FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1480

Date Filmed 6/15/83 Camera No. --- 2

Cameraman SPC

1480

FEDERAL ELECTION COMMISSION

Routing Slips, 12 Day Reports, Banking Info & Conciliation Info.

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 J Shedford

Date 4-29-83

FEC 9-21-77

DDP. 5/20/83

8304039370 9

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 29, 1983

Patrick Wastella
2117 Baker Drive
Allentown, Pennsylvania 18103

Re: MUR 1480

Dear Mr. Wastella:

This is in reference to the complaint you filed with the Commission on October 1, 1983 concerning the Orloski for Congress Committee.

After conducting an investigation in this matter, the Commission determined there was reason to believe that the Orloski for Congress Committee violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. On April 27, 1983, a conciliation agreement signed by the respondents was accepted by the Commission, thereby concluding the matter. A copy is enclosed for your information.

The file number in this matter is MUR 1480. If you have any questions, please contact Judy Thedford, at 202-523-4529.

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

April 29, 1983

Richard Orloski, Esquire
Richard J. Makoul, Esquire
Calnan and Orloski
446 Linden Street
Allentown, Pennsylvania 18102

Re: MUR 1480

Dear Mr. Orloski:

On April 27, 1983, the Commission accepted the conciliation agreement signed by you and your sister in settlement of a violation of 2 U.S.C. § 441a(f), 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

3304039371 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Orloski For Congress Committee	)	MUR 1480
Karen Orloski	)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Patrick Wastella. An investigation has been conducted, and reason to believe has been found that Orloski For Congress Committee and Karen Orloski ("Respondents") violated 2 U.S.C. Sections 44la(f), and 44la(a)(l)(A), respectively.

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. Section 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter, and have offered an explanation for the loans made by Karen Ann Orloski to Richard J. Orloski.

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

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

1. Respondent, Orloski For Congress Committee, is the principal campaign committee of Richard J. Orloski, the

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Democratic candidate for the U.S. House Of Representative in the 15th District of Pennsylvania.

2. Respondent, Karen Orloski, is the sister of candidate Richard J. Orloski.

3. On or around December 23, 1981, Karen Orloski loaned $10,000.00 to her brother, Richard Orloski, which he deposited to his personal account.

4. On or around December 28, 1981, Richard Orloski loaned $10,000.00 to his principal campaign committee, Orloski For Congress Committee, via a personal check.

5. On or around January 15, 1981, the Orloski For Congress Committee repaid Richard Orloski the $10,000 he loaned to the committee.

6. Richard Orloski deposited the $10,000 loan repayment to his personal account and subsequently reimbursed Karen Orloski the $10,000 on or around January 21, 1982 via his personal check.

7. The Orloski For Congress Committee duly reported the $10,000 loan from Richard Orloski to the Orloski For Congress Committee.

8. On or around March 22, 1982, Karen Orloski loaned $10,000 to her brother, Richard Orloski which he deposited into his personal account.

9. On or around March 25, 1982, Richard Orloski loaned the Orloski For Congress Committee $10,000.00.

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10. On April 20, 1982, the Commission inquired from Richard Orloski about the source of these funds, and Richard Orloski duly reported to the Commission that his sister, Karen Orloski, was the source of the funds.

11. When the Commission learned that Karen Orloski was the source of the funds, it promptly recommended to Richard J. Orloski that he make arrangements to repay the loan to her.

12. On or around June 10, 1982, the Orloski For Congress Committee repaid Richard J. Orloski $5,000 of the outstanding $10,000 loan.

13. Richard Orloski deposited the $5,000 repayment into his personal account and subsequently reimbursed Karen Orloski $5,000 of the outstanding $10,000 loan on or around June 13, 1982.

14. On or around June 18, 1982, the Orloski For Congress Committee repaid Richard J. Orloski the $5,000 balance of the outstanding loan.

15. Richard J. Orloski deposited the $5,000 check into his personal account and subsequently reimbursed Karen Orloski the remaining $5,000 balance of the March loan on or around June 27, 1982.

16. Richard J. Orloski duly and promptly cooperated with the Commission in re-paying the loan to Karen Orloski.

17. Pursuant to 2 U.S.C. Section 431(8)(A)(i) the term contribution includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.

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18. 2 U.S.C. Section 441a(a)(1)(A) limits the contributions that an individual may make to a candidate and his authorized political committee to $1,000 with respect to any election for Federal office.

19. 2 U.S.C. Section 441a(f) prohibits a political committee from accepting any contribution in violation of 2 U.S.C. Section 441a.

V. Orloski For Congress Committee admits that, under 2 U.S.C. Section 441a(f), the candidate should not have used money in excess of $1,000 borrowed from his sister, Karen Orloski, to loan money to the Orloski For Congress Committee even though he was permitted to borrow an unlimited amount of money from a financial institution to loan his committee.

VI. Orloski For Congress Committee violated 2 U.S.C. Section 441a(f) by accepting loans in excess of the $1,000 limit from Karen Orloski. Respondent contends the violation was not knowingly and willfully committed.

VII. Respondents will pay a civil penalty to the Treasurer of the United States in the amount of Three Hundred Dollars ($300.00), pursuant to 2 U.S.C. Section 437g(a)(5)(A).

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. Section 431, et seq.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. Section 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.

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 this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

Charles N. Steele
General Counsel

April 27, 1983
DATE

BY: Kenneth A. Gross
KENNETH A. GROSS
Associate General Counsel

Orloski For Congress Committee

April 13, 1983
DATE

BY: Richard J. Orloski
ITS: CANDIDATE

Karen Orloski

March 29, 1983
DATE

BY: Karen Orloski

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ORLOSKI FOR CONGRESS COMMITTEE
% STUART T. SHMOOKLER - TREASURER

326

April 13, 1983

80-128
313

PAY TO THE ORDER OF Treasurer of the United States $ 300.00

Three Hundred and ----------00/100 DOLLARS

1st NATIONAL BANK
FIRST NATIONAL BANK
ALLENTOWN, PENNSYLVANIA 18101

FOR Agreed payment

Treas.

⑈000326⑈ ⑆031301286⑆ ⑈59172332⑈

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Patrick Wastella
2117 Baker Drive
Allentown, Pennsylvania 18103

Re: MUR 1480

Dear Mr. Wastella:

This is in reference to the complaint you filed with the Commission on October 1, 1983 concerning the Orloski for Congress Committee.

After conducting an investigation in this matter, the Commission determined there was reason to believe that the Orloski for Congress Committee violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. On April 27, 1983, a conciliation agreement signed by the respondents was accepted by the Commission, thereby concluding the matter. A copy is enclosed for your information.

The file number in this matter is MUR 1480. If you have any questions, please contact Judy Thedford, at 202-523-4529.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

4-27-83

83040393718

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Richard Orloski, Esquire
Richard J. Makoul, Esquire
Calnan and Orloski
446 Linden Street
Allentown, Pennsylvania 18102

Re: MUR 1480

Dear Mr. Orloski:

On April 27, 1983, the Commission accepted the conciliation agreement signed by you and your sister in settlement of a violation of 2 U.S.C. § 441a(f), 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

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4-27-83

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1480
Orloski for Congress Committee	)	
Karen Orloski	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 27, 1983, the Commission decided by a vote of 5-0 to take the following actions in MUR 1480:

1. Accept the conciliation agreement as submitted with the General Counsel's April 22, 1983 Memorandum to the Commission.

2. Close the file.

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

Attest:

4-27-83
Date

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

Received in Office of Commission Secretary: 4-22-83, 1:53
Circulated on 48 hour tally basis: 4-25-83, 11:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: April 22, 1983

SUBJECT: MUR 1480 - Memo to COMM

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

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[✓]	Compliance	[✓]
Sensitive	[✓]		
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)	[ ]

8304039372 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 11, 1983

Patrick Wastella
2117 Baker Drive
Allentown, Pennsylvania 18103

Dear Mr. Wastella:

This letter is in response to your letter dated February 28, 1983, in which you requested an update concerning the complaint you filed with the Commission on October 1, 1982.

Pursuant to 2 U.S.C. § 437g(a)(12)(A), any notification or investigation made by the Commission pursuant to its enforcement procedures shall not be made public by the Commission or any person without the written consent of the respondent. Therefore, the Commission's review of a complaint remains confidential. You will, however, be advised of the closing of the matter.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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204176

RECEIVED BY THE FEC

Ccc# 9604

1738

83 MAR 2 P3:50

28 February 1983

Federal Election Commission
Washington, D.C.
Attn: Mr. Steven Barndollar

Dear Mr. Barndollar,

In our January 1983 phone conversation you advised me that my complaint against the Orloski for Congress Committee was still under review.

It has been five months since I filed my complaint and other than the FEC's original acknowledgement and the above phone call, which I initiated, I have heard nothing. I would appreciate it if you could advise me when you expect to complete your review. Why is this review taking so long? Is this unusual or is it normal? I would appreciate some sort of update.

Thank you for your cooperation.

Sincerely,

Patrick Wastella

Patrick Wastella

83040393713

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 24, 1982

Richard J. Makoul
461 Linden Street
Allentown, Pennsylvania 18102

Re: MUR 1480

Dear Mr. Makoul:

The Federal Election Commission notified your client, Karen Orloski, on October 5, 1982, of a complaint which alleges that she violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to her at that time.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on November 23, 1982, determined that there is reason to believe that Karen Orloski violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Act. Specifically, it appears that Ms. Orloski's two $10,000 loans to her brother constitute contributions to the Orloski for Congress Committee. [See 2 U.S.C. § 432(e)(2) and 431(8)]. Therefore, Ms. Orloski has made excessive contributions in violation of 2 U.S.C. § 441a(a)(1)(A).

You may submit any additional factual and legal materials which you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further actions should be taken against Ms. Orloski, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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This matter will remain 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 matter to be made public.

If you have any questions, please contact Judy Thedford, (202)523-4529.

Sincerely,

Frank P. Reiche

Chairman for the
Federal Election Commission

Enclosures
Procedures

8304039372 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 24, 1982

Richard Orloski
Orloski for Congress Committee
446 Linden Street
Allentown, Pennsylvania 18102

Re: MUR 1480

Dear Mr. Orloski:

The Federal Election Commission notified you on October 5, 1982 of a complaint which alleges that the Orloski for Congress Committee had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on November 23, 1982, determined that there is reason to believe that Orloski for Congress Committee violated 2 U.S.C. § 441a(f), a provision of the Act. Specifically, it appears that the two $10,000 loans from your sister constitute contributions to the Orloski for Congress Committee and are in excess of the $1,000 limitation set forth in 2 U.S.C. § 441a(a)(1)(A).

You may submit any additional factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However in the absence of any information which demonstrates that no further action should be taken against your committee, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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This matter will remain 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 matter to be made public.

If you have any questions, please contact Judy Thedford, at (202)-523-4529.

Sincerely,

Frank P. Reiche

Chairman for the
Federal Election Commission

Enclosures
Procedures

83040393728

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1480
Orloski for Congress Committee	)	
Karen Orloski	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 23, 1982, the Commission decided by a vote of 4-0 to take the following actions in MUR 1480:

1. Find reason to believe Orloski for Congress Committee violated 2 U.S.C. § 441a(f).

2. Find reason to believe Karen Orloski violated 2 U.S.C. § 441a(a)(1)(A).

3. Send the letters to the respondents as submitted with the First General Counsel's Report dated November 19, 1982.

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

Attest:

11/23/82
Date

Judy C. Ransom
for Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 11-19-82, 10:37
Circulated on 48 hour tally basis: 11-19-82, 2:00

3304039372 9

November 19, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1480

Please have the attached First General Counsel's Report distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Thedford

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FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 10463

FIRST GENERAL COUNSEL'S REPORT

82 NOV 19 A10:37
RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION: 11-19-82

MUR 1480
DATE COMPLAINT RECEIVED BY OGC: 10/01/82
DATE OF NOTIFICATION TO RESPONDENT: 10/05/82
STAFF MEMBER: Judy Thedford

SOURCE OF MUR: Patrick Wastella

RESPONDENT'S NAME: Orloski for Congress Committee
Karen Orloski

RELEVANT STATUTE: 2 U.S.C. § 441a(a) and § 441a(f)

INTERNAL REPORTS CHECKED: Orloski for Congress Committee

FEDERAL AGENCIES CHECKED: N/A

83040039371

SUMMARY OF ALLEGATIONS

The complainant, Patrick Wastella, alleges that candidate Richard Orloski and his sister, Karen Orloski, have violated the contribution limitations of 2 U.S.C. § 441a (see attachment I). The allegation concerns two $10,000 loans made by Karen Orloski to Richard Orloski's campaign committee, Orloski for Congress Committee. The complainant also questions the source of the

funds used to repay the loans. Copies of three newspaper articles were submitted with the complaint. */

Copies of the complaint were forwarded to the Orloski for Congress Committee and Karen Orloski. Their responses were filed on October 22, and 25, 1982. Ms. Orloski is represented by Richard Makoul; Mr. Orloski represents himself and the Committee.

FACTUAL AND LEGAL ANALYSIS

In response to the complaint, Richard and Karen Orloski submitted affidavits concerning the two $10,000 loans made to the Orloski for Congress Committee ("the Committee"). Specifically, it appears that on two separate occasions, December 23, 1981 and March 22, 1982, Richard Orloski borrowed $10,000 from his sister. Mr. Orloski deposited the December loan into his personal account and then forwarded the $10,000 to the Committee as a loan from himself. The Committee repaid the December loan of $10,000 to Richard Orloski around January 15, 1982; he subsequently repaid his sister, Karen Orloski, the $10,000 around January 21, 1982.

On or around March 22, 1982, Mr. Orloski again borrowed $10,000 from his sister. As before, Mr. Orloski deposited the

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*/ The allegations in the complaint are identical to the issues raised in a referral from the Reports Analysis Division, #82-L22. The Office of General Counsel intends to handle this as an externally generated matter. Therefore, the RAD referral (82-L-22) should be deleted as a pending referral. (See Memo to Gibson-Attachment II).

8304039372

$10,000 into his personal account and loaned the $10,000 to his committee in his own name. This second loan was repaid to Mr. Orloski by his committee in two $5,000 payments around June 10, and 15, 1982. Richard Orloski subsequently repaid Karen Orloski in two $5,000 payments around June 13, 1982 and June 17, 1982.

Attached to Karen Orloski's affidavit were copies of Richard Orloski's checks to the Committee; the Committee's repayment checks to Richard Orloski; and Richard Orloski's bank statements for his personal account showing the deposits and withdrawals of the two $10,000 loans.

A review of the Committee's reports show that the return of March loan was prompted by a Reports Analysis inquiry of April 20, 1982 questioning the source of the December loan. In order to repay the March loan, the Committee shows receipt of a $4,000 loan from Mr. Orloski and four other loans of $1,000 each from family members. The remaining $2,000 appears to have come from contributions to the Committee. In response to a Request for Additional Information from the Reports Analysis Division, the treasurer of the Committee stated that the $4,000 loan from Mr. Orloski was from his personal funds.

In her affidavit, Ms. Orloski claims the monies she gave to her brother were personal informal family loans; that the loans were not to the Committee; and that she had no contact during this time with the Committee. She stated that at the time she loaned her brother the money, she was aware that her brother

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had assets in excess of $10,000. She noted that the loans she made to her brother were for convenience reasons in that he would have to liquidate his assets to obtain the cash.

Mr. Orloski's defense is premised on the fact that the funds titled in his sister's name were his personal funds. The basis of his personal funds claim is that he created the fund for his sister through the use of his talents as a lawyer and that his sister relies on his advice and counsel concerning the use of these funds. Additionally, he adds that he had assets totalling more than $10,000 at the time he borrowed the money from his sister; however, he decided to personally borrow the money from Karen instead of liquidating his assets and taking a loss.

As defined by 2 U.S.C. § 431(8), loans are contributions and subject to the $1,000 limit prescribed by 2 U.S.C. § 441a(a)(1)(A). Therefore, the two $10,000 loans to Richard Orloski from Karen Orloski result in the Committee receiving two excessive loans in violation of 2 U.S.C. § 441a(f) and Karen Orloski making two excessive loans in violation of 2 U.S.C. § 441a(a)(1)(A).

The two excessive loans were received by the Committee in connection with the Pennsylvania Democratic Primary held on May 18, 1982. Mr. Orloski won the primary by approximately 1.1% of the vote. In total he raised approximately $22,705 for the primary election of which $20,000 was loans from Karen Orloski.

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The Office of General Counsel recommends finding reason to believe Orloski for Congress Committee violated 2 U.S.C. § 441a(f) and that Karen Orloski violated 2 U.S.C. § 441a(a)(1)(A).

RECOMMENDATIONS

1. Find reason to believe Orloski for Congress Committee violated 2 U.S.C. § 441a(f).

2. Find reason to believe Karen Orloski violated 2 U.S.C. § 441a(a)(1)(A).

3. Send attached letters to the respondents.

November 18, 1982
Date

Charles N. Steele
General Counsel

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

Attachments:
I. Complaint
II. Memo to Gibson
III. Karen Orloski Response
IV. Committee Response
V. Letters

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82 OCT 1 P12:51

2117 Baker Drive
Allentown, Pennsylvania 18103
September 27, 1982

82 OCT 1 P2:32

General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

Dear Sir:

As a citizen and registered voter of Lehigh County, Pennsylvania, I wish to register a formal complaint with the Federal Election Commission.

The subject of my complaint involves what appears to be illegal campaign contributions received by Mr. Richard Orloski, a congressional candidate in Pennsylvania's 15th Congressional District.

It is my understanding that Mr. Orloski has been or is presently the subject of an investigation by the FEC (newspaper article enclosed).

Mr. Orloski, in December of 1981 and in March of 1982, received loans totaling $20,000 (2 separate $10,000 loans) from one Karen Orloski (a 24 year old student from Duryea, Pennsylvania, according to the newspaper articles).

It is my understanding that these loans are in violation of FEC rules in that they exceed the legal maximum allowable contribution (11CFR 100.7 (a) (1) and 11CFR Part 110). Further, it is also my understanding that a loan that exceeds the contribution limitation remains unlawful even if repaid.

My complaint centers on the obvious illegality of the $20,000 in loans and, more importantly, where the funds came from to repay the said loans. If the candidate in fact had the funds to repay the loans, why were the loans necessary in the first place? Unless the candidate's own finances are reviewed anyone can avoid the statutory limitations by giving or loaning money directly to the candidate (rather than his committee).

Basically, I have two questions of the FEC:

1. Is the FEC conducting a financial audit of Mr. Orloski's campaign funding, including his personal finances during the last year?

2. Are any actions being considered against Mr. Orloski?

If the FEC has any questions concerning this complaint, please do not hesitate to call me.

Sincerely,

Patrick Wastella

Patrick Wastella
(215) 791-0243

Enc.

(1)

ATTACHMENT I

83040393738

82 OCT 1 P12:52

COMMONWEALTH OF PENNSYLVANIA)
) SS
COUNTY OF LEHIGH)

Patrick Wastella being duly sworn according to law, deposes and says that the facts set forth in the foregoing letter are true and correct to the best of his knowledge, information and belief.

Patrick Wastella

Patrick Wastella

Sworn to and subscribed before me this 27th day of September, 1982.

Karen E. Barretto

Notary Public

Karen E. Barretto, Notary Public
Allentown, Lehigh County, Pennsylvania
My Commission Expires August 9, 1986

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(2)

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Loans to Orloski probed

9/2/82 PD

By DAVID DAWSON
Of The Morning Call

Richard Orloski, the Democratic candidate for Congress in the 15th District, accepted questionable loans totaling $20,000 from his sister, Karen Orloski, to finance his primary campaign.

Richard Orloski

The Federal Election Commission inquired about the source and nature of the loans when Orloski reported them on routine reports to the FEC. The loans were accepted, Orloski and his treasurer, Atty. Stuart Shmookler, said, because they misunderstood the law. The loans have since been repaid in full, which effectively eliminates the infraction under FEC regulations.

The FEC has not, however, ruled on the loans or indicated that the case is terminated.

According to federal election laws, an individual may lend or donate no more than $2,000 to a candidate for federal office — $1,000 during the candidate's primary campaign and another $1,000 toward the candidate's general election effort. However, once a loan is repaid to an individual by the candidate, that individual can then make additional contributions or loans, as long as the $1,000 limit is never exceeded.

"It was probably my fault," Shmookler said yesterday. He said it had been his understanding that personal loans that would be repaid could exceed the $1,000 limit. "I was mistaken," he said.

Orloski said, "I borrowed $10,000 from my sister with the full intention of repaying her. We reported it as such." Two loans of $10,000 each were borrowed, the first in December 1981, the second in March 1982.

It was because the Orloski for Congress Committee reported the loans in the reports to the FEC that the investigation was begun. FEC letters to Shmookler indicate. Under FEC rules, any single contribution or loan to the committee over $1,000 must come from the candidate himself. Even if a candidate gets a loan from a bank, the loan cannot be secured by another individual for more than $1,000.

By the time the FEC asked Shmookler for more information on the loans, one of them had already been repaid. At the request of the FEC, the second loan was repaid in June. "I

Please See ORLOSKI Page A2

ORLOSKI

► Continued From Page A1

assume they've accepted our explanationand that's that." Shmookler said.

The FEC's policy in these matters is to refuse comment until an investigation is complete. Once a case is closed, it becomes a matter of public record. In cases such as this, an FEC spokesman said, the commission has the option of dropping the matter or fining the candidate.

Shmookler said the last correspondence he received from the agency was a letter asking what the nature of the loans was. He said he responded that the money came from personal funds of his sister.

To explain the mistake, Orloski said, "It's not straightforward in the statute, it's in the definitions. They treat a loan as a contribution."

Orloski relied heavily on loans to finance his successful primary bid against Steve Adik of Hanover Township, Northampton County, and Bernard Berg of Easton.

Orloski listed $12,429 in operating expenses for his campaign as of June 30. Less than $5,000 was raised in contributions. The balance came from loans. He did have just enough funds on hand to run the primary without the $20,000 from his sister, however. Although the first $10,000 loan was the first money deposited in his campaign account, other funds were received before significant amounts of cash were spent on th campaign.

Orloski made an additio $8,000 in loans for the primary. H loaned $4,000 of his own funds to the campaign committee, which is permitted by FEC regulations and borrowed another $4,000 fro three relatives, of which $1,000 i earmarked for the general election.

As of June 30, he had repaid th $20,000 in loans to his sister and had $470.68 left in his campaign account.

Orloski faces incumbent Republican Don Ritter in the gener election.

Orloski loans from her own funds, sister says

Karen Orloski, 24, of Duryea, Luzerne County, sister of Atty. Richard Orloski, Democratic candidate for Congress in the 15th District, said yesterday she lent him $20,000 for his 1982 primary election campaign.

Both the candidate and Miss Orloski, a freelance artist and a graduate student at Marywood College, declined yesterday to state for the record where she obtained that much money.

The candidate's father-in-law, Dr. Harold B. L[illegible]70, a retired research scientist of Hopewell, N.[illegible]old The Morning Call yesterday that neither he nor his wife has contributed directly to Orloski's campaign against incumbent Republican Don Ritter.

Law said he and his wife are registered Republicans and oppose their son-in-law's deep involvement in politics this early in his legal career.

> "Surely there is something wrong with our election process, and it's readily curable by public funding of congressional campaigns."
>
> Atty. Richard Orloski, 15th District candidate

Law said emphatically he did not lend amounts of $10,000 or $20,000 to his son-in-law or to the candidate's sister Karen, who stressed yesterday that it was her money which she lent to Orloski and that he has repaid her.

The candidate said he is mystified about the major publicity over the loans from his sister as reported in Thursday's Call.

The Call reported Orloski was questioned by the Federal Election Commission (FEC). Federal rules say no individual may lend or donate more than $2,000 to a candidate for federal office. This breaks down into a $1,000 limit for the primary

See LOANS Page 68 ►

8 3 0 4 0 3 9 3 7 3 9

LOANS

► Continued From Page 14

campaign and $1,000 for the general election.

Orloski and his campaign treasurer, Atty. Stuart Shmookler, both said earlier they misunderstood the federal rules, and thought the $1,000 limit did not apply when the loans are repaid promptly.

By the time the FEC questioned Orloski about the loans, which he had listed on routine reports to the commission, the first $10,000 loan which was obtained in December 1981 had been repaid.

The second $10,000 loan, obtained from Karen in March, was reportedly repaid in June.

Under FEC rules, any single contribution or loan to the candidate's campaign committee over $1,000 must come from the candidate himself.

Orloski said yesterday the loans from Karen were made to him personally in each instance, and he in turn donated the money to his committee. When the funds were repaid, they were paid first to Orloski by the committee, and then by Orloski to his sister. The loans were not made to the committee by Karen, he said, which is apparently the way the FEC views the situation. Orloski said after he reported the first $10,000 loan made last December, "nobody said anything about it."

He opted to borrow $10,000 more in March, he said, instead of raising money by selling stocks or other securities owned by him and his wife.

He said as far as he knows, the FEC "report-analysis division" still has his campaign reports and plans no punitive action because of "technical error" involving the repaid loans.

Orloski said the FEC enforcement division has to contact a candidate about possible infractions within five days after it receives a case from the report analysis division.

He said he has heard nothing from the FEC enforcement division and yesterday contacted several FEC officials, including an FEC lawyer.

The candidate said he learned that political committees are notorious for not repaying loans, so once a loan has been repaid promptly, the FEC views the action favorably.

The FEC has not officially ruled on the loans or indicated any inquiry has ended.

Orloski, a bit perturbed yesterday, said:

"My opponent (Don Ritter) can take hundreds of thousands of dollars from corporate political committees but I borrow personally $10,000 and it's a technical violation.

"Surely there is something wrong with our election process, and it's readily curable by public funding of congressional campaigns."

8 3 0 4 0 3 9 3 7 4 0

Sister's Two Loans To House Hopeful Puzzle FEC, Orloski

Bethlehem Globe-Times 9-1-82 B-3

A series of loans from the candidate's sister to the Orloski for Congress committee appears to have both the recipient and the Federal Election Commission confused.

The confusion stems from a misunderstanding of federal laws governing campaign contributions by Democratic Congressional hopeful Richard Orloski and his campaign staff. Multiple listing of campaign donations, as required by the FEC, also has added to the problem.

Fred Eiland, spokesman for the FEC, said federal election laws forbid anyone giving more than $2,000 in contributions or loans to the candidate's campaign committee. The $2,000 is broken into a $1,000 limit for the primary campaign and a $1,000 limit for the general election.

Any amount over $2,000 must come from the candidate himself.

Eiland said FEC records and amendments to the records filed by the candidate's election committee reveal a confusing series of $10,000 loans and repayments.

"Our records show that on Dec. 28 Orloski made a $10,000 loan to the committee," Eiland said. "On an amended version of the financial report filed in April, the election committee said the loan came from the candidate's sister, Karen Orloski."

Karen Orloski, 24, of 124 Stephenson St., Duryea, Luzerne County, is a freelance artist and an art major at Marywood College.

Campaign records indicate of the more than $32,000 raised so far, $28,000 has come from the candidate and the candidate's family.

According to the FEC, on Dec. 28, 1981, Orloski loaned $10,000 to his election committee. Another report shows a $10,000 loan repayment in January 1982 and a $10,000 loan from the candidate in March.

One amendment to the financial report reveals the first loan was from Karen Orloski, not the candidate, and another amendment says the last $10,000 loan from Orloski was a second loan from Karen Orloski.

Eiland said the list of loans could

Continued on Page B-3, Col. 2

Loans Puzzle FEC

Continued From Page B-1

make it seem as if as many as four loans were made to the Orloski campaign by the candidate's sister.

But, Eiland and Richard Orloski agreed, only two loans are actually in question and they both have been repaid.

Repayment does not mean the candidate will avoid charges for violating the election law. Eiland refused to say whether the FEC is considering legal action against the candidate.

Attorney Stuart Shmookler, treasurer for the Orloski campaign, said there should be no confusion.

"The loans were pretty straightforward," he said. "The first loan in December was repaid by the committee Jan. 15 and the March loan was repaid in two $5,000 payments by June. The source of both of the loans was Karen. The confusion probably arises because the same loans are listed many times on FEC reports."

Orloski said he forsees no problems because of the loans.

"My wife and I have some money in the stock market," he said. "It was a bad time to sell stocks and I thought it would be better to borrow from her (Karen)," he said.

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(6)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: John Gibson
Assistant Staff Director

THROUGH: B. Allen Clutter
Staff Director

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: RAD Referral 82L-22

This memorandum is to inform you that RAD referral 82L-22 is being handled in the context of an external MUR since the issue presented in the referral is identical to the allegation in the complaint (MUR 1480). Therefore, 82L-22 should be deleted as a pending compliance referral.

3304039374 2

ATTACHMENT II

7

Chedford

GCC# 8747

82 OCT 22 P2:1

LAW OFFICES
JOSEPH AND MAKOUL
461 LINDEN STREET
ALLENTOWN, PA. 18102
TELEPHONE (215) 433-4233

RICHARD J. MAKOUL
JAMES A. KATZ, JR.
LEIGHTON COHEN

GEORGE J. JOSEPH
1942-1976

October 20, 1982

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

Re: MUR 1480

Dear Mr. Gross:

Enclosed please find Respondent's Answer for filing in the above-captioned matter.

Your attention is appreciated.

Very truly yours,

Richard J. Makoul

Richard J. Makoul

RJM:ldj
enc.
Answer

P3:07

8304039374 3

ATTACHMENT III

(8)

STATEMENT OF DESIGNATION OF COUNSEL

82 OCT 22 P2:16

NAME OF COUNSEL: Richard J. Makoul, Esq.

ADDRESS: 461 Linden Street
Allentown, PA 18102

TELEPHONE: (215) 433-4233

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.

October 13, 1982
Date

Karen A. Orloski
Signature

NAME: KAREN A. ORLOSKI

ADDRESS: 124 Stephenson Street
Duryea, PA 18042

HOME PHONE: (717) 457-6428

BUSINESS PHONE:

3304059374

(9)

PATRICK WASTELLA,
Complaintant

versus

KAREN ANN ORLOSKI,
Respondent

NO. MUR 1480

ANSWER

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LEHIGH)

I, Karen Ann Orloski, being duly sworn according to law, depose and say as follows:

1. I am 24 years old, having been born on February 5, 1958, and reside at 124 Stephenson Street, Duryea, Luzerne County, Pennsylvania.

2. I am the daughter of Wanda E. Orloski of 124 Stephenson Street, Duryea, Luzerne County, Pennsylvania, and the late Joseph B. Orloski.

3. I have three siblings as follows: 1) Joseph F. Orloski, d.o.b., January 24, 1942; 2) Richard J. Orloski, d.o.b., January 31, 1947; and 3) Joan Orloski, d.o.b., November 12, 1948.

4. I reside with my mother, Wanda E. Orloski, at 124 Stephenson Street, Duryea, Pennsylvania, and with my bachelor brother, Joseph F. Orloski, who is employed as a teacher at St. Mary's Visitation School, Dickson City, Pennsylvania.

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(10)

5. My brother, Richard, is a candidate for Congress in the 15th Congressional District, and he resides approximately 60 miles from my residence in the 11th Congressional District.

6. I never loaned any money whatsoever to the Orloski For Congress Committee.

7. Sometime immediately prior to December 23, 1981, my brother, Richard, telephoned me and asked to borrow from me $10,000.00, and he personally assured me that he would repay this loan, in full.

8. At the time of the phone conversation, I had funds in my name in excess of $11,000.00, which funds were originally obtained by me, prior to accumulations from interest, largely as the result of my brother's representation of me in a civil lawsuit.

9. In the civil lawsuit which my brother handled for me, I was charged no legal fee whatsoever by my brother for his legal services, and I am aware that I received these funds because of his efforts on my behalf.

10. In addition to being aware that his services generated this fund, I was aware at the time that I loaned him the money that he and his wife, Kathy, had substantial assets far in excess of these monies, and that he would have no difficulty in repaying me this loan.

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(11)

11. As a result of this complaint, my brother has revealed to me that, as of December, 1981, he had the following assets:

8304039374 7

12. Given my brother's personal assurance that he would re-pay me, I loaned him the monies without inquiring into his reason for the loan.

13. As a result of this complaint, my brother has revealed to me that he wanted the loan so he would not have to liquidate his common stock at a time that he would have incurred losses in selling the stock.

14. On or about December 23, 1981, I loaned my brother $10,000.00 which he deposited to his personal account. See, copy of Merchants Bank statement attached hereto as Exhibit A.

15. On or about December 28, 1981, my brother loaned his Committee $10,000.00. See, copy of check number 1045 attached hereto as Exhibit B.

16. On or about January 15, 1982, the Committee repaid my brother the $10,000.00 that he loaned the Committee. See, copy of check number 103 attached hereto as Exhibit C.

17. On or about January 21, 1982, my brother repaid me the loan for $10,000.00. See, copy of check number 1075 attached hereto as Exhibit D.

18. This first loan of $10,000.00 by my brother to the Committee was duly reported by the Orloski For Congress Committee in the December 31, 1981 report and the March 31, 1982 report without further inquiry by the FEC.

19. Immediately prior to March 22, 1982, my brother again contacted me about once again borrowing the $10,000.00, and once again gave me personal assurances that the money would be repaid by him to me.

20. Again, given my brother's personal assurances that he would re-pay me, I loaned him the monies without inquiry

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into his reason for the loan.

21. On or about March 22, 1982, I loaned my brother $10,000.00 which he deposited to his personal account. See, copy of Merchants Bank statement attached hereto as Exhibit E.

22. On or about March 25, 1982, my brother loaned his Committee $10,000.00. See, copy of check numbered 1154 attached hereto as Exhibit F.

23. On or about June 10, 1982, the Committee repaid my brother $5,000.00 towards the $10,000.00 that he loaned the Committee. See, copy of check numbered 158 attached hereto as Exhibit G.

24. On or about June 13, 1982, my brother repaid me $5,000.00 towards the $10,000.00 that I loaned him. See, copy of check numbered 1261 attached hereto as Exhibit H.

25. On or about June 18, 1982, the Committee repaid my brother the balance of the $5,000.00 owed to him by the Committee. See, copy of check numbered 161 attached hereto as Exhibit I.

26. On or about June 27, 1982, my brother repaid me the $5,000.00 owed to me by my brother. See, copy of check numbered 1271 attached hereto as Exhibit J.

27. By June 27, 1982, I was repaid in full by my brother.

28. At no time during these transactions did I have any contact with my brother's Committee, and my loan was strictly informal family loan which I knew I would be repaid in full

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(14)

by my brother because he always had the assets to pay me in full.

29. The loan by me to my brother was purely for the convenience of preventing him from liquidating his common stock or seeking execution against his debtor on the judgment note at an inopportune time.

30. On April 20, 1982, the FEC inquired about the source of the funds.

31. On April 26, 1982, my brother's Committee identified me as the source of the funds.

32. On June 1, 1982, the FEC requested that the $10,000.00 be repaid.

33. On June 7, 1982, my brother's Committee advised the FEC that I did not loan the money to the Committee, but that the loan was strictly between my brother and his Committee. Inasmuch as the FEC wanted repayment, however, the Committee would oblige.

34. On June 11, 1982, my brother's Committee advised the FEC that it had repaid him $5,000.00 and that my brother would re-pay me the first installment of $5,000.00.

35. On June 21, 1982, my brother's Committee advised the FEC that it had repaid him the balance of $5,000.00, and that my brother would re-pay me the second installment of $5,000.00.

36. The representations made by the Committee have in fact been accomplished.

Karen Ann Orloski
KAREN ANN ORLOSKI

SWORN TO and Subscribed
before me this 18 day
of October, 1982.

Loretta Johnson
Notary Public

LORETTA JOHNSON, NOTARY PUBLIC
ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES MAR. 11, 1985
Member, Pennsylvania Association of Notaries

15

83040393750

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3624 PATRICIA DRIVE
ALLENTOWN, PA. 18103

1045

Dec 28 1981

60-131
313-0

PAY TO THE ORDER OF Orloski for Congress Committee $10,000 no/100

Ten Thousand and no/100 DOLLARS

PAID
DEC 3 1982

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN, ALLENTOWN, PA.
MERCHANTS NATIONAL BANK OF ALLENTOWN

MEMO Loan

Richard J. Orloski

60-131

EXHIBIT "B"

83040593731

(A)

ORLOSKI FOR CONGRESS COMMITTEE
% STUART T. SHMOOKLER - TREASURER

103

1-15 1982

80-128
313

PAY TO THE ORDER OF Richard J. Orloski $ 10,000.00

THE SUM 10000 DOLS 00 CTS DOLLARS

1st NATIONAL BANK
FIRST NATIONAL BANK
ALLENTOWN, PENNSYLVANIA 18101

FOR Proposed Loan by 12-28-81

⑈000103⑈ ⑆031301286⑆ ⑈59172332⑈ ⑈0001000000⑈

EXHIBIT "C"

8 3 0 4 0 3 9 3 7 5 2

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN, PA. 18103

1075

Jan 21 1982

PAY TO THE ORDER OF Karen Ann Orloski $ 10,000 00/100

Ten thousand and 00/100 DOLLARS

JAN 2 2 82

THE MERCHANTS NATIONAL BANK OF ALLENTOWN

MERCHANTS NATIONAL BANK OF ALLENTOWN

MEMO

Richard J Orloski

EXHIBIT "D"

8 3 0 4 0 3 9 3 7 5

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN PA. 18103

1154

March 25 1982

60-131
313 D

PAY TO THE ORDER OF Colonel for Congress Committee $ 10,000 00/100

Ten thousand and no/100 DOLLARS

MAR 2 982

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN ALLENTOWN

MEMO Loan

BANK OF ALLENTOWN
60-131

Richard J. Orloski

EXHIBIT "F"

8 3 0 4 0 3 9 3 7 5 4

8 3 0 4 0 3 9 3 7 5 5

EXHIBIT "C"

ORLOSKI FOR CONGRESS COMMITTEE
% STUART T. SHMOOKLER - TREASURER

158

6-10 1982

60-178
313

PAY TO THE ORDER OF Richard T. Orloski $5000.00

THE SUM 5000 DOLS 00 CTS DOLLARS

1st NATIONAL BANK
FIRST NATIONAL BANK
ALLENTOWN, PENNSYLVANIA 18101

FOR Partial reimbursement of loan

Stuart T. Shmookler, Treasurer

⑈000158⑈ ⑆031301286⑆ ⑈5917233-2⑈ ⑈0000500000⑈

(22)

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN, PA. 1810

1261

June 13 1982

60-131
313-0

PAY TO THE ORDER OF Karen Ann Orloski $ 5,000 no/100

Five Thousand and no/100 DOLLARS

PAID

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN, ALLENTOWN, PA.

MEMO Tuggant $50 Tuf $60 [illegible]

Richard J. Orloski

EXHIBIT "I"

8 3 0 4 0 3 9 3 7 5 6

8 3 0 4 0 3 9 3 7 5 7

EXHIBIT "I"

ORLOSKI FOR CONGRESS COMMITTEE
% STUART T. SHMOOKLER - TREASURER

161

6-18 1982

60-178
313

PAY TO THE ORDER OF Richard T. Orloski $ 5000.00

THE SUM 5000 DOLS 00 CTS DOLLARS

1st NATIONAL BANK
FIRST NATIONAL BANK
ALLENTOWN, PENNSYLVANIA 18101

FOR Loan Repayment

⑈000161⑈ ⑆031301286⑆ ⑈59172332⑈ ⑈0000500000⑈

26

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN, PA. 18103

PAID 07/02/82

Jan 27 1982

60-131
313 O

PAY TO THE ORDER OF Karen Ann Orloski $ 5,000 no/100

Five Thousand and no/100 DOLLARS

JUL 0 2

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN, ALLENTOWN, PA.

MEMO Trad entitled of $5,000.00 on $10,000.00 loan

Richard J. Orloski

60-131

EXHIBIT "J"

8 3 0 4 0 3 9 3 7 5 8

Ca# 8761
82 OCT 25 P2:1

LAW OFFICES
CALNAN & ORLOSKI
A PROFESSIONAL CORPORATION
446 LINDEN STREET
ALLENTOWN, PENNSYLVANIA 18102
(215) 435-2727

THOMAS J. CALNAN, JR.
RICHARD J. ORLOSKI

OF COUNSEL
JOHN J. DEMARINES

October 23, 1982

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

RE: MUR 1480

Dear Mr. Gross:

As you should be aware, Richard J. Makoul, Esq., has entered his appearance in the above-matter on behalf of my sister, Karen Ann Orloski.

Kindly be advised that I shall be representing myself and the Orloski For Congress Committee.

Enclosed find the original of my Answer for filing in the above-matter.

Your attention is appreciated.

Very truly yours,

Richard J. Orloski

Richard J. Orloski

83040393759

ATTACHMENT IV

28

PATRICK WASTELLA, :
Complaintant : NO. MUR 1480
versus :
ORLOSKI FOR CONGRESS COMMITTEE, :
Respondent :

ANSWER

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LEHIGH)

I, Richard J. Orloski, being duly sworn according to law, depose and say as follows:

1. I am the Democratic candidate for Congress from Pennsylvania's 15th District.

2. I am the brother of Karen Ann Orloski, of 124 Stephenson Street, Duryea, Pennsylvania 18642.

3. On or about December 23, 1981, I personally borrowed $10,000.00 from my sister, Karen Ann Orloski.

4. On or about January 21, 1982, I personally repaid $10,000.00 to my sister, Karen Ann Orloski.

5. On or about March 22, 1982, I personally borrowed $10,000.00 from my sister, Karen Ann Orloski.

6. On or about June 13, 1982, I personally repaid $10,000.00 to my sister, Karen Ann Orloski.

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7. In both instances, I used the $10,000.00 that I borrowed from my sister to loan the money to my campaign committee, Orloski For Congress Committee, directly from me to my committee.

8. The reason I was able to borrow the money from an immediate family member was because I had control over the money prior to and at the time of my candidacy.

9. The reason I had control over said monies which were titled in my sister's name was because I created the fund for her beginning in 1977 through usage of my talents as a lawyer, and because my sister relies upon my advice and counsel concerning usage of said monies.

10. In law and in fact, the $10,000.00 which I loaned from my sister qualifies as my personal funds in that I had control over them prior to my candidacy.

11. I used the $10,000.00 on two occasions from my sister rather than liquidate my assets at a time when I would have incurred a loss on such a liquidation.

12. My own unliquid assets were far in excess of the loan of $10,000.00, and I used my sister's money--over which I had control--merely as a convenience.

13. At all times, my sister was personally assured by me of repayment of the monies, and my own assets were de facto collateral for such repayment.

RICHARD J. ORLOSKI

SWORN TO and Subscribed
before me this 15th day
of October, 1982.

Notary Public

LORETTA JOHNSON, NOTARY PUBLIC
ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES MAR. 11, 1985
Member, Pennsylvania Association of Notaries

3304039376 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Richard J. Makoul
461 Linden Street
Allentown, Pennsylvania 18102

Re: MUR 1480

Dear Mr. Makoul:

The Federal Election Commission notified your client, Karen Orloski, on October 5, 1982, of a complaint which alleges that she violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to her at that time.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on November , 1982, determined that there is reason to believe that Karen Orloski violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Act. Specifically, it appears that Ms. Orloski's two $10,000 loans to her brother constitute contributions to the Orloski for Congress Committee. [See 2 U.S.C. § 432(e)(2) and 431(8)]. Therefore, Ms. Orloski has made excessive contributions in violation of 2 U.S.C. § 441a(a)(1)(A).

You may submit any additional factual and legal materials which you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further actions should be taken against Ms. Orloski, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

ATTACHMENT V

(31)

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This matter will remain 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 matter to be made public.

If you have any questions, please contact Judy Thedford, (202)523-4529.

Sincerely,

Enclosures
Procedures

8304039376

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Richard Orloski
Orloski for Congress Committee
446 Linden Street
Allentown, Pennsylvania 18102

Re: MUR 1480

Dear Mr. Orloski:

The Federal Election Commission notified you on October 5, 1982 of a complaint which alleges that your committee had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on November , 1982, determined that there is reason to believe that Orloski for Congress Committee violated 2 U.S.C. § 441a(f), a provision of the Act. Specifically, it appears that the two $10,000 loans from your sister constitute contributions to the Orloski for Congress Committee and are in excess of the $1,000 limitation set forth in 2 U.S.C. § 441a(a)(1)(A).

You may submit any additional factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However in the absence of any information which demonstrates that no further action should be taken against your committee, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

6 5 0 4 0 5 9 3 7 5 4

This matter will remain 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 matter to be made public.

If you have any questions, please contact Judy Thedford, at (202)-523-4529.

Sincerely,

Enclosures
Procedures

83040393765

203053

RECEIVED AT THE F
Case # 8761
82 OCT 25 P2:

LAW OFFICES
CALNAN & ORLOSKI
A PROFESSIONAL CORPORATION
446 LINDEN STREET
ALLENTOWN, PENNSYLVANIA 18102
(215) 435-2727

THOMAS J. CALNAN, JR.
RICHARD J. ORLOSKI

OF COUNSEL
JOHN J. DEMARINES

82 OCT 25 P2:28

October 23, 1982

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

RE: MUR 1480

Dear Mr. Gross:

As you should be aware, Richard J. Makoul, Esq., has entered his appearance in the above-matter on behalf of my sister, Karen Ann Orloski.

Kindly be advised that I shall be representing myself and the Orloski For Congress Committee.

Enclosed find the original of my Answer for filing in the above-matter.

Your attention is appreciated.

Very truly yours,

Richard J. Orloski

Richard J. Orloski

83040393756

PATRICK WASTELLA, :
Complaintant : NO. MUR 1480
versus :
ORLOSKI FOR CONGRESS :
COMMITTEE, :
Respondent :

ANSWER

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LEHIGH)

I, Richard J. Orloski, being duly sworn according to law, depose and say as follows:

1. I am the Democratic candidate for Congress from Pennsylvania's 15th District.

2. I am the brother of Karen Ann Orloski, of 124 Stephenson Street, Duryea, Pennsylvania 18642.

3. On or about December 23, 1981, I personally borrowed $10,000.00 from my sister, Karen Ann Orloski.

4. On or about January 21, 1982, I personally repaid $10,000.00 to my sister, Karen Ann Orloski.

5. On or about March 22, 1982, I personally borrowed $10,000.00 from my sister, Karen Ann Orloski.

6. On or about June 13, 1982, I personally repaid $10,000.00 to my sister, Karen Ann Orloski.

3304039367

7. In both instances, I used the $10,000.00 that I borrowed from my sister to loan the money to my campaign committee, Orloski For Congress Committee, directly from me to my committee.

8. The reason I was able to borrow the money from an immediate family member was because I had control over the money prior to and at the time of my candidacy.

9. The reason I had control over said monies which were titled in my sister's name was because I created the fund for her beginning in 1977 through usage of my talents as a lawyer, and because my sister relies upon my advice and counsel concerning usage of said monies.

10. In law and in fact, the $10,000.00 which I loaned from my sister qualifies as my personal funds in that I had control over them prior to my candidacy.

11. I used the $10,000.00 on two occasions from my sister rather than liquidate my assets at a time when I would have incurred a loss on such a liquidation.

12. My own unliquid assets were far in excess of the loan of $10,000.00, and I used my sister's money--over which I had control--merely as a convenience.

13. At all times, my sister was personally assured by me of repayment of the monies, and my own assets were de facto collateral for such repayment.

Richard J. Orloski

RICHARD J. ORLOSKI

SWORN TO and Subscribed before me this 23rd day of October, 1982.

Loretta Johnson

Notary Public

LORETTA JOHNSON NOTARY PUBLIC
ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES MAR. 11, 1985
Member, Pennsylvania Association of Notaries

83040393768

83040393769

U.S. POSTAL SERVICE
CERTIFICATE OF MAILING

Received From:

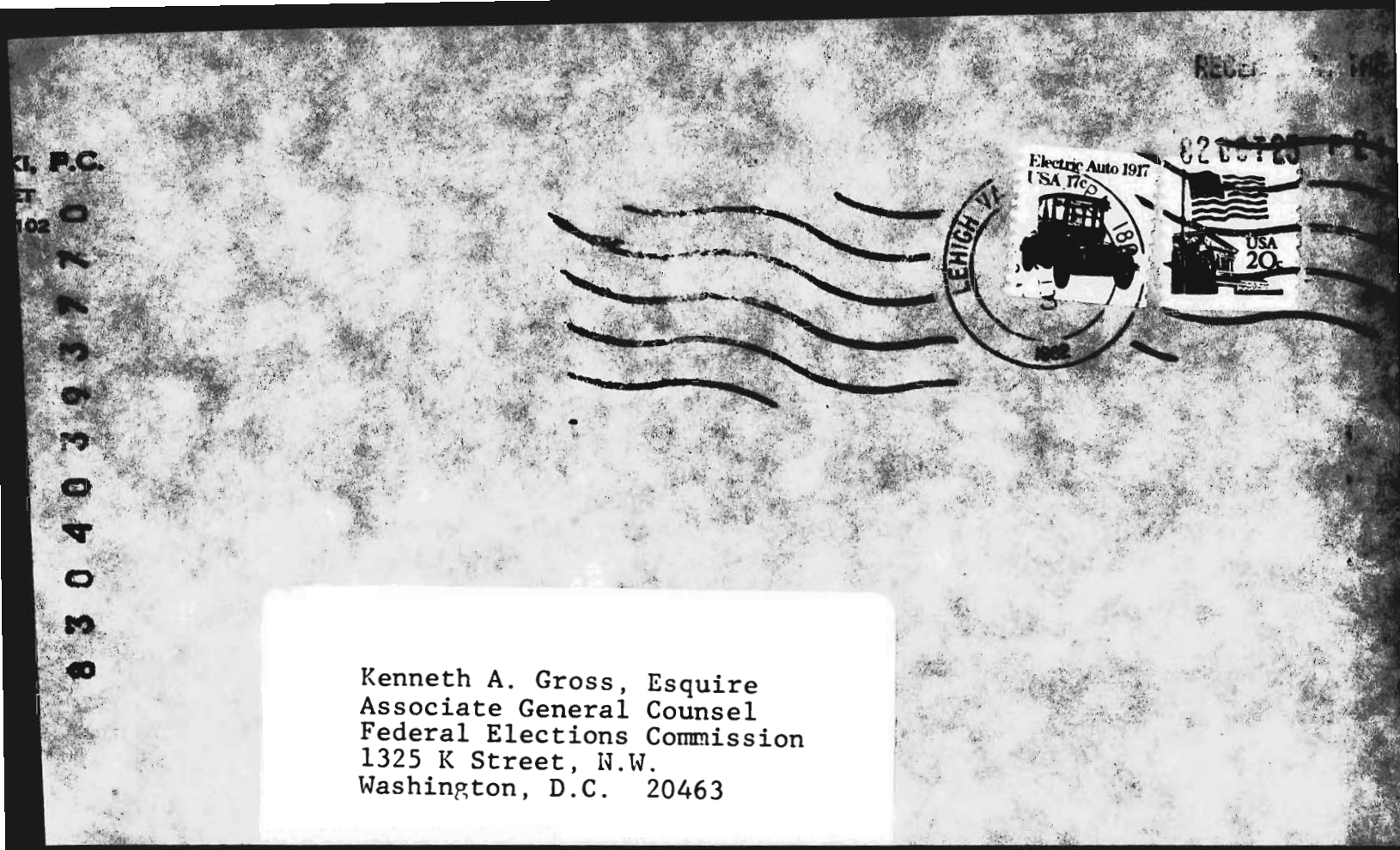
Joseph & Makoul
461 Linden Street
Allentown, PA 18102

One piece of ordinary mail addressed to:

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

MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE — POSTMASTER

PS FORM MAY 1976 3817 ☆ U.S. GOVERNMENT PRINTING OFFICE: 1979-752-5



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

2031241

RECEIVED AT THE E
Gcc# 8747
82 OCT 22 P2:

LAW OFFICES
JOSEPH AND MAKOUL
461 LINDEN STREET
ALLENTOWN, PA. 18102
TELEPHONE (215) 433-4233

RICHARD J. MAKOUL
JAMES A. KATZ, JR.
LEIGHTON COHEN

GEORGE J. JOSEPH
1942-1976

October 20, 1982

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

Re: MUR 1480

Dear Mr. Gross:

Enclosed please find Respondent's Answer for filing in the above-captioned matter.

Your attention is appreciated.

Very truly yours,

Richard J. Makoul

Richard J. Makoul

RJM:ldj
enc.
Answer

2 OCT 22 P3:07

8304039377 1

RECEIVED AT THE FEC

82 OCT 22 P2: 1[illegible]

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: Richard J. Makoul, Esq.

ADDRESS: 461 Linden Street
Allentown, PA 18102

TELEPHONE: (215) 433-4233

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.

October 13, 1982
Date

Karen Ann Orloski
Signature

NAME: KAREN A. ORLOSKI

ADDRESS: 124 Stephenson Street
Duryea, PA 18042

HOME PHONE: (717) 457-6428

BUSINESS PHONE:

83040393772

PATRICK WASTELLA, :
Complaintant : NO. MUR 1480
versus :
KAREN ANN ORLOSKI, :
Respondent :

ANSWER

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF LEHIGH)

I, Karen Ann Orloski, being duly sworn according to law, deposes and says as follows:

1. I am 24 years old, having been born on February 5, 1958, and reside at 124 Stephenson Street, Duryea, Luzerne County, Pennsylvania.

2. I am the daughter of Wanda E. Orloski of 124 Stephenson Street, Duryea, Luzerne County, Pennsylvania, and the late Joseph B. Orloski.

3. I have three siblings as follows: 1) Joseph F. Orloski, d.o.b., January 24, 1942; 2) Richard J. Orloski, d.o.b., January 31, 1947; and 3) Joan Orloski, d.o.b., November 12, 1948.

4. I reside with my mother, Wanda E. Orloski, at 124 Stephenson Street, Duryea, Pennsylvania, and with my bachelor brother, Joseph F. Orloski, who is employed as a teacher at St. Mary's Visitation School, Dickson City, Pennsylvania.

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5. My brother, Richard, is a candidate for Congress in the 15th Congressional District, and he resides approximately 60 miles from my residence in the 11th Congressional District.

6. I never loaned any money whatsoever to the Orloski For Congress Committee.

7. Sometime immediately prior to December 23, 1981, my brother, Richard, telephoned me and asked to borrow from me $10,000.00, and he personally assured me that he would repay this loan, in full.

8. At the time of the phone conversation, I had funds in my name in excess of $11,000.00, which funds were originally obtained by me, prior to accumulations from interest, largely as the result of my brother's representation of me in a civil lawsuit.

9. In the civil lawsuit which my brother handled for me, I was charged no legal fee whatsoever by my brother for his legal services, and I am aware that I received these funds because of his efforts on my behalf.

10. In addition to being aware that his services generated this fund, I was aware at the time that I loaned him the money that he and his wife, Kathy, had substantial assets far in excess of these monies, and that he would have no difficulty in repaying me this loan.

83040393377

11. As a result of this complaint, my brother has revealed to me that, as of December, 1981, he had the following assets:

12. Given my brother's personal assurance that he would re-pay me, I loaned him the monies without inquiring into his reason for the loan.

8 3 0 4 0 3 9 3 7 7

13. As a result of this complaint, my brother has revealed to me that he wanted the loan so he would not have to liquidate his common stock at a time that he would have incurred losses in selling the stock.

14. On or about December 23, 1981, I loaned my brother $10,000.00 which he deposited to his personal account. See, copy of Merchants Bank statement attached hereto as Exhibit A.

15. On or about December 28, 1981, my brother loaned his Committee $10,000.00. See, copy of check number 1045 attached hereto as Exhibit B.

16. On or about January 15, 1982, the Committee repaid my brother the $10,000.00 that he loaned the Committee. See, copy of check number 103 attached hereto as Exhibit C.

17. On or about January 21, 1982, my brother repaid me the loan for $10,000.00. See, copy of check number 1075 attached hereto as Exhibit D.

18. This first loan of $10,000.00 by my brother to the Committee was duly reported by the Orloski For Congress Committee in the December 31, 1981 report and the March 31, 1982 report without further inquiry by the FEC.

19. Immediately prior to March 22, 1982, my brother again contacted me about once again borrowing the $10,000.00, and once again gave me personal assurances that the money would be repaid by him to me.

20. Again, given my brother's personal assurances that he would re-pay me, I loaned him the monies without inquiry

3 3 0 4 0 3 9 3 7 7 8

into his reason for the loan.

21. On or about March 22, 1982, I loaned my brother $10,000.00 which he deposited to his personal account. See, copy of Merchants Bank statement attached hereto as Exhibit E.

22. On or about March 25, 1982, my brother loaned his Committee $10,000.00. See, copy of check numbered 1154 attached hereto as Exhibit F.

23. On or about June 10, 1982, the Committee repaid my brother $5,000.00 towards the $10,000.00 that he loaned the Committee. See, copy of check numbered 158 attached hereto as Exhibit G.

24. On or about June 13, 1982, my brother repaid me $5,000.00 towards the $10,000.00 that I loaned him. See, copy of check numbered 1261 attached hereto as Exhibit H.

25. On or about June 18, 1982, the Committee repaid my brother the balance of the $5,000.00 owed to him by the Committee. See, copy of check numbered 161 attached hereto as Exhibit I.

26. On or about June 27, 1982, my brother repaid me the $5,000.00 owed to me by my brother. See, copy of check numbered 1271 attached hereto as Exhibit J.

27. By June 27, 1982, I was repaid in full by my brother.

28. At no time during these transactions did I have any contact with my brother's Committee, and my loan was strictly an informal family loan which I knew I would be repaid in full

3304039377

by my brother because he always had the assets to pay me in full.

29. The loan by me to my brother was purely for the convenience of preventing him from liquidating his common stock or seeking execution against his debtor on the judgment note at an inopportune time.

30. On April 20, 1982, the FEC inquired about the source of the funds.

31. On April 26, 1982, my brother's Committee identified me as the source of the funds.

32. On June 1, 1982, the FEC requested that the $10,000.00 be repaid.

33. On June 7, 1982, my brother's Committee advised the FEC that I did not loan the money to the Committee, but that the loan was strictly between my brother and his Committee. Inasmuch as the FEC wanted repayment, however, the Committee would oblige.

34. On June 11, 1982, my brother's Committee advised the FEC that it had repaid him $5,000.00 and that my brother would re-pay me the first installment of $5,000.00.

35. On June 21, 1982, my brother's Committee advised the FEC that it had repaid him the balance of $5,000.00, and that my brother would re-pay me the second installment of $5,000.00.

36. The representations made by the Committee have in fact been accomplished.

Karen Ann Orloski
KAREN ANN ORLOSKI

SWORN TO and Subscribed
before me this 18th day
of October, 1982.

Loretta Johnson
Notary Public

LORETTA JOHNSON, NOTARY PUBLIC
ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES MAR. 11, 1985
Member, Pennsylvania Association of Notaries

83040393778

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN, PA. 18103

1045

Dec 28 1981

60-131
313-0

PAY TO THE ORDER OF Orloski for Congress Committee $10,000 no/100

Ten Thousand and no/100 DOLLARS

PAID
DEC 3 1982
MERCHANTS NATIONAL BANK OF ALLENTOWN

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN, ALLENTOWN, PA.

MEMO Loan

60-131

Richard J. Orloski

EXHIBIT "B"

83040393779

ORLOSKI FOR CONGRESS COMMITTEE
% STUART T. SHMOCKLER : TREASURER

103

60-128
313

1-15 1982

PAY TO THE ORDER OF Richard J. Orloski $10,000.00

10000 00/100 DOLLARS

1st NATIONAL BANK
FIRST NATIONAL BANK
ALLENTOWN, PENNSYLVANIA 18101

FOR Payment of loan 12-28-81 Stuart T. Shmockler, Treas.

⑈000103⑈ ⑆031301286⑆ 5917233 20⑈ ⑈0001000000⑈

EXHIBIT "C"

8304093730

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN, PA. 18103

1075

Jan 21 1982

PAY TO THE ORDER OF Karen Ann Orloski $ 10,000.00/100

Ten thousand and no/100 DOLLARS

JAN 2 82

THE MERCHANTS NATIONAL BANK OF ALLENTOWN

MERCHANTS NATIONAL BANK OF ALLENTOWN

Richard J. Orloski

MEMO

EXHIBIT "D"

830403937 8 1

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN PA. 18103

1154

March 25 1982

60-131
313 D

PAY TO THE ORDER OF Colonel for Congress Committee $ 10,000 no/100

Ten thousand and no/100 DOLLARS

MAR 2 9 82

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN ALLENTOWN

MEMO Loan

BANK OF ALLENTOWN
60-131

Richard J. Orloski

EXHIBIT "F"

8 3 0 4 0 3 9 3 7 8

8 3 0 4 0 3 9 3 7 8 3

EXHIBIT "G"

ORLOSKI FOR CONGRESS COMMITTEE
% STUART T. SHMOOKLER - TREASURER

158

6-10 1982

60-128
313

PAY TO THE ORDER OF Richard T. Orloski $5000.00

THE SUM 5000 DOLS 00 CTS DOLLARS

1st NATIONAL BANK
FIRST NATIONAL BANK
ALLENTOWN, PENNSYLVANIA 18101

FOR [illegible]

⑈000158⑈ ⑆031301286⑆ ⑈59172332⑈ ⑈0000500000⑈

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN, PA. 1810

1261

June 13 1982

60-131
313 O

PAY TO THE ORDER OF Karen Ann Orloski $ 5,000 no/100

Five Thousand and no/100 DOLLARS

PAID

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN, ALLENTOWN, PA.

MEMO Tuggs $50 Thy $60 [illegible] 82

Richard J Orloski

EXHIBIT "1"

8 3 0 4 0 3 9 3 7 8

8 3 0 4 0 3 9 3 7 3 5

EXHIBIT "I"

ORLOSKI FOR CONGRESS COMMITTEE
% STUART T. SHMOOKLER - TREASURER

161

6-18 19 82

60-128
313

PAY TO THE ORDER OF Richard J. Orloski $ 5000.00

THE SUM 5000 DOLS 00 CTS DOLLARS

1st NATIONAL BANK
FIRST NATIONAL BANK
ALLENTOWN, PENNSYLVANIA 18101

FOR Legal expense

⑈000161⑈ ⑆031301286⑆ ⑈59172332⑈ ⑈0000500000⑈

8 3 0 4 0 3 9 3 7 8 6

RICHARD J. ORLOSKI
KATHY LAW ORLOSKI
3524 PATRICIA DRIVE
ALLENTOWN, PA. 18103

PAID 07/01/82

Jan 27 1982

60-131
313 O

PAY TO THE ORDER OF Karen Ann Orloski $ 5,000 no/100

Five Thousand and no/100 DOLLARS

JUL 0 2

THE MERCHANTS NATIONAL BANK
OF ALLENTOWN, ALLENTOWN, PA.

MEMO Trnd untitled of $5,000.00 on $10,000.00 loan

Richard J. Orloski

60-131

EXHIBIT "J"

LAW OFFICES
JOSEPH AND MAKOUL
461 LINDEN STREET
ALLENTOWN, PA. 18102

RECEIVED AT THE FEC

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

93040393797

October 5, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1480

Pursuant to the expedited compliance procedures, please circulate this for your information on PINK paper. Thank you.

Attachment

cc: Thedford

83040059738

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

October 5, 1982

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1480

The complainant, Patrick Wastella, alleges that candidate Richard Orloski and his sister, Karen Orloski, have violated the contribution limitations of 2 U.S.C. § 441a. The allegation concerns two $10,000 loans made by Karen Orloski to Richard Orloski's campaign committee, Orloski For Congress Committee, which were repaid to Ms. Orloski after the Reports Analysis Division inquired into the source of the loans. Copies of three news articles were submitted with the complaint.

The Office of the General Counsel will present a recommendation to the Commission upon receipt and analysis of the respondents' replies to the complaint.

83040393708

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
82 OCT 5 A9:33

OGC
Doc
#1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

October 5, 1982

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1480

The complainant, Patrick Wastella, alleges that candidate Richard Orloski and his sister, Karen Orloski, have violated the contribution limitations of 2 U.S.C. § 441a. The allegation concerns two $10,000 loans made by Karen Orloski to Richard Orloski's campaign committee, Orloski For Congress Committee, which were repaid to Ms. Orloski after the Reports Analysis Division inquired into the source of the loans. Copies of three news articles were submitted with the complaint.

The Office of the General Counsel will present a recommendation to the Commission upon receipt and analysis of the respondents' replies to the complaint.

83040393790

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
82 OCT 5 A9:33

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 5, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Stuart T. Shmooker, Treasurer
Orloski for Congreee Committee
446 Linden Street
Allentown, PA 18102

Re: MUR 1480

Dear Mr. Shmooker:

This letter is to notify you that on October 1,1982, the Federal Election Commission received a complaint which alleges that your committee may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1480. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain 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 matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

83040593791

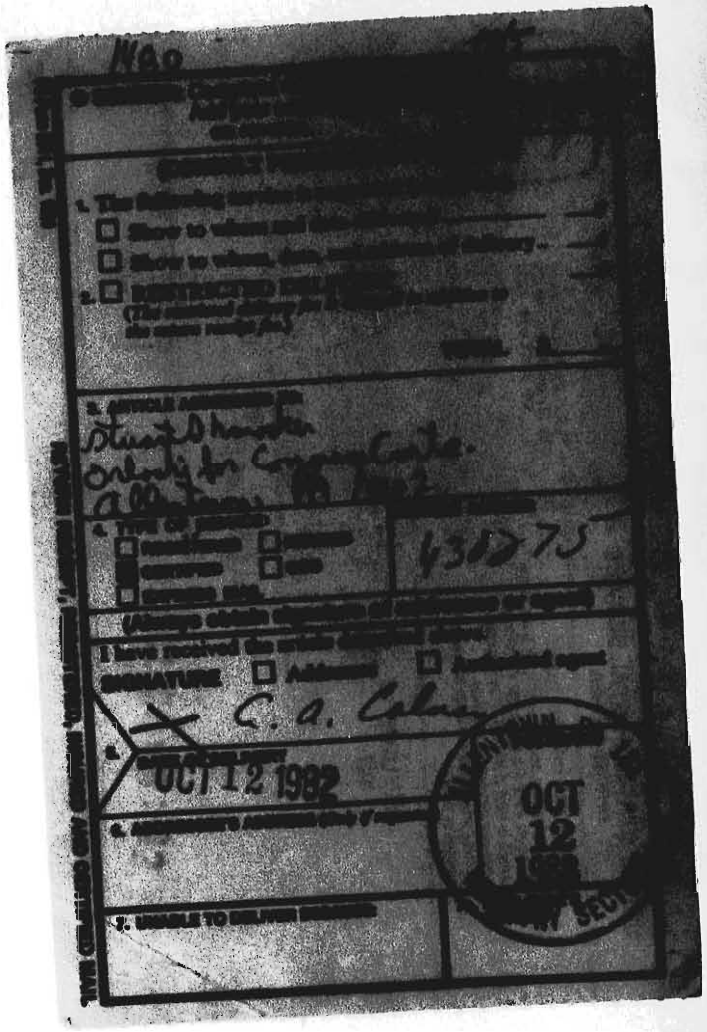
If you have any questions, please contact Judith Thedford, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

By Kenneth A. Gross
Associate General Counsel

83040593792



Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 5, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Karen Orloski
124 Stephenson Street
Duryea, PA 18642

Re: MUR 1480

Dear Ms. Orloski:

This letter is to notify you that on October 1,1982, the Federal Election Commission received a complaint which alleges that your committee may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1480. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain 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 matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

83040393793

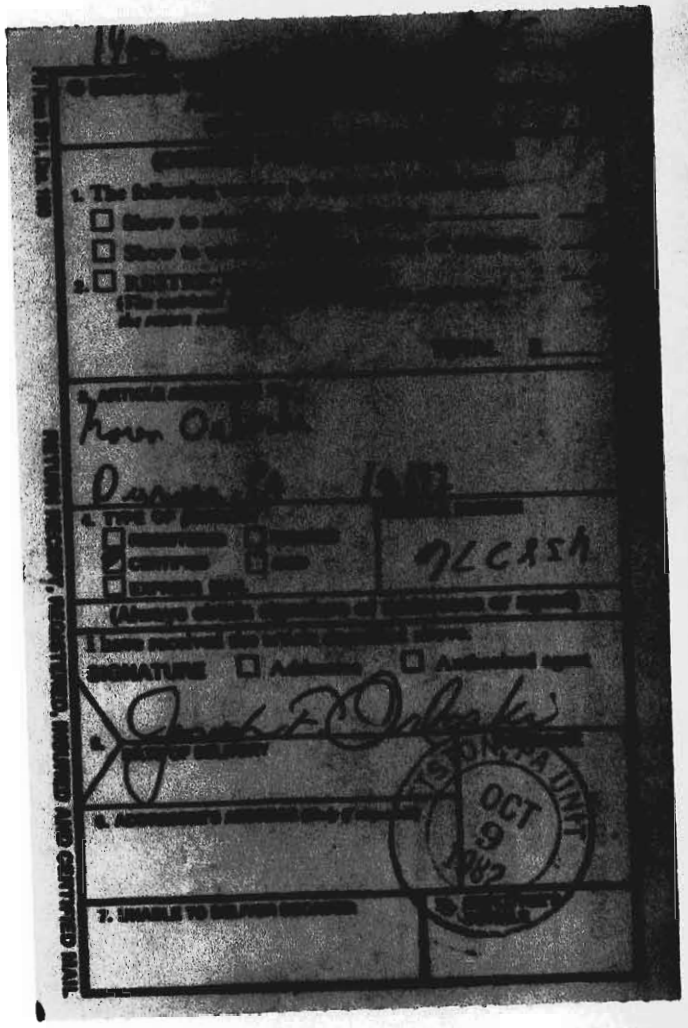
If you have any questions, please contact Judith Thedford, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

By Kenneth A. Gross
Associate General Counsel

83040393794



Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 5, 1982

Mr. Patrick Wastella
2117 Baker Drive
Allentown, PA 18103

Dear Mr. Wastella:

This letter is to acknowledge receipt of your complaint of September 27,1982, against the Orloski for Congress Committee and Ms. Karen Orloski which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Steven Barndollar at (202) 523-4073.

Sincerely,

Charles N. Steele
General Counsel

By Kenneth A. Gross
Associate General Counsel

Enclosure

83040393795

202918

RECEIVED AT THE FEC
Case #8576
82 OCT 1 P12:51

2117 Baker Drive
Allentown, Pennsylvania 18103
September 27, 1982

82 OCT 1 P2:32

RECEIVED
GENERAL COUNSEL

General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

Dear Sir:

As a citizen and registered voter of Lehigh County, Pennsylvania, I wish to register a formal complaint with the Federal Election Commission.

The subject of my complaint involves what appears to be illegal campaign contributions received by Mr. Richard Orloski, a congressional candidate in Pennsylvania's 15th Congressional District.

It is my understanding that Mr. Orloski has been or is presently the subject of an investigation by the FEC (newspaper article enclosed).

Mr. Orloski, in December of 1981 and in March of 1982, received loans totaling $20,000 (2 separate $10,000 loans) from one Karen Orloski (a 24 year old student from Duryea, Pennsylvania, according to the newspaper articles).

It is my understanding that these loans are in violation of FEC rules in that they exceed the legal maximum allowable contribution (11CFR 100.7 (a) (1) and 11CFR Part 110). Further, it is also my understanding that a loan that exceeds the contribution limitation remains unlawful even if repaid.

My complaint centers on the obvious illegality of the $20,000 in loans and, more importantly, where the funds came from to repay the said loans. If the candidate in fact had the funds to repay the loans, why were the loans necessary in the first place? Unless the candidate's own finances are reviewed anyone can avoid the statutory limitations by giving or loaning money directly to the candidate (rather than his committee).

Basically, I have two questions of the FEC:

1. Is the FEC conducting a financial audit of Mr. Orloski's campaign funding, including his personal finances during the last year?

2. Are any actions being considered against Mr. Orloski?

If the FEC has any questions concerning this complaint, please do not hesitate to call me.

Sincerely,

Patrick Wastella

Patrick Wastella
(215) 791-0243

Enc.

83040393796

RECEIVED AT THE FEC

82 OCT 1 P12: 52

COMMONWEALTH OF PENNSYLVANIA)
) SS
COUNTY OF LEHIGH)

Patrick Wastella being duly sworn according to law, deposes and says that the facts set forth in the foregoing letter are true and correct to the best of his knowledge, information and belief.

Patrick Wastella

Sworn to and subscribed before me this 27th day of September, 1982.

Notary Public

Karen E. Barnett, Notary Public
Allentown, Lehigh County, Pennsylvania
My Commission Expires August 8, 1986

8304039377

2117 Baker Drive
Allentown, Pennsylvania 18103
September 27, 1982

General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

Dear Sir:

As a citizen and registered voter of Lehigh County, Pennsylvania, I wish to register a formal complaint with the Federal Election Commission.

The subject of my complaint involves what appears to be illegal campaign contributions received by Mr. Richard Orloski, a congressional candidate in Pennsylvania's 15th Congressional District.

It is my understanding that Mr. Orloski has been or is presently the subject of an investigation by the FEC (newspaper article enclosed).

Mr. Orloski, in December of 1981 and in March of 1982, received loans totaling $20,000 (2 separate $10,000 loans) from one Karen Orloski (a 24 year old student from Duryea, Pennsylvania, according to the newspaper articles).

It is my understanding that these loans are in violation of FEC rules in that they exceed the legal maximum allowable contribution (11CFR 100.7 (a) (1) and 11CFR Part 110). Further, it is also my understanding that a loan that exceeds the contribution limitation remains unlawful even if repaid.

My complaint centers on the obvious illegality of the $20,000 in loans and, more importantly, where the funds came from to repay the said loans. If the candidate in fact had the funds to repay the loans, why were the loans necessary in the first place? Unless the candidate's own finances are reviewed anyone can avoid the statutory limitations by giving or loaning money directly to the candidate (rather than his committee).

Basically, I have two questions of the FEC:

1. Is the FEC conducting a financial audit of Mr. Orloski's campaign funding, including his personal finances during the last year?

2. Are any actions being considered against Mr. Orloski?

If the FEC has any questions concerning this complaint, please do not hesitate to call me.

Sincerely,

Patrick Wastella
(215) 791-0243

Enc.

3304039379

COMMONWEALTH OF PENNSYLVANIA)
) SS
COUNTY OF LEHIGH)

Patrick Wastella being duly sworn according to law, deposes and says that the facts set forth in the foregoing letter are true and correct to the best of his knowledge, information and belief.

Patrick Wastella

Sworn to and subscribed before me this 27th day of September, 1982.

Notary Public

Karen E. Barretta, Notary Public
Allentown, Lehigh County, Pennsylvania
My Commission Expires August 9, 1986

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Loans to Orloski probed

UC 9/2/82 P①

By DAVID DAWSON
Of The Morning Call

Richard Orloski

Richard Orloski, the Democratic candidate for Congress in the 15th District, accepted questionable loans totaling $20,000 from his sister, Karen Orloski, to finance his primary campaign.

The Federal Election Commission inquired about the source and nature of the loans when Orloski reported them on routine reports to the FEC. The loans were accepted, Orloski and his treasurer, Atty. Stuart Shmookler, said, because they misunderstood the law. The loans have since been repaid in full, which effectively eliminates the infraction under FEC regulations.

The FEC has not, however, ruled on the loans or indicated that the case is terminated.

According to federal election laws, an individual may lend or donate no more than $2,000 to a candidate for federal office — $1,000 during the candidate's primary campaign and another $1,000 toward the candidate's general election effort. However, once a loan is repaid to an individual by the candidate, that individual can then make additional contributions or loans, as long as the $1,000 limit is never exceeded.

"It was probably my fault," Shmookler said yesterday. He said it had been his understanding that personal loans that would be repaid could exceed the $1,000 limit. "I was mistaken," he said.

Orloski said, "I borrowed $10,000 from my sister with the full intention of repaying her. We reported it as such." Two loans of $10,000 each were borrowed, the first in December 1981, the second in March 1982.

It was because the Orloski for Congress Committee reported the loans in the reports to the FEC that the investigation was begun, FEC letters to Shmookler indicate. Under FEC rules, any single contribution or loan to the committee over $1,000 must come from the candidate himself. Even if a candidate gets a loan from a bank, the loan cannot be secured by another individual for more than $1,000.

By the time the FEC asked Shmookler for more information on the loans, one of them had already been repaid. At the request of the FEC, the second loan was repaid in June. "I

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ORLOSKI

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assume they've accepted our explanationand that's that," Shmookler said.

The FEC's policy in these matters is to refuse comment until an investigation is complete. Once a case is closed, it becomes a matter of public record. In cases such as this, an FEC spokesman said, the commission has the option of dropping the matter or fining the candidate.

Shmookler said the last correspondence he received from the agency was a letter asking what the nature of the loans was. He said he responded that the money came from personal funds of his sister.

To explain the mistake, Orloski said, "It's not straightforward in the statute, it's in the definitions. They treat a loan as a contribution."

Orloski relied heavily on loans to finance his successful primary bid against Steve Adik of Hanover Township, Northampton County, and Bernard Berg of Easton.

Orloski listed $12,429 in operating expenses for his campaign as of June 30. Less than $5,000 was raised in contributions. The balance came from loans. He did have just enough funds on hand to run the primary without the $20,000 from his sister, however. Although the first $10,000 loan was the first money deposited in his campaign account, other funds were received before significant amounts of cash were spent on the campaign.

Orloski made an additional $8,000 in loans for the primary. He loaned $4,000 of his own funds to the campaign committee, which is permitted by FEC regulations, and borrowed another $4,000 from three relatives, of which $1,000 is earmarked for the general election.

As of June 30, he had repaid the $20,000 in loans to his sister and had $470.68 left in his campaign account.

Orloski faces incumbent Republican Don Ritter in the genera election.

Orloski loans from her own funds, sister says

Karen Orloski, 24, of Duryea, Luzerne County, sister of Atty. Richard Orloski, Democratic candidate for Congress in the 15th District, said yesterday she lent him $20,000 for his 1982 primary election campaign.

Both the candidate and Miss Orloski, a freelance artist and a graduate student at Marywood College, declined yesterday to state for the record where she obtained that much money.

The candidate's father-in-law, Dr. Harold B. Law, 70, a retired research scientist of Hopewell, N.J., told The Morning Call yesterday that neither he nor his wife has contributed directly to Orloski's campaign against incumbent Republican Don Ritter.

Law said he and his wife are registered Republicans and oppose their son-in-law's deep involvement in politics this early in his legal career.

> **"Surely there is something wrong with our election process, and it's readily curable by public funding of congressional campaigns."**
>
> Atty. Richard Orloski, 15th District candidate

Law said emphatically he did not lend amounts of $10,000 or $20,000 to his son-in-law or to the candidate's sister Karen, who stressed yesterday that it was her money which she lent to Orloski and that he has repaid her.

The candidate said he is mystified about the major publicity over the loans from his sister as reported in Thursday's Call.

The Call reported Orloski was questioned by the Federal Election Commission (FEC). Federal rules say no individual may lend or donate more than $2,000 to a candidate for federal office. This breaks down into a $1,000 limit for the primary

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campaign and $1,000 for the general election.

Orloski and his campaign treasurer, Atty. Stuart Shmookler, both said earlier they misunderstood the federal rules, and thought the $1,000 limit did not apply when the loans are repaid promptly.

By the time the FEC questioned Orloski about the loans, which he had listed on routine reports to the commission, the first $10,000 loan which was obtained in December 1981 had been repaid.

The second $10,000 loan, obtained from Karen in March, was reportedly repaid in June.

Under FEC rules, any single contribution or loan to the candidate's campaign committee over $1,000 must come from the candidate himself.

Orloski said yesterday the loans from Karen were made to him personally in each instance, and he in turn donated the money to his committee. When the funds were repaid, they were paid first to Orloski by the committee, and then by Orloski to his sister. The loans were not made to the committee by Karen, he said, which is apparently the way the FEC views the situation. Orloski said after he reported the first $10,000 loan made last December, "nobody said anything about it."

He opted to borrow $10,000 more in March, he said, instead of raising money by selling stocks or other securities owned by him and his wife.

He said as far as he knows, the FEC "report-analysis division" still has his campaign reports and plans no punitive action because of "technical error" involving the repaid loans.

Orloski said the FEC enforcement division has to contact a candidate about possible infractions within five days after it receives a case from the report analysis division.

He said he has heard nothing from the FEC enforcement division and yesterday contacted several FEC officials, including an FEC lawyer.

The candidate said he learned that political committees are notorious for not repaying loans, so once a loan has been repaid promptly, the FEC views the action favorably.

The FEC has not officially ruled on the loans or indicated any inquiry has ended.

Orloski, a bit perturbed yesterday, said:

"My opponent (Don Ritter) can take hundreds of thousands of dollars from corporate political committees but I borrow personally $10,000 and it's a technical violation.

"Surely there is something wrong with our election process, and it's readily curable by public funding of congressional campaigns."

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Sister's Two Loans To House Hopeful Puzzle FEC, Orloski

Bethlehem Globe-Times 9-1-82 B-3

A series of loans from the candidate's sister to the Orloski for Congress committee appears to have both the recipient and the Federal Election Commission confused.

The confusion stems from a misunderstanding of federal laws governing campaign contributions by Democratic Congressional hopeful Richard Orloski and his campaign staff. Multiple listing of campaign donations, as required by the FEC, also has added to the problem.

Fred Eiland, spokesman for the FEC, said federal election laws forbid anyone giving more than $2,000 in contributions or loans to the candidate's campaign committee. The $2,000 is broken into a $1,000 limit for the primary campaign and a $1,000 limit for the general election.

Any amount over $2,000 must come from the candidate himself.

Eiland said FEC records and amendments to the records filed by the candidate's election committee reveal a confusing series of $10,000 loans and repayments.

"Our records show that on Dec. 28 Orloski made a $10,000 loan to the committee," Eiland said. "On an amended version of the financial report filed in April, the election committee said the loan came from the candidate's sister, Karen Orloski."

Karen Orloski, 24, of 124 Stephenson St., Duryea, Luzerne County, is a freelance artist and an art major at Marywood College.

Campaign records indicate of the more than $32,000 raised so far, $28,000 has come from the candidate and the candidate's family.

According to the FEC, on Dec. 28, 1981, Orloski loaned $10,000 to his election committee. Another report shows a $10,000 loan repayment in January 1982 and a $10,000 loan from the candidate in March.

One amendment to the financial report reveals the first loan was from Karen Orloski, not the candidate, and another amendment says the last $10,000 loan from Orloski was a second loan from Karen Orloski.

Eiland said the list of loans could

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Loans Puzzle FEC

Continued From Page B-1

make it seem as if as many as four loans were made to the Orloski campaign by the candidate's sister.

But, Eiland and Richard Orloski agreed, only two loans are actually in question and they both have been repaid.

Repayment does not mean the candidate will avoid charges for violating the election law. Eiland refused to say whether the FEC is considering legal action against the candidate.

Attorney Stuart Shmookler, treasurer for the Orloski campaign, said there should be no confusion.

"The loans were pretty straightforward," he said. "The first loan in December was repaid by the committee Jan. 15 and the March loan was repaid in two $5,000 payments by June. The source of both of the loans was Karen. The confusion probably arises because the same loans are listed many times on FEC reports."

Orloski said he forsees no problems because of the loans.

"My wife and I have some money in the stock market," he said. "It was a bad time to sell stocks and I thought it would be better to borrow from her (Karen)," he said.

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