of people, who would accept or not accept what I had recommended.

Q Can you give me a better description of how that process actually worked and who those people were?

A Well, one person would be -- well, I will tell you how the process worked.

I would get a phone call generally and say, "I need money for this or money for that."

I would think about --

Q A call from a general agent?

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A Call from a general agent.

I would think about it, discuss it, or it could have been from -- I had a series of vice presidents that reported to me and a series of superintendents. They would come in and say, "So and so needs a loan for this or that," and we would think about it and either approve it or not approve it as an appropriate financial investment.

If it were recommended, which is another word for approved, if we recommended that it be done, it would go to -- the fellow's name is Des O'Sullivan, and I am not really sure what his title is. I think he is an assistant superintendent of administration.

Anyhow, it would go to the agency administration group. There are a number of people in there who would either request a loan and approve the loan and make sure that it got into the right account, and their function was to make sure in general terms that if the money was being put out, there was ample assurance that the money would be returned.

Q Now, are you describing the system that was in place when you left recently, or are you describing the system back in September through November of '80?

A I am describing the system as prior to the

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system that was put in place about a year ago.

Q What was that system and how is that different?

A Well, that was a system where we all sat as a committee, everybody involved with the financing system, and we all sat as a committee, and decided whether a loan was a good idea or not a good idea.

Q What was the reason for the change; do you remember?

A Yes, general concern about cash flow.

Q They wanted tighter control?

A They wanted tighter control.

Up to the point that I am discussing, the accounting department had no input into agency operations, and the president at that time felt that the accounting department should have input and look at them more as investments rather than marketing loans, which in fact took place.

Q What procedure was in place back in September through November of '80 for getting repayment of these loans?

A Well, there were a number of repayment systems. You could have level repayments, but in fact all of the loans, unless they were guaranteed by outside chattels, were against future earnings of the particular

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agency.

Q Did the general agent have to execute notes themselves, promise repayment of the loans?

A Yes, in most cases. However, when a general agent is appointed, there is a general note signed that says that any moneys advanced for any purpose will be the first call upon future commissions because the general agent's contract with Crown Life is a fully vested contract; that is to say, all commissions that would be payable under a contract for ten years are payable, whether the general agent is with the Crown or not with the Crown, and that also goes down to the agent or broker level.

So being a fully vested contract, unless you had this note, which would be the first call, then you would have to pay the moneys out and just hope you could get it back.

Q Was there also a procedure whereby the individual who happened to be in control of the particular general agency also signed a guarantee, a personal guarantee of the loan?

A Yes, sir.

Q Now back to this process for approving for a bit, for all special loans, special advances, confidential

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loans during that period of September through November of 1980, are you saying that you always had to get financial approval from Mr. Sullivan --

A O'Sullivan.

Q O'Sullivan?

A He could come back to me and say, "I don't want to make this loan."

Then we would either argue about it and he would win, or we would argue about it and I would win.

Q Do you recall any occasions back then when he would oppose any of your recommendations?

A I would say that there were a number, yes.

Q Did a request for a special advance have to come in in the form of a letter?

A No.

Q It could be made orally?

A I would say most of them were oral.

Q For all loans that were in fact made, were you given notice of those loans?

A Supposedly, and I think that is true, yes.

Q Did Crown have any system for auditing the various general agents at any point to determine whether they were spending the money as they said they were?

A No.

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Q Was there any system for monitoring that?

A If there was any, we have an audit system and we have a finance system. They are really self-auditing, continually self-auditing. Every loan, even as small as a dollar, is computerized, and those loans, the entire financial picture each month is available to me, to every vice president, to anybody in the company who cares to look, and believe me, there are a great many who cared to look.

Any concern about financing would be discussed, and if there was any corrective measures to be put in, they were usually put in.

Q How about procedure for monitoring the specific purpose for which funds were ultimately used by the general agent, was there any system for that?

A No more than a bank has.

Q Crown really monitored the payments out and the payment back in?

A That is correct.

Q But no close monitoring was done of how the money was actually spent?

A Well, I would say in that sense, the monitoring would be does the request make sense and are we going to get our money back? To that extent, yes, it is

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monitored.

I knew pretty well, I think, generally speaking, all of the successes or failures of most of the agencies. We only had 83. A lot of them were multiple owned.

To a great extent you made your guesses on the basis of your knowledge of the individuals involved, and if they were successful or if they had the potential of success, you said yes. If you thought you had a loser, you would be very cautious.

Q The requests that came in, did they have to be accompanied at any point by any invoices or cancelled receipts of expenditures?

A Sometimes. If there was no repayment expected, yes. For example, in areas of sales promotion and marketing, where we allow X number of dollars -- or we did allow. I shouldn't say -- I can't speak -- I have been retired since September, so I can't speak currently, although I don't think much has changed.

But there is an allowance for advertising and sales promotion based on production, which has to be verified because it is non-repayable, and in those situations for the Crown Life to expense them, I guess both under Canadian and U. S. law, as advertising and

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sales promotion expenses, they had to be verified as to what they were used for, yes.

Q And what was that system?

A We would get the billings in and they would go through the advertising department. The advertising department would allocate the money and computerize it, as I said earlier, and it went also down by agency as to what was spent, where it was spent, and the fact that it had been approved as an advertising reimbursement.

Q That was solely for sales promotion and advertising?

A Right. The other places that you would use it I would think would be furniture loans, where the chattel would be the furniture. We would get a listing of the furniture.

One time we went to a great deal of trouble I think to register them or whatever the legal term is, only to find out it didn't make any difference anyhow because they had already been sold by the time we got around to collecting our money. So it doesn't make much difference.

If a guy is going to ding you, he can ding you pretty good. I mean, you don't have to worry about a lot of -- so I don't know that they still do

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that, but we did that for a while.

Mortgage loans -- I am sorry -- mortgage loans, we would also on second martgages have them documented.

Again, I am not sure that they were ever able to collect on them.

Q Was there a set time repayment schedule for loans or advances that had to be repaid?

A Yes, sir.

Q What was that schedule?

A Depended on the loan or the amount of money. Furniture loans ranged from 36 months to five years.

Q Did special advances for unforeseen operating expenses, for example, also have to be --

A No. No, they were first call against earnings.

Q So it was just on a monthly basis when earnings were calculated that then there would be some offset --

A Yes.

Q -- for that repayment?

A Well, no. Getting to Agency Holding, for example, they have a number of national accounts which they solicit, and in those particular cases, the money would be allocated to the branch and to the account

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that was involved.

In this particular product line, it takes three years, basically four years, after the sale has been made for all of the front end repayments to come in. So in those particular cases, it is totally against earnings.

In summation, I should say that without exception, except where chattels are, as I say, furniture loans, mortgage loans, automobile loans, or some capital good where you could work out a repayment, it was always against earnings.

Q To your knowledge, did Crown Life make any political contributions to political parties in Canada from the period of 1980 that you are aware of?

A I don't know.

Q Did you ever have any discussions with anyone at Crown as to whether they had made any such political contributions to parties?

A Not as to whether they had or not, no.

Q Did you ever have any involvement with any request from a party from Canada for a political contribution?

A Frequently.

Q What did you do with those requests?

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A I contributed.

Q No, I didn't mean yourself personally.

A Oh, did I?

Q I am asking a request coming into Crown.

A They would go to the president. We had a political committee in Crown in Canada to handle requests for political contributions.

Q Were you on that committee?

A No, sir.

Q Do you know how that committee operated? Was there a --

A I don't think --

Q -- formal decision-making --

A -- very well. I really don't.

The fellow that I knew on it, who I think was chairman -- in fact, it may have been -- I don't know whose idea it was, but whoever he was, he was my counterpart for Canada, and I think he spent most of his time in this kind of area. He certainly didn't produce very much business, so I assume that he spent a lot of time on that.

But he had been, before he came to Crown, a major political figure, at least in his view, with the Conservative Party.

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Q To your knowledge, though, was there a fairly formalized process for evaluating requests to Crown to make contributions and for approving them?

A I believe there was, yes, in Canada.

I should point out that many of our directors were at one time political figures. Lester Pearson was a director of the Crown. Miss Honorable Winters was a director of the Crown. I think there are a few on there now -- at one time Mr. MacTavish -- this goes back a number of years -- who was the chief at that time fund raiser for the Liberal Party was a director of the Crown. A very close personal friend of mine, Senator Davies, is the current political activist for the Liberal Party.

So, you know, I don't know how formal or informal the practice was then. It is encouraged, as you probably know.

Q Did Crown have any type of political action committee so that it could make political contributions to the United States?

A No, sir.

Q Was there ever any discussions, to your knowledge, about possibly setting one up?

A No, sir. In fact, I would tell you that as

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a matter of principle, the Crown Life, who operate in Canada, United States, many of the Caribbean countries, in many of the British Colonies, the few that are left, Hong Kong and Bermuda, and in Britain, it is a matter of policy, and my own as well, that one does not interfere with internal politics of a country.

Q Do you know an individual named Kerry Craig?

A Yes, sir.

Q How is it that you know him?

A I know him extremely well. For a number of years he was an employee of mine at Crown. I was the senior -- I told you what I was. He was a superintendent of agencies for us and was a recruiter and developer of general agencies in the United States.

Q What time period was that that he was in that position?

A I think he came to the United States, to Chicago, in '78. So it would be six years or so prior to that. He had been with the Crown prior to that. I brought him from another department.

Q You indicated you know him very well. Are you indicating you know him socially as well as through business relationship?

A I do now, yes. I work with him now. I am

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consulting with him. He has asked me to consult with him.'

Q Prior to when you recently began consulting with his firms, and I am concentrating now on the time period of September through November of 1980, were you a social acquaintance of his then?

A I was a business acquaintance. He lived here and I lived in Toronto.

Q Do you know an individual named Diane Pariano Craig?

A Yes.

Q How long have you know her?

A I knew her when she was originally hired by our general agent in Cleveland.

Q When was that?

A '77, I think.

Q How about an individual named Charles Smith?

A I know Charlie Smith, yes.

Q How is it that you know him?

A I knew him through his mother and dad many years ago when he lived in Boston and he was a friend of the wife of our general agent there.

Q In or about that time period I have referred to, do you know what position he held with Agency

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Holding Corporation?

A I believe he was brokerage manager.

I want to restate this. I am very bad on times, but I think that if you knew he was brokerage manager, he was brokerage manager in Agency Holding.

I don't know what his title was, but I assume he functioned as a brokerage manager.

Q You referred to earlier that you were involved with communicating with the IRS about a possible letter of ruling concerning the insurance industry.

A No; no, sir, I didn't say that.

Q Okay, you indicated you had some involvement with a --

A IRS concerning a private letter for the Crown Life Insurance Company.

Q Right.

A It was not for the insurance industry. The insurance industry was split on the subject.

Q For Crown Life then.

Did you have any discussions with anyone at Agency Holding Corporation about that?

A No, because this was prior to Agency Holding Corporation being an entity.

Q When did Agency Holding become an entity?

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A I believe in January of -- I am very confused now. It was either January of 1977 or January of 1978.

Q After that time period, and I am focusing on the period around September through November of 1980, do you recall any similar type of IRS issue that concerned Crown Life that you had any involvement with?

A Well, there were a number of IRS issues that I was involved with in that the IRS plays a very important role in our business, as I am sure it does in everybody else's business.

Was I interested, I think your question is, in -- should I interpretquestions here, counsel?

MR. JALOVEC: Well, why don't you ask him what he meant.

THE WITNESS: What do you mean?

BY MR THOMAS:

Q Well, I think you have answered my question.

A Sorry.

Q More specifically, did you have any discussions with anybody in Agency Holding Company here in Chicago about any pending IRS issues?

A That would be very hard to tell because I have discussions all the time regarding real or imagined pending IRS decisions, and it has been my experience

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that they are neither real, nor are they pending.

Q Nothing comes to mind as a specific problem that you were facing at that time that you were discussing with general agents?

A Well, for example, the new tax law has impacted very strongly on our business, some cases negatively and some cases positively. That is important.

This Section 79 situation I told you about that we got a private letter on, the IRS subsequently some years later made a less generous ruling on the division between term and ordinary life, and because of that, although everybody went into a panic, it presented a completely new opportunity for many life insurance companies, including our own, to develop a completely new market that was particularly beneficial to us and resulted in our writing the McDonald's owner-operators and the Burger King owner-operators and Coca-Cola bottlers, and a whole number of other things.

So it is hard for me to say that anything that the IRS does one way or the other is good or bad. It is usually good.

Q Those accounts that you just referred to, McDonald's, Burger King, and so forth, those were created through Kerry Craig's firms, were they not?

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A Yes.

Q Did you have any discussion with him, as you recall, about how this tax implication would allow the creation of these new accounts and how that could be developed?

A That was generally across the board. We developed a retired lives reserve product. We were late coming into the market because a number of my associates in Toronto felt that the market was not going to be viable, which again is, you know, fairly typical of an actuary. Unless it was done for the last thousand years, it is never going to work.

So we were late coming in on the market. Fortunately, our competitors were even later.

However, we did develop this product, and it was particularly well received by consumers. We have written that type of approach through many of our general agents. We have Pepsi-Cola through our San Francisco office. We have a hotel chain, Holiday Inns, through our Memphis operation. We have the Association of Cemeteries, I think it is called ,through our Georgia office. We have a number of them all over.

The one that was particularly successful at developing this market was our Chicago operation,

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through Agency Holding, because they, first of all, got McDonald's,which, you know, was probably the most beneficial thing that could have happened.

We had a tax lawyer in Hartford, Connecticut who wrote a particularly suitable method for everybody to join and, therefore, it lent itself to this kind of approach, in addition to which, Kerry had a number of employees as brokerage managers throughout all of these myriad agencies that could solicit the case, and because he had the best soliciting team, he had the best success, and it is, believe me, a very successful program.

Q Do you recall going to Washington, D.C. around September of 1980, October 1980, to attend a meeting of the general agents?

A I could have, yes.

Q You don't recall specifically?

A No, but I have been in Washington attending the General Agents' Association meeting, yes.

Q On more than one occasion have you been to Washington?

A Well, I have been to Washington on more than one occasion, yes, but I think we only had a GAA meeting there once that I recall.

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Q Do you recall what that meeting was about?

A Our General Agents' Association meetings are about everything that we want to talk about, new products, new marketing thrusts, new ideas, and they range all the way from accounting to computers, just a wide-ranging discussion of, from my point of view, what is wrong with the general agents and, from their point of view, what is wrong with the home office. I don't think it is unique.

Q Do you recall any discussion at that particular meeting about any pending IRS determination or already taken IRS determination as it impacted on this development you were talking about?

A If it was 1980, we would be talking about the retired lives reserve because I think that was the hot issue at that time.

Q At that meeting was there any discussion about getting any political action work going with regard to that issue?

A Not that I recall at all.

Q Do you recall if there were any congressmen or congresswomen that attended that general agents' meeting?

A Not that I recall.

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Q Do you recall at or around that meeting in Washington having any conversations with anyone working at Agency Holding about the possibility of them making some political contributions to candidates?

A I don't recall that there was anybody at that meeting from Agency Holding. There might have been. I don't recall specifically the general agents that were there, and I certainly don't recall any general term or even specific discussion of anything like that, and I would think that I would know about it. I mean, I would recall it.

Bear in mind that every now and again somebody says, you know, "We should do this," or, "We should do that," and you let it go in one ear and out the other.

Q Do you recall meeting an individual named Owen Marley at that meeting?

A I have never met an individual named Owen Marley.

Q Do you recall any conversation with Charles Smith in Washington at that time where he indicated that he was thinking of making some political contributions?

A I don't recall that Charlie Smith was there at that particular meeting. I don't know.

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I don't recall, no.

Q Do you remember going to a place called Nathan's in Washington?

A I am sure I have been at Nathan's, but I don't recall it specifically.

I have been to Washington, as I say, on a number of occasions. Best of my knowledge, I always go to Georgetown.

Q We have talked to Owen Marley, who is Charlie Smith's uncle, and he told us he recalled going up to you at that event in Washington and indicating, overhearing-- perhaps he didn't say it. He couldn't recall if he said it himself, but he recalled Charlie Smith at some point saying, "Hey, I'm planning to make some political contributions."

That doesn't ring a bell at all with you?

A It doesn't ring a bell, and Owen Marshall, or Owen --

Q Marley.

A -- Marley, that doesn't ring a bell at all.

But Charlie could well have said, "I'm going to make political contributions." It wouldn't mean anything to me.

I wouldn't have recognized that as

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being either a good, bad, or indifferent thing anyhow. I mean, if you came up to me and said, "I am going to make some political contributions," I would probably say, "Fine."

Q Did there ever come a point when you discovered that some people working for Agency had made some political contributions to candidates?

A I had heard that they had made some political contributions long after the apparent time took place.

Q How did you become aware of it?

A I think Kerry mentioned it to me. Certainly it didn't mean much to me until I came down, I think, in November of last year and --

Q "came down--"

A To Chicago, after I had retired, and the subject came up.

Q Who brought it up?

A I think Kerry did, and I said, "Well, you know, we can't afford it. We don't have the money to make -- you know, I think it is a great thing to do, but we don't have the money."

I do recall something else, saying that, and I said, "Well--"

Q You recall; I am sorry?

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A I do recall something at one time where I said, you know, "We just can't afford it."

Q All right, now let's get this event tied down. You think it was in November of approximately '81?

A Of last year.

Q Where did it take place, this discussion?

A In Chicago, here.

Q At the Agency offices?

A Right.

Q Who else was in on that conversation?

A Just Kerry and I.

Q Where did it --

A In his office, I think.

Q Do you remember what the general context was in which that subject came up, how that came up?

A I don't recall, to be honest with you. I really don't recall.

I am very hazy on this whole subject. I think I told you that on the phone. I am not really sure about the whole involvement, other than obviously somebody has made some political contributions.

Q After this subject came up at this meeting you described, what happened after that; any further

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discussion about it?

A No.

Q That is the only time you ever talked about it with Kerry Craig?

A Up until you called, and I just said, "What the hell are we doing? What's going on?"

Q Did the subject ever come up at all in discussions you had with people at Crown in Toronto?

A No, sir.

Q So after you talked to Kerry Craig, the next thing you ever heard about this was the telephone call you got from the Commission?

A From you I think it was. I think you called me.

MR. MIMS: I think it was me.

THE WITNESS: Was it you? Oh, I am sorry.

MR. MIMS: I don't want to confuse you.

THE WITNESS: Well, I think your name was raised -- no, it was Mr. Mims. I am sorry; I have you confused.

I apologize. It was Mr. Mims, right.

BY MR. THOMAS:

Q Before that you hadn't gotten a call from anybody that worked for or was related in any way with

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the Agency Holding offices about they had gotten notice from the Commission?

A No, sir, not at all.

Q When Kerry raised the subject with you, did he also tell you how those contributions had been effected?

A No, sir.

Q Did he say that individuals had made contributions, or was he saying that Agency funds had been used?

A I honestly forget the conversation, other than I was pretty upset that these guys were spending money that they could ill-afford in an area that we are lending the money and they are throwing it around. I would be equally upset if we were lending the money and they were buying three homes in Cape Cod.

Again, I don't want to mislead you, sir. I did not know, nor am I sure now -- until I talked to Mr. Jalovec, and I am not really clear why -- it is illegal to make contributions to political parties. Therefore, it wouldn't occur to me that there was anything morally wrong with it. I just thought it was financially a rather inappropriate time to make loans.

Q Did you have any discussion with him at the time as to whether what they had done was legal or not?

A I don't believe Mr. Craig knows or knew

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that it was illegal at the time we discussed it.

Q Did he give you any indication as to why he brought it up at that time?

A I think I do recall why. I had made a contribution to a friend of mine who was running for office of some kind. I don't even know what office it was, but he was running for some office in the United Mine Workers, and I gave him a check, or I sent a check through an intermediary actually, for $500 out of my personal bank account, which was not put back in my bank account, and I said at the time -- we are in litigation under an antitrust suit in Pittsburgh, and it came up at that point, and I think at that time he said, "Well, I made political contributions, too," and I said, "Well, I don't think mine is illegal. I am going to find out."

He said, "I made contributions, too," and I said, "How can you afford to make --"

He didn't say he made contributions. He said, "Well, we have that problem, too," or something, and I said, "How can you guys afford to make political contributions when you really are having a hard time. You know, Charlie is having a hard time and everybody else is having a hard time keeping their house and

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home together."

I think that was the end of the discussion. I was candidly more concerned about what I had done, which I found out later was not illegal, and I suppose that again I would have assumed that they were all legal.

Q Was this meeting where you brought these subjects out a meeting where Crown was present in connection with the antitrust litigation?

A What I just referred to?

Q Yes.

A No, no, no, he was in his office. You asked me how the subject came up. I just remembered now why it came up at that time.

Q So it was just a meeting between you two?

A Yes, I just said, you know --

Q But you were just sort of discussing the antitrust litigation, I take it?

A Yes, sir.

Q When you had that conversation with him, did he indicate that Agency Holding Corporation or its subsidiaries had given bonuses to some of the employees so that they could make the contributions?

A No, sir.

Q He didn't indicate any of the mechanics of

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how --

A He knew that I was very upset at what I considered at that time wasting money.

Q I take it then what you are saying is you knew that Agency money had been used in some way?

A No, I didn't.

Q Why would you have been upset then?

A Well, because these guys, none of them can afford to make any contributions. You know, they are all struggling, in my view, in my view.

Q Do you remember what Kerry Craig's salary was, combined salary at that time was?

A No, sir, I don't.

Q Any estimate?

A No, I don't have a clue. I don't know what it is now.

Q You referred to Charlie Smith having a tough time. What were you referring to? Was there some specific knowledge you had that he had other obligations?

A Excuse me just for a minute.

(There was a brief discussion off the record, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: Let's go back on the record.

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BY MR. THOMAS:

Q All right, Mr. Lloyd --

A Would you read the question back?

Q Let me restate a little bit.

Were you aware at the time that it might have been difficult for Charles Smith to make a political contribution?

A I was aware that there were more appropriate ways for him to spend his money.

Q Were you then somewhat surprised when you heard that he had made a contribution?

A Yes, sir, I was surprised that he had made a contribution.

Q When Kerry Craig mentioned this to you, did he mention other individuals who had made contributions?

A No.

Q Did he mention Charles Smith, for example?

A I think he mentioned Charlie Smith, yes. Charlie at that time was having more financial trouble.

Charlie finally left our office and went to our Boston office, and I think one of the reasons was he wanted to be close to his immediate family and his children and his father and mother. They are all from Boston.

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Q Did Kerry Craig advise you as to how much he had contributed to candidates?

A No, I have the impression that some people -- I have only an impression. The answer is no.

Q What is your impression based on?

A I don't know. That is why it is an impression.

Q Based on knowledge you obtained afterwards, after that conversation?

A Yes, based on what I believe currently to be my impression.

Q You indicated that you were somewhat surprised at the time.

A Yes.

Q Was it perhaps because he told you that there was some $75,000 involved?

A No, no, I didn't know that until now, I don't think.

I had the impression that some people had given $5,000, which I thought was a sizable amount to give away.

Q You said 5,000?

A Yes, sir.

Q You recall that is what he told you; is that what you are saying?

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A I don't know where I got that impression. I really don't. I have no idea about it.

Q Had you ever given any encouragement to Kerry Craig or the other people in Chicago, encouragement in the sense of having them make political contributions if they saw fit?

A Well, I think I have already testified -- oh, I think I have not already testified that I have always felt that all of us should make a contribution to the political well-being of ourselves; that we should be involved politically, either through direct action or through contribution, if that is the only way you can do it, to serving what you think is in the best interest of what you believe to be the right thing.

I have encouraged my children to take an active part in politics, both financially and otherwise, and I have contributed both my own time and money to politicians and political parties, more to political parties because they, under our system, distribute it the way they best see fit.

Q Did you ever encourage Kerry Craig or any of the people in the Agency Holding operation in Chicago to make contributions?

A I may have encouraged him to take an active

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part in politics,and I may very well have urged him to make political contributions on the grounds that I just told you, not in any specific way or at any specific time, and I probably have encouraged others to do the same thing.

Q Around that time, though, you don't recall any specific suggestion by you that Kerry Craig maybe see if some of the people at Agency could make political contributions?

A Absolutely not. Absolutely not, not at that time, but I am thinking I may have encouraged him before when he was in Ontario because that was my attitude.

I may have encouraged a lot of people, either subtly or not subtly.

Q Did you ever talk with Kerry Craig about the pros or cons of maybe setting up a political action committee for Agency Holding Corporation?

A No.

Q Do you have any familiarity with the restrictions and what not for political action committees in the U. S.?

A Well, I don't know what a political action committee is, but a political action committee to me is going out and getting somebody elected.

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Q I was thinking more in a term of art sense, which is a company setting up a program for stockholders and executive administrative personnel and employees whereby they can contribute to a political committee that the firm then determines how to distribute contributions to candidates or committees.

A Well, as I told you, the Crown Life in Toronto has, in your terms, a political -- I won't call it political action because in your terms it is not that. They encourage people to contribute to the party of their own choice, and bear in mind in Canada we have a minimum of seven parties and frequently a lot more than that, ranging all the way from Maoists to Fascists, depending on your interpretation, too, I guess, and they are all legally recognized parties.

It would be absolutely, to my mind, important to me, and I hope important to Kerry Craig, not to direct anybody to contribute anything, either in energy or otherwise, to somebody or to a political movement that they don't believe in. I think that would be important to him. It certainly would be important to me.

Q So you didn't talk about a PAC to him for Agency Holding, political action committee?

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A For Agency Holding? To be honest with you, sir, I don't really know what they would be politically oriented towards.

Q Making contributions to candidates.

A For what reason?

Q For their campaign expenses, which are very expensive in these days.

A It is a very, very small organization. We are a sales organization. There is absolutely no benefit to Agency Holding Corporation, to the best of my knowledge, to make any contribution, if I read you right, for some political gain, other than just an emotional affiliation to a particular point of view.

They couldn't do anything. I mean, I could see it for a large corporation or something like that, but even the Crown Life, it wouldn't be of any advantage to them. There are 1,800 life insurance companies in the United States, all of whom wouldn't share one mutual thought, to the best of my knowledge.

We push for a product, and you have Mass. Mutual going down to the IRS and saying that it is all wrong. It is the most disparate and disjointed industry in the United States. Why it is successful, I never figured it out.

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I am quite serious. I am not being humorous. There just is no benefit. It is a little, tiny agency. Other than myself, I don't think any of them are over 35 years old.

Q Do you have any sense of the overall profits that Agency was turning over on an annual basis during, say, 1980?

A They were at a loss position in 1980.

Q Do you remember how much of a loss they incurred?

A Substantial loss. The actual figure --

Q Over 100,000?

A Oh,yes.

Q Over half a million?

A Well, I don't know. I am not an accountant, as I told you, and I didn't do their books.

They may have made a profit on the books, but in fact they had a loss.

Q What do you mean by that?

A Well, as I say, I am not an accountant, but I do know, and I think we are all aware, that you can have a cash flow loss and yet show a profit position. I haven't looked at his books, so I don't know.

My sense, from where I sat, he was in

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a loss position, and I would say, everything combined, at least $500,000.

Q That is an accumulated loss?

A Yes, sir, from the beginning of time.

Well, unfortunately when I say that, this is why I have to go back to the statement that our commissions are all vested, as I told you. I am talking about the cash position, the cash flow position. It was more out than coming in, but the future income from the business sold then may have put them in a profit position.

I don't know whether they are on a cash basis or a revenue basis. By the end of this year, I will be able to tell you everything.

Q After Kerry Craig told you that contributions had apparently been made, did you bring that up with anyone at Crown at all?

A A company lawyer asked me if I knew that there had been some contributions made, and I said, "Yes, Kerry had referred to somebody making some contributions," and he asked me what I knew.

I said, "I think it was last month or the month before --" I forget when I told him, but I told him generally speaking what I told you, that it is

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very vague, but it was, I think, in November.

Q When you talked with Kerry Craig at that time, did he ask that you not let anybody else know at Crown that he had made contributions?

A No, sir.

Q Did you give him any advice as to what should be done about those political contributions?

A Yes, sir, I said, "Get that money back."

Q Did you tell him how to go about doing that?

A Yes, ask the guys for the money back.

Q Did you tell him to have them execute, say, promissory notes and set up a repayment schedule or anything like that?

A I don't think so, no.

Q You just told him to see that it got done?

A I said, "You can't afford it. Get the money back."

I thought he could get it back from the committee.

Q We should be clear. I have been talking about making any sort of arrangements to get the money back from the individuals who may have gotten Agency's moneys, to have them repay Agency. I have not been talking about making some arrangement to get the

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contributions back from the candidates who may have received them.

Was that your understanding?

A Yes, I had hoped that he could get the money back from the candidate.

Q So you were referring to you wanted him to get the money back from the candidate, as opposed to getting the money back from the individuals?

A Yes, I don't think I said the candidate. I just said, "Let's get the money back."

You know, it is expensive. We couldn't afford it.

Q Did you at that point know that some of the individuals who were employees had gotten some of Agency's funds to make individual contributions?

A I don't believe so.

What did you just say? I am sorry. Did I know somebody was getting contributions --

Q Did you know at the time that individuals working for Agency had gotten money from Agency and used that money to make contributions?

A I can't answer that specifically. I think in my own mind, I would guess, knowing the individuals and everything, that that would be where the money

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would come from. I don't think I asked specifically. That would be an assumption on my part.

Q See, what I am getting at is do you recall him giving you an indication, perhaps general but an indication, that what had happened was funds from Agency Holding Corporation's account had gone to some of the employees there, people working there, and that those people --

A At what time?

Q -- had used the money to make the --

A Last November?

Q -- contributions he referred to?

A Last November?

Q Yes, last November.

A No, not last November.

Q I am sorry; I am talking about the September period of '80.

At that first --

A Wait a minute. Don't con--

Q I am sorry.

A I am talking about September of --

Q You had the meeting --

A This is '82 --

Q -- you referred to in '81.

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A -- right? I am talking about November '81, okay? Now you are asking me --

Q That conversation --

A -- about another time?

Q No, no, I apologize. I misstated the date.

A That conversation?

Q Yes, did he get it across to you as to how what he was describing had been effected; in other words, did he let you know that Agency funds had been given to people so that they could make contributions?

A He may have because I have come to that conclusion.

Q That is why earlier I wanted to get the clarification as to whether when you said, "Get it back," you were referring to get it back from the people, the individual employees, as opposed to getting it back from the candidates.

A I thought I meant at the time that he should get it back from the candidates, but, you know, that was just a statement, "Get it back."

I don't really think I was specific as to where he should get it, just get it back, and I may have been facetious even at that. I was pretty upset.

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MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 1.

(Said exhibit was thereupon marked as FEC Exhibit 1 for identification, 8/2/82.)

MR. JALOVEC: Do you want us to review this?

MR. THOMAS: Yes, I am showing that document to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: For clarification, I should state this is a copy of a document produced by Crown Life to the Commission.

THE WITNESS: Okay.

BY MR. THOMAS:

Q Can you identify Exhibit 1?

A To the extent that it looks like a letter that was addressed to me and would be a normal request.

Q Do you recall ever having seen that exhibit before, not that exhibit but that letter before?

A I am sure I did. I can't particularly definitely recall it.

Q You will note there is a reference in there

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to cash and disbursement reports, I believe.

A Yes.

Q Do you know what that refers to?

A No, I don't.

"Enclosed are the cash receipt and disbursement reports for each of the aforementioned accounts."

I don't know what that means.

Q Was there a standard procedure whereby when a request from Kerry Craig came for advances from Crown that he would include some sort of documentation?

A No, and I don't know what these are. I don't know what a cash receipt or a disbursement report would be.

Q Now, that document, you will see, is dated September --

A 18, 1980.

Q -- 18. Do you recall at that time period whether Agency Holding was receiving large amounts of advances?

A They should have been. Yes, I would expect they would be, yes.

Q Were they receiving relatively large amounts; in other words --

A They were special amounts, yes. I would think

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these are typical of the amounts that they would get.

Q Why were they getting large amounts during that time period?

A Yes, because the renewal date for the McDonald's business particularly, but others, because they are all traveling at the same time, is in November. So that they would be getting ready to prepare for their travel and for McDonald's solicitation and the other special solicitations.

Q Other than travel expenses, what other kinds of major expenses would they incur?

A Well, there would be, as I told you, legal fees. There is the legal fees for putting a program together.

Sorry, counselor, but legal fees for putting these programs together are pretty high. $55,000 was, as I recall, what they paid for just the McDonald's fees alone, and then in addition, there was another 25 paid for legal fees and then there are conference costs. You know, if you go to a group of owner-operator meetings, you have a suite and you have entertainment charges, and they had exhibits and things like that. All that had to be paid for.

MR. THOMAS: I will have the reporter mark

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this document as Exhibit 2, please.

(Said exhibit was thereupon marked as FEC Exhibit 2 for identification, 8/2/82.)

MR. THOMAS: I am showing Exhibit 2 to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

BY MR. THOMAS:

Q First of all, can you identify Exhibit 2?

A Not specifically, but it is a Crown Life check.

Q You will note, directing your attention to the left-hand side, there is a reference to "Deposit Boat Trip."

A Right.

Q Do you have any idea what that refers to?

A Yes, as an incentive program, they had a trip on the Princess, and to get that, there were a number of deposits made, which were charged to advertising and sales promotion.

Q Do you recall when that trip was?

A The actual trip took place -- yes, because I was on it -- the actual trip took place in January or

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February of this year.

MR. JALOVEC: '82?

THE WITNESS: Yes, this year, yes.

BY MR. THOMAS:

Q You will note the date of the check is in 1980. Was that payment a deposit on the '82 boat trip?

A Yes, sir. I would think there would be more than this, though. There would be more deposits than that. We had to eventually almost pay for the whole thing before we got on the boat.

Well, you do. You have to pay for it, and to hold the rooms, they book it in advance. So I would think it would be more than that.

Q Did the entire cost of that cruise come out of sales and promotion cost repayments by Crown?

A Not the entire cost. Some did, but the sales and promotional allowance wasn't enough to cover the cost. So some more would come out of the commission account, earnings, general earnings.

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 3.

(Said exhibit was thereupon marked as FEC Exhibit 3 for identification, 8/2/82.)

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MR. THOMAS: I would like to have you examine that, please.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

BY MR. THOMAS:

Q Can you recall ever having seen Exhibit 3?

A Well, I put an okay on it, so I guess I did.

Q That is your notation in the lower right-hand corner?

A Yes, sir. It says, "Okay, C. B. Lloyd."

Q What are the references toward the top of the letter concerning the different agency numbers and the handwritten notations on the right of those numbers?

A Well, as I say, these are the national accounts, and the national accounts were not only split, they were also split by agency because you would use fellows out of the Denver office to write that business in that territory, so you allowed them some money. You put somebody else in Pittsburgh, and it would come out of Pittsburgh. Then if you were allowing so much for Coors or so much for McDonald's, it would depend on how much you expected to get back on that particular sojourn because if I were an enroller, I would call on all of

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the people in that particular territory, hopefully to try to solicit their business, account by account.

Q So these references in Exhibit 3 are to a breakdown of payments corresponding to anticipated expenditures or already-incurred expenditures for particular accounts?

A Yes, sir.

Q Who is P. Hubert, or who was she at that point?

A She was a woman in the agency administration department, whose function it was to request loans.

Q Request them from whom?

A From the company. I would go to her, and she was one of the people that would say, "Yes, I think it is okay," or, "I don't think it is okay," and that is a loan requester.

Then if she said it was okay, then it would go to a loan approver, who was a senior person, who then would ask you the same questions.

Q Now, were those people, are you saying -- you used the word "senior." Were those people senior to you in the organization?

A No, they were --

Q They were people who performed the ministerial functions?

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A Yes, right, but they were not in my particular bailiwick.

Q With regard to the references in Exhibit 3, the dollar amounts, do you know if those amounts that are set forth there were in fact spent for expenditures on behalf of legitimate account expenses?

A I wouldn't know, no. I would assume, but I wouldn't know.

Q Do you recall any conversations with anyone at Agency Holding Corporation, or any of the other agencies referred to, about whether they spent the money for the particular account?

A No, that would never come up because you would assume that they would do that.

If all of a sudden an account went sour, you would say, "Okay, wait a minute. We are not getting enough income to cover the advances under this account. What are we going to do about it," and then you would either transfer it to another account or take some other action.

Q But there was no procedure generally for following up and saying, "What exactly did you spend the money on?"

A No, nor do I think it would be proper to

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do that.

There might have been a procedure -- when I say a procedure, you might have tried it from time to time if you were wondering about it, but if the guy didn't answer, well, as I mentioned earlier, it is the same as your bank manager. You could borrow $500,000 from your bank manager and tell him it was for business, and if you put it in Las Vegas, he doesn't know.

MR. THOMAS: Let me have the reporter mark this document as Exhibit 4, please.

(Said exhibit was thereupon marked as FEC Exhibit 4 for identification, 8/2/82.)

MR. THOMAS: I show Exhibit 4 to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

THE WITNESS: Yes?

BY MR. THOMAS:

Q Can you identify Exhibit 4?

A Yes, it looks like I signed a memorandum requesting moneys for these various accounts, and that I obviously was going to visit an agency -- I don't

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remember which one-- and that I should take the check with me.

Q You don't recall the specific circumstances under which you made that request?

A No, these went all the time with everybody. So I don't recall, no.

MR. THOMAS: Let me have the reporter mark this document as Exhibit 5.

(Said exhibit was thereupon marked as FEC Exhibit 5 for identification, 8/2/82.)

MR. THOMAS: I am showing Exhibit 5 to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: That, as these other documents, is a copy of a document we obtained through Crown.

THE WITNESS: Yes?

BY MR. THOMAS:

Q Can you identify Exhibit 5?

A Not particularly. I can't even read the date. Do you know what the date is?

Q Our best indication is it is the 22nd of

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October 1980.

MR. JALOVEC: 1980? We can't see the end of it.

BY THE WITNESS:

A Not specifically, no.

BY MR. THOMAS:

Q Does that help you recall any more what the notations there concerning advances to those various companies were for?

A I would expect these would be just regular catch-up loans. They are all pretty small, look fairly small. They would be probably catch-up loans.

Q What are catch-up loans?

A Well, you know, where their budget might not have been enough to pay their monthly costs,and they just slowly get behind, behind, and then you send them catch-up loans, and then we would re-budget the first of January.

Q You don't recall any discussions about these particular advances that are referred to here?

A Not really.

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 6, please.

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(Said exhibit was thereupon marked as FEC Exhibit 6 for identification, 8/2/82.)

MR. THOMAS: I am showing Exhibit 6 to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

BY MR. THOMAS:

Q Can you identify Exhibit 6?

A Not particularly, no.

Q Have you ever seen that before?

A I can't say that I have, no. I don't know what it refers to.

I would expect that something that was sent was sent wrong.

Q Does Exhibit 6 jog in your mind at all an incident on or around October of 1980 where a series of checks were sent and then later cancelled and then another batch were sent?

A That is what it would indicate, but it doesn't remind me of that, no. I don't recall it at all, even vaguely.

Q You don't recall making an initial request

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to your auditing folks at Crown with the idea that you would be delivering those to the offices in Chicago and then not being able to get the checks in time; you don't recall that incident?

A I don't recall any of that, no.

Is there some reference in the other documents that I would tie in with?

I really don't recall it, but obviously I didn't deliver the check either, or checks or whatever.

Q Who is Dale Craig?

A He was Kerry Craig's brother that worked in the advertising department of Crown Life.

Q When did he work there?

A For a while. He left.

I guess for three or four years. I don't -- maybe three or four years.

Q Three or four years, was that three or four years before, say, October of 1980?

A I don't know. He worked for Crown after Kerry had gone into the agency department, and he left, I believe -- I am going back now -- I think he left probably a year ago last June, May or June.

I don't recall. I wasn't that involved with him. He was in another department.

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Q Is he older or younger than Kerry?

A I know he is younger.

Q Do you know where he is working now?

A I do not know.

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 7, please.

(Said exhibit was thereupon marked as FEC Exhibit 7, for identification, 8/2/82.)

MR. THOMAS: I am showing Exhibit 7 to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

THE WITNESS: Yes?

BY MR. THOMAS:

Q Can you identify Exhibit 7?

A I can't.

Q Have you ever seen it?

A I have never seen it.

Q There is a reference in there again to a request that Agency return certain checks.

A Yes.

Q Still doesn't refresh recollection of an

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incident like that?

A No. It could have happened. It just doesn't mean anything to me.

Q Do you recall an incident whereby Agency urgently needed an infusion of funds around that time period?

A I believe they needed checks for McDonald's. I don't --

Q What was going on with the McDonald's thing at that time, if you know?

A Well, I would think this is -- it says October, so I would assume that they are getting ready for their push which, as I say, runs from September -- the renewal date is November 1st, and they are supposed to have everything completed for the previous year by the end of October.

No, this, I have to be honest with you, vaguely I don't recall this; but I assume that something went wrong with the checks. One would assume that the checks for some reason or other were not negotiable and they had to replace them.

Q You don't recall any discussion in connection with issuance of checks around this time that concerned a need to get money to Agency so that they could make contributions?

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A Oh, no. No. No. No.

If they had said that they were going to make contributions to anybody, somebody would say, "What are you talking about?"

MR. THOMAS: I would like to have the reporter mark this document as Exhibit 8.

(Said exhibit was thereupon marked as FEC Exhibit 8 for identification, 8/2/82.)

MR. THOMAS: I am showing Exhibit 8 to the witness and counsel.

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

BY MR. THOMAS:

Q Once again, can you identify Exhibit 8?

A I have never seen this before in my life or anything that looks like it, and I would remember this; that's for sure.

Q You never asked Kerry Craig at any point to give you any sort of written document indicating what contributions in fact had been made?

A Any conversation I had with Kerry Craig regarding the subject was very general.

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No, I didn't realize -- I am really not sure that I realize yet -- what they did or how they even knew these people.

Q Sinc you got notice of this matter from the Commission, have you talked about it with Kerry Craig?

A Other than, "I'm going to the Committee," and I have discussed with him in general terms what has gone on, but --

Q I am sorry. I misunderstood. Other than --

A Other than I was going to the Committee --

MR. JALOVEC: Meaning --

MR. THOMAS: The Commission?

THE WITNESS: You guys.

MR.THOMAS: The Commission, okay.

BY THE WITNESS:

A Or whatever, and in general terms and just generally speaking what his motive was for making the contributions.

BY MR. THOMAS:

Q What did he say his motive was?

A He didn't make any contributions personally at all. Apparently he knew that Canadians are not allowed to make contributions to U. S. Government electioneering.

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I did not know that, to be honest with you. If somebody asked me for some money, I would have given it to them if I thought they were any good. I really would.

How everybody knows all these things, I never can fathom because -- anyhow, in general terms that's about all I know about it. I don't know very much at all.

Q In your recent conversations with him, though, you made some reference to he gave you some insight as to the motive for contributions having been made. Is that what you are talking about?

A Yes.

Q What sort of things did he tell you?

A Well, I think that the fact of the matter is that he had the impression, either rightly or wrongly, that this was a good thing to do from one of his associates and that he did it.

Q Who was that associate; did he mention?

A I think that he got the impression from Charlie Smith that this was a good citizen thing to do.

Q Did he indicate that he and Charlie Smith have talked about this matter recently?

A No,sir.

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Q Did he indicate to you any reason why these candidates were selected?

A Sir, until I saw that sheet, I didn't even know what you were talking about. So he has never even mentioned the candidate.

Q His references to you before then have just been general reference about contributions having been made?

A By his associates, yes.

Q And you didn't know if they were to candidates or parties even; is that what you are saying?

A I just assumed it was to parties.

Q In your more recent conversations with him, did he give you any indication that at the time he sought legal advice as to whether this could be done?

A No.

Q You don't know if he did that or not?

A No, I don't.

Q Did he refer in that recent conversation to having had some discussions with an individual in Washington about making contributions?

A I don't recall.

Q Did Charlie Smith's uncle ever come up?

A I don't recall.

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Q Did he ever refer to any problems that came up after contributions had been made concerning the deductibility of the contributions for tax purposes?

A As I recall the general conversation with Kerry, he didn't make any contribution. So he wouldn't have a tax problem.

Q Any reference, though, as to tax problems that other people that made contributions ran into?

A I don't recall.

Q Have you talked about this matter recently with anyone in connection with the Malley-Duff litigation?

A Yes, sir.

Q Who have you spoken with about that?

A Mr. Hugh Wainwright and Mr. Alex Black.

Q Both attorneys?

A Yes, sir.

Q Have you been deposed in connection with that litigation?

A Yes, sir, I have.

Q At any point in the deposition were you asked about having been aware of contributions having been made by people at Agency Holding Corporation?

A No, sir.

Q Outside of that deposition, were you ever

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questioned about having knowledge of such contributions?

A No, sir.

Q Other than speaking with Kerry Craig about this matter, contributions perhaps having been made, is there anyone else that you have spoken to recently about it?

A My counsel, Mr. Buck Black, Mr. Jalovec, Mr. Black, and Mr. Wainwright.

Q Anyone else?

A No, sir.

Q Diane Pariano?

A Diane Craig you mean.

Q Craig now.

A The only reason I corrected you is that when I see her, I get corrected for the same error.

No, not that I recall.

Q Charles Smith?

A No.

Q Robert Oglevee?

A No.

Q William Preisser?

A No, sir.

Q Robert Bernstein?

A No, sir.

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Q Bill Ward?

A No, sir.

Q Robert Pulak?

A No, sir.

Q Nick Catrini?

A No, sir.

Q Have you spoken with Roger Golden about this matter?

A I don't know who Roger Golden is.

Q Have you spoken with any attorneys who are of the law firm Forbreed & Armstrong, who are representing Agency Holding in the Malley-Duff litigation?

A Yes, I have.

On this subject?

Q Yes.

A No. No, I haven't.

I am sorry. I thought you meant had I talked to them.

Yes, I know them, but I have not talked on this subject.

MR. THOMAS: Let me just take a short three-minute break and see if any last inspiration comes to me, and then we will wrap it up.

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(There was a brief recess, after which the taking of the deposition was resumed as follows:)

BY MR. THOMAS:

Q I want to return to Charlie Smith's uncle.

A Yes?

Q Do you know Charlie Smith's mother?

A Yes, Mary, yes, I do.

Q Have you ever met her brother or any of her brothers, to your knowledge?

A Not that I know of, no.

Q Owen Marley is a person who works in Washington for the Democratic Steering and Policy Committee, and he is Charlie Smith's uncle, according to what he tells us, and as I indicated earlier, he said that he ran into you at Nathan's in Washington, at that general agents' meeting.

Now, again --

A He may well have done. I don't know. When I go to meetings, I run into people all the time and I am introduced to people all the time, and frankly, I don't recall them.

It may well have happened, but I do not recall him. I don't know him, and I don't recall ever

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meeting him.

Q Have you ever been asked by any federal candidates in the United States to make a contribution to their campaign?

A No, sir.

Q Have you ever kept any telephone logs of your contacts with Kerry Craig in general?

A If I have, they would all have been subpoenaed and would be in Pittsburgh, anything I had. I did not --

Q Did you in fact give up some records, some telephone log records?

A I gave up everything, including my personal bank accounts going back five years, my income tax returns, everything.

My log, by the way, my telephone log is not very good.

Q Did you ever see any correspondence relating to the fact that contributions had been made by any of these people at Agency?

A No, sir.

Q Any internal Agency documents that relate to this?

A No, sir.

Q Any Crown documents that relate to this?

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A No, sir.

MR. THOMAS: All right, I have no further questions. Do you have any questions?

MR. JALOVEC: No.

MR. THOMAS: Do you want to waive signature or do you want to review the transcript?

MR. JALOVEC: Why don't we review it. Why don't you call me, or you can call me, and I will call you.

MR. THOMAS: We will make the arrangements so that the reporter will notify you.

MR. JALOVEC: Yes, and we can come over here, or you can come over

THE REPORTER: May it be signed before any notary?

MR. THOMAS: Yes

AND FURTHER DEPONENT SAITH NOT.

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I have read the foregoing transcript of my deposition consisting of pages 1 to 77, inclusive, and the same is a true, correct and complete transcript of my said deposition as it now appears, so given at the time and place aforesaid.

_____
Clarke Burton Lloyd

Subscribed and sworn to
before me this _____day of
_____, A.D. 1982.

_____
Notary Public

My commission expires:

_____

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FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:)
) No. MUR 1445
AGENCY HOLDING CORPORATION, et al.,)

CERTIFICATE OF NOTARY PUBLIC
AND SHORTHAND REPORTER

I, Cynthia Dykins, a duly commissioned, qualified and acting Notary Public within and for the County of Cook and State of Illinois, do hereby certify that prior to the commencement of his deposition the witness CLARKE BURTON LLOYD was by me first duly cautioned and sworn to testify the truth, the whole truth and nothing but the truth in the cause aforesaid;

That the deposition of the said CLARKE BURTON LLOYD was taken before me at 219 South Dearborn Street, Room 1669, Chicago, Illinois, on Monday, August 2, 1982, commencing at the hour of 12:15 p.m., and was concluded on the same day at 2:15 p.m.; and

That the testimony contained in the said deposition then and there given by the said witness was taken down by me in shorthand in the presence of the said witness and thereafter by me and under my direct personal supervision transcribed into typewriting.

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I FURTHER CERTIFY that I am a Certified Shorthand Reporter of the State of Illinois, and that the foregoing transcript of the said deposition is a true, correct and complete transcript of the said shorthand notes so made as aforesaid, and is a true, correct and complete report of the whole of the testimony so given by said witness as aforesaid, together with such other matters and things as counsel for the parties present at the taking of the said deposition desired to have appear of record.

I FURTHER CERTIFY that the Federal Elections Commission was represented at the taking of the said deposition by Mr. Scott E. Thomas; that Mr. Richard S. Jalovec appeared on behalf of the deponent; and that there was also present Mr. Stephen H. Mims.

I FURTHER CERTIFY that after the said deposition was transcribed into typewriting, it was submitted to the said witness, who did thereupon read, sign and again subscribe and make oath to the same, as more fully hereinbefore set forth.

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I FURTHER CERTIFY that I am not of counsel for, or attorney, or solicitor for any or either of the said parties, nor am I interested in any manner in the said cause or in its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Chicago, Cook County, Illinois, this ____day of _____, A.D. 1982.

_____
Notary Public
State of Illinois

My commission expires:

October 25, 1985.

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FEDERAL ELECTION COMMISSION

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IN THE MATTER OF:	)	
	)	
AGENCY HOLDING CORPORATION,	)	
	)	
et al.	)	
	)	
	)	MUR No. 1445
	)	
WITNESS:	)	
	)	
ROBERT C. OGLEVEE	)	

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DEPOSITION OF ROBERT C. OGLEVEE, Witness herein, called by the Federal Election Commission pertaining to the taking of depositions for the purpose of discovery, taken before Marisa Cannella, a Notary Public within and for the Commonwealth of Pennsylvania on Wednesday, July 21, 1982, at 2900 Grant Building, Pittsburgh, Pennsylvania 15219.

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APPEARANCES:

JOHN C. BINGLER, ESQUIRE, Thorp, Reed and Armstrong, 2900 Grant Building, Pittsburgh, Pennsylvania 15219, appearing on behalf of the witness.

SCOT E. THOMAS, ESQUIRE, Federal Election Commission, 1325 K Street, Northwest, Washington, D.C. 20463, appearing on behalf of the Federal Election Commission.

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ALSO PRESENT:

STEPHEN H. MIMS

- - -

STIPULATION

It is hereby stipulated and agreed by and between Counsel for the witness and Counsel for the Federal Election Commission that the inspection, reading and signing of the said deposition may be and are hereby waived.

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EXHIBITS	MARKED FOR IDENTIFICATION
FEC Exhibit No. 1	26
FEC Exhibit No. 2	29
FEC Exhibit No. 3	33
FEC Exhibit No. 4	47
FEC Exhibit No. 5	53

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1 P R O C E E D I N G S

2 - - -

3 ROBERT C. OGLEVEE,

4 of lawful age, and having been first duly sworn to testify

5 to the truth, the whole truth, and nothing but the truth,

6 as hereinafter duly certified, testified on his oath as

7 follows:

8 EXAMINATION

9 BY MR. THOMAS:

10 Q Would you state your name, please?

11 A Robert, initial "C", Oglevee.

12 Q And what is your present address?

13 A Home address?

14 Q Yes.

15 A Tyburn T-Y-B-U-R-N, Woods Drive, Gibsonia,

16 PA, 15044.

17 Q Mr. Oglevee, have you retained counsel for

18 yourself here today?

19 A Yes, I have.

20 MR. THOMAS: Counsel, would

21 you like to make an appearance?

22 MR. BINGLER: I think it's

23 already on the caption.

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- - -

BY MR. THOMAS:

Q Mr. Oglevee, you have come here today voluntarily and not pursuant to a subpoena. We appreciate your appearance in that regard.

A Fine.

Q What is your present place of employment?

A R.C. Oglevee and Associates, Inc., 309 Smithfield Street, Suite 2000, Pittsburgh, Pennsylvania 15222.

Q And what is your present position there?

A President.

Q How long have you been in that position?

A Since August of '81.

Q Prior to that, what was your place of employment?

A Same place; the name was changed.

Q What was the name before R.C. Oglevee and Associates?

A Ehrman, Ratini, Oglevee & Craig, Inc.

Q And so that was, essentially, from August of '81?

A It changed from Ehrman, Ratini, Oglevee &

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Craig in August of '81, to R.C. Oglevee and Associates.

Q And with Ehrman, Ratini, what was your position?

A I was Secretary/Treasurer.

Q Did you hold any other positions with that firm?

A No. Well, company General Agent, which was an officer of the company.

Q What were your general responsibilities as company General Agent?

A Basically, production and managing the office.

Q And how long were you employed with Ehrman, Ratini?

A Since 1978.

Q Do you recall what time in 1978 you began employment there, approximately?

A April or May, I believe.

MR. BINGLER: Let me state for the record that we were trying to figure that out this morning for purposes of the affidavit. I'm sure there is a record around somewhere, but it was certainly sometime in the spring of 1978 that Ehrman, Ratini,

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1 Oglevee & Craig, Inc., was put together.
2 I would say the efforts began sometime around
3 February, but when the exact incorporation
4 came about, I don't know.
5 Prior to that time, Bob was a
6 General Agent up in Erie. Mr. Craig was a
7 General Agent in Chicago, and the two of them
8 teamed up with Ehrman and Ratini, who were
9 already General Agents here in Pittsburgh,
10 to form Ehrman, Ratini, Oglevee & Craig.
11 But when the exact incorporation
12 date occurred, I don't know. This morning
13 it turned out we just said from 1978, for
14 purposes of the affidavit. It was sometime
15 in the spring of '78 that the incorporation
16 took place.
17 THE WITNESS: Right.
18 MR. BINGLER: Before I start
19 a speech like that again, you can tell me
20 how important the matter is. I think I went
21 a bit too much.
22 MR. THOMAS: I'm perfectly
23 willing to let you speak for clarification

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purposes. This is an investigation, and I'm trying to get as much as I can.

- - -

(Off the record.)

- - -

BY MR. THOMAS:

Q Could you give me a general description of the organizational structure of Ehrman, Ratini at about, during the time period of September of 1980 through November of 1980?

A Kerry Craig was President. I was Secretary/Treasurer. I believe Jules Ehrman was Vice President. Kerry resides in Chicago. I'm residing here. Jules is approximately seventy-four, seventy-five years old. He's semi-retired, but won't admit it. We wanted to make him feel good and made him a Vice President. He has no real duties.

Q What was the ownership share of that firm?

A Kerry Craig owned fifty percent, and I owned fifty percent.

Q What was the relationship of Ehrman, Ratini to Agency Holding Corporation?

A None, really, other than they are an old

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established firm in Pittsburgh.

Q They being whom?

A Jules Ehrman and Ratini. They were in Pittsburgh for years and very well known. Their name, added to our new corporation, would give us stability.

Q I was asking the relationship between Ehrman, Ratini, Oglevee & Craig to Agency Holding Corporation of Chicago.

A No relationship.

Q No ownership, cross-relationship at all?

A No.

MR. BINGLER: There was a cross-relationship. You owned Agency Holding.

THE WITNESS: No, I didn't.

MR. BINGLER: Up in Cleveland?

THE WITNESS: Cleveland, yes; but not Chicago.

MR. BINGLER: Kerry owned one in Pittsburgh --

THE WITNESS: Yes, but not in Chicago.

MR. BINGLER: There was another agency in Ohio, and I think you both, you and

8 3 0 4 0 4 0 3 7 2 4

1 Kerry, had ownership.

2 - - -

3 BY MR. THOMAS:

4 Q What was your interest in the Agency Holding

5 Corporation in Ohio?

6 A Thirty-five/sixty-five.

7 Q Your ownership was jointly? You had thirty-

8 five percent and Kerry Craig had --

9 A Sixty-five; I believe that's accurate.

10 Q Again, we're talking about the time period

11 of September through November of 1980?

12 A Right.

13 Q Did you have any sort of ownership or

14 employment relationship with any other insurance firm at

15 that time?

16 A Yes, Crown Agency, Inc., in Toledo, Ohio.

17 Q What was that ownership?

18 A I believe it was thirty or thirty-five and

19 Kerry owned the remainder. There was, also, Crown Life

20 Associates, Inc., in Erie.

21 Q Where was that?

22 A Erie, Pennsylvania, which I owned and still

23 own one hundred percent of.

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Q Are those the only insurance firms you had any relationship with, then?

A Yes.

Q Were any of the latter firms, i.e., Crown Life Associates, Inc., of Erie or Crown Agency, Inc., of Ohio related in any way to Agency Holding Corporation of Chicago?

A Crown Agency of Ohio would be related only that Kerry owned part of Pittsburgh, Cleveland and Toledo, jointly, with me. That would be the only relationship between the two.

Q Were your financial transactions administered and handled in an auditing sense through Agency Holding Corporation facilities?

A Of Chicago?

Q Yes; were all three of those --

A All except Erie, Pennsylvania.

Q Did you have any official capacity with a firm called INCOTRAV in Chicago?

A I was a stockholder.

Q What was your interest in that firm? Again, we're talking about a period in time from September through November of '80?

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A Yes.

Q Were you an officer or director in that firm?

A I believe I was a director. Yes, I was a director.

Q How was that firm set up? Do you recall?

A How do you mean "set up"?

Q Who was responsible for setting it up and when?

A It was set up in 1979 or '80, and Mr. Craig, myself, basically, set it up along with the attorneys.

Q What kind of relationship was there, if any, between INCOTRAV and any of the firms you've had any interest in?

A None.

Q Did INCOTRAV do any business for them?

A Right.

MR. BINGLER: Let me state for the record that when you said, "the attorneys," you don't mean Thorp, Reed and Armstrong?

THE WITNESS: Oh, no.

MR. BINGLER: Was that handled by the attorneys in Chicago?

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THE WITNESS: I believe so, yes.

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BY MR. THOMAS:

Q The three firms that you've identified that you had an interest in, did any of those firms at any time get any financing advances from Crown Life of Toronto?

A Yes.

Q Could you give a description?

A The accounting was not out of Chicago. We received monthly financing checks to run the agencies, and if there were other needs for money, such as travel expenses, such as furniture or any other type of loan, it was requested and, generally, received from Crown.

Q Who was responsible for making those kinds of requests?

A Either Mr. Craig or myself.

Q Were the funds you received from Crown Life during that period, were they always in the form of a loan that you always had to repay?

A Yes.

Q Crown Life didn't actually pay for any of the operating expenses?

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A No, sir.

Q Again, for further clarification, what was the process whereby the three firms you were associated with made their money? In terms of commission and so on, how did that scheme work?

A How did we earn money? What was the function?

Q Yes.

Q We contacted general brokers or agents in the general territory and tried to get them to do business through us, using Crown Life products, our expertise in the field, commission, maybe better underwriting, many different reasons; and we received a commission from Crown Life which is paid to the broker who submitted the business to us. We then make our money from a General Agent's override, which is, basically, a bonus. If you write so much insurance, the company pays money on volume.

Q The company?

A Crown Life.

Q The payments would be in the form of commission payments which you would, then, distribute to the agents, themselves, who were involved?

A Basically, yes.

MR. BINGLER: I'm not sure

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that's clear. The brokers get the commission.

THE WITNESS: The General Agent receives all the commission. He, in turn, pays the broker.

MR. BINGLER: You get, in addition to that, a commission for what you call the "general override," is that right?

THE WITNESS: Yes. Of that, you can give part of that to the broker if you would like, depending on how valuable the broker is.

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BY MR. THOMAS:

Q In essence, the money your firm retained were monies left over after you paid the various brokers for their assistance?

A Right.

Q During that time period, with whom at Crown Life Insurance of Toronto did you have any type of business contacts?

A That would be a number of people.

Q Who would those people be?

A Anyone in the agency department, which would

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be Charles Lloyd, Art Thomas, Bill Buchans, Bill Foot. I deal with these people all the time. Please be more definitive.

Q With regard to requesting finances for loans for various operating purposes, for example, with whom did you generally have your contacts?

A Mr. Lloyd and, possibly, Mr. Buchans and, I believe, Mr. Thomas.

Q What was Mr. Buchans' position?

A At that time he was the Regional Agency Superintendant.

Q What were his general responsibilities?

A He is a liaison between the company and the General Agent. He assists in helping him run the office, getting things done in the home office; a liaison.

Q What was Mr. Lloyd's position?

A He was head of that department.

Q Essentially, the supervisor of Mr. Buchans?

A Yes.

Q What kinds of contacts during that period did you, yourself, have with Charles Lloyd?

A Kinds of contacts?

Q Were they only confined to that narrow area?

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A No. Mr. Lloyd helped in marketing, also. We would bring marketing ideas to them. They would help entertain clients; a very wide area.

Q Did you travel to Toronto on occasion?

A Yes.

Q During that time span, say September through November, do you have any recollection of how often you would travel there?

A I go to Toronto regularly, it being so close.

Q At any point, did you have any sort of employment relationship with Agency Holding Corporation of Chicago?

A No, sir.

Q Did you ever have any office of any firm that you were employed with in Chicago?

A No.

Q With regard to Ehrman, Ratini, Oglevee & Craig, the firm, one of the firms you've indicated, you were President of that firm, I believe, during that period of time. Is that not correct?

A I was not President of Ehrman, Ratini, Oglevee & Craig.

Q Secretary/Treasurer, I'm sorry. Could you

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tell me the other officers of that firm?

A Mr. Craig and Jules Ehrman.

Q Their respective offices were?

A Craig was President, Jules was Vice President.

Q Who was responsible for taking care of the financial records for that firm?

A Mr. Craig.

Q All right. Was he, also, the person responsible for actually maintaining the financial records, i.e., taking care of seeing that they were --

A Everything was taken care of in Chicago.

Q Under his supervision?

A I don't know that.

Q Do you know an individual by the name of William Price?

A Yes.

Q During that time period, what position did he have with either Agency Holding Corporation or any of the firms?

A I believe his title was Office Manager.

Q For the Agency Holding Corporation?

A Yes.

Q What general sort of duties did he hold?

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A Overseer of the office. He would help with vacation scheduling of the girls in all offices of Mr. Craig, assist in hiring secretaries, granting salary increases to secretaries, things of that nature.

Q Did you ever have any contacts with him in your business dealings?

A Yes.

Q In what sense?

A Exactly as I described.

Q Do you know an individual named Robert Berstein?

A Yes.

Q During that time period, what was his connection with any of those firms?

A None.

Q How is it you know him?

A He's the Brokerage Manager in Chicago for Mr. Craig.

Q He didn't have any relationship with your three firms?

A Yes. He was a Brokerage Manager, still is, for Mr. Craig in Chicago.

Q During that time period you've identified, did you know an individual named Maurice Kent?

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A Yes.

Q What position did he hold with Agency Holding or any of the firms?

A Brokerage Manager for the agency in Chicago.

Q How about an individual by the name of Bill Ward? What was his position?

A Brokerage Manager in Chicago.

Q What are the duties of Brokerage Manager?

A Contact insurance brokers or agents to pursuade them to do business with Crown Life.

Q Going back to that time period, September through say the end of 1980, did you make any campaign contributions to Federal candidates?

A Yes.

Q Can you tell me how that came about?

A Basically, we do a lot of, our collection of agencies, does a lot of business selling, predominantly, a product called Retired Lives Reserves, which is a group insurance product. There has been discussion that the IRS was considering changes that would be disadvantageous to our particular product. We've had a lot of time and money invested in a lot of clients. It was our feeling that if we got Congress to listen to our story, if there

3 3 0 4 0 4 3 7 3 5

1 were any changes, they would make them not so drastic.

2 Q That's the underlying rationale for the con-

3 tribution?

4 A Yes.

5 Q In terms of who got the idea going, do you

6 recall?

7 A Where it generated from, I don't know.

8 Q Did someone come to you and ask you if you

9 would make a contribution?

10 A Yes.

11 Q Who was that?

12 A Mr. Craig.

13 Q When did that happen?

14 A Sometime between September and November, in

15 that time frame.

16 Q Where did that take place?

17 A I don't recall.

18 Q At the office?

19 A Could have been at the office, could have

20 been over the phone, I don't recall.

21 Q Do you remember what he said? How did he

22 bring the subject up?

23 A Basically, he said this was an idea he thought

6 3 0 4 0 4 0 5 7 3 6

would be beneficial in the long run for exactly the reasons I explained to you.

I said, "Fine. If you think it would be beneficial, as long as we're in the limits of the law."

Q You did ask if it would be okay to do it, legally?

A Yes.

Q Yes?

A Yes.

Q Was anybody else involved in the conversation?

A I don't recall. I don't think so.

Q After he asked you, what happened next?

A I guess what happened next was we decided I would receive the check. I, in turn, would deposit it in my account and I, in turn, would send out the various contributions.

Q When you say, "we," who are you referring to?

A Mr. Craig and myself.

Q Was this in the same conversation that you decided to do this?

A Probably a subsequent conversation.

Q You mentioned a check coming to you. From

8 5 0 4 0 4 0 3 7 3 7

whom did that check come?

A I believe it was from Agency Holding of Chicago. I'm not sure.

Q You deposited that check in your own personal account?

A I don't recall whether it was made out to me or Ehrman, Ratini, Oglevee & Craig. That money went into my own account, but how, I don't recall.

Q Do you remember what the amount was?

A $17,000.

Q 17,000?

A Yes.

Q How was it decided what candidates would receive the funds?

A I don't know.

Q Didn't somebody suggest certain candidates to you? Is that what happened?

A Yes.

Q Kerry Craig?

A Kerry Craig.

Q Did he mention at all how he got the list or the names of candidates to contribute to?

A No, sir.

8 2 0 4 0 4 3 7 3 9

Q Did he mention that he had any conversations with anybody else working there at Agency Holding about making contributions?

A Yes.

Q What did he say?

A He said, basically, he and Charles Smith and a gentleman from Washington had decided this would be a good idea; this would be the thing to do. I guess that's what it stemmed from.

Q Charles Smith was whom?

A Brokerage Manager in Chicago at that time.

Q What does he do now?

A He is now in the General Agency in Boston. I don't know his title.

Q I'm trying to get you to focus as best as you can on specific conversations and where you may have had those conversations. This conversation where he indicated he and Charles Smith and another man from Washington decided this might be a good idea, do you recall where he told you this?

A No.

Q Do you recall if it was the same initial contact he made with you?

8 3 0 4 0 4 3 7 3 3

A No.

Q It wasn't the same or you don't recall?

A I don't recall.

Q Do you recall the name of this individual in Washington?

A I know it, now; I didn't at that time.

Q How did you find it out?

A When we went to Mr. Bingler and asked if this was okay.

Q You say you went to Mr. Bingler to ask if it would be okay?

A When we talked with Mr. Bingler in '82, to explain to him what we had done.

Q Was this in connection with the other litigation we're talking about?

MR. BINGLER: Yes. That's in connection with the Civil Malley-Duff case here in Pittsburgh.

BY MR. THOMAS:

Q In the conversation that you recall about indicating that Mr. Smith and Mr. Craig came up with this plan, do you recall any reference from Mr. Craig as to what Mr. Smith's involvement was?

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A No.

Q Any indication of what Mr. Smith's relationship was to this person in Washington?

A No.

MR. BINGLER: You mean at that time?

MR. THOMAS: At that time, yes.

THE WITNESS: At that time, I did not know, no.

- - -

BY MR. THOMAS:

Q After you agreed to do this, do you recall who you actually gave the checks payable to candidates to?

A I don't remember their names, no.

Q Not the candidates, what person did you hand the checks to be delivered to?

A I mailed them.

Q You mailed them? Did you do it yourself or did you have a secretary do it?

A I don't know. I probably just put it in the mail.

Q Did you get a mailing list from somebody with the addresses of the various candidates?

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A Yes.

Q Do you recall where you got that?

A From Mr. Craig.

Q Did he mail that to you?

A I believe he gave it to me over the phone, but I'm not sure.

MR. THOMAS: If I could, I'd like to have the reporter mark this document, which consists of four pages of Xeroxed copies of checks, mark this as FEC Exhibit 1, please.

- - -

(Whereupon, FEC Exhibit No. 1 was marked for identification.)

- - -

BY MR. THOMAS:

Q For further clarification, let me explain this. These copies are copies of checks that we received from Thorp, Reed and Armstrong pursuant to our request for information earlier.

MR. BINGLER: I think those were delivered by Roger Golden.

MR. THOMAS: I'm showing FEC Exhibit No. 1 to Counsel and the witness.

8 3 0 4 0 4 0 3 7 4 2

- - -

BY MR. THOMAS:

Q Having examined Exhibit 1, can you identify what that is?

A It appears to be the copies of the checks I made out for the contributions.

Q You'll note that the date on the checks is October 25. Does that refresh your recollection as to when you were first contacted to make these contributions?

A Not really; sometime probably in September, August or September, I don't know.

Q Your recollection was that it was a month or so before you made the checks?

A That seems reasonable.

Q Again, I'm trying to get your best recollection as to when the first communication took place.

A I would have to guess that it was September. I don't know.

MR. BINGLER: We can probably pin that down. I think there was some sort of a meeting in Washington.

BY MR. THOMAS:

Q Was there a meeting in Washington that you

8 3 0 4 0 3 7 4 2

attended?

A Yes.

Q What was that about?

A General meeting in Washington of all the General Agents.

Q What happened at that meeting?

A It was just an annual General Agents meeting.

Q Did you have discussions at that meeting with Kerry Craig?

A No.

MR. THOMAS: Why would that be significant to tie in that date?

MR. BINGLER: I think that was the occasion when Kerry and Charlie were in Washington when they had a contact with Marley.

MR. THOMAS: Something that --

MR. BINGLER: Something that initiated all of this. He wasn't involved, but a conversation with him about the contributions would have taken place after that. I think you can put a before and after on when he was contacted; after that General

8 3 0 4 0 4 0 3 7 4 5

1 Agents meeting and, obviously, before these
2 checks.
3 MR. THOMAS: Thank you.
4 Let me have the reporter mark,
5 for identification, this document, FEC
6 Exhibit 2.
7 - - -
8 (Whereupon, FEC Exhibit No. 2
9 was marked for identification.)
10 - - -
11 MR. THOMAS: For clarification,
12 this is a photostatic copy of a check provided
13 to us today pursuant to our request.
14 I'm showing this to Counsel and
15 the witness.
16 BY MR. THOMAS:
17 Q Mr. Oglevee, can you identify Exhibit 2?
18 A This appears to be the check that I received
19 for the campaign contributions.
20 Q Now, directing your attention to the date of
21 issuance of the check, it is 10/12/82; that's 1980, I'm
22 sorry. It is two days after the date on the checks which
23 were identified as checks to the candidates. I believe

8 3 0 4 0 4 0 3 7 4 5

1 you testified your sequence was that you got a check,
2 then wrote the checks.
3 A I don't, honestly, recall. That's the way I
4 remembered it.
5 Q You'll also note that this check, FEC Exhibit
6 2, is paid to the order of Robert C. Oglevee. Does that
7 refresh your recollection as to whether you got a check
8 directly as opposed to one made out to the company?
9 A Obviously, I got a check directly from Agency
10 Holding.
11 Q What was your understanding on how the payment
12 from Agency Holding was to be treated?
13 A I was under the impression it would be
14 treated as a bonus.
15 Q Was it, in fact, treated as a bonus by you?
16 A No.
17 Q What did you do?
18 A I really didn't do anything.
19 Q In the sense of a bonus, why didn't you treat
20 it as a bonus?
21 A I never claimed it as income.
22 Q For tax purposes, I take it?
23 A Right.

6 3 0 4 0 4 0 3 7 1 6

Q What did you deduct as contributions?

A I did not.

Q At the time you had a conversation with Mr. Craig of the possibility of making contributions, was there any discussion of tax ramifications?

A Yes.

Q What was that?

A We were under the impression that the contribution was deductible.

Q Are you saying that the contributions would be deductible?

A Yes.

Q Are you saying in their total amount?

A Yes.

Q I take it you became aware that wasn't the case?

A Yes, sir.

Q When was that?

A I can't be exact, but sometime prior to filing 1980's tax returns. I don't remember the exact circumstances, but I became aware it was not a tax deductible item.

Q Do you recall where that took place?

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A Probably just in a conversation about tax deductions. I can't remember who it was, but somebody smarter than I am said I couldn't do that.

Q What happened then? Was there any effort to rearrange the transaction?

A I contacted Mr. Craig and he was already aware. Apparently, he found out also. So, we're looking into ways of taking care of it, the proper way. We were then under the impression that we could take it as a loan from the corporation and that way it wouldn't be taxable income, and then pay the loan back over a period of time.

Q Are you saying you reached this understanding in that one conversation when you contacted him?

A I'm sure it took more than one conversation.

Q Did he say he was getting legal advice?

A He didn't say legal advice, but just advice.

Q As to that conversation, when you say you contacted him, do you recall when that happened?

A Well, it was before I filed my income tax and after I gave the contributions. I would probably say early in '81.

Q Then, what did you do?

A Well, over a series of phone calls -- I'm

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1 guessing, now. It would have been one or two; Kerry
2 reported that the conclusion was to rearrange it and take
3 it as a loan, sign a formal loan so that everything would
4 be as it should be and everything was fine.
5 Q And you did do that?
6 A We did do that, yes.
7 MR. THOMAS: Let me have the
8 reporter mark this document as FEC Exhibit
9 3, please.
10 - - -
11 (Whereupon, FEC Exhibit No. 3
12 was marked for identification.)
13 - - -
14 MR. THOMAS: This document is
15 a document that was provided in connection
16 with your earlier response to the Commission's
17 ratification. Would the witness and Counsel
18 examine Exhibit 3, please.
19 THE WITNESS: Okay.
20 - - -
21 BY MR. THOMAS:
22 Q Mr. Oglevee, can you identify Exhibit 3?
23 A That appears to be the demand note that I

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signed in favor Agency Holding.

Q You'll note that the date on the top is October 8, 1980. Is that the date you actually signed that note?

A No.

Q What does that date reflect?

A I don't know. I think in an effort to clear things up, we were trying to do things properly and this was what we came up with.

Q Is it your understanding that the date reflects back to the date of the bonus that you received?

A Yes.

Q Was this document, sent to you by mail, filled out except for your signature?

A I believe I was in Chicago for a meeting with Kerry and signed it then.

Q Do you recall anybody else that you had a discussion with about filling this out?

A I didn't discuss it with anybody else but Kerry, I don't believe.

Q No. In your discussions with Kerry, did you ever become aware that any other individuals made contributions to candidates and had gotten reimbursed?

8 5 0 4 0 4 0 3 7 3 0

A Yes.

Q What individuals do you recall?

A At that time? I've seen the list, since.

Q At that time.

A At that time, Miss Pariano, Mr. Kent, Mr. Smith and that's really about all. I'd be guessing if I said any more.

Q How was it that you became aware that those people had also made contributions?

A We were all friends, just in conversation.

Q You talked to them?

A Yes. I talked to them regularly about all sorts of things.

Q All right. Do you recall how much each of those people contributed to candidates?

A I know Miss Pariano was 17,000, same as I did. I assumed Mr. Kent, but I didn't know exactly; and I assumed Mr. Smith, but I didn't know exactly.

Q You assumed $17,000?

A Yes.

Q With regard to those three individuals, Miss Pariano, Mr. Kent and --

A Mr. Smith.

8 3 0 4 0 4 0 3 7 5 1

Q Yes, Mr. Smith, were you at that time a social acquaintance of theirs as well as a business acquaintance?

A Yes.

Q Did you see them socially when you came to Chicago?

A If they were in town, yes.

Q Do you recall any discussions with them about whether they should be making these contributions and whether you should be making these contributions at the time?

A No, other than we were under the impression it was perfectly legal.

Q Was anybody checking it out at all?

A We thought it was perfectly legal and nobody pursued it any further.

Q Did any of you, at that time, have any conversations with any attorneys?

A I didn't. I don't know whether they did or not.

Q Do you recall if any of them, including Mr. Craig, had spoken with an attorney?

A Yes. I wouldn't be specific to say an

830403753

1 attorney. I was under the impression that Craig had
2 researched it and said it was the proper way to do it.
3 Q With regard to FEC Exhibit No. 3, which you
4 signed, have you since signing that ever repaid any of
5 those funds?
6 A Not to this date, no.
7 Q When you made arrangements to sign that
8 document, was it your intention to actually repay those
9 funds?
10 A Yes.
11 Q Is it still your intention to repay those
12 funds?
13 A Yes.
14 Q Was there an understanding when you made that
15 note that you would be able to repay those funds through
16 bonuses you got through the firm?
17 A If you earned bonuses, yes.
18 Q Was that what you discussed?
19 A We discussed many alternatives. We never
20 pinpointed anything we were going to do.
21 Q Was there any discussion that you would
22 receive certain amounts above and beyond the amounts from
23 sales you had? Do you understand the question?

8 3 0 4 0 4 0 3 7 5 3

A Not really.

Q Was there ever a discussion between you and Mr. Craig whereby you reached an understanding that you would get bonuses above and beyond what you were entitled to to repay this loan?

A No.

Q Do you know an individual named Jim Wright?

A Yes.

Q Do you know if he made any contributions to candidates and got reimbursed?

A Only by reading it recently. At the time, I didn't know.

Q At the time, did you have any conversation at all about either him or you making contributions?

A Not that I recall.

Q Do you know him on a social basis?

A I did, then.

Q Now, since that time, since approximately September through November of 1980, have you had any conversations with him about political contributions made by yourself?

A No, not that I recall.

Q When you had your initial conversations with

8 3 0 4 0 4 0 3 7 5 4

Mr. Craig about making these contributions, did he indicate to you what the source of funds would be that you would get for reimbursement?

A Not directly.

Q Indirectly?

A Not really, no.

Q Did he mention the funds were going to be coming out of Agency Holding Corporation?

A Yes, they would be coming out of Agency Holding.

Q Any indication as to where Agency was going to get those monies?

A Not really.

Q What was your understanding?

A We had a series of agencies before that I was involved in and, also, Craig owned his own. I was under the assumption he was taking it from all sources. It was an assumption; I don't know.

Q Going back to FEC Exhibit 3, you'll notice that the note as you've indicated that you executed is payable to the order of Agency Holding Corporation.

At the time you executed the note, was there any discussion as to why you got funds from Agency Holding

9 3 0 4 0 4 0 3 7 3 1

Corporation?

A That's what the original check was from.

Q Any discussion why you got funds from Agency as distinguished from any other firm?

A No.

Q After you made the contribution and got your check from Agency Holding, was there any discussion as to whether the monies paid to you came from Crown Life funds, originally?

A Not any direct discussions, no. Did I come out and say, "Where did the money come from?" The answer is no.

Q Did you have an understanding --

A We had no outside source of income. The only business we generated money from is Crown Life.

Q Did Kerry Craig ever say that he had any sort of request to make contributions coming from any of the candidates you made checks payable to?

A No.

Q Did he say that this other person from Washington had gotten requests to make contributions?

A Where the names came from, I don't know, or how they were selected.

830403736

Q Even after the fact in discussion with Kerry?

A No, sir.

Q No discussions about that?

A No, sir.

Q Now, do you know if Diane Pariano had any role in asking employees of Agency Holding to make contributions to candidates?

A I have no idea.

Q You indicated earlier you did have general conversations with those three people, Diane Pariano, Mr. Kent and Mr. Smith. What sort of conversations did you have with Miss Pariano?

A Miss Pariano and I are very good friends. I couldn't be specific as to what type of conversations we had.

Q Did she tell you she made contributions, herself?

A Oh, yes.

Q You don't recall what else was talked about?

A You're asking me to go back to 1980 and if we had conversations. The answer is yes, but as to what we talked about, it was on a casual level.

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Q I'm trying to get you to focus on those things.

A I understand.

Q Do you know a man named Art O'Brien?

A Yes.

Q During that time period, did you know him?

A Yes.

Q At any time, did you have any conversations with him about contributions?

A No.

Q Did you ever have any discussions about the tax ramifications on the contributions?

A Did I, no.

Q Did Kerry Craig say he had ever spoken to him about the contributions?

A No. I should say not that I recall. He may have, I don't remember.

Q I wanted to go back a little bit to some earlier discussions we had about the financing arrangement between your firms, for example, the three you had some sort of ownership interest in and Crown Life of Toronto. What kinds of interest arrangements are made when these advances are made from Crown? When do they charge interest?

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A It depends on the type of loan. Financing, for example, is noninterest bearing. Furniture, I'm not sure whether that's interest bearing or not. Some loans are and some loans aren't. The criteria which is used, I don't know about. I knew financing was not, that's the extent.

Q What are the different categories?

A Financing.

Q The monthly running of the agency?

A Yes, the monthly running of the agency, furniture, minor repairs of office space, mini-conferences. If we have a conference to reward a salesman, we get an advance for that. Special loans just fall into any category, I guess. Those would be about the most specific ones.

Q Do you recall any firms that you had an ownership interest in ever getting advances or loans from Crown which you utilized or made use of to contribute to candidates?

A No, sir.

Q Never happened?

A Not that I know of.

Q Have you, yourself, ever made contributions before?

8 3 0 4 0 4 0 3 7 3 6

A On a local level, probably. I don't think I ever gave to a Federal candidate.

Q Other than the instance we identified?

A Yes.

Q Now, those local campaigns, were they after the ones on the Federal level that we've been talking about?

A Before.

Q Have you ever worked in any political campaigns?

A No.

Q Have you ever lived in Washington, worked in Washington?

A No, sir.

MR. BINGLER: That suggests that your political if you have.

BY MR. THOMAS:

Q I don't mean to confuse you, but let me go back a little further to these financial arrangements.

We've seen several documents indicating that advances, for example, come into the various categories. Ehrman, Ratini, for example; who has the final say as to whether those advances are approved or not?

A From whom?

830403756

Q Advances coming from Crown to, for example, Ehrman, Ratini?

A What about the final approval?

Q Do you have to make a request?

A Does Ehrman, Ratini, yes.

Q During that time period, were you responsible for making those requests?

A I had the opportunity if I saw the need. For example, I handled the remodeling of the agency. Since I handled it, I made the requests. Generally, the money was handled and requested from Chicago. In fact, I may have even gone through Chicago.

Q Saying Chicago, do you mean Kerry Craig would have the final decision on such a request?

A Not necessarily final, but he generally corresponded with Crown Life.

Q At Crown Life, was there any sort of routine as to how they handled a request?

A I don't know. I would imagine so.

Q Who was in charge?

A Mr. Lloyd was in charge.

Q Did he make those decisions? Did he get involved on a day-to-day basis?

8 3 0 4 0 4 3 7 5 1

A I think Mr. Lloyd was involved in many day-to-day decisions.

Q On what do you base that opinion?

A The type of man he is. He's an active man. He likes to be involved.

Q You indicated earlier that you had fairly frequent contact with him. I don't know exactly how to characterize that. I don't know what that means.

A I come in contact with the agency departments, oh, anywhere from daily to every other day or weekly, for one problem or one request or various conversations. When Mr. Lloyd was there, I directed my correspondence, mostly, to him.

Q Now, I want to shift a little bit to the process whereby various individuals, including yourself, were given bonuses, monies for the contributions that they made.

- - -

(Off the record.)

- - -

MR. THOMAS: Let's go back on the record.

BY MR. THOMAS:

8 5 0 4 0 4 3 7 6 2

Q The information we've received is that Diane Pariano was repaid approximately $12,000; exactly $12,000 through Ehrman, Ratini on or about October 27, 1980. Do you know how that came about?

A I have no idea, no.

Q Who handled that transaction?

A Chicago.

Q How do you know that?

A Because all of our accounting was done in Chicago for all of the Agency.

Q With regard to authority for signing checks of Ehrman, Ratini, who had that authority?

A Myself, Mr. Craig, possibly Miss Pariano, I'm not sure.

Q Do you recall instances where you, yourself, signed checks, alone, or did they always have to be approved or co-signed by someone else?

A I never had the checks for financing. That was all basically done in Chicago.

MR. THOMAS: I'll tell you what I'd like to do. Can I have a short recess for maybe two or three minutes, and we'll finish up.

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1 - - -

2 (Whereupon, a five minute

3 recess was taken.)

4 - - -

5 MR. THOMAS: I'd like to have

6 the reporter mark this document as FEC Exhibit

7 4, please.

8 - - -

9 (Whereupon, FEC Exhibit No. 4

10 was marked for identification.)

11 - - -

12 MR. THOMAS: This is a copy

13 of a time log that was provided by Thorp,

14 Reed to us, today. I'm showing that to the

15 witness and Counsel.

16 What this represents is only

17 the months apparently of August 1 through the

18 end of the year of 1980. That's our under-

19 standing. If you would take a moment to

20 thumb through it quickly so that you can

21 identify it.

22 THE WITNESS: It appears to be

23 my log.

8 3 0 4 0 4 3 7 6 4

- - -

BY MR. THOMAS:

Q I think in order to speed things up, let me direct your attention to specific items I'd like to ask you about.

Under the date of Thursday, August 14, can you tell me what is written there and what that refers to?

A "Solicitation, meeting Chicago." That's a meeting where we brought in all our solicitors for national accounts and had a mass meeting to discuss the soliciting of accounts throughout the United States. The next day we had a picnic for them.

Q Did that meeting have anything to do with campaign contributions or solicitation of campaign contributions?

A Not to my recollection, no.

Q Directing your attention to the entry of Friday, September 12, on what appears to be the name, "Glenn Bost."

A Yes.

Q Do you recall if that meeting had anything to do with any campaign contributions or possible campaign contributions?

3 3 0 4 0 3 7 6 5

A No.

Q It did not?

A No.

MR. BINGLER: While you're on that, do you recall what that meeting was about?

THE WITNESS: No, I don't.

- - -

BY MR. THOMAS:

Q Do you know who Glenn Bost is?

A Yes.

Q For the record, would you identify who he is?

A He is co-counsel of Mr. Bingler's.

Q Okay.

Now, if you would examine the entries under October 2, 3 and 4 and 5 and 6 and 7, please. Specifically, I'm interested in what I notice appears to be the word, "Washington." Would you explain what those entries represent?

A I think this -- I'm not sure, but I think we thought the GA meeting was scheduled here and it wasn't. So, I crossed it off because it wasn't.

8 3 0 4 0 4 3 7 3 6

Q You're referring, right now, to --

A October 3, 4 and 5. If I'm not mistaken, if I'm not mistaken, we went to Washington on a Sunday. This appears to be the General Agent's meeting. This was the GA's meeting.

Q This is the meeting you referred to earlier?

A Yes. It started on a Sunday and finished up, probably this afternoon, (indicating).

Q At that meeting, in Washington, at any time did you have any discussions at all with an individual named Owen Marley?

A No, not that I know of.

Q Finally, one thing that strikes me is you appear to have had a vital role in three of these firms and, yet, I'm a little bit puzzled. How is it that when Mr. Craig approached you to make $17,000 worth of contributions, how is it there wasn't more discussion of why it was coming about?

A Mr. Craig, basically, ran the financial end of it. I have or at least at that time, anyway, had more product knowledge and field knowledge with brokers than Mr. Craig. So, I would, basically, handle the insurance sales, the relationship with brokers, the technical aspect

8 3 0 4 0 4 3 7 6 7

of the firm and Mr. Craig would handle the accounting end.

Q When he asked you to do this, did you have any sense that you were being coerced at all to make contributions?

A No. We had a very open relationship. We were very close friends. I said, "Has this been checked? Is it okay?" He said, "Yes. It's fine." I didn't really pursue it any further.

Q You mentioned contributions you made to State candidates.

A That's a pure guess over my entire working lifetime.

Q Do you recall any incidence where Mr. Craig asked you to make any other kinds of contributions to any other race and you did do that?

A No.

Q This $17,000 was the only incident where that happened?

A Yes.

MR. THOMAS: This last document I'd like you to have marked, please, as FEC Exhibit 5.

- - -

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(Whereupon, FEC Exhibit No. 5 was marked for identification.)

- - -

MR. THOMAS: I'm showing FEC Exhibit 5 to the witness and Counsel. Again, this is a document provided to us today by your Counsel.

THE WITNESS: What would you like to know?

- - -

BY MR. THOMAS:

Q Can you identify that? Have you ever seen that?

A Have I ever seen this before, no. This particular piece of paper, no.

Q You didn't compose it?

A No.

Q I just want to, with regard to the various candidates or campaigns mentioned here, I want to ask if you have any relationship with any of those candidates or work with any of the candidates? This is going back to 1980. It probably would be easier to let you read through the list of names of candidates.

9 3 0 4 0 4 0 3 7 6 9

A No.

Q You have had no such relationship with any of these people?

A No.

Q Thank you.

MR. THOMAS: I have no further questions. Do you have any cross?

MR. BINGLER: Yes. I have a few questions.

- - -

BY MR. BINGLER:

Q First of all, can you make an estimate as to the amount of time you spent discussing this matter with Kerry Craig from the time you suggested that you and others might be interested in making political contributions until the time you, essentially, agreed to do so back in October of 1980?

A How much conversation time?

Q Yes. How much time did you devote in making the decision to agree to do this?

A Guessing, maybe fifteen minutes.

Q Let me ask you this: Was this event an event of some significance to you at the time?

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A Not really, no.

Q Okay.

Again, Mr. Bost's name appears in your time book for Friday, September 12. I've asked Mr. Bost to bring to me his time book for 1980 and I would like to show Counsel for the FEC the entries in Mr. Bost's time book and, then, I'll show them to you.

MR. BINGLER: There are entries, as you can see, that have nothing to do with EROC relating to other clients, and there are two entries relating to EROC.

MR. THOMAS: Fine.

- - -

BY MR. BINGLER:

Q I want to refresh your recollection on this entry. Maybe you can tell me what you were meeting about.

A This looks like "Critchlow."

Q It has "Rev/File, Rev/Case," and then an entry, "2.00."

A I think that's two o'clock.

Q Let me make a guess that that means two hours, because there's another entry of .5 and 3.5.

What was the Critchlow matter about?

9 3 0 4 0 3 7 7 1

A It's -- do you want me to get into --

Q Did it have anything to do with the political contributions?

A No. This was another piece of business that was written and then lapsed and then rewritten. He was going to sue me and I was going to sue him and nobody sued anyone.

Q Was a suit filed in Butler County?

A I don't know. I was going to countersue and Glenn said, "Why bother."

Q The next entry is .5 for "EROC, Regional; Revised/Agreements."

I might mention, to help your recollection, that Mr. Bost told me that that referred to agreements he was preparing for Mr. Schneider.

A Okay, if that's what those are.

Q Did you have anything to do with Schneider at that time?

A Yes. He was purchasing a home. He was an employee of ours and we were going to help him set up the proper wording so that he wouldn't be taken advantage of when he was buying a home.

MR. BINGLER: I have no other

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questions.

MR. THOMAS: Do you wish to waive signature?

THE WITNESS: Sure.

- - -

(Whereupon, deposition was concluded.)

- - -

8 3 0 4 0 4 3 7 7 3

C E R T I F I C A T E

- - -

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY)

I, Marisa Cannella, the undersigned, a duly commissioned and qualified Notary Public within and for the Commonwealth of Pennsylvania, do hereby certify that, before the giving of said deposition, the said Robert Oglevee was first duly sworn by me to tell the truth, the whole truth, and nothing but the truth;

That said deposition was taken in all respects pursuant to the stipulations of counsel heretofore set forth;

That the foregoing is a true and correct transcript of the deposition given at the said time and place by the said Robert Oglevee;

That I am not an attorney for or relative of either party and have no interest whatsoever in the event of this litigation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal of office at Pittsburgh, Pennsylvania, this 28th day of July, 1982.

Marisa Cannella

Marisa Cannella,
Notary Public.

My Commission expires May 5, 1986.

- - -

830403377

EXPRESS MAIL
NEXT DAY SERVICE

POST OFFICE TO ADDRESSEE

B 55226943

FROM:

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623 Park Bldg.
Pgh., Pa. 15222

Customer Number, if any:

TO:

SCOTT E. THOMAS, ESQ.
OFFICE OF THE GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
WASHINGTON, D.C. 20463

LABEL 11B ☆ SEPT/80 U.S.G.P.O. 1980-318-152

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Date in: 7-28-82

Time in: 1650

Weight: 1 Lbs.

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Date of Delivery: 7-29

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Pages 1 to 47
82 AUG 25 AM 11:26

ORIGINAL

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:	)	
	)	
AGENCY HOLDING CORPORATION, et al.,	)	No. MUR 1445
	)	

8304043776

DEPOSITION

of

THOMAS C. MASTERS

LAURA M. BRENNAN
OFFICIAL COURT REPORTER
U. S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1918
CHICAGO, ILLINOIS 60604
312-427-4393

GCC# 8208

CHICAGO, ILLINOIS July 30, 1982 19__

FEDERAL ELECTION COMMISSION

TELEPHONES:
AREA CODE 312
427-4393
668-1184

Attn: Mr. Stephen H. Mims

IN ACCOUNT WITH
LAURA M. BRENNAN
[redacted]
CERTIFIED SHORTHAND REPORTER
OFFICIAL COURT REPORTER – UNITED STATES DISTRICT COURT
ROOM 1918, U.S. COURT HOUSE, CHICAGO, ILLINOIS 60604

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040437777

July 22, 1982

Re: IN THE MATTER OF: AGENCY HOLDING CORPORATION, et al., No. MUR 1445

Attendance:	½ day @ $60.00 per ½ day	$ 60.00
Deposition of Thomas C. Masters	47 pages @3.00 per page	141.00
	TOTAL . . .	$201.00

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82 AUG 25 A11:26

82 AUG 25 P4:07

LAURA M. BRENNAN
OFFICIAL COURT REPORTER
UNITED STATES DISTRICT COURT
219 SOUTH DEARBORN STREET, ROOM 1918
CHICAGO, ILLINOIS 60604
PHONE: 312 — 427-4363

August 23, 1982

FEDERAL ELECTION COMMISSION
Office of General Counsel
Washington, D.C. 20463

Attn: Mr. Stephen H. Mims

Re: IN THE MATTER OF: AGENCY HOLDING CORPORATION, et al.

Dear Mr. Mims:

Per your request, please find the enclosed executed original deposition of Thomas C. Masters, taken in the above-entitled cause.

Very truly yours,

Laura M. Brennan

Laura M. Brennan

LMB/lk
Encls.

8304043378

RECEIVED
82 AUG 25 A11:26

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:)
) No. MUR 1445
AGENCY HOLDING CORPORATION, et al.,)

DEPOSITION of THOMAS C. MASTERS, taken by the Federal Elections Commission, pursuant to agreement, before Cynthia Dykins, being a disinterested person, not of counsel for, or employed by any or either of the parties hereto, or interested in the outcome of said cause, a duly Certified Shorthand Reporter and Notary Public of the State of Illinois, at 219 South Dearborn Street, Room 1669, Chicago, Illinois, on Thursday, July 22, 1982, commencing at the hour of 3:00 p.m.

PRESENT:

MR. SCOTT E. THOMAS
(Office of General Counsel
Federal Election Commission
Washington, D.C. 20463)

appeared on behalf of the Federal Election Commission;

MR. EMERY J. HOMOR
(1955 Raymond Drive, Suite 116
Northbrook, Illinois 60062)

appeared on behalf of the deponent.

ALSO PRESENT:

Mr. Stephen H. Mims

- - -

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A

I N D E X

W I T N E S S

	Direct	Cross	Redirect	Recross
Thomas C. Masters	2	38	40	40

E X H I B I T S

		Identified
FEC Exhibit	1	24
FEC Exhibit	2	24

---

8 3 0 4 0 4 3 3 7 8 0

MR. THOMAS: Would you swear the witness, please.

(Witness sworn.)

THOMAS C. MASTERS,

called as a witness by the Federal Elections Commission, having been by me, the said Cynthia Dykins as Notary Public aforesaid first duly sworn, was examined upon oral interrogatories and he did thereupon depose and testify as follows:

DIRECT EXAMINATION

BY MR. THOMAS:

Q Would you state your name, please.

A Tom Masters.

Q What is your present address?

A 72 East Elm, Chicago.

Q What is your present place of employment?

A Travel Management, Inc., 310 South Michigan, 60604.

Q How long have you been with that firm?

A Since January.

Q Of this year?

A This year, yes; I am sorry.

Q What is your present position there?

A Director of sales.

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Q Do you have any ownership interest with that firm?

A No.

Q Who does own that firm?

A Bob DeSanto, Robert DeSanto, solely owned.

Q Also preliminarily, I want to just state on the record that you are appearing here voluntarily and not pursuant to a subpoena, and for that, we are appreciative of your cooperation.

Now, where did you work before you worked for Travel Management, Inc.?

A Incotrav.

Q How long did you work for Incotrav?

A Since '79, September of '79 to December of '81.

Q What was your position with Incotrav?

A Sales.

Q What were your general sorts of responsibilities?

A Just really bring in sales, new business.

Q Give me, if you would, please, a description of the type of business that Incotrav was in.

A All travel, corporate travel, meeting and planning, incentives, that kind of thing.

Q When you refer to incentives, what do you mean by that?

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A Well, sales incentives, where there are awards, which would be usually a lot of our business was done with insurance companies, where the salesman, the broker, would go out and sell X amount of product. Then if he achieved a certain goal, he would then be awarded a trip for he and his spouse, or whatever, for a week, that kind of a thing.

What we would do is set those up, so that we would handle the air and we would handle the ground transportation, that kind of thing, and all the promotional materials to go with it.

Q You yourself were involved on occasion with setting up those kinds of incentive programs?

A More involved in the sales end of it. Other people would actually continue through to getting into the promotional and really logistics of it. My end was really sales.

I got the accounts, and then from there, other people would take over the account and do the various, you know, functions, accounting functions, promotional designs and materials, that kind of thing.

Q Did you have any ownership interest in Incotrav?

A No.

Q Who did own that company?

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A Best of my knowledge, Kerry Craig, and I believe there was a part ownership by Jim Wright also.

Q What was Jim Wright's position with Incotrav?

A He was president.

Q Did Kerry Craig have any official position as an officer?

A No, not to my knowledge.

Q How was it that you came to work for Incotrav?

A Jim Wright, I lived in the same building that Jim Wright lived in and I had been working actually for sales in a tire company and he approached me eight months before I actually was hired and said that he might be getting into travel, getting his own company together, and would I like to come work for him.

So I said, "Yes, I am very interested in the travel business. Sounds exciting," and that's how it happened.

Q You mentioned Kerry Craig. How is it that you know Kerry Craig?

A Strictly through Incotrav and Jim Wright introducing me when I was hired.

Q Did Kerry Craig have any role in the day-to-day operations of Incotrav?

A No, no.

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Q Did Jim Wright have day-to-day control over the operations?

A Yes; yes, he did.

Q Do you know if he had to get approval from Kerry Craig for any kinds of decisions?

A Yes, to my knowledge.

Q What kind?

A I think many times when it was -- well, I would say when there was money involved, I think that had to be approved sometimes, business decisions.

Q Were you involved at all in any of the decision-making for business decisions?

A No, things I did had to be approved through Jim Wright.

Q What was your method of compensation for Incotrav?

A Just strictly salary at the time, with promises of more money through my sales efforts.

Q Was there a procedure for giving sales representatives such as yourself bonuses?

A There were discussions that there would be bonuses, yes, upon sales.

Q Based on sales?

A Yes, based on sales production, and my salary was basically very almost unlivable at the time.

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Q Do you remember what it was in November of '79?

A When I started, it was thirteen four.

Q So you mentioned that there was also compensation based on commissions, I believe.

A Right --

Q Wasn't that built in?

A -- commissions.

Q Do you recall how much in terms of commissions you were told you might be earning when you first came aboard?

A Well, it had always been in the works. It was never really elaborated on in writing until later, and that was after really that -- well, just after Jim Wright left, it really then was put into writing.

Q Tell me about what happened when Jim Wright left. Do you remember under what circumstances he left?

A I think he was asked to leave actually.

Q Do you remember why?

A Not really why. It never really came out why he left.

I know that he wanted a lot of people to go with him to, you know, get into the travel business with him after he was leaving.

Q When did he leave; do you remember that?

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A I think it would have to have been somewhere -- I am trying to remember when it was. I want to say March, St. Patrick's Day. It had to be before that, so it had to be like February maybe, I think.

Q Of?

A February of '81.

Q So then you stayed at Incotrav approximately from February of '81 through December of '81, is that right?

A Right.

Q Did he ask you to go with him to work for another business but you declined?

A Yes.

Q After he left, who ran Incotrav?

A Everybody that could basically keep it together.

Q Did Kerry Craig have day-to-day control?

A Yes, he came down and made a statement that he was going to be in charge basically. There would be someone else filling the shoes shortly in the interim, but that he would be in charge in the interim of there being a new president of the company.

Q How would you in general describe your relationship with Kerry Craig; did you have any disputes with him?

A Yes, I did.

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MR. HOMOR: Excuse me for a second. Can I mention something?

(There was a brief interruption, after which the taking of the deposition was resumed as follows:)

BY THE WITNESS:

A My disputes with him were basically over money, commissiones owed, and I presently am suing Kerry Craig and it is in litigation now.

Kerry Craig and I never really had any kind of a close business -- he stayed fairly, you know, not real involved with the employees of Incotrav. So we really were not in a close business relationship.

BY MR. THOMAS:

Q When you brought in new accounts, was there anyone you had to report to about getting the accounts after Jim Wright left?

A After Jim Wright left? Well, we hired a new president. We hired a new president, so then --

Q Who was that?

A That was Bob Raynesford.

Q How is that spelled?

A R-a-y-n-e-s-f-o-r-d.

Q So you reported to him?

A Yes, right.

Q Did he stay there for a long time?

A He stayed there for maybe five months.

Q Was he asked to leave?

A Yes.

Q By Kerry Craig?

A Yes, right.

Q Do you know what that was about and why?

A I think what it came down to was that they felt he just wasn't cut for the job, so to speak.

Q Did you have any disputes with him yourself?

A With Bob?

Q Yes.

A No.

Q What role, if any, did a woman named Diane Pariano have in Incotrav operations?

A In Incotrav? Well, she came down after we had gone through an almost entire staff of people after Jim Wright left. So there was only a couple of us that were original people, I mean that had been there for any length of time. So she came down to really sort of manage the office.

So she was only there maybe on a full-time basis I think three, four months, something like that,

full time.

Q Did you have any disputes with her during that time that she was serving in that capacity?

A Not really. Not really dis-- the only disputes that we had were really over money that they owed creditors, people.

Q How did you get involved with that?

A Well, only because when we do business with, let's say, hoteliers or suppliers, they would call up and they would ask for myself, because I was the only one really and there was one other fellow that was around, and they would ask for one of the two of us. So I couldn't help but get involved in that.

Basically I was not able to perform my functions as a salesperson because of the time-consuming elements of trying to -- the service level had gone down with our accounts and things because when you go through an entire staff of people, it is catch-up from that point. So I was trying to put out the fires with the service end, and then creditors would call and this kind of thing. It was difficult to even go out and generate new sales at that point.

So I got involved, and getting back to your question of my involvement or, you know, Diane

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Pariano, any disputes, I would have to say that the disputes came over owing people money. My comments to her were, you know, if we are going to do business in the travel industry, you have to pay your suppliers. Otherwise your reputation is nothing.

So that was the only disputes that I can remember having with her.

Q When you left, did you leave under any sort of unharmonious --

A Yes.

Q Acrimonious, I guess is the word, circumstances.

A Yes, I did. I left in December. I came back and cleaned out my desk after Christmas, and then I came in to resign the following Monday and Kerry Craig was too busy to see me. So I just took off.

Q Did you talk to anybody after that by phone or anything to clarify your resignation?

A I got ahold of my attorney. I did not formally resign, although I did go over to personally see them, ask for the --

Q "See them"?

A See Kerry Craig, and Diane Pariano was there.

This was not in the Incotrav offices. It was in the Agency Holding office, and to tell them that

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I was resigning. Kerry Craig was not there. So I formally resigned with Pariano.

Q Did you give her a letter of resignation?

A No, I didn't.

Q This is an oral statement?

A Per my attorney's suggestion.

Q You just told her orally?

A Just told her orally, yes.

Q Now I want to focus more on the matter at hand.

In approximately October of 1980, do you recall making a campaign contribution?

A Yes, I do.

Q Can you tell me how that came about?

A Well, simply Jim Wright came in and asked that myself and my associate, Gary Holland, make a contribution; that Kerry Craig had wanted the employees to make a contribution of $999, and that was it.

So we did. He said, "Would you write us a check and we will reimburse you," and that's what took place.

Q He said that Kerry Craig had wanted this to be done?

A Yes.

Q Did he mention any conversations he had had

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with Kerry Craig as to why Kerry Craig wanted this done?

A No.

Q You have indicated that he asked, Jim Wright asked, for a contribution of 999, is that right?

A Yes, right, to make it out for the Texans for Wright.

Q Do you recall why $999?

A Well, because apparently he said that you can make a contribution up to $1,000 and just to make it out for $999 so that you don't exceed the $1,000, you know, legal limitation, and that was really basically about it.

At that point I had asked, because I had never made a contribution in the past, so my concern was well, I, you know, don't have $1,000 just to give Kerry Craig to make a contribution. I said, "How will I be reimbursed?"

He said, "Well, we will just give you a check back to reimburse you," and so he did.

Q All right, I guess I am not quite clear. Did he tell you without your having asked that you would get reimbursed?

A Yes.

Q So he told you that, and it wasn't a matter of him just saying, "Write a check for a contribution," or

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asking for a check for a contribution and then you raising that you would like to get reimbursed; it wasn't the latter situation?

A No. Well, what he said was just, "Would you write a check for $999 and we will reimburse you for the check."

Q Did he tell you where the reimbursement would come from?

A No.

Q Do you recall any discussions at the time as to any of the tax ramifications of making a contribution to Congressman Wright?

A The only tax ramifications discussion I had was, "What is it going to cost me to make this contribution as far as on my income tax? I mean, you are saying, 'Write out a check,'" and I said, "Can I legally write this off on my income tax," and he said, "Certainly."

Q "He said"?

A Jim Wright said, "Certainly," and, you know, "It's done all the time," and what not.

Q With regard to the money that you were going to get reimbursed with to pay for in essence or to cover the amount of the contribution, was there discussion about declaring that as income, your need to declare that as income?

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A We discussed, yes, whether or not that would be something that would reflect my income that I would have to pay taxes on.

Q It was your understanding you would have to declare the money you got as income?

A Right.

Q Do you know if in fact you did declare that as income for 1980?

MR. HOMOR: Yes.

BY THE WITNESS:

A Yes.

MR. HOMOR: There is one question I would like to ask him.

At least you made the statement to me, and was it so that Mr. Wright made a statement to you, because you were concerned about the legality of it, that he checked with his lawyer --

THE WITNESS: Yes.

MR. HOMOR: -- and what was his answer, if he did, if I may ask this question?

THE WITNESS: Yes, he did. He said that he checked.

I was a little concerned because I had never made a contribution before. I asked him, just to

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make sure everything was right, you know, "Would you check with somebody," and he said, "Oh, I already have. I have already checked with my attorney."

BY MR. THOMAS:

Q Who was his attorney; do you know who he was referring to?

MR. HOMOR: If you don't know, don't make a statement.

BY THE WITNESS:

A I really don't know. He has several, I know, and I am not sure which one it would be that he talked to.

BY MR. THOMAS:

Q Do you know if it was Art O'Brien?

A No, I don't -- no, it wasn't Art O'Brien, to my knowledge.

Q How do you know it wasn't Art O'Brien?

A Because Art O'Brien, when he had mentioned who he had talked to, I knew it was not Art O'Brien. Art O'Brien was the corporate attorney for Kerry Craig.

As I say, I can mention a name of an attorney, but I am not sure it is the attorney he talked to, if you want that.

Q Only if you know; only if you know.

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A No, I really don't know.

Q If you have a belief that that is who it was, you can tell us that, but state that that is your belief.

A My belief is a fellow named Fred Hayes. I had heard the name come up. That is why I believe it could have been him.

MR. HOMOR: But you have not seen or you were not present with him talking to any attorney?

THE WITNESS: No, I was not present.

MR. HOMOR: It was just his statement?

THE WITNESS: I trusted his statement. I was not present in the room when he called his attorney.

He just said verbally, "Yes, I have --" you know, I just asked the question, "I just want to make sure this is, you know, legitimate," and, "Oh, yes, I have talked to my attorney."

My associate, Gary Holland, and I both were there, and we made sure that that was what, you know, he did.

BY MR. THOMAS:

Q At that point did you go ahead and write a check?

A Yes.

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Q Did both you and Mr. Holland do that?

A Yes.

Q Right there on the spot?

A Right.

Q Was anybody else present at that conversation?

A No.

Q Just the three of you?

A Three of us, right.

Q What did you do with the check that you wrote; did you give it to Jim Wright?

A Yes.

Q You didn't mail it to Congressman Wright yourself or anything?

A I am thinking back now.

I think what he did do was prepare some envelopes for Texans for Wright, and I think that is how we sent them out, just put it in an envelope and that was it. To my recollection, that is how it worked.

Q Was that done later that afternoon or that day, or do you recall when the actual mailing took place?

A I think it was like in the afternoon.

I remember it was the morning that he had approached us, and I think later in the afternoon is when it was sent out.

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Q Do you recall Jim Wright mentioning to you whether any other individuals had already done this?

A Yes.

Q What did he say?

A He said that Kerry has basically asked other people to contribute and people in Agency Holding.

Q Did he say that he himself had contributed; is that what you are saying, Jim Wright?

A Yes, he said that, "We have all been asked to contribute."

Q When he referred to being asked, was he saying being asked by Kerry directly?

A Yes.

Q What other specific individuals do you recall him mentioning having contributed?

A Diane Pariano was one.

Q Did he tell you that she had already contributed or that she had just been asked to contribute?

A No, I think he said she had contributed.

Q Did he mention anything about having seen her in her office, some contribution checks?

A No.

Q Did he mention that to you?

A No.

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Q Do you recall any other names specifically that he mentioned as having contributed?

A She really sticks out in my mind.

I think later it was discussed who contributed. You know, I mean people, "Did you contribute to the fund?"

Nobody thought anything about it really. It was just, "Yes, I did," or, "I didn't," whatever. You know, it would come up in discussion.

I think I can remember asking a couple of people -- Diane was one -- and they said, "Yes, I made a contribution," and that was the end of the conversation.

Q Why were you asking them?

A Just wondered if anybody else made contributions.

Q Did you ask her at that point whether she was comfortable or uncomfortable with having been asked to make a contribution?

A No, no.

Q What was your general sense; did you have the impression that people were sort of feeling a little bit pressured to make these contributions?

A Somewhat. Somewhat, yes, afterwards.

I mean, you know, you would say, "Well, did you make a contribution?"

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Not pressured to the point where -- nobody ever said to me, you know, you would lose your job if you didn't make this, but I think a couple of people probably wondered afterwards, you know, maybe "Why did I sign a check?"

Q Any specific individual you recall expressing those kinds of concerns?

A Not really, not really anybody specific.

Q Mr. Holland, did you talk to him about that?

A Yes, yes.

Q Did he have that sentiment?

A Somewhat, yes, yes.

Q Are you and he social acquaintances?

A Yes.

Q Still?

A Yes, still.

Q Going back a moment, you recalled having made arrangements to mail the contributions to the Congressman's campaign. Do you recall if there was any sort of cover letter that went along in the envelope?

A No.

Q Do you have any recollection of how you came up with the address for sending the contribution?

A I didn't. I didn't make the envelope out

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that I remember.

MR. HOMOR: What did you do; just give him the check?

THE WITNESS: Yes, he asked for the checks.

BY MR. THOMAS:

Q Did he ask you to fill out any sort of form that listed, for example, your occupation and your full name in printed form?

A Yes, now that you mention that, there was something that I believe there was a form that he sent with it. I don't recollect what the form was now that I think about it, yes.

Q Who was actually responsible for taking care of the mechanics of getting these envelopes together and sticking them in the mailbox?

A I believe he was.

Q Jim Wright?

A Yes.

Q You don't recall Diane Pariano having any role in collecting the checks and taking care of sending them?

A Not to my recollection, no.

Q Did you have enough funds in your account to cover a $1,000 check at the time?

A No. No, I didn't.

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MR.THOMAS: I would like to have the reporter mark this document as FEC Exhibit 1, please.

(Said document was thereupon marked as FEC Exhibit 1, for identification, 7/22/82.)

BY MR. THOMAS:

Q I am showing Exhibit 1 to the witness and counsel and ask that you examine it, please.

Can you identify Exhibit 1, please?

A That is the check that I wrote.

Q This is a photostatic copy of the front and back of the check that you wrote?

A Yes.

Q Payable to the Texans for Wright?

A Yes, right.

MR. THOMAS: I would like to have the reporter mark this document as FEC Exhibit 2, please.

(Said document was thereupon marked as FEC Exhibit 2, for identification, 7/22/82.)

BY MR. THOMAS:

Q I am showing Exhibit 2 to the witness and counsel.

Can you identify Exhibit 2, please?

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A That is the check that Jim Wright gave me to cover the check that I wrote.

Q Directing your attention to Exhibit 2, you will note that the amount of that check is $1,200.

A Yes.

Q The check that you have identified as having contributed to Texans for Wright is for $999.

A Right.

Q Can you explain the discrepancies in amount?

A Well, my concern was that I would have to pay taxes on that money, and if I did, I would like to -- I can't afford to be making a contribution if I can't cover the income taxes, and he gave me $1,200. I think I even paid more than that actually on income tax.

MR. HOMOR: Excuse me; can I make a statement here.

MR. THOMAS: Surely.

MR. HOMOR: I think the witness stated in his letter to the Commission of June 25, 1982 that, "On the same day, later in the afternoon, Mr. Wright walked into my office and handed over to me a check payable to me in the amount of 1,000 or 1,100. I do not recall the exact amount."

I merely wanted to say that he himself was

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not certain of the amount and didn't recall exactly, but he recalled that it was probably somewhat probably more than $1,000. It was obviously the effect of the earlier discussion of the tax ramifications. Even if he is not sophisticated in this respect, he understood something, "I can deduct just that much, and I probably have to put more income in order to cover my expenses."

MR. THOMAS: Just for the record, I should state that Exhibit 1was obtained from Mr. Masters pursuant to his response to our notification in this matter, and Exhibit 2 was obtained through attorneys representing Agency Holding Corporation through a document request we issued to them.

BY MR. THOMAS:

Q Did you ever talk to Kerry Craig at all about this contribution you were asked to make?

A No.

Q Did you ever talk to Diane Pariano about this particular contribution that you had made?

A No.

Q Did you talk to anyone else with Agency Holding Corporation --

A No.

Q -- or with Incotrav about the contribution that

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you had made other than you have already described to us?

A No, not really.

Q You have indicated, I believe, that you never made a political contribution up to that point, is that right?

A Right.

Q Did you know Congressman Wright?

A No, really not at all.

Q Since that time have you made any political contributions to any federal candidates or state candidates or local candidates?

A No. No, I haven't.

Q Did you have any understanding as to where Incotrav was going to get the money that was used to pay you for the amount that you had contributed?

A No, I did not.

Q Have you ever asked anybody since then or discussed that with anybody since then?

A Since?

Q Since you made the contribution.

A No, not really.

Where it came from?

Q Yes.

A No. No, I never thought about it really.

Q What was your general understanding at the time as to where Incotrav got its operating funds?

A Simply through the business.

You mean operating funds -- Kerry Craig, operating funds, since he was behind the organization.

We were turning a profit, so to speak, supposedly the first year. Now, I never saw the books.

Q Who took care of the books?

A Well, in the beginning we had a gal taking care of the books whose name was Terri Mackowitz. Terri had taken care of the books, and then after Jim left, it then went over to Bob Pulak. Now Bob, since I have been gone, he was handling the books. I don't know what's going on now, but Bob was handling the books.

Q At any point did anyone come to you, either from Agency Holding Corporation or from Incotrav, and ask that you execute any sort of promissory note to repay this amount that you had received?

A No.

Q With regard to the money you did receive, do you recall how it was listed on any of your pay slips? Was it listed as a bonus?

A See, that I don't really recall how it was

listed. I really didn't pay too much attention to it. My biggest concern was that I got my money in the bank so that I didn't have an overdraft of $1,000, and that was my biggest concern.

I probably should have, but I did not really make note of whether it came as a bonus form or whatever.

Q Do you know an individual named Charles Smith?

A Yes, I do.

Q How is it that you know him?

A Through Agency Holding. Charlie worked for Agency Holding since I started with Incotrav. Basically that is how I know him.

Q Is he a social acquaintance of yours?

A No.

Q Was he ever a social acquaintance of yours ?

A Yes, we would occasionally. Occasionally, not a close friend, social acquaintance at all; business, maybe drinks. Occasionally after work he would be downstairs and have a couple of pops and that would be about it.

Q Now I am thinking of the time period around November of 1980, October, November. Do you recall on any occasion going out and having drinks with Charlie Smith?

A October 1980? Probably did. Don't remember

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exactly where, but probably.

You know, as I say, downstairs was sort of the little group get-together after work type of thing. It would be Incotrav people and maybe Agency Holding people. Charlie often frequented, I guess, down there.

Q We should clarify, I guess, for the record.

Did Agency Holding Corporation and Incotrav have offices in the same building?

A Yes, same floor.

Q Did you ever have any conversations with Charles Smith about anyone having made any political contributions?

A No.

Q Do you recall having any conversations with anybody else where they mentioned that Charlie Smith was in any way involved with this plan of making contributions?

A No.

Q Did Charlie Smith have any role in the business operations of Incotrav?

A No, he did not, not to my knowledge.

Q Do you know what his position was with Agency?

A Sales, that's all that I was aware of.

Q Would you say that he and Kerry Craig were fairly close business acquaintances?

A Yes, at first. I don't think they were when

he left. For what reason, I don't know.

Q When who left?

A When Charlie Smith left.

Q When did he leave?

A I think it would have to be last year in the fall, I believe it would have been.

Q Why did you indicate you thought they might not have been as close when Charlie left?

A Just that occasionally I would kind of hear a remark maybe that they weren't too chummy-chummy anymore, buddy-buddies.

I think they had been fairly good business friends, but I got the sense or feeling toward the end I think there was some ill feelings. For what reasons, I have no idea.

Q You say he actually left Agency Holding Corporation?

A To my knowledge, he left.

Q Do you know where he went?

A I had understood that he went to work for an uncle in the insurance business on the east coast.

Q Who was that; do you know?

A I don't know; have no idea.

Q Do you know an individual named Owen Marley?

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A No.

Q Do you know an individual named Clark Lloyd?

A Yes, I do.

Q How is it that you know him?

A Through Agency Holding.

Q Was he an employee of Agency Holding?

A No, at the time he was an employee of Crown Life Insurance Company out of Toronto, Canada, but I met him through Kerry Craig, you know, when he would come down. I guess his function with Crown, he was in charge of agencies in the United States.

Q Were he and Kerry social acquaintances, would you say?

A Yes, business.

Q And business, or just business?

A Oh, I think they were pretty good friends.

Q Do you recall instances of going down and maybe having a drink after work and both of them were there together?

A Yes.

Q Would you say that your relationship was in any sense a social relationship with Clark Lloyd?

A No.

Q How often would you say he was here in Chicago

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on business trips?

A Quite often. I would say twice a month minimum, maybe three times a month, and he might stay for a couple of days at a time.

Q Do you have any sense as to whether he was in control of the business decisions for the various agencies, such as Agency Holding Corporation?

A A sense, yes. He seemed to have a great deal of power.

He was always, you know, known, I think -- working so closely together, with the same floor, and talking to a lot of the same people, you know, a lot of times it was known that Clark was a very powerful man in the Crown Life organization and that basically he made a lot of big decisions.

So yes, I would say in that respect, yes, he was very much in control.

Q Did he have any role at all with the business decisions of Incotrav?

A After Wright had left, he had come down to make, yes, certain business decisions.

Q What kinds of business decisions?

A Well, everything from employees, along with Kerry Craig.

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Q Hiring and firing decisions?

A Yes, yes.

Q Any other kinds of decisions that he was responsible for?

A Not really.

Q I take it the description I have gotten is that after Jim Wright left, there was not really any type of formal control in terms of having particular officers in charge of other people.

A No, there really wasn't.

Q It was sort of a consensus decision-making process?

A Yes, right, right, and everybody knew really that the final decisions would be made by Kerry.

For instance, the books and things were not kept at Incotrav. They were all kept at Agency Holding. So everything was handled -- we really didn't have an idea of really what was going on with the company. The only thing they expected us to do was go out and get more sales.

So accounting functions and things were not done in the Incotrav office for Incotrav.

Q With regard to Clark Lloyd, did you ever have any conversations with him about any political contributions

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that had been made by anyone?

A No.

Q Did anyone ever tell you of any conversations they had had with him about polictical contributions that they made?

A No.

Q Do you know an individual named Robert Preisser?

A Robert Preisser?

Q I am sorry, William Preisser.

A Bill Preisser.

Q Bill Preisser.

A Yes, yes.

Q How is it you know him?

A Through Agency Holding.

Q Were you a business acquaintance of his?

A Yes, strictly. Bill and I didn't really socialize at all.

Q What types of business relationships did you have?

A Well, only that we would utilize their Xerox machines. I would go in occasionally and make a copy or something, and Bill would be there. "Hi, Bill," that kind of thing, just a hello-good-bye. Really that was about it.

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Q What was his position with Agency?

A I think Bill was office manager. I think that is what his title was.

Q Did the traveling of Agency Holding Corporation employees, did the traveling services that were provided to them always come out of Incotrav?

A Yes.

Q Were you responsible at all with setting up any type of travel arrangements for Agency Holding Corporation employees?

A Me personally?

Q You personally.

A No.

Q Who with Incotrav would be responsible for doing those types of arrangements?

A Well, the various account representatives, you know, travel consultants, reservationists.

Q But not someone in your situation involved with sales?

A No.

Q I don't know if I asked this question. I think you may have made a reference to it.

Were you any sort of social acquaintance with Bill Preisser?

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A No; no, I was not.

Q Oh, that is right; I am sorry.

Prior to your coming here today, did you discuss with anyone other than your attorney your testimony?

A No.

Q The fact that you were coming in to testify?

A Oh, well, Gary Holland knew I was coming in, yes.

Q Anyone else that you discussed it with?

A No.

Q What did you discuss with him?

A Just I asked him -- basically the only thing I discussed with him was when he got his letter.

I got my letter, and I said, "Gary, did you get a letter for this," and he said, "No."

I said, "Well, it's kind of interesting," and two days later then he got a letter.

So that's really the extent of our discussion, other than that, and that has really been about it, no other really further discussions.

Q Have you been asked to testify in connection with any litigation involving Agency Holding Corporation?

A Not testify. Quite some time ago, though, I

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did get a subpoena, and an attorney from Pittsburgh had come up and I never was subpoenaed. They called it off, apparently to investigate Incotrav, and that was the last I heard of it. That was it.

MR. THOMAS: I have no further questions. Do you have any questions you would like to ask?

MR. HOMOR: I would just like to ask some questions for my witness.

CROSS EXAMINATION

BY MR. HOMOR:

Q Did it ever occur to you that the $1,200 which you received from Incotrav was received and not reported or not included in your W-2 form? In other words, did it ever occur to you that this was just given to you as a gift?

A You mean the money, the check for $1,200?

Q Right.

A Yes, simply just a wash-out basically for the money that I gave, the $999, and to cover the taxes.

Q Wait a second.

A I am not sure what the question is.

Q Yes, maybe you misunderstood the question.

A I think I did.

Q Yes, I think you understood it was a wash-out.

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That I understand.

Did you think that this was not to be included in your income tax return? Did you ever think that, "I just get $1,200; I never have to declare this on an income tax return," or did you think that this was included in your W-2 forms?

A Not really.

Q Let me ask you another question.

A Yes.

Q I understand that your income was like $13,400 base. You declared during that year an income -- I don't have here the figure, unfortunately, but there was in excess of $20,000. This $20,000 was coming off from your W-2 form, and when your income tax return was prepared, the question was asked, "Is this all your income," and did you answer the tax preparer, "Yes, this is all my income"?

A Yes. Well, I --

Q Yes or no?

A Yes.

Q That is what I wanted to know.

Now, why do you think there was a difference between the $13,000, and, just for the sake of this example -- I don't recall how much it was -- let's assume $24,000. What was the difference? What makes up the

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difference?

A What made up the difference?

Q Yes, what do you think made up the difference?

A From the salary base, you mean?

Q And the W-2 form, which was in excess of $20,000.

A Well, they had bonused me on several occasions, with more bonuses to come since I did bring in about half the sales for the corporation.

Q Fine. Did you have any reason to think that this $1,200 is not included in the 20-some thousand dollar total income for that year?

A Not really.

MR. HOMOR: Okay, that's all.

MR. THOMAS: I guess maybe I should clarify.

REDIRECT EXAMINATION

BY MR. THOMAS:

Q Was that $1,200, to your knowledge, included on that W-2 form as income?

A To my knowledge, I guess it was, yes.

RECROSS EXAMINATION

BY MR. HOMOR:

Q Put it this way. Did anyone tell you to the contrary that this $1,200 is not included in your income?

A No, not to my recollection.

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Q Did you have any reason to think that this was not included in your income?

A No.

MR. HOMOR: Okay, that is all I want to know.

MR. THOMAS: I have no further questions.

Does the witness wish to waive signature?

You have the right to obtain or review the original of the transcript, or if you wish, you can order a copy at your own expense; but you have the opportunity to review the original of the transcript for accuracy and to sign it, or, alternatively, you can waive on the assumption the reporter will make an accurate transcript.

Do you wish to waive or --

MR. HOMOR: Let me answer this one.

We would like to see and review the transcript.

We don't order a transcript. At this point in time I don't think that is necessary, but we would like to review it.

Now, is it possible to review it in a couple of days and then my client sign it, or how do you want to make the arrangements, or read it right here?

MR. THOMAS: We will just ask that the reporter produce the original in its ordinary time frame,

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which I assume is approximately two weeks, and that you will be notified when it is available so that you can then come review the original and make any corrections that you feel are necessary

MR. HOMOR: That would be fine with me.

MR.THOMAS: You have 30 days to do that under our regulations, and if after that point you haven't reviewed it or have not made any changes and have not yet signed it, then, of course, the reporter will send it to us to be filed at our agency, but if you sign it in advance of that, sign it upon first receiving a copy of it, then it will be taken care of at that point.

MR. HOMOR: What I would like to do then is review it and have my client sign it at that point in time.

MR. THOMAS: Okay.

MR. HOMOR: I don't think he has any reason not to sign it, but I think I owe him the duty of being certain that the transcript is correct.

MR. THOMAS: Fine.

THE REPORTER: May it be signed before any notary?

MR. THOMAS: Yes.

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MR. HOMOR: Yes, I think so.

MR. THOMAS: Thank you very much for your time.

THE WITNESS: Thank you.

AND FURTHER DEPONENT SAITH NOT.

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I have read the foregoing transcript of my deposition consisting of pages 1 to 43, inclusive, and the same is a true, correct and complete transcript of my said deposition as it now appears, so given at the time and place aforesaid.

Thomas C. Masters

Thomas C. Masters

Subscribed and sworn to before me this 18th day of August, A.D. 1982.

James Mizak

Notary Public

My commission expires:

12-21-84

8304043382

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:)
) No. MUR 1445
AGENCY HOLDING CORPORATION, et al.,)

CERTIFICATE OF NOTARY PUBLIC
AND SHORTHAND REPORTER

I, Cynthia Dykins, a duly commissioned, qualified and acting Notary Public within and for the County of Cook and State of Illinois, do hereby certify that prior to the commencement of his deposition the witness THOMAS C. MASTERS was by me first duly cautioned and sworn to testify the truth, the whole truth and nothing but the truth in the cause aforesaid;

That the deposition of the said THOMAS C. MASTERS was taken before me at 219 South Dearborn Street, Room 1669, Chicago, Illinois, on Thursday, July 22, 1982 commencing at 3:00 p.m. and was concluded on the same day at 4:00 p.m.; and

That the testimony contained in the said deposition then and there given by the said witness was taken down by me in shorthand in the presence of the said witness and thereafter by me and under my direct personal supervision transcribed into typewriting.

8304043382

I FURTHER CERTIFY that I am a Certified Shorthand Reporter of the State of Illinois, and that the foregoing transcript of the said deposition is a true, correct and complete transcript of the said shorthand notes so made as aforesaid, and is a true, correct and complete report of the whole of the testimony so given by said witness as aforesaid, together with such other matters and things as counsel for the parties present at the taking of the said deposition desired to have appear of record.

I FURTHER CERTIFY that the Federal Elections Commission was represented at the taking of the said deposition by Mr. Scott E. Thomas; that Mr. Emery J. Homor appeared for the deponent; and that there was also present Mr. Stephen H. Mims.

I FURTHER CERTIFY that after the said deposition was transcribed into typewriting, it was submitted to the said witness, who did thereupon read, sign and again subscribe and make oath to the same, as more fully hereinbefore set forth.

I FURTHER CERTIFY that I am not of counsel for, or attorney, or solicitor for any or either of the said parties, nor am I interested in any manner in the said cause or in its outcome.

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IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Chicago, Cook County, Illinois, this 23 day of AUGUST, A.D. 1982.

Cynthia Dykins
Notary Public
State of Illinois

My commission expires:

October 25, 1985.

83040433826

THOMAS C. MASTERS
72 EAST ELM
CHICAGO, ILL. 60611

377

2-28
710

PAY TO THE ORDER OF _____ $ _____

_____ DOLLARS

HARRIS BANK — Harris Trust and Savings Bank, Chicago, Illinois

MEMO _____

⑆071000288⑆ 765⑈130⑈0⑈ 0377 ⑈0000099900⑈

CT '80' 31 87-1

For Deposit Only

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FEC Ex. 1-id.
7/22/82 cd

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LA SALLE NATIONAL BANK
CHICAGO, ILLINOIS

2-8
710

Incotrav
208 S. LA SALLE SUITE 1725
CHICAGO, ILLINOIS 60604

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2024

PAY One Thousand Two Hundred Dollars and no/oc — DOLLARS

TO THE ORDER OF		DATE	CHECK NO.	AMOUNT
	THOMAS MASTERS	10/28/82	2024	$1,200.00

INCOTRAV

⑈002024⑈ ⑆071000505⑆ 21⑈7993⑈7⑈ ⑈0000120000⑈

FEC Ex. 2-id
7/22/82 cd

LAURA M. BRENNAN
OFFICIAL COURT REPORTER
U. S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1818
CHICAGO, ILLINOIS 60604
312-427-4393

OFFICE OF GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

Attn: Mr. Stephen H. Mims

83040433830

OFFICE OF GENERAL COUNSEL
Federla Election Commission
Washington, D.C. 20463

Attn: Mr. Scott E. Thomas

GCC#8058

ORIGINAL

BEFORE THE FEDERAL ELECTION COMMISSION

- - - - - - - - - - - - - - - - - -
In the matter of: :
AGENCY HOLDING MUR 1455 :
- - - - - - - - - - - - - - - - - -

2 JUL 2 P2:30

Washington, D. C.

Friday, June 25, 1982

Deposition of

C. NICK CATRINI

called for oral examination by counsel for the Federal Election Commission in its offices at 1325 K Street, N. W., Washington, D. C., 20463, beginning at 11 a.m. on Friday, June 25, 1982, before Annabelle Short, Notary Public in and for the District of Columbia, when were present:

ON BEHALF OF THE FEDERAL ELECTION COMMISSION

SCOTT THOMAS, ESQ.
STEPHEN H. MIMS, Legal Intern
Office of General Counsel
1325 K Street, N. W.
Washington, D. C. 20463

ON BEHALF OF THE DEPONENT C. NICK CATRINI

ALPER, MANN & REISER
BY: LAWRENCE M. MANN, ESQ.
818 Eighteenth Street, N. W.
Washington, D. C. 20006

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I N D E X

WITNESS	EXAMINATION ON BEHALF OF: (Federal Election Commission) MR. THOMAS
C. Nick Catrini	3

E X H I B I T S

NUMBER		FOR IDENTIFICATION
FEC 1	Check payable to Texans for Wright dated November 27, 1980, in the amount of $999 signed by C. Nick Catrini	45
FEC 2	Printed note dated December 5, 1981, to Nick from Diane Pariano	46
FEC 3	Demand note for $1,000 dated Octcber 27, 1980, payable to Crown Associates of Minneapolis, unsigned	46

8 3 0 4 0 4 0 3 8 3 2

1 Whereupon,

2 C. NICK CATRINI

3 having been duly sworn by a Notary Public, was examined upon

4 his oath and testified as follows:

5 EXAMINATION ON BEHALF OF THE FEDERAL ELECTION COMMISSION

6 BY MR. THOMAS:

7 Q State your name, please.

8 A C. Nick Catrini.

9 Q What is your present home address?

10 A 55 Huron Drive, Marlboro, New Jersey.

11 Q What is your present place of employment?

12 A Crown Brokerage Services, Inc.

13 Q What is the address of that?

14 A 11 Commerce Drive, Cranford, New Jersey.

15 Q What type of business is that?

16 A Insurance, insurance brokerage business.

17 Q How long have you been employed there?

18 A Since March 5. I am not sure that is the exact date.

19 Q Of this year?

20 A Yes. It was March 5, yes.

21 Q What is your position there?

22 A I am the president of that corporation.

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1 Q What are your general responsibilities as president?

2 A Overall manaement of the operation in addition to

3 doing leg work also. Working out in the field but basically

4 overall management. There are seven employees there.

5 Q Prior to your employment there where were you

6 employed?

7 A David Malcolm Agency, Inc.

8 Q How long were you employed there?

9 A For approximately six months.

10 Q Where is that located?

11 A Same address.

12 Q As?

13 A 11 Commerce Drive, Cranford, New Jersey.

14 Q And prior to that where were you employed?

15 A Agency Holding Corporation.

16 Q Where is that located?

17 A 208 South LaSalle, Chicago, Illinois.

18 Q How long were you employed there?

19 A Oh, approximately a year and a half.

20 Q What was your position there?

21 A Brokerage manager.

22 Q What were your general responsibilities there as a

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1 brokerage manager?

2 A Solely to develop business from outside sources, from

3 insurance brokers. Salesman type job.

4 Q Who was your boss there?

5 A Kerry P. Craig.

6 Q The second firm that you named, the place that you

7 worked the time before last, David Malcolm Agency, did that

8 have any relationship with Agency Holding Corporation?

9 A Yes.

10 Q What was that relationship?

11 A They owned 60 percent of the shares of the David

12 Malcolm Agency.

13 Q And your present firm, is there any relationship with

14 Agency Holding Corporation?

15 A None whatsoever.

16 Q Now either of the last two firms that you worked for

17 -- that is, your present one or the one before that -- did you

18 yourself have any ownership interest?

19 A Yes.

20 Q What was your ownership interest?

21 A Thirty percent of the David Malcolm Agency and 100

22 percent of Crown Brokerage Services, Inc.

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Q Now I would like you, if you could, to give sort of an overall description of the organizational structure of the Crown Life Insurance organization, including its relationship with Agency Holding Corporation, around September or October of 1980.

A Crown Life Insurance Company operates strictly on a franchise basis, they give me a contract and all that contract says is that I have rights to a specific territory and in return for that I agree to give all my business to Crown Life, it is purely a franchise operation.

Q What was the relationship of Crown Life Insurance Company to Agency Holding Corporation of Chicago?

A The same. The same basis. The Agency Holding Corporation was a franchise of Crown Life Insurance Company.

Q Your place of employment before your present one, David Malcolm Agency, was that a franchise of Crown Life Insurance?

A Agency Holding Corporation?

Q No, your place of employment before your present one, David Malcolm Agency.

A Yes, sir.

Q That was also a franchise?

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A Yes.

Q You have described it as a franchise relationship. Did the Crown Life have any ownership interest in these various franchises?

A I have no way of knowing that.

Q For example, when you were with Agency Holding Corporation in Chicago, do you know if any of the stock of Agency Holding Corporation was owned by Crown Life?

A No, I do not.

Q Do you know how Agency Holding Corporation was organized?

A No.

Q Do you know about when it was organized?

A No.

Q Who was the person in charge of Agency Holding Corporation?

A Kerry P. Craig.

Q Was he the only officer that you know of?

A Insofar as I know, yes. Yes.

Q Do you know if they had a board of directors for the corporation?

A Well, I heard them speak of a board of directors but

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1 I did not know who was a director on that board.

2 Q How about Crown Life Insurance, do you know who any

3 of the officers of Crown Life Insurance Company of Toronto were?

4 A Yes.

5 Q Who were they?

6 A Are you saying the ones I had contact with?

7 Q The ones that you knew of.

8 A There was a multitude of offices, it is a large

9 corporation. The ones that I had contact with were Clark Lloyd

10 who was a senior vice president.

11 Q That is, back then he was?

12 A He was at that time, yes.

13 Art Thomas who is also a vice president.

14 Martin Croes.

15 Mike Hutchinson. He is the senior vice president of

16 the company.

17 Rob Dosett who is senior vice president of Crown Life.

18 Those are the people that basically I had contact with.

19 Q What sort of contact did you have with them?

20 A Just a casual "Hello, how are you" type of thing with

21 the exception now of Clark Lloyd because Clark Lloyd had the

22 responsibility of liaison between Agency Holding and Crown Life.

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1 Q Explain what you mean by liaison relationship. What
2 did he do?
3 A Well, if we had a problem placing a case with under-
4 writing and we needed help in the home office, Clark Lloyd would
5 be the person that we would go to to help us in whatever discus-
6 sions we had with the underwriter. He was our troubleshooter
7 for all liaison with Crown Life Insurance Company.
8 Q How did you have contact with him, was it usually by
9 phone?
10 A By phone and he came down or we went up.
11 Q How about Mr. Hutchinson, did he have any involvement
12 in the day-to-day operations of Agency Holding Corporation?
13 A Not with me at all, no.
14 Q What was the nature of your contacts with those other
15 individuals -- Mr. Thomas, Mr. Hutchinson?
16 A Strictly casual.
17 Q Were they nonbusiness related?
18 A Well, when I went up to the home office it was a
19 matter of saying, "Hi, Art," "Hi, Martin," "How are you doing?"
20 Nothing to do with business, no.
21 Q Who was in charge of running the day-to-day operations
22 of Crown Life Insurance at Toronto?

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A I guess you would have to say the president of the company.

Q And that was?

A Rob Dosett.

Q Did they have a chief executive officer?

A I believe, but I am not sure. I believe it was Michael Burns but I am not sure of that.

Q Did you say Rob Dosett was the president of Crown Life Insurance?

A Yes.

Q Mr. Burns, you are not sure exactly what position he had?

A He was chairman of the board and I think he was chief operating officer, I am not sure.

Q Did you have any contact with him on a business relationship?

A None whatsoever.

Q Now who other than Kerry Craig was an officer of Agency Holding Corporation of Chicago?

A I know of no other.

Q There were no vice presidents?

A Yes, there was a vice president.

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1 Q Who was that?

2 A Maury Kent.

3 Q What were his responsibilities?

4 A Basically they were the same as mine, my functions as
5 a brokerage manager, and when Kerry was not in the office he
6 assumed responsibility of the operation.

7 Q Any other officers that you can recall?

8 A No. Not really, no.

9 Q Did Crown Life Insurance of Toronto have any franchises
10 other than Agency Holding Corporation that you can specifically
11 recall during that time period of October of 1980?

12 A Well, every general agent would be a franchise holder
13 of Crown Life and there are approximately 90.

14 Q Ninety at that time?

15 A They would all be in the franchise position.

16 Q That is all around the country?

17 A Yes.

18 Q I want to go through some lists of some particular
19 firms and ask you if you can tell me who was in charge of each
20 of those, who managed each of those if you recall. First of
21 all, Kerry P. Craig & Associates at Peoria, do you know what
22 that firm is?

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A That is also a franchise of Crown Life.

Q Was that run by Kerry Craig?

A Yes.

Q Do you know who owned that particular franchise?

A No.

Q How about Crown Agency, Inc., of Toledo, Ohio, do you know what that firm is or was?

A That was also a franchise operation.

Q Do you know who was in control of that operation?

A Kerry Craig.

Q Do you know if he owned that franchise?

A No, I don't.

Q How about Agency Holding of Cleveland, do you know who is in charge of that operation currently?

A Kerry Craig. Now there could be some confusion here.

Q Go ahead, explain.

A Could you ask that question again?

Q I was asking about Agency Holding of Cleveland and who was in charge of that firm.

A Well, there are people in place of all of these. Now they always reported to Kerry so I assume that is the answer you are looking for. They did report to Kerry and he had

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control from that standpoint. Now for the day-to-day operations there were people in place in these operations but they did report back to Kerry.

Q I would like to also get the names. Start with Kerry Craig & Associates if you can, if there was an individual there.

A It will come to me. I can picture him but I cannot think of his name at this point.

MR. MANN: We can supply it.

BY MR. THOMAS:

Q How about Crown Agency, Inc., of Toledo?

A I am drawing a blank on those names now.

Davis. Davis in Cleveland. Bill Davis in Cleveland.

Q How about a firm called Ehrman, Ratini, Oglevee & Craig of Pittsburgh, do you know who was first of all in charge of that organization?

A I know that he was a partner in that organization.

Q Who is that?

A Kerry Craig with Bob Oglevee.

Q Who was in charge of the day-to-day operation?

A Bob Oglevee.

Q Did Mr. Oglevee ever work in Chicago for Agency?

A Not while I was there, no.

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Q Do you know, has he ever worked there since?

A I don't know.

Q Do you know who was in charge of a firm called Crown Associates of Colorado out of Denver?

A Again Kerry was being reported to.

Q Who was the person?

A There were several individuals there at the time. I really don't recall which one was there at the time because there were several different individuals at that place.

Q Do you remember any of their names?

A One was a John Connelly. That is the only one I can recall at this time. If I had this list in front of me, I could identify them. I just can't recall the names at this time.

Q How about the Crown Associates of Arizona, do you know who was in charge of that firm?

A Kerry again.

Q Do you know who is the day-to-day manager?

A At that time Roger Peck.

Q How about Crown Associates of Minneapolis, who was in charge of that firm?

A Again Kerry, and day-to-day operations was David Black.

Q You have indicated that these various people in charge of the day-to-day operations would report to Kerry. What sort of reporting are you referring to? What sort of interrelationship was there?

A Well, their expense accounts would be submitted to Chicago, they would report on the phone.

Q Report sales, how much had been sold?

A Yes. They would have specific goals to reach and they would reach them.

Q Kerry Craig would set the goals and give those to them?

A Yes. I don't know that for a fact. I just know there was a reporting relationship insofar as production goes. Who set the goals I don't know. There were visits back and forth.

Q Did Crown Life have a practice of occasionally giving these various firms an advance of funds for operating expenditures?

A I could only speak from my experience now, I don't know what they did with that operation. To answer that question, I could only answer it in relation to how they are treating me right now because I had no way of knowing what they

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1 were doing, I was just an employee.

2 Q In your situation now do they occasionally give your

3 firm advances?

4 A Yes.

5 Q How does that process generally work?

6 A What happens is that at the beginning of the year the

7 franchise has an option of either working strictly on the cash

8 flow that comes into the agency or asking the company to retain

9 that money and in turn I submit a budget to the company and say

10 this is what my budget is, you finance that money or you forward

11 that money to me. Then at the end of the year there is a

12 recalculation if you met it. If there was no money due, if

13 they had more money due you, you got it back. If I owe them

14 money, then I have to sign a note for that money that I owe

15 them. The reason this is done is because of the commission

16 structures. The way the insurance works, the other months you

17 may not get any so to have a level budget they offer that to

18 you.

19 Q Now are you saying the latter -- that is, where they

20 give you a chance -- is the system you operate under now?

21 A Yes.

22 Excuse me. Tom McClusky in Peoria.

6 3 0 4 0 4 3 8 4 6

Q Now again using your own experience as an example, when Crown of Toronto gives an advance to your firm is it in the form of a check that they actually send to you and you deposit in the bank account of your firm?

A Yes.

Q On what periodic basis do they send that? Is it a monthly check that you get from them?

A Yes, on a budget the monthly check, that is correct.

Q Now do you know if that kind of a system was used by other firms back in September of 1980?

A No, I do not.

Q You were not involved at all in any of the financial transactions or business arrangements between Crown Life and the various franchises when you were with the agency?

A No.

Q Who was generally responsible for overseeing that process then?

A Again I would have to assume Kerry Craig.

Q Now in your present practice are there any instances where Crown Life actually pays expenses of your firm directly and then charges your firm for that amount and it is deducted from, say, what you ultimately owe to Crown?

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A No.

Q The only arrangement is the one where they would actually send a check to you?

A Yes.

Q That you would use then to pay the expenses?

A That is correct.

Q Now when you were working with Agency in Chicago, who was responsible for doing the hiring and firing?

A Kerry.

Q Who was authorized to issue checks for Agency?

A Well, there were three people who had authority to sign checks that I knew of because I saw them on our payroll checks. It was Kerry Craig, Diane Pariano and Maury Kent.

Q Who is Diane Pariano?

A Then?

Q Then.

A She was marketing supervisor.

Q Did they all three sign your payroll checks?

A No, they had a dual signature type check.

Q So any two of them would sign?

A Yes.

Q At that time who was responsible for maintaining the

3 3 0 4 0 4 3 8 1 8

1 financial records of Agency?

2 A It was a gal, her first name was Viola. Viola. She

3 was the office manager at that time.

4 Q Now I just want to make sure I am clear. You have

5 told me how long you worked for the most recent employers.

6 When did you leave Agency Holding Corporation?

7 A Could I refer to notes on that because there are many

8 dates and there is that one letter.

9 July 1, 1981, is when I stopped working for Agency

10 Holding Corporation.

11 Q What was the reason that you left Agency?

12 A I went to work for David Malcolm Agency.

13 Q Was that an arrangement that Kerry Craig worked out

14 for you?

15 A Yes.

16 Q Was Crown to your knowledge in the process then of

17 setting up new firms in that period to set up Crown Insurance?

18 A I don't believe so.

19 Q Was this firm David Malcolm already in operation at

20 that time?

21 A Yes.

22 Q Were they already an agent for purposes of selling

3 3 0 4 0 4 3 8 4 9

1 Crown Insurance at that time?

2 A Yes.

3 Q Did you just replace an employee of David Malcolm?

4 Is that how that was done?

5 A No, it was in addition. An additional employee.

6 Q Do you know how long Malcolm had been in operation?

7 A I believe eight years.

8 Q That was at the time you got there. Had it already

9 been leased off?

10 A Yes.

11 Q You mentioned Diane Pariano and I believe you said

12 she was an account manager.

13 A Marketing supervisor.

14 Q Marketing supervisor.

15 A Yes.

16 Q What in general did her responsibilities entail?

17 A She was basically a carrier's executive secretary.

18 Q Again just to follow up on that, what sorts of things

19 did she do?

20 A Typed letters for him, personal letters; handled

21 confidential matters, whether they be personal or business.

22 Q Did she handle a lot of the personnel matters?

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A No.

Q Do you know if she handled his personal finances?

A I don't know that.

Q Who was responsible for receiving and depositing funds for Agency Holding Corporation?

A I do not know.

Q Can you give me a general description of how the money flow worked for Agency Holding Corporation at that time from the time that the policy came in and how the money would get to Agency and on out to Crown?

A I would have no way of knowing.

Q You don't know where Agency maintained its bank account?

A No.

Q Do you know an individual named Charles Smith?

A Yes.

Q How do you know him?

A He was a brokerage manager when I went to work for Agency Holding Corporation.

Q What were his responsibilities?

A Same as mine; develop brokers, bring new business into the company.

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Q Did you have day-to-day contact with him?

A Yes.

Q To your knowledge is he still employed there?

A No, he is not.

Q Where is he employed now?

A I believe it is the Powers Agency in Boston.

Q Do you know when he left the Agency?

A I would say approximately five, six months ago.

Q The Powers Agency in Boston, is that a franchise of Crown?

A Yes.

Q Is that controlled by Kerry Craig?

A I do not know.

Q How many employees were there all told at the Agency offices in Chicago?

A Approximately twelve.

Q Can you give me their names and their positions?

A Okay. There was Charles Smith who was a brokerage manager. There was Maury Kent who was a brokerage manager.

In what time frame is this?

Q This is September, October of 1980.

A Bill Ward but he might have left by that time, I am

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not sure of the exact time.

Q What was his position?

A He was a brokerage manager also.

Maury Kent who was vice president and brokerage manager. Diane Pariano who was marketing supervisor. Kerry Craig who was president. Bill Priesser who at that time was office manager. Bob Pollack who was a controller.

Q What were his responsibilities as controller?

A I guess being controller, I don't know.

Then there were maybe six girls ranging from receptionist to new business. They change frequently so I really could not recall all the names on those. They were not part of, I guess you would say, the administrative class; they were the clerical.

Q Now since October of 1980 have any of those people that were there then left or been fired from Agency Holding Corporation?

A Yes.

Q Who?

A Bill Ward. He was not fired, he is now a general agent and owns a franchise in Hartford, Connecticut. Charles Smith is in Boston with the Powers Agency. Bill Priesser who

1 was office manager resigned.

2 Q When was that?

3 A I believe it was maybe two months ago.

4 Q Do you know where he is now?

5 A He has his own business.

6 Q Do you know where?

7 A In Chambersburg, Illinois. He lives in Glen Ellyn.

8 Q Is that business that he works with a franchise of

9 Crown?

10 A No, it is a quick print franchise, it has nothing to

11 do with Crown.

12 Q You say he resigned. Was there any sort of friction

13 or anything when he resigned?

14 A I have no idea.

15 Q Have you ever talked to Kerry Craig about that?

16 A No.

17 Q When was the last time you talked with Kerry Craig?

18 A Approximately two months ago we had a company conven-

19 tion. We went on the Princess cruise out of Los Angeles and he

20 was on that boat.

21 Q Did you talk with him at all about the allegations

22 which are involved in this matter?

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A No.

Q Going back to that time period of October 1980 do you recall ever making a campaign contribution?

A Yes.

Q What did you make a contribution to?

A Texans for Wright.

I am not sure how the initial contact was made but thinking of how all the initial contacts were made I am assuming that what would happen initially, I am pretty sure Diane came into my office and said that Kerry wanted me to make a political contribution and that he would be giving me the details, he would be talking to me about it, at which time about a day or two later Kerry came in and asked me if I would make a political contribution if he would give me the money. At that point in time my question was, why would you want to make a contribution or make me make a contribution when it really would not mean anything, so many thousands of people that are doing this even if it was a thousand dollars, and his response to that was that they would know.

Q They would know?

A Whoever was getting the contribution would know.

Being in an employee situation and really being

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1 ignorant of the whole thing because I honestly didn't think
2 there was anything wrong with doing it, and that is pure
3 ignorance and I really didn't think twice about it, plus being
4 in an employee situation I knew that other employees were
5 approached on it. I guess in my mind at that point in time it
6 was my employment there. The way it was presented to me, and
7 again out of ignorance, I really didn't see anything wrong with
8 it. It never even crossed my mind to say no. That is basically
9 what happened.
10 Q You said you knew that other employees had been
11 approached.
12 A Yes.
13 Q How did you know?
14 A Just from daily conversation.
15 Q What other employees do you recall having said that?
16 A Maury Kent, Charlie Smith and Diane Pariano.
17 Q Did he say anything to you that sort of indicated
18 that you were being pressured to make that contribution?
19 A Not directly but indirectly the way it was said, "I
20 will give you the money, I want you to make a contribution,"
21 it was said in no uncertain terms. I guess I could have said
22 no but the way it was posed to me I never even gave it a second

6 3 0 4 0 4 3 8 5 6

1 thought.

2 Q Did he say at all why he wanted to make the contri-

3 bution?

4 A As I said, I asked why. There was a question in my

5 mind what effect would that have, just one contribution or

6 maybe two others -- two other people that I have spoken to it

7 would affect -- and his response was they would know where it

8 was coming from.

9 Q Did he say he had gotten a request to make contribu-

10 tions from the Wright campaign?

11 A No, he did not.

12 Q Did you ask him that?

13 A No. No.

14 Q Did he mention that Crown Life Insurance or Agency

15 Holding had some interest in contributing to Congressman Wright

16 because he was involved, say, with something in legislation

17 that affected the insurance industry?

18 A No. No.

19 Q He gave no reason at all for Congressman Wright as

20 opposed to some other candidate?

21 A There were several other candidates that had money

22 going to them because I know in talking to Maury and Diane they

8 3 0 4 0 4 0 3 8 3 7

had different people they were giving money to, it was not just Jim Wright.

Q When you talked to them what did they tell you about how their contributions had come about?

A The same way, Kerry had given them the money and in turn they wrote their own checks out.

Q Again do you recall any discussion from them as to why these particular candidates as opposed to any others?

A No. We just discussed in general why the contributions were being made and the same thing had come about that Kerry knew someone who would make these people know that it was coming from one source.

Q Who was that person?

A I would assume Agency Holding, that is who the checks were coming from.

Q Which checks are you talking about?

A The check he gave me which in turn I wrote my own personal check out.

Q Did you get that check before you made the contribution?

A Yes.

Q Before you got a check?

8 3 0 4 0 4 0 3 8 3 6

A Yes.

Q How long before?

A Same day, probably the next day. He gave it to me one day and the next day I wrote the check.

Q What was the check that he gave you, who was it from?

A I would have to say Agency Holding Corporation but then again there were so many different corporations that checks were being cut out of that I think Agency. I could be totally wrong. I really don't remember, I don't recall. I automatically assumed it was Agency Holding but there were four or five agencies that were being paid out of there so it could have been any one of them.

Q Four or five agencies being paid out of Agency Holding?

A Yes.

Q What do you mean by that?

A These other agencies that you had asked me about.

Q They got payments from Agency?

A Well, the controller of Agency Holding handled the accounting for those offices.

Q Let me follow up on that a little bit. Those other firms, their proceeds for example would come through the

8 3 0 4 0 4 0 3 8 3 5 9

account of Agency?

A I really don't know what the particulars were on how that transpired.

Q But it is your understanding that the office there in Chicago for Agency Holding did an overall monitoring of the financial operations of the various other firms?

A I would have to assume that only because I knew that the checks were paid when they paid their expense accounts. In other words, my counterpart in Denver or Minneapolis when they sent their expense accounts in they in turn received their checks.

Q The expense vouchers or requests would come into the office there in Chicago?

A Yes.

Q And then Chicago would cut a check payable to that firm out there?

A I guess. I don't know because I never saw the checks cut.

Q How about your own situation when you had expenses and you submitted a voucher, to whom did you submit that?

A Agency Holding.

Q And then would you get a check personally from them?

9 3 0 4 0 4 0 3 8 6 C

A Yes.

Q Are you saying that it is possible that the check you received in reimbursement for that contribution could have been issued on another account other than Agency?

A Yes.

Q How was that transaction recorded to your knowledge on the Agency books; was it reported as a bonus to you?

A I have no idea. I have no idea.

Q Did Kerry Craig ever tell you that you will treat this as a bonus?

A No, he never made any mention of how it was going to be handled. All he said to me was there would be no effect on me.

Q Did you treat it as a bonus income?

A Personally, no.

Q Do you know what you did like for tax purposes?

A Nothing.

Q At the time did Kerry Craig mention anything to you about this contribution that you would make would be tax deductible?

A No. No.

Q Did you ask him at all about whether this transaction

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1 of you making a contribution and then getting a reimbursement
2 would be legal or illegal?
3 A There was never any discussion of that, no.
4 Q Now you have mentioned that he came to you and asked
5 you to do this. Where exactly did that conversation take place?
6 A In the office of Agency Holding Corporation.
7 Q When that conversation took place did you during the
8 course of that conversation actually write a check and give it
9 to him?
10 A No.
11 Q When did you actually do the writing of the check?
12 A I think the day after I received the check. It was
13 very close because I think I went to deposit the check first.
14 Q The check you got from him?
15 A Yes, and then I wrote the check but it was within a
16 day.
17 Q What did you do with the check that you issued to
18 Texans for Wright?
19 A You mean who I sent it to?
20 Q Yes.
21 A I sent it directly to Texans for Wright.
22 Q By mail? You got their address?

3 3 0 4 0 1 3 8 6 2

A I was furnished the address. I was given all the information.

Q Who gave you that?

A Kerry.

Q You didn't hand the check to Diane Pariano?

A I am sorry, Diane gave me the specific information on that.

Q Did you actually do up an envelope and send it yourself?

A Yes.

Q You didn't give your check to her so she would take care of sending it?

A No.

Q Did you ever talk to anybody else there at Agency about this request that you make a contribution?

A Yes.

Q Who else did you talk to?

A Maury Kent, Diane Pariano, Charles Smith.

Q What did you say to Charles Smith?

A It was just the general discussion about this contribution. In other words, the same type of thing, why is it being done.

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1 Q What kind of response did he give you?

2 A The same thing, that these people would know where

3 the money was coming from.

4 Q Was there any discussion of where the idea that you

5 contribute came from?

6 A No.

7 Q Is it your sense that it was Kerry's idea?

8 A I assumed that, yes, sir, I did.

9 Q How about Charlie Smith, do you know if he was

10 instrumental in forming the idea?

11 A At that time, no.

12 Q I didn't clarify this. What was the amount of your

13 contribution?

14 A Nine hundred ninety-nine dollars.

15 Q Why was it $999?

16 A Because when I got the thousand dollar check and we

17 were discussing this with Maury he had told me not to submit a

18 thousand dollar amount because if I submitted a thousand dollar

19 amount then they would be asking me about all kinds of financial

20 information from me personally and it would be a long process

21 and if I submitted $999 there would be no questions asked and I

22 just sent the money.

8 3 0 4 0 4 0 3 8 6 4

1 Q Who told you that?

2 A Maury Kent.

3 Q When you said they would want information, who would

4 want all sorts of information?

5 A Again I assume -- now that I know you guys, I assume

6 it would be you people.

7 Q Now in your conversations with Mr. Smith was there

8 any discussion at all as to whether this kind of a transaction

9 was legal or not?

10 A No.

11 Q How about with Diane Pariano, any discussion with her

12 as to whether it was legal?

13 A No.

14 Q Do you know if Diane Pariano collected contribution

15 checks from any other employees?

16 A I don't know.

17 Q Now did she tell you that she made a contribution?

18 A Yes.

19 Q And got reimbursed?

20 A Yes.

21 Q I think you indicated earlier your recollection is

22 that she also made other contributions besides the one to

8 3 0 4 0 4 3 8 5 5

1 Texans for Wright.

2 A No, I didn't say that. What I said was I understood

3 there were different politicians that were getting money.

4 Q From her?

5 A No, from the people that were involved.

6 Q And you didn't know exactly which people?

7 A No.

8 Q Who perhaps gave money to other candidates?

9 A No.

10 Q Do you recall anyone ever mentioning to you that it

11 was anyone from Washington, D. C., anyone who is knowledgeable

12 in election practices, that it was permissible practice to make

13 contributions and get reimbursed from the corporate funds?

14 A No.

15 Q After you made the contribution and got reimbursed,

16 did you ever have any follow-up discussions with anybody as to

17 the legality of that contribution?

18 A No.

19 Q Was the first time that you had any discussions about

20 that transaction when you had got notice from the Commission?

21 A Yes.

22 Q What did you do with it then?

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1 A What did I do then?

2 MR. MANN: You mean other than discussing it with his

3 lawyers?

4 THE WITNESS: That is the first thing I did.

5 BY MR. THOMAS:

6 Q You contacted a lawyer?

7 A Yes.

8 Q Who was that?

9 A Dick Shechtman.

10 Q He is from where?

11 A He is from Hartford, Connecticut.

12 Q And you discussed the transaction with him?

13 MR. MANN: That would be privileged. I have to

14 instruct him not to answer that, any discussion he had with his

15 lawyers.

16 I instruct you not to answer about any discussions you

17 had with your lawyers.

18 BY MR. THOMAS:

19 Q After you spoke with him did you speak with any other

20 attorneys?

21 A No other.

22 I am sorry. I am sorry.

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1 Q Have you had any conversations with any of those
2 individuals who were then working with Agency Holding about
3 this transaction since it all occurred?
4 A Yes.
5 Q With whom?
6 A Maury Kent, Bob Bernstein and Bill Priesser.
7 Q What were each of those conversations about?
8 A "Look what I got, did you get the same thing, what is
9 this all about," that type of a conversation.
10 Q In those conversations did other of those individuals
11 indicate how their contributions came about?
12 A No, that discussion was not there because that was
13 discussed initially when it all first happened.
14 Q Did any of them mention anything in terms of what
15 Kerry Craig had told them at that time?
16 A No.
17 Q Did any of them mention whether Kerry Craig advised
18 them as to whether this was legal or not legal?
19 A No.
20 Q Did any of them mention whether they had gotten any
21 indication from Kerry Craig or anyone else as to whether that
22 transaction was legal or not?

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A No.

Q They never mentioned having gotten advice from any attorneys?

A Oh, yes, they did.

Q When was that advice given? Was it back at the time in 1980 or are you talking more recently?

A No, when we got the correspondence from you people.

Q Do you know who Art O'Brien is?

A Yes.

Q Who is he?

A He is a corporate lawyer for Agency Holding Corporation.

Q Was he the lawyer for them back in 1980?

A Again I don't know. I know he was in the bar and he had drinks with us all the time. Whether he was actively the lawyer I don't know.

Q You say he had drinks with you in the bar. Do you ever recall any discussions with him at all about this contribution that had been made?

A No.

Q Did you have any meetings with him around that time of October of 1980?

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A No.

Q What sort of meetings are you talking about, just purely social meetings? Are you talking about meetings where you met in the bar but discussed business of the Agency?

A Never discussed business.

Q When you had your conversation with Kerry Craig when he asked you to make this contribution and he told you you would be reimbursed, did he mention at all what the source of the funds would be?

A No.

Q Did he mention anything about using funds that had been received from Crown Life as an advance for operating expenditures?

A No.

Q Do you know if in fact that is what happened?

A I do not.

Q With regard to Congressman Wright do you recall any indication from anybody that Congressman Wright was aware that some of the contributions were coming from individuals who had been reimbursed?

A No.

Q Did Kerry Craig ever mention that he had spoken with

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1 anyone working with the Congressman?

2 A No, he did not.

3 Q Have you ever had any conversations with Clark Lloyd

4 about the contribution you made?

5 A No.

6 Q Do you know if Kerry Craig mentioned Clark Lloyd at

7 all when he talked to you about making a contribution?

8 A No, he did not.

9 Q After that conversation when Kerry Craig asked you to

10 make the contribution, did you have any discussion with him at

11 all like for the next day or two or a few days where you talked

12 about the contribution?

13 A No.

14 Q Just that one conversation is the only one you had?

15 A Yes.

16 Q Now these recent conversations you had with Mr.

17 Priesser and Mr. Bernstein and Mr. Kent, did any of them

18 express any displeasure with Kerry Craig?

19 A Yes, in the sense that we got into this problem. Yes.

20 Q Did they express any indication that they felt somewhat

21 pressured to give these contributions?

22 A No, it never came up in the discussion. No.

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1 Q Back when these contributions were made, in the
2 communications you had with any of them did they indicate that
3 they had felt somewhat pressured because of their employment
4 relationship to make these contributions?
5 A It was hard to explain but the feeling was there. We
6 were all grown men and no one wants to openly admit that they
7 were being pressured to do something but it was there because
8 we all felt it. It was there but to say that we openly dis-
9 cussed it, no. I think we all have just a little bit too much
10 pride to say that we were being forced into something. So, no,
11 it was never openly discussed but the feeling was there. It
12 was there.
13 Q Did Kerry Craig say anything to any of them indicating
14 that if they didn't contribute their job was on the line?
15 A No.
16 Q How about Jim Wright, do you know who Jim Wright is?
17 A Yes.
18 Q How do you know him?
19 A He was the president of Incotrav which was the travel
20 agency.
21 Q Do you know if he had any involvement with this plan
22 to make contributions?

8 3 0 4 0 4 0 3 8 7 2

A No, other than when I first heard his name when I walked in here.

Q You don't know if he in fact made a contribution?

A No, I do not.

Q Have you had any communications with an attorney named John Bingler about these contributions?

A No.

Q Have you had a conversation at all with Mr. Alexander Black about these contributions?

A No.

Q Do you know who either of those men are?

A Who was the first one?

Q John Bingler.

A Bingler, I have heard of him.

Q How have you heard of him?

A David Malcolm was I guess subpoenaed on another case and this fellow Bingler had come down to New Jersey the night before he gave his deposition and that is the first time I heard his name.

Q Mr. Malcolm told you of it?

A I really don't recall how I heard that he was coming down but I know that he and Kerry Craig had come down the night

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before the deposition and this fellow was down there. That is the first time I heard of his name.

Q When you say come down --

A Come down to New Jersey.

Q In the course of those conversations was there any mention made of these political contributions?

A No.

Q Have you ever been asked to testify in any civil action involving Agency Holding Corporation?

A No.

Q Now I want to go back and make clear. At the time that you went ahead and wrote the check payable to Texans for Wright you had had no discussions at all about whether it was legal or not? That is, I am asking had you asked anyone whether it was legal?

A No. No.

Q The check that you got from Kerry Craig as reimbursement, was that in the amount of a thousand dollars?

A Yes.

Q I want to ask, do you have now a copy or the original of the check that you used to pay Texans for Wright?

A Yes.

8 3 0 4 0 4 0 3 8 7 4

Q Could you provide us with a copy of that check?

A Yes. I have the original right there.

(Whereupon, a short recess was taken.)

MR. THOMAS: Back on the record.

I would like to have the reporter mark this document as FEC Exhibit 1, a single sheet xeroxed on both sides.

(FEC Exhibit No. 1 marked for identification.)

BY MR. THOMAS:

Q Mr. Catrini, can you identify FEC Exhibit 1?

A Yes.

Q What is that?

A It is the check that I made payable to Texans for Wright.

Q This is a xeroxed copy?

A Yes, a xeroxed copy.

Q And this is the check that you referred to earlier as the one that you wrote pursuant to the request of Kerry Craig?

A Yes, it is.

Q Now after you made the contribution and in response to the reimbursement did there ever come a time when you were asked to arrange to repay that amount?

9 3 0 4 0 4 3 8 7 5

A No. No.

Q Did you ever have a conversation with Mr. Craig where he indicated that for tax reasons it would be preferred that the amount that had been paid to you be restructured as a loan?

A No.

MR. THOMAS: Let me have the reporter mark these documents as FEC Exhibits 2 and 3, please, a note and a demand note.

(FEC Exhibits Nos. 2 and 3 marked for identification.)

BY MR. THOMAS:

Q Mr. Catrini, can you identify Exhibits 2 and 3, please?

A Yes. It is a note that I received.

Q Which is?

A Exhibit No. 2 is a note that I received on December 5, 1981, with a demand note which is Exhibit 3 that was attached to it from Diane Pariano for $1,000 from Crown Associates of Minneapolis.

Q What was the background of this? What is it about?

A At the time I did not know. I had no inkling where it was coming from. It was a demand note and I was not about

8 3 0 4 0 4 0 3 8 7 6

1 to sign a $1,000 demand note.

2 Q In other words, it appeared to you to be a request

3 that you issue or sign an agreement that you would repay Crown

4 Associates of Minneapolis $1,000?

5 A Repeat the question.

6 Q It appeared that you issue or sign and agree to a

7 note that would require you to pay Crown Associates of

8 Minneapolis?

9 A Yes, I was aware of that because that is what it said

10 but what the reason was when I received it I didn't know.

11 Q I want to clarify what the note appeared to be for

12 the record.

13 Did you have any follow-up conversation with her about

14 it?

15 A I did not.

16 Q You never called her back?

17 A I did not.

18 Q Now the note has writing on it. Whose writing is

19 that?

20 A I don't know.

21 Q That was on the note when you received it?

22 A Yes, it was.

8 3 0 4 0 4 3 8 7 7

1 Q Now the other document has also down at the bottom
2 written on "Received 12/5/81." Whose writing is that?
3 A I wrote that.
4 Q What does that refer to?
5 A That is when I received the note with the note
6 attached to it.
7 Q How did you receive these documents?
8 A By mail. By mail.
9 Q Now back in October of 1980 do you recall at any
10 point your getting an advance of any type from either Agency
11 Holding Corporation or Crown Associates of Minneapolis?
12 A No, unless again that $1,000 check that I got from
13 Kerry was from Crown Associates of Minneapolis. That I do not
14 recall, where that check came from.
15 Q Did you happen to save the envelope that you received
16 these documents in?
17 A No.
18 Q Do you have any other way of establishing that in
19 fact you received these documents on December 5 of 1981?
20 A No.
21 Q Have you talked to anybody else about these documents
22 you received?

0 3 0 4 0 4 3 8 7 3

A Are you talking about Exhibits 2 and 3?

Q Exhibits 2 and 3.

A Other than my attorney?

Q Yes.

A Yes, I did. After I received the documentation from you I did.

Q Who did you talk to?

A Bob Bernstein, Maury Kent and Bill Priesser.

Q What did you talk about?

A This note that I had received because then I should have put it together before that but I read through the documentation aspects of the note in there and Bill Priesser had claimed that these notes were already in the office of Agency Holding Corporation and signed and it was his understanding that they were all there for everybody to sign.

Q At the time you spoke with him?

A At the time I spoke with him.

Q Including yourself?

A All he said is that they were all in. That was my question, is mine there, too, and he didn't recall but he thought all of them were signed, yes, because that was my question also and he could not recall if mine was there or not.

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Q Was he working with them at the time?

A No, at the time he was not working with them.

Q That was Priesser who told you?

A Bill Priesser, yes.

Q Did you talk about what might be going on?

A Yes. We had received all the documentation, yes.

Q Are you talking about the documents from the Commission?

A Yes.

Q Did they indicate that they had received similar letters around December of 1981, from Diane Pariano?

A Yes.

Q They being Mr. Priesser and --

A Bob Bernstein.

Q Anyone else?

A No.

Q Just those two?

A That is the only people I discussed it with.

Q Did they say that they had signed such notes?

A I really didn't ask that question, no.

Q So Mr. Priesser's reference that it was his understanding that the notes were already in the offices at Crown

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could have been true to the extent that he had signed the note and turned it to over to Crown?

A Yes.

Q But you don't know?

A I don't know.

Q I am sorry. I said Crown and I meant Agency.

A Yes.

Q How about Maurice Kent, did you talk to him about these documents you received?

A No.

Q Other than those individuals have you talked with anyone about these documents that are Exhibits 2 and 3 that were received?

A No.

Q Do you know of any other individuals who may have made contributions to Congressman Wright and who were reimbursed by Agency funds who received similar requests to issue promissory notes?

A No, I don't other than the people that I mentioned.

Q I just want to be doubly sure here and I may have asked you this. You did not speak with Kerry Craig about this particular document?

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A I did not.

Q Do you know if any of these individuals attempted to contact you to speak to you about this by telephone?

A They did not.

Q You never received any telephone messages that they were trying to reach you that you did not return?

A No.

Q Now since you received these documents, Exhibits 2 and 3, have you had any subsequent conversation with anyone wherein they requested that you sign this particular document?

A No.

Q Now Exhibit 2 contains the statement, "Please sign and return to me. Call when you receive and I or Kerry will explain how we are handling with taxes." Do you have any idea what that reference to how it will be handled with taxes refers to?

A No.

Q I want to go back just a bit. With regard to the contribution that you made, do you recall if on your tax return you claimed a deduction of any sort for the contribution?

A I claimed the hundred dollar deduction because I had made another deduction and I had made some other money

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1 contributions which totaled well over a hundred dollars.

2 Q Contributions to federal candidates?

3 A Yes.

4 Q Who were the federal candidates?

5 A A couple of dinners, local political dinners that I

6 had attended.

7 Q Are you sure they were federally related or non-

8 federal?

9 A Probably non-federal, yes.

10 Q Were they to a political party dinner?

11 A Yes.

12 Q Do you know an individual named Gary Holland?

13 A Yes.

14 Q How do you know him?

15 A He worked for Incotrav.

16 Q Did you ever have any discussions with him about any

17 political contributions?

18 A No.

19 Q How about an individual named Thomas Masters, do you

20 know him?

21 A Yes.

22 Q Did you ever have any conversations with him about

8 3 0 4 0 4 0 3 8 8 3

political contributions?

A No.

Q At the time you were asked to make this contribution you have indicated you had conversations with Charles Smith and Diane Pariano. Do you ever recall having any conversations with Clark Lloyd at that time?

A No, I do not.

Q Are you sure you never had any conversations with him about the political contributions?

A I do not recall having any discussion about that.

Q Ever?

A Never.

Q Now either in your conversations back in October 1980 or in your conversations recently after having gotten notification from the Commission, did Mr. Priesser clearly indicate that he had in fact made a contribution and had gotten reimbursed?

A No, he just indicated that he had made a contribution.

Q No mention of whether he had gotten reimbursed?

A No.

Q How about Mr. Bernstein, did he ever make it clear to you that he had made a contribution and had gotten reimbursed?

A Just that he had made a contribution.

9 3 0 4 0 4 3 8 8 4

Q How about Maurice Kent?

A Same.

Q How about Bill Ward?

A Bill Ward was not involved so far as I know.

Q Did you have any conversations with Mr. Pollack where he indicated that he had in fact made a contribution and had gotten reimbursed?

A I never discussed this with Bob Pollack.

Q From the time you left Agency I believe you said in July of 1981 up to the time that you began working for your present firm, how often were you having communications with Kerry Craig?

A From July to October frequent conversations with him.

Q Once a week or more often?

A Probably more often than that, and after that no conversation.

Q Now are you a social acquaintance of his?

A No. Relative to what time again?

Q Let's go back to October of 1980. Were you a social acquaintance of his then?

A Casual. Casual social.

Q Now since you left Agency Holding Corporation have

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you had a social relationship?

A No.

Q Purely business?

A Not even that.

Q Now I am talking about since you left Agency so that would pick up the time also from July of 1981 -- Malcolm.

A During that period of time it was a business relationship, yes.

Q But since that time, since you finished working with Malcolm, you had neither business relationship nor social relationship with Kerry Craig?

A That is correct.

Q The only time you have seen him since then is this occasion that you recently saw him about two months ago?

A I believe we went on a trip March 4 or 6 and went for a week.

Q Where was that trip?

A We left from Los Angeles down to Acapulco.

Q And was that in connection with a business conference of some sort?

A Yes.

Q How much did you see Kerry Craig during that trip?

0 3 0 4 0 4 0 3 8 9 6

1 A We had one discussion and that was all.

2 Q What was the discussion about?

3 A Oh, just business in general.

4 Q No discussion whatsoever about any people who had

5 since left or been fired from Agency Holding Corporation?

6 A No. No.

7 Q No discussion about any campaign contributions?

8 A None whatsoever.

9 Q When you received the reimbursement payment from

10 Kerry Craig did you make any record of that; for example, a

11 xerox copy of that check?

12 A No, I did not.

13 Q You just deposited it directly in your checking

14 account?

15 A That is correct.

16 Q Was that account the same account that you drew the

17 check payable to Texans for Wright?

18 A Yes, it was.

19 MR. THOMAS: I have no further questions.

20 Do you have any cross?

21 MR. MANN: No questions.

22 MR. THOMAS: I just want to clarify also on the

8 3 0 4 0 4 5 8 8 7

record that Mr. Catrini has appeared voluntarily here and not pursuant to a subpoena and we appreciate it very much.

THE WITNESS: Thank you.

MR. MANN: What about signature?

(Discussion off the record.)

MR. THOMAS: Do you wish to waive signature of the transcript?

THE WITNESS: Yes.

MR. THOMAS: Thank you.

(Whereupon, signature having been waived, the taking of the deposition was concluded at 12:20 p.m.)

- - -

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CERTIFICATE OF SHORTHAND REPORTER - NOTARY PUBLIC

I, Annabelle Short, the officer before whom the foregoing deposition was taken, do hereby certify that the witness, C. Nick Catrini, was duly sworn by me; that the testimony of said witness was taken by me stenographically and thereafter reduced to typewriting by me; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to this litigation and have no interest, financial or otherwise, in the outcome of this matter.

In witness whereof, I have hereunto set my hand and affixed my notarial seal this 30th day of June 1982.

Annabelle Short
NOTARY PUBLIC IN AND FOR
THE DISTRICT OF COLUMBIA

My commission expires
November 15, 1985

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G. NICK CATRINI
548 LOWDEN AVE. 858-1716
GLEN ELLYN, ILL. 60137

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10/27 1980

PAY TO THE ORDER OF Texans for Wright $999.00

Nine hundred ninety nine dollars and 00 xx DOLLARS

FIRST SECURITY BANK of Glen Ellyn

MEMO

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FEC Ex #1
June 25 82 OB

Diane Pariano

NICK –

PLEASE SIGN AND RETURN TO ME. CALL WHEN YOU RECEIVE AND I OR KERRY WILL EXPLAIN HOW WE ARE HANDLING WITH TAXES.

THANKS,
DIANE

RECEIVED 12/5/81

FEC Ex #2
June 25-82 GS

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$1,000.00 OCTOBER 27 1980

N CATRINI after date, for value received, the undersigned promises to Pay to the order of CROWN ASSOC OF MINNEAPOLIS at _____, the sum of ONE THOUSAND ONLY - Dollars, with interest at the rate of ____ per cent per annum after _____ until paid.

(And to secure the payment of said amount, the undersigned hereby authorizes, irrevocably, any attorney of any court of record to appear for the undersigned in such court, in term time or vacation, at any time after maturity, and confess a judgment, without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, together with reasonable costs of collection, including reasonable attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that said attorney may do by virtue hereof.

If this instrument is signed by more than one person, all obligations and authorizations hereunder shall be joint and several. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

No. 42 Due DEMAND

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FEC Ex #3
June 25-82
as

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833-3598

Official Transcript

Scott Thomas, Esq.
Federal Election Commission
1325 K Street, N.W.
7th Floor
Washington, D.C. 20463

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GCC 8121

June 24, 1982
Pages 1 to 41

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:

AGENCY HOLDING CORPORATION, et al.,

8 3 0 4 0 4 3 3 8 9 4

DEPOSITION

of

DOLORES J. WRIGHT

LAURA M. BRENNAN
OFFICIAL COURT REPORTER
U. S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1918
CHICAGO, ILLINOIS 60604
312-427-4393

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:

AGENCY HOLDING CORPORATION, et al.,

DEPOSITION of DOLORES J. WRIGHT, taken by the Federal Elections Commission, pursuant to agreement, before Jean Korinko Sweeney, being a disinterested person, not of counsel for, or employed by any or either of the parties hereto, or interested in the outcome of said cause, a duly Certified Shorthand Reporter and Notary Public of the State of Illinois, at 55 West Monroe Street, Suite 3660, Chicago, Illinois, on Thursday, June 24, 1982, commencing at the hour of 4:00 p.m.

PRESENT:

MR. SCOTT E. THOMAS
(Office of General Counsel
Federal Election Commission
Washington, D.C. 20463)

appeared on behalf of the Federal Election Commission;

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PRESENT: (Continued)

MR. JEROME F. CROTTY
(Riek & Crotty
55 West Monroe Street, Suite 3660
Chicago, Illinois)

appeared on behalf of the deponent.

ALSO PRESENT:

MR. STEPHEN H. MIMS
Legal Intern
Office of General Counsel

- - -

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(Witness duly sworn.)

DOLORES J. WRIGHT,

called as a witness by the Federal Elections Commission, having been by me, the said Jean Korinko Sweeney as Notary Public aforesaid first duly sworn, was examined upon oral interrogatories and she did thereupon depose and testify as follows:

DIRECT EXAMINATION

BY MR. THOMAS:

Q Would you state your name.

A Dolores J. Wright.

Q What is your present home address, please?

A 1310 Ritchie Court, Chicago, 60610.

Q What is your present place of employment?

A LaSalle National Bank, Amalgamated Bank of the Netherlands.

Q What is the address?

A 135 South LaSalle Street, Chicago 60603.

Q How long have you been employed by the bank?

A Seven months, with LaSalle.

Q Where were you employed before that?

A First National Bank of Chicago.

Q How long were you employed there?

A Two years.

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Q What was your position with the First National Bank of Chicago?

A Account executive, special loan rep.

Q What were your general responsibilities in that position?

A To develop new business and to market the target areas of the Xerox Centre, the Atrium Building, and the Marquette Building, which included about 12,000 people, and to service those accounts or any of those new accounts that came into that particular division which I was in, and to also do specialized lending to professional executives.

MR. CROTTY: Off the record.

(There was a discussion off the record, after which the taking of the deposition was resumed as follows:)

BY MR. THOMAS:

Q I want the record to reflect you are appearing voluntarily, and not pursuant to a Commission subpoena, and in that sense we appreciate your cooperation.

A Yes.

Q Do you know an individual named Kerry Craig?

A Yes.

Q How is it that you know him?

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A I met Kerry Craig in 1979, when my husband and he had just formed a partnership called Incotrav. I had met him approximately -- I met him once in March, walked away from him, met him again in February of the following year, and proceeded to walk away from him at that point, also. Mr. Craig and I did not get along from day one.

Q The first time you met him what was the occasion?

A No occasion. It was by accident. We were forced to be introduced.

Q Was this at a meeting?

A No. It was on the street.

Q Was this when you were with --

A My husband.

Q -- your husband?

A Yes.

Q Your husband for the record?

A James R. Wright.

Q Did you ever have any business dealings at all with Kerry Craig?

A None.

Q Now, you said that you did not get along. Could you explain a little bit. Was it a personality thing?

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A No. Based solely on the fact I was Mrs. Wright. Mr. Craig was very anti-wife, and very anti-women at that point, and did not want my involvement at all into any of the affairs that he and my husband had. Because my husband had somewhere along the line stated that he and I were very close as a couple, and that whatever he did he would like to run by me. Mr. Craig made it quite clear to him that whatever they did, I was certainly to butt out.

So from that point on he took an offensive stand to me, and made it quite clear to me, when we finally sat down face to face in February of 1980, that he was not -- he never wanted my involvement. That women should be seen and not heard. And that as a wife, that wives more than anything should butt out.

So we never got along just based on that.

That I can say on the record.

MR. CROTTY: Are you through?

BY THE WITNESS:

A If you want to know everything, that is it.

BY MR. THOMAS:

Q Did you ever actually have any involvement in any of the business dealings of your husband?

A No, none, none.

Q He didn't in fact run any of his business plans

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or arrangements by you for your advice or approval?

A No. An occasional idea, you know, and a set-up on a program, like would I find that appealing, or something like that. No, no, nothing.

That is what bothered me. Nothing.

Q Did your husband ever tell you about disputes that he had with Mr. Craig?

A Yes.

Q What sorts of disputes do you recall?

A They were disputes over me. Over Jim not being allowed to take me on trips. Those kinds of disputes. They were disputes about my wanting him home and not out with him drinking. That was about it.

A couple of times Jim had come home and said that Kerry was angry about how things had happened on staff, because of Jim treating his staff --

You know, Jim felt that people should earn the right to be rewarded for anything, and Kerry was always calling him cheap, and saying that, you know, he didn't pay them enough, and give them things, and all that.

Q He didn't pay the employees enough?

A Yes.

Jim would come home and run it by me, you

know, very, very lightly. I really didn't get involved in it.

Q How about an individual named Charles Smith, do you know him?

A Oh yes, yes.

Q How is it you know him?

A I met Charles -- he preferred to be called Charlie -- through Kerry, through Jim. I met him --

Q When was that?

A I met Charlie, the first time I met Charlie Smith was in June of 1979. He came to dinner in our home, the first time I laid eyes on him.

Q Did you have any similar disputes with him?

A Well, on that particular night, no, because Charlie was a guest in our home, along with another couple, who was Charlie's -- I get very confused in the insurance industry as to who brokers, who sells, and who agents out. So one of the guests at the dinner party would have been a client of Charlie's, and a very important client, and he was also -- Jim Wright had met him through Charlie, Through Kerry Craig. So he then became a client of Jim Wright's.

So, you know, that was my first impression, and he was very -- he couldn't have been nicer to me on

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that particular night.

Q Later on did you develop some friction with him?

A Approximately a month later at a dinner function at Nick's Fishmarket Charlie Smith became very insulting to me, and very nasty to me in regard to an upcoming trip that I was due to make to Paris and Israel for my tenth wedding anniversary. He started to accuse me of being a Jew lover, and being a religious fanatic, and a crazy wife. I am not a heavy drinker, I am hardly a drinker, and he was accusing me that night in Nick's Fishmarket in front of about ten other people of not knowing how to let my hair down. He was becoming very insulting, forcing me, telling me --

Their spending of money was outrageous. I have never seen anything like it.

Q "Their" being?

A Agency Holding, Kerry Craig, Charlies Smith, Clark Lloyd.

That night at that dinner party it was just abominable, the abundance that was coming down. At one point he had ordered an expensive bottle of wine for -- everybody was to be given a bottle of wine. When the maitre d' came to me to hand me my bottle I said I didn't want it. Please do not even be charged for it.

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I wouldn't even take it home.

Charlie said, "You give it to her or she is going to wear it." Charlie Smith and I got along very well.

Q After that I take it you didn't get along at all?

A No. Charlie was going through a divorce at the time, so once again it was the anti-wife syndrome. They make it very clear.

Q Did you ever have any communications with Charlie Smith about any of Incotrav business or any insurance business?

A Oh no, never, never, never, no, no.

Q How about an individual named Clark Lloyd?

A Yes.

Q Do you know him?

A Yes.

Q How is it that you know him?

A I met Clark Lloyd --

This is all hearsay on my part as far as my assuming how the pecking order would have gone, but just based on how it was.

I met him after Kerry Craig had approved meeting me. So I met him probably early in the fall of

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1980, was the first time -- I am sorry, the spring of 1980, that I had met Mr. Clark Lloyd. It was a Friday night after work, prior to his departure for Toronto, at Crickets.

Q This was a social gathering?

A Purely social. No business ever discussed in my presence, ever.

Q To your knowledge did you ever have any friction in your relationship with him?

A No. I could never quite figure that out, you know. No. There was no friction, because he was never around. I was never in his presence long enough for friction on his part, other than --

Once in a while I would make a comment on something, and he would disagree, and vehemently disagree. It could be about anything, just to get a rise out of me. There was always an antagonistic approach with me. I never did get paranoid, though. I just assumed they didn't like wives.

Q How often would you say you met with or had communications with Mr. Lloyd over the course of the last three years?

A Clark Lloyd, I probably saw no more than a half a dozen times, if that, and I would say that is a

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lot. I would say maybe three times.

Q How about Mr. Smith. Over that same period how often would you say you have met him?

A Charlie a lot, because when I had -- Charlie a lot. I don't know. Do you want a number? I can't give a number.

Q Some general approximation. Were you running into him on a fairly routine basis, or was it on the order of say at least once a month?

A I'd say maybe three times a month, maybe four times.

Q Where were those meetings?

A At Brigg's, 208 South LaSalle, when I'd go to get my husband.

MR. CROTTY: Maybe you should explain to these gentlemen what Brigg's, Nick's, and Crickets are. They are not local boys.

BY THE WITNESS:

A Nick's is a restaurant across the street. A very fine restaurant.

Crickets is also a very fine restaurant at the Tremont Hotel.

Brigg's is the local watering hole at 208 South LaSalle where Agency Holding offices, and

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where Jim Wright officed through Incotrav, and everything sort of went through Brigg's.

BY MR. THOMAS:

Q So you say you would meet with them usually at Briggs on the order of say maybe three times a month?

A Yes. Maybe even sometimes once a week. It would just depend.

Q Does that also include meeting with Kerry Craig?

A Yes.

Q Was he usually at those?

A He usually held court.

Q At those same locations?

A Yes.

Q Did your husband ever talk to you about the manner in which Kerry Craig ran the business in terms of whether it was overly strict or overly loose?

A As far as his running Agency Holding, no. Kerry would never have told Jim anything like that, not to my knowledge.

Q No, not whether -- Jim's running of the business was overly loose. Maybe I should back up.

A Rephrase it.

Q Who would you say was running the business of Incotrav?

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A I was under the impression Jim was running the business. But as it progressed more and more, Jim really wasn't running the business. I got the feeling that Jim had -- had Jim been left alone to run the business, it would have been fine. I always got the feeling whatever Jim wanted to do, it had to be run by Kerry Craig, at all times.

I figured that out in August of -- I figured that out in August of 1979, just prior to the actual office being set up, and shortly after the formation of the partnership. It seemed as though whatever Jim would come home and say, it would be changed within a 24-hour to 48-hour span, because Kerry would say no, we are going to do it this way, and that would be it.

So I would say that Kerry Craig was the overseer in that, not Jim Wright.

Q Now, did you ever participate in any discussions that your husband Jim Wright and Kerry Craig and Charles Smith had about business dealings between Agency Holding Corporation and Incotrav?

MR. CROTTY: I don't understand the question.

BY THE WITNESS:

A I don't, either. I am confused.

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BY MR. THOMAS:

Q Did you ever sit in on any discussions they had about any of the business relationships between Agency Holding Corporation, the insurance business, and Incotrav, the travel business?

A Other than what is again going back to program that Jim might be doing, and I would hear talk of, you know, -- Jim was setting up several mass movements for them to Ireland, and every once in a while they would run things, and maybe that was all.

No. You have to understand, whenever I was around, nothing was ever said. They really, they didn't like me, you see. I was Jim Wright's wife. So they really, you know --

Whenever I was around them, it was usually an insulting kind of a situation. It was never something that I was ever brought into, never.

So I can't, I really wasn't involved in that.

I mean, I have to stress that, because that's really how it was for me for two years. Other than what my husband might tell me, I really didn't know much about it.

Q Let's move to the specific matter that we are

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most interested in.

The contribution which the Wright Committee reported in your name. Do you recall making a contribution to the Wright campaign?

A Yes.

Q How did that all come about?

A Once again I had met Jim at Brigg's on the evening of October -- I think it was -- it was in October, 19-20 -- based on the date of the check. But it was shortly after my birthday, that week-end, I remember that.

I met Jim. Jim asked me to join him at Brigg's. Because I finished work at the bank, and I would usually walk over and meet him at the parking -- at the garage. That particular night he just said why don't you join us at Brigg's.

There was myself, and Jim, and Charlie, and Harry. There had been a few other people earlier, but they had all gone. Diane had been there --

Q Diane?

A Pariano. And Debbie Strauss, who used to work for Jim Wright at Incotrav was also there. But they had all gone. It was sort of like a cocktail session. There was no discussion other than light things at this point.

Q Then how did the subject of the political

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contribution come up?

A Out of just nowhere. It was, "Dee, we would like you to write a check for $1,000 for Texans for Jim Wright."

I immediately said, "No. I don't write checks in that amount to anybody." You know.

Q Who asked you to do that?

A Kerry Craig.

Q And then what else was said?

A And then I said, "No. Just no." And Kerry Craig --

Am I to continue?

Q Yes. I'd like whatever you can remember of that conversation.

A I was waiting for another question.

Q No. If there is something specific I am not following, I will break in. But I would like you to relate the conversation as best you recall it.

A I remember saying, "No, I will not write a check for Texans for Jim Wright."

And he said, "Why?"

I said, "First of all, I don't have the money. Secondly, I don't know who the Texans for Jim Wright, as far as what they are doing for him that they

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would do for me that I should write a check to him in the amount of $1,000." So I said, "I am not writing it." Immediately that sent up signals all around the table. Charlie, vehemently, I will never forget Charlie getting just beet red and turning to Kerry, and then turning to Jim saying, "Is she always like this? I mean, who does she think she is." And I said, "Charlie, I don't write checks for anybody at any time unless I know why I am writing them and why you are asking me to do it."

I said, "This means absolutely nothing to me, and until you can explain why I am doing this, I am not doing it."

I turned to Jim Wright, who was sitting to my right and I said, "Why am I writing a check for a man in Texas who has nothing in common with me, other than the fact his name happens to be the same name as my husband's?" Jim said, "I don't know what it's about. But why don't you write the check." And I said, "I am not writing a check. I am not writing a check until someone tells me --" and this went on for an hour back and forth. I mean, it was a big battle. I just would not write the check. There was, you know, continual insult, intimidation. "You will write the check." "I will not write the check." To the point of where

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finally they said, "You know, some smart lady you are, you don't even know who Jim Wright is, and all the good things he is going to do for you, and what he is going to do for us. It is going all to come out for you."

I said, "Fine. Why don't you tell me what he is going to do for me, because I don't know who he is."

That continued until finally I turned to Jim and I said, "I have a funny feeling that if I don't write this check I am going to get you in trouble, and I feel that I am always getting you in trouble with these people to begin with. And should I write this check?" Jim said, "You will be reimbursed. They have told me that."

And I said, "Is it legal?"

He said, "As far as I know everything is legal. They have told me that."

I at that point wrote the check.

Q That night at Brigg's?

A Yes.

Q Who did you give it to?

A I gave it to Kerry. I gave it to Kerry. Because I noted something on the check. I remembered that. I noted his initials on the check, Kerry's initials. And then I scratched it out and put my initials over it.

Q You are looking at what appears to be a

cancelled check. Is there any chance that we could take a look at that? Do you have a copy of that?

MR. CROTTY: Yes, we have a copy available for counsel.

BY THE WITNESS:

A One is Jim's and one is mine. Oh, I photoed the two for both of us. That is probably what you have.

BY MR. THOMAS:

Q I think, if it is the same one.

A Yes. And I photoed the back, as all good bankers would.

MR. CROTTY: Let the record reflect that the deponent has presented from the James R. Wright and Dolores J. Wright account at First National Bank of Chicago, account 1209027, check No. 317 dated October 24, 1980 in the amount of $1,000, payable to the order of Texans for Wright, with certain markings on that check.

MR. THOMAS: Thank you. I simply want to compare the original with the Xerox we have already been given by Mr. Wright, because I don't think that there is any need for us to take the original.

BY MR. THOMAS:

Q Now, once again, could you explain what the notations in the lower left line are about?

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A It was just -- I put down, I started to write down Kerry Craig contribution, and then I scratched it and put down D. J. W., because they said don't do that. I forget who told me not to do that. But I remember someone saying don't do that.

Having worked in a bank at that point as I was, I was very noteworthy of marking up, and always being aware of whatever I put on a check. It was just my own processing to have done that. And I was told to scratch it out, and initial it.

Q You were told that by whom?

A At that point I remember writing, and I just remember Kerry and Charlie -- Charlie did more talking than Kerry. That I remember. It was like Charlie's anger was greater that night at me than Kerry's. Although Kerry would always watch and never say anything, and when he would say something, it was like he was just waiting for the next move to be made by whoever was supposed to make the move.

Charlie did most of the talking that night. Charlie did most of the yelling, as far as that goes. But Kerry was there saying, you know, "Do it, and we want it," and that kind of thing. It was like he would probe, and Charlie would continue to go. Jim said

nothing.

Jim was very upset, I remember that. Jim was very upset, and apologized to me later that night for having put me through that. He said he did not expect that would happen.

Q Did either Kerry Craig or Mr. Smith tell you that they thought that this would be perfectly legal?

A Yes.

Q What did they say?

A I just remember when I turned to Jim and I said, "Is this going to -- is your job going to be hurt by my not doing this? Because I feel like I have already done enough tonight. And is this legal?"

And Charlie said, "Why would it --"

Charlie, I remember Charlie again getting very angry, turning to Kerry, ignoring both Jim and I, as if we were the third person, you know, not even there, you know. "I can't believe she is doing this. I can't believe it. Who does she think she is. Of course it is legal, you know. What kind of a smart lady are you." You know, this. I mean, it was these kinds of insults going on all night. So, you know, Charlie did most of the talking.

Q Did they say they had spoken to any attorneys

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and gotten legal advice that it was proper?

A I don't remember that.

Q Now, you indicated that Jim Wright told you that this contribution would be reimbursed.

A Yes.

Q Did he say how it would be reimbursed at that time?

A No. At that point I was so upset, I just remember being so upset, by the end of that dissertation and fighting on my writing and not writing the check, that I just remember Jim saying you will get the money back.

Q Are you sure he said it that night, or at some other point?

A I can't remember.

Q Now, did Mr. Smith or Mr. Craig at any point say why they wanted you to make this contribution?

A No. I kept asking that. Nobody would answer.

Q They wouldn't. They didn't mention, for example, that they had gotten a request from the Congressman or one of his workers asking for campaign contributions?

A No. They just said good would come of it. It would all work out, and everybody would benefit.

My question to them was, "What does it have to do with the travel business? What does it have to do

with the insurance business?" I said, "There is only one way I am related to this, and that is Jim Wright. What good is going to come to me?" You know, whatever Jim was doing would be between he and them. I couldn't understand why they were coming to me to do it. That was my bone of contention. And that's what angered me.

No. All they kept saying was, you know, some good will come for all our advantage. He is a good guy, and he is doing da-da-ta-ta, blah, blah, blah, and all of this, you know. Nothing was soaking in for me.

Q Did any of them mention at any point anybody else who had already issued any checks?

A They just said others had.

Q They didn't name any specific names?

A No, no.

Q They didn't say, for example, they themselves had done so?

A Charlie had, Charlie mentioned he had done it. Charlie did all the talking. Charlie mentioned he had done it.

But you have to understand, my concern isn't that others have done it. My concern was for me, you know. Why I was being harassed into it. I wasn't the least bit concerned that others had done it.

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I wanted to know why they were on my case that night. Because I wasn't about to give it.

All I know is that I was the only person who gave them the most difficult time in writing it. When I finally wrote it, it was having lost. I felt like the general who had lost the battle. That I had to concede. My fear was based on my husband's job.

Q And had your husband already issued a check himself to them that night?

A I don't know.

Q Or did he do it during the course of the time you were there?

A I don't remember Jim writing, taking the checkbook out and writing the check that night, no. He could have, before I came. Remember, they had already been there.

Q Were you in fact reimbursed later?

A Yes.

Q How did that come about?

A How did that come about?

Q How was it done?

A Jim brought a check home for me.

Q It was a check payable to you?

A I am trying to remember if it was --

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Yes, it was a check payable to me, it was. Because it went back into -- I can't remember.

I remember him telling me that there had been a check made payable, and I don't remember putting it back into this account. I think it went back into the savings account. I don't remember.

Q Do you remember what the amount of the check was?

A No. I'd have to go back to look over my statement, to look for the following days after to see that, for the deposit.

Q Who was the check from?

A If I still have it.

Q On what account was it drawn?

A I believe it was Agency Holding.

Q But you are not sure? It could have been Agency Holding or Incotrav?

A Incotrav.

Q Could it have been from Kerry Craig's personal account?

A No, no. That I know. It was a--

No, I don't remember it being a personal account. It was a check written out, and it was payable to me. I am sure it was payable to me.

Q Then what did you do with it?

A Put it back in to cover this, because --

Q To cover what?

A To cover my check. Because the night I wrote this I didn't have a thousand dollars in my checking account.

Q So your recollection is you deposited that check into your checking account?

A No. It probably went back into the savings account where I transferred the money the next day to cover this check.

Q Do you have any bank account records with you that cover that time period that reflect deposits into your checking account?

A No. I have them at home. I don't have them with me. I'd have to take a look. Because those are details now that are --

That whole time is a haze from that point on after, because I was still -- I was angry for days after this, not knowing and understanding what was going on, you know. I just couldn't quite put it all together.

Q After that discussion you had at Brigg's did you ever have any subsequent conversation with either Mr. Craig or Mr. Smith about this particular contribution that you made?

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A Never. It was an issue that --

It was almost like it had never happened.

Q Did you ever have any discussions with your husband about that contribution?

A No.

Q Was he the one that gave you the check --

A He handed me --

Q -- for reimbirsement?

A Yes. I remember him handing it to me.

Q Do you remember where that took place?

A Well, I say I never went to his office. It was off limits for me. So it was probably at home.

Q It is your recollection he brought it home?

A Yes.

Q And gave it to you?

A Yes.

Q Did he ever tell you of any discussions that he had later with Mr. Smith, or Mr. Craig about these contributions?

A No.

Q How long after you made the contribution was it before you got a reimbursement?

A Shortly thereafter. Oh gosh, maybe a couple of weeks, maybe a week. I don't think ten days went by.

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It seemed like it was, you know, quickly. I don't remember specifically. I don't remember that specifically.

Q Up to that time you had never had any dealings with Congressman Wright himself, had you?

A Oh, no.

Q He certainly never requested you to make a contribution, is that true?

A No.

Q Is that true?

A Yes, it is true. I am sorry.

Q When your husband gave you this check for reimbursement, did he mention at all where those funds originated?

A No. I remember Jim saying to me, "I am so sorry that you had been put through this." He said, "It won't happen again, I promise you that."

And I just said, "Fine. I just would like to know what is going on."

And he said, "Nothing is going on." He said, "It was just a contribution."

Nothing else has ever been said after that, ever.

Q Did you ever, after that point, ever have any discussions with an attorney as to the legality of that

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transaction?

A Probably the only other time it came up was when Jim and I went to see John Schwartz in January of 1981, when we started to suspect some -- didn't start to suspect, but knew that there were going to be problems with Kerry. It came up then, that we had been asked to make these contributions and were told to make them. You know, it was just like sitting in a room like this and John was going back over the history of everything, and we were trying to pop up all the stuff in the past two years that had occurred, and that being one of the things. John asking us what it was all about, and both of us saying, you know -- and my remembering the evening. I still don't know what it was ever about. To this day no one ever answered the question.

Q I would like to ask you about some individuals, and see if you can tell me who they are, and what connection, if any, they have with Incotrav or Agency Holding Corporation.

Mr. Maurice Kent, do you know who he is?

A Yes.

Q Who is he?

A Maurice Kent worked for Kerry Craig in the Agency Holding Corporation office. What position, I

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don't know. But he was one of Kerry Craig's employees.

Q Was he present at this social meeting at Brigg's where this contribution came up?

A No. That particular night I don't remember him there.

Q Do you ever recall any discussions with your husband wherein he indicated that Mr. Kent had been aware of these contributions?

A No.

Q Now, at the time did you know what position Diane Pariano held with either Incotrav or Agency Holding?

A I knew what I was told, and I knew what I -- what I also perceived otherwise.

Q Did she have an official position with either of those organizations?

A She had all kinds of positions. I don't know. All I know is that she was a real --

She seemed to run the lot. I mean, she was marching through all the time, telling people what to do.

Q Do you know if she made any political contributions that were reimbursed?

A No, I don't know.

Q Your husband never indicated one way or the other?

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A No.

Q How about an individual named Robert Ogelby, do you know who he is?

A Yes.

Q How do you know him?

A Through Agency Holding. I met him on a trip in the spring of 1979 in Hawaii.

Q How about an individual named Gary Holland?

A Yes, I know Gary. He worked for my husband.

Q Does he work for him now?

A No.

Q How about an individual named Thomas Masters?

A He was employed by my husband at Incotrav.

Q Do you recall any discussions that your husband had with you as to whether Mr. Holland or Mr. Master had made any contributions?

A No.

Q How about an individual named Bill Ward?

A Yes, I know Bill.

Q Do you know who he is?

A Yes.

Q What is his connection with either of those organizations?

A Bill Ward used to work at the Agency Holding

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offices in Chicago, and I believe it is now in Hartford, Connecticut, possibly. I am not sure Hartford, but I believe on the East Coast. Hartford stands out in my mind.

Q How about an individual named Bob Bernstein, do you know who he is?

A Yes. He als works for Agency Holding.

Q Do you know what position, if any, he held?

A No, I don't. No, I don't know, no.

Q Was Mr. Bernstein or Mr. Ward or Mr. Masters or Mr. Holland or Ogelby present at that meeting, or at the get-together at Brigg's where the contributions were discussed?

A No. As I said, by the time they got to me there were just the four of us at the table.

All I had been told, though, as far as others contributing, is that others had contributed. As far as names and who had, I reiterate that I had no concern for others. I was only concerned for myself at this point.

Q At any point after you had received reimbursement did anyone come to you and ask if you would agree to repay that reimbursement that you received?

A You mean, in other words, give it back?

Q Yes.

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A No.

Q One other individual. Do you know Nick Catrini?

A Yes.

Q Who is he?

A Nick Catrini worked for Agency Holding and Kerry Craig.

Q Did he work in Chicago?

A Yes. Everybody worked in Chicago at that time except Robert Ogelby; and possibly Bill Ward had already gone to Connecticut, I am not sure. But everybody was at this office at 208 South LaSalle in Chicago.

Q Around September of 1980?

A October, October of 1980.

Q Now, since this matter came to your attention through the Federal Election Commission have you had any conversations with Kerry Craig or Charles Smith?

A No, I haven't.

Q Have you had any conversations with your husband about this matter of contributions?

A Just briefly when I was called I -- after I had spoken to Stephen, flags went up all over the place. So that was the beginning of a conversation with Jim.

MR. THOMAS: Off the record.

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(There was a discussion off the record, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: Back on the record.

BY MR. THOMAS:

Q We have been off the record and discussing the accounts that you and your husband maintained. I had told you in your husband's earlier testimony today he indicated his recollection was that the reimbursement received for the contribution was made in the form of a check payable to him. And I believe your earlier testimony was that it was your best recollection that you received a check payable to you. I wonder if you might be able to explain that possible difference.

A All right. I do want to go on record also as saying that I am not sure when the reimbursement came, and how it came, just based on the fact I wanted it over and behind me.

I do remember Jim showing me a check, and I can't remember if it was payable -- if it was for $2,000 or $1,000 payable to me. But I do remember that my portion of the thousand dollars that I wrote off my account was given back to me for my savings account, to be put back in the account which I transferred the money out

of. That check, to the best of my recollection, could have come from my husband following his receiving the check from either Agency Holding or Incotrav. That I don't know. That I can't clarify.

Q You mentioned "your account." Could you explain what accounts you and your husband maintain?

A Yes. My husband and I both maintained, at that time, two joint checking accounts at the First National Bank of Chicago. I wrote my thousand-dollar check off of my employee account, which we were both jointly on; and he wrote his $1,000 check off of a savings-checking combination account which we both held at First National Bank of Chicago.

The money transferred into my checking account to cover the check came from a joint savings account separate from the two DDA accounts I have just mentioned.

Q I want to go back. I just want to emphasize something that I believe your testimony indicates.

At the time you issued the check you had been advised that it was legal to do so, is that right?

A Yes.

Q Independent of what you had been told, did you have any familiarity with a Federal Election law?

A Nothing. I knew nothing. I knew absolutely

nothing.

Q Had Mr. Craig or Mr. Smith mentioned the name of a Mr. O'Brien who had given them any legal advice as to the legality of this matter?

A No. I just remember saying to Jim Wright, "Is this legal? Is this okay?" and Jim reassuring me that what he had been told, yes. But before he could ever finish, Charlie -- it was a constant interruption and a constant bombardment from Charlie that, "Yes, it is legal. We wouldn't be doing anything that is illegal. It is legal. Just write the check."

MR. THOMAS: I have no further questions. Do you have any cross?

MR. CROSS: I don't have any clarification nor cross questions, no. I think she has done well.

MR. THOMAS: Do you wish to waive signature?

MR. CROTTY: I would like to see it.

MR. THOMAS: No further questions.

Thank you very much for your time and cooperation.

MR. CROTTY: It can be signed before any notary.

AND FURTHER DEPONENT SAITH NOT.

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I have read the foregoing transcript of my deposition consisting of pages 1 to 37, inclusive, and the same is a true, correct and complete transcript of my said deposition as it now appears, so given at the time and place aforesaid.

_____
Dolores J. Wright

Subscribed and sworn to
before me this ____day of
_____, A.D. 1982.

_____
Notary Public

My commission expires:

_____

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FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:

AGENCY HOLDING CORPORATION, et al.,

CERTIFICATE OF NOTARY PUBLIC
AND SHORTHAND REPORTER

I, Jean Korinko Sweeney, a duly commissioned, qualified and acting Notary Public within and for the County of Cook and State of Illinois, do hereby certify that prior to the Commencement of her deposition the witness DOLORES J. WRIGHT was by me first duly cautioned and sworn to testify the truth, the whole truth and nothing but the truth in the cause aforesaid;

That the deposition of the said DOLORES J. WRIGHT was taken before me at 55 West Monroe Street, Suite 3660, Chicago, Illinois, on Thursday, June 24, 1982 commencing at 4:00 p.m., and was concluded on the same day at 5:15 p.m.; and

That the testimony contained in the said deposition then and there given by the said witness was taken down by me in shorthand in the presence of the said witness and thereafter by me and under my direct personal supervision transcribed into typewriting.

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I FURTHER CERTIFY that I am a Certified Shorthand Reporter of the State of Illinois, and that the foregoing transcript of the said deposition is a true, correct and complete transcript of the said shorthand notes so made as aforesaid, and is a true, correct and complete report of the whole of the testimony so given by said witness as aforesaid, together with such other matters and things as counsel for the parties present at the taking of the said deposition desired to have appear of record.

I FURTHER CERTIFY that Mr. Scott E. Thomas appeared on behalf of the Federal Elections Commission; and that Mr. Jerome F. Crotty appeared on behalf of the deponent; and that there was also present Mr. Stephen H. Mims.

I FURTHER CERTIFY that after the said deposition was transcribed into typewriting, it was submitted to the said witness, who did thereupon read, sign and again subscribe and make oath to the same, as more fully hereinbefore set forth.

I FURTHER CERTIFY that I am not of counsel for, or attorney, or solicitor for any or either of the said parties, nor am I interested in any manner in the said cause or in its outcome.

I FURTHER CERTIFY that after binding, taping, sealing and certifying to the said deposition as more fully hereinbefore appears, I have sealed up the said deposition and mailed it by U. S. Mail, postage prepaid, to the Federal Elections Commission, Washington, D.C.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Chicago, Cook County, Illinois, this 15 day of July, A.D. 1982.

Jean Korinko Sweeney
Notary Public
State of Illinois

My commission expires:

4/16/84

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Holding check into Incotrav to assist us in covering this $4,000 expenditure, because we didn't have that kind of money in the company.

MR. SCHWARTZ: Excess money.

BY MR. THOMAS:

Q Do you remember how much money?

MR. SCHWARTZ: He said four.

BY THE WITNESS:

A $4,000.

BY MR. THOMAS:

Q No more?

A The only checks that I know about are Masters, Holland, Jim and Dee Wright.

MR. SCHWARTZ: No. He says --

THE WITNESS: He may have --

MR. SCHWARTZ: You are probably interested in tracing that particular check, is what he is saying.

BY THE WITNESS:

A I can't recall. Teri might be able to remember, Teri Mackiewicz, who did the accounting at that time. She may remember whether we received a direct compensation check back to cover this.

BY MR. THOMAS:

Q Is she still working for --

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A She works for me.

Q She works for you?

A Everybody does.

MR. SCHWARTZ: Except Mr. Craig, and Diane.

BY THE WITNESS:

A Except for Masters and Holland.

BY MR. THOMAS:

Q After you had made your contribution and received a bonus payment, did you have any discussions with anyone thereafter as to the legality of this transaction?

A No.

Q When did you first speak to an attorney about this?

A Well, it came up in the period I think after March of 1981, when John and I were generally discussing what happened. He queried me, "Can you think of anything that sticks in your mind as being something that --"

You know, just we went through the entire rendition of the company.

Number one -- I think it came up in this context. Was the company doing well?

MR. SCHWARTZ: By the way, this as you realize is discussion with his attorney, which is of course

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privileged. But we are waiving that in order to assist the Commission and yourself.

Is that correct?

THE WITNESS: Yes.

MR. THOMAS: Thank you.

MR. SCHWARTZ: I waive it, too.

BY THE WITNESS:

A As I recall we were talking about, you know, "Hey, is the company doing well." In that I went into the reason why it was doing well, but we really financially didn't show that much profit, because Mr. Craig basically drained the company for his own uses. He asked me, "What are some of the things that he did?"

Okay. You know, week-end trips to Hawaii, week-end trips to Paris, or I paid for his clients' trips all over the country. I had Mr. Lloyd's son on the payroll, who was basically a worthless kid. I was paying people in Toronto, Canada who were also on the payroll of Crown Life. I had political contributions of 4 or $5,000. And that is the way it came up. John said, "How would that happen?"

Well, I said, "This is what we did." He said, "Well, you are going to go to the slammer for that." Just joking.

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MR. SCHWARTZ: I didn't say that, did I?

THE WITNESS: No.

But that is how it came up. It came up as part of the complaints that I had with Mr. Craig as to all the scenario that went along with Incotrav and the disaster he put me into. The ruination of my life for the last year and a half.

BY MR. THOMAS:

Q Around the time you were involved with the termination did you have any discussions with Mr. Craig about these political contributions?

A No. I never talked. I have not spoken to Mr. Craig since the day back -- in fact, a couple of days prior to the board meeting where I was terminated. The last time I spoke to him is when he handed my termination letter to me at my apartment.

Q He brought it to you in person?

A Yes.

MR. SCHWARTZ: The first class thing he did.

BY THE WITNESS:

A It was because of the contract. It had to be hand-delivered.

BY MR. THOMAS:

Q Now, at any point did you ask Mr. Craig what

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the source of the funds was that he used to give money to Incotrav, so that these contributions could be made?

A The source?

MR. SCHWARTZ: Whether it came from him personally, Agency, Crown Life, or where it came from.

BY THE WITNESS:

A He funded the company from Agency Holding, all the checks. All the checks that were funded to Incotrav were --

MR. SCHWARTZ: I think that he answered it. I am not trying to -- I think he said he didn't know if it came from him personally, or from Agency Holding, the $4,000 or so.

BY THE WITNESS:

A I know it didn't come personally. It came from the company.

MR. SCHWARTZ: Is that what your question is?

MR. THOMAS: Yes.

BY THE WITNESS:

A Kerry never gave anything personally. It was all through the company.

BY MR. THOMAS:

Q But you seem hazy as to whether in fact Agency had given Incotrav money to cover these bonuses.

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A Okay. The bottom line, whether he wrote a check for $4,000 via Agency Holding, or he gave me another $10,000 for working capital, it doesn't matter. He covered the political contribution money from Agency Holding.

Q I want to be clear. You just said "or he gave me." Now, I want to be sure. We are talking about from what entity to what entity.

MR. SCHWARTZ: What entity to what entity.

BY THE WITNESS:

A Whether it was a specific instrument --

MR. SCHWARTZ: You are talking of the money that went to cover the bonus, went into Incotrav of Illinois. Is that right?

THE WITNESS: Yes.

And it was via Agency Holding. It may not have been a specific check.

MR. SCHWARTZ: For $4,000.

THE WITNESS: For $4,000. All the money that we had in Incotrav for these kinds of activities was paid for by Agency Holding. Whether he covered it with a check for $4,000, I cannot recall. But the ultimate bottom line is that he covered the political contribution check via his company to Incotrav. Because I didn't have the four grand in the company.

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BY MR. THOMAS:

Q Okay.

A All the money that was in the company was put in by Agency Holding.

MR. SCHWARTZ: You mean the working capital?

THE WITNESS: Yes. At that time we did not have it.

MR. SCHWARTZ: Explain --

THE WITNESS: This is a key point here.

MR. SCHWARTZ: I know. I want to ask you --

THE WITNESS: The key point at this point in time, we were opening three offices within our first year. We were strapped with money then.

MR. SCHWARTZ: All the money from Illinois Incotrav was going out for, obviously, to pay your personnel?

THE WITNESS: Yes.

MR. SCHWARTZ: Pay for the tickets. You didn't have any working capital during this period of time. Is that pretty correct?

THE WITNESS: Yes. The only working capital we had was coming from Agency Holding.

BY MR. THOMAS:

Q That was a fairly regular practice. They

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would every once in a while give Incotrav some working capital?

MR. SCHWARTZ: It may have been handled by notes, loans, you know. I don't know myself, because Mr. Rice never gave me any of the documents.

BY THE WITNESS:

A There were loans at Exchange National Bank and LaSalle National Bank. I mean, this was a pretty big operation. I mean, it was for a travel company, you know. We had 30-40 people, which is a pretty good size operation.

BY MR. THOMAS:

Q Do you remember how that particular transaction you described where they got, where they covered the amount of the bonuses was recorded on the books of Incotrav?

A Yes, I know how it was done.

MR. SCHWARTZ: When you said 30 or 40 people, you mean in three offices?

THE WITNESS: Yes.

MR. SCHWARTZ: Okay.

BY THE WITNESS:

A There was a check issued to Gary Holland and Tom Masters for $1,000. It was listed as a bonus. And that was the check that was issued by Incotrav to them to

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cover these checks.

I mean, it's got to be the key there. These guys never, ever, in any way possible could afford to make that contribution. The only way they could ever have done it wasthe fact that Mr. Craig said that they must make it, and that he would cover it.

MR. SCHWARTZ: Are you also saying they weren't entitled to bonuses at that particular time when they did receive reimbursement?

THE WITNESS: The reimbursement for Holland and Masters was directly, absolutely, to cover the checks. Nothing to do --

MR. SCHWARTZ: They weren't entitled to bonuses?

THE WITNESS: Had nothing to do with sales or anything else.

Mine, on the contrary, was probably wrapped up in some other general bonus activity that I did. I can't recall, frankly.

BY MR. THOMAS:

Q You don't recall if you got a specific bonus check for that particular amount that you and your wife contributed?

A I cannot recall whether I did. I think I may have, but I am not sure. But you could get that

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easily.

MR. SCHWARTZ: Well, just so I have it as well, when you did get your bonus checks they would go into your account upon which these checks were drawn, Texans for Wright, is that correct? Did they go into a different account other than the First National account?

THE WITNESS: No. They went to our family account.

BY MR. THOMAS:

Q So your own checking account records might indicate a deposit of that money for that time period?

MR. SCHWARTZ: When was it given? I think you told me about a month later.

THE WITNESS: October.

MR. THOMAS: October 24th.

MR. SCHWARTZ: When you were reimbursed.

THE WITNESS: I was reimbursed very quickly after that. I couldn't afford $2,000, either.

BY MR. THOMAS:

Q A matter of days?

A Oh, yes, surely. I don't know, you know.

MR. SCHWARTZ: Dee would probably know better.

THE WITNESS: Yes, she would remember.

MR. SCHWARTZ: Did she handle the books?

THE WITNESS: Not really. I did at that time, but --

BY MR. THOMAS:

Q When you talked to Mr. Holland and Mr. Masters, did you tell them that you had been told that the transaction was legal?

A Yes.

Q Did they ask you that question?

A Yes, they did. They asked me, they said, "What is going on?"

I said, "It is a political contribution. Mr. Craig would like you to write a check for $1,000. From everything that I can understand, Gary and Tom, this is legal, no problem with it."

That is what I was told. Absolutely at that point in time I had absolutely no knowledge that there was anything illegal about it. I would never have done it if I did.

Q You hadn't spoken to Mr. O'Brien yourself, had you?

A No.

Q You only had spoken to --

MR. SCHWARTZ: Yes. I misspoke when I said that to you.

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BY MR. THOMAS:

Q You had only spoken with Mr. Smith and Mr. Craig.

A The only thing I know about O'Brien, and I am not really sure of this, is that I know there was a great deal of discussion going on between Diane Pariano and Charlie Smith and some legal entities as to how to go about this thing so that it was legal. They were basically, you know --

But I am pretty sure O'Brien knew about it.

But I had asked Pariano, I had asked Smith, and I asked Craig, and I think I asked even Clark Lloyd, because I was bringing other people into this. My wife and two young men of 20, 21 years old, nice guys, you know. "Hey, is this legal? You know, it is a lot of money."

Q Was Clark Lloyd around at that time? You say you spoke with him.

A Clark Lloyd knew all about this. He knew everything.

Q How do you know that?

A Because he knew everything.

Q Did Smith or Craig ever tell you that he was

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involved with it in any way?

A No. But I would stake my life on the fact that he knew about it.

Q Any specific statement that anybody gave you?

A No. Never heard it verbally.

MR. SCHWARTZ: Did you ever talk to Clark Lloyd about it?

THE WITNESS: No.

BY MR. THOMAS:

Q Where is he located, where does he have his business?

A I don't really know. He was fired from Crown Life Insurance.

Q His basic business office was in Toronto, Canada?

A Was in Toronto, Canada, yes.

Q Did he ever visit Chicago, to your knowledge?

A Every week.

Q To do business, Crown Life business?

A I was in on the conversations quite a few times, and Clark Lloyd and Kerry Craig were basically in cahoots, would be a good example. They discussed constantly on new franchises. That is how they worked.

Q That is your real basis for believing that

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Mr. Lloyd was aware of this?

A Absolutely. There wasn't a thing that Mr. Craig did that Mr. Lloyd didn't know about. Mr. Lloyd did the personnel contracts, wrote most of or reviewed everything that happened to do with Incotrav, also. He reviewed and basically cajoled the president of the Atlantic Company, Rainesford. He was in on the negotiations with Mike Alvich, who was the president of the New York Incotrav.

I was really the operating officer. The direction that the company went in was strictly between Kerry Craig and Mr. Lloyd. The opening of the Toronto office, the hopeful opening of that was his decision, because he wanted to maneuver the business from that main office of Crown Life into that entity. The Pittsburgh office was his idea. The New York office was his idea. The Atlanta office was supposedly involved with the Coca-Cola account somehow.

There were a lot of things that I really didn't know or wasn't given access to. My main purpose was to run the company and see that it was successful.

MR. SCHWARTZ: By the "company," you mean Illinois?

THE WITNESS: Illinois, New York, Atlanta. I had responsibility for all of those, making sure they

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made money. I hired --

MR. SCHWARTZ: Were there any donations from the other companies as well?

MR. THOMAS: We are not sure where the money came from. We have other individuals named, but we are not sure where they may have gotten the money.

MR. SCHWARTZ: Do you want to submit names to us, and I will try and help you out.

MR. THOMAS: I will get to that.

BY MR. THOMAS:

Q In your conversation with Craig and Smith or -- well, Craig and Smith, I guess those are the two you mentioned. Did they ever talk about how Crown Life, the foreign corporation, had initially put up the money that these various franchisees made available to employees?

A I was told to write the check, and rest --

Q No discussion of how it came about or the original source?

A No. I was very, very angrily told it was none of my business as to what was happening.

Q To your knowledge did Craig ever mention that Congressman Wright was an acquaintance of his, or an acquaintance of anyone working for Crown Life?

MR. SCHWARTZ: Answer verbally.

BY THE WITNESS:

A No.

BY MR. THOMAS:

Q Did you ever hear that Congressman Wright had requested these contributions?

A The only reference to Congressman Wright was the fact that my wife asked who the hell is he. And they proceeded to say that he was the minority leader or something of Congress, or whatever. He was up for re-election, and having problems, or whatever.

Q That was the response given to you?

A As I recall.

Q And that was by Craig?

A I think that was by Smith, actually. They laughed, I didn't know him.

Q At the meeting at Brigg's?

A At Brigg's, when we were writing the checks. He belittled my wife because she didn't know who he was.

Q I had asked you if any of them said whether Congressman Wright had actually requested these contributions?

A Not to my knowledge.

Q Do you know of any evidence at all that Congressman Wright or anyone working for him knew that

some contributions coming in from individuals had in fact been reimbursed by the various Crown Life companies?

A No. I frankly don't know anything at all about why the contributions were made, for what reason they were made. I had no idea what Kerry expected to get out of this. I was just told write the check, or you are going to lose your job, basically.

Q Did Craig ever mention that he had spoken with anybody in Washington --

A Not to me.

Q -- and had gotten this idea?

A No.

Q He never mentioned any so-called Washington expert?

MR. SCHWARTZ: I asked him about that before we came over. He said it was new to him. Never been mentioned. I am sure he'd be glad to tell you if he knew.

Is that right?

THE WITNESS: Yes, I would.

BY MR. THOMAS:

Q Have you ever had any conversations with an attorney named Alexander Black about these contributions?

A No.

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MR. SCHWARTZ: Give a verbal answer.

BY THE WITNESS:

A No.

BY MR. THOMAS:

Q Have you had any conversations with John Bingler about these contributions?

A I never heard of either one of them.

MR. SCHWARTZ: Who are they?

MR. THOMAS: Well, they --

MR. SCHWARTZ: You don't have to say on the record.

MR. THOMAS: I don't mind explaining. Alexander Black, to our knowledge, is the attorney for --

MR. MIMS: Crown Life Insurance Company.

MR. THOMAS: And John Bingler is counsel for --

MR. SCHWARTZ: Agency?

MR. THOMAS: -- Agency Holding Corporation, yes.

MR. SCHWARTZ: Okay.

THE WITNESS: I have got another lawyer.

BY MR. THOMAS:

Q Now, did you have an overall impression that Kerry Craig knew this whole arrangement was illegal?

A No.

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Q Why is that?

A Because I didn't have that much involvement with it. I asked him --

MR. SCHWARTZ: Maybe you didn't form an opinion whether he knew.

BY THE WITNESS:

A I said, "Is it legal, Kerry? You know, my wife is going to write you a check, I am writing you know, my wife is going to write you a check, I am writing you a check. You want these two guys to write a check. Is it legal?"

"Don't worry. No problem." That was the end of it.

BY MR. THOMAS:

Q Now, was there ever an attempt --

MR. SCHWARTZ: It would be interesting to see how you form his state of mind to other people. His states of mind -- his state of mind.

BY MR. THOMAS:

Q Was there ever an attempt from Kerry Craig or Mr. Smith or anyone else to try to get you, after you had gotten this bonus payment, to repay Incotrav?

A No.

Q There was never any attempt to try to get you

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to sign a promissory note saying you paid back?

A No.

MR. SCHWARTZ: Believe me, speaking as his attorney from the time just prior to his being fired until afterwards, I am sure they would have made a demand somewhere along the line --

They made demands for everything else. -- that you owe us this money.

BY MR. THOMAS:

Q I want to go back and clarify.

FEC Exhibit 2 that I showed you, the two promissory notes, the latter note was executed December 31, 1980, apparently. Did that note relate in any way to repayment of that?

A Absolutely had nothing to do with it whatsoever. In fact, I will explain the $15,000.

MR. SCHWARTZ: Is that the last note?

MR. THOMAS: Yes.

MR. SCHWARTZ: Okay.

BY THE WITNESS:

A The company was doing quite well, and my compensation level was X. But I was in the procedure of buying a new home. I told them I wanted $15,000.

MR. SCHWARTZ: I have a Complaint at Law here

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signed by the president of Agency Holding, I assume that is Kerry Craig, and his affidavit, in which they have sued, Agency Holding sued Mr. Wright for $15,000 on the note itself, plus interest and reasonable attorneys' fees. It is in the Circuit Court of Cook County, County Department - Law Division, 81 L 9079. It just speaks of a note for $15,000, plus attorneys' fees and Court costs. I don't know if that helps you. I thought I'd throw it in.

BY THE WITNESS:

A Actually, I lost money on the political contribution, because I paid tax on the bonus.

BY MR. THOMAS:

Q You did declare that as income?

A Yes. I didn't handle the accounting. I mean, it was -- I get W-2 forms, that is all.

Q When you had conversations with Mr. Craig, did he tell you that the full amount of the contribution would be tax deductible? Do you recall any statement like that?

A No. He didn't say anything. He just said write the check.

Q Now, other than the three individuals besides yourself you have named, that is your wife, Mr. Masters

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and Mr. Holland, do you know of any other individuals that made contributions to candidates and got reimbursed out of funds?

A No. That is it.

Q Do you know if in fact Diane Pariano made contributions and got reimbursed?

A I have no knowledge.

Q Do you know if Charles Smith did?

A As I recall, I think I asked Charlie if he donated, and he said he did. But that really is hazy for me. I can't really tell. Dee might be able to tell you because she was in the conversation.

Q Do you know if Clark Lloyd himself made any contributions to candidates and got reimbursed?

A No, I don't know.

Q Do you know an individual named Robert Ogelby?

A Yes.

Q Do you know if he made any contributions and got reimbursed?

A I don't know. My assumption is that they all donated, because everybody I think in Agency Holding was required to donate.

Q What makes you think that?

A Well, I saw ten or fifteen checks on her desk.

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Q Ten or fifteen?

A Something like that. Twenty-nine grand was in her checking account. It was all money. She got the money from somewhere. I assume if he did it to us at Incotrav, we were part of his company, I assumed that he did it to everybody else.

Q How about an individual named William Preisser, do you know who he is?

A I sure do.

Q Who is he?

A Kind of the operations head for Agency Holding.

MR. SCHWARTZ: Are all these people the ones that you have information that supplied money?

MR. THOMAS: Some are, some of the later ones are not.

MR. SCHWARTZ: Okay. I was just wondering.

BY MR. THOMAS:

Q You never had any discussions with him about making contributions?

A No.

Q You don't know if he in fact made a contribution and got reimbursed?

A No, I don't.

Q How about an individual named Bill Ward, do you

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know if he ever made a contribution?

A No. The only people I know -- I will save you some time on this. The only people that I know made contributions are Dee Wright, Jim Wright, Gary Holland, and Tom Masters.

Q Do you know who Bill Ward is, though?

A Sure.

Q Who is he?

A He worked for Kerry Craig.

Q Which firm of Kerry Craig?

A At that time he was working for Kerry Craig in Chicago. Later on he moved to the East Coast somewhere to run an agency for him.

Q How about an individual named Bob Bernstein? Do you know who he is?

A Bob Bernstein is an insurance salesman for Kerry here in Chicago.

Q Do you know an individual named Mr. Pulak, P-u-l-a-k?

A Yes. He is the accountant for Mr. Craig.

Q Is he an employee of Agency Holding?

A An employee of Mr. Craig in Agency Holding.

Q He is not an independent accountant with an accounting firm?

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A No.

Q How about an individual by the name of Jules Ehrman, E-h-r-m-a-n, do you know who he is?

A Yes.

Q Who is he?

A He was a partner with Mr. Ogelby in the Pittsburgh Agency Holding office.

Q Do you know an individual by the name of Michael Hutchison, H-u-t-c-h-i-s-o-n?

A I don't know him.

Q Do you know an individual named Herbert Sachs?

A No.

Q Do you know an individual named Joseph Downey?

A No.

Q Did Craig or Smith ever tell you of any other franchisees of Crown Life that had on any occasion received any funds from Crown Life to make political contributions?

A No. The whole thing about the contributions was very, very quietly taken care of. It was not, you weren't asked -- you could not ask any questions about it. It was really kind of a --

MR. SCHWARTZ: Gestapo.

THE WITNESS: Yes. It was none of your business,

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and that kind of thing.

I must say, though, part of it, as I recall and I look back upon it, I got the feeling, you know, it wasn't a strong feeling, but I got the feeling there was something going on. The fact that they wouldn't tell me about what they were doing. That there may have been something that they were trying to hide. But I didn't go into that that deeply. Because I took Kerry at his word that the transaction, you know, was legal.

MR. SCHWARTZ: You had a good relationship with him?

THE WITNESS: Yes. In fact, we even went to the point of saying that that I think was the maximum legal contribution that you could make was $1,000. He said, you know, "You could make a $1,000 contribution." He said, "That is legal. They have checked this out," so on and so forth.

BY MR. THOMAS:

Q I want to make a quick reference to Exhibit 4, which was the copies of the checks that you provided. You will note on the upper check there is a notation "tax." Do you have any idea what that refers to?

A Yes. I noted that, because I was going to take it off. I think I added that later on when I did

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my income tax. I took it off as a political donation. In other words, any time I have a check in my personal --

MR. SCHWARTZ: That was added after you got your check back?

THE WITNESS: That I am going to use it for my income tax. I put "tax" on it, meaning income tax.

BY MR. THOMAS:

Q You don't recall Kerry Craig or somebody telling you that be sure to take this as a tax deduction?

A Well, I knew, of course, that you could take a contribution off as a tax deduction.

As I recall, Mr. Craig specifically mentioned, you know, "Of course, you could take this off as a tax deduction," or whatever.

MR. THOMAS: Let me have the court reporter mark this document as Exhibit 5.

(Said document was marked FEC Exhibit 5 for identification, 6/24/82, JKS.)

BY MR. THOMAS:

Q I have had this marked as Exhibit 5. Can you identify that?

A What do you want me to say about this?

Q Can you identify it? Is it something you received?

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A It is a letter I received on June 9, stating that Mr. Craig is taking 40 common shares of Incotrav Holding, Certificate No. 2, in satisfaction of the $10,000 collateral promissory note that I signed.

MR. SCHWARTZ: Which is ridiculous.

BY THE WITNESS:

A Which is absolutely incorrect, because there is no, there is no such thing as Certificate No. 2.

MR. SCHWARTZ: For you, anyway.

THE WITNESS: Yes.

BY MR. THOMAS:

Q Did you have any communications with him at all about that particular letter, Exhibit 5?

A No, no. I haven't talked to Mr. Craig since we parted company.

MR. SCHWARTZ: By the way, they have never made a demand for repayment of the $10,000 note, which is one of the exhibits, whatever it was, No. 2, the second page of 2. They have never demanded either in writing or by phone,or by any means indicated that it is due immediately or that any interest is due.

I was personally surprised to even see that they took any action on it. Then when this came along, I said maybe he is trying to get back at Jim.

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If in fact --

BY THE WITNESS:

A I got the feeling that was a little reminder.

MR. SCHWARTZ: Back in February, when Craig's deposition and Pariano's deposition was taken, it would seem that way into June is sort of too long a time to be tied in. I don't know what prompted it.

MR. THOMAS: Okay.

MR. SCHWARTZ: That long-winded conclusion.

MR. THOMAS: I have no further questions. Do you have any cross?

MR. SCHWARTZ: No, I don't think so.

(There was a discussion off the record, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: Let me go back on the record.

BY MR. THOMAS:

Q One other individual that I would like to ask if you know is Mr. Nick Catrini, C-a-t-r-i-n-i?

A Yes.

Q Who is he?

A He works, he is an insurance salesman for Kerry in the Chicago office.

Q Of Agency Holding?

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A Yes.

Q Have you ever had any conversations with him about making political contributions?

A No, I haven't.

MR. THOMAS: All right, as I said, now I have no further questions.

Do you wish to waive signature of the witness to the deposition?

MR. SCHWARTZ: Yes, we will waive signature.

MR. THOMAS: Thank you very much for your help.

AND FURTHER DEPONENT SAITH NOT.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:

AGENCY HOLDING CORPORATION, et al.,

CERTIFICATE OF NOTARY PUBLIC
AND SHORTHAND REPORTER

I, Jean Korinko Sweeney, a duly commissioned, qualified and acting Notary Public within and for the County of Cook and State of Illinois, do hereby certify that prior to the commencement of his deposition the witness JAMES RALPH WRIGHT was by me first duly cautioned and sworn to testify the truth, the whole truth and nothing but the truth in the cause aforesaid;

That the deposition of the said JAMES RALPH WRIGHT was taken before me at 55 West Monroe Street, Suite 3660, Chicago, Illinois, on Thursday, June 24, 1982 commencing at 1:30 p.m., and was concluded on the same day at 3:45 p.m.; and

That the testimony contained in the said deposition then and there given by the said witness was taken down by me in shorthand in the presence of the said witness and thereafter by me and under my direct personal supervision transcribed into typewriting.

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I FURTHER CERTIFY that I am a Certified Shorthand Reporter of the State of Illinois, and that the foregoing transcript of the said deposition is a true, correct and complete transcript of the said shorthand notes so made as aforesaid, and is a true, correct and complete report of the whole of the testimony so given by said witness as aforesaid, together with such other matters and things as counsel for the parties present at the taking of the said deposition desired to have appear of record.

I FURTHER CERTIFY that Mr. Scott E. Thomas appeared on behalf of the Federal Elections Commission; and that Mr. John B. Schwartz appeared on behalf of James R. Wright; and that there was also present Mr. Stephen H. Mims.

I FURTHER CERTIFY that by stipulation by and between counsel for the respective parties hereto, with the consent of the witness, the reading and signing of the deposition by the witness were waived.

I FURTHER CERTIFY that I am not of counsel for, or attorney, or solicitor for any or either of the said parties, nor am I interested in any manner in the said cause or in its outcome.

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I FURTHER CERTIFY that after binding, taping, sealing and certifying to the said deposition as more fully hereinbefore appears, I have sealed up the said deposition and mailed it by U. S. Mail, postage prepaid, to the Federal Elections Commission, Washington, D.C.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal of office at Chicago, Cook County, Illinois, this 15 day of July, A.D. 1982.

Jean Korinko Sweeney
Jean Korinko Sweeney
Notary Public
State of Illinois

My commission expires:

4/16/84

830404396

208 South LaSalle
Chicago, Illinois 60604
312/641-2300

March 4, 1981

Incotrav

Mr. James R. Wright
Apt. 3D, 1310 N. Ritchie Court
Chicago, Ilinois 60610

Dear Mr. Wright:

Pursuant to paragraph 5 of your Employment Agreement dated as of July 1, 1980, you are hereby notified that your employment with Incotrav Corporation is terminated for cause effective March 9, 1981.

Incotrav Corporation

By _____
Vice-President

cc: Hand Delivered

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FEC Ex-1-id
6/24/82
gks

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COLLATERAL PROMISSORY NOTE

$10,000.00 July 19, 1979

ON DEMAND for value received, the receipt and sufficiency of which is hereby expressly acknowledged, the undersigned promises to pay to the order of AGENCY HOLDING CORPORATION, an Illinois corporation, at its offices in Chicago, Illinois, the sum of TEN THOUSAND DOLLARS ($10,000.00), together with interest thereon at the rate of Nine Percent (9%) per annum thereon from the date hereof.

The undersigned does, in addition, hereby:

(a) waive presentment of this Promissory Note for payment, notice of dishonor, protest and notice of protest;

(b) agree, that in the event legal proceedings are instituted to collect any amount due upon this Promissory Note, to pay to the holder hereof, in addition to the principal sum hereof, and interest, all costs and all expenses of such proceedings, including reasonable attorneys' fees;

(c) agree that this Promissory Note shall inure to the benefit of, and shall be binding upon, the heirs, the legatees, the devisees, the executor or the administrator, the assign, or the assigns and the successor, or the successors, of the present holder hereof and the undersigned; and

(d) as security for the payment hereof, assign, set over and pledge to the order of the payee hereof Incotrav Corporation Stock Certificate No. 03 evidencing ownership of 400 shares of common stock.

DATED this 19th day of July, 1979.

JAMES R. WRIGHT

FEC Ex-2-ed
6/24/82
gbs

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COLLATERAL PROMISSORY NOTE

$15,000.00 December 31, 1980

ON DEMAND for value received, the receipt and sufficiency of which is hereby expressly acknowledged, the undersigned promises to pay to the order of AGENCY HOLDING CORPORATION, an Illinois corporation, at its offices in Chicago, Illinois, the sum of FIFTEEN THOUSAND DOLLARS ($15,000.00), together with interest thereon at the rate of Eight percent (8%) per annum thereon from the date hereof.

The undersigned does, in addition, hereby:

(a) waive presentment of this Promissory Note for payment, notice of dishonor, protest and notice of protest;

(b) agree, that in the event legal proceedings are instituted to collect any amount due upon this Promissory Note, to pay to the holder hereof, in addition to the principal sum hereof, and interest, all costs and all expenses of such proceedings, including reasonable attorneys' fees;

(c) agree that this Promissory Note shall inure to the benefit of, and shall be binding upon, the heirs, the legatees, the devisees, the executor or the administrator, the assign, or the assigns and the successor, or the successors, of the present holder hereof and the undersigned; and

(d) as security for the payment hereof assign, set over and pledge to the order of the payee hereof Incotrav Holding, Inc. Stock Certificate No. 02 evidencing ownership of 40 shares of common stock.

DATED this 31st day of December, 1980.

James R. Wright

208 South LaSalle
Chicago, Illinois 60604
312/641 2300

February 25, 1981

MEMO

To: Mr. Kerry P. Craig

From: J.R. Wright

Incofrav

Mr. Craig,

Since the removal of all our accounting materials, we have had a steady flow of complaints of inefficiency and inaccuracy of our billing operation.

I feel that it is essential that we at least get together to try to resolve this problem prior to our loss of some valued accounts.

Mr. Craig, our last week's corporate billing was a gross of $91,000.00. This figure represents an annual billing of close to five million in commercial ticket sales alone.

The accounting materials are needed to keep the billing operation efficient and accurate.

James R. Wright

cc: Mr. Bob Pulak

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FEC-3-rd
6/24/82
JHS

JAMES R. WRIGHT
DOLORES J. WRIGHT
1366 N. DEARBORN PKWY.
CHICAGO, ILL. 60610

196

PAY TO THE ORDER OF

DOLLARS

FIRST CHICAGO
The First National Bank of Chicago
Chicago, Illinois 60670

MEMO

JAMES R. WRIGHT
DOLORES J. WRIGHT
1366 N. DEARBORN PKWY.
CHICAGO, ILL. 60610

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PAY TO THE ORDER OF

$

DOLLARS

FIRST CHICAGO
The First National Bank of Chicago
Chicago, Illinois 60670

MEMO

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6/24/82 gps

For Deposit Only

OCT '80' 30 37-1

OCT '80' 31

THE FIRST NATIONAL BANK OF CHICAGO

PAY ANY BANK F.R.B.

03 03 18

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John -
Just Received
This on June 09.

Mr. James R. Wright
Unit 3-D
1310 N. Ritchie Court
Chicago, Illinois 60610

You are hereby notified that the undersigned proposes to retain the following collateral in satisfaction of the following obligation:

Collateral

Certificate No. 2 representing 40 common shares of Incotrav Holding, Inc.

Obligation

Collateral Promissory Note in the sum of $10,000 dated July 19, 1979 executed by James R. Wright and payable to Agency Holding Corporation, an Illinois corporation.

DATED: June 9, 1982.

AGENCY HOLDING CORPORATION

By: Kerry P. Craig
President

FEC Ex-5-rd
6/24/82 gls.

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ORA M. BRENNAN
OFFICIAL COURT REPORTER
U. S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1918
CHICAGO, ILLINOIS 60604
312-427-4363

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CHICAGO, ILL.
JUL 15 PM 1982

OFFICE OF GENERAL COUNSEL
Federal Election Commission
Washington, D.C. 20463

Attn: Mr. Scott E. Thomas

June 24, 1982
Pages 1 to

ORIGINAL

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:

AGENCY HOLDING CORPORATION, et al.,

8304043977

DEPOSITION

of

JAMES RALPH WRIGHT

LAURA M. BRENNAN
OFFICIAL COURT REPORTER
U. S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1918
CHICAGO, ILLINOIS 60604
312-427-4393

FEDERAL ELECTIONS COMMISSION
WASHINGTON, D.C.

IN THE MATTER OF:

AGENCY HOLDING CORPORATION, et al.,

DEPOSITION of JAMES RALPH WRIGHT, taken by the Federal Elections Commission, pursuant to agreement of parties, before Jean Korinko Sweeney, being a disinterested person, not of counsel for, or employed by any or either of the parties hereto, or interested in the outcome of said cause, a duly Certified Shorthand Reporter and Notary Public of the State of Illinois, at 55 West Monroe Street, Suite 3660, Chicago, Illinois, on Thursday, June 24, 1982, commencing at the hour of 1:30 p.m.

PRESENT:

MR. SCOTT E. THOMAS
(Office of General Counsel
Federal Election Commission
Washington, D.C. 20463)

appeared on behalf of the Federal Election Commission;

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PRESENT: (Continued)

MR. JOHN B. SCHWARTZ
(Mitgang, Levine & Schwartz
123 West Madison Street
Chicago, Illinois 60602)

appeared on behalf of James R. Wright.

ALSO PRESENT:

Mr. Stephen H. Mims
Legal Intern
Office of General Counsel

- - -

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MR. THOMAS: Would you swear the witness in, please.

(Witness duly sworn.)

JAMES RALPH WRIGHT,

called as a witness by the Federal Election Commission, having been by me, the said Jean Korinko Sweeney as Notary Public aforesaid first duly sworn, was examined upon oral interrogatories and he did thereupon depose and testify as follows:

EXAMINATION

BY MR. THOMAS:

Q Would you state your name, please.

A James Ralph Wright.

Q Your present home address?

A 1310 Ritchie Court, R-i-t-c-h-i-e, Apartment 3D, Chicago, Illinois, 60610.

Q Mr. Wright, you, I want to state for the record, have appeared here voluntarily, without the service of subpoena. We appreciate your cooperation.

Would you tell me if you have retained counsel to represent you here today?

A Yes, I have.

MR. THOMAS: Counsel, would you like to make your appearance.

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MR. SCHWARTZ: My name is John Schwartz, Mitgang, Levine & Schwartz, 123 West Madison, Chicago, 60602, 372-2341, area code 312.

MR. THOMAS: Thank you.

BY MR. THOMAS:

Q Would you state your present place of employment, Mr. Wright?

A I am the president of a company called Travel Headquarters, located at 111 Illinois Center, Suite 2225.

Q How long have you been in that position?

A One year.

Q Prior to that where were you employed?

A Prior to that I was employed as president of Incotrav.

Q Where was Incotrav located?

A 208 South LaSalle Street, with offices also in New York and Atlanta.

Q How long had you been employed with Incotrav?

MR. SCHWARTZ: Just so the record is clear, the Incotrav of Illinois was a separate entity from the Incotrav of Atlanta and --

Where is the other one?

THE WITNESS: No. It was all held jointly by Incotrav Holding, which I was supposedly president of.

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BY MR. THOMAS:

Q Incotrav Holding was a corporation, is that correct?

A Yes.

Q Now, did you have any official position with regard to the other two Incotrav offices?

A Yes. I was the chief operating officer of all three offices, kind of.

Q What line of business was Incotrav in?

A It was a travel company.

Q What sort of services did they provide?

A We did airline tickets, hotel reservations, incentive programs. Things that were germane to the travel business.

Q I don't know if --

I didn't get an answer to how long you were with Incotrav.

A I started with them in, as I recall, 1979, in the fall of 1979 until March 6th, 1981. So approximately a year and a half.

Q What was the reason for your leaving Incotrav?

A I was removed from my position.

MR. SCHWARTZ: He was fired.

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BY THE WITNESS:

A I was fired.

BY MR. THOMAS:

Q How did that come about?

A There was never any real reason given as to why I was fired.

MR. SCHWARTZ: Technically you got a letter. If that is what you mean.

Do you mind if I assist like this?

MR. THOMAS: No.

MR. SCHWARTZ: I don't want to --

MR. THOMAS: That is fine. It is helpful.

MR. SCHWARTZ: Okay. I don't know if he ever got a phone call or not, but this letter.

BY THE WITNESS:

A I think it was effective March 9th. I am sorry, that was wrong.

I was never given a reason specifically why. There were a lot of innuendoes, as to conversations that I had with Mr. Craig.

BY MR. THOMAS:

Q For the record, who is Mr. Craig?

A Mr. Craig was the owner and president of Agency Holding Company, which was the primary owner, the

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majority owner of Incotrav.

Q His full name is Kerry P. Craig, correct?

A Kerry Patrick Craig, I believe it is.

MR. THOMAS: Just for clarification, let me mark for identification this document as FEC Exhibit 1.

(Said document was marked FEC Exhibit No. 1 for identification, 6/24/82, JKS.)

BY THE WITNESS:

A I don't recall.

We never did get any reason whatsoever, did we?

MR. SCHWARTZ: No.

BY MR. THOMAS:

Q Showing you FEC Exhibit No. 1, can you identify Exhibit 1, please?

A It is my letter of termination.

Q That is the letter you referred to a moment ago?

A Correct.

Q Did you have any discussions with Mr. Craig as to why you were being terminated?

A Yes.

Q What were the reasons given?

A The actual discussion of termination never

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came up. Prior to this, prior to my termination, we had gotten into some disputes which are delineated in some letters which you have about his requirement for me to run the company on an illegal basis, which I refused to do.

The agency, travel agency business is a licensed business, and it is licensed by an operation called the ATC, which is the Air Traffic Conference. It has rather strict rules as to how you can operate, what you can do as far as employees. Because there are a lot of free tickets involved and so on.

One of the major items was a gentleman by the name of Danny Hefner, who is working for Mr. Craig. He had put him on my payroll, and was requiring me to give him passes which were illegal. He couldn't have legally.

MR. SCHWARTZ: What is a pass?

BY THE WITNESS:

A A pass, when you are in the travel business you are allowed so many free trips because you are in the business. You have to be in the business at least one year, at that time. You had to be a full-time employee of the agency.

Mr. Hefner was not at that time. He

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was working in Toronto, Canada at the time for the Crown Life Insurance Company. He was also carried on their payroll and my payroll.

That was one of the reasons. The other reason was --

BY MR. THOMAS:

Q Let me just clarify.

Did you in fact refuse to --

A Yes.

Q -- take on Mr. Hefner?

A I notified ATC of the situation by letter.

You have a copy of it.

MR. SCHWARTZ: They do.

BY THE WITNESS:

A That was one of the things.

BY MR. THOMAS:

Q You made reference earlier to correspondence outlining the nature of the dispute. You indicated we had it. I am not sure that we have that correspondence.

Do you have it?

MR. SCHWARTZ: I am not sure.

THE WITNESS: Yes, I showed it.

MR. SCHWARTZ: I might have showed it to you, but I may not have given them a copy of it. I didn't

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know if it was germane.

Here it is.

(Handing document to counsel.)

MR. SCHWARTZ: Off the record, if you want.

MR. THOMAS: Off the record.

(There was a discussion off the record, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: Back on the record.

We have had a discussion, a discussion concerning other reasons for the dispute between Mr. Wright and Mr. Craig.

BY MR. THOMAS:

Q You were just indicating, making reference to your effort to contact Mr. Schwartz. Could you follow up with that.

A The situation, primarily in the latter part of 1980, became very difficult as far as requests by Mr. Craig and his associates for me to operate the company in a manner in which I thought was illegal, which I had delineated in a memo form to him.

In addition to the memo, the things that are covered in the memo, there were personal attacks as far as me being married, personal attacks against

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my wife, things of that sort. It basically became an intolerable situation. I sought out legal assistance, and basically --

Q You contacted Mr. Schwartz?

A Yes.

The final activity was a rearrangement of the board of directors of the company, which includes his personal lawyer and several people that were personally involved with him in Agency Holding, and that was the final.

MR. SCHWARTZ: To your exclusion.

THE WITNESS: To my exclusion.

BY MR. THOMAS:

Q This took place before you were actually terminated, this reorganization?

A Yes.

Q Now, who were those individuals, and what was their relative position?

A Morrie Kent, Diane Pariano.

MR. SCHWARTZ: Spell it.

BY THE WITNESS:

A P-a-r-i-a-n-o.

His personal lawyer.

MR. SCHWARTZ: Which one?

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BY THE WITNESS:

A Art O'Brien. I think, and I am not absolutely sure, but I think that Mr. -- I can't remember -- Clark Lloyd. I can't recall whether Clark Lloyd was on the board or not. He was definitely there as an advisor all the time.

BY MR. THOMAS:

Q Now, you are referring to the board. Is this the board of Incotrav?

A Yes. This is the board of directors in Incotrav.

There is a letter somewhere, John, that delineates the new board.

MR. SCHWARTZ: Okay. Well, I will look for it. But I imagine you want to get into other areas.

MR. THOMAS: Yes.

BY MR. THOMAS:

Q What were your general responsibilities at Incotrav when you were an officer?

A I was in charge of the total operation.

Q All the day-to-day activities?

MR. SCHWARTZ: He has two employment contracts.

BY THE WITNESS:

A 100 percent.

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BY MR. THOMAS:

Q Who hired you to that position?

A Mr. Craig.

Q Now, what was Mr. Craig's position with Incotrav? Did he have any role in the day-to-day operations?

A Specifically he was --

He did not carry a title, but Mr. Craig basically ran that company, also.

MR. SCHWARTZ: He had a letter saying he was vice president. At least he gave himself that title in your termination letter, of Incotrav Corporation.

Are you talking about the holding company, Incotrav or --

MR. THOMAS: Well, let me step back a second.

MR. SCHWARTZ: Okay.

BY MR. THOMAS:

Q You said you were the president of the Incotrav Holding Company, isn't that right?

A I was president of Incotrav, who is called Incotrav Holding. My specific title was a little hazy then. The company went from Incotrav Corporation to Incotrav Holding.

Q When was that?

A That was upon the opening of the New York

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office.

Q What year, do you recall?

A Yes. It was about, that was in 1980.

I don't know whether I ever carried the title specifically of president of the holding company. But I was president of the thing. I hired everybody, I fired everybody -- no, I didn't fire everybody. Excuse me.

I asked Mr. O'Brien after the termination, because he was still a shareholder, for a copy of all of the corporate documents for whatever corporation he had an interest in. He wouldn't give me anything. I don't know if that was ever --

As far as I know there were no meetings that he ever really attended, official board of directors' meetings, officers meetings or anything like that, as far as I know.

Q Now, after Agency Holding was formed did there remain then three separate entities, one in New York, one in Chicago and one in --

Where was the other one?

A In Atlanta.

Q In Atlanta. In addition to those three --

A There were three companies altogether that were wholly owned by Incotrav Holding, and Incotrav Holding

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Corporation was owned by Mr. Craig, or I think he carried another agency holding -- the ownership. I was a minority owner in the overall operation.

Q How did you become an owner?

A Well, I was given stock, or I bought stock. $10,000 was the initial. I signed a promissory note to buy stock when we started.

Q Did you subsequently buy additional stock?

A No.

MR. SCHWARTZ: You have to answer yes or no.

BY THE WITNESS:

A No.

BY MR. THOMAS:

Q Did you subsequently receive any additional stock?

A The only thing that -- the only adjustment in the stock was when we changed from Incotrav Corporation to Incotrav Holding. There was a new issuance of stock to cover all three companies. At that time I received some stock, which enveloped the other companies.

Q Did you have to enter into another promissory note at that time?

A No.

MR. SCHWARTZ: The first had not been paid off

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anyway.

BY THE WITNESS:

A The intent was, of course, that I would never have to pay back the $10,000.

MR. THOMAS: Let me have the reporter mark this as FEC Exhibit 2.

(Said document was marked FEC Exhibit No. 2 for identification, 6/24/82, JKS.)

BY MR. THOMAS:

Q Showing you Exhibit 2, showing it to the witness and counsel, can you identify and explain what Exhibit 2 represents?

A Yes. A collateral promissory note that I signed on July 19th, which was the -- my initial investment in Incotrav Corporation, which represented payment for 40 percent of that company.

Q There are two pages to that document. What does the second page represent?

A The second, it was a promissory note that I signed for $15,000 on December 31.

MR. SCHWARTZ: 1980.

BY THE WITNESS:

A 1980.

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BY MR. THOMAS:

Q Was that second promissory note executed in exchange for any stock?

A Yes. Well, the stock was put up as collateral against that, the $15,000 note.

Q Was the December promissory note executed in connection with this reorganization that you referred to earlier?

A No.

Q It was just an additional purchase of stock by you?

A It wasn't anything to do with stock. It was just an initial amount of money that I took out of the company on a loan basis.

Q It was a loan that you took out?

A Yes.

Q Before I leave that point, was that a loan that you used for your personal expenses?

A Yes.

Q Or for business expenses?

A A combination.

Q And that is --

A I had loaned the company some money, also, and some of the $15,000 was in repayment of that. I

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personally took out a loan at LaSalle Bank for the company.

MR. SCHWARTZ: You paid off that note.

BY THE WITNESS:

A I paid off some of that note, yes.

MR. SCHWARTZ: It doesn't sound the right way to do it, but --

BY THE WITNESS:

A Well, we didn't do a lot of things the right way.

BY MR. THOMAS:

Q Have any of those two notes that you have referred to in Exhibit 2 been repaid?

A No.

MR. SCHWARTZ: Does Kerry Craig have access to this statement, or will Agency Holding not now, but sometime in the future?

MR. THOMAS: It is conceivable that when this case closes that the deposition and the records would go on. They are made publicly available.

MR. SCHWARTZ: For some reason if the case would be referred to the Justice Department for action against Agency Holding or Kerry Craig, they would be made available to them? I was concerned about his own

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personal litigation, Jim Wright's personal litigation here in Illinois. I was just wondering if we could get it, that is all.

MR. THOMAS: Referral to the Department of Justice, I don't know. I assume the Justice Department, they try to keep real tight wraps on their investigatory files. I think there is a lot of litigation going on. As to whether people can get that under the Freedom of Information Act after the case is closed.

As a matter of course, when we close a case we make the information available.

MR. SCHWARTZ: Okay.

BY MR. THOMAS:

Q When did you first meet Kerry Craig?

A I met Kerry Craig in the winter of 1979.

Q Was this in connection with his request that you come aboard the Incotrav business?

A No. The way it worked, I was working for a company called Himmel and Associates at the time.

Q What kind of business was that?

A Travel.

I had put together a program for the Crown Life Insurance Company and Agency Holding. It was an incentive trip to Hawaii. It was a very, very

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successful program.

At that point in Honolulu Mr. Clark Lloyd, who was then the vice president for the American operations of Crown Life Insurance and Mr. Craig approached me about starting my own company. That's how it all initiated. So from -- I think that was in March or early April.

Q Of?

A 1979. And we put the company together in the next six months.

Q So you had several communications both with Mr. Craig and Mr. --

A Lloyd.

Q Lloyd?

A Yes. It was those two people who really initiated my starting Incotrav.

Q Now, did Mr. Lloyd have any role in the day-to-day activities of Incotrav?

MR. SCHWARTZ: By Incotrav, do you mean, because there are four entities called Incotrav.

BY MR. THOMAS:

Q When I refer to Incotrav, I mean the overall structure.

A Incotrav, the overall structure.

Q Yes.

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A Mr. Lloyd was instrumental in a lot of the operations. He was basically an advisor. Actually more than an advisor. He kind of assisted Mr. Craig in all his decisions, and made the decisions to open in New York and Atlanta. We also were opening in Pittsburgh and Toronto, also.

Q Now, this is what time? What time period are we talking about?

A This activity primarily happened in 1980, 1980, the latter part of 1980.

Q All of those firms you just referred to, New York, Atlanta, Pittsburgh, did not exist before?

A Well, the only existing companies were Atlanta and New York. There were plans, of course, plans for an opening in Pittsburgh and an opening in Toronto. We had just begun to do the field work, setting up, finding space and personnel.

But Mr. Lloyd was very instrumental. He was in on the hiring of the president of the New York company, Michael Alvich, and also the president of the Atlanta company, Rob Rainesford. Robert.

So Mr. Lloyd was extremely involved in all of the activities of Agency Holding. His son worked for Agency. Later on he came on board with Incotrav.

Q What was his name?

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A Jesus.

MR. SCHWARTZ: That wasn't it.

BY THE WITNESS:

A I don't know his first name. I will think of it.

BY MR. THOMAS:

Q What position did Mr. Lloyd have with any of those firms, what official position?

A His only official entity was the vice president of the U. S. operations for Crown Life Insurance.

Q Crown Life Insurance is a Canadian corporation, is that correct?

A That is correct. They were the franchisee. Agency Holding Corporation had a city contract in about seven, eight, nine, ten cities for an exclusive selling of the Crown Life Insurance product in the United States; Chicago, Pittsburgh, quite a few cities.

Q What was the relationship then of Agency Holding Corporation with Crown Life of Toronto?

A They were a franchise to sell the Crown Life Insurance product in these cities.

Q Who is "they" now?

A They, Agency Holding was a group of companies that have a license to sell Crown Life Insurance product

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in the United States, in specific states. The way Crown Life worked was that they would issue a general agency agreement with a specific individual in a specific city, and that person was allowed to sell the insurance for Crown Life in that city. No one else was. It was a holding, you know, it was kind of a general agency. In other words, other insurance people sold the Crown Life Insurance product through that entity. Agency Holding in Chicago was the sole source of Crown Life Insurance in Chicago.

MR. SCHWARTZ: Off the record?

MR. THOMAS: Off the record.

(There was a discussion off the record, after which the taking of the deposition was resumed as follows:)

BY MR. THOMAS:

Q Did Kerry Craig have any office there at your headquarters here in Chicago for Incotrav?

A Well, he was officed down the hall from me at 208 South LaSalle.

Q His official position was as an officer of Agency Holding, is that right?

A He was the president-owner of Agency Holding Corporation.

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Q Do you know who held the actual stock ownership of Agency Holding Corporation?

A No, I don't.

Q How many employees did you have here at Incotrav?

A Fourteen.

MR. SCHWARTZ: That was at the most?

THE WITNESS: Yes.

MR. SCHWARTZ: Counting yourself?

THE WITNESS: Yes.

BY MR. THOMAS:

Q Who were the managing employees other than yourself?

A Well, there was -- I was the president. There wasn't any vice president. As far as Incotrav itself, I really kind of ran that myself, too.

Q Did a man named Gary Holland work for Incotrav?

A Yes.

Q What was his position?

A He was an account executive, in the sales area.

Q Did you have authority yourself to issue all the checks for payment of Incotrav expenses?

A Yes.

Q Did you yourself sign those checks?

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A No.

Q Who signed those checks?

A Teri Mackiewicz. M-a-c-k-i-e-w-i-c-z.

She had authority to sign also.

MR. SCHWARTZ: T-e-r-i, Teri.

BY MR. THOMAS:

Q Also you did, too?

A Yes. I had signing authority. Also Mr. Craig did,I think, as I recall.

Q Do you recall instances when in fact Mr. Craig would sign checks?

A I can't recall him ever signing any.

Q Most of the checks were signed by Ms. Mackiewicz?

A Teri.

Q Who was responsible for maintaining Incotrav business records?

A The accounting activity was done by -- it was done internally initially with the company for about the first nine months, and then it was removed and was handled by Mr. Craig's accountant.

Q The accountant that worked at Agency Holding?

A Well, they had an overall accounting firm that did have Agency Holding and Incotrav, and at the end of my tenure all of the bookkeeping was carried by, was

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done by his own people in Agency Holding. Which was illegal, by the way. That is one of the reasons we got --

Q Why was it illegal?

A There is a rule in the travel agency business that you have to be totally self-contained. You cannot be involved in any shape or manner with another company.

In other words, it has to be a single entity. The fact that the accounting was done by another entity, another company that had ownership in the agency, was against the rules.

Q Well, by "another company" was it another company in the sense --

A Yes, it was. It was Agency Holding. It wasn't Incotrav. In other words, the bookkeeper of Agency Holding kept the books for Incotrav.

Q I just want to clarify. In September of 1980, during that time period, were the records of Incotrav maintained by Kerry Craig's accountant?

A No. At that time they were taken care of by his accounting firm, which was an outside firm. The day-to-day bookkeeping, the writing of the checks, and the keeping of the balance and so on and so forth was done internally.

Q To your knowledge all of the present records

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regarding financing of Incotrav, where are those maintained?

A Right now they are held at Agency Holding, as far as I know.

MR. SCHWARTZ: The last time you knew.

BY THE WITNESS:

A Yes. The last time I knew. There was a letter --

MR. SCHWARTZ: When, March of 1981?

THE WITNESS: I think that was a notice. I wrote a letter on the fact that he pulled everything. Mr. Pulak --

This was the date, February.

MR. THOMAS: Let me have the court reporter mark this as FEC Exhibit 3.

MR. SCHWARTZ: That is my only copy, unless you have one. Go ahead, I will get a copy for everybody.

(The document was marked FEC Exhibit No. 3 for identification, 6/24/82, JKS.)

(There was a discussion off the record, after which the taking of the deposition was resumed as follows:)

MR. THOMAS: On the record.

BY THE WITNESS:

A Crown Life in my recollection, and I am not an

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expert on what Kerry is doing, Crown Life really did not have anything, any ownership in Agency Holding at all. It was solely owned by Kerry, as far as what I was told. They basically gave or sold their franchise to Mr. Craig to sell the Crown Life Insurance product. A highly lucrative business. The Crown Life product was a fairly good-selling item, and he had the exclusive to sell it. Everything that was sold for that company in the city of Chicago and environs went through his office. He had some big accounts. McDonald Hamburger was one.

MR. SCHWARTZ: Which meant that they make a little money on each policy.

THE WITNESS: United Mine Workers they had. A lot of money.

BY MR. THOMAS:

Q Going back to Exhibit 3. I show it to the witness, and ask if you will identify that particular document.

A Okay. This is a memo that I wrote to Mr. Craig.

MR. SCHWARTZ: Tell him what date.

BY THE WITNESS:

A On February 25, 1981. It is basically disputing the fact that I had to turn over all the accounting materials to his office.

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I was saying in essence we couldn't really operate the company unless we had somewhat of an idea what was going on in the accounting area.

BY MR. THOMAS:

Q Ultimately, however, those documents, those records were turned over, is that correct?

A He took them all, yes.

Q Now, what is the relationship of Incotrav with --

MR. SCHWARTZ: Which Incotrav Holding you mean?

BY MR. THOMAS:

Q Incotrav Holding with Agency Holding Corporation?

A Well, the only relationship was that Mr. Craig, the present owner of Agency Holding owned the majority shares of Incotrav Corporation.

MR. SCHWARTZ: Or did Agency Holding own it?

BY THE WITNESS:

A Excuse me. Agency Holding. Frankly, I don't know whether the stock was held personally or it was held corporately. I think it was done corporately.

BY MR. THOMAS:

Q Did Incotrav essentially provide Crown Life travel insurance to its customers? Was that the basic nature of the relationship?

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A No. Incotrav Corporation did a certain amount of transportation work for Crown Life Insurance Company, and also for Agency Holding Corporation.

Q So basically providing travel services for employees of those --

A Correct.

Q -- corporations.

A Incentive program.

MR. SCHWARTZ: I think what happened, I don't know if you want it on or off the record.

MR. THOMAS: On.

MR. SCHWARTZ: From hearing what he said here today and remembering past conversations, that Kerry Craig, maybe someone else said this travel company is doing a nice job, and they are making some money, and they are doing it for us, and they are doing it for our company. Maybe we should set up a travel agency for ourselves and we will make some money that way, too.

Isn't that how?

BY THE WITNESS:

A That is how it came up.

MR. SCHWARTZ: They saw a chance to jump in. Funded, you know, with some money. Get the guy who knows the business, Mr. Wright, and put him into it. They

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have the controlling share. They put the money in. They tie him up. And then they have the end user, the consumer, which is a big one, Crown Life, and Agency Holding. Plus they have their feet in other deals, whether McDonald's --

MR. THOMAS: When you say end user?

MR. SCHWARTZ: The end user, the one that is going to be using the agency. In every business, before you go into business, there has to be an end user.

BY THE WITNESS:

A For example, Mr. Craig had nine or ten offices.

MR. SCHWARTZ: What he is doing, he is getting part of his own action. The dollars. Another company he has an in with is using the travel agency.

BY THE WITNESS:

A He did a lot of travel-related promotion. For instance, they rented the Love Boat, the Princess, from L.A. to Mexico.

MR. SCHWARTZ: It was just a good business deal.

BY THE WITNESS:

A So in essence he was basically building a travel company that would handle a lot of his own activities, you know.

We did a lot of business. It was a very successful business. In a year and a half we had three

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offices. We were doing something like $5 million in the Chicago office alone within a year and a half. It was a very fast track.

MR. SCHWARTZ: Most of the business came from his contacts or his businesses.

THE WITNESS: No, not really. A certain percentage of it was Crown Life and Agency Holding business. But the vast majority was business that was generated by myself and my sales staff.

MR. SCHWARTZ: I didn't mean to take it away from you. I am sorry.

THE WITNESS: No. I was just telling you, you know, there was certainly a quantity of business that came from Agency Holding.

BY MR. THOMAS:

Q So occasionally I take it payment would come in from Agency Holding Corporation or one of the other insurance firms to Incotrav in payment of travel services Incotrav provided?

A Daily, almost a daily occurrence. He traveled a great deal. We handled the travel for all his offices. We handled a lot of the travel for the main office in Toronto.

Q How did that work out procedurally?

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A We would issue a ticket and they would pay us by check, a Agency Holding check or Crown Life check.

Q Did Incotrav Holding Corp. have its own bank account?

A Sure.

MR. SCHWARTZ: Now, just to interrupt you, Incotrav Holding, I don't think handled the day-to-day operations. Wasn't it Incotrav of Illinois? I know they get --

That is how it got money, you know. They had a holding company, and then they controlled each corporation. But actually, you know, you were running, you had to be running the real travel agency.

THE WITNESS: Everything was out of Chicago.

MR. SCHWARTZ: Which was Incotrav of Illinois.

THE WITNESS: Incotrav Corporation.

MR. SCHWARTZ: I don't have the corporate charter.

BY MR. THOMAS:

Q That was essentially the subsidiary of Incotrav Holding, that was the business operation.

A Incotrav Holding was exactly what it is, a holding company of three travel companies. But Incotrav of Illinois was the primary activity. I mean, where everything emanated.

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Q And it had its own bank account?

A Yes.

Q What was the basic method of compensation? Was it worked out on a percentage basis?

MR. SCHWARTZ: For him, do you mean?

BY MR. THOMAS:

Q For Incotrav of Illinois.

A The compensation for the travel company was a commission paid mainly by the purveyors that we serviced. The airlines, the hotels would pay us a commission. If we would write a ticket for $500, we would get 10 percent, which is $50.

If it was a hotel room, we had 10 percent of the hotel room.

If it was the incentive program, we put in a handling fee, which generally ran between 18 to 21 percent of the overall.

Q The latter would be billed directly to the person who you were providing the service for?

A In the case of the hotel and the airlines, the airline paid us a commission direct. There was no billing of commissions to Agency Holding.

But if it was an incentive program, where we were doing services, we billed them a handling fee.

And that was specified.

Q Now, are you familiar with a firm called Kerry Craig & Associates, Incorporated, of Peoria?

A No.

MR. SCHWARTZ: I never heard of that, either.

BY THE WITNESS:

A I know he had a Peoria office. I don't --

MR. SCHWARTZ: I think when we talked to Woodruff Turner, did he ask if he had any other business and -- I don't know. He didn't volunteer this. Maybe that is what he was alluding to. Maybe he asked --

BY THE WITNESS:

A Agency Holding as an entity was much like Incotrav Holding. It was a holding company of all these agencies he had. They had nine or ten of them. There were Phoenix, Peoria, Pittsburgh.

BY MR. THOMAS:

Q Do you have any recollection of Incotrav providing any services to a firm called Kerry P. Craig & Associates?

A Specifically that name doesn't ring a bell.

Q But you do recall doing business for a Peoria office that did the Crown Life business?

A We did work for Kerry's operation in Peoria,

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as we did work for all of his offices across the country. Those are airline tickets, mainly.

Q In the same way you would receive a payment from those offices by check at Incotrav of Illinois?

A For the tickets, yes.

Q Did you ever make a campaign contribution to Congressman Jim Wright?

A I did, yes.

Q Can you give me the background as to how that came about.

A Okay. The first time I heard about the campaign contribution was in Brigg's Restaurant, which is a bar that is downstairs of 208 South LaSalle, which was kind of Kerry's second home.

It was Kerry's general trend that we would get together after work and have a beer or a hundred beers, generally is what it was.

MR. SCHWARTZ: No wives allowed.

BY THE WITNESS:

A At that point Mr. Charles Smith and Mr. Kerry Craig told me they wanted a thousand-dollar political contribution made out to Texans for Wright.

Frankly, I didn't even know who the hell Texans for Wright was.

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MR. SCHWARTZ: Probably thought it was himself.

BY THE WITNESS:

A I frankly laughed at it, because it was Jim Wright.

But that was really it. He said, "Write me a check for $1,000." My wife later came into Brigg's that evening, and was accosted to write a check also.

In addition to that he demanded that I have Mr. Holland and Mr Masters write checks for $1,000 each.

BY MR. THOMAS:

Q Now, "he," is Kerry Craig?

A Mr. Craig demanded. Also Mr. Smith. I think Mr. Smith --

MR. SCHWARTZ: Why don't you tell him what happened. "Demanded" is a conclusion. How did he demand it?

BY MR. THOMAS:

Q What did he say?

A He said, "Write me a check." Very simply.

There wasn't any general discussion with Mr. Craig as to what went on. Mr. Craig asked for something, he didn't really ask for it. He said do it, and you did it.

Q Did you have an argument at that point about that?

A Specifically the argument really came up when he asked for my wife to make the contribution. Because Dolores is somewhat more intelligent than I am. She asked more questions than I did. "Who is it? Why? I can't really afford this. How can we afford this, Jim?"

MR. SCHWARTZ: You hadn't written the check yet?

THE WITNESS: No.

MR. SCHWARTZ: Okay.

THE WITNESS: They were both written on the same day.

MR. SCHWARTZ: But at the time of the conversation you hadn't written the check.

BY MR. THOMAS:

Q Yes. We are still in the conversation in the restaurant.

MR. SCHWARTZ: Yes.

MR. THOMAS: If I understand it.

MR. SCHWARTZ: Yes.

BY THE WITNESS:

A So there wasn't really a request, it was a demand. There was an innuendo. As I balked a little bit

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about it he said, "Write the check. Don't argue with me, write the check." I asked, "You know, is it legal?"

BY MR. THOMAS:

Q You asked that of him at that time?

A Yes. I said, you know, "Why? What are you doing?" I said, "I can't afford $2,000." "Write the check."

Q That is his response.

A "Don't worry about the money, write the check."

Later on, when I -- because of the situation with Mr. Holland and Mr. Masters, who were just young men working on about a $12,000 or $15,000 a year salary, surely could not afford to contribute this amount of money.

There was demand upon me the next day in the office to get their check. Why don't they --

MR. SCHWARTZ: By who?

BY THE WITNESS:

A Demands upon me by Kerry Craig and Charles Smith.

BY MR. THOMAS:

Q Both of them talked to you the next day?

A Right. "Get the checks quickly. We need the checks from Holland and Masters."

Q Where was this conversation?

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A Via phone to me. I was just down the hall.

Q The both of them at one point asked you to do that the second day, Smith and Craig?

A Right.

Once again I queried, you know, "Hey, is this legal? Have you checked with O'Brien?"

"Yes, everything is fine. It is legal."

Q This is who saying, "Yes, everything is fine"?

A Mr. Smith and Mr. Craig.

Q And Mr. O'Brien is --

A Both stated to me definitely that there was no illegality here.

MR. SCHWARTZ: Mr. O'Brien is the attorney, Art O'Brien.

BY THE WITNESS:

A I questioned him saying, "Hey, I really, I really cannot afford to give you $2,000 in cash." I mean, I have never made a political contribution in my life. While Dee could not afford it, Masters and Holland absolutely could not afford it. They had trouble buying socks, you know, it was that kind of thing.

So I basically was told at that point that Agency Holding Corporation or Incotrav would cover this political contribution by a bonus.

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Q You told him that that is what would be done?

A He told me to cover it.

Q He told you to cover it that way?

A He told me to cover it.

Q This is Mr. Craig?

A Mr. Craig. That the money would be taken care of. I was told to write out or have a check processed in the form of a bonus to cover Mr. Masters and Mr. Holland, and that my $2,000 would be covered in an overall bonus that I got. In other words, he pumped up my bonus that I would normally get anyway to cover the cost.

There were a lot of questions by Holland and Masters to me, you know, they were skitsy on it, I was skitsy on it.

Q What do you mean?

A We didn't understand it. We didn't know why we had to do this. This was a lot of money to us. There were a lot of questions asked, as much as I could ask Mr. Craig. He wasn't very vocal about any of these things. You know, "Hey, is this really legal? Are we okay?"

You know, my company was kind of like a little family, to a certain extent. I will give you some of an idea of how good a family.

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After I was fired they had a surprise birthday party for me on March 13, which is my birthday. I was fired on the 9th of March. Everyone that came to my surprise birthday party was my staff, basically, and they were all fired the next day.

MR. SCHWARTZ: By whom?

THE WITNESS: Mr. Craig.

So I was protective of Holland and Masters. They were young men, nice kids, good people. I questioned Kerry quite a bit as to, "Hey, you know, these guys can't afford this. Why are you doing this," and so forth.

Basically it was a situation of saying, you know, "It is none of your business, and just get the money."

BY MR. THOMAS:

Q He never told you why he was trying to collect contributions?

A I had absolutely no knowledge of why he wanted the money, what he was going to do with the money.

I have never made a political contribution in my life prior to this. I was very concerned because he made my wife make it. I was told that these things were covered by his lawyer. That everything was legal. And that was the end of it.

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Q I want to go back and clarify.

When did you actually cut a check payable to Texans for Wright?

MR. SCHWARTZ: The date it bears.

BY THE WITNESS:

A The 24th of October.

MR. SCHWARTZ: What year?

THE WITNESS: 1981.

MR. SCHWARTZ: He brought the original.

THE WITNESS: Yes.

MR.THOMAS: Let me have the reporter mark this document as FEC Exhibit 4.

THE WITNESS: Yes. We wrote them both that evening on the 24th. It was in the bar.

MR. SCHWARTZ: That was in the bar?

THE WITNESS: Yes. Very emphatic. It was not a request.

MR. THOMAS: Hold on, we will let her mark the document.

(Said document was marked FEC Exhibit No. 4 for identification, 6/24/82, JKS.)

BY MR. THOMAS:

Q Let me show you FEC Exhibit 4, and ask you to identify it.

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A These are the two checks dated October 24th that my wife and I wrote out for Texans for Wright for $1,000 each.

Q They were written that night?

A They were written in Brigg's Restaurant, the evening of the 24th. Demanded.

MR. SCHWARTZ: Were you threatened at that time?

THE WITNESS: Indirectly. Dee was definitely threatened.

BY MR. THOMAS:

Q In what way?

A I don't know if -- "Don't ask questions." "What rights --"

"You know, you should not ask questions as to why. This is just to be done. Just write the check."

I was in a position where she was frightened that I was going to be -- if she didn't write the check, that I would have a problem with Mr. Craig, who was a very volatile man, in other words, as far as my employment.

The innuendo -- it was not even innuendo, it was definite. That if the check wasn't written there

may be problems with my employment.

The same thing with Mr. Holland and Mr. Masters. Demands were made upon me to get the checks from those two people. Mr. Masters hesitated because he didn't have $1,000. He hesitated on giving the check. I was called frequently by Mr. Craig, "Get the damn check from Masters. What is holding things up?"

I also happened to be down at Agency Holding and just happened to be near Diane Pariano's desk.

MR. SCHWARTZ: Where was that office?

THE WITNESS: That was at 208 South LaSalle.

MR. SCHWARTZ: On the same floor?

THE WITNESS: Down the hall from my office.

MR. SCHWARTZ: Was that where Kerry Craig had his office?

THE WITNESS: Yes.

And Diane Pariano had a stack of checks that were all for approximately $1,000, I assume. I only saw five or six on her desk.

BY MR. THOMAS:

Q When was this?

A This was the --

I don't know if it was that week of October.

She was accumulating all these checks. In fact,

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she was the one that picked the checks up for Mr. Holland and Mr. Masters. She accumulated all these checks, and they were on her desk, and she was doing something with her checkbook.

Q Did you talk to her about it, what she was doing?

A No. She kind of hid them when I looked.

Q How was it that you happened to be there? Were you giving her your check or --

A No. I was down there. I was down that -- I went down and back a lot.

Q You handed your check that night to Mr. Craig, is that correct?

A Yes.

Q And your wife did also?

A Yes.

Q That night?

A Yes.

MR. SCHWARTZ: Sometime after that he was at Agency Holding's office.

BY MR. THOMAS:

Q How many checks would you say were in that stack, could you estimate?

A I saw a figure in her checkbook of $29,000.

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Q A figure in her checkbook. In the check register or checkbook?

A I recall seeing the check register, and I recall seeing the figure of $29,000.

Q You don't know if that was her checkbook balance or if that represented a check that she had issued herself?

A I think I know, but this is something that I am not absolutely sure of. I think that there was a checking account, or her personal account, and I think that moneys were put into her personal account.

MR. SCHWARTZ: Or a special checking account.

BY THE WITNESS:

A Yes. Either that or --

There was a checking account, you know, like you have with your personal account. As I recall, the figure was something like $29,000, because I looked at it. I was -- Jesus, that is a lot of money in Diane Pariano's checking account.

I also had seen Tom's and Gary's check there on her desk, also. She was the person, as I recall, that handled the disposition or the sending of the checks.

Q Sending to the Wright Campaign?

A I don't know where she sent them.

Q She was in charge of collecting them?

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A I queried it to the point where I could not query it any more. It was hush, hush. Nobody wanted to talk about what was going on down there. It was, you know, "It is none of your business. Don't bother us, just give us the check."

MR. SCHWARTZ: Maybe you could find out from the endorsements.

BY MR. THOMAS:

Q Now, what position did Diane Pariano have?

A Administrative assistant to Mr. Craig.

Q Is she still with Agency Holding Corporation?

A To my knowledge she married Mr. Craig and is now --

MR. SCHWARTZ: I didn't know that.

THE WITNESS: Yes.

BY MR. THOMAS:

Q And is now?

A Lives now happily in Kenilworth as a housewife.

Q She is not with the company any more?

A I understand she is no longer with the company.

Q Did you ever have any conversations with Mr. Masters or Mr. Holland about this request?

A As I recall, the only thing they said was what is this for. I said, "Gee, it is for Texans for Wright,

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a political contribution that Mr. Craig wants. He is going to reimburse -- I was told to reimburse you by a bonus so you can cover the contribution."

Q Now, did you in fact have bonus checks issued to them?

A Yes.

Q How long after they made their actual contribution, or was it even after?

A Within a day or two.

Q So they --

A Well, these kids, you know, they had to cover the check. I mean, these guys, they had one hundred bucks in their checking accounts.

Q I am just trying to get the sequence.

A I mean, the essence of it is exactly what you are looking for. These guys, if they had to write a check for $1,000, they couldn't.

MR. SCHWARTZ: So you gave them their checks the next day?

BY THE WITNESS:

A They didn't have that kind of money. So we had to give them the money back to cover the checks right away.

Mr. Craig -- I wish I could remember this, but I am not sure. But I do think he put a Agency

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LAURA M. BRENNAN
OFFICIAL COURT REPORTER
U.S. DISTRICT COURT
UNITED STATES COURT HOUSE
ROOM 1918
CHICAGO, ILLINOIS 60604

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OFFICE OF GENERAL COUNSEL
Federal Elections Commission
Washington, D.C. 20463

Attn: Mr. Scott E. Thomas

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1445 Depositions

Date Filmed 9/9/83 Camera No. --- 4

Cameraman JRL

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1445

Date Filmed 9/22/83 Camera No. --- 4

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE PUBLIC FILE OF CLOSED MUR 1445.

83040434030

6a# 755

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FRANK J. GAFFOTY
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CHARLES R. VOLK
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ALBERT McENIS, JR.
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CHARLES M. THORP, III
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(812) 354-6011

ONE PLAZA CITY CENTER
TOLEDO, OH. 43604
(419) 255-8000

2401 HARRISON AVENUE, WEST
HARRISBURG, PA. 17110
(717) 732-0170

P3:36

September 6, 1983

8304043403 1

BY HAND

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

Enclosed is a check for $4,000 from Agency Holding Corporation in payment of the fourth installment due pursuant to the Conciliation Agreement in the above-referenced matter.

Very truly yours,

Roger M. Golden

RMG/sab

Enclosure (check)

AGENCY HOLDING CORP.
208 S. LA SALLE ST. SUITE 1760
CHICAGO, ILLINOIS 60604

2-54
710

5366

EXCHANGE NATIONAL BANK
OF CHICAGO
CHICAGO, ILLINOIS

PAY Four Thousand and 00/100 DOLLARS

DATE	CHECK NO.	AMOUNT
1/31/05	5366	4,000.00

TO THE ORDER OF U.S. Treasurer

AGENCY HOLDING CORP.

FEC.

Gary P. Clay

⑆ 071000013 ⑆ 00166 18⑈

95-35-0001

Pay to the order of any Fede[illegible]rve Bank or Branch or General Depositar[illegible]dit to the United States Treasury. This [illegible]s in payment of an obligation to the United [illegible]nd must be paid at par. N.P. Do not wire [illegible]yment.

Date of endorsement 9-7-83

Robert N. Baker, Asst. Staff Di[illegible] Administration
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1445

Date Filmed 9/22/83 Camera No. --- 4

Cameraman JRL

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1535

Date Filmed 9/22/83 Camera No. --- 4

Cameraman JRL

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE PUBLIC FILE OF CLOSED MUR 1445

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Gcoff 1927

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EARL REED 1924-1968
CLYDE W. ARMSTRONG 1903-1975

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WILLIAM C. O'NEIL
JOSEPH S. MADIA
WILLIAM D. SUTTON
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(813) [illegible]4

5401 HAMPTON AVENUE, WEST
BRADENTON, FL 33505
(813) 745-0770

December 30, 1983

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BY HAND

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1445

Dear Mr. Gross:

Enclosed is a check for $8,000 from Agency Holding Corporation in payment of the outstanding balance due pursuant to the Conciliation Agreement in the above-referenced matter.

Very truly yours,

Roger M. Golden

RMG/klp

Enclosure (check)

AGENCY HOLDING CORP.
208 SOUTH LA SALLE STREET
CHICAGO, ILLINOIS 60604

THE NATIONAL REPUBLIC BANK
OF CHICAGO
CHICAGO, ILLINOIS 60607

9033 2-294/710

DECEMBER 28,1983

$ **8000.00

8000*DOLLARS AND 00 CENTS *

PAY TO THE ORDER OF U.S. TREASURER

AGENCY HOLDING CORP.
COMMISSION ACCOUNT

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LAW OFFICES
THORP, REED & ARMSTRONG
1575 EYE STREET, N. W.
WASHINGTON, D. C. 20005

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BY HAND

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # ADDitional 1445

Date Filmed 2/10/84 Camera No. --- 4

Cameraman JRL