



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1779

Date Filmed 12/17/84 Camera No. --- 2

Cameraman A.S.

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FEDERAL ELECTION COMMISSION

Internal Documents including - assignment forms (2); address forms (2);
Routing slips (4); 12 Day Reports (4); Comments sheets (14);

Returned letters Memoranda (2); Enforcement Routing Slips
(Blue) (5); Memorandum to the Commission with

attached comments (2); ~~The~~ Objections from
Commission (2); Exhibits 17418 of Ferraro Response (for material)
Personal Privacy (Copies of same)

NOTE : on 12/17/84 I removed exhibits 17418 from the FOIA
 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):

- | | | | |
|-------------------------------------|---|-------------------------------------|--|
| <input type="checkbox"/> | (1) Classified Information | <input checked="" type="checkbox"/> | (6) Personal privacy |
| <input type="checkbox"/> | (2) Internal rules and practices | <input type="checkbox"/> | (7) Investigatory files |
| <input type="checkbox"/> | (3) Exempted by other statute | <input type="checkbox"/> | (8) Banking Information |
| <input type="checkbox"/> | (4) Trade secrets and commercial or financial information | <input type="checkbox"/> | (9) Well Information (geographic or geophysical) |
| <input checked="" type="checkbox"/> | (5) Internal Documents | | |

the public interest
 is served
 by release of
 material
 (PR)

Signed Patricia Kelley
 date 12-11-84

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 9, 1984

Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

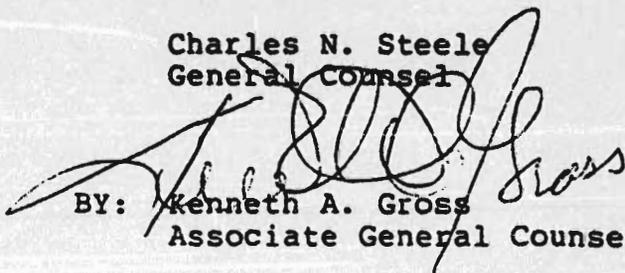
RE: MURs 1764 and 1779

Dear Mr. Pollak:

This letter will confirm my telephone conversation with you on September 27, 1984, regarding extensions of time in MURs 1764 and 1779. We have considered the basis of your request and have decided to grant the requested extensions. Thus, the responses for both MURs will be due on October 11, 1984.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

34040491571

00014971

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 828-2000

CABLE ADDRESS: "SANDS"

TELEX NO: 80-2388

TELECOPIER: (202) 828-2148

FRANCIS M. SHEA
WARNER W. GARDNER
LAWRENCE J. LATTO
RICHARD T. CONWAY
ROBERT T. BASSECHES
BENJAMIN W. BOLEY
RALPH J. MOORE, JR.
MARTIN J. FLYNN
STEPHEN J. POLLAK
DAVID BOOTH BEERS
ANTHONY A. LAPHAM
RICHARD M. SHARP
JOHN D. ALDOCK
WILLIAM S. MOORE
JOHN TOWNSEND RICH
LOUIS M. KAUDER

JAMES R. SIENS
I. MICHAEL GREENBERGER
WILLIAM F. SHEEMAN
R. JAMES WOOLESEY
FREDERICK C. SCHAFRICK
DAVID S. COOK
STEPHEN J. MADLEY
FRANKLIN D. KRAMER
WENDY S. WHITE
WILLIAM R. GALBSTA
PATRICK M. HANLON
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JEFFREY C. MARTIN
BRUCE C. SWARTZ
ELIZABETH RYMAN GEISE
CHRISTOPHER J. WRIGHT
SUZANNE E. NEEKER
JULIE MELANUD
LAURA E. WERTHEIMER
RICHARD M. WYNER

October 3, 1984

14 OCT 3 1984
P 5:41
GENERAL

BY HAND

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1779 and 1764

Dear Mr. Gross:

This letter will confirm my telephone conversation with you on September 27, 1984, respecting the Federal Election Commission proceedings carrying the designations of MUR 1779 and 1764.

I advised that Representative Geraldine A. Ferraro, her spouse John A. Zaccaro, and David Blanksteen, as Treasurer, Committee to Elect Geraldine A. Ferraro to Congress, had received from the Federal Election Commission three identical letters dated September 18, 1984, notifying them that the Commission had received a complaint from the Fund for a conservative majority alleging possible violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was attached to the letters which advised that the FEC had numbered it MUR 1779.

I advised further that Representative Ferraro, Mr. Zaccaro, and Mr. Blanksteen had indicated to me their desire that this firm represent each of them in respect to MUR 1779 but that I had not as yet received signed statements of designation of counsel from any of them. Since then I have received such a statement from Representative Ferraro and Mr. Zaccaro and it is enclosed herewith. Mr. Blanksteen, I am advised, has been and is away from his office and is to return on Friday, October 5,

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Kenneth A. Gross, Esq.
October 3, 1984
Page 2

1984. I will forward a signed statement from him as soon as it is received by me.

In the conversation on September 27, 1984, I explained that a review of the complaint in MUR 1779 indicates that the allegations are similar to allegations made in the complaint in MUR 1764. Representative Ferraro, Mr. Zaccaro and Mr. Blanksteen are respondents in MUR 1764 and are represented by this office in that proceeding.

I then advised you that it was my understanding from counsel for Mr. Manny Lerman that Mr. Lerman had recently received notice from the FEC that he had been named in the complaints designated MUR 1764 and 1779; that he had retained counsel to represent him in those matters; and that his counsel had requested and been granted an extension of time until October 11 or 12, 1984, to file a letter or memorandum setting forth reasons why the Commission should take no action on the complaints.

In order to put the responses from all parties respondent in these two proceedings on the same schedule, and because the schedules and commitments of Representative Ferraro, Mr. Zaccaro and Mr. Blanksteen are making it difficult to complete the interviews and documentary reviews necessary for preparation of a responsive letter or memorandum in their behalf, I requested an extension of the time for these three respondents to respond in MUR 1764 and 1779 to October 11 or 12, 1984. My understanding from you in that conversation was that on the grounds described by me, an extension for the submission of a letter or memorandum on behalf of Representative Ferraro, Mr. Zaccaro and Mr. Blanksteen would be approved to and including October 11, 1984.

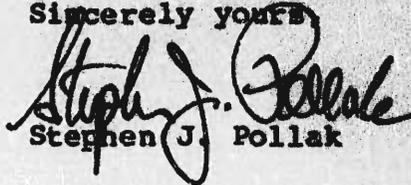
In addition to the matter of the time for response, reference was also made to the fact that the Commission has been receiving communications from other persons making allegations respecting Representative Ferraro and her obligations under the Federal Election Campaign Act, as amended. Copies of a few of these communications have heretofore been communicated to Representative Ferraro by you along with advice from the Commission that the communications are considered to be "improper complaints." You indicated that additional such communications may be anticipated and that upon written authorization such communications could be forwarded directly to me as Representative Ferraro's counsel. This letter will authorize the Commission to forward any such complaints received respecting Representative

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Kenneth A. Gross, Esq.
October 3, 1984
Page 3

Ferraro and/or Mr. Zaccaro directly to me at the above address.
I am authorized by Representative Ferraro and Mr. Zaccaro to
receive such communications from the Commission.

Sincerely yours


Stephen J. Pollak

SJP/rsl

Enclosure

cc: Hon. Geraldine A. Ferraro
Mr. John A. Zaccaro
Mr. David Blanksteen

34040491574

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1779

Stephen J. Pollak
Anthony A. Lapham
Wendy S. White
SHEA & GARDNER

NAME OF COUNSEL:

ADDRESS:

1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

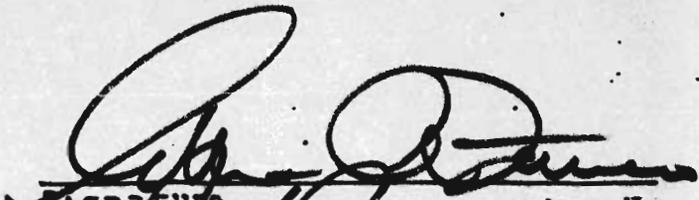
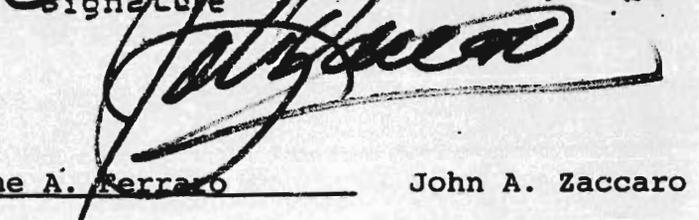
TELEPHONE:

(202) 828-2000

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 3, 1984

Date


Signature


RESPONDENT'S NAME:

Geraldine A. Ferraro

John A. Zaccaro

ADDRESS:

22 Deepdene Road

218 Lafayette Street

Forest Hills, New York 11375

New York, New York 10010

HOME PHONE:

BUSINESS PHONE:

(212) 226-1212

3.4040491575

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SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D. C. 20036

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036-1872

BY HAND

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, DC 20463



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 26, 1984

Thomas J. Schwarz, Esquire
Skadden, Arps, Slate, Meagher &
Flom
919 Third Avenue
New York, New York 10022

Re: Murs 1764 & 1779

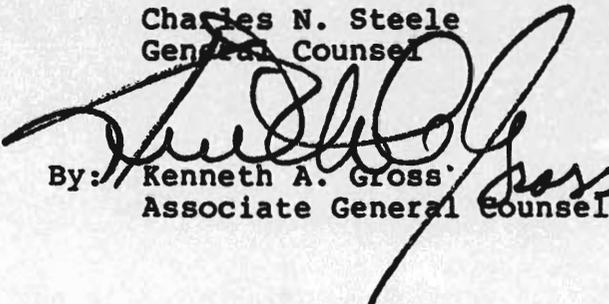
Dear Mr. Schwarz:

This will confirm our conversation of September 25, 1984, concerning your requests for an extension of time in the above matters. As discussed, we will not grant an extension to the requested date of October 18, 1984, but will provide you until October 11, 1984, to respond to the complaints. With regard to your request for merger, these matters have not been merged but in the event the Commission so decides, you will be advised at that time.

If you have any questions, please feel free to call me at (202) 523-4000, or Patty Reilly at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

84040491577



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: THE FILE, MURs 1764 and 1779

FROM: PATTY REILLY

SUBJECT: ERRATA IN THE FIRST GENERAL COUNSEL'S REPORT

The First General Counsel's Report signed on October 2, 1984 contains an error on page two. The last line of that page should read, "...valued the property at \$325,000, a price \$150,000 more than the...". The figure 125,000 has been changed to \$150,000.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
 FROM: Office of General Counsel *CA*
 DATE: October 3, 1984
 SUBJECT: MUR 1764 and MUR 1779 - First General Counsel's Report

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

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

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FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

SENSITIVE

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

FIRST GENERAL COUNSEL'S REPORT

84 OCT 3 AM 8:31

DATE AND TIME OF TRANSMITTAL BY
OGC TO THE COMMISSION 10/3/84 - 8:25

MURs 1764 and 1779
DATE COMPLAINT RECEIVED
BY OGC 1764: 8/22/84
1779: 9/6/84

DATE OF NOTIFICATIONS TO
RESPONDENTS:

	<u>1764</u>	<u>1779</u>
Ferraro	8/27	9/14
Blanksteen	8/27	9/14
Zaccaro	8/27	9/18
Melro	8/27	9/18
Lerman	8/27 & 9/14	9/14
Polarob, Inc.	9/14	9/18

STAFF MEMBERS

Reilly, Bernstein, Gross

COMPLAINANTS' NAMES: MUR 1764: John F. Banzhaf III
MUR 1779: Fund for a Conservative
Majority, by Robert C. Heckman,
Chairman

RESPONDENTS' NAMES: Geraldine A. Ferraro
The Geraldine A. Ferraro for Congress
Committee (1978), and David
Blanksteen, as treasurer
Manny L. Lerman
Melro, a partnership
John A. Zaccaro
Polarob, Inc.

RELEVANT STATUTES: 2 U.S.C. § 441a
§ 441b
§ 441f
§ 434

SUMMARY OF ALLEGATIONS

The Office of General Counsel has received two complaints alleging the discovery of illegal campaign contributions made to the 1978 Congressional Committee to Elect Geraldine Ferraro.

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John F. Banzhaf submitted the first complaint on August 22, 1984 (MUR 1764); the Fund for a Conservative Majority brought the second on September 6, 1984 (MUR 1779).^{1/} Named respondents in both MURs are Geraldine A. Ferraro, the 1978 Committee to Elect Geraldine Ferraro and David Blanksteen as treasurer, Manny L. Lerman, John A. Zaccaro, Polarob, Inc., and Melro, a partnership.

1. Factual Setting

A review of the Committee's disclosure reports in 1978 indicated family members loaned the Committee money exceeding the Act's limitations.^{2/} The allegations in the complaints assert that Ms. Ferraro sold a one-half ownership interest in a commercial building, seeking to raise money to repay these loans.^{3/} The purchaser was Melro, the partnership owning the other half of the building. Melro is alleged to be controlled by Mr. Manny Lerman, a business associate of Mr. Zaccaro. Negotiating the sale, Mr. Zaccaro and Mr. Lerman are said to have valued the property at \$325,000, a price \$125,000 more than the

^{1/} Although both reports are based solely on news accounts, we believe the allegations are stated with specific clarity to satisfy the Commission's standard of review in Directive Six. However, the "facts" as stated in this report are drawn from the complaint and have not been independently verified.

^{2/} The Commission addressed this in MUR 892. Mr. Zaccaro, husband of the candidate, and Mr. Blanksteen asserted a former FEC attorney advised the family loans were proper. Press accounts included in the complaint reveal that the attorney, David Stein, now disputes this account.

^{3/} Ms. Ferraro purchased this interest five months earlier from Polarob, Inc., described as a "dummy corporation" of Mr. Zaccaro. N.Y. Times, July 26, 1984, at A20.

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purchase price paid by both Polarob, Inc. and Ms. Ferraro and Melro. It is asserted that as part of these negotiations a secret agreement was reached between Mr. Zaccaro and Mr. Lerman, enabling Mr. Zaccaro to repurchase the one-half interest from Melro a short time later. The complaint states Mr. Zaccaro also paid a price based on the \$325,000 valuation. Both complaints allege the transactions surrounding this property resulted in illegal campaign contributions. Two theories are advanced to support this. One hypothesizes the candidate's husband sold her the building at less than fair market value, thus enabling her to liquidate this asset if a need arose for campaign financing. The second alleges Ms. Ferraro funded her campaign by receiving from the respondents money in excess of the fair market value of the building.

2. Specific Allegations

The complaint filed in MUR 1764 incorporates news reports from the New York Times, Washington Post, and Wall Street Journal. It alleges excessive campaign contributions were made by Mr. Zaccaro and Mr. Lerman. Violations arising from making contributions in the name of another are said to implicate Mr. Zaccaro, Mr. Lerman, and Melro. Polarob, Inc. is said to have made a prohibited corporate contribution. Ms. Ferraro and the Committee are alleged to have knowingly received contributions in violation of the Act.

Based on a Washington Post news article, MUR 1779 arises from the same set of facts and implicates the same respondents.

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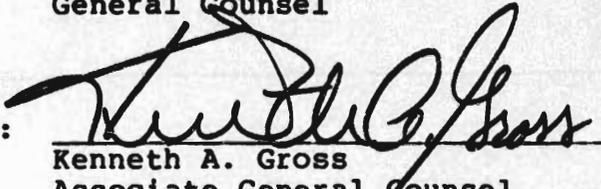
However, its allegations are not as sweeping as MUR 1764. It alleges Mr. Lerman made excessive contributions and Ms. Ferraro permitted her name to be used in a contribution made by another. Both Ms. Ferraro and the Committee are cited for knowingly receiving contributions in violation of the Act. The Committee is also alleged to have failed to meet the Act's reporting requirements.

STATUS OF THE MURS

All respondents have been notified in both matters; counsel has been designated for all respondents. Extensions of time have been requested. The requests for extensions were granted in part, allowing until October 11, 1984, to respond for all respondents in both MURs. This Office will make a full set of recommendations to the Commission after reviewing these responses.

Charles N. Steele
General Counsel

BY:


Kenneth A. Gross
Associate General Counsel

October 2, 1984
Date

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

HAND DELIVERED

Stephen J. Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

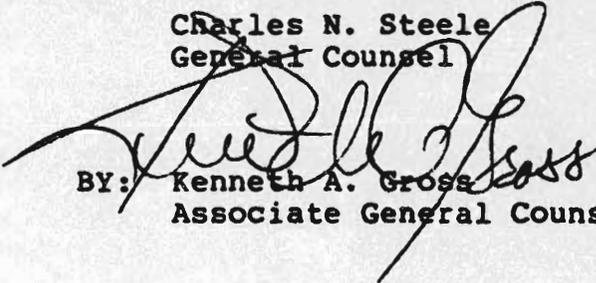
Re: MUR 1764

Dear Mr. Pollack:

This will acknowledge the receipt of your letter of September 10, 1984, requesting an extension of time to respond to the notice of complaint on behalf of Congresswomen Geraldine Ferraro, John Zaccaro and Daniel Blanksteen. We have considered the reasons put forth as the basis of your request and have decided to grant the requested extension. Thus, the responses will be due on October 6, 1984.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

84040491584



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

HAND DELIVERED

Stephen J. Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

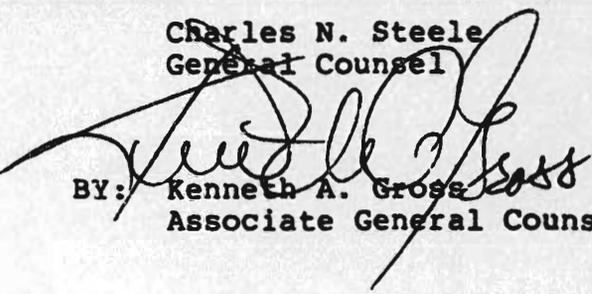
Re: MUR 1764

Dear Mr. Pollack:

This will acknowledge the receipt of your letter of September 10, 1984, requesting an extension of time to respond to the notice of complaint on behalf of Congresswomen Geraldine Ferraro, John Zaccaro and Daniel Blanksteen. We have considered the reasons put forth as the basis of your request and have decided to grant the requested extension. Thus, the responses will be due on October 6, 1984.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

84040491585



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 27, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Manny Lerman
333 Madison Avenue
New York, New York 10017

Re: MUR 1764

Dear Mr. Lerman:

This letter is to notify you that on August 22, 1984 the Federal Election Commission received a complaint which alleges that you, 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 1764. 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.

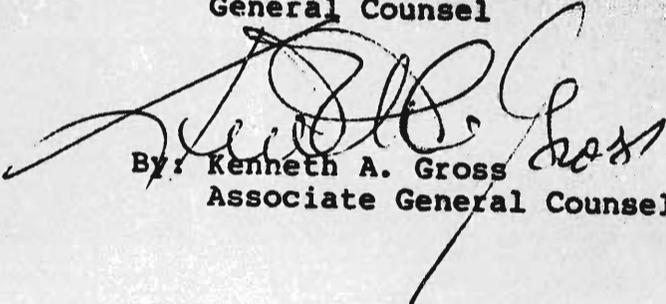
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

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COPY
84 AUG 22 9:17
HAND DELIVERED

SENSITIVE

In the Matter of the
Campaign Finances and Disclosures
of Congresswoman Geraldine A.
Ferraro

ORIGINAL PROCEEDING NUMBER MUR 892(78)
NEWLY ASSIGNED NUMBER 1764

FORMAL COMPLAINT AND REQUEST FOR INVESTIGATION

OR, IN THE ALTERNATIVE,

PETITION TO REOPEN PROCEEDING AND TO RECONSIDER PENALTY

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY
84 AUG 23 AIO: 18

NOW COMES Petitioner, and for the reasons set forth briefly hereinafter, respectfully requests the Federal Election Commission (FEC) to conduct a full and complete investigation of various allegations relating to the campaign finances and disclosures of Congresswoman Geraldine A. Ferraro. Specifically, and most importantly, Petitioner respectfully suggests that the Commission determine:

(1) whether, as attorney David J. Stein has now claimed, Geraldine Ferraro borrowed money from her husband John Zaccaro (and children) to finance her initial congressional campaign after being advised that such loans were probably illegal; and, if so, whether the Commission should, in light of this new information, reassess the penalty — a penalty imposed in an earlier FEC proceeding related to those loans in which leniency was recommended based upon representations that the transactions were entered into upon a good faith reliance upon Mr. Stein's legal advice that they were legal; AND

(2) whether Ms. Ferraro's sale of interests in real property (to very quickly repay the loans found by the FEC to be illegal) to her husband's business associate for a very substantial gain, under an apparent repurchase commitment by her husband, was a legitimate transaction or, as suggested by Newsweek magazine, simply "a device to allow Zaccaro to channel money to his wife's campaign in spite of federal spending limits."

IN SUPPORT OF this request, Petitioner sets forth the following upon information and belief, and incorporating herein by attachment and by reference information which has been reported in the public press, and which is therefore presumably known to the Commission.

1. In an earlier proceeding before this agency, MUR 892(78), the Commission found that Ms. Ferraro had accepted loans from her husband and other family members to finance her first congressional campaign, and that these loans were illegal. The approximate amount of the loans the Commission found were illegally made was \$130,000 (later slightly reduced). Although it appears that the penalty which could have been assessed by the Commission was the amount of the illegal loans, the Commission instead assessed penalties of some \$750; less than one percent of the penalty provided by law.

2. According to excerpts from the transcript of the proceedings and other reports, it appears that the Commission assessed such a light penalty because it believed that the loans were the result of an innocent mistake; i.e., the Ms. Ferraro and her husband had acted in good faith and reasonable belief in relying upon the advice of an attorney skilled in such matters that the loans were legal. Indeed, Mr. Zaccaro filed an affidavit to that effect, and then signed a conciliation agreement incorporating this representation.

3. However, it now appears that the attorney, Mr. David Stein, has publicly stated that he did not so advise the Zaccaros, but rather and in contrast had advised them that such loans might be illegal. He has reportedly said that he is willing to take a polygraph ("lie detector") test to substantiate his claim. Although his statement of advice was allegedly made in front of other witnesses, it does not appear that any of them have come forward publicly to state their recollection of these events. In view of the importance of this controversy and the wide publicity which has resulted, it seems strange that there has been no apparent resolution of this direct and possibly felonious conflict [18 U.S.C. 1001 makes knowingly false statements in an agency proceeding a felony punishable by five years in jail].

4. Because ³⁴⁰⁴⁰⁴²¹⁵⁸² direct conflict in the statements of these two individuals goes to the very heart and to the integrity of the Commission's procedures, and because the alleged representation seems to have been the major reason for the Commission's great leniency towards Ms. Ferraro, it would seem imperative for the agency to take all reasonable steps to resolve this controversy. At the very least it would seem appropriate for the principals, Mr. Zarraro and Mr. Stein, to be asked to testify and to be cross examined under oath. In addition, every effort should be made to take the testimony under oath of those who have knowledge of this event, particularly if they heard or were in a position to hear the statements Mr. Stein made concerning the loans. The Commission should also determine why the standard practice of having an opinion of this type reduced to writing in the form of a lawyer's "opinion letter" was not followed, particularly considering: the complexity of the law, the need for careful factual analysis to permit the rendering of a competent opinion, the very serious and high monetary penalties for illegal campaign loans, and the damage to Ms. Ferro's reputation which could result if the loans were found to be illegal.

5. It also appears that Ms. Ferraro, faced with the obligation of repaying some \$130,000 in illegal loans very quickly, sold her interest in a piece of real property to a business associate of her husband. It also now appears that her husband very shortly thereafter repurchased that same interest from his business associate for the same amount of money his wife had received. It has been argued their neither transaction was in any way illegal or improper, and that it would have been legal for her husband to purchase his wife's interest directly and openly to permit her to pay back her illegal loans. However, it is also possible that, as Newsweek magazine has suggested, the entire transaction was a "device to allow Zaccaro to channel money to his wife's campaign in spite of federal spending limits." It is respectfully suggested that there are a number of factors apparently present here which strongly suggest the latter possibility, or at least cry out for some sort of further impartial investigation. These are:

A. A corporation controlled by Mr. Zaccaro provided most of the funds for Mrs. Ferraro to purchase an interest in a commercial building, 231 Centre Street, on May 1, 1978, shortly before Ms. Ferraro's campaign began. More specifically, she acquired the property from Polarob Realty Corp., a company controlled by Mr. Zaccaro, which provided a mortgage of over \$124,000. One reasonable and possible inference is that this purchase was made in anticipation of the need for campaign financing; so that she would have an asset in her name which could be sold quickly to her husband's business associates at a price which could easily be influenced in a variety of ways by her husband.

B. This inference is strengthened when it is realized that this investment -- which was a large one for a woman of her apparent limited means at that time -- was made just prior to her campaign, and apparently just days before she received an initial illegal campaign loan from her husband. Why would she make such a major investment when most knowledgeable people are aware of the significant costs of congressional campaigns? Her statements at a press conference that she was not aware of those large costs, and/or that she believed (apparently only for ten days) that other people would raise the money for her, strain credibility.

C. It also does not appear that the mortgage allegedly taken on this property was recorded in New York City land records, a common and prudent practice which, while not required, does provide significant legal protection in the event of a large number of contingencies. Indeed, it is not clear whether she even signed the mortgage. Thus there appears to be no irrefutable proof -- of the type which would be supplied by a NYC land record, or a document signed by someone not subject to Zaccaro family influence or control -- to verify that the purchase was even made at that time. Thus the possibility certainly exists that when her need for immediate cash became apparent, a sham backdated purchase from a corporation controlled by her husband was arranged to provide the basis for an apparently bona fide sale.

D. It further appears that only several months later, when the need for immediate cash to repay the illegal loans occurred, Ms. Ferraro sold her interest to a close business associate of her husband's, Mr. Lerman (Melro). The value of the property had allegedly risen from the original purchase price of \$175,000 on May 1, 1978 to \$325,000 on October 4, 1978 -- a spectacular increase of over 80% in only five months; an annual rate of almost 200%. It also appears that Mr. Lerner was guaranteed by Mr. Zaccaro at the time that Mr. Zaccaro would repurchase this interest shortly, presumably at no less than the price paid to Ms. Ferraro. Thus even at best the transaction was not an arms-length one, nor the price necessarily fair market value, since Ms. Ferraro was dealing with a close business associate of her husband's. Moreover, since Mr. Zaccaro had agreed to repurchase the property, an alternative explanation is that Mr. Zaccaro was free to set the price at any figure he desired which might best benefit his wife.

E. This chain of inference is further strengthened when it is realized that Ms. Ferraro's sale of her two real property interests, both to her husband's associate, yielded her, according to her own statement, \$130,000 -- exactly the amount of money

which she needed to repay other illegal loans and which she could not legally take or borrow from her husband.

F. It must also be noted that the campaign treasurer for Ms. Ferraro's campaign assured the FEC in October of 1978 that Mr. Zaccaro did not own any interest in the property. Apparently, Mr. Zaccaro did repurchase the interest sold by his wife in October 1978 in January 1979. Although the property had apparently experienced such a sharp rise in value during the preceding months, he apparently paid for it exactly what she had sold it for. For reasons which were not explained, Mr. Zaccaro never became owner of record of the property, and thus it likewise may be difficult to prove that the transaction, like the previous one, took place when and where they said it did.

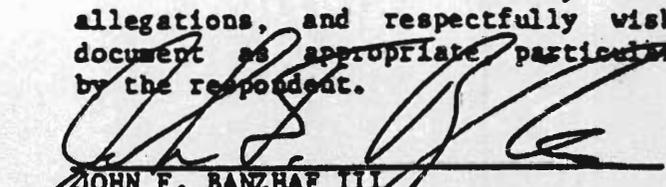
G. Finally, it is perhaps coincidental, and perhaps not, that it is with regard to Ms. Ferraro's sale of this property that the alleged error in tax reporting (and possibly disclosure) occurred. Could the complexities of the proceeding, and the apparent desire at least by Mr. Zaccaro to avoid the appearance that he was purchasing his wife's property which he apparently believed was illegal, have led to the confusion in describing the details of this transaction to the accountant?

6. In considering all of these apparent facts, and their reasonable implications, it is very important to remember that Ms. Ferraro is not just another housewife, or a spouse whose name was added to a business disclosure form for cosmetic purposes only. Instead, she is a skilled attorney and former criminal prosecutor, a licensed real estate broker and insurance agent, and one who has reportedly represented several real estate purchasers or sellers in connection with her husband's own properties. Suggestions that she did not understand or appreciate the implications of the transactions which were taking place; that she did not know enough to reduce an opinion letter to writing; that she was unaware of the advantages of recording interests in real property, etc. must be taken with a grain of salt.

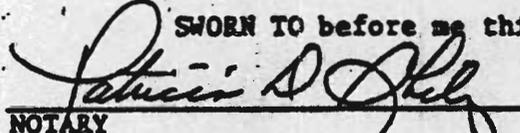
For all of these reasons Petitioner respectfully suggests that there is more than sufficient evidence to suspect wrongdoing, and more than sufficient evidence at least to warrant further investigation. That the evidence to date may not be strong enough to convict or even to indict, or that there are plausible explanations for the established facts, in no way lessens the need for a full and complete investigation. To require that proof beyond a reasonable doubt be presented by a complainant without subpoena and other discovery powers before an investigation is launched would mean that virtually all transgressions would go undetected and unpunished. Any law enforcement official knows that criminals are rarely found with "smoking guns" still in their hands, and that most crimes of this nature are rarely open-and-shut. Indeed the recent situations involving Edwin Meese, Senator Hatfield, and Representative Hansen -- all of whom were involved in financial transactions which appear suspicious, but all of whom had plausible explanations -- demonstrate the need for full and careful investigation.

In summary, the Commission has already held that certain loans to Ms. Ferraro were illegal, and ordered repayment and a very small fine. It now appears that the Commission may have relied upon false statements in determining the penalty, and that the "repayment" may have simply been a sham transaction for Mr. Zaccaro to again seek to skirt the laws by providing money to his wife. For many reasons the public would best be served by a careful and complete investigation of these and other related matters.

I, JOHN BANZHAF, being duly sworn, swear to the truth of the matters stated in this document upon information and belief. All of the alleged "facts" presented herein are drawn from reports in the public press which in many cases are attached. In the interests of brevity Petitioner has set out only an outline of the major allegations, and respectfully wishes to reserve the privilege to supplement this document as appropriate, particularly if any of the assertions herein are challenged by the respondent.


JOHN F. BANZHAF III
720 20th St., N.W.
Washington D.C. 20052
(202) 676-7229

SWORN TO before me this 22nd day of August, 1984, in Washington, DC.


NOTARY

My Commission Expires

8/31/88

WASHINGTON, Aug. 30 (AP) — Following is the text of Representative Geraldine A. Ferraro's statement today on her repayment of family loans to her 1978 Congressional campaign:

As has been fully detailed in papers on file at the Federal Election Commission (F.E.C.), Ms. Ferraro's first Congressional campaign in 1978 received loans totaling \$194,000 from Mr. (John) Zaccaro and their three children. The campaign disclosed the loans fully in its regular reports to the F.E.C. Ms. Ferraro and Mr. Zaccaro had been advised by counsel that intrafamily loans could exceed \$1,000 per person. However, after reviewing the campaign reports, the F.E.C. informed it in September 1978 that those loans were subject to the Federal Election Campaign Act's limit of \$1,000 per person and requested an explanation. After receiving the F.E.C.'s letter of inquiry, the campaign repaid Mr. Zaccaro and the Zaccaro's children \$130,000 in October 1978. This was the amount the F.E.C. initially suggested might exceed the Act's limit; in 1979, when the matter was resolved, the commission reduced its view of the excessive loan amount to \$110,000.

The \$130,000 was repaid out of Ms. Ferraro's personal assets. While individuals are generally limited to \$1,000 contributions, the law places no ceiling on the campaign contributions a candidate may make from his or her own assets. In order to raise the \$130,000, Ms. Ferraro sold two of her own real estate assets on Oct. 4, 1978. The buyer was Meiro Company, a family partnership of Manny Lerman, a real estate investor who did business with John Zaccaro. Although Mr. Zaccaro later purchased one of those assets, Ms. Ferraro has never again owned either asset.

The Assets

One of the assets was a one-half interest in a parcel of land with a commercial building at 231 Centre Street in lower Manhattan. Ms. Ferraro and Meiro bought the property for \$175,000 on May 1, 1978. Mr. Zaccaro and Mr. Lerman believed at the time that the price was significantly below the property's value, a judgment subsequent events confirmed. The seller took back a purchase money mortgage for \$124,000. Of the remaining cash portion of the purchase price (\$50,000), Ms. Ferraro paid half and Meiro paid half.

The other asset was a one-half interest in a mortgage on 230 Grand Street in lower Manhattan. In November 1977, Ms. Ferraro and some of Mr. Lerman's family members bought the mortgage, then at \$70,000 from the mortgage holder, the National Bank of North America. Ms. Ferraro paid \$35,000 for her one-half interest. The Grand Street property was owned half by Meiro and half by Frajo Associates Inc., a company owned 30.55 percent by Mr. Zaccaro and the remainder by the mother.

more than the value Meira, Zaccaro and Lerman attributed to it in October 1978 and about \$300,000 higher than the \$175,000 Ms. Ferraro and Mr. Lerman paid in May 1978, only 2 years and 5 months earlier.

Ms. Ferraro did not know that Mr. Zaccaro had any understanding to purchase a half interest in 231 Centre Street and had actually acquired that interest in 1978. She learned about the purchase only in the last year.

Conclusion

In sum, Mr. Lerman purchased valuable real estate assets from Ms. Ferraro at a commercially reasonable price. She used the proceeds of that transaction to make a lawful contribution to her campaign to repay

The Sale of Ms. Ferraro's Assets to Meiro

After the campaign learned that the family loans had to be repaid, Mr. Zaccaro negotiated with Mr. Lerman for Meiro's purchase of Ms. Ferraro's one-half interests in the 231 Centre Street property and the mortgage on the 230 Grand Street property. Mr. Zaccaro and Mr. Lerman believed that a fair valuation of the 231 Centre Street property was approximately \$325,000. This was consistent with their belief that the May 1978 purchase price was well below the property's value. The net proceeds from the sale of Ms. Ferraro's half interest were approximately \$100,000 (\$325,000 minus the mortgage of \$124,000, divided by two).

Mr. Lerman also agreed to have Meiro purchase Ms. Ferraro's one-half interest in the mortgage on the 230 Grand Street property for \$30,000, a \$5,000 discount from its face value. Together, the cash paid on the two purchases by Meiro totaled \$130,000. Ms. Ferraro used the proceeds of these sales to repay the family loans to her campaign.

Mr. Zaccaro's Acquisition of a Half Interest in 231 Centre Street

In early 1978, Mr. Zaccaro acquired a half interest in 231 Centre Street from the Lerman family interests. Mr. Zaccaro had been disturbed at the prospect of the family losing an interest in the 231 Centre Street property, which he regarded as a good investment. Because of the recent F.E.C. experience, however, it did not occur to Mr. Zaccaro that he could lawfully purchase it directly from Ms. Ferraro. He believed someone else would have to buy it first. (In fact, he could have lawfully bought the property directly from Ms. Ferraro.) Accordingly, while Mr. Lerman agreed to buy Ms. Ferraro's interest in the 231 Centre Street property, Mr. Zaccaro and Mr. Lerman also reached an understanding that Mr. Zaccaro would acquire a 50-percent interest in that property in the near future.

As a result of his understanding with Mr. Lerman, in January 1979 Mr. Zaccaro paid \$100,000 to a company of Mr. Lerman's which had borrowed the money for Meiro's purchase of Ms. Ferraro's assets, and he acquired a 50-percent interest in the 231 Centre Street property. They treated the property as owned by a partnership called the Second Grand Company, with Mr. Zaccaro a 50 percent partner, even though Meiro remained the owner of record.

In November 1980, the 231 Centre Street property was sold to W&N Enterprises, Inc., for \$375,000 — \$80,000

the family loans. Mr. Lerman did not make any "contribution" to Ms. Ferraro or to the campaign. Similarly, Mr. Zaccaro could have purchased those same assets directly from her for a reasonable price. Ms. Ferraro also could have transferred the assets directly to Mr. Zaccaro to repay the loans. Under the Federal Election Campaign Act, one does not make any contribution by purchasing property directly or indirectly from a candidate at a commercially reasonable price, even when it is known that the candidate will contribute the money to the campaign. Accordingly, the fact that Mr. Lerman bought Ms. Ferraro's one-half interest in 231 Centre Street first and then sold it to Mr. Zaccaro does not make the transaction unlawful.

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Zaccaro Properties

WASHINGTON, Aug. 30 (AP) — Following is the text of Mrs. Ferraro's statement today concerning certain properties managed by the P. Zaccaro Company, the real estate concern owned by her husband, John Zaccaro:

200 Lafayette Street

200 Lafayette Street is a seven-story warehouse located at the corner of Broome and Lafayette Streets in Manhattan.

Existing zoning restricts the use of this property to certain manufacturing and commercial activities.

In August 1980, this building was purchased by Metro Company, a partnership owned by Manny Lerman and members of his family. It has since become a partnership asset of the Second Grand Company, a partner-

ship in which Metro Company and John Zaccaro are equal partners.

Second Grand Company leased two floors of the building (the third and fifth) to BO-NA-TE Distributors Inc., in December 1981. Their lease runs from Feb. 1, 1982, to Jan. 31, 1985. The lease expressly limits the use of the property to storage. BO-NA-TE Distributors Inc., at all times, was represented by Nathan Gramma, president of that corporation.

In response to recent allegations appearing in the media that the materials stored by the tenant included pornographic magazines, Mr. Zac-

caro took immediate steps to determine whether these allegations were true and, if so, whether the lease could be terminated. The media reports were the first indication Mr. Zaccaro had received of the nature of the materials stored by the tenant.

The law firm of Rosenberg & Estle, expert in New York landlord tenant law, was retained by Mr. Zaccaro to inspect the premises and to commence any possible legal action. Following an inspection of the premises and review of the lease, however, Mr. Zaccaro was advised by the firm that the tenant has not violated its lease nor engaged in any illegal activity, and that no ground exists to evict the tenant. Although no basis was found for terminating the lease, Mr. Zaccaro instructed his attorney to notify the tenant that the lease will not be renewed when it expires on Jan. 31, 1985, and such notice has been given.

68 Mott Street

68 Mott Street is a five-story residential building on a busy block in the Chinatown section of Manhattan. It has been owned for at least 15 years by the Soo Yuen Benevolent Association, and during this period it has been managed by P. Zaccaro Company.

In addition to the residential tenants in the building, the ground floor for many years has been let for commercial use to a restaurant and a food store. Part of the basement has been rented to the restaurant and, since 1974, part of the basement has also been rented to a Chinese social club. In all instances, the owner, not the managing agent, has made all decisions concerning the selection of tenants for the building.

In recent weeks, allegations have

appeared in the media that this building has been the site of frequent and repeated police raids upon gambling activities, and that the managing agent had been notified by the police of numerous arrests at the building.

Neither P. Zaccaro Company nor Mr. Zaccaro have ever received any notice or other communication from the New York City Police Department or any other source with respect to any arrests or any illegal activity occurring at 68 Mott Street. Until the recent press reports, they had no knowledge of any allegations of improper activity at this building.

Upon first hearing these allegations, Mr. Zaccaro instructed his attorneys to determine whether police records actually revealed any instance of an arrest at 68 Mott Street. Official records indicate that on four occasions arrests for gambling activities have been made, although the records also indicate that the managing agent was not notified.

Upon learning these facts from its attorneys, P. Zaccaro Company promptly gave formal notice to the owners of the building that it will no longer serve as managing agent.

49 Market Street

49 Market Street is a two-story commercial building located in the East New York section of Manhattan. Since 1974, the property has been owned by Mr. Zaccaro and his mother and has been managed by P. Zaccaro Company. A recent newspaper article alleged that police had seized gambling equipment from this building. Neither the owners, the managing agent nor Mr. Zaccaro has knowledge of any such incident. Police records do not indicate that any such event occurred.

Concerns Tied to Ferraro

Special to The New York Times

WASHINGTON, Aug. 20 — Following are some of the companies controlled by Representative Geraldine A. Ferraro and John A. Zaccaro, or associated with them, that have come up in documents released today and other public records:

¶The P. Zaccaro Company — real estate management and insurance brokerage firm at 218 Lafayette Street; Mr. Zaccaro president, Mrs. Ferraro listed variously as secretary-treasurer and vice president; Mr. Zaccaro listed as two-thirds owner, Mrs. Ferraro as one-third; company founded by Mr. Zaccaro's father, Philip in 1917 and incorporated in 1935.

¶Metro Company — family partnership of Manny Lerman, Emily Lerman, Roy S. Lerman and Ella T. Olivieri at 6800 Taylor

Street, Hollywood Fla.; co-owned properties and a mortgage interest with companies of Mr. Zaccaro and Mrs. Ferraro.

¶Fraj Associates Inc. — property-owning corporation owned one-third by Mr. Zaccaro and two-thirds by his mother, Rose Zaccaro; Frajo listed as owning the Zaccaro Company building at 218 Lafayette Street, 49 Market Street, 1-3 Mott Street, and 68-70 Spring Street, among other properties.

¶First Grand Company — partnership of Frajo and Metro and owner of 124-26 Bowery, also known as 230 Grand Street.

¶Second Grand Company — listed in business records as a partnership of Lerman family members, but said by the Mondale-Ferraro campaign to be a 50-50 partnership of Mr. Zaccaro and Metro.

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uled a news conference this morning at which the documents would be released and reporters' questions would be answered by accountants and lawyers. However, the briefing was canceled until Tuesday.

The documents were released piecemeal in the afternoon, and the tax returns were released at a Holiday Inn here. The campaign also released a statement about some business transactions involving the couple. Representative Ferraro has scheduled a news conference in New York for Tuesday.

Other tax documents released today show that for the last five years the couple, while filing separate tax returns, had a combined gross income of about \$173,909 per year and paid an average of about 40 percent of that income each year in Federal, state and local taxes.

Zaccaro's Income Higher

They also show that for the five years Mr. Zaccaro's income was \$333,969, larger than Mrs. Ferraro's, which was reported as \$332,474. Mr. Ferraro paid \$220,344 in taxes; Mrs. Ferraro paid \$130,822 over the period.

Today's disclosures also included a required financial statement for the last year filed with the Federal Election Commission. Mrs. Ferraro and her campaign aides said they hoped the information would put to rest questions about the couple's finances that have plagued the campaign and formed the basis of attacks by some Republican leaders.

Although Mr. Zaccaro released his individual tax returns, he did not release other returns he has filed with the Internal Revenue Service, such as partnership returns and returns for his real estate business. Tax experts said those documents would give a more accurate picture of his total income.

Some Questions Left

In addition, today's disclosures still leave unresolved some questions about the adequacy of Mrs. Ferraro's earlier Congressional disclosures, the financing of her 1978 campaign and the financial ties between the couple. Specifically, the disclosures show the following:

Mrs. Ferraro reported on her tax returns that she received income from one of her husband's companies that she owned stock in, but she failed to report that income on her Congressional disclosure statements.

For the five years she declined to disclose her husband's finances, citing a narrow exemption in House disclosure rules that can be used if the member of Congress receives no benefit from their spouse.

In addition, Mr. Zaccaro has been paying the mortgage on the family

home, according to his tax returns, a further indication that his wife may not have qualified for the exemption. Francis O'Brien, a campaign aide, said today that he did not know if Mrs. Ferraro had intended to amend her Congressional financial statements.

Mr. Zaccaro played a previously undisclosed and key role in the 1978 building sale that figures in the payment of back taxes.

A corporation he controlled provided most of the funds for Mrs. Ferraro to purchase the property, and in early 1979, a few months after Mrs. Ferraro sold her half interest in the property for almost \$100,000, Mr. Zaccaro bought back his wife's half interest. In October 1978, Mrs. Ferraro's campaign treasurer wrote the Federal Election Commission that Mr. Zaccaro did not own any interest in the land.

While the couple's accountant, Jack Seliger, of New York City, said in a telephone interview today that he had made a mistake in the 1978 return, he did not fully explain the error. In addition, Mr. Seliger, in the interview, gave a slightly different account of the handling of the transaction from what was offered by Mr. O'Brien at the briefing.

Mr. Zaccaro often conducts his business dealings in an informal way. For example, his ownership of real estate is sometimes not disclosed in public records because he retains his interest through informal arrangements with close business associates.

Documents show that Mrs. Ferraro owns a one-third interest in the P. Zaccaro Company, the real estate management company headed by Mr. Zaccaro, who owns the other two-thirds of the company.

This information is contained both in the couple's tax returns, as well as the financial disclosure statement filed with the Federal Election Commission. It contrasts with what the couple told the New York State Insurance Department last year, when, in applying for a real estate broker's license, they said they each owned half of the company.

An Unexpected Issue

When Mrs. Ferraro was selected last month by Walter F. Mondale to be his running mate, no one expected her finances to become an issue. Campaign aides say that her finances were reviewed quickly, just a day or two before she was chosen.

Gradually, over the last month, questions began to be raised about the couple's finances, first about the problems Mrs. Ferraro had with the Federal Election Commission in 1978, then about her failure to report her husband's holdings to Congress. Mrs. Ferraro originally pledged to release her husband's tax returns, announced a change last week, and then a few days ago reversed herself again, leading to today's release. Today was the deadline for the filing of the financial disclosure statement to the election commis-

in early 1979, a few months after Meiro bought Mrs. Ferraro's half interest in the property, Mr. Zaccaro bought back that interest from Meiro for the same price. By 1980 the property was sold to an unrelated party by Meiro and Mr. Zaccaro for \$375,000. Mrs. Ferraro, according to the accountant's statement, was unaware of her husband's reacquisition of the property.

In October 1978, the campaign treasurer for Mrs. Ferraro's campaign told the Federal Election Commission that Mr. Zaccaro did not own any interest in the property.

Election commission officials say that the F.E.C. has taken no public action with regards to the 1978 affair. However, they say the commission could re-examine the 1978 transactions if a new complaint were brought forward or if it was found that the Ferraro campaign and Mr. Zaccaro had not lived up to the agreement they signed in 1978, settling the matter by paying a civil penalty of \$750.

no tax returns were not required under Federal statute.

To assist in compiling information about the couple's finances, the campaign retained the assistance of Arthur Young & Company, a leading accounting firm. While the firm did a review of the couple's finances and tax returns, it is not clear to what extent they looked at underlying documentation, a key component in any audit.

Statement on Land Deal

The accountants issued a prepared statement today giving some detail on the 1978 transaction that figures in both the back taxes and the campaign violation.

In Mrs. Ferraro's first race for Congress, her campaign received \$134,000 in loans from her husband and from various trust funds belonging to the couple's children. After the F.E.C. held that all but \$4,000 of the loans were illegal, the campaign returned the money. Mrs. Ferraro then had to raise money to repay her campaign.

In October 1978 she sold a half interest in a property at 231 Centre Street in lower Manhattan. She had acquired the property five months earlier from the Polarob Realty Corporation, a company controlled by Mr. Zaccaro, according to the lawyer for Polarob.

The other half interest in the Centre Street property was owned by Meiro Company, a partnership controlled by Manny Lerman and his family.

Today's statement by the accountants said that Mrs. Ferraro and Meiro together paid \$175,500 for the property in May 1978, including \$50,895 in cash, as well as incurring an obligation of \$124,605 to Polarob.

The statement does not say if Mrs. Ferraro signed any papers for the Polarob debt, and the mortgage is not recorded in New York City land records. When Mrs. Ferraro sold her half interest back to Meiro, Mr. Zaccaro negotiated the value of \$25,000, according to the statement. Soon thereafter, in early 1979, Mr. Zaccaro bought back a half interest in the property from Meiro, "even though Meiro remained the owner of record," the statement added.

Dealings on Property

Although Mr. Lerman and Mr. Zaccaro "treated the property as owned by a partnership called the Second Grand Company, with Mr. Zaccaro a 50 percent partner," according to the statement, a business certificate license filed in Nassau County by Second Grand in November 1978 lists just Mr. Lerman and his family as partners in the concern.

On the couple's 1978 joint tax return they reported the sale as yielding a capital gain of \$5,189, based on a cost of \$90,311 and a sale for \$95,500. After the review by Arthur Young it was determined that the sale price should be \$158,750 and that the capital gain

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Zaccaro Statements Disputed

By Charles R. Babcock
Washington Post Staff Writer

A former Federal Election Commission attorney said yesterday that he advised Rep. Geraldine A. Ferraro (D-N.Y.) in 1978 that it would not be permissible for her congressional campaign to accept loans of more than \$1,000 from each member of her family.

The statement by David Stein contradicts sworn statements by Ferraro's husband John A. Zaccaro, and her campaign treasurer that they relied on Stein's advice that it was proper to make large family loans to the campaign. A total of \$134,000 in family loans were made to Ferraro's first campaign in that year.

The FEC accepted the word of Zaccaro and campaign treasurer David Blankstein that they had relied on Stein's legal advice when it fined them \$750 in

See ZACCARO, A6, Col 5

By Brooks Jackson

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Transcripts of two secret Federal Election Commission meetings show that some commissioners were skeptical of explanations that Rep. Geraldine Ferraro's 1978 House campaign gave for an illegal \$110,000 loan from her husband.

The matter has become an issue in Rep. Ferraro's current campaign as Democratic vice presidential candidate. Federal election law allows candidates for Congress to spend unlimited amounts of their own money but limits gifts or loans from others, even relatives, to \$1,000 per election.

At a meeting on May 23, 1979, Republican commissioner Max Friedersdorf objected to

settling the case for a \$250 fine, as proposed by Rep. Ferraro's campaign. "I thought the mitigating circumstances were . . . pretty unsubstantiated, and to me seemed rather flimsy in view of the amount of money involved," he said.

The Ferraro campaign said it relied on erroneous legal advice from a former election-commission lawyer, David Stein. Mr. Stein now denies he ever gave such advice, but at the time the election commission investigated the loan it didn't bother to check with him. Eventually the case was settled for a total of \$750 in fines.

Democratic commissioner Thomas Harris also questioned the Ferraro campaign's defense, according to the transcripts.

"Was the advice given when the attorney was employed here?" Mr. Harris asked.

"No, this was after," said the commission's general counsel, William Oldaker.

"That can't be a mitigating factor," Mr. Harris said. "If they want to sue the attorney for malpractice, that's all right."

Democratic commissioner John McGarry objected to making public mention that bad legal advice had come from a former commission lawyer. "If this is going to become a public document . . . I felt that was in particularly poor taste," he said. He suggested rewriting proposed settlement papers "without naming anybody or indicating it was a former employee of ours. I would give them that, but that's as far as I'd go."

The commission approved the \$750 settlement at a meeting nearly five months later, on Oct. 2, 1979. At that time Republican commissioner Frank Reiche, who hadn't attended the May meeting, voted against accepting the settlement.

"I for one am appalled," he said. "I think it is far more serious than that. . . . If what we were talking about were a \$10,000 to \$15,000 fine, that would be one thing. I, well, I've stated my conclusions." The settlement was approved with only Mr. Reiche dissenting.

It is the first time the election commission has released transcripts of a closed meeting in an enforcement case. It recently revised its policy of refusing requests for such transcripts after an appeal by The Wall Street Journal.

Meanwhile yesterday, Rep. Ferraro's husband, John Zaccaro, said he may reluctantly release copies of his federal income-tax returns. "I am reconsidering," he said on the NBC "Today" show. "It's something I don't have to do," said Mr. Zaccaro, a New York real-estate investor. "And it really invades my privacy, and what we do, but I think something has to be worked out. . . . So we'll see."

Election Agency Had '79 Debate on Ferraro Loans

NY TIMES

WASHINGTON, Aug. 15 (AP) — The head of the Federal Election Commission questioned in 1979 why the agency had "folded over" in its investigation of \$109,000 in illegal family loans to Geraldine A. Ferraro in her first race for Congress, a transcript released today shows.

Robert O. Tiernan, then the commission's chairman, also told the other commissioners that he found the Congresswoman's explanations of the loans "very inconsistent."

The election commission released transcripts of the two sessions on May 23, 1979, and Oct. 2, 1979, when it discussed how to resolve the inquiry.

At the second meeting, the commission, by 4 to 1, voted to close the case with a \$250 fine for Mrs. Ferraro's husband, John A. Zaccaro, and a \$500 fine

against her campaign committee. Frank P. Reiche, a Republican commissioner, cast the sole vote against the settlement.

Representative Ferraro, now the Democratic Vice-Presidential nominee, has said that any remaining questions on the financing of her 1978 campaign will be answered by financial disclosures she will make Monday.

Documents previously made public showed that the commission ended the inquiry with what it considered a light penalty, partly because of affidavits from Mr. Zaccaro and David Blankstein, treasurer of the Ferraro campaign. They said that David J. Stein, a former lawyer for the election commission, had told them the family loans were legal.

Mr. Stein, now in private practice in

New York City, said Tuesday that he remembered "voicing my doubts" about the propriety of the loans at an informal meeting in 1978 at Mrs. Ferraro's home in Forest Hills. He had previously left the election commission.

The transcripts show that the commission's lawyers, in negotiations with Mrs. Ferraro's Congressional campaign to settle the dispute, first proposed civil penalties of \$500 for Mr. Zaccaro and \$1,000 for the campaign committee. They could have sought civil penalties equal to the full amount of the illegal loans, which was \$109,000 of the \$110,000 that was loaned to the candidate from Mr. Zaccaro and their children's trust account.

Individuals are limited to \$1,000 in contributions or loans.

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A20 THE NEW YORK TIMES, THURSDAY, JULY 26, 1984

Rep. Ferraro's Transactions Detailed in Public Records

The following article is based on reporting by Ralph Blumenthal and Jeff Gerth and was written by Mr. Blumenthal.

An examination of public records provides further details about the finances of Representative Geraldine A. Ferraro and her husband, John A. Zaccaro, including several transactions involving Mrs. Ferraro, her husband and his business associates that figured in a 1979 inquiry by the Federal Election Commission.

Michael S. Berman, an aide to Walter F. Mondale, said in an interview this week that he had recently asked lawyers to go over the finances of the Queens Congresswoman and her husband, including the election commission matter, to make more information available.

Since Mr. Mondale, the Democratic Presidential nominee, selected Mrs. Ferraro as his running mate July 12, she, her campaign aides and Mr. Zaccaro have turned away questions about their finances with the explanation that information would be made public in 30 days, as part of a required disclosure by Vice-Presidential candidates.

Mrs. Ferraro, in a statement issued Tuesday in Washington, reiterated that disclosure would include several years of Federal tax returns for herself and her husband, who filed separately.

Matter of 'Public Trust'

Mrs. Ferraro said she planned to include her husband's financial holdings in that disclosure "because my husband and I believe that it is in the public interest to do so and because the office of Vice President is one of high public trust."

However, Representative Ferraro repeated her contention that she was correct not to list her husband's holdings on her annual Congressional financial disclosure forms, which require a listing of all the holdings of the legislator, their spouse and their dependent children, unless exempted. It is not clear whether Mr. Zaccaro's finances fulfilled the conditions for exemption.

Mrs. Ferraro listed herself as secretary and treasurer and as a shareholder of P. Zaccaro & Company, the real estate firm founded by Mr. Zaccaro's father, and thus might be considered to have benefited from her husband's holdings.

Examination of public real estate and other records, meanwhile, has yielded a partial picture of the family's holdings. These include three homes, a vacant parcel of resort land and several corporations and partnerships that own real estate in the Little Italy and Chinatown sections of Manhattan. The Zaccaro company also manages other properties.

Family Role in Campaign

Mr. Zaccaro inherited the company from his father, Philip, who founded it in 1935. When the elder Mr. Zaccaro died in 1971, he left an estate valued at \$667,937.62, which came to \$307,962.07 after taxes.

Records show that Mr. Zaccaro and his associates played a role in financing Mrs. Ferraro's political career.

In 1978, in Mrs. Ferraro's first race for Congress, her campaign received about \$130,000 in money from her family, including \$110,000 in loans from her husband. The Federal Election Commission questioned the funds.

According to public records, in the course of the commission's inquiry and subsequent Congressional filings, Mrs. Ferraro, her campaign and her husband gave varying accounts of the source of the loans and the value of the transactions used to pay them back.

Ultimately, it was determined that the majority of the funds had come from loans obtained by Mr. Zaccaro using accounts separate from those of Mrs. Ferraro. Under election law, Mr. Zaccaro could loan or contribute a maximum of \$1,000 to his wife's campaign, while the candidate herself was not subject to any limitation.

The election commission's inquiry ended in 1979 when Mr. Zaccaro and the Ferraro campaign agreed to pay a total of \$750 in fines for civil violations of the election laws. Mrs. Ferraro's campaign had to refund the family loans with allowable funds. Records show that these funds came from two transactions by Mrs. Ferraro in 1978.

In one transaction, in October 1978, she sold for \$100,000 her half interest in property she owned in lower Manhattan. The buyer was the Meiro Company, which owned the other half. According to public records, Meiro is a family partnership headed by Manny Lerman, a business associate of Mr. Zaccaro's.

Mrs. Ferraro and Meiro had acquired the property from a company controlled by Mr. Zaccaro in May 1978, shortly before Mrs. Ferraro declared her Congressional candidacy, according to public records and an attorney for Mr. Zaccaro.

Records show that the Polarob Realty Corporation bought the property for \$175,000 on May 1, 1978, then immediately transferred ownership to Mrs. Ferraro and Meiro for an undisclosed amount.

Polarob was a "dummy corporation" used by Mr. Zaccaro "to avoid personal liability," according to Murry Kalik, a principal in Polarob who was once a lawyer for Mr. Zaccaro.

Samuel Feldman, an attorney speaking for Mr. Lerman, said Mrs. Ferraro had made a "small capital gain" on the transaction.

On her financial disclosure form for 1978, Mrs. Ferraro valued the capital gain on the sale at \$15,001 to \$50,000. On the same form, she listed both her interest in the property and the sale's value at \$5,001 to \$15,000. It was not clear how the gain on the sale could be greater than the value of the sale.

The second transaction that Mrs. Ferraro used to repay her campaign for her husband's loans was the sale for \$30,000 of her half interest in a mortgage on another property at 124-28 Bowery, she told the election commission.

On her financial disclosure report for 1978, Mrs. Ferraro valued her interest in the mortgage at \$2,501 to \$5,000. It was not clear why this valuation varied from the \$30,000 value listed with the election commission.

The House financial disclosure forms do not require members to list residences or vacation homes unless the properties are held for investment or income. Accordingly, Mrs. Ferraro did not list her house in Queens, in a section of Forest Hills where brokers say the average house costs around \$400,000.

Mrs. Ferraro also did not list a \$200,000 condominium in the Candle Reef development on St. Croix in the Virgin Islands and a vacation house, assessed at \$195,000, on Neptune Walk in the community of Saitaire on Fire Island.

Late yesterday, P. Zaccaro & Company issued a statement in response to questions about its management of a lower Manhattan building housing a tenant, Star Distributors, that law-enforcement officials have previously described as a distributor of pornography linked to organized crime.

Mr. Zaccaro said he would investigate the use of the space, at 200 Lafayette Street, and that, if necessary, he would take "immediate action" to end the lease.

F

STATEMENT OF DESIGNATION OF COUNSEL

MUR _____

NAME OF COUNSEL: _____

ADDRESS: .

TELEPHONE: _____

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.

84040491596

Date

Signature

RESPONDENT'S NAME: _____

ADDRESS:

HOME PHONE: _____

BUSINESS PHONE: _____

FEDERAL ELECTION COMMISSION

1500 K STREET, NW
WASHINGTON, DC 20463

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE, \$300

84040491597



Manny Lerman
333 Madison Avenue
New York, New York 10017

#943442

RECEIVED AT THE FEC
GCC#4767
04 SEP 21 8:42

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
919 THIRD AVENUE
NEW YORK 10022-9931
(212) 371-6000

CABLE ADDRESS
"SKARSLAW NEW YORK"
TWX: 710 581-3814
TELEX: 648899
TELECOMER:
(212) 752-1084

ONE BEACON STREET
BOSTON, MASSACHUSETTS 02108
(617) 552-0008
218 EIGHTEENTH STREET, N.W.
WASHINGTON, D.C. 20006
(202) 462-8700
ONE RODNEY SQUARE
WILMINGTON, DELAWARE 19801
(302) 485-5800
515 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90071
(213) 485-4800
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601
(312) 888-4000

September 18, 1984

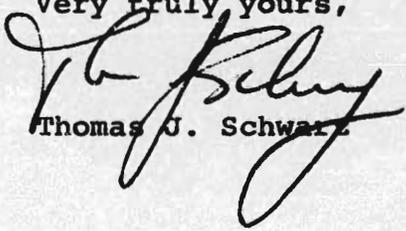
Mr. Kenneth Gross
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1764

Dear Mr. Gross:

Enclosed please find a Statement of Designation of Counsel in connection with the above matter. As I discussed with you on the telephone, Mr. Lerman has only recently received the complaint which was addressed to Florida and he has not as yet received any complaint addressed to him personally. Furthermore, since this is obviously a complicated situation involving other respondents, I would request until October 18 in order to file a response, and I would appreciate your advising me as to the acceptability of this request.

Very truly yours,


Thomas J. Schwarz

Encl.

84040491598

SEP 21 11:35
GENERAL COUNSEL

EN, ARPS, SLATE, MEAGHER & FLOW
919 THIRD AVENUE
NEW YORK 10022-9931

Mr. Kenneth Gross
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

OCT 19 84
NY

084 SEP 21 11:00 AM '84
FEDERAL ELECTION COMMISSION
METER
R01 GROSS

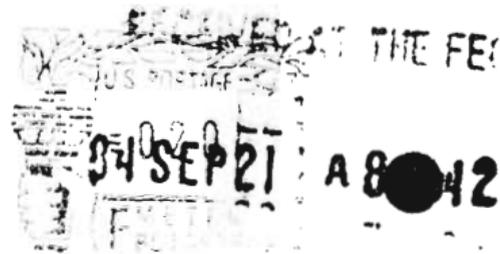
66516404948



EN, ARPS, SLATE, MEAGHER & FLOM

19 THIRD AVENUE
NEW YORK 10022-9931

34040401500



Mr. Kenneth Gross
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

34040401500
34040401500

GC# 4640

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 828-2000

CABLE ADDRESS: "SANDG"

TELEX NO: 88-2398

TELECOM: (202) 828-2148

September 10, 1984

FRANCIS M. SHEA
WARNER W. GARDNER
LAWRENCE J. LATO
RICHARD T. CONWAY
ROBERT T. BASSECHES
BENJAMIN W. SOLEY
RALPH J. MOORE, JR.
MARTIN J. FLYNN
STEPHEN J. POLLAK
DAVID BOOTH BEERS
ANTHONY A. LAPHAM
RICHARD M. SHARP
JOHN D. ALDOCK
WILLIAM S. MOORE
JOHN TOWNSEND RICH
LOUIS M. KAUDER

JAMES R. BIEKE
I. MICHAEL GREENBERGER
WILLIAM F. SHEENAN
R. JAMES WOOLBEY
FREDERICK C. SCHAFRICK
DAVID S. COOK
STEPHEN J. HADLEY
FRANKLIN D. KRAMER
WENDY S. WHITE
WILLIAM R. GALEOTA
PATRICK M. HANLON
NANCY J. BREGSTEIN
NANCY C. SHEA
ANDREW H. MARKS
TIMOTHY K. SHUBA
JAMES R. BIRD

MICHAEL S. GIANNOTTO
JAMES E. KAPLAN
THOMAS R. ANDREWS
SUSAN S. COLLINS
WILLIAM R. HANLON
JEFFREY C. MARTIN
BRUCE C. SWARTZ
ELIZABETH RUNWAN GEISE
CHRISTOPHER J. WRIGHT
SUZANNE E. MEEKER
JULIE MELANUD
LAURA S. WERTHEIMER
RICHARD M. WYNER

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

Re: MUR 1764

Dear Mr. Gross:

By three identical letters dated August 27, 1984, you informed Congresswoman Geraldine A. Ferraro, her spouse John A. Zaccaro, and David Blanksteen (Treasurer, Committee To Elect Geraldine A. Ferraro to Congress), that the FEC had received a complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended. These letters, to which a copy of the complaint was attached, were received by Congresswoman Ferraro and Mr. Blanksteen on August 31, 1984, and by Mr. Zaccaro on September 4, 1984.

As indicated by the enclosed statements of designation of counsel, we have been retained to represent Congresswoman Ferraro, Mr. Zaccaro, and Mr. Blanksteen in this matter.

The purpose of this letter is to request, on behalf of each of our clients, an extension of the 15-day period, prescribed by 11 C.F.R. § 111.6, within which to file a letter or memorandum setting forth reasons why the Commission should take no action on the complaint. Absent an extension, such a letter or memorandum would fall due on September 17, 1984 in the case of Congresswoman Ferraro and Mr. Blanksteen, and on September 19, 1984 in the case of Mr. Zaccaro. We hereby request that the due date of such a letter or memorandum be extended in all three cases to October 2, 1984.

As you undoubtedly realize, given Congresswoman Ferraro's status as the Vice-Presidential nominee of the Democratic Party, she is fully engaged in campaign activities, including travel,

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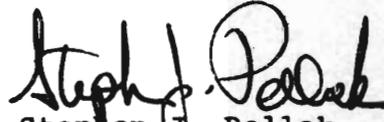
34 SEP 10 4 51 PM '84
OFFICE OF THE
GENERAL COUNSEL

Kenneth A. Gross, Esq.
September 10, 1984
Page Two

and her time is heavily committed to these activities for the coming week and beyond, until the general election. Mr. Zaccaro's time is similarly committed, although to a somewhat lesser extent. These circumstances place unavoidable limits both on our access to our clients and on their opportunity to review the various allegations in the complaint, to confer with us respecting those allegations, and to locate and make available relevant documentary materials. Furthermore, the allegations in the complaint put in issue events that occurred five or six years ago and that were the subject of Commission proceedings in which Mr. Zaccaro and Mr. Blanksteen were both represented by other counsel, with whom there also will be a need for undersigned counsel to confer.

While our clients wish to set aside whatever time is necessary to deal with this matter promptly, and to demonstrate that there is no basis for action by the Commission, it would impose an undue and peculiar hardship to require them to do so within the 15-day period allotted by the Commission's rules. By any practical measure, the additional time requested by this letter is therefore essential to assure our clients a fair and adequate opportunity to respond to the complaint.

Sincerely,


Stephen J. Pollak

SJP/MM
Encls.

cc: Honorable Geraldine A. Ferraro
Mr. John A. Zaccaro
Mr. David Blanksteen

84040491602

SHEA & GARDNER

MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036-1872

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

9161016

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1764

NAME OF COUNSEL: Thomas J. Schwarz

ADDRESS: Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022

TELEPHONE: (212) 371-6000

RECEIVED
GENERAL COUNSEL
24 SEP 21 11:47

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

6
0
4
1
9
4
0
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4
3

September 17, 1984
Date

Manning Perrier
Signature

RESPONDENT'S NAME: Melro Company

ADDRESS: 330 Madison Avenue
Room 2300
New York, New York 10017

HOME PHONE: (305) 983-8255

BUSINESS PHONE: (212) 867-7337

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1764

Stephen J. Pollak
Anthony A. Lapham
Wendy S. White
SHEA & GARDNER

NAME OF COUNSEL: _____

ADDRESS: .

1800 Massachusetts Avenue, N.W.

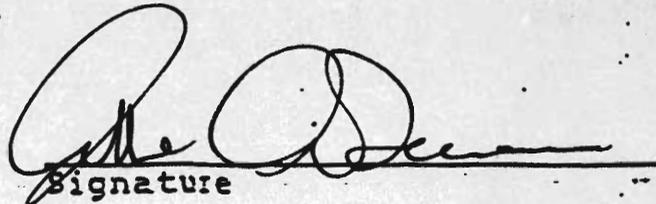
Washington, D.C. 20036

TELEPHONE:

(202) 828-2000

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.

August 31, 1984
Date


Signature

RESPONDENT'S NAME: Geraldine A. Ferraro

ADDRESS:

22 Deepdene Road

Forest Hills, New York 11375

HOME PHONE: _____

BUSINESS PHONE: _____

84040491605

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1764

Stephen J. Pollak
Anthony A. Lapham
Wendy S. White

NAME OF COUNSEL: Shea & Gardner

ADDRESS: 1800 Massachusetts Ave., N.W.

Washington, D.C. 20036

TELEPHONE: 202-828-2000

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.

34040991607

9/5/84
Date:


Signature

RESPONDENT'S NAME: DAVID BLANKSTEIN

ADDRESS: 161 WILLIAM ST
NY NY 10038

HOME PHONE: 718 268 7176

BUSINESS PHONE: 212 732 9435



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Polarob Realty Corporation
745 Fifth Avenue
New York, New York 10022

Re: MUR 1764

Dear Sir/Madam:

This letter is to notify you that on August 22, 1984 the Federal Election Commission received a complaint which alleges that the corporation, 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 1764. 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 the corporation, 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.

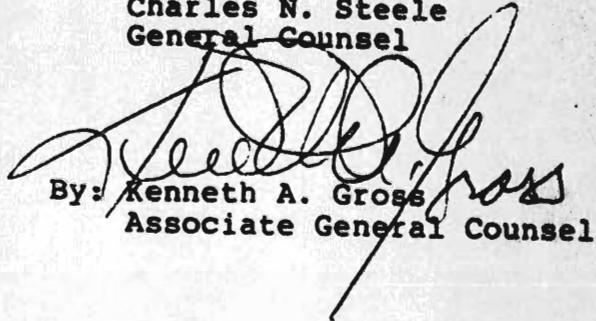
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

84040491608

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

cc: Polarob Realty Corporation
c/o John A. Zaccaro
218 Lafayette Street
New York, New York 10010

84040491609



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 27, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Blanksteen
Treasurer
Committee to Elect
Geraldine A. Ferraro
to Congress
c/o Congresswoman Geraldine A. Ferraro
22 Deepene Road
Forest Hills, New York, 11375

Re: MUR 1764

Dear Mr. Blanksteen:

This letter is to notify you that on August 22, 1984 the Federal Election Commission received a complaint which alleges that the committee and you, as treasurer, 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 1764. 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 the committee and you, as treasurer, 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.

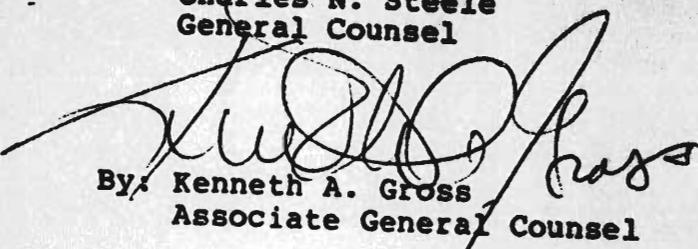
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

34040491610

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

cc: David Blanksteen .
Treasurer
Committee to Elect
Geraldine A. Ferraro
to Congress
45 Underwood Road
Forest Hills, New York

34040491611



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 27, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John A. Zaccaro
218 Lafayette Street
New York, New York 10010

Re: MUR 1764

Dear Mr. Zaccaro:

This letter is to notify you that on August 22, 1984 the Federal Election Commission received a complaint which alleges that you, 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 1764. 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.

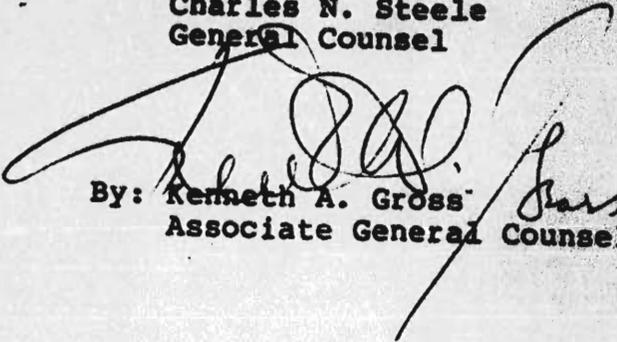
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

34040491612

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

cc: John A. Zaccaro
22 Deepene Road
Forest Hills, New York 11375

34040491613



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 27, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Geraldine A. Ferraro
22 Deepene Road
Forest Hills, New York 11375

Re: MUR 1764

Dear Congresswoman Ferraro:

This letter is to notify you that on August 22, 1984 the Federal Election Commission received a complaint which alleges that you, 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 1764. 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.

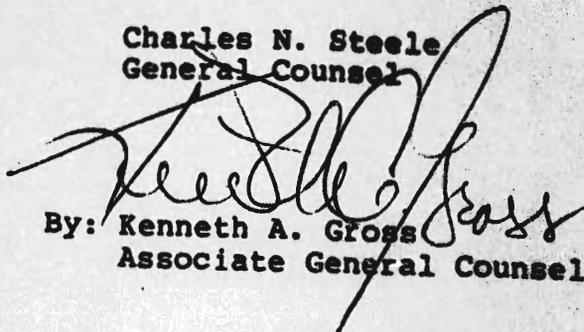
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

34040491614

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

34040491615



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 27, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Manny Lerman
333 Madison Avenue
New York, New York 10017

Re: MUR 1764

Dear Mr. Lerman:

This letter is to notify you that on August 22, 1984 the Federal Election Commission received a complaint which alleges that you, 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 1764. 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.

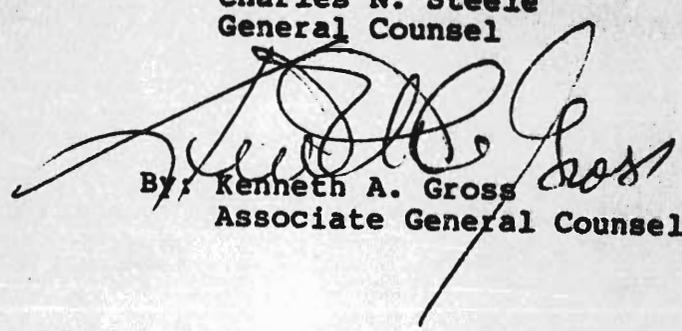
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

34040491616

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patti Reilly at (202) 523-4143. 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

Enclosures

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

84040491617



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 27, 1984

John F. Banzhaf, III
720 20th Street, N.W.
Washington, D.C. 20052

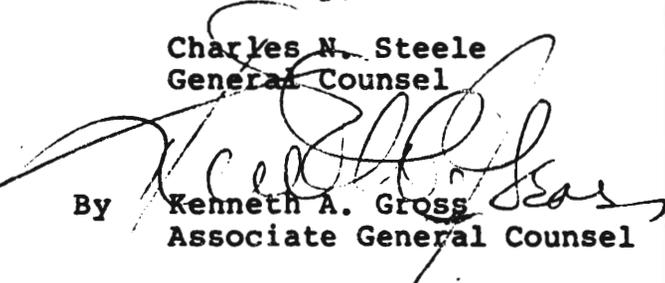
Dear Mr. Banzhaf:

This letter is to acknowledge receipt of your complaint, which we received on August 22, 1984 which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondent 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 Barbara A. Johnson at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By 
Kenneth A. Gross
Associate General Counsel

Enclosure

84040491618



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 27, 1984

CERTIFIED MAIL.
RETURN RECEIPT REQUESTED

Melro Company
4800 Taylor Street
Hollywood, Florida

Re: MUR 1764

Dear Sir or Madam:

This letter is to notify you that on August 22, 1984 the Federal Election Commission received a complaint which alleges that Melro Company, 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 1764. 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 Melro Company, 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.

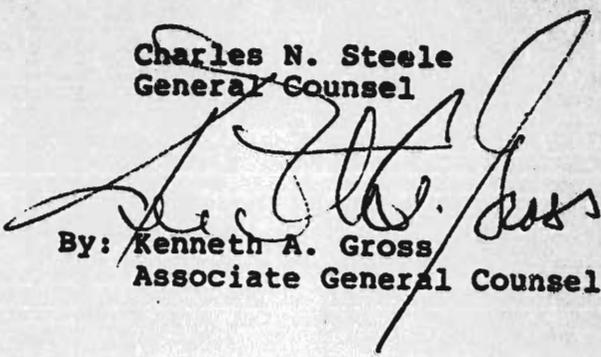
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

cc: Melro Company
c/o Manny Lerman
333 Madison Avenue
New York, New York 10017

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Before the
FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

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ORIGINAL

In the Matter of the
Campaign Finances and Disclosures
of Congresswoman Geraldine A.
Ferraro

ORIGINAL PROCEEDING NUMBER MUR 892(78)

NEWLY ASSIGNED NUMBER 1764

GCC
#4406

FORMAL COMPLAINT AND REQUEST FOR INVESTIGATION

OR, IN THE ALTERNATIVE,

PETITION TO REOPEN PROCEEDING AND TO RECONSIDER PENALTY

NOW COMES Petitioner, and for the reasons set forth briefly hereinafter, respectfully requests the Federal Election Commission (FEC) to conduct a full and complete investigation of various allegations relating to the campaign finances and disclosures of Congresswoman Geraldine A. Ferraro. Specifically, and most importantly, Petitioner respectfully suggests that the Commission determine:

(1) whether, as attorney David J. Stein has now claimed, Geraldine Ferraro borrowed money from her husband John Zaccaro (and children) to finance her initial congressional campaign after being advised that such loans were probably illegal; and, if so, whether the Commission should, in light of this new information, reassess the penalty -- a penalty imposed in an earlier FEC proceeding related to those loans in which leniency was recommended based upon representations that the transactions were entered into upon a good faith reliance upon Mr. Stein's legal advice that they were legal; AND

(2) whether Ms. Ferraro's sale of interests in real property (to very quickly repay the loans found by the FEC to be illegal) to her husband's business associate for a very substantial gain, under an apparent repurchase commitment by her husband, was a legitimate transaction or, as suggested by Newsweek magazine, simply "a device to allow Zaccaro to channel money to his wife's campaign in spite of federal spending limits."

IN SUPPORT OF this request, Petitioner sets forth the following upon information and belief, and incorporating herein by attachment and by reference information which has been reported in the public press, and which is therefore presumably known to the Commission.

1. In an earlier proceeding before this agency, MUR 892(78), the Commission found that Ms. Ferraro had accepted loans from her husband and other family members to finance her first congressional campaign, and that these loans were illegal. The approximate amount of the loans the Commission found were illegally made was \$130,000 (later slightly reduced). Although it appears that the penalty which could have been assessed by the Commission was the amount of the illegal loans, the Commission instead assessed penalties of some \$750; less than one percent of the penalty provided by law.

2. According to excerpts from the transcript of the proceedings and other reports, it appears that the Commission assessed such a light penalty because it believed that the loans were the result of an innocent mistake; i.e., the Ms. Ferraro and her husband had acted in good faith and reasonable belief in relying upon the advice of an attorney skilled in such matters that the loans were legal. Indeed, Mr. Zaccaro filed an affidavit to that effect, and then signed a conciliation agreement incorporating this representation.

3. However, it now appears that the attorney, Mr. David Stein, has publicly stated that he did not so advise the Zaccaros, but rather and in contrast had advised them that such loans might be illegal. He has reportedly said that he is willing to take a polygraph ("lie detector") test to substantiate his claim. Although his statement of advice was allegedly made in front of other witnesses, it does not appear that any of them have come forward publicly to state their recollection of these events. In view of the importance of this controversy and the wide publicity which has resulted, it seems strange that there has been no apparent resolution of this direct and possibly felonious conflict [18 U.S.C. 1001 makes knowingly false statements in an agency proceeding a felony punishable by five years in jail].

4. Because this direct conflict in the statements of these two individuals goes to the very heart and to the integrity of the Commission's procedures, and because the alleged representation seems to have been the major reason for the Commission's great leniency towards Ms. Ferraro, it would seem imperative for the agency to take all reasonable steps to resolve this controversy. At the very least it would seem appropriate for the principals, Mr. Zarraro and Mr. Stein, to be asked to testify and to be cross examined under oath. In addition, every effort should be made to take the testimony under oath of those who have knowledge of this event, particularly if they heard or were in a position to hear the statements Mr. Stein made concerning the loans. The Commission should also determine why the standard practice of having an opinion of this type reduced to writing in the form of a lawyer's "opinion letter" was not followed, particularly considering: the complexity of the law, the need for careful factual analysis to permit the rendering of a competent opinion, the very serious and high monetary penalties for illegal campaign loans, and the damage to Ms. Ferro's reputation which could result if the loans were found to be illegal.

5. It also appears that Ms. Ferraro, faced with the obligation of repaying some \$130,000 in illegal loans very quickly, sold her interest in a piece of real property to a business associate of her husband. It also now appears that her husband very shortly thereafter repurchased that same interest from his business associate for the same amount of money his wife had received. It has been argued their neither transaction was in any way illegal or improper, and that it would have been legal for her husband to purchase his wife's interest directly and openly to permit her to pay back her illegal loans. However, it is also possible that, as Newsweek magazine has suggested, the entire transaction was a "device to allow Zaccaro to channel money to his wife's campaign in spite of federal spending limits." It is respectfully suggested that there are a number of factors apparently present here which strongly suggest the latter possibility, or at least cry out for some sort of further impartial investigation. These are:

A. A corporation controlled by Mr. Zaccaro provided most of the funds for Mrs. Ferraro to purchase an interest in a commercial building, 231 Centre Street, on May 1, 1978, shortly before Ms. Ferraro's campaign began. More specifically, she acquired the property from Polarob Realty Corp., a company controlled by Mr. Zaccaro, which provided a mortgage of over \$124,000. One reasonable and possible inference is that this purchase was made in anticipation of the need for campaign financing; so that she would have an asset in her name which could be sold quickly to her husband's business associates at a price which could easily be influenced in a variety of ways by her husband.

B. This inference is strengthened when it is realized that this investment -- which was a large one for a woman of her apparent limited means at that time -- was made just prior to her campaign, and apparently just days before she received an initial illegal campaign loan from her husband. Why would she make such a major investment when most knowledgeable people are aware of the significant costs of congressional campaigns? Her statements at a press conference that she was not aware of those large costs, and/or that she believed (apparently only for ten days) that other people would raise the money for her, strain credibility.

C. It also does not appear that the mortgage allegedly taken on this property was recorded in New York City land records, a common and prudent practice which, while not required, does provide significant legal protection in the event of a large number of contingencies. Indeed, it is not clear whether she even signed the mortgage. Thus there appears to be no irrefutable proof -- of the type which would be supplied by a NYC land record, or a document signed by someone not subject to Zaccaro family influence or control -- to verify that the purchase was even made at that time. Thus the possibility certainly exists that when her need for immediate cash became apparent, a sham backdated purchase from a corporation controlled by her husband was arranged to provide the basis for an apparently bona fide sale.

D. It further appears that only several months later, when the need for immediate cash to repay the illegal loans occurred, Ms. Ferraro sold her interest to a close business associate of her husband's, Mr. Lerman (Melro). The value of the property had allegedly risen from the original purchase price of \$175,000 on May 1, 1978 to \$325,000 on October 4, 1978 -- a spectacular increase of over 80% in only five months; an annual rate of almost 200%. It also appears that Mr. Lerner was guaranteed by Mr. Zaccaro at the time that Mr. Zaccaro would repurchase this interest shortly, presumably at no less than the price paid to Ms. Ferraro. Thus even at best the transaction was not an arms-length one, nor the price necessarily fair market value, since Ms. Ferraro was dealing with a close business associate of her husband's. Moreover, since Mr. Zaccaro had agreed to repurchase the property, an alternative explanation is that Mr. Zaccaro was free to set the price at any figure he desired which might best benefit his wife.

E. This chain of inference is further strengthened when it is realized that Ms. Ferraro's sale of her two real property interests, both to her husband's associate, yielded her, according to her own statement, \$130,000 -- exactly the amount of money

which she needed to repay the illegal loans and which she could not legally take or borrow from her husband.

F. It must also be noted that the campaign treasurer for Ms. Ferraro's campaign assured the FEC in October of 1978 that Mr. Zaccaro did not own any interest in the property. Apparently, Mr. Zaccaro did repurchase the interest sold by his wife in October 1978 in January 1979. Although the property had apparently experienced such a sharp rise in value during the proceeding months, he apparently paid for it exactly what she had sold it for. For reasons which were not explained, Mr. Zaccaro never became owner of record of the property, and thus it likewise may be difficult to prove that the transaction, like the previous one, took place when and where they said it did.

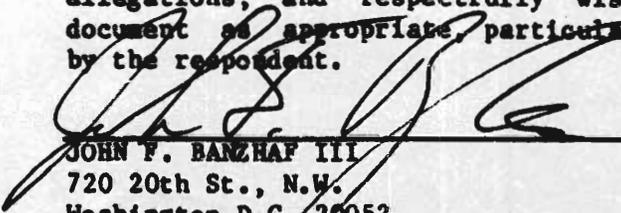
G. Finally, it is perhaps coincidental, and perhaps not, that it is with regard to Ms. Ferraro's sale of this property that the alleged error in tax reporting (and possibly disclosure) occurred. Could the complexities of the proceeding, and the apparent desire at least by Mr. Zaccaro to avoid the appearance that he was purchasing his wife's property which he apparently believed was illegal, have led to the confusion in describing the details of this transaction to the accountant?

6. In considering all of these apparent facts, and their reasonable implications, it is very important to remember that Ms. Ferraro is not just another housewife, or a spouse whose name was added to a business disclosure form for cosmetic purposes only. Instead, she is a skilled attorney and former criminal prosecutor, a licensed real estate broker and insurance agent, and one who has reportedly represented several real estate purchasers or sellers in connection with her husband's own properties. Suggestions that she did not understand or appreciate the implications of the transactions which were taking place; that she did not know enough to reduce an opinion letter to writing; that she was unaware of the advantages of recording interests in real property, etc. must be taken with a grain of salt.

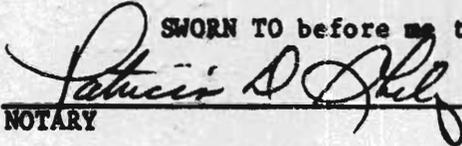
For all of these reasons Petitioner respectfully suggests that there is more than sufficient evidence to suspect wrongdoing, and more than sufficient evidence at least to warrant further investigation. That the evidence to date may not be strong enough to convict or even to indict, or that there are plausible explanations for the established facts, in no way lessens the need for a full and complete investigation. To require that proof beyond a reasonable doubt be presented by a complainant without subpoena and other discovery powers before an investigation is launched would mean that virtually all transgressions would go undetected and unpunished. Any law enforcement official knows that criminals are rarely found with "smoking guns" still in their hands, and that most crimes of this nature are rarely open-and-shut. Indeed the recent situations involving Edwin Meese, Senator Hatfield, and Representative Hansen -- all of whom were involved in financial transactions which appear suspicious, but all of whom had plausible explanations -- demonstrate the need for full and careful investigation.

In summary, the Commission has already held that certain loans to Ms. Ferraro were illegal, and ordered repayment and a very small fine. It now appears that the Commission may have relied upon false statements in determining the penalty, and that the "repayment" may have simply been a sham transaction for Mr. Zaccaro to again seek to skirt the laws by providing money to his wife. For many reasons the public would best be served by a careful and complete investigation of these and other related matters.

I, JOHN BANZHAF, being duly sworn, swear to the truth of the matters stated in this document upon information and belief. All of the alleged "facts" presented herein are drawn from reports in the public press which in many cases are attached. In the interests of brevity Petitioner has set out only an outline of the major allegations, and respectfully wishes to reserve the privilege to supplement this document as appropriate, particularly if any of the assertions herein are challenged by the respondent.


 JOHN F. BANZHAF III
 720 20th St., N.W.
 Washington D.C. 20052
 (202) 676-7229

SWORN TO before me this 22nd day of August, 1984, in Washington, DC.


 NOTARY

My Commission Expires

8/31/88

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Campaign Loans

WASHINGTON, Aug. 20 (AP) — Following is the text of Representative Geraldine A. Ferraro's statement today on her repayment of family loans to her 1978 Congressional campaign:

As has been fully detailed in papers on file at the Federal Election Commission (F.E.C.), Ms. Ferraro's first Congressional campaign in 1978 received loans totaling \$124,000 from Mr. (John) Zaccaro and their three children. The campaign disclosed the loans fully in its regular reports to the F.E.C. Ms. Ferraro and Mr. Zaccaro had been advised by counsel that intrafamily loans could exceed \$1,000 per person. However, after reviewing the campaign's reports, the F.E.C. informed it in September 1978 that those loans were subject to the Federal Election Campaign Act's limit of \$1,000 per person and requested an explanation. After receiving the F.E.C.'s letter of inquiry, the campaign repaid Mr. Zaccaro and the Zaccaro's children \$130,000 in October 1978. This was the amount the F.E.C. initially suggested might exceed the Act's limit; in 1979, when the matter was resolved, the commission reduced its view of the excessive loan amount to \$110,000.

The \$130,000 was repaid out of Ms. Ferraro's personal assets. While individuals are generally limited to \$1,000 contributions, the law places no ceiling on the campaign contributions a candidate may make from his or her own assets. In order to raise the \$130,000, Ms. Ferraro sold two of her own real estate assets on Oct. 4, 1978. The buyer was Meiro Company, a family partnership of Manny Lerman, a real estate investor who did business with John Zaccaro. Although Mr. Zaccaro later purchased one of these assets, Ms. Ferraro has never again owned either asset.

The Assets

One of the assets was a one-half interest in a parcel of land with a commercial building at 231 Centre Street in lower Manhattan. Ms. Ferraro and Meiro bought the property for \$178,000 on May 1, 1978. Mr. Zaccaro and Mr. Lerman believed at the time that the price was significantly below the property's value, a judgment subsequent events confirmed. The seller took back a purchase money mortgage for \$124,000. Of the remaining cash portion of the purchase price (\$54,000), Ms. Ferraro paid half and Meiro paid half.

The other asset was a one-half interest in a mortgage on 230 Grand Street in lower Manhattan. In November 1977, Ms. Ferraro and some of Mr. Lerman's family members bought the mortgage, then at \$79,000 from the mortgage holder, the National Bank of North America. Ms. Ferraro paid \$35,000 for her one-half interest. The Grand Street property was owned half by Meiro and half by Frajo Associates Inc., a company owned 50.55 percent by Mr. Zaccaro and the remainder by the mother.

more than the value Messrs. Zaccaro and Lerman attributed to it in October 1978 and about \$90,000 higher than the \$178,000 Ms. Ferraro and Mr. Lerman paid in May 1978, only 2 years and 5 months earlier.

Ms. Ferraro did not know that Mr. Zaccaro had any understanding to purchase a half interest in 231 Centre Street and had actually acquired that interest in 1973. She learned about the purchase only in the last year.

Conclusion

In sum, Mr. Lerman purchased valuable real estate assets from Ms. Ferraro at a commercially reasonable price. She used the proceeds of that transaction to make a lawful contribution to her campaign to repay

The Sale of Ms. Ferraro's Assets to Meiro

After the campaign learned that the family loans had to be repaid, Mr. Zaccaro negotiated with Mr. Lerman for Meiro's purchase of Ms. Ferraro's one-half interests in the 231 Centre Street property and the mortgage on the 230 Grand Street property. Mr. Zaccaro and Mr. Lerman believed that a fair valuation of the 231 Centre Street property was approximately \$225,000. This was consistent with their belief that the May 1978 purchase price was well below the property's value. The net proceeds from the sale of Ms. Ferraro's half interest were approximately \$105,000 (\$225,000 minus the mortgage of \$124,000, divided by two).

Mr. Lerman also agreed to have Meiro purchase Ms. Ferraro's one-half interest in the mortgage on the 230 Grand Street property for \$30,000, a \$5,000 discount from its face value. Together, the cash paid on the two purchases by Meiro totaled \$120,000. Ms. Ferraro used the proceeds of these sales to repay the family loans to her campaign.

Mr. Zaccaro's Acquisition of a Half Interest in 231 Centre Street

In early 1978, Mr. Zaccaro acquired a half interest in 231 Centre Street from the Lerman family interests. Mr. Zaccaro had been disturbed at the prospect of the family losing an interest in the 231 Centre Street property, which he regarded as a good investment. Because of the recent F.E.C. experience, however, it did not occur to Mr. Zaccaro that he could lawfully purchase it directly from Ms. Ferraro. He believed someone else would have to buy it first. (In fact, he could have lawfully bought the property directly from Ms. Ferraro.) Accordingly, while Mr. Lerman agreed to buy Ms. Ferraro's interest in the 231 Centre Street property, Mr. Zaccaro and Mr. Lerman also reached an understanding that Mr. Zaccaro would acquire a 50-percent interest in that property in the near future.

As a result of his understanding with Mr. Lerman, in January 1979 Mr. Zaccaro paid \$100,000 to a company of Mr. Lerman's which had borrowed the money for Meiro's purchase of Ms. Ferraro's assets, and he acquired a 50-percent interest in the 231 Centre Street property. They treated the property as owned by a partnership called the Second Grand Company, with Mr. Zaccaro a 50 percent partner, even though Meiro remained the owner of record.

In November 1980, the 231 Centre Street property was sold to W&N Enterprises, Inc., for \$378,000 — \$50,000

the family loans. Mr. Lerman did not make any "contribution" to Ms. Ferraro or to the campaign. Similarly, Mr. Zaccaro could have purchased those same assets directly from her for a reasonable price. Ms. Ferraro also could have transferred the assets directly to Mr. Zaccaro to repay the loans. Under the Federal Election Campaign Act, one does not make any contribution by purchasing property directly or indirectly from a candidate at a commercially reasonable price, even when it is known that the candidate will contribute the money to the campaign. Accordingly, the fact that Mr. Lerman bought Ms. Ferraro's one-half interest in 231 Centre Street first and then sold it to Mr. Zaccaro does not make the transaction unlawful.

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Zaccaro Properties

WASHINGTON, Aug. 20 (AP) — Following is the text of Mrs. Ferraro's statement today concerning certain properties managed by the P. Zaccaro Company, the real estate concern owned by her husband, John Zaccaro:

200 Lafayette Street

200 Lafayette Street is a seven-story warehouse located at the corner of Broome and Lafayette Streets in Manhattan.

Existing zoning restricts the use of this property to certain manufacturing and commercial activities.

In August 1963, this building was purchased by Metro Company, a partnership owned by Manny Lerman and members of his family. It has since become a partnership asset of the Second Grand Company, a partner-

ship in which Metro Company and John Zaccaro are equal partners.

Second Grand Company leased two floors of the building (the third and fifth) to BO-NA-TE Distributors Inc., in December 1961. Their lease runs from Feb. 1, 1962, to Jan. 31, 1963. The lease expressly limits the use of the property to storage. BO-NA-TE Distributors Inc., at all times, was represented by Nathan Gramma, president of that corporation.

In response to recent allegations appearing in the media that the materials stored by the tenant included pornographic magazines, Mr. Zac-

caro took immediate steps to determine whether these allegations were true and, if so, whether the lease could be terminated. The media reports were the first indication Mr. Zaccaro had received of the nature of the materials stored by the tenant.

The law firm of Rosenberg & Estis, expert in New York landlord tenant law, was retained by Mr. Zaccaro to inspect the premises and to commence any possible legal action. Following an inspection of the premises and review of the lease, however, Mr. Zaccaro was advised by the firm that the tenant has not violated its lease nor engaged in any illegal activity, and that no ground exists to evict the tenant. Although no basis was found for terminating the lease, Mr. Zaccaro instructed his attorney to notify the tenant that the lease will not be renewed when it expires on Jan. 31, 1963, and such notice has been given.

68 Mott Street

68 Mott Street is a five-story residential building on a busy block in the Chinatown section of Manhattan. It has been owned for at least 15 years by the Soo Yuen Benevolent Association, and during this period it has been managed by P. Zaccaro Company.

In addition to the residential tenants in the building, the ground floor for many years has been let for commercial use to a restaurant and a food store. Part of the basement has been rented to the restaurant and, since 1974, part of the basement has also been rented to a Chinese social club. In all instances, the owner, not the managing agent, has made all decisions concerning the selection of tenants for the building.

In recent weeks, allegations have

appeared in the media that this building has been the site of frequent and repeated police raids upon gambling activities, and that the managing agent had been notified by the police of numerous arrests at the building.

Neither P. Zaccaro Company nor Mr. Zaccaro have ever received any notice or other communication from the New York City Police Department or any other source with respect to any arrests or any illegal activity occurring at 68 Mott Street. Until the recent press reports, they had no knowledge of any allegations of improper activity at this building.

Upon first hearing these allegations, Mr. Zaccaro instructed his attorneys to determine whether police records actually revealed any instance of an arrest at 68 Mott Street. Official records indicate that on four occasions arrests for gambling activities have been made, although the records also indicate that the managing agent was not notified.

Upon learning these facts from its attorneys, P. Zaccaro Company promptly gave formal notice to the owners of the building that it will no longer serve as managing agent.

49 Market Street

49 Market Street is a two-story commercial building located in the East New York section of Manhattan. Since 1974, the property has been owned by Mr. Zaccaro and his mother and has been managed by P. Zaccaro Company. A recent newspaper article alleged that police had seized gambling equipment from this building. Neither the owners, the managing agent nor Mr. Zaccaro has knowledge of any such incident. Police records do not indicate that any such event occurred.

Concerns Tied to Ferraro

Special to The New York Times

WASHINGTON, Aug. 20 — Following are some of the companies controlled by Representative Geraldine A. Ferraro and John A. Zaccaro, or associated with them, that have come up in documents released today and other public records:

¶The P. Zaccaro Company — real estate management and insurance brokerage firm at 218 Lafayette Street; Mr. Zaccaro president, Mrs. Ferraro listed variously as secretary-treasurer and vice president; Mr. Zaccaro listed as two-thirds owner, Mrs. Ferraro as one-third; company founded by Mr. Zaccaro's father, Philip in 1917 and incorporated in 1935.

¶Metro Company — family partnership of Manny Lerman, Emily Lerman, Roy S. Lerman and Ella T. Olivieri at 4909 Taylor

Street, Hollywood Fla.; co-owned properties and a mortgage interest with companies of Mr. Zaccaro and Mrs. Ferraro.

¶Frajo Associates Inc. — property-owning corporation owned one-third by Mr. Zaccaro and two-thirds by his mother, Rose Zaccaro; Frajo listed as owning the Zaccaro Company building at 218 Lafayette Street, 49 Market Street, 1-3 Mott Street, and 68-70 Spring Street, among other properties.

¶First Grand Company — partnership of Frajo and Metro and owner of 124-26 Bowery, also known as 230 Grand Street.

¶Second Grand Company — listed in business records as a partnership of Lerman family members, but said by the Mandala-Ferraro campaign to be a 50-50 partnership of Mr. Zaccaro and Metro.

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uled a news conference for this morning at which the documents would be released and reporters' questions would be answered by accountants and lawyers. However, the briefing was canceled until Tuesday.

The documents were released piecemeal in the afternoon, and the tax returns were released at a Holiday Inn here. The campaign also released a statement about some business transactions involving the couple. Representative Ferraro has scheduled a news conference in New York for Tuesday.

Other tax documents released today show that for the last five years the couple, while filing separate tax returns, had a combined gross income of about \$175,000 per year and paid an average of about 40 percent of that income each year in Federal, state and local taxes.

Zaccaro's Income Higher

They also show that for the five years Mr. Zaccaro's income was \$633,969, larger than Mrs. Ferraro's, which was reported as \$332,474. Mr. Ferraro paid \$220,344 in taxes; Mrs. Ferraro paid \$130,922 over the period.

Today's disclosures also included a required financial statement for the last year filed with the Federal Election Commission. Mrs. Ferraro and her campaign aides said they hoped the information would put to rest questions about the couple's finances that have plagued the campaign and formed the basis of attacks by some Republican leaders.

Although Mr. Zaccaro released his individual tax returns, he did not release other returns he has filed with the Internal Revenue Service, such as partnership returns and returns for his real estate business. Tax experts said those documents would give a more accurate picture of his total income.

Some Questions Left

In addition, today's disclosures still leave unresolved some questions about the adequacy of Mrs. Ferraro's earlier Congressional disclosures, the financing of her 1978 campaign and the financial ties between the couple. Specifically, the disclosures show the following:

Mrs. Ferraro reported on her tax returns that she received income from one of her husband's companies that she owned stock in, but she failed to report that income on her Congressional disclosure statements.

For the five years she declined to disclose her husband's finances, citing a narrow exemption in House disclosure rules that can be used if the member of Congress receives no benefit from their spouse.

In addition, Mr. Zaccaro has been paying the mortgage on the family

home, according to his tax returns, a further indication that his wife may not have qualified for the exemption. Francis O'Brien, a campaign aide, said today that he did not know if Mrs. Ferraro had intended to amend her Congressional financial statements.

Mr. Zaccaro played a previously undisclosed and key role in the 1978 building sale that figures in the payment of back taxes.

A corporation he controlled provided most of the funds for Mrs. Ferraro to purchase the property, and in early 1978, a few months after Mrs. Ferraro sold her half interest in the property for almost \$100,000, Mr. Zaccaro bought back his wife's half interest. In October 1978, Mrs. Ferraro's campaign treasurer wrote the Federal Election Commission that Mr. Zaccaro did not own any interest in the land.

While the couple's accountant, Jack Seliger, of New York City, said in a telephone interview today that he had made a mistake in the 1978 return, he did not fully explain the error. In addition, Mr. Seliger, in the interview, gave a slightly different account of the handling of the transaction from what was offered by Mr. O'Brien at the briefing.

Mr. Zaccaro often conducts his business dealings in an informal way. For example, his ownership of real estate is sometimes not disclosed in public records because he is holding his interest through informal arrangements with close business associates.

Documents show that Mrs. Ferraro owns a one-third interest in the P. Zaccaro Company, the real estate management company headed by Mr. Zaccaro, who owns the other two-thirds of the company.

This information is contained both in the couple's tax returns, as well as the financial disclosure statement filed with the Federal Election Commission. It contrasts with what the couple told the New York State Insurance Department last year, when, in applying for a real estate broker's license, they said they each owned half of the company.

An Unsuspected Issue

When Mrs. Ferraro was selected last month by Walter F. Mondale to be his running mate, no one expected her finances to become an issue. Campaign aides say that her finances were reviewed quickly, just a day or two before she was chosen.

Gradually, over the last month, questions began to be raised about the couple's finances, first about the problems Mrs. Ferraro had with the Federal Election Commission in 1978, then about her failure to report her husband's holdings to Congress. Mrs. Ferraro originally pledged to release her husband's tax returns, announced a change last week, and then a few days ago reversed herself again, leading to today's release. Today was the deadline for the filing of the financial disclosure statement to the election commis-

sion. The tax returns were not required under Federal statute.

To assist in compiling information about the couple's finances, the campaign retained the assistance of Arthur Young & Company, a leading accounting firm. While the firm did a review of the couple's finances and tax returns, it is not clear to what extent they looked at underlying documentation, a key component in any audit.

Statement on Land Deal

The accountants issued a prepared statement today giving some detail on the 1978 transaction that figures in both the back taxes and the campaign violation.

In Mrs. Ferraro's first race for Congress, her campaign received \$134,000 in loans from her husband and from various trust funds belonging to the couple's children. After the F.E.C. held that all but \$4,000 of the loans were illegal, the campaign returned the money. Mrs. Ferraro then had to raise money to repay her campaign.

In October 1978 she sold a half interest in a property at 231 Centre Street in lower Manhattan. She had acquired the property five months earlier from the Polarob Realty Corporation, a company controlled by Mr. Zaccaro, according to the lawyer for Polarob.

The other half interest in the Centre Street property was owned by Meiro Street Company, a partnership controlled by Manny Lerman and his family. Today's statement by the accountants said that Mrs. Ferraro and Meiro together paid \$175,000 for the property in May 1978, including \$50,000 in cash, as well as incurring an obligation of \$124,000 to Polarob.

The statement does not say if Mrs. Ferraro signed any papers for the Polarob debt, and the mortgage is not recorded in New York City land records. When Mrs. Ferraro sold her half interest back to Meiro, Ms. Zaccaro negotiated the value of \$325,000, according to the statement. Soon thereafter, in early 1979, Mr. Zaccaro bought back a half interest in the property from Meiro, even though Meiro remained the owner of record, the statement added.

Dealings on Property

Although Mr. Lerman and Mr. Zaccaro "treated the property as owned by a partnership called the Second Grand Company, with Mr. Zaccaro a 50 percent partner," according to the statement, a business certificate license filed in Nassau County by Second Grand in November 1978 lists just Mr. Lerman and his family as partners in the concern.

On the couple's 1978 joint tax return they reported the sale as yielding a capital gain of \$6,180, based on a cost of \$96,311 and a sale for \$102,500. After the review by Arthur Young it was determined that the sale price should be \$128,750 and that the capital gain

in early 1979, a few months after Meiro bought Mrs. Ferraro's half interest in the property, Mr. Zaccaro bought back that interest from Meiro for the same price. By 1981 the property was sold to an unrelated party by Meiro and Mr. Zaccaro for \$275,000. Mrs. Ferraro, according to the accountant's statement, was unaware of her husband's reacquisition of the property.

In October 1978, the campaign treasurer for Mrs. Ferraro's campaign told the Federal Election Commission that Mr. Zaccaro did not own any interest in the property.

Disclosure commission officials say that the F.E.C. has taken no public action with regard to the land deal. However, they say the commission could reach out to the 1978 campaign if it were convinced there were campaign finance violations. They are involved up to the agreement they signed in 1978, and the matter by paying a civil penalty of \$500.

NY TIMES
8/20

C

3 4 0 4 **Some on Election Panel Were Skeptical
Of Ferraro Aides' Explanation of '78 Loan**

By BROOKS JACKSON

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Transcripts of two secret Federal Election Commission meetings show that some commissioners were skeptical of explanations that Rep. Geraldine Ferraro's 1978 House campaign gave for an illegal \$110,000 loan from her husband.

The matter has become an issue in Rep. Ferraro's current campaign as Democratic vice presidential candidate. Federal election law allows candidates for Congress to spend unlimited amounts of their own money but limits gifts or loans from others, even relatives, to \$1,000 per election.

At a meeting on May 23, 1979, Republican commissioner Max Friedersdorf objected to

settling the case for a \$250 fine, as proposed by Rep. Ferraro's campaign. "I thought the mitigating circumstances were . . . pretty unsubstantiated, and to me seemed rather flimsy in view of the amount of money involved," he said.

The Ferraro campaign said it relied on erroneous legal advice from a former election-commission lawyer, David Stein. Mr. Stein now denies he ever gave such advice, but at the time the election commission investigated the loan it didn't bother to check with him. Eventually the case was settled for a total of \$750 in fines.

Democratic commissioner Thomas Harris also questioned the Ferraro campaign's defense, according to the transcripts.

"Was the advice given when the attorney was employed here?" Mr. Harris asked.

"No, this was after," said the commission's general counsel, William O'Connell.

"That can't be a mitigating factor," Mr. Harris said. "If they want to sue the attorney for malpractice, that's all right."

Democratic commissioner John McGarry objected to making public mention that legal advice had come from a former commission lawyer. "If this is going to become a public document . . . I felt that was in particular poor taste," he said. He suggested rewriting proposed settlement papers "without naming anybody or indicating it was a former employee of ours. I would give them that, but that's as far as I'd go."

The commission approved the \$750 settlement at a meeting nearly five months later, on Oct. 2, 1979. At that time Republican commissioner Frank Reiche, who hadn't attended the May meeting, voted against accepting the settlement.

"I for one am appalled," he said. "I think it is far more serious than that. . . . If what we were talking about were a \$10,000 to \$15,000 fine, that would be one thing. I, well, I've stated my conclusions." The settlement was approved with only Mr. Reiche dissenting.

It is the first time the election commission has released transcripts of a closed meeting in an enforcement case. It recently revised its policy of refusing requests for such transcripts after an appeal by The Wall Street Journal.

Meanwhile yesterday, Rep. Ferraro's husband, John Zaccaro, said he may reluctantly release copies of his federal income-tax returns. "I am reconsidering," he said on the NBC "Today" show. "It's something I don't have to do," said Mr. Zaccaro, a New York real-estate investor. "and it really invades my privacy, and what we do, but I think something had to be worked out. . . . So we'll see."

**Zaccaro
Statements
Disputed**

By Charles R. Babcock
Washington Post Staff Writer

A former Federal Election Commission attorney said yesterday that he advised Rep. Geraldine A. Ferraro (D-N.Y.) in 1978 that it would not be permissible for her congressional campaign to accept loans of more than \$1,000 from each member of her family.

The statement by David Stein contradicts sworn statements by Ferraro's husband, John A. Zaccaro, and her campaign treasurer that they relied on Stein's advice that it was proper to make large family loans to the campaign. A total of \$134,000 in family loans were made to Ferraro's first campaign in that year.

The FEC accepted the word of Zaccaro and campaign treasurer David Blanksteen that they had relied on Stein's legal advice when it fined them \$750 in

See ZACCARO, A6, Col. 5

Election Agency Had '79 Debate on Ferraro Loans

NY TIMES

WASHINGTON, Aug. 15 (AP) — The head of the Federal Election Commission questioned in 1979 why the agency had "folded over" in its investigation of \$109,000 in illegal family loans to Geraldine A. Ferraro in her first race for Congress, a transcript released today shows.

Robert O. Tiernan, then the commission's chairman, also told the other commissioners that he found the Congresswoman's explanations of the loans "very inconsistent."

The election commission released transcripts of the two sessions on May 23, 1979, and Oct. 2, 1979, when it discussed how to resolve the inquiry.

At the second meeting, the commission, by 4 to 1, voted to close the case with a \$250 fine for Mrs. Ferraro's husband, John A. Zaccaro, and a \$500 fine

against her campaign committee. Frank P. Reiche, a Republican commissioner, cast the sole vote against the settlement.

Representative Ferraro, now the Democratic Vice-Presidential nominee, has said that any remaining questions on the financing of her 1978 campaign will be answered by financial disclosures she will make Monday.

Documents previously made public showed that the commission ended the inquiry with what it considered a light penalty, partly because of affidavits from Mr. Zaccaro and David Blanksteen, treasurer of the Ferraro campaign. They said that David J. Stein, a former lawyer for the election commission, had told them the family loans were legal.

Mr. Stein, now in private practice in

New York City, said Tuesday that he remembered "voicing my doubts" about the propriety of the loans at an informal meeting in 1978 at Mrs. Ferraro's home in Forest Hills. He had previously left the election commission.

The transcripts show that the commission's lawyers, in negotiations with Mrs. Ferraro's Congressional campaign to settle the dispute, first proposed civil penalties of \$500 for Mr. Zaccaro and \$1,500 for the campaign committee. They could have sought civil penalties equal to the full amount of the illegal loans, which was \$134,000 of the \$150,000 that was loaned to the committee from Mr. Zaccaro and their children's trust account.

Individuals are limited to \$1,000 in contributions or loans.

D

A20 THE NEW YORK TIMES, THURSDAY, JULY 24, 1984

Rep. Ferraro's Transactions Detailed in Public Records

The following article is based on reporting by Ralph Blumenthal and Jeff Gerth and was written by Mr. Blumenthal.

An examination of public records provides further details about the finances of Representative Geraldine A. Ferraro and her husband, John A. Zaccaro, including several transactions involving Mrs. Ferraro, her husband and his business associates that figured in a 1979 inquiry by the Federal Election Commission.

Michael S. Berman, an aide to Walter F. Mondale, said in an interview this week that he had recently asked lawyers to go over the finances of the Queens Congresswoman and her husband, including the election commission matter, to make more information available.

Since Mr. Mondale, the Democratic Presidential nominee, selected Mrs. Ferraro as his running mate July 12, she, her campaign aides and Mr. Zaccaro have turned away questions about their finances with the explanation that information would be made public in 30 days, as part of a required disclosure by Vice-Presidential candidates.

Mrs. Ferraro, in a statement issued Tuesday in Washington, reiterated that timetable and said the data to be released would include several years of Federal tax returns for herself and her husband, who filed separately.

Matter of 'Public Trust'

Mrs. Ferraro said she planned to include her husband's financial holdings in that disclosure "because my husband and I believe that it is in the public interest to do so and because the office of Vice President is one of high public trust."

However, Representative Ferraro repeated her contention that she was correct not to list her husband's holdings on her annual Congressional financial disclosure forms, which require a listing of all the holdings of the legislator, their spouse and their dependent children, unless exempted. It is not clear whether Mr. Zaccaro's finances fulfilled the conditions for exemption.

Mrs. Ferraro listed herself as secretary and treasurer and as a shareholder of P. Zaccaro & Company, the real estate firm founded by Mr. Zaccaro's father, and thus might be considered to have benefited from her husband's holdings.

Examination of public real estate and other records, meanwhile, has yielded a partial picture of the family's holdings. These include three homes, a vacant parcel of resort land and several corporations and partnerships that own real estate in the Little Italy and Chinatown sections of Manhattan. The Zaccaro company also manages other properties.

Family Role in Campaign

Mr. Zaccaro inherited the company from his father, Philip, who founded it in 1935. When the elder Mr. Zaccaro died in 1971, he left an estate valued at \$867,937.42, which came to \$307,982.07 after taxes.

Records show that Mr. Zaccaro and his associates played a role in financing Mrs. Ferraro's political career.

In 1978, in Mrs. Ferraro's first race for Congress, her campaign received about \$130,000 in money from her family, including \$110,000 in loans from her husband. The Federal Election Commission questioned the funds.

According to public records, in the course of the commission's inquiry and subsequent Congressional filings, Mrs. Ferraro, her campaign and her husband gave varying accounts of the source of the loans and the value of the transactions used to pay them back.

Ultimately, it was determined that the majority of the funds had come from loans obtained by Mr. Zaccaro using accounts separate from those of Mrs. Ferraro. Under election law, Mr. Zaccaro could loan or contribute a maximum of \$1,000 to his wife's campaign, while the candidate herself was not subject to any limitation.

The election commission's inquiry ended in 1979 when Mr. Zaccaro and the Ferraro campaign agreed to pay a total of \$750 in fines for civil violations of the election laws. Mrs. Ferraro's campaign had to refund the family loans with allowable funds. Records show that these funds came from two transactions by Mrs. Ferraro in 1978.

In one transaction, in October 1978, she sold for \$100,000 her half interest in property she owned in lower Manhattan. The buyer was the Melro Company, which owned the other half. According to public records, Melro is a family partnership headed by Manny Lerman, a business associate of Mr. Zaccaro's.

Mrs. Ferraro and Melro had acquired the property from a company controlled by Mr. Zaccaro in May 1978, shortly before Mrs. Ferraro declared her Congressional candidacy, according to public records and an attorney for Mr. Zaccaro.

Records show that the Polarob Realty Corporation bought the property for \$175,000 on May 1, 1978, then immediately transferred ownership to Mrs. Ferraro and Melro for an undisclosed amount.

Polarob was a "dummy corporation" used by Mr. Zaccaro "to avoid personal liability" according to Harry Katz, a principal in Polarob who was once a lawyer for Mr. Zaccaro.

Samuel Feldman, an attorney speaking for Mr. Lerman, said Mrs. Ferraro had made a "small capital gain" on the transaction.

On her financial disclosure form for 1978, Mrs. Ferraro valued the capital gain on the sale at \$15,001 to \$30,000. On the same form, she listed both her interest in the property and the sale's value at \$5,001 to \$15,000. It was not clear how the gain on the sale could be greater than the value of the sale.

The second transaction that Mrs. Ferraro used to repay her campaign for her husband's loans was the sale for \$30,000 of her half interest in a mortgage on another property at 124-26 Bowery, she told the election commission.

On her financial disclosure report for 1978, Mrs. Ferraro valued her interest in the mortgage at \$2,501 to \$5,000. It was not clear why this valuation varied from the \$30,000 value listed with the election commission.

The House financial disclosure forms do not require members to list residences or vacation homes unless the properties are held for investment or income. Accordingly, Mrs. Ferraro did not list her house in Queens, in a section of Forest Hills where brokers say the average house costs around \$400,000.

Mrs. Ferraro also did not list a \$200,000 condominium in the Candle Reef development on St. Croix in the Virgin Islands and a vacation house, assessed at \$185,000, on Neptune Walk in the community of Salsaire on Fire Island.

Late yesterday, P. Zaccaro & Company issued a statement in response to questions about its management of a lower Manhattan building housing a tenant, Star Distributors, that law-enforcement officials have previously described as a distributor of pornography linked to organized crime.

Mr. Zaccaro said he would investigate the use of the space, at 200 Lafayette Street, and that, if necessary, he would take "immediate action" to end the lease.

F

GCCT#5102

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(312) 528-4000

October 10, 1984

Kenneth Gross, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MURs 1764 and 1779

Dear Mr. Gross:

Enclosed please find the affidavit of Manny Lerman submitted in response to the complaints in the above matters. Based upon the information set forth in Mr. Lerman's affidavit, it is respectfully requested that the General Counsel's Office recommend that the Federal Election Commission find no reason to believe that Mr. Lerman or Melro Company violated the Federal Election Campaign Act in connection with the matters asserted in the complaints.

If you believe there is any additional information which we should submit or if you have any questions, please let me know.

Very truly yours,

Thomas J. Schwarz
Thomas J. Schwarz

Encl.

84040491629

34 OCT 12 11:29
GENERAL COUNSEL

FEDERAL ELECTION COMMISSION

----- x

In the matter of :

THE COMPLAINTS BY FUND FOR A : MURS 1764 and 1779
CONSERVATIVE MAJORITY AND JOHN F. :
BANZHAF, III :

----- x

STATE OF NEW YORK)
: COUNTY OF NEW YORK)

MANNY LERMAN, being duly sworn, deposes and

says:

1. I submit this affidavit in connection with the above-captioned matters with respect to my purchase and subsequent sale of an interest in 231 Centre Street. This affidavit is also submitted on behalf of Melro Company, which company I control.

2. In late September or October 1978 John Zaccaro approached me and inquired as to whether I would purchase the 50% interest of Geraldine Ferraro in property in which Ms. Ferraro and Melro each had an interest. The property had been purchased some months prior for what I believe to have been an extremely advantageous price and a price significantly below market value.

3. I agreed with Mr. Zaccaro to purchase Ms. Ferraro's interest for \$100,000 and an assumption of the mortgage. I paid Ms. Ferraro \$100,000 for her interest.

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4. My recollection is that some time thereafter, possibly in November 1978, Mr. Zaccaro approached me and indicated that he was unhappy that his family had lost its interest in 231 Centre Street and inquired as to whether I would sell to him the interest which I had purchased from Ms. Ferraro at the price which I had paid Ms. Ferraro.

5. Mr. Zaccaro and I had done business from time to time in the past and because I knew Mr. Zaccaro I agreed to sell the interest to him for the price which I had paid Ms. Ferraro as long as Mr. Zaccaro made me whole for the costs which I had incurred, including interest costs. Mr. Zaccaro agreed to my condition and purchased the interest in January 1979.

6. At the time that I purchased the property from Ms. Ferraro I paid her a fair market value. Furthermore, Mr. Zaccaro and I subsequently sold the property in November 1980 to an unaffiliated purchaser for \$375,000, a clear indication that the price that I paid to Ms. Ferraro in October 1978 was a fair price.

7. I did not make any contribution to Ms. Ferraro's campaign through the purchase of her interest.

Manny Lerman
Manny Lerman

Sworn to before me this
11th day of October, 1984.

David Shannon
Notary Public

DAVID SHANNON
Notary Public, State of New York
No. 67-490721
Qualified in Westchester County
Commission Expires March 30, 1985

34040491631

GCC#S117
Reilly

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 828-2000

CABLE ADDRESS: 'SANDG'

TELEX NO: 89-2399

TELECOPIER: (202) 828-2148

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WARNER W. GARDNER
LAWRENCE J. LATTO
RICHARD T. CONWAY
ROBERT T. BASSECHES
BENJAMIN W. SOLEY
RALPH J. MOORE, JR.
MARTIN J. FLYNN
STEPHEN J. POLLAK
DAVID DOOTH BEERS
ANTHONY A. LAPHAM
RICHARD M. SHARP
JOHN D. ALDOCK
WILLIAM S. MOORE
JOHN TOWNSEND RICH
LOUIS M. KAUDER

JAMES R. BIERE
1. MICHAEL GREENBERGER
WILLIAM F. SHEEHAN
R. JAMES WOOLSEY
FREDERICK C. SCHAFRICK
DAVID S. GODE
STEPHEN J. HAGLEY
FRANKLIN S. KRANER
WENDY B. WHITE
WILLIAM R. GALEOTA
PATRICK M. HANLON
NANCY J. BRISSTEIN
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ANDREW H. MARKS
TIMOTHY K. SHUSA
JAMES R. BIRD

MICHAEL S. GIANNOTTO
JAMES E. KAPLAN
THOMAS R. ANDREWS
SHEAN S. COLLINS
WILLIAM R. HANLON
JEFFREY C. MARTIN
BRUCE C. SWARTZ
ELIZABETH RUTMAN GEISE
CHRISTOPHER J. WRIGHT
SUZANNE E. MEEKER
JULIE MELAMUD
LAURA B. WERTHEIMER
RICHARD M. WYNER

October 12, 1984

BY HAND

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1779

Dear Mr. Gross:

Enclosed herewith is a Statement of Designation of Counsel retaining this firm and the designated attorneys to represent David Blanksteen in MUR 1779.

In addition, this letter will authorize the Commission to forward to the undersigned any communications in MUR 1779 respecting Mr. Blanksteen's interests as well as any additional communications received by the FEC relating to Mr. Blanksteen's service as Treasurer of the 1978 Committee to Elect Geraldine A. Ferraro to Congress.

Sincerely,
Stephen J. Pollak
Stephen J. Pollak

SJP/rs1

Enclosure

cc: Mr. David Blanksteen

34040491632

RECEIVED
GENERAL COUNSEL
OCT 13 9 31 33

STATEMENT OF DESIGNATION OF COUNSEL

MUR MUR 1779 Stephen J. Pollak
Anthony A. Lapham
Wendy S. White
NAME OF COUNSEL: Shea & Gardner
ADDRESS: 1800 Massachusetts Ave., N.W.
Washington, D.C. 20036
TELEPHONE: 202-828-2000

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 4, 1984
Date


Signature

RESPONDENT'S NAME: DAVID BLANKSTEEN
ADDRESS: 161 William St.
New York, N.Y. 10038
HOME PHONE: 718-268-7176
BUSINESS PHONE: 212-732-9435

3 3 6 1 9 4 0 4 0 4 8

RECEIVED AT THE FEC
OCC #S/38
84 OCT 15 AM: 03

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 858-2000

CABLE ADDRESS: "SANGS"

TELEX NO: 89-2399

TELECOPIER: (202) 858-2148

October 12, 1984

FRANCIS M. SHEA
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LAWRENCE J. LATO
RICHARD T. CONWAY
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BENJAMIN W. SOLEY
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CHRISTOPHER J. WRIGHT
SUZANNE E. WEEKER
JULIE MELAMUD
LAURA S. WERTHEIMER
RICHARD N. WYNER

34 OCT 15 AM: 13

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1779

Dear Mr. Gross:

I am returning to you herewith the original copy of a letter dated September 18, 1984, in MUR 1779 addressed from you to Polarob Realty Inc. and the attachments thereto. I received this letter under cover of the enclosed envelope bearing certified mail No. 943663 yesterday, October 11, 1984.

I am not counsel for Polarob Realty Inc. in this proceeding or in any other matter and I have no authority to receive communications addressed to it.

Sincerely yours,

Stephen J. Pollak
Stephen J. Pollak

SJP/rs1

Enclosure

84040491634

Rec'd 10/11/84
800



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 18, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Polarob Realty Inc.
745 Fifth Avenue
New York, New York 10022

Re: MUR 1779

Dear Sir/Madam:

This letter is to notify you that on September 6, 1984 the Federal Election Commission received a complaint which alleges that Polarob Realty, Inc. 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 1779. 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 Polarob Realty, Inc. 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.

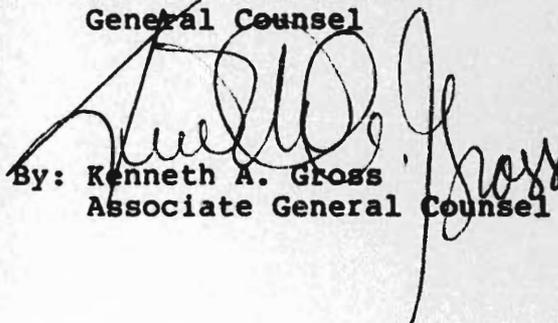
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

84040491635

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

cc: Polarob Realty Inc.
c/o Mr. John A. Zaccaro
218 Lafayette Street
New York, New York 10010

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SHEA & GARDNER
1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D. C. 20036

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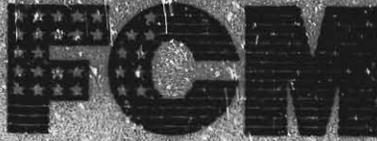
SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036-1872

BY HAND

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, DC 20463

GOC# 4588



FUND FOR A CONSERVATIVE MAJORITY

Robert C. Heckman
Chairman

MUR
1779

September 6, 1984

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
34 SEP 6 5:40

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

Dear Sir:

This letter constitutes a complaint pursuant to 2 U.S.C. 437g(a)(1) by Fund for a Conservative Majority, 302 Fifth Street, N.E., Washington, D.C. 20002, against Rep. Geraldine A. Ferraro, Room 312 Cannon House Office Building, Washington, D.C. 20515 and Committee to Elect Geraldine A. Ferraro, 218 Lafayette Street, New York, New York 10012, in the belief that they violated the provisions of the Federal Election Campaign Act of 1971, as amended.

In a report filed on March 6, 1979, with the Office of the Clerk of the United States House of Representatives by the Committee to Elect Geraldine A. Ferraro pursuant to 2 U.S.C. 432, it was reported that Geraldine A. Ferraro had loaned the sum of \$170,000.00 to the Committee. It was disclosed in that report that a portion of those funds, \$100,000.00, was derived from the sale on October 5, 1978 of Geraldine A. Ferraro's interest in property located at 231 Center Street, New York, New York. See, also, Report of Receipts and Expenditures, FEC Form 3, filed by Committee to Elect Geraldine A. Ferraro on January 29, 1979.

Attached hereto and made a part of this complaint is a copy of an article published in The Washington Post on July 29, 1984 (p. A1), in which it was reported that Geraldine A. Ferraro purchased her interest in that building on **May 1, 1978** for \$25,000.00. It also reports that **she** sold her interest on October 5, 1978, to her partner, **Manny Lerman**, for \$100,000.00.

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As stated in the article: "This gave Ferraro a 400% return on the \$25,000 she had invested five months and five days earlier." This transaction is not credulous.

In the event a candidate sells his or her property at a price in excess of its fair market value for the purpose of contributing the proceeds of sale to his or her campaign, the portion of the proceeds received in excess of fair market value constitutes a contribution to the campaign. As such, it appears Geraldine A. Ferraro and Manny Lerman conspired to secure an inflated amount of cash from Manny Lerman to enable Geraldine A. Ferraro to make a contribution to her Committee. If so, Geraldine A. Ferraro violated the provisions of 2 U.S.C. 441f by knowingly permitting her name to be used, as the source of a contribution from Manny Lerman; that Committee to Elect Geraldine A. Ferraro violated the provisions of 2 U.S.C. 441f by knowingly accepting a contribution made by one person in the name of another person; that Committee to Elect Geraldine A. Ferraro violated 2 U.S.C. 441(a)(1)(A) by knowingly accepting a contribution from Manny Lerman which, in the aggregate, exceeded \$1,000.00; and, that Committee to Elect Geraldine A. Ferraro violated 2 U.S.C. 434 by properly failing to report the transaction.

It is submitted that, because Committee to Elect Geraldine A. Ferraro continues to the present to report a debt and obligation to Rep. Ferraro which arose from the transaction described above, any statutory period of limitation does not apply to these apparent violations.

Very truly yours,

FUND FOR A CONSERVATIVE
MAJORITY

By: Robert C. Heckman
Robert C. Heckman, Chairman

Enclosures

~~August~~ ^{SEPT.} Sworn to before me by Robert C. Heckman this 5th day of August, 1984.

My Commission Expires February 28, 1985

Harry H. Mandatoff
Notary Public

84040491639

Property Deals Helped Ferraro Pay for '78 Race

By Charles R. Babcock
Washington Post Staff Writer

Democratic vice presidential nominee Rep. Geraldine A. Ferraro (D-N.Y.) raised \$100,000 in 1978 for her first congressional campaign by selling her interest in a New York building to her partner after they determined that its value had nearly doubled in the five months they had owned it, according to real estate records and attorneys for the Mondale-Ferraro campaign.

This is one of a complicated series of Ferraro transactions that are not unusual in commercial property dealings. The details show how real estate helped finance her first congressional race.

Ferraro and her partner, Manny Lerman, bought the building for \$175,000 on May 1, 1978, but agreed to use a \$325,000 valuation when Lerman purchased her half interest five months later, Oct. 5, 1978, the records show.

At the time Ferraro was trying to raise \$130,000 to pay back loans made by her husband and children to her 1978 campaign. This occurred after the Federal Election Commission had notified her that the loans exceeded the \$1,000 campaign contribution limit for individuals. The law puts no limit on what a candidate can lend to his or her own campaign.

See FINANCES, A6, Col. 1

84040491640

FINANCES, From A1

Ferraro and a Lerman partnership had each put up \$25,000 cash and took out a \$125,000 mortgage in May, 1978, to buy the \$175,000 two-story commercial building on the corner of Centre and Grand streets in lower Manhattan. Lerman is a business associate of Ferraro's husband, John A. Zaccaro, a New York real estate executive.

The \$325,000 figure used in October, 1978, was based on a review of recent sales in the area, rather than a formal appraisal, Ferraro attorneys said last week.

When Lerman bought Ferraro's share, he assumed the \$125,000 mortgage and gave Ferraro a \$100,000 check, records show. This gave Ferraro a 400 percent return on the \$25,000 she had invested five months and five days earlier.

Lerman could not be reached for comment last week. Ferraro has designated two lawyers working for the Mondale-Ferraro campaign to answer questions on her finances.

These attorneys said the building's value was properly increased because Ferraro and Lerman got "a great deal" at \$175,000 when they bought it from Norfolk Realty Corp. In addition, the attorneys said the \$325,000 valuation was comparable to sales then of other area buildings—a standard method of determining the value of real estate.

"She was entitled to what they could get in the marketplace at the time," said one of the lawyers, who declined to be named. He added that all the records of the transaction could not be reviewed on short notice, but said he was certain that the matter was handled correctly and was a straight-forward real estate transaction.

Lerman also figured in raising the other \$30,000 Ferraro needed to repay the disallowed \$130,000 in campaign loans. A Lerman family partnership paid her \$30,000 on Oct. 4, 1978, for her half interest in an unrecorded mortgage on another piece of New York property at 124-126 Bowery in lower Manhattan. Ferraro had paid \$35,000 for that interest in November, 1977, Ferraro's attorneys said, and, thus, lost \$5,000 on the transaction.

With the \$130,000 Ferraro raised in October, 1978, she paid back the family loans. Her campaign attorney at the time emphasized that her husband and children had no interest in the properties she

had sold. This attorney also said she would be required to pay a capital gains tax on some of the profit.

After an investigation of the family loans to the Ferraro campaign, the FEC fined her campaign committee and her husband a total of \$750. The file that includes the agreement closing the case shows that the FEC accepted Ferraro's explanation that she had received incorrect legal advice and that she had adequate personal funds to have made the loans herself.

Ferraro announced last week that she will soon make a full financial disclosure, including details of her holdings and those of her husband and their tax returns.

Since Ferraro was nominated earlier this month, several questions have arisen about her finances and those of her husband, whose real estate firm manages more than 20 residential and commercial buildings in New York City.

Last week there were reports that a tenant in one of the buildings Zaccaro manages is an alleged pornography dealer. Zaccaro said he will investigate and oust the tenant if the reports are true.

A Lerman partnership is owner of record for the building where space is rented to the alleged pornography dealer. But Ferraro's attorneys said Zaccaro told them that he also owned a half-interest in that building at 200 Lafayette St. through a partnership with Lerman. This ownership interest is not recorded in the city's records.

In 1978, Ferraro's campaign reported that her children had given unsecured, interest-free loans to the campaign that were drawn against accounts Ferraro and her husband had set up for the children's college educations.

On Sept. 7, 1978, the FEC notified Ferraro's campaign that the loans appeared to exceed legal limits. On Sept 13, the day after Ferraro won the Democratic congressional primary, FEC analyst Laurie Castaneda wrote an internal memo saying that Ferraro had called to explain that she "was under the impression" that there was no limit on such loans. She added that the loan money had come from a joint account with her husband and from "college funds set up for her children. She was trustee of those accounts and said, therefore, she had control of that money," Castaneda wrote.

Castaneda told Ferraro that if "it

was her money and that she was in control of those funds," she could amend her reports to attribute the loans to herself. Instead, Ferraro sold her interests in the Centre Street and Bowery properties.

Details of Ferraro's 1978 acquisition of the half-interest in the Centre Street building, which now houses a restaurant and machine shops, were not at first clear from the public records. Murry Kalik, Ferraro's attorney on the real estate transactions, said in telephone interview last week that a "dummy corporation," Polarob Realty Corp., had been used to buy the property.

The same day, May 1, Polarob conveyed the deed to Ferraro and a partnership called Melro Co., which included Lerman. Kalik said the dummy corporation was used to protect the owners from personal liability on the mortgage.

The members of the Melro partnership are not recorded in New York County, but Kalik and Ferraro's attorneys said last week that Lerman was a principal in Melro.

The mortgage on the Bowery property Ferraro said she sold for \$30,000 in 1978 to help repay the family campaign loans is not recorded in New York County. Her attorneys said this was done to save the recording fee.

But Ferraro's attorneys last week provided documents showing that Ferraro had a 50 percent interest in that mortgage. It was bought from the National Bank of North America for \$70,000 on Nov. 25, 1977, according to records. Ferraro's attorneys said she had acquired her share for \$35,000, but did not have a copy of the check.

When she sold her interest in October, 1978, it was to the Melro Co., the partnership that includes Lerman.

Samuel Feldman, an attorney representing Lerman, said that Lerman bought the mortgage for his children as a gift.

After Ferraro repaid her husband and children in 1978, she borrowed \$40,000 from two banks, so her loans to her first congressional campaign totaled \$170,000.

She used leftover money from her 1980 and 1982 congressional campaigns to pay herself back, according to FEC records. The latest 1984 filing shows that she is owed about \$50,000 from the 1978 campaign.

Special correspondent John Kennedy contributed to this report.

STATEMENT OF DESIGNATION OF COUNSEL

MUR _____

NAME OF COUNSEL: _____

ADDRESS: . _____

TELEPHONE: _____

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.

2
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8

Date.

Signature

RESPONDENT'S NAME: _____

ADDRESS: _____

HOME PHONE: _____

BUSINESS PHONE: _____

- 5 -

**DESCRIPTION OF PRELIMINARY PROCEDURES
FOR PROCESSING COMPLAINTS FILED WITH THE
FEDERAL ELECTION COMMISSION**

(a) Complaints filed with the Federal Election Commission shall be referred to the Enforcement Division of the Office of General Counsel where they are assigned a MUR (Matter Under Review) number and assigned to a staff member. Within 5 days of receipt of a complaint, the Commission shall notify, in writing, the respondent listed in the complaint that the complaint has been filed and shall include with such notification a copy of the complaint. Simultaneously, the complainant shall be notified that the complaint has been received and will be acted upon. The respondent(s) shall then have 15 days to demonstrate, in writing, that no action should be taken against him/her in response to the complaint.

At the end of the 15 days, the Office of General Counsel shall report to the Commission making a recommendation(s) based upon a preliminary legal and factual analysis of the complaint and any submission made by the respondent(s). A copy of respondent's submission shall be attached to the Office of General Counsel's report and forwarded to the Commission. This initial report shall recommend either: (a) that the Commission find reason to believe that the complaint sets forth a possible violation of the Federal Election Campaign Act (FECA) and that the Commission will conduct an investigation of the matter; or (b) that the Commission finds no reason to believe that the complaint sets forth a possible violation of the Federal Election Campaign Act (FECA) and, accordingly, that the Commission close the file on the matter.

If, by any affirmative vote of four (4) Commissioners, the Commission decides that it has reason to believe that a person has committed or is about to commit a violation of the Federal Election Campaign Act (FECA), the Office of General Counsel shall open an investigation into the matter. During the investigation, the Commission shall have the power to subpoena documents, to subpoena individuals to appear for deposition, and to order answers to interrogatives. The respondent(s) may be contacted more than once by the Commission during its investigation.

340491643

- 2 -
DESCRIPTION OF PRELIMINARY PROCEDURES
FOR PROCESSING COMPLAINTS FILED WITH THE
FEDERAL ELECTION COMMISSION

If, during this period of investigation, the respondent(s) indicate a desire to enter into conciliation, the Office of General Counsel staff may begin the conciliation process prior to a finding of probable cause to believe a violation has been committed. Conciliation is an informal method of conference and persuasion to endeavor to correct or prevent a violation of the Federal Election Campaign Act (FECA). Most often, the result of conciliation is an agreement signed by the Commission and the respondent(s). The Conciliation Agreement must be adopted by four votes of the Commission before it becomes final. After signature by the Commission and the respondent(s) the Commission shall make public the Conciliation Agreement.

[If the investigation warrants], and no conciliation agreement is entered into prior to a probable cause to believe finding, the General Counsel must notify the respondent(s) of this intent to proceed to a vote on probable cause to believe that a violation of the Federal Election Campaign Act (FECA) has been committed or is about to be committed. Included with the notification to the respondent(s) shall be a brief setting forth the position of the General Counsel on the legal and factual issues of the case. Within 15 days of receipt of such brief, the respondent(s) may submit a brief posing the position of the respondent(s) and replying to the brief of the General Counsel. Both briefs will then be filed with the Commission Secretary and will be considered by the Commission. Thereafter, if the Commission determines by an affirmative vote of four (4) Commissioners, that there is probable cause to believe that a violation of the FECA has been committed or is about to be committed conciliation must be undertaken for a period of at least 30 days but not more than 90 days. If the Commission is unable to correct or prevent any violation of the FECA through conciliation the Office of General Counsel may recommend that the Commission file a civil suit against the respondent(s) to enforce the Federal Election Campaign Act (FECA). Thereafter, the Commission may, upon an affirmative vote of four (4) Commissioners, institute civil action for relief in the District Court of the United States.

See 2 U.S.C. § 437g, 11 C.F.R. Part 111

84040491644

FEDERAL ELECTION COMMISSION 40491645

1325 K STREET, NW
WASHINGTON, DC 20543

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE, \$300

Stephen J. Pollak, Esquire
Shea & Gardner
1800 Massachusetts Avenue, N. W.
Washington, D.C. 20036

STG

CLAIM CHECK
NO.

176149

HOLD

DATE

1ST NOTICE

2ND NOTICE

RETURN

Detached from
PS Form 3849-A
Oct. 1980

943663

8 4 0 4 0 4 9 1 6 4 6

ACCEPTED FOR MAIL

OCT 15 10:03



SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036-1672

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, DC 20463

FIRST CLASS MAIL

FIRST CLASS MAIL



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 9, 1984

Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

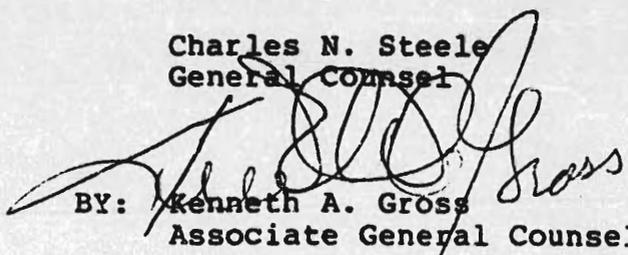
RE: MURs 1764 and 1779

Dear Mr. Pollak:

This letter will confirm my telephone conversation with you on September 27, 1984, regarding extensions of time in MURs 1764 and 1779. We have considered the basis of your request and have decided to grant the requested extensions. Thus, the responses for both MURs will be due on October 11, 1984.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

84040491647

GCCT#4971

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 528-2000

CABLE ADDRESS: "SANDG"

TELEX NO: 88-2395

TELECOPIER: (202) 528-2148

FRANCIS M. SHEA
WARNER W. GARDNER
LAWRENCE J. LATO
RICHARD T. CONWAY
ROBERT T. BASSECHES
BENJAMIN W. SOLEY
RALPH J. MOORE, JR.
MARTIN J. FLYNN
STEPHEN J. POLLAK
DAVID BOOTH BEERS
ANTHONY A. LAPHAM
RICHARD M. SHARP
JOHN D. ALDOCK
WILLIAM S. MOORE
JOHN TOWNSEND RICH
LOUIS M. KAUDER

JAMES R. DIEKE
I. MICHAEL GREENBERGER
WILLIAM F. SHERMAN
R. JAMES WOOLSEY
FREDERICK C. SCHAFRICK
DAVID E. COOK
STEPHEN J. HADLEY
FRANKLIN D. KRAMER
WENDY S. WHITE
WILLIAM R. GALEOTA
PATRICK M. HANLON
NANCY J. BRESSTEIN
NANCY C. SHEA
ANDREW H. HARKS
TIMOTHY K. SHUBA
JAMES R. BIRD

MICHAEL S. GIANNOTTO
JAMES E. KAPLAN
THOMAS R. ANDREWS
SUSAN S. COLLINS
WILLIAM E. HANLON
JEFFREY C. MARTIN
BRUCE C. SWARTZ
ELIZABETH RUDYAN BEISS
CHRISTOPHER J. WRIGHT
SUZANNE E. HEEKER
JULIE MELAMUD
LAURA S. WERTHEIMER
RICHARD M. WYNER

October 3, 1984

BY HAND

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1779 and 1764

Dear Mr. Gross:

This letter will confirm my telephone conversation with you on September 27, 1984, respecting the Federal Election Commission proceedings carrying the designations of MUR 1779 and 1764.

I advised that Representative Geraldine A. Ferraro, her spouse John A. Zaccaro, and David Blanksteen, as Treasurer, Committee to Elect Geraldine A. Ferraro to Congress, had received from the Federal Election Commission three identical letters dated September 18, 1984, notifying them that the Commission had received a complaint from the Fund for a conservative majority alleging possible violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was attached to the letters which advised that the FEC had numbered it MUR 1779.

I advised further that Representative Ferraro, Mr. Zaccaro, and Mr. Blanksteen had indicated to me their desire that this firm represent each of them in respect to MUR 1779 but that I had not as yet received signed statements of designation of counsel from any of them. Since then I have received such a statement from Representative Ferraro and Mr. Zaccaro and it is enclosed herewith. Mr. Blanksteen, I am advised, has been and is away from his office and is to return on Friday, October 5,

84040491643

14 OCT 3 1984 11:51

Kenneth A. Gross, Esq.
October 3, 1984
Page 2

1984. I will forward a signed statement from him as soon as it is received by me.

In the conversation on September 27, 1984, I explained that a review of the complaint in MUR 1779 indicates that the allegations are similar to allegations made in the complaint in MUR 1764. Representative Ferraro, Mr. Zaccaro and Mr. Blanksteen are respondents in MUR 1764 and are represented by this office in that proceeding.

I then advised you that it was my understanding from counsel for Mr. Manny Lerman that Mr. Lerman had recently received notice from the FEC that he had been named in the complaints designated MUR 1764 and 1779; that he had retained counsel to represent him in those matters; and that his counsel had requested and been granted an extension of time until October 11 or 12, 1984, to file a letter or memorandum setting forth reasons why the Commission should take no action on the complaints.

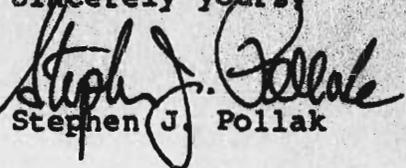
In order to put the responses from all parties respondent in these two proceedings on the same schedule, and because the schedules and commitments of Representative Ferraro, Mr. Zaccaro and Mr. Blanksteen are making it difficult to complete the interviews and documentary reviews necessary for preparation of a responsive letter or memorandum in their behalf, I requested an extension of the time for these three respondents to respond in MUR 1764 and 1779 to October 11 or 12, 1984. My understanding from you in that conversation was that on the grounds described by me, an extension for the submission of a letter or memorandum on behalf of Representative Ferraro, Mr. Zaccaro and Mr. Blanksteen would be approved to and including October 11, 1984.

In addition to the matter of the time for response, reference was also made to the fact that the Commission has been receiving communications from other persons making allegations respecting Representative Ferraro and her obligations under the Federal Election Campaign Act, as amended. Copies of a few of these communications have heretofore been communicated to Representative Ferraro by you along with advice from the Commission that the communications are considered to be "improper complaints." You indicated that additional such communications may be anticipated and that upon written authorization such communications could be forwarded directly to me as Representative Ferraro's counsel. This letter will authorize the Commission to forward any such complaints received respecting Representative

84040491649

Kenneth A. Gross, Esq.
October 3, 1984
Page 3

Ferraro and/or Mr. Zaccaro directly to me at the above address.
I am authorized by Representative Ferraro and Mr. Zaccaro to
receive such communications from the Commission.

Sincerely yours,

Stephen J. Pollak

SJP/rs1

Enclosure

cc: Hon. Geraldine A. Ferraro
Mr. John A. Zaccaro
Mr. David Blanksteen

84040491650

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1779

NAME OF COUNSEL:

Stephen J. Pollak
Anthony A. Lapham
Wendy S. White
SHEA & GARDNER

ADDRESS:

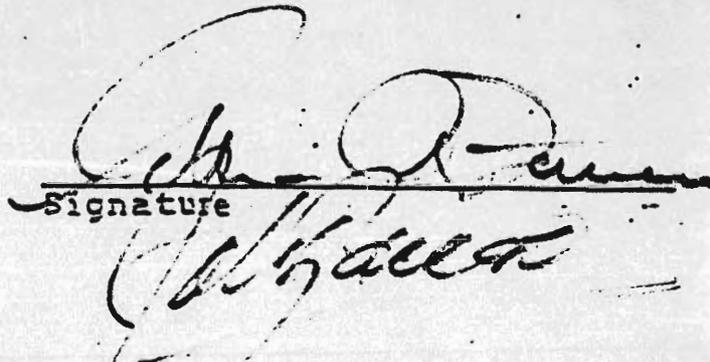
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

TELEPHONE:

(202) 828-2000

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 3, 1984
Date.


Signature

RESPONDENT'S NAME:

Geraldine A. Ferraro

John A. Zaccaro

ADDRESS:

22 Deepdene Road

218 Lafayette Street

Forest Hills, New York 11375

New York, New York 10010

HOME PHONE:

BUSINESS PHONE:

(212) 226-1212

8.4040491651



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 26, 1984

Thomas J. Schwarz, Esquire
Skadden, Arps, Slate, Meagher &
Flom
919 Third Avenue
New York, New York 10022

Re: Murs 1764 & 1779

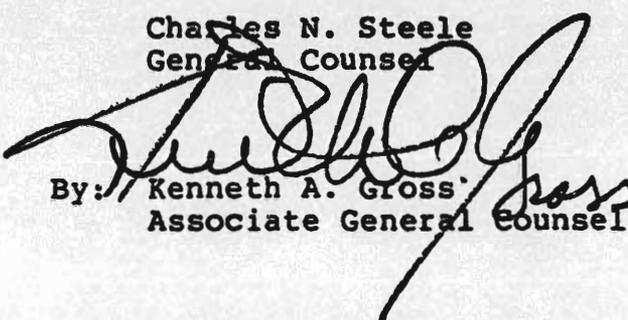
Dear Mr. Schwarz:

This will confirm our conversation of September 25, 1984, concerning your requests for an extension of time in the above matters. As discussed, we will not grant an extension to the requested date of October 18, 1984, but will provide you until October 11, 1984, to respond to the complaints. With regard to your request for merger, these matters have not been merged but in the event the Commission so decides, you will be advised at that time.

If you have any questions, please feel free to call me at (202) 523-4000, or Patty Reilly at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

84040491652

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
919 THIRD AVENUE
NEW YORK 10022-9931
(212) 371-6000

CABLE ADDRESS
"SKARBLAW NEW YORK"
TWX: 710 881-3814
TELEX: 845899
TELECOPIER:
(212) 752-1084

RECEIVED AT THE FEC
GCC# 4815
24 SEP 24 P 1:07

ONE BEACON STREET
BOSTON, MASSACHUSETTS 02108
(617) 552-6000
919 EIGHTEENTH STREET, N.W.
WASHINGTON, D.C. 20006
(202) 462-6700
ONE RODNEY SQUARE
WILMINGTON, DELAWARE 19801
(302) 428-8500
518 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90071
(213) 456-4800
230 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601
(312) 556-4000

September 21, 1984

Mr. Kenneth Gross
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

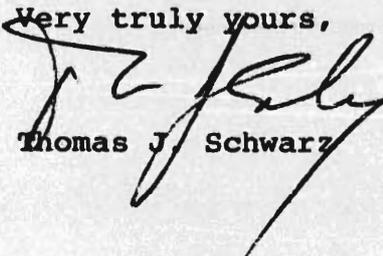
Re: MUR 1779

Dear Mr. Gross:

Enclosed please find a Statement of Designation of Counsel in the above matter. We request that this matter be merged with MUR 1764 and that you extend our time to respond to the complaint to October 18 as previously requested with respect to MUR 1764. Please advise me as to whether this date is acceptable.

Thank you for your attention to this matter.

Very truly yours,


Thomas J. Schwarz

Encl.

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34 SEP 24 P 3:56

RECEIVED
GENERAL COUNSEL

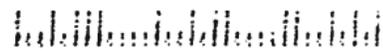
ARPS, SLATE, MEAGHER & FLOM
919 THIRD AVENUE
NEW YORK 10022-9931

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Mr. Kenneth Gross
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463



84 SEP 24 P 1: 07



STATEMENT OF DESIGNATION OF COUNSEL

MUR 1779

NAME OF COUNSEL: Thomas J. Schwarz

ADDRESS: Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022

TELEPHONE: (212) 371-6000

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.

September 20, 1984
Date

Manny Lerman
Signature

RESPONDENT'S NAME: Manny Lerman

ADDRESS: 161 East 42nd Street
New York, New York 10017

HOME PHONE: (305) 983-8255

BUSINESS PHONE: (212) 867-7337

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MARK O. ROBERTS
ATTORNEY AT LAW
1028 SOUTH GRAND AVENUE WEST
SPRINGFIELD, ILLINOIS 62704
217/546-2884

RECEIVED AT THE FEC
GCC# 4924
04 OCT 1 1984 09:46

September 28, 1984

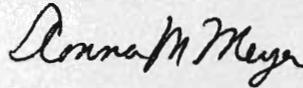
Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Dear Mr. Steele:

Mr. Roberts is out of town at the present time and will respond to your letter of September 14th regarding Ms. Geraldine Ferraro upon his return October 5th.

Thank you for your good attention.

Sincerely,



Donna M. Meyer
Secretary to Mark O. Roberts

DM

84040491656

OCT 1 1984 13:30
GENERAL COUNSEL

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0 7 0

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

04 OCT 11 10 51 AM '68





FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *CA*
DATE: October 3, 1984
SUBJECT: MUR 1764 and MUR 1779 - First General Counsel's Report

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

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

84040491658



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: THE FILE, MURs 1764 and 1779
FROM: PATTY REILLY
SUBJECT: ERRATA IN THE FIRST GENERAL COUNSEL'S REPORT

The First General Counsel's Report signed on October 2, 1984 contains an error on page two. The last line of that page should read, "...valued the property at \$325,000, a price \$150,000 more than the...". The figure 125,000 has been changed to \$150,000.

84040491659

COMMISSION

OGC 1



DATE & TIME OF TRANSMITTAL Wednesday, 10/3/84 At 11:00

McGARRY, AIKENS, McDONALD, ELLIOTT, REICHE, FARRIS

TO OFFICE OF COMMISSION SECRETARY BY: Thursday, 10/4/84 At 11:00

SUBJECT: MUR 1764 and MUR 1779 First General Counsel's Report
signed October 2, 1984.

() I object to the recommendation in the attached report.

COMMENTS: _____

Date _____ Signature _____

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ONLY THE VOTE SHEET TO THE SECRETARY.



24-HOUR NO-OBJECTION VOTER

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON DC 20543

OGCI

DATE & TIME OF TRANSMITTAL Wednesday, 10/3/84 At 11:00

COMMISSIONER McGARRY, AIKENS, McDONALD, ELLIOTT, FEICHE, HARRIS

RETURN TO OFFICE OF COMMISSION SECRETARY BY: Thursday, 10/4/84 At 11:00

SUBJECT: MUR 1764 and MUR 1779 First General Counsel's Report
signed October 2, 1984.

84040491661

() I object to the recommendation in the attached report.

COMMENTS: _____

Date _____ Signature _____

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ONLY THE VOTE SHEET TO THE SECRETARY.

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

John F. Banzhaf submitted the first complaint on August 15, 1984

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY
OGC TO THE COMMISSION 10/3/84 8:25

MURs 1764 and 1779
DATE COMPLAINT RECEIVED
 BY OGC 1764: 8/22/84
 1779: 9/6/84

DATE OF NOTIFICATIONS TO RESPONDENTS:

	<u>1764</u>	<u>1779</u>
Ferraro	8/27	9/14
Blanksteen	8/27	9/14
Zaccaro	8/27	9/18
Melro	8/27	9/18
Lerman	8/27 & 9/14	9/14
Polarob, Inc.	9/14	9/18

STAFF MEMBERS
Reilly, Bernstein, Gross

COMPLAINANTS' NAMES: MUR 1764: John F. Banzhaf III
 MUR 1779: Fund for a Conservative Majority, by Robert C. Heckman, Chairman

RESPONDENTS' NAMES: Geraldine A. Ferraro
 The Geraldine A. Ferraro for Congress Committee (1978), and David Blanksteen, as treasurer
 Manny L. Lerman
 Melro, a partnership
 John A. Zaccaro
 Polarob, Inc.

RELEVANT STATUTES: 2 U.S.C. § 441a
 § 441b
 § 441f
 § 434

SUMMARY OF ALLEGATIONS

The Office of General Counsel has received two complaints alleging the discovery of illegal campaign contributions made to the 1978 Congressional Committee to Elect Geraldine Ferraro.

84040491662

purchase price paid by both Polarob, Inc. and Ms. Ferraro and Melro. It is asserted that as part of these negotiations a secret agreement was reached between Mr. Zaccaro and Mr. Lerman, enabling Mr. Zaccaro to repurchase the one-half interest from Melro a short time later. The complaint states Mr. Zaccaro also paid a price based on the \$325,000 valuation. Both complaints allege the transactions surrounding this property resulted in illegal campaign contributions. Two theories are advanced to support this. One hypothesizes the candidate's husband sold her the building at less than fair market value, thus enabling her to liquidate this asset if a need arose for campaign financing. The second alleges Ms. Ferraro funded her campaign by receiving from the respondents money in excess of the fair market value of the building.

2. Specific Allegations

The complaint filed in MUR 1764 incorporates news reports from the New York Times, Washington Post, and Wall Street Journal. It alleges excessive campaign contributions were made by Mr. Zaccaro and Mr. Lerman. Violations arising from making contributions in the name of another are said to implicate Mr. Zaccaro, Mr. Lerman, and Melro. Polarob, Inc. is said to have made a prohibited corporate contribution. Ms. Ferraro and the Committee are alleged to have knowingly received contributions in violation of the Act.

Based on a Washington Post news article, MUR 1779 arises from the same set of facts and implicates the same respondents.

84040491663



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

Robert C. Heckman
Chairman
Fund For a Conservative Majority
302 Fifth Street, N.E.
Washington, D.C. 20002

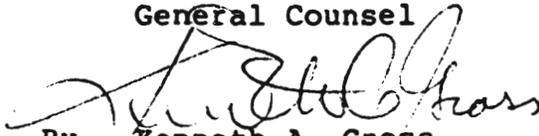
Dear Mr. Heckman:

This letter is to acknowledge receipt of your complaint which we received on September 6, 1984, against Congresswoman Geraldine A. Ferraro, Manny Lerman, Committee to Elect Geraldine A. Ferraro to Congress, and David Blanksteen, which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondent 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 Barbara A. Johnson at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel


By Kenneth A. Gross
Associate General Counsel

Enclosure

84040491664



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Geraldine A. Ferraro
22 Deepdene Road
Forest Hill, New York 11375

Re: MUR 1779

Dear Congresswoman Ferraro:

This letter is to notify you that on September 6, 1984 the Federal Election Commission received a complaint which alleges that you, 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 1779. 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.

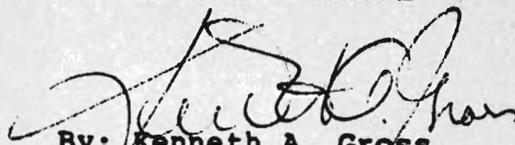
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

84040491666



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Blanksteen
Treasurer
Committee to Elect
Geraldine A. Ferraro
to Congress
161 William Street
New York, New York 10038

Re: MUR 1779

Dear Mr. Blanksteen:

This letter is to notify you that on September 6, 1984 the Federal Election Commission received a complaint which alleges that the committee and you, as treasurer, 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 1779. 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 the committee and you, as treasurer, 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.

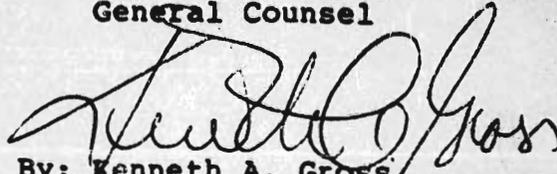
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

84040491667

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

84040491668



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Manny Lerman
161 East 42nd Street
New York, New York 10017

Re: MUR 1779

Dear Mr. Lerman:

This letter is to notify you that on September 6, 1984 the Federal Election Commission received a complaint which alleges that you, 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 1779. 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.

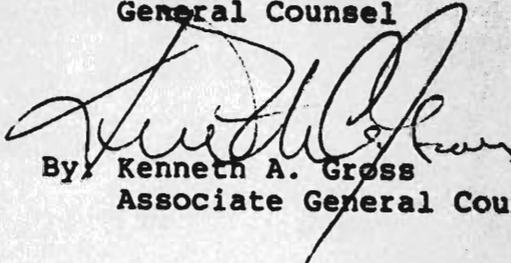
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

84040491669

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

84040491670



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 18, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Polarob Realty Inc.
745 Fifth Avenue
New York, New York 10022

Re: MUR 1779

Dear Sir/Madam:

This letter is to notify you that on September 6, 1984 the Federal Election Commission received a complaint which alleges that Polarob Realty, Inc. 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 1779. 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 Polarob Realty, Inc. 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.

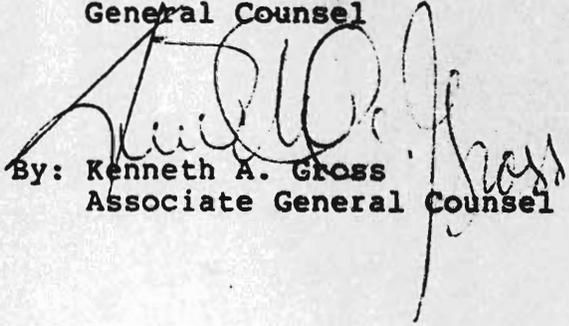
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

84040491671

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

cc: Polarob Realty Inc.
c/o Mr. John A. Zaccaro
218 Lafayette Street
New York, New York 10010

84040491672



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 18, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Melco
4800 Taylor Street
Hollywood, Florida

Re: MUR 1779

Dear Sir/Madam:

This letter is to notify you that on September 6, 1984 the Federal Election Commission received a complaint which alleges that Melco 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 1779. 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 Melco 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.

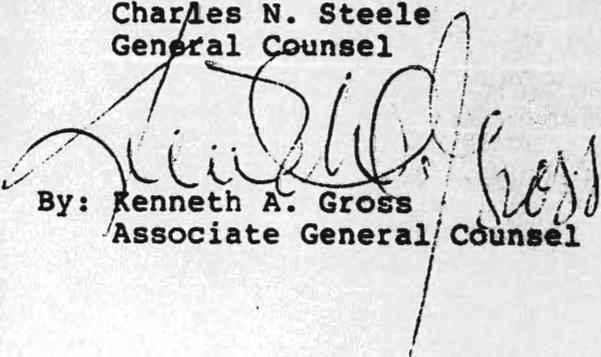
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

84040491673

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

84040491674



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 18, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John A. Zaccaro
218 Lafayette Street
New York, New York 10010

Re: MUR 1779

Dear Mr. Zaccaro:

This letter is to notify you that on September 6, 1984 the Federal Election Commission received a complaint which alleges that you 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 1779. 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.

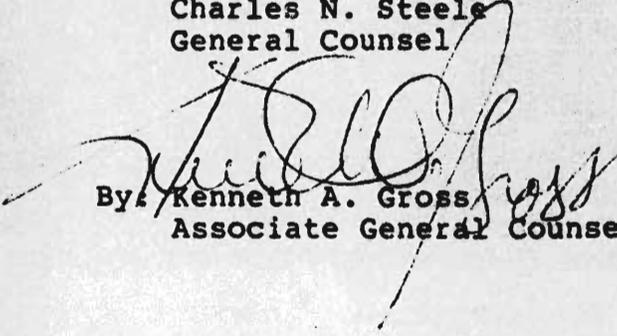
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

84040491675

If you have any questions, please contact me at (202) 523-4000 or the staff attorneys assigned to this matter, Jonathan Bernstein and Patty Reilly at (202) 523-4143. 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

Enclosures

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

84040491675

GC#4588

FOM

FUND FOR A CONSERVATIVE MAJORITY

Robert C. Heckman
Chairman

MUR
1779

September 6, 1984

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
SEP 6 5:40

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

Dear Sir:

This letter constitutes a complaint pursuant to 2 U.S.C. 437g(a)(1) by Fund for a Conservative Majority, 302 Fifth Street, N.E., Washington, D.C. 20002, against Rep. Geraldine A. Ferraro, Room 312 Cannon House Office Building, Washington, D.C. 20515 and Committee to Elect Geraldine A. Ferraro, 218 Lafayette Street, New York, New York 10012, in the belief that they violated the provisions of the Federal Election Campaign Act of 1971, as amended.

In a report filed on March 6, 1979, with the Office of the Clerk of the United States House of Representatives by the Committee to Elect Geraldine A. Ferraro pursuant to 2 U.S.C. 432, it was reported that Geraldine A. Ferraro had loaned the sum of \$170,000.00 to the Committee. It was disclosed in that report that a portion of those funds, \$100,000.00, was derived from the sale on October 5, 1978 of Geraldine A. Ferraro's interest in property located at 231 Center Street, New York, New York. See, also, Report of Receipts and Expenditures, FEC Form 3, filed by Committee to Elect Geraldine A. Ferraro on January 29, 1979.

Attached hereto and made a part of this complaint is a copy of an article published in The Washington Post on July 29, 1984 (p. A1), in which it was reported that Geraldine A. Ferraro purchased her interest in that building on May 1, 1978 for \$25,000.00. It also reports that she sold her interest on October 5, 1978, to her partner, Manny Lerman, for \$100,000.00.

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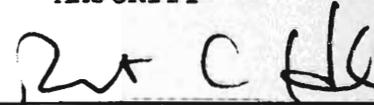
As stated in the article: "This gave Ferraro a 400% return on the \$25,000 she had invested five months and five days earlier." This transaction is not credulous.

In the event a candidate sells his or her property at a price in excess of its fair market value for the purpose of contributing the proceeds of sale to his or her campaign, the portion of the proceeds received in excess of fair market value constitutes a contribution to the campaign. As such, it appears Geraldine A. Ferraro and Manny Lerman conspired to secure an inflated amount of cash from Manny Lerman to enable Geraldine A. Ferraro to make a contribution to her Committee. If so, Geraldine A. Ferraro violated the provisions of 2 U.S.C. 441f by knowingly permitting her name to be used, as the source of a contribution from Manny Lerman; that Committee to Elect Geraldine A. Ferraro violated the provisions of 2 U.S.C. 441f by knowingly accepting a contribution made by one person in the name of another person; that Committee to Elect Geraldine A. Ferraro violated 2 U.S.C. 441(a)(1)(A) by knowingly accepting a contribution from Manny Lerman which, in the aggregate, exceeded \$1,000.00; and, that Committee to Elect Geraldine A. Ferraro violated 2 U.S.C. 434 by properly failing to report the transaction.

It is submitted that, because Committee to Elect Geraldine A. Ferraro continues to the present to report a debt and obligation to Rep. Ferraro which arose from the transaction described above, any statutory period of limitation does not apply to these apparent violations.

Very truly yours,

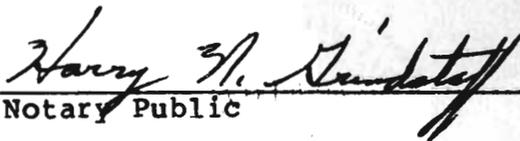
FUND FOR A CONSERVATIVE
MAJORITY

By: 
Robert C. Heckman, Chairman

Enclosures

~~August~~, 1984. Sworn to before me by Robert C. Heckman this 5th day of Sept.

My Commission Expires February 28, 1985


Notary Public

84040491673

Property Deals Helped Ferraro Pay for '78 Race

By Charles R. Babcock
Washington Post Staff Writer

Democratic vice presidential nominee Rep. Geraldine A. Ferraro (D-N.Y.) raised \$100,000 in 1978 for her first congressional campaign by selling her interest in a New York building to her partner after they determined that its value had nearly doubled in the five months they had owned it, according to real estate records and attorneys for the Mondale-Ferraro campaign.

This is one of a complicated series of Ferraro transactions that are not unusual in commercial property dealings. The details show how real estate helped finance her first congressional race.

Ferraro and her partner, Manny Lerman, bought the building for \$175,000 on May 1, 1978, but agreed to use a \$325,000 valuation when Lerman purchased her half interest five months later, Oct. 5, 1978, the records show.

At the time Ferraro was trying to raise \$130,000 to pay back loans made by her husband and children to her 1978 campaign. This occurred after the Federal Election Commission had notified her that the loans exceeded the \$1,000 campaign contribution limit for individuals. The law puts no limit on what a candidate can lend to his or her own campaign.

See FINANCES, A6, Col. 1

84040491679

FINANCIAL, From A1

Ferraro and a Lerman partnership last week got up \$325,000 cash and got a \$125,000 mortgage in May, 1978, to buy the \$175,000 two-story commercial building on the corner of Centre and Grand streets in lower Manhattan. Lerman is a business associate of Ferraro's husband, John A. Zaccaro, a New York real estate executive.

The \$325,000 figure used in October, 1978, was based on a review of recent sales in the area, rather than a formal appraisal, Ferraro attorneys said last week.

When Lerman bought Ferraro's share, he assumed the \$125,000 mortgage and gave Ferraro a \$100,000 check, records show. This gave Ferraro a 400 percent return on the \$25,000 she had invested five months and five days earlier.

Lerman could not be reached for comment last week. Ferraro has designated two lawyers working for the Mondale-Ferraro campaign to answer questions on her finances.

These attorneys said the building's price was properly increased because Ferraro and Lerman got "a great deal" at \$175,000 when they bought it from Norfolk Realty Corp. In addition, the attorneys said the \$325,000 valuation was comparable to sales then of other area buildings—a standard method of determining the value of real estate.

"She was entitled to what they could get in the marketplace at the time," said one of the lawyers, who declined to be named. He added that all the records of the transaction could not be reviewed on short notice, but said he was certain that the matter was handled correctly and was a straight-forward real estate transaction.

Lerman also figured in raising the other \$30,000 Ferraro needed to repay the disallowed \$130,000 in campaign loans. A Lerman family partnership paid her \$30,000 on Oct. 4, 1978, for her half interest in an unrecorded mortgage on another piece of New York property at 124-126 Bowery in lower Manhattan. Ferraro had paid \$35,000 for that interest in November, 1977, Ferraro's attorneys said, and, thus, lost \$5,000 on the transaction.

With the \$130,000 Ferraro raised in October, 1978, she paid back the family loans. Her campaign attorney at the time emphasized that her husband and children had no interest in the properties she

had sold. This attorney also said she would be required to pay a capital gains tax on some of the profit.

After an investigation of the family loans to the Ferraro campaign, the FEC fined her campaign committee and her husband a total of \$750. The file that includes the agreement closing the case shows that the FEC accepted Ferraro's explanation that she had received incorrect legal advice and that she had adequate personal funds to have made the loans herself.

Ferraro announced last week that she will soon make a full financial disclosure, including details of her holdings and those of her husband and their tax returns.

Since Ferraro was nominated earlier this month, several questions have arisen about her finances and those of her husband, whose real estate firm manages more than 20 residential and commercial buildings in New York City.

Last week there were reports that a tenant in one of the buildings Zaccaro manages is an alleged pornography dealer. Zaccaro said he will investigate and oust the tenant if the reports are true.

A Lerman partnership is owner of record for the building where space is rented to the alleged pornography dealer. But Ferraro's attorneys said Zaccaro told them that he also owned a half-interest in that building at 200 Lafayette St. through a partnership with Lerman. This ownership interest is not recorded in the city's records.

In 1978, Ferraro's campaign reported that her children had given unsecured, interest-free loans to the campaign that were drawn against accounts Ferraro and her husband had set up for the children's college educations.

On Sept. 7, 1978, the FEC notified Ferraro's campaign that the loans appeared to exceed legal limits. On Sept 13, the day after Ferraro won the Democratic congressional primary, FEC analyst Laurie Castaneda wrote an internal memo saying that Ferraro had called to explain that she "was under the impression" that there was no limit on such loans. She added that the loan money had come from a joint account with her husband and from "college funds set up for her children. She was trustee of those accounts and said, therefore, she had control of that money," Castaneda wrote.

Castaneda told Ferraro that if "it

was her money and that she was in control of those funds," she could amend her reports to attribute the loans to herself. Instead, Ferraro sold her interests in the Centre Street and Bowery properties.

Details of Ferraro's 1978 acquisition of the half-interest in the Centre Street building, which now houses a restaurant and machine shops, were not at first clear from the public records. Murry Kalik, Ferraro's attorney on the real estate transactions, said in telephone interview last week that a "dummy corporation," Polarob Realty Corp., had been used to buy the property.

The same day, May 1, Polarob conveyed the deed to Ferraro and a partnership called Melro Co., which included Lerman. Kalik said the dummy corporation was used to protect the owners from personal liability on the mortgage.

The members of the Melro partnership are not recorded in New York County, but Kalik and Ferraro's attorneys said last week that Lerman was a principal in Melro.

The mortgage on the Bowery property Ferraro said she sold for \$30,000 in 1978 to help repay the family campaign loans is not recorded in New York County. Her attorneys said this was done to save the recording fee.

But Ferraro's attorneys last week provided documents showing that Ferraro had a 50 percent interest in that mortgage. It was bought from the National Bank of North America for \$70,000 on Nov. 25, 1977, according to records. Ferraro's attorneys said she had acquired her share for \$35,000, but did not have a copy of the check.

When she sold her interest in October, 1978, it was to the Melro Co., the partnership that includes Lerman.

Samuel Feldman, an attorney representing Lerman, said that Lerman bought the mortgage for his children as a gift.

After Ferraro repaid her husband and children in 1978, she borrowed \$40,000 from two banks, so her loans to her first congressional campaign totaled \$170,000.

She used leftover money from her 1980 and 1982 congressional campaigns to pay herself back, according to FEC records. The latest 1984 filing shows that she is owed about \$50,000 from the 1978 campaign.

Special correspondent John Kennedy contributed to this report.

84040491697

8 4 0 4 0 4 9 1 6 8 1



FUND FOR A CONSERVATIVE MAJORITY

302 Fifth Street, N.E.
Washington, D.C. 20002

FUND FOR A CONSERVATIVE MAJORITY
302 5TH STREET, N.E.
WASHINGTON, DC 20002

TO

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

HAND DELIVERED

04 SEP 8 10 10
WASHINGTON DC

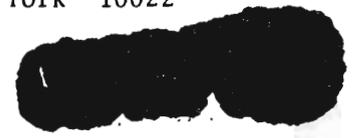


ATTEMPTED, NOT KNOWN
NEW YORK, N.Y. 10022

4 0 4 9
ATTEMPTED, NOT KNOWN
NEW YORK, N.Y. 10022

Handwritten signature

Polarob Realty Inc.
745 Fifth Avenue
New York, New York 10022



#943521



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 26, 1984

Thomas J. Schwarz, Esquire
Skadden, Arps, Slate, Meagher &
Flom
919 Third Avenue
New York, New York 10022

Re: Murs 1764 & 1779

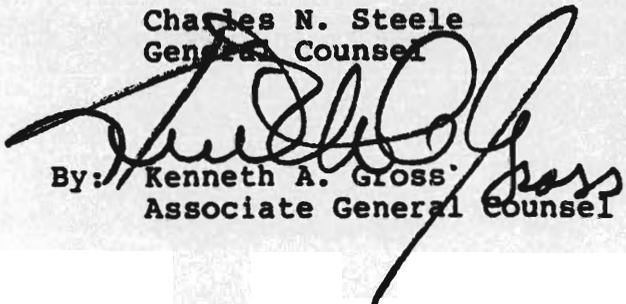
Dear Mr. Schwarz:

This will confirm our conversation of September 25, 1984, concerning your requests for an extension of time in the above matters. As discussed, we will not grant an extension to the requested date of October 18, 1984, but will provide you until October 11, 1984, to respond to the complaints. With regard to your request for merger, these matters have not been merged but in the event the Commission so decides, you will be advised at that time.

If you have any questions, please feel free to call me at (202) 523-4000, or Patty Reilly at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

84040491683

GCL# 5102 Peilly

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
819 THIRD AVENUE
NEW YORK 10022-9931
(212) 371-6000

CABLE ADDRESS
"SKARSLAW NEW YORK"
TWX: 710 581-3814
TELEX: 645899
TELECOPIER:
(212) 752-1084

ONE BEACON STREET
BOSTON, MASSACHUSETTS 02108
(617) 552-0000
210 EIGHTEENTH STREET, N.W.
WASHINGTON, D.C. 20006
(202) 462-8700
ONE RODNEY SQUARE
WILMINGTON, DELAWARE 19801
(302) 428-9800
515 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90071
(213) 488-4800
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601
(312) 938-4000

October 10, 1984

Kenneth Gross, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

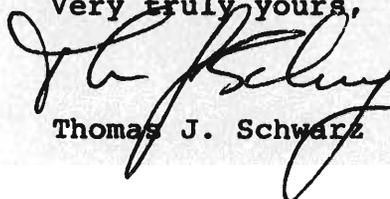
Re: MURs 1764 and 1779

Dear Mr. Gross:

Enclosed please find the affidavit of Manny Lerman submitted in response to the complaints in the above matters. Based upon the information set forth in Mr. Lerman's affidavit, it is respectfully requested that the General Counsel's Office recommend that the Federal Election Commission find no reason to believe that Mr. Lerman or Melro Company violated the Federal Election Campaign Act in connection with the matters asserted in the complaints.

If you believe there is any additional information which we should submit or if you have any questions, please let me know.

Very truly yours,


Thomas J. Schwarz

Encl.

34 OCT 12 1984
AID: 29
OFFICE OF THE
GENERAL COUNSEL

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FEDERAL ELECTION COMMISSION

----- X

In the matter of :

THE COMPLAINTS BY FUND FOR A : MURS 1764 and 1779
CONSERVATIVE MAJORITY AND JOHN F.
BANZHAF, III :

----- X

STATE OF NEW YORK)

:
COUNTY OF NEW YORK)

MANNY LERMAN, being duly sworn, deposes and
says:

1. I submit this affidavit in connection with
the above-captioned matters with respect to my purchase
and subsequent sale of an interest in 231 Centre Street.
This affidavit is also submitted on behalf of Melro Company,
which company I control.

2. In late September or October 1978 John
Zaccaro approached me and inquired as to whether I would
purchase the 50% interest of Geraldine Ferraro in property
in which Ms. Ferraro and Melro each had an interest.
The property had been purchased some months prior for
what I believe to have been an extremely advantageous
price and a price significantly below market value.

3. I agreed with Mr. Zaccaro to purchase Ms.
Ferraro's interest for \$100,000 and an assumption of
the mortgage. I paid Ms. Ferraro \$100,000 for her interest.

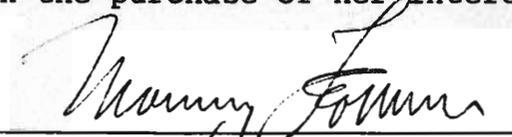
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4. My recollection is that some time thereafter, possibly in November 1978, Mr. Zaccaro approached me and indicated that he was unhappy that his family had lost its interest in 231 Centre Street and inquired as to whether I would sell to him the interest which I had purchased from Ms. Ferraro at the price which I had paid Ms. Ferraro.

5. Mr. Zaccaro and I had done business from time to time in the past and because I knew Mr. Zaccaro I agreed to sell the interest to him for the price which I had paid Ms. Ferraro as long as Mr. Zaccaro made me whole for the costs which I had incurred, including interest costs. Mr. Zaccaro agreed to my condition and purchased the interest in January 1979.

6. At the time that I purchased the property from Ms. Ferraro I paid her a fair market value. Furthermore, Mr. Zaccaro and I subsequently sold the property in November 1980 to an unaffiliated purchaser for \$375,000, a clear indication that the price that I paid to Ms. Ferraro in October 1978 was a fair price.

7. I did not make any contribution to Ms. Ferraro's campaign through the purchase of her interest.


Manny Lerman

Sworn to before me this
11th day of October, 1984.


Notary Public

DAVID SHANNON
Notary Public, State of New York
No. 60-4800721
Qualified in Westchester County
Commission Expires March 30, 1985

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Kenneth Gross, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

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TIMOTHY K. SHUBA
JAMES R. BIRD

October 11, 1984

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1764

Dear Mr. Steele:

This letter is submitted on behalf of Geraldine A. Ferraro, John A. Zaccaro and David Blanksteen in response to the complaint filed with the Federal Election Commission ("the Commission") by John H. Banzhaf III on August 23, 1984.

The complaint specifically raises two questions:

1) Did the 1978 Committee to Elect Geraldine Ferraro (the "Campaign Committee"), in accepting loans in excess of \$1000 from Mr. Zaccaro, the candidate's husband, act in good faith reliance on the advice of counsel that such loans were proper and lawful; and

2) Was the sale of certain assets by Ms. Ferraro to repay the family loans, found in the prior proceeding in this matter, MUR 892, to violate the Federal Election Campaign Act ("Act" or "FECA"), a legitimate

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commercial transaction, which therefore involved no campaign contribution within the meaning of the Act?

We show in this response that neither of these questions raises any factual or legal issues that warrant further investigation by the Commission.

I. INTRODUCTION AND SUMMARY

A. The Advice of David Stein

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In 1978, the Commission instituted an investigation in MUR 892 to determine whether loans made by Mr. Zaccaro to the Campaign Committee -- and reported by the Committee in its regular reports to the FEC -- violated the Act because they were in excess of the \$1000 ceiling on personal campaign contributions. In the course of that proceeding, Mr. Zaccaro and the Treasurer of the Campaign Committee, David Blanksteen, informed the Commission that the loans had been made and received in good faith, in reliance upon advice of counsel, David Stein, who had specifically advised them that such loans were permissible under the Act. See Affidavits of John A. Zaccaro and David Blanksteen dated February 9, 1979, and filed in MUR 892. The complaint here alleges that Mr. Stein now denies that he ever gave such advice to the Committee. Complaint ¶ 3. The complaint is not based on personal knowledge, but rather refers to several newspaper articles which reported Mr. Stein's statements.^{1/}

^{1/} In attesting to the complaint, Mr. Banzhaf states: "All of the alleged 'facts' presented herein are drawn from reports in the public press which in many cases are attached." Complaint at 3.

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The evidence is clear that Mr. Stein did advise the Campaign Committee, in the spring of 1978, that family loans in excess of \$1000 would be proper. Four witnesses -- in addition to Mr. Zaccaro and Mr. Blanksteen, who so stated in the prior proceeding -- have in the words of the complaint "come forward" to assert specifically and unequivocally that they heard Mr. Stein state that such loans were lawful. Affidavits of these witnesses are attached as Exhibits Nos. 1-4.

Moreover, the newspaper stories themselves reveal that Mr. Stein's own recent recollections are fuzzy, at best. In one account, Mr. Stein reportedly said: "I told them the loans could not be done that way." Human Events, Aug. 18, 1984, p. 19. In a later account, Mr. Stein was less sure about his advice: "I remember voicing my doubts as to the propriety of such loans." Human Events, Aug. 25, 1984, p. 15. These articles are attached as Exhibits Nos. 5 and 6. The shifting and uncertain recollection they report is in marked contrast to the uniform and unqualified recollections of John Zaccaro, David Blanksteen, and the four other witnesses who were present and heard the advice given by Mr. Stein.

Finally, the attached affidavits are strongly corroborated by surrounding circumstances. The loans in question were all made after the Campaign Committee had heard from Mr. Stein, and were all duly and accurately disclosed to the Commission. It is hardly plausible that these actions would have been taken -- that is, that the family loans would have been made by Mr. Zaccaro, accepted by the Campaign Committee, and fully reported to the Commission -- in the face of advice that the campaign could not lawfully be

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financed by such loans. In other words, the actions taken are themselves evidence of the advice that was given -- namely, that family loans in excess of \$1000 were proper.

In sum, there is nothing here to investigate because there is no reason to believe that the proceedings in MUR 892 were based on an incorrect factual premise concerning the advice given to the Campaign Committee by Mr. Stein. On the contrary, the credible evidence points in the opposite direction and confirms that it would be senseless and inappropriate to reopen that proceeding.

B. The Sale of 231 Centre Street

The Commission should similarly find no reason to believe that any violations of the Act occurred with respect to the second issue. In order to repay, as quickly as possible, the family loans challenged by the Commission as unlawful, Ms. Ferraro sold two assets. First, she sold a one-half interest in a parcel of land with a commercial building on it located at 231 Centre Street in lower Manhattan. In addition, she sold a one-half interest in a mortgage on a property known as 230 Grand Street in lower Manhattan. The complaint does not challenge the sale of the mortgage interest for \$30,000; but it asserts that the sale of the one-half interest in 231 Centre Street may have been "a device to allow Zaccaro to channel money to his wife's campaign in spite of federal spending limits." Complaint ¶ 5.

Here, the facts establish that the transaction was a sale at fair market value and not in any sense in conflict with the provisions of the

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FECA. On May 1, 1978, Ms. Ferraro acquired an undivided one-half interest in 231 Centre Street pursuant to a purchase contract of January 12, 1978, which set the price for the property at \$175,500, a figure well below its fair market value. In order to repay the family loans to her Campaign Committee, Ms. Ferraro on October 5, 1978, sold her interest in the property to the holder of the other 50 percent share. The negotiated price she received -- \$162,250 -- represented one-half of the commercial value of the property at the time. In order that the Zaccaro-Ferraro family not lose the favorable investment made by Ms. Ferraro in May 1978, Mr. Zaccaro in January 1979 purchased a one-half interest in the property from the same person to whom that interest had been sold by Ms. Ferraro in October 1978.

Both the price paid on a later sale of the property in November 1980 to an independent party, \$375,000, and three independent appraisals of the property's value as of October 1978 confirm that the price Ms. Ferraro received was fair and reasonable. The appraisals, attached as Exhibits Nos. 7-10, establish the fair market value of the property at the time of her sale as ranging from \$300,000 to \$325,000. Accordingly, since Ms. Ferraro sold her half-interest at a fair and reasonable price, the transaction did not constitute a contribution, in whole or in part, and there was nothing standing in the way of her use of the proceeds to enable her Campaign Committee to repay the family loans.

As we show in more detail below, the suggestion that the sale of 231 Centre Street was other than a normal commercial transaction is based upon misinformation that appeared in the press reports attached to the complaint.

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We will address each of these errors, as set forth in the complaint, in turn. What this effort shows is that no evidence has been uncovered that would justify a new proceeding or a reopening of the prior proceeding in this matter.

First, however, we address the allegations concerning Mr. David Stein.

I. THERE IS NO REASON TO REOPEN MUR 892 OR TO
CONDUCT A FURTHER INVESTIGATION AS TO THE ADVICE
GIVEN THE CAMPAIGN COMMITTEE BY DAVID STEIN.

A. Mr. Stein's Advice

In the spring of 1978, Ms. Ferraro held several meetings at her home to organize her campaign for a seat in the House of Representatives. At one such meeting, a young attorney by the name of David Stein was present. Mr. Stein was introduced to the group as a lawyer who had worked for the Federal Election Commission and who was an expert on federal election law. In attendance at that meeting were: Ms. Ferraro and her husband, Mr. Zaccaro, David Blanksteen, Constance Mandina, Mildred and Clyde Snyder, Patricia Flynn, Patricia M. Reilly, and Carmine Parisi. See Affidavits of Ms. Flynn, Ms. Reilly, Ms. Mandina, and Mr. Parisi, Exhibits Nos. 1-4.

Among the subjects discussed at this meeting was the matter of campaign financing. The question was raised as to whether there was any limit on the amount of money that family members could loan to the campaign. Mr. Stein addressed that issue. He specifically advised the group, after consulting the books he had brought with him, that there were no limits on the amount of

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money family members could loan to the campaign. Exhibit No. 1 at 2-3;
Exhibit No. 2 at 2; Exhibit No. 3 at 3; Exhibit No. 4 at 2.^{2/}

This is the clear recollection of Ms. Mandina, Ms. Flynn, Ms. Raily, and Mr. Pariai, as set forth in their affidavits. Their recollections are fully consistent with the affidavits submitted in the prior MUR 892 by Mr. Zaccaro and Mr. Blanksteen. Thus, contrary to the assertion in the complaint, ¶ 3, there is ample sworn testimony that confirms that Mr. Stein advised the Committee that family loans in excess of the \$1000 ceiling were a lawful and appropriate means of campaign financing.

B. MUR 892

Beginning on May 10, 1978, after the meeting with Mr. Stein took place, Mr. Zaccaro began making loans to the Campaign Committee. The May 10 loan, together with three additional loans made on June 20, 1978, were disclosed to the Commission, in a timely fashion, in the Committee's July 10,

^{2/} In fact, at the meeting he handed out one of the books he relied on, an FEC booklet published in December 1975 entitled Major Provisions of the Federal Election Campaign Law. Relevant pages are attached as Exhibit No. 11. The booklet was out of date. However, it appears to have provided the basis for Mr. Stein's erroneous advice. Page 22 of the booklet discusses "Expenditures from Personal Funds." It states that "[n]o CANDIDATE may make EXPENDITURES from his personal funds or those of his immediate family in connection with his election campaign which exceed * * * \$25,000 in the case of any . . . House CANDIDATE." The booklet then explains that "[i]mmediate family includes the CANDIDATE'S spouse, and any child, parent, grandparents, brothers or sisters of the CANDIDATE and the spouses of those PERSONS." These expenditure limitations were invalidated on First Amendment grounds in Buckley v. Valeo, 424 U.S. 1 (1976), as Mr. Stein must have known. Apparently, Mr. Stein assumed that since the \$25,000 limitation had been lifted on expenditures, both candidates and members of their families were then free to contribute to a campaign without limitation. He was wrong; but that was the advice he gave.

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1978, Quarterly Report of Receipts and Expenditures.^{3/} On September 11, 1978, the Committee received notice from the Commission that loans in excess of \$1000 were prohibited -- even if made by family members. On September 18, 1978, the Committee was further notified by the Clerk of the House of Representatives that while the matter of family loans was "the subject of some confusion," the law now prohibited loans from family members in excess of \$1000.

The FEC advised the Campaign Committee that the amount of unlawful loans was \$130,000.^{4/} On October 5, 1978, the loans were repaid. Thereafter, the Campaign Committee and Mr. Zaccaro entered into conciliation agreements with the Commission resolving the matter and paid fines respectively of \$500 and \$250. Copies of the agreements are attached as Exhibits Nos. 12 and 13.

C. Mr. Stein's Denial

Nearly five years after MUR 892 was closed, and shortly after Ms. Ferraro was nominated by the Democratic Party as a candidate for Vice President, an article appeared in a weekly newspaper called Human Events reporting that Mr. Stein had denied that he advised the Campaign Committee that family loans in any amount were lawful under the Act. According to the

^{3/} Additional loans from Mr. Zaccaro were disclosed in reports to the Commission filed on September 6, 1978, and September 21, 1978.

^{4/} After proceeding further, the Commission determined that only \$110,000 of the loans were unlawful. See Letter to John A. Zaccaro from William C. Oldaker, General Counsel, Federal Election Commission, dated January 11, 1979, In re MUR 892. The remaining \$20,000 was loaned to the Committee from the accounts of Ms. Ferraro's children as to which Ms. Ferraro was the custodian. Under the Act, these funds were in the constructive control of the custodian -- here the candidate -- and their use was therefore permissible.

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article, he further denied that he had ever met Mr. Zaccaro. Human Events, Aug. 18, 1984, p. 19 (Exh. No. 5). Both of these denials are flatly inconsistent with the sworn statements of the other persons who attended the meeting where the advice was given.

The news reports respecting Mr. Stein are themselves not consistent. In some newspaper articles, Mr. Stein is said to have asserted that he plainly told the Campaign Committee that it could not accept family loans in excess of \$1000. See id. In other articles, Mr. Stein reportedly only says that he "voic[ed] my doubts." Human Events, Aug. 25, 1984, p. 15 (Exh. No. 6).

The truth is, however, that he did neither. On the contrary, Mr. Stein told the supporters of the Ferraro campaign that family loans in any amount were proper. His reported denial now, when judged against the attached affidavits and viewed in the light of the fact that the Campaign Committee accepted and openly disclosed the receipt of these loans after the advice was provided, is simply not credible. However understandable as a self-serving attempt to protect his professional reputation, Mr. Stein's denial lacks the indicia of reliability that could possibly justify any further investigation.

D. The Commission's Treatment of Family Loans

1. The Legality of Family Loans

Mr. Stein was not alone in having difficulty interpreting the statutory provisions of the FECA as they concern family loans. The Commission itself has taken different positions on the meaning of the Act. Thus, in 1975, the Act was interpreted as permitting a candidate to use the funds of an

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immediate family member as though those funds were the candidate's own funds, up to the \$25,000 aggregate limit on contributions by individuals. See Buckley v. Valeo, 519 F.2d 821 (D.C. Cir. 1975), and Advisory Opinion 1975-65, "Contribution from Immediate Family for Senate Campaign," 1 Fed. Elect. Camp. Fin. Guide (CCH) ¶ 5159 (Dec. 16, 1975). However, in 1976, the Supreme Court in its decision in Buckley v. Valeo, 424 U.S. 1 (1976), rejected this interpretation of the statute. The Commission then interpreted the Act so as to subject immediate family members to the \$1000 contribution limit. Advisory Opinion 1976-26, "Contributions by Family Members," 1 Fed. Elect. Camp. Fin. Guide (CCH) ¶ 5220 (Sept. 20, 1976).

Under this interpretation of the Act, the Commission had a further problem. Candidates and spouses living in community property states were treated differently than those living in non-community property states. In community property states, the candidate usually had full access to his or her spouse's property acquired during marriage, even though that property was in the spouse's name alone. Thus, the Commission found no violations in enforcement actions respecting spousal contributions or loans which took place in community property states. E.g., In re Jane Fonda and the Hayden for Senate Committee, MUR 149 (June 22, 1977); In re Dole for President Committee, MUR 1257 (Nov. 10, 1981); In re Corcoran for Congress Committee, MUR 943 (April 6, 1982). In each of these cases, however, the Commission would have found a violation had the candidate and his or her spouse lived in a non-community property state.

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Recently, this disparity in treatment was partially remedied by the Commission. A candidate has always been permitted to use the assets of a family member if at the time of becoming a candidate he or she legally had access to or control over those assets and had either title to or an equitable interest in those assets. See 11 C.F.R. § 110.10(b)(1). The question whether the candidate had a legal right of access to or control over the assets of a family member has been determined under state law which imported the community property/non-community property dichotomy. Now, however, the Commission has promulgated a new regulation which allows candidates to use up to one-half of property held jointly with a spouse, even in non-community property states. 11 C.F.R. § 110.10(b)(3). This regulation -- had it been in effect in 1978 -- would have enabled Ms. Ferraro to avoid the problems she faced in 1978 by using her share of one of the family residences as security for a loan to finance her campaign.

2. Enforcement

The confusion in the law is reflected in the leniency shown by the Commission when violations in this area have been found. We have located 20 completed cases in which family loans were investigated by the Commission.^{5/}

^{5/} In re Jane Fonda and the Hayden for Senate Committee, MUR 149 (June 22, 1977); In re J. Carole Keahey, MUR 384 (Mar. 23, 1978); In re Clifford A. Jones, MUR 605 (Nov. 1, 1978); In re Mrs. Marjorie Bell, MUR 659 (Apr. 14, 1980); In re Burton W. Hales, Jr., MUR 693 (Sept. 13, 1978); In re Charles Hamilton, MUR 772 (Mar. 23, 1979); In re Corcoran for Congress Committee, MUR 943 (Apr. 4, 1982); In re John Adams, MUR 967 (July 14, 1980); In re Gary Hines, MUR 969 (Feb. 12, 1982); In re Garland Miller, MUR 982 (Feb. 12, 1980); In re Friends of Roger Jepsen, MUR 1042 (May 30, 1980); In re Walter

(Footnote continued on following page)

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In every case where the family loan was properly disclosed, as were the Zaccaro loans, the fine imposed on any one respondent was \$750 or less. Only in cases where the loan was not disclosed at all, or where it was erroneously reported as a personal loan from the candidate, was a more substantial fine imposed. See In re J. Carole Keahey, MUR 384 (March 23, 1970) -- no report of the loan made; In re Mrs. Marjorie Bell, MUR 659 (April 14, 1980) -- no report of the loan made; In re Walter Flowers for U.S. Senate Committee, MUR 1098 (Oct. 5, 1982) -- family loan from the brother of the candidate to the candidate who reported it as a personal loan to the campaign; In re Slade Gorton for United States Senate Committee, MUR 1301 (Feb. 3, 1982) -- family loan reported as personal loan of candidate; In re Pamela Le Boutillier, MUR 1456 (Nov. 25, 1983) -- family loan reported as personal loan of the candidate.

In short, the Commission's treatment of the improper loans to Ms. Ferraro's campaign was wholly in conformity with its actions in other family loan cases.

E. Conclusion

Under these circumstances, there is no justification for proceeding further with this matter. The then improper loans were dealt with fully in

(Footnote continued from preceding page)

Flowers for U.S. Senate Committee, MUR 1098 (Oct. 5, 1982); In re Quinn for Congress Committee, MUR 1134 (June 18, 1980); In re Easterly for Congress, MUR 1152 (Feb. 14, 1980); In re Thomas Upson, MUR 1174 (July 9, 1981); In re Dole for President Committee, MUR 1257 (Nov. 10, 1981); In re Slade Gorton for United States Senate Committee, MUR 1301 (Feb. 3, 1982); In re Pat Hamilton for Congress Committee, MUR 1323 (Aug. 18, 1981); In re Pamela Le Boutillier, MUR 1456 (Nov. 25, 1983); In re Orloski for Congress Committee, MUR 1480 (Apr. 27, 1983).

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MUR 892, and appropriate fines assessed, on a factual record accurately reflecting that those loans were made in reliance on David Stein's erroneous legal advice. The complaint has done nothing to impeach that record which, on the contrary, is buttressed by the attached affidavits. The penalties imposed were consistent with the fines levied in similar cases where family loans were made to campaigns in excess of the \$1000 ceiling. Accordingly, the Commission should reject the allegations of the complaint respecting the loans.

II. THERE IS NO BASIS FOR FURTHER INVESTIGATION
WITH RESPECT TO THE SALE OF 231 CENTRE STREET.

In seven lettered paragraphs 5A - G, the complaint alleges certain facts concerning 231 Centre Street that, the complaint asserts, suggest that Ms. Ferraro's sale of her interest in that property did not constitute a legitimate business transaction. The alleged facts are largely inaccurate and the conclusion drawn from them by the complaint is both erroneous and contrary to other independent facts which establish the sale as a legitimate transaction at fair market value.

A. Ms. Ferraro's Purchase of a One-Half
Interest in 231 Centre Street

Ms. Ferraro acquired an undivided one-half interest in the 231 Centre Street property on May 1, 1978, by a deed which was duly recorded. Exhibit No. 14 hereto. The details of the transaction were as follows:

On January 12, 1978, Norfolk Properties, Inc., and 231 Centre Street Corporation, the owners of 231 Centre Street, signed a contract to sell the property to Polarob Realty Corporation. Exhibit No. 15 hereto. The purchase

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price was \$175,500. The contract provided that \$7,500 would be paid on the signing of the contract and \$43,395 at the closing, with a purchase money mortgage of \$124,605.

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The purchasers were able to obtain the agreement of the sellers that they would not be personally liable for the repayment of the mortgage loan. Such an arrangement is not uncommon in connection with the sale of commercial real estate and can be carried out in two ways. One is to have the buyers execute a promissory note that provides in terms that it is "non-recourse." The buyers here employed an alternative two-step transaction. The property was deeded, at the closing on May 1, 1978, to a shell corporation, Polarob. Polarob was not a corporation either owned or controlled by Ms. Ferraro, Mr. Zaccaro or the co-purchaser, Melro Company. Polarob had no assets. It signed the promissory note secured by the purchase money mortgage. In the second step of the transaction, Polarob on the same day deeded its entire interest in the property, 50 percent to Melro Company, a family partnership of Manny Lerman, and 50 percent to Ms. Ferraro. With the deed transferring title to Melro and Ms. Ferraro, and the underlying mortgage, both dated May 1, 1978, duly recorded,^{6/} there is "irrefutable proof" to verify when the purchase of the property was made. The recordation refutes any claim that the transaction was a "sham backdated purchase from a corporation controlled by her husband

^{6/} Contrary to complainant's allegation, ¶ 5C, the mortgage dated May 1, 1978, was duly recorded at the Office of the Clerk of New York County, Reel 437, page 144.

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* * * arranged to provide the basis for an apparently bona fide sale."

Complaint ¶ 5C.

B. The Sale of Ms. Ferraro's One-Half
Interest in the Property

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Upon receiving notice from the Commission on September 11, 1978, that her Campaign Committee had accepted unlawful loans from her family in the amount of \$130,000, Ms. Ferraro determined to sell her one-half interest in 231 Centre Street -- as quickly as possible -- in order to repay the loans. She accomplished the transfer on October 5, 1978, deeding her interest to Melro Company, the owner of the other half of the property. Mr. Zaccaro, who negotiated the sale, and Mr. Lerman, both experienced in dealing with the real estate of lower Manhattan where 231 Centre Street was located, agreed, without need for an appraisal, that the fair market value of the property at that time was \$325,000. Accordingly, in order to buy Ms. Ferraro's one-half interest, Melro paid her \$100,000 in cash and took the property subject to her \$62,250 share of the outstanding mortgage.

The complaint suggests in paragraphs 5D, E and F that the price agreed upon for the sale to Melro did not reflect the fair market value of the property. Rather, the complaint asserts: "The value of the property had allegedly risen from the original purchase price of \$175,000 on May 1, 1978 to \$325,000 on October 4, 1978 -- a spectacular increase of over 80% in only five months; an annual rate of almost 200%." Complaint ¶ 5D.

The complaint, however, has mischaracterized what took place in this transaction. The value of the property did not increase from \$175,500 to \$325,000 in five months. Rather, the original price of \$175,500 set in the

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purchase contract of January 12, 1978, was well below the actual market value of the property at that time. There were a number of reasons why the property sold at so low a price. First, the sellers had owned the property for many years and had utilized most of the depreciation available as income tax deductions. For that reason, they were interested in disposing of the property. Second, the leases on the property were not economic and the owners were anxious to sell rather than to renegotiate them. Finally, Mr. Lerman and Mr. Zaccaro were experienced in real estate values and they recognized the purchase of 231 Centre Street at the agreed-upon price to be a particularly good opportunity. It was for that reason that Mr. Lerman and Ms. Ferraro made the investment in the first place.

Thus, there was no "sharp rise in value" in the property. Complaint ¶ 5F. Instead, in October 1978, when the parties valued the property for purposes of agreeing on a sale price, they valued it much as they had nine months before. That the agreed upon price was fair and reasonable is confirmed by two independent facts.

1. Real Estate Appraisals

First, three independent appraisals of the property fully support the conclusion that the valuation of the property at \$325,000 was commercially reasonable as of the fall of 1978. A review of these appraisals should put to rest the complainant's allegation that the sales price did not reflect the property's fair market value.

In August 1984, when questions arose concerning the price Melro paid for Ms. Ferraro's one-half interest, she sought the opinions of three

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independent, experienced real estate appraisers as to its fair and reasonable market value at the time of her sale. Drawing on their experience and using recognized appraisal procedures, those appraisers valued the property between \$300,000 and \$325,000. Copies of the appraisals, including the qualifications of the appraisers, are attached as Exhibits Nos. 7-10. Briefly, the specifics of each of the independent appraisals are as follows:

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- (1) Cushman & Wakefield, Inc., utilized two of the three traditional approaches to real estate valuation, the Direct Sales Comparison Approach and the Income Approach. The appraisers looked at comparable sales in the 1976-78 period and concluded that the proper unit price to apply to the approximately 12,875 gross square feet of building area is between \$20 and \$25 per square foot. This, they said, "develops a value estimate range via the Direct Sales Comparison Approach from \$257,500 to \$321,870." Exhibit No. 7 at 6. Using the Income Approach whereby anticipated economic benefits to be derived from property ownership are converted into a value estimate through the capitalization process, Cushman & Wakefield estimated the property to have a value ranging from a low of \$324,441 to a high of \$336,474. Id. at 7. In conclusion, the appraisers expressed "the firm opinion that the Market Value of the Fee Simple Interest * * * in 231 Centre Street, subject to the leases in place at the time, as of the date of valuation, Fall, 1978, was: * * * \$300,000 * * * to * * * \$325,000." Id. at 8. Cushman & Wakefield and the two appraisers who signed the "Letter Opinion of Value" are highly regarded, experienced appraisers of real estate in New York City. See Addendum to Exhibit No. 7.
 - (2) A.L. Santagata, an experienced appraiser, President in 1973 of the New York Chapter of the Society of Real Estate Appraisers, gave his considered opinion, based upon the type of property, location, zoning, assessment and taxes, market sales and trends, that the fair and reasonable market value of 231 Centre Street as of October 1978 was \$310,000. See Exhibit No. 8 hereto. Judging sales in the immediate area to be the best indicators of market valuation,

Mr. Santagata studied 14 sales, between November 1974 and 1979, of comparable improved property. These sales had been independently identified as "comparables" by the Weitzman Group Inc. See Exhibit No. 9 hereto. The three most comparable sales were at \$36, \$25 and \$36 respectively per square foot. Adjusting those prices for the lease tenancy on 231 Centre Street, Mr. Santagata stated, "indicate[s] an overall value of \$24.50 Sq. Ft.," which, when applied to the 12,700 square feet of the property, results in a value of \$310,000. Mr. Santagata checked his valuation by reference to the computation prepared by the Real Estate Board of New York as to the ratio of sales prices to the assessed valuation of properties sold in the open market. The 1978 ratio was 142.3 percent which when applied to the then-assessment of 231 Centre Street of \$222,000 indicates a market value of \$315,000.

- (3) Abram Barkan, President, James Felt Realty Services, judged the fair and reasonable market value of the property in the fall of 1978 to be \$315,000. The valuation reflected Mr. Barkan's belief that the most objective indicator is the price at which willing buyers and sellers effect sales transactions. To explore these levels, Mr. Barkan looked to recorded sales of properties reasonably close to 231 Centre Street and statistics respecting open market transactions for 1978 developed by the Research Division of the Real Estate Board of New York. The recorded sales of 10 properties sold between November 1976 and December 1978 showed an average ratio of sales prices to assessed value of 169.2 percent. Mr. Barkan chose as the more conservative indicator the Real Estate Board statistic of 142.3 percent reflecting the average ratio of all open market sales prices for 1978 to assessed value. Multiplying the property's assessed value of \$222,000 by 142.3 percent produced a rounded value of \$315,000, which, in Mr. Bankan's opinion was its fair market value in the fall of 1978. See Exhibit No. 10 hereto.

In sum, the three independent appraisals all warrant the conclusion that Melro paid fair market value for 231 Centre Street in October 1978.

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2. Sale of 231 Centre Street in November 1980

Second, on November 21, 1980, 231 Centre Street was sold to W & N Enterprises, an independent third party having no connection to either Malro, Mr. Zaccaro or Ms. Ferraro. W & N Enterprises purchased the property for \$375,000 -- \$50,000 more than the value placed on the property in October 1978. The price set in this sale of the property to an independent purchaser is the strongest possible evidence that the property was transferred at fair market value in 1978.

C. Purchase of the One-Half Interest in
231 Centre Street by John Zaccaro

The complaint alleges that "Mr. Lerman was guaranteed by Mr. Zaccaro at the time that Mr. Zaccaro would repurchase [the interest in 231 Centre Street] shortly, presumably at no less than the price paid to Ms. Ferraro." Complaint ¶ 5D. Based on this allegation, the complaint speculates that the purchase price may not have been at fair market value, but instead "Mr. Zaccaro was free to set the price at any figure he desired which might best benefit his wife." Id. There is, however, no basis for this speculation.

To begin with, the complaint misconceives the course of dealing between Mr. Lerman and Mr. Zaccaro. At the heart of the allegations is the idea that Mr. Lerman's purchase of the one-half interest in 231 Centre Street from Ms. Ferraro on October 5, 1978, was wholly dependent on an agreement (the alleged "guarantee") that Mr. Zaccaro would subsequently purchase that interest from Mr. Lerman at the same price. In other words, the complaint charges in effect that Mr. Zaccaro was the real buyer in the October 5

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transaction, that the price was fixed unilaterally by Mr. Zaccaro, and that consequently that price might have been determined by reference to Ms. Ferraro's campaign needs and without reference to fair market value.

The facts, however, are otherwise. While it is quite true that Mr. Lerman and Mr. Zaccaro reached an understanding that Mr. Zaccaro would purchase from Mr. Lerman the one-half interest in 231 Centre Street that Mr. Lerman acquired from Ms. Ferraro in the October 5 transaction, this understanding, according to both Mr. Zaccaro and Mr. Lerman, came into existence after that transaction. Thus, there was no condition or "guarantee" of the kind alleged in the complaint, and Mr. Lerman's purchase of the one-half interest was not tied to any assurance, let alone any enforceable commitment, that he would later be taken out of the deal by Mr. Zaccaro.

Moreover, the purchase price paid by Mr. Lerman was not determined unilaterally by Mr. Zaccaro, but rather was the result of a mutual agreement as to fair market value. To be sure, Ms. Ferraro's campaign needs were the driving reason for her sale of the property on October 5, 1978. That is, had it not been for those needs, there would have been no sale at all. However, the terms of the transaction as to purchase price, like the terms of Mr. Zaccaro's later understanding with Mr. Lerman, were separately driven by their business judgments that the property was a sound investment at that price. Indeed, the later understanding, and Mr. Zaccaro's purchase of the property from Mr. Lerman in January 1979 pursuant to that understanding, far from evidencing that Mr. Lerman's October 1978 purchase from Ms. Ferraro was a sham transaction at an inflated price dictated by campaign needs, are evidence

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only of the fact that Mr. Zaccaro regretted the loss of the investment in the first place and was willing to make Mr. Lerman whole, at the same price they had previously agreed to be a fair one, in order to recover that investment.

Further, had Mr. Zaccaro been free to set the purchase price arbitrarily, as the complaint suggests, ¶ 5D, presumably he would have set that price high enough so that no additional assets would have had to be sold and no further campaign loans sought. Instead, Ms. Ferraro had to sell not only the 231 Centre Street property, but her interest in the mortgage on 230 Grand Street as well, in order to repay the family loans. Moreover, shortly after October 5, 1978, Ms. Ferraro borrowed \$40,000 in additional funds for her campaign effort.^{7/}

Finally, as set forth above, extrinsic evidence indicates that the purchase price paid by Mr. Lerman was fair and reasonable. Granting that mathematical precision as to market value is impossible, the price subsequently paid for the same property by an independent buyer in 1980 and the three separate appraisals described above are strong indicators that Ms. Ferraro's one-half interest in 231 Centre Street was fairly valued for purposes of the October 1978 sale.

Thus, the understanding relative to Mr. Zaccaro's subsequent purchase of the one-half interest in 231 Centre Street had no impact on the price Mr. Lerman paid for that interest. Further, Mr. Zaccaro purchased the interest in January 1979 by paying \$100,000 to Northeastern Trading Company, a

^{7/} She borrowed \$25,000 from the East River Savings Bank on October 23, 1978, and \$15,000 from the First Women's Bank of New York on October 31, 1978.

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corporation owned by Mr. Lerman that had borrowed the money for the purchase by Melro Company of the interest in October 1978. Copies of the checks are attached as Exhibit No. 16. Contrary to the allegation of the complaint, ¶ 5F, therefore, there is documentary evidence that the purchase took place "when and where they said it did" -- in January 1979.

D. The Tax Treatment of Ms. Ferraro's Sale of Her One-Half Interest in 231 Centre Street

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The complainant asks whether the accountant's error in reporting on the Zaccaros' joint federal income tax return for 1978 the capital gain on Ms. Ferraro's sale of the 231 Centre Street property in some unexplained way buttresses his allegation that the "entire transaction was a 'device to allow Mr. Zaccaro to channel money to his wife's campaign in spite of federal spending limits.'" Complaint ¶ 5G. The short answer is "No."

There is no mystery to the mistake in the accountant's preparation of the tax return and it bears no relationship to Mr. Zaccaro's subsequent purchase of a one-half interest in the 231 Centre Street property. In computing her capital gain, the accountant took into account only the \$100,000 cash Ms. Ferraro received from Melro. He failed to consider the fact that under the Internal Revenue Code, the selling price included the balance due on the mortgage loan, \$62,250, even though there was no personal obligation to pay it. Here are the details.

The accountant correctly reflected Ms. Ferraro's cost basis in the property as follows:

50% of \$175,500 purchase price	\$ 87,750.00
50% of expenses of purchase	<u>2,561.00</u>
	\$ 90,311.00

However, in reporting the net proceeds of the sale, he took into account only the following:

Cash Payment	\$100,000.00
Legal fees and transfer taxes	<u>[3,500.00]</u>
Net Receipts	\$ 96,500.00

So, the accountant reported a gain of \$6,189. See Schedule D from 1978 Joint Return attached as Exhibit No. 17. The amended return filed August 21, 1984, attached as Exhibit No. 18, corrected the error by adding to the proceeds of the sale \$62,250, one-half of the outstanding balance due on the mortgage to which the property was subject, giving Ms. Ferraro a gain of \$68,439. In short, in reporting her gain, the accountant, perhaps because of confusion resulting from the fact that there was no personal liability for the mortgage loan, considered only the cash payment received without recognizing that the "sales price" included also Ms. Ferraro's share of the balance due on the loan.

A review of these facts establishes that the error in reporting Ms. Ferraro's gain on the sale neither confirms nor refutes the complainant's contention respecting the underlying sale transaction. It is, as the complainant himself concedes, ¶ 5G, only "coincidental."

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E. Legal Analysis

The allegations in the complaint, taken together, constitute a claim that the sale by Ms. Ferraro of her interest in 231 Centre Street was not at fair market value, with the result that an unlawful contribution was made to her campaign in the amount of the difference between the fair market value and the sale price. We have shown above that the sale was a legitimate commercial transaction at fair market value. In this section, we show that such a sale was fully proper and the use of the proceeds from the sale for her campaign was in compliance with the Act.

The term "contribution" includes a 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. 2 U.S.C. § 431(8)(A), 11 C.F.R. § 100.7(a)(1). Moreover, the provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is a contribution. The "usual and normal charge" for goods means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. 11 C.F.R. § 100.7(a)(1)(iii).

Similarly, loans to a campaign by a commercial lending institution are not considered to be contributions if made in accordance with banking laws and in the ordinary course of business. Among the indicia of "ordinary course of business" are whether the loan bears the usual and customary interest rate and whether adequate security is offered. 11 C.F.R. § 100.7(b)(11).

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In addition, corporations may extend credit to candidates or political committees without making a contribution so long as the credit is extended in the ordinary course of the corporation's business. A corporation may also settle or forgive a debt incurred by a candidate or political committee if the corporation has treated the outstanding debt in a commercially reasonable manner. 11 C.F.R. § 114.10. Finally, candidates and political committees may use corporate and union facilities so long as reimbursement is made at the normal and usual charge and within a commercially reasonable time. 11 C.F.R. §§ 114.9(a)(2) and (b)(2).

The import of these statutory and regulatory provisions is to exempt from the definition of contribution those activities which constitute commercial transactions -- that is, transactions which occur in the ordinary course of business and at fair market value. Thus, for example, the Commission concluded in an enforcement action that monthly installments paid to a congressional candidate by a business partner pursuant to an oral buy-out agreement were not contributions. The candidate and his partner had an oral buy-out agreement whereby the candidate received monthly payments of \$1000 applicable toward the ultimate purchase price to be determined at a later date. In the event the sale did not go through, i.e., the candidate was unsuccessful, the payments received were to reduce the candidate's share in the partnership. Although the checks received by the candidate were drawn on the partnership joint account and no disclosures were made, the Commission found that the partner had not made a contribution to the campaign and,

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accordingly, that no violation of the Act had occurred. See In re Dr. Robert Whittaker, MUR 806 (Jan. 25, 1979).

In this case, as in MUR 806, the only question at issue is whether Ms. Ferraro engaged in a commercially reasonable transaction in selling her one-half interest in 231 Centre Street to her partner. Under 11 C.F.R. § 110.10(b)(2), a candidate's personal funds include "proceeds from the sale of the candidate's * * * investments." Ms. Ferraro's sale of her interest in 231 Centre Street was a legitimate business transaction in which she sold her interest at fair value to her partner, and therefore no proscribed contribution was involved.

III. CONCLUSION

For the reasons set forth above, this complaint should be dismissed and no further action taken either to reopen MUR 892 or to pursue the allegations in this complaint in a new proceeding.

Respectively submitted,


Stephen J. Pollak
Anthony A. Lapham
Wendy S. White

Attorneys for Geraldine A. Ferraro,
John A. Zaccaro and David Blanksteen

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MUR 1764

EXHIBITS

TO

**LETTER OF OCTOBER 11, 1984,
TO
CHARLES N. STEELE, ESQUIRE, GENERAL COUNSEL,
FEDERAL ELECTION COMMISSION**

**RESPONDING ON BEHALF OF
GERALDINE A. FERRARO, JOHN A. ZACCARO,
AND DAVID BLANKSTEEN TO COMPLAINT
OF JOHN H. BANZHAF III
FILED AUGUST 23, 1984**

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INDEX TO EXHIBITS

Exhibit
Number

Description of Document

- 1 Affidavit of Patricia Flynn dated August 15, 1984.
- 2 Affidavit of Patricia M. Reilly dated August 15, 1984.
- 3 Affidavit of Constance M. Mandina dated August 15, 1984.
- 4 Affidavit of Carmine Parisi dated August 24, 1984.
- 5 Human Events, August 18, 1984.
- 6 Human Events, August 25, 1984.
- 7 Cushman & Wakefield, Inc., Letter Opinion of Value, August 29, 1984.
- 8 A.L. Santagata, Appraisal Report, August 17, 1984.
- 9 The Weitzman Group, Inc., Letter, August 17, 1984.
- 10 Abram Barkan, James Felt Realty Services, Letter of Value, August 16, 1984.
- 11 Federal Election Commission, Major Provisions of the Federal Election Campaign Law (December 1975), cover page and pages ii-vi and 22.
- 12 In re John A. Zaccaro, MUR 892, Conciliation Agreement dated September 12, 1979.
- 13 In re Committee to Elect Geraldine Ferraro, MUR 892, Conciliation Agreement dated September 12, 1979.
- 14 Recorded deed dated May 1, 1978, transferring 231 Centre Street from Polarob Realty Corp. to Melro Company and Geraldine A. Ferraro
- 15 Agreement dated January 12, 1978, between Norfolk Properties, Inc., and 231 Centre Street Corporation, seller, and Polarob Realty Corp., purchaser, for the sale of 231 Centre Street property.

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Exhibit
Number

Description of Document

- | | |
|----|--|
| 16 | Copies of four checks in the total amount of \$100,000 dated January 22 and 30, 1979. |
| 17 | Schedule D, John A. and Geraldine Zaccaro Form 1040, U.S. Individual Income Tax Return for the year 1978. |
| 18 | John A. and Geraldine Zaccaro Form 1040 X, Amended U.S. Individual Income Tax Return for the year 1978, dated August 19, 1984. |

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EXHIBIT NUMBER 1

an attorney who had worked at the Federal Election Commission and was an expert on the legal issues concerning campaign finance. Other individuals who I recall being present at this meeting, in addition to the candidate and her husband, were David Blanksteen, Patricia Reilly, Bonnie Mandina, Mildred and Clyde Snyder, and perhaps a few others.

Carmine Parisi spoke to the group first, discussing the steps that would be required to organize the campaign. David Stein then discussed various legal restrictions on financing a federal campaign, referring to several books and materials that he had brought with him and had spread out on the floor. I remember him stating that contributions were generally limited to no more than \$1,000 per person. This was the first time that I became aware of any restrictions on federal campaign giving and his statement struck me particularly because I had already been in touch with one individual who thought he could raise a significant amount of money. The federal limits on giving would therefore require a reconsideration of how money would be raised for the campaign.

I also recall that Stein stated that money could be raised without restriction if it was obtained from the candidate's family. I remember Ms. Ferraro indicating that she personally had funds that could be used, and Stein stated that it did not matter whether the money belonged specifically to her, as long as it came only from her family.

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I do not know how Stein came to be present at the meeting in 1978, but I do know that he did advise us that there were no limits on the amount of money the candidate's husband and children could provide to the campaign. I am at a loss to understand how David Stein can now, six years later, deny that he ever said what I heard. For whatever reason, he is not telling the truth.

Patricia Flynn

Patricia Flynn

Subscribed to and sworn
before me this 15th day of
August 1984

Marilyn T. Lanza

Notary Public

MARILYN T. LANZA
NOTARY PUBLIC, State of New York
No. 41-5974085
Qualified in Queens County
Commission Expires March 30, 1986

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EXHIBIT NUMBER 2

Affidavit of Patricia M. Reilly

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

PATRICIA M. REILLY, being duly sworn, deposes
and says:

I am currently Regional Director of the New York State Department of Agriculture and Markets. During the first Congressional campaign of Geraldine A. Ferraro in 1978, I was employed to prepare a prime voter list for use with a direct mail effort and subsequently had responsibility for the candidate's scheduling and advance work. Because of certain allegations that I understand have now been raised relating to legal advice that was given to the campaign by David Stein concerning federal restrictions on campaign contributions, I have been asked to set forth my best recollections concerning the rendering of this advice to the campaign.

I first met Ms. Ferraro in early 1978 through the 31st Assembly District Regular Democratic Club of which we were both members. At that time I was employed by St. John's University teaching government and politics, and I recall that Ms. Ferraro invited me to a meeting to discuss a campaign for Congress that she intended to launch.

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The meeting was held one evening in April at the candidate's home. When I arrived several people were already present and seated in the Ferraro living room. Among those I recall being present at the meeting were Bonnie Mandina, Carmine Parisi, Pat Flynn, David Blanksteen, Mildred and Clyde Snyder, David Stein, and, of course, the candidate and her husband.

Various issues concerning the organization of a campaign were discussed at this meeting. Among the many issues raised I remember that the question of how the campaign would be financed was brought up. Ms. Ferraro indicated that this was not to be a "kitchen table" campaign, so that it would be necessary to raise sufficient money to do a thorough job.

It is my recollection that when this subject came up David Stein was introduced as someone familiar with the election laws governing campaign contributions. I remember Stein stating that, under federal law, there would be no problem with contributions from the candidate or her family. Stein said there were no limits on the contributions that could be made by the members of a candidate's family, and that they could contribute to the campaign as much as they wished. As I recall, some of the individuals present then raised the question of how much money they would be allowed to contribute. Stein indicated that a non-family member could contribute no more than \$1,000. I also

recall discussion about whether this limit applied to groups, such as women's organizations, who might want to support the Ferraro campaign. Stein stated that there were limits on all campaign contributions except those that came from family members.

I can state without equivocation that Mr. Stein's recent denial that he gave this advice is not true.

Patricia M. Reilly
Patricia M. Reilly

Sworn to before me this
15th day of August, 1984

Richard W. Huntington
Notary Public
RICHARD W. HUNTINGTON
Notary Public, State of New York
No. 24-01 NO 488631
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1985

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EXHIBIT NUMBER 3

Affidavit of Constance M. Mandina

STATE OF NEW YORK)
 : ss.:
COUNTY OF QUEENS)

 CONSTANCE M. MANDINA, being duly sworn deposes and
says:

 I was a volunteer in the first Congressional
campaign of Geraldine A. Ferraro in 1978, having known
Ms. Ferraro for several years and having worked with her on
the Conference for International Women's Year in 1976. In
the spring of 1978 I attended several organizational meetings
for the Ferraro campaign held at the candidate's home. At
one such meeting I specifically remember meeting a young
attorney named David Stein.

 Stein was introduced to the group that was meeting
on this occasion as an attorney who had worked at the Federal
Election Commission and who was knowledgeable about laws
governing the financing of a federal campaign. Among the
individuals I remember being present at this meeting were
Ms. Ferraro and her husband, David Blanksteen, Mildred and
Clyde Snyder, Pat Flynn, Pat Reilly and Carmine Parisi. In
fact, I was invited to this particular meeting to introduce
to the others Mr. Parisi, a friend of mine who had agreed to
serve as campaign manager for Ms. Ferraro.

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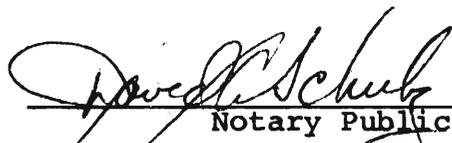
One of the topics discussed at this meeting was whether the members of the candidate's family could loan money to the campaign. I recall Mr. Stein stating his opinion that family members could loan money to the campaign without limit.

I am an attorney, but had no prior experience with federal election law. I had no reason to doubt the advice given to us by Mr. Stein at that time, because of his apparent expertise in the field and because he came to the meeting armed with books and other materials with which to answer our questions.

I have heard that Mr. Stein recently denied that he ever advised us that family members could lend money to the campaign without limit. His denial is absolutely and categorically untrue.


Constance M. Mandina

Subscribed and sworn to before
me this 15th day of August 1984.


Notary Public

DAVID A. SCHULZ
Notary Public, State of New York
No. 31-603162
Qualified in New York County
Commission Expires March 30, 1985

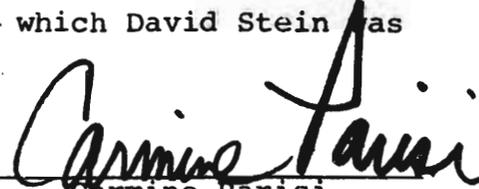
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EXHIBIT NUMBER 4

At this meeting, David Stein was introduced as an attorney who had been with the Federal Election Commission and who had agreed to advise the campaign on legal restrictions concerning the raising of contributions and the making of expenditures. Mr. Stein had brought several books and materials with him to the meeting, and in the course of the discussion explained the restrictions on campaign finance.

I do not recall the specific statements made by Mr. Stein during the discussion on campaign finance, either because I had momentarily left the room or because I was discussing another issue with someone during his presentation. I do know, however, that at the conclusion of that meeting it was agreed that the substantial portion of the campaign's initial funding would be in the form of loans from the candidate's husband John Zaccaro, and that David Stein believed this was an appropriate manner in which to proceed.

This meeting at the candidate's home was the only meeting I ever attended at which David Stein was present. I understand that he has now indicated that there was some later meeting at which he purportedly gave further advice on the restrictions on campaign contributions. To my knowledge no such meeting occurred. I can state categorically that I attended one, and only one, meeting at which David Stein was present.


Carmine Parisi

Sworn to before me this
24th day of August, 1984.


Notary Public

DAVID A. SCHULZ
Notary Public, State of New York
No. 31-4691482
Qualified in New York County
Commission Expires March 30, 1985

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EXHIBIT NUMBER 5



Former FEC Attorney Says:

Ferraro Advised Beforehand Against Illegal Loans

An unheralded New York lawyer named David Stein may be the key to determining if Democratic vice presidential nominee Geraldine Ferraro knowingly accepted over \$100,000 in illegal loans from her husband to finance her first congressional race in 1978.

Contrary to sworn statements provided to the Federal Election Commission in 1979 by Ferraro's husband and her campaign treasurer, Stein, a former FEC employe himself, insisted to HUMAN EVENTS that he had warned Ferraro in advance that such loans from a family member would be illegal.

Should his story hold up, Ferraro could be forced to step down as a candidate and both she and her husband could be liable to federal prosecution.

Records show that, on September 12, 1979, Ferraro's husband, John A. Zaccaro, signed a conciliation agreement with the FEC, admitting that he had made loans to the Ferraro campaign committee totaling \$110,000 though the legal limit for such loans was \$1,000. On the same date, David Blanksteen, treasurer of the Committee to Elect Geraldine Ferraro, signed such an agreement acknowledging that the committee had accepted such loans and that they exceeded the limit set by law.



Rep. Ferraro met with reporters on Capitol Hill last week to announce that she would issue a full financial disclosure statement within 10 days.

For these violations, Zaccaro had to pay a fine of \$250 while the committee paid \$500. Both were civil penalties.

In a memorandum to FEC Commissioner Frank C. Reiche dated Oct. 3, 1979, FEC General Counsel William C. Oldaker stated that the decision "to accept the relatively small civil penalties in this case [was] based on the mitigating factors involved."

Among the "mitigating factors" cited by Oldaker: "Zaccaro and his wife's committee... solicited the advice of counsel as to how to properly fund the campaign; the counsel was a former employe of the [Federal Election] Commission.... He advised that members of the candidate's immediate family should and could fund the campaign...."

The claim that the illegal loans were made in good faith, based on erroneous advice from a lawyer—a claim that was subsequently incorporated in the conciliation agreements signed by Zaccaro and Blanksteen—was initially provided to the Commission in affidavits signed by the two men.

In his affidavit, dated Feb. 9, 1979, Ferraro's husband stated: "I believe

Ferraro Treasurer: 'No Memory' of Stein

When HUMAN EVENTS telephoned David Blanksteen, treasurer of Geraldine Ferraro's 1978 campaign committee, the conversation went as follows:

HE: "We're trying to get hold of a Mr. David J. Stein, whom you refer to in a deposition with the Federal Election Commission concerning Geraldine Ferraro...."

Blanksteen: "Huh?" (*seems taken aback*)

HE: "We've had a tough time locating Mr. Stein and you mention in your affidavit about him, so we thought maybe we'd try to see if you have any idea where he is."

Blanksteen: "No."

HE: "Are you familiar at all with the David J. Stein I'm talking about?"

Blanksteen: "No, I... actually I have no memory of that... it's several years ago."

HE: "Yes, and do you recall knowing him when he was with the campaign?"

Blanksteen: "It's many years ago."

HE: "Many years ago?"

Blanksteen: "It's many years ago. You know, it's many years ago and you get a lot of people run by your desk."

HE: "Well, we have two David J. Steins listed, and we can't find a telephone number for them."

Blanksteen: "When I can't help you, I can't help you."

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FERRARO ADVISED AGAINST ILLEGAL LOANS / From page 1

the circumstances surrounding the making of these loans are relevant to the Commission's consideration of this matter. Prior to the time any of these loans were made to the Committee, a meeting was held by various persons associated with the Committee and the election campaign to discuss, among other things, how the campaign would be financed.

"Among those in attendance at the meeting were David Blanksteen, treasurer of the Committee, David Stein, an attorney who I was advised had formerly worked for the Federal Election Commission, and myself."

Zaccaro's sworn statement went on to say that Stein had advised those in attendance "that the proper method of funding the campaign in order to avoid any of the limitations imposed by federal law was to have members of the candidate's immediate family loan the Committee the necessary funds."

Zaccaro said it was not until Sept. 11, 1978, after all of the loans had been made, that they learned by way of a letter from the FEC that the loans in question were subject to a \$1,000 statutory limit.

"[A]t the time the aforementioned loans were made to the Committee," Zaccaro reiterated at another point in the affidavit, "I believed they were in full compliance with all federal laws and regulations. In this regard I was relying on the advice of an attorney whom I had every reason to believe was fully familiar with such federal rules and regulations."

Blanksteen's affidavit, which was also dated Feb. 9, 1979, stated in part that "prior to the time any such contributions [in excess of \$1,000] were accepted by the Committee from Mr. John A. Zaccaro, I was advised by an attorney that such contributions were proper and not in violation of any federal law or regulations. Specifically, such advice was given to me by Mr. David Stein, who I was told was an attorney formerly employed by the Federal Election Commission, at a meeting held to discuss, among other things, the financing of the campaign."

It was largely based on these assurances—that the loans had been offered and accepted in the belief that they were legal—that the FEC, according to the Oldaker memo, "concluded that although the violations were serious in nature the circumstances warranted a lesser penalty."

But when HUMAN EVENTS tracked Stein down by telephone on August 9, at his Manhattan law office, his account of what had happened was quite different from Zaccaro's and Blanksteen's.

"I told them the loans could not be done that way," said Stein, who records indicate worked in the FEC General Counsel's office from Nov. 15, 1976, until Jan. 27, 1978. "I told her [Ferraro] in the living room of her house. I attended one or two — I think it was two — meetings in her house."

Asked when these meetings had occurred, Stein said, "in April or May of 1978." Asked who was in attendance, Stein replied, "Geraldine, Carmine Parisi, her campaign manager, and a friend of mine who was looking at state election laws."

Asked whether Zaccaro was there, Stein said, "I have never met John Zaccaro in my life." He was not as certain about Blanksteen but did not recall Blanksteen's having attended any meeting with him.

"I would take a polygraph on my contention that I told her not to do it," said Stein. "I had worked on many loan cases at the FEC, including the investigation of Jane Fonda and Tom Hayden when Fonda had made all those loans."

When informed that his name was mentioned in several depositions in the Ferraro case before the FEC, Stein expressed surprise, then asked, "Why didn't the FEC ever talk to me?"

When pressed further about the possibility that he had advised Ferraro and the others that Zaccaro could loan unlimited sums to his wife's campaign, Stein replied, "Absolutely I never told them they could do it. I told them exactly the opposite."

According to a spokesman for the FEC, the inclusion of falsehoods in a sworn statement pursuant to an investigation by the commission "would probably fall under 18 U.S. Code 1621." That would be a "Justice Department responsibility... criminal code. We have full civil jurisdiction but not criminal," the FEC spokesman said.

Note: HUMAN EVENTS attempted to reach Zaccaro at his real estate firm, and even mentioned Stein's name, but the individual to whom our call was referred refused to answer questions. Instead, he referred us to a Mr. Mel Sweitzer, a business partner of Zaccaro's. However, Sweitzer was never available to talk, though we twice mentioned Stein's name to his secretary.

We also contacted Blanksteen, but he said he had no recollection of Stein (see cover box).

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SYSTEM
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EXHIBIT NUMBER 6

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Human Events

THE NATIONAL CONSERVATIVE WEEKLY



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VOL. XLIV No. 34

AUGUST 25, 1984

Her Integrity Is the Issue

Ferraro's Troubles Now on Front Burner

Geraldine Ferraro, the genuine heroine of the Democratic National Convention, has been having a terrible time of late. Wherever she goes on the campaign trail, questions relating to her integrity, and her husband's, keep being posed.

Why has she refused since 1978 to list her husband's assets on the financial disclosure form all members of Congress are required to fill out?

Why did she say she would publish her husband's tax returns and then renege?

Why won't she respond directly to a former Federal Election Commission attorney's charge that he personally told her in "April or May" of 1978 she couldn't use her family's money to finance her first congressional campaign?

And what about husband John Zaccaro? Why won't he release his returns? Why does he rent his buildings to sleazy elements, including a distributor of hard-core pornography, a company whose owner is widely reputed to be boss of a New Jersey-based organized crime family?

The questions keep coming thick and fast, and aren't likely to go away when she releases her financial disclosure forms. More questions will almost certainly arise, as they always do when financial forms come under intense scrutiny.

The strain has already taken its toll. Last week Ferraro, in an off-the-record session with Texas Democrats, blew her cool. During the meeting she complained that Republicans and some reporters were pumping up the controversy. At one point, according to several witnesses, she used an old brocade: "I'm not going to get mad. I'm going to get even."

She now says that she was kidding,



and House Majority Leader Jim Wright (D.-Tex.) agrees, but three Democratic lawmakers, who asked not to be identified, gave a different impression. "They said," reported the Washington Post, "they thought Ferraro was genuinely determined to 'get even' with people who challenge her over finances. Two recalled that the Democratic nominee said she was keeping a list of people she considers particularly offensive." In short, an enemy's list.

Ferraro is in hot water at the moment, but even as she is feeling the heat, sympathy appears to be building for her in some parts of the major media. The argument is now being made that maybe we're asking too much of our officials, that perhaps we're demanding the kind of ethical purity we never exacted of Caesar's wife.

But where were these dispensers of mercy when Richard Allen and Raymond Donovan were going through the wringer? Where are the current consolers of Ed Meese and, yes, even George Hansen? Only when NOW's pin-up girl got into trouble did we see programs oozing with sympathy for the kind of predicament that Ferraro faces.

Before we weep for Geraldine, however, the public has a right to expect her to clear up a number of questions that touch not on her capacity to fill out forms in meticulous fashion, but on her capacity to tell the truth.

For instance:

When she made her first run for a House seat in 1978, she accepted over \$100,000 in illegal loans from her husband and children to finance the race. The Sept. 12, 1979, conciliation agreement between her campaign and the Federal Election Commission shows that both her husband, John A. Zaccaro, and her campaign treasurer, David Blankstein, had signed affidavits in February 1979 accusing a former FEC attorney, David J. Stein, of telling the campaign that the loans were perfectly legal.

When we contacted Stein, however, he unhesitatingly contradicted the

(Continued on page 15)

Special Supplement:



MONDALE

There's Nothing 'New' About Walter Mondale

See page S-1.

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FERRARO'S TROUBLES / From page 1

sworn statements of Zaccaro and Blanksteen. He told us that he directly informed Ferraro that such family loans were illegal, and told her "in the living room of her house." "I would," he also told us, "take a polygraph on my contention that I told her not to do it." (See last week's cover story.)

Stein has since told the major media what he told us. As the *Washington Post's* Charles Babcock put it last week: "But Stein, 36, said in a statement issued yesterday that he met informally with Ferraro and campaign organizers once in the spring of 1978 and recalled: 'I remember voicing my doubts as to the propriety of such loans by members of the candidate's immediate family insofar as these loans related to the federal election campaign act. Although I do not remember my precise words, the sum and substance of what I said was that I did not believe it would be permissible.'" "

There is now a direct conflict in the statements issued by Ferraro (who suggested Stein was "lying" last week), Zaccaro and Blanksteen, on the one hand, and Stein on the other. Shouldn't we find out who's telling the truth? Shouldn't we try to discover whether Blanksteen and Zaccaro, in their affidavits with the FEC, were committing perjury and trying to frame Stein so the campaign could avoid heavy financial penalties and possible felony convictions of its officials? Stein, of course, may be lying instead (though he says he's willing to undergo a polygraph test), but this should be found out as well.

What we can't comprehend is that there seems to be no move by the FEC — which clearly has a duty to get to the bottom of this — to do anything.

Stein, so far as the record reflects, has never been contacted by the FEC since he was initially accused by the Ferraro campaign of having misled them on the family loans. (Oddly enough, according to 1978 campaign treasurer David Blanksteen, the Ferraro campaign never contacted Stein again after he had supposedly furnished his bad advice, even when the FEC informed the campaign some five months later that Stein's alleged counsel was flatly illegal.)

Why was Stein, a former FEC official well acquainted with General Counsel William Oldaker, never talked to, even though the Commission opted for light fines on the ground that Stein had supposedly steered the campaign into accepting illegal loans? And why can't he be called upon now? Surely what Stein has to say takes on added importance in view of the 1979 FEC executive session transcripts on the Ferraro case released last week.

Chairman Robert Tiernan and Vice Chairman Max Friedersdorf expressed dismay at the token fines levied, while still another commissioner, Frank Reiche, said he was "appalled" by the smallness of the penalty. (See story, page four.)

Ferraro, in short, will somehow have to discredit Stein's story if the cloud hanging over her 1978 campaign is to be removed.

There is another charge Ms. Ferraro must dispose of if she hopes to have the country take her at her word. And that is: how could she have deliberately failed to disclose her husband's financial assets as the 1978 Ethics in Government Act requires? As the *Washington Post* has characterized her omission:

"For the past six years the congresswoman has been required by federal law to file disclosure forms listing her own financial assets and liabilities and those of her husband and children. Sources of income must also be stated. Not once has Rep. Ferraro provided information about her family members. Instead, she claimed an exemption — only 15 other members of the House took a similar position — asserting that she had no knowledge of and received no benefits from her husband's money."

Thus she will now have to demonstrate why she had no knowledge of and received no benefits from her husband's money, even though she is an officer and a stockholder in her husband's firm and has the use of three houses, belongs to posh country clubs and sends her kids to private schools. Clearly, she has not been doing all this on her congressional salary.

Her insistence on such an exemption will be even more difficult to justify in view of a major investigative story on Ferraro's and Zaccaro's finances by the *New York Times*. The *Times* began its lengthy piece this way: "Although Rep. Geraldine A. Ferraro, the Democratic vice-presidential candidate, has maintained a career of her own as a lawyer and member of Congress, public records show that she has often been closely involved with her husband's real estate business and his finances.

"Mrs. Ferraro has practiced law and conducted her congressional campaigns from the offices of a real estate company owned by her husband, John A. Zaccaro. Records show she has also been an officer and stockholder of the company and participated in dealings of at least three other corporations controlled by her husband."

Even the Mondale-Ferraro campaign has admitted that Ms. Ferraro has at least been in "technical violation" of the requirement to disclose the source of her husband's earned income. The law does not permit an exemption on listing the source of such income.

As the *Times* editorialized, Ms. Ferraro must show how a "tough-minded prosecutor" didn't know about her husband's dealings "when she has served as secretary, treasurer and a stockholder in her husband's real estate firm."

During her acceptance speech, Ms. Ferraro talked a lot about living up to the rules and obeying the law. She tried to convey the idea that she had been a tough little assistant district attorney who made people pay the price when they did something wrong. To our way of thinking, Ms. Ferraro doesn't believe the rules and the law apply to herself.

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EXHIBIT NUMBER 7

LETTER OPINION OF VALUE

231 CENTRE STREET
NEW YORK, NEW YORK

AS OF FALL, 1978

PREPARED FOR

MELVIN L. SCHWEITZER, ESQ.
200 PARK AVENUE
SUITE 5200
NEW YORK, NEW YORK 10017

PREPARED BY

CUSHMAN & WAKEFIELD, INC.
NORTHEAST REGION APPRAISAL DIVISION
1166 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK

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CUSHNET
VALUERS

August 29, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
Suite 5200
New York, New York 10017

Re: Letter Opinion of Value
231 Centre Street
New York, New York

Dear Mr. Schweitzer:

Pursuant to your request, we inspected the above refer-
enced real property on August 23, 1984. Our purpose was to
estimate the Market Value of the Fee Simple Interest in the
property as of Fall, 1978.

This report is being prepared as a Letter Opinion of Value
and as such is conclusionary in nature. A Letter Opinion of
Value does not contain all of the information that would nor-
mally be found in a fully documented narrative appraisal report,
but you have agreed that a Letter Opinion of Value will suf-
fice for your needs at this time.

Information upon which our value conclusions have been
based and not contained within the body of this report, has
been retained in our files.

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Melvin L. Schweitzer, Esq. -2-

August 29, 1984

For the purpose of this letter, the pertinent definitions included are that of Market Value and Fee Simple Interest.

These definitions are as follows.

Market Value

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Fee Simple Interest

An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.

The subject property may be identified as that rectangularly shaped parcel of land with the improvements erected thereon, situated at the northwest corner of Centre and Grand Streets. The property is known by the street address 231 Centre Street and is identified on the Tax Maps of the City of New York as Lot 25 in Block 472. As of the date of value the property was in the ownership of Melro Company (Murray Lerman-part).

The subject site is rectangular in shape and the improvements are fully merged with the site. The site has dimensions of 64.33 feet along Grand Street and 100.08 feet along Centre Street, containing 6,438± square feet. The subject improvement, as noted, is fully merged with the site area, containing 6,438 square feet per floor or a total gross area of 12,875± square feet. The improvements consist of a brick and block

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Melvin L. Schweitzer, Esq. -3-

August 29, 1984

two story commercial building with stores on the ground floor and offices on the second level.

The subject property is presently situated in a M1-5B, Light Manufacturing Zoning District. According to the regulations published by the City of New York Planning Commission, the subject property is a pre-existing conforming use. The maximum allowable building area "as of right" for the subject property is five times the lot area (6,438 x 5 = 32,190 square feet).

According to the Assessor's Office of the City of New York, the subject property was assessed for the real estate tax year 1978/1979 as follows:

Land AV	\$ 95,000
Building AV	<u>\$127,000</u>
Total AV	\$222,000

Based upon the real estate tax rate of \$8.75 per \$100 of assessed valuation, the subject property would incur real estate taxes of \$19,425.

Valuation

Since this valuation endeavors to provide an opinion of the Market Value of the Fee Simple Interest in the subject property, the writers have considered two of the three traditional approaches to real estate valuation. These approaches include the Direct Sales Comparison Approach and the Income Approach.

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The Direct Sales Comparison Approach renders an estimate of value through the comparison of similar type properties which have recently sold in an attempt to discern the actions of both buyers and sellers active in the marketplace. Sufficient information was gathered on sales of commercial buildings in the general area of the subject and since this is a reasonable method to measure investors expectations, the appraisers have elected to demonstrate this approach.

The Income Approach is a method whereby the property's cash flow is judged in light of prevailing investment criteria. The Income Approach is considered particularly germane to this valuation, since properties such as the subject are typically bought and sold by investors utilizing this technique and therefore it closely resembles the actions of the market participants. Therefore, the appraisers will demonstrate this approach.

Our discussions on both the Direct Sales Comparison Approach and the Income Approach will follow hereafter.

Direct Sales Comparison Approach

The Direct Sales Comparison Approach produces an estimate of value for real estate by comparing recent sales of similar properties in the surrounding or competing area to the subject property. Inherent in this approach is the principle of substitution which holds that "when a property is replaceable in

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Melvin L. Schweitzer, Esq. -5-

August 29, 1984

the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making a substitution."

Accordingly, the appraisers have analyzed sales which qualify as arms-length transactions between willing and knowledgeable buyers and sellers with reasonable market exposure. We have conducted market research in the area bounded generally by Canal, Broadway, Spring and Mott Streets during the time period of 1976 through 1978. We have identified price trends from which value parameters have been extracted. The appraisers have analyzed the similarity of the comparables based on physical, locational and economic characteristics as important criteria in evaluating the sales in relation to the subject property.

Retained in the files of the appraisers are comparable sales germane to this analysis. The comparable properties range in unit prices from a low of \$6 per square foot of gross area to a high of approximately \$58 per square foot of building area. All of the comparable sales took place between November of 1976 and December of 1978. The appraisers have not made quantitative adjustments to the sales, however, we analyzed each sale and weighed the impact of differences which we felt were appropriate in concluding at a proper unit price to be applied to the subject's gross building area.

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Melvin L. Schweitzer, Esq. -6-

August 29, 1984

After considering all of the comparable sales, the writers are of the opinion that the proper unit price to apply to the subject property, would be between \$20 and \$25 per square foot of building area. Applying these units to the subject's 12,875± gross square feet, develops a value estimate range via the Direct Sales Comparison Approach from \$257,500 to \$321,870.

Income Approach

The Income Approach is a procedure in appraisal analysis whereby anticipated economic benefits to be derived from property ownership are converted into a value estimate through the capitalization process. The process of forecasting anticipated economic benefits from a particular property requires the estimation of potential gross income and expenses as well as a selection of the most appropriate Capitalization Method. Although there are two recognized approaches to processing net income into value, only the Discounted Cash Flow Method was utilized as explained hereafter.

The Discounted Cash Flow Method is a method whereby anticipated future income streams and a reversionary value are discounted to a net present value at an appropriate discount rate.

The Income Approach renders an estimate of value based upon a present worth of the net income attributable to the property. This net income is derived from projections of rental

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Melvin L. Schweitzer, Esq. -7-

August 29, 1984

income less all expenses and allowances for vacancy and rent loss. The projected net income is then capitalized through the discounting process in order to yield a present worth capital sum equivalent to the right to receive these revenues.

Gross revenues for the subject property have been derived from existing store leases and office leases. Economic rent levels for month to month tenancies and the one vacant unit for store leases were projected from \$8 to \$10 per square foot and office leases were projected from \$4 to \$5 per square foot. The leases were projected for five years with reasonable expectations for increases in rentals due to turnover of tenants. We have also considered a vacancy factor of 5 percent per annum. The writers have been provided with an operating expenses budget for 1978 and the expenses were utilized by the writers. The writers have endeavored to keep the assumptions to a minimum, the thought being that minimizing the number of assumptive or speculative variables, would reduce the possible number of errors. Based upon information retained in the files of the appraisers, the writers have selected a discount rate in the range of 13 to 14 percent with a capitalization of the following years income at 11 percent. Utilizing this criteria, a present value estimate range is developed from a low of \$324,441 to a high of \$336,474.

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Melvin L. Schweitzer, Esq. -8-

August 29, 1984

Reconciliation and Final Value Conclusion

The appraisers have reviewed the three traditional approaches to real estate valuation and have eliminated the Cost Approach in favor of the Direct Sales Comparison Approach and the Income Approach. Each of the two approaches presents a slightly different point of view due to the methodology utilized in arriving at a value conclusion. The conclusions are presented below.

Direct Sales Comparison Approach - \$257,500 to \$321,870

Income Approach - \$324,441 to \$336,474

In light of the above, the appraisers are of the firm opinion that the Market Value of the Fee Simple Interest in the property known as 231 Centre Street, subject to the leases in place at that time, as of the date of valuation, Fall, 1978 was:

THREE HUNDRED THOUSAND (\$300,000) DOLLARS

to

THREE HUNDRED TWENTY FIVE THOUSAND (\$325,000) DOLLARS.

Sincerely,

CUSHMAN & WAKEFIELD, INC.



Brian R. Corcoran, MAI, SRPA
Vice President, Manager
Northeast Region
Appraisal Division



Bruce C. Nelson
Senior Appraiser

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CERTIFICATION

- (1) We have no present or contemplated future interest in the real estate that is subject of this appraisal report.
- (2) Brian R. Corcoran and Bruce C. Nelson have inspected the property.
- (3) We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- (4) To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinion, and conclusions expressed herein are based, are true and correct.
- (5) This appraisal report sets forth all the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
- (6) This appraisal report has been made in conformity with and is subject to the requirements of the code of professional ethics and standards of the professional conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors.
- (7) No one other than the undersigned prepared the analysis, conclusions and opinion concerning real estate that are set forth in this appraisal report.
- (8) The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification, Brian R. Corcoran, M.A.I., is certified under this program through December 31, 1986.

CUSHMAN & WAKEFIELD, INC.

Brian R. Corcoran

Brian R. Corcoran, MAI, SRPA
Vice President, Manager
Northeast Region
Appraisal Division

Bruce C. Nelson

Bruce C. Nelson
Senior Appraiser

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- (1) No survey of the subject property was undertaken.
- (2) The subject property is free and clear of all liens except as herein described. No responsibility is assumed by the appraisers for matters which are of a legal nature, nor is any opinion on the title rendered herewith. Good and marketable title is assumed.
- (3) The information contained in this report has been gathered from sources deemed to be reliable. No responsibility can be taken by the appraisers for its accuracy. Correctness of estimates, opinions, dimensions, sketches and other exhibits which have been furnished and have been used in this report are not guaranteed. The value estimate rendered herein is considered reliable and valid only as of the date of the appraisal, due to rapid changes in the external factors that can significantly affect the property value.
- (4) This study is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. Publication of this report or any portion thereof without the written consent of the appraisers is not permitted.
- (5) The appraisers herein, by reason of this report, are not required to give testimony in court with reference to the property appraised unless notice proper arrangements have been previously made therefore.
- (6) The value estimate assumes responsible ownership and competent management. The appraisers assume no responsibility for any hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for engineering which might be required to discover such factors.
- (7) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are connected, or any reference to the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers.

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ADDENDUM

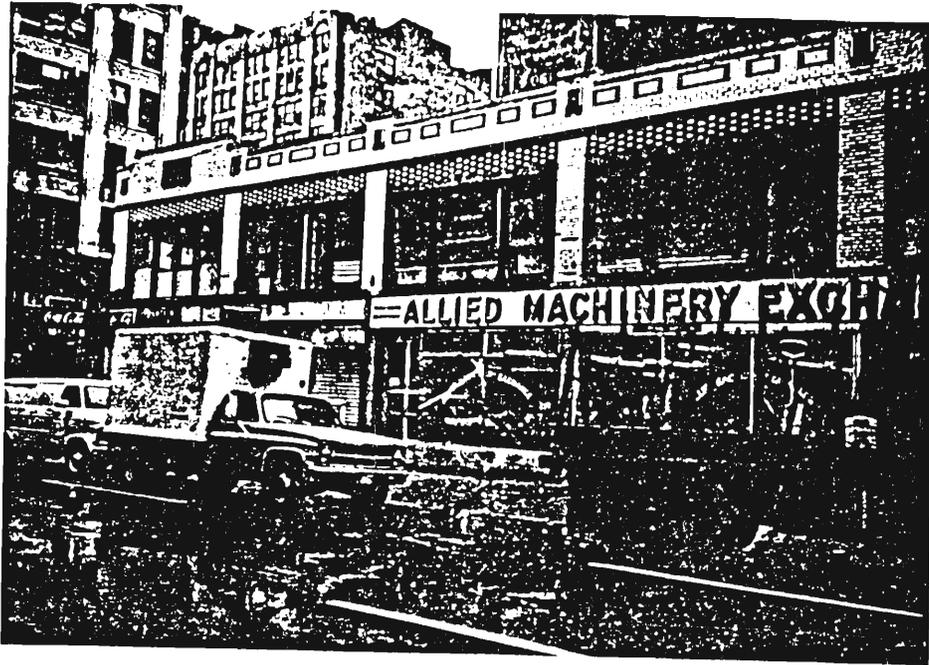
PHOTOGRAPHS

TAX MAP

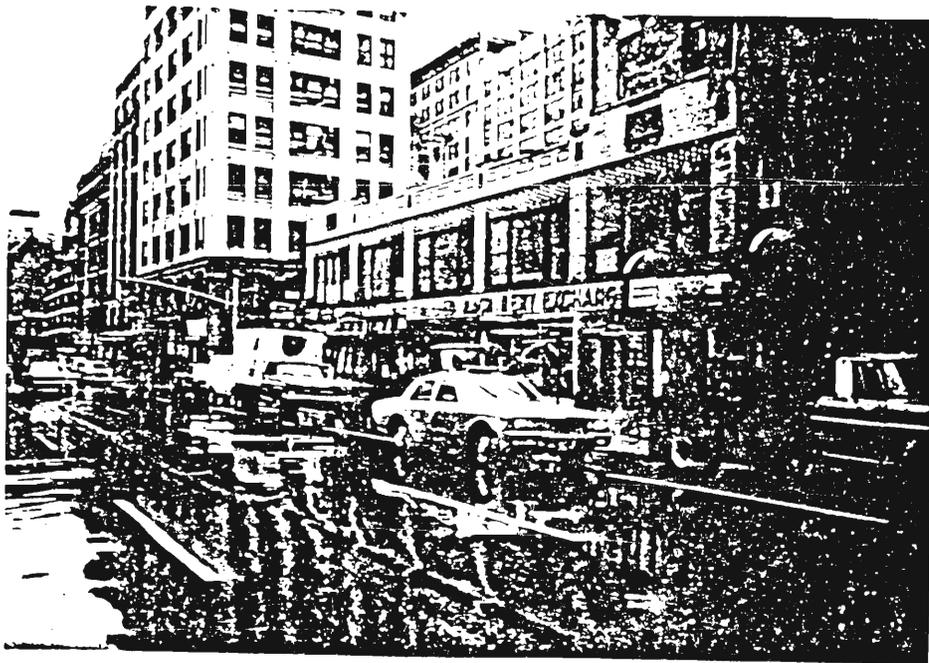
APPRAISERS' QUALIFICATIONS

PARTIAL CLIENT LIST

PHOTOGRAPHS



View of subject property looking northwesterly

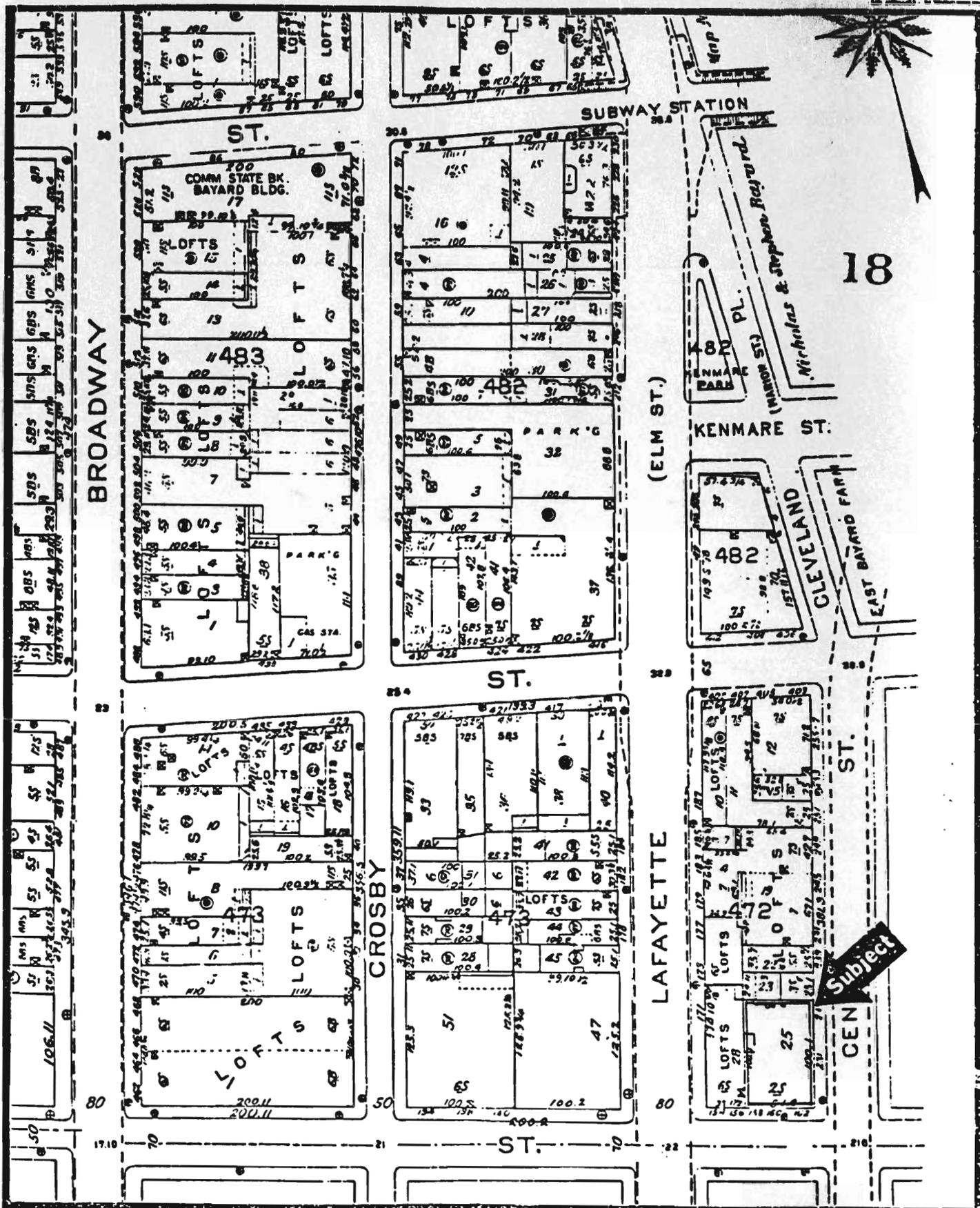


View looking southwesterly from Curtis Street

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TAX MAP

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Subject

PROFESSIONAL QUALIFICATIONS OF BRIAN R. CORCORAN

Mr. Corcoran was born on May 20, 1948, and entered the real estate business in 1971. He is a graduate of Marist College, Class of 1970, Bachelor of Arts, "Cum Laude" where he received the Bache & Company Scholarship as the outstanding student in the Business-Economics Department. Employed from 1971 to 1973 as a junior real estate appraiser by Suburbia Federal Savings and Loan Association. Employed from March, 1973 to June, 1981 as a real estate appraiser by James H. Burns, Company, Inc.; became Assistant Vice President and stockholder in 1979. Joined Cushman & Wakefield, Inc. in July 1981, as Vice President and Manager, New York Region - Appraisal Division with responsibility for the Northeast Region and appraisal offices in Manhattan, New York; Garden City, Long Island; and Lyndhurst, New Jersey. In January, 1983 an office was opened in Stamford, Connecticut and in May, 1983 responsibilities were expanded to include the Mid-Atlantic Region with offices in Philadelphia and Pittsburgh, Pennsylvania. An appraisal office was opened in Washington D.C. in November, 1983. Present position is Manager - Northeast Region. The total number of professional staff under his supervision is 26 of whom 10 hold the MAI designation.

Mr. Corcoran holds membership in the following real estate organizations:

MEMBER, AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS - MAI
President, Candidate's Organization, New York
Metropolitan Chapter #4, 1978.
Member, Admissions Committee, Chapter #4, 1980 - 83
Vice Chairman, 1983
Member, Education Committee, Chapter #4, 1982
Member, Nominating Committee, Chapter #4, 1981 - 83
Member, External Affairs Committee, 1983

SENIOR REAL PROPERTY APPRAISER, SOCIETY OF REAL ESTATE
APPRAISER, - SRPA
Vice President, Long Island Chapter #201 - 1983 - 84
Secretary, Long Island Chapter #201, 1982 - 83
Treasurer, Long Island Chapter #201, 1982 - 82
Chairman, Admissions Committee, Chapter #201,
1979 - 1980
Member, Board of Directors, Chapter #201, 1979 - 83
Chairman, Attendance Committee, Greater New York
Chapter #3, 1976

MEMBER, REAL ESTATE BOARD OF NEW YORK, INC.

MEMBER, YOUNG MEN'S REAL ESTATE ASSOCIATION OF NEW YORK,
INC. - YMREA

MEMBER, NATIONAL ASSOCIATES OF CORPORATE REAL ESTATE
EXECUTIVES - NACORE

MEMBER, YOUNG MORTGAGE BANKERS ASSOCIATION - YMBA

MEMBER, RHO EPSILON NATIONAL REAL ESTATE FRATERNITY

MEMBER, NEW YORK STATE SOCIETY OF REAL ESTATE APPRAISERS -
NYSAS

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Mr. Corcoran has taught the following real estate appraisal and investment analysis courses:

New York University

- Course X54.9078
Real Estate Appraisal and Valuation Principles
- Course X54.90505
Real Estate Appraisal and Valuation
- Course X54.9481
Analytical Techniques in Real Estate Investment

Queens College of the City University of New York

- Course 9730
Real Estate Appraisal Principles Approved by New York State Division of Licensing for 45 hours continuing education credit.

American Institute of Real Estate Appraisers

- Basic Valuation Procedures, Course 1A2
- Capitalization Theory and Techniques, Part 1
- Capitalization Theory and Techniques, Part 2
- Capitalization Theory and Techniques, Part 3

Society of Real Estate Appraisers

- Introduction to Appraising Real Property, Course 101
- Applied Residential Property Valuation, Course 102
- Principles of Income Property Appraising, Course 201

Appraisal and consulting assignments have included vacant land, air rights, office buildings, shopping centers, industrial complexes, commercial properties, universities, residential properties, utilities and investment properties throughout the United States. Valuations have been made of proposed, partially completed, renovated and existing structures. Qualified as an expert witness in condemnation matters in the State of New Jersey and testified in bankruptcy litigation and equity cases in the State of New York. Guest speaker before real estate organizations.

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PROFESSIONAL QUALIFICATIONS OF BRUCE C. NELSON

Mr. Nelson was born on May 21, 1956, and entered the real estate business in 1979. He is a graduate of Hofstra University, class of 1978, Bachelor of Arts in Marketing. Employed from January 1979 - June 1980 as a junior appraiser by Bert Nelson Associates, specializing in zoning variances and special permit applications. Joined Cushman & Wakefield in July 1980 as a Staff Appraiser, New York Region - Appraisal Division; promoted in January, 1984 to Senior Appraiser.

Mr. Nelson is a candidate in the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers.

President Candidates Organization -
American Institute of Real Estate Appraisers
New York Metropolitan Chapter No. 4 - 1984

Mr. Nelson has successfully completed the following real estate courses:

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

- Course 1 A-1, Real Estate Appraisal Principles
- Course 1 A-2, Basic Valuation Procedures
- Course 1 B-1, Capitalization Theory and Techniques, Part 1
- Course 1 B-2, Capitalization Theory and Techniques, Part 2
- Course 1 B-3, Capitalization and Theory and Techniques, Part 3
- Course 2-1, Case Studies in Real Estate Valuation

SOCIETY OF REAL ESTATE APPRAISERS

- Course 101, Introduction to Appraising Real Property
- Course 201, Principles of Income Property Appraising
- R-2 Examination

Appraisal assignments have included vacant land, air rights, office buildings, industrial complexes, residential properties, investment properties, commercial properties and restaurants throughout the United States. Qualified as an expert witness before Town Board, Town of North Hempstead, Nassau County, New York and Board of Zoning Appeals, Town of Hempstead, Nassau County, New York in matters pertaining to "special exceptions and variances for zoning regulations."

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THE APPRAISAL DIVISION

NEW YORK REGION

CUSHMAN &
WAKEFIELD

PARTIAL CLIENT LIST

PROFESSIONALS ARE JUDGED BY THE CLIENTS THEY SERVE

The APPRAISAL DIVISION enjoys a long record of service in a confidential capacity to nationally prominent individuals and corporate clients, including banking and financial institutions, real estate investors, and government agencies. We have also served many of the nations largest law firms. Following is a partial list of clients served by members of the APPRAISAL DIVISION - NORTHEAST REGION.

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Aamco Automatic Transmissions, Inc.
Air Products and Chemicals, Inc.
Allied Irish Bank
Allegheny-Ludlam Industries
American Bakeries Company
American Brands, Inc.
American District Telegraph Company
American Home Products Corporation
American Savings Bank
American Standard, Inc.
AMF Incorporated
Archdiocese of New York
Arthur Young and Company
Associated Transport
Avon Products, Inc.

Banco de Brasil, N.A.
Bank of America
Bank Leumi Le-Israel
Bank of Nova Scotia
Bankers Life and Casualty Company
Bankers Trust Company
Banque Arabe Et Internationale D'Investissement
Barclays Bank International, Ltd.
Battle, Fowler
Bethlehem Steel Corporation
Borden, Inc.
Bowery Savings Bank
Burke and Burke, Esqs.

Campeau Corporation
Carter-Wallace, Inc.
Capital Growth

Partial Client List (cont'd.)

Chase Manhattan Bank, N.A.
Chrysler Corporation
Citibank, NA
City University of New York
Coca Cola, Inc.
Cohen Brothers
College of Pharmaceutical Sciences
Colonial Sand and Stone Company, Inc.
Columbia University
Commonwealth of Pennsylvania
Consolidated Edison Company of New York, Inc.
Consolidated Rail Corporation
Corning Glass Works
Coudert Brothers
Credit Lyonnais

Daily News, Inc.
De Matteis Organization
Dodge Trucks, Inc.
Dun and Bradstreet, Inc.

East Rutherford Industrial Park
Eastman Kodak Company
Eaton Corporation
E. F. Hutton and Company, Inc.
Empire Mutual Insurance Company
Equitable Life Assurance Society of America
Estee Lauder, Inc.

Famolare, Inc.
Federal Deposit Insurance Company
Federal Express Corporation
Foley and Lardner, Esqs.
Ford Bacon and Davis, Inc.
Ford Foundation
Ford Motor Company
Franchise Finance Corporation of America

General Motors Corporation
General Services Administration
Gilboy Stauffer Giombetti Skibinski and Davies
Gilman Paper
Glynwed, Ltd.
GTE Realty
Gulf Oil

Hertz Corporation

Ideal Corporation
Integrated Resources
International Business Machines Corporation
International Paper Realty Company

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Partial Client List (cont'd.)

International Telephone and Telegraph Corporation
Investors Diversified Services, Inc.
Integrated Resources
Irish Life Assurance

J. B. Brown and Sons
J. C. Penney Company, Inc.
JMB Realty

K-MART Corporation
Kelley, Drye and Warren, Esqs.

Lans, Feinberg and Cohen, Esqs.
Lands Division, Department of Justice
Lehigh Portland Cement
Lehman Brothers Kuhn Loeb
Lincoln Savings Bank

Mahony Troast Construction Company
Manhattan Life Insurance
Manhattan Real Estate Company
Manufacturers Hanover Trust Company
McDonald's Corporation
McGrath Services Corporation
McGinn, Smith and Company
MCI Telecommunications
Merrill Lynch Hubbard
Metropolitan Petroleum Corporation
Meyers Brothers Parking System Inc.
Miller, Montgomery, Sogi and Brady, Esqs.
Mobil Oil Corporation
Mutual Insurance Company of New York

National Can Company
National CSS
National Westminster Bank, Ltd.
Nelson Freightways
Nestle's Inc.
New York Bus Company
New York City Public Development Corporation
New York Life Insurance Company
New York State Employee Retirement System
New York State Parks Department
New York State Urban Development Corporation
New York Telephone Company
New York Urban Servicing Company
Norcross, Inc.
Northville Linden Terminal Corporation
NYC Division of Real Property

Olympia and York, Inc.
Otis Elevator Company
Outerbridge Terminal Inc.
Owens-Illinois Corporation

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Partial Client List (cont'd.)

Pan American World Airways, Inc.
Parke-Davis and Company
Penn Central Corporation
Penn Mutual Life Insurance Company
Pepsi-Cola Company
Pittston Company
Polyclinic Medical School and Hospital
Port Authority of New York and New Jersey
Proskauer Rose Goetz and Mandelsohn, Esqs.

RCA Corporation
Republic Venezuela Comtrollers Office
Revlon, Inc.
Rice University
Robert Bosch Corporation
Rockefeller Centre, Inc.
Roman Catholic Diocese of Brooklyn
Roosevelt Hospital

Saint Vincent's Medical Centre of New York
Salomon Brothers Inc.
Saxon Paper Corporation
Schroder Real Estate Corporation
Semperit of America
Shearman and Sterling, Esqs.
Shearson American Express
Simpson, Thacher and Bartlett, Esqs.
Smith Barney
Stauffer Chemical Corporation
Stephens College
Sterling Drug, Inc.
Stroheim and Roman, Inc.
Stroock and Stroock and Lavan
Sullivan and Cromwell, Esqs.
Sumitomo Mutual Life Insurance Company
Sun Oil Company

Triangle Industries

Union Carbide Corporation
United States District Court, Southern District of New York
United States Postal Service
United States Trust Company
Upward Fund, Inc.

Vanity Fair Corporation
Verex Assurance, Inc.
Victor Palmieri and Company, Inc.

Western Electric Company
Western Union International
Westinghouse
Wurlitzer Company

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EXHIBIT NUMBER 8

Appraisal Report
231 Centre Street
New York City

A. E. SANTAGATA, M.A.I., S.P.E.A.

Real Estate Appraiser

Appraisal Report
231 Centre Street
New York City

84040491761

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER CONSULTANT
32 COURT STREET
BROOKLYN, NEW YORK 11201-4476
852-4461

Member of
COLUMBIA SOCIETY OF APPRAISERS
BROOKLYN BOARD OF REALTORS, INC.
SOCIETY OF RESIDENTIAL APPRAISERS
UNION REAL ESTATE ANALYSTS
SOCIETY OF REAL ESTATE APPRAISERS
NATIONAL ASSOCIATION OF REAL ESTATE BOARDS
N. Y. STATE SOCIETY OF REAL ESTATE APPRAISERS
AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS
APPRAISERS • CONSULTANTS • BROKERS

August 17, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
New York City, New York 10017
Suite 5200

Dear Mr. Schweitzer:

As per your request, I have inspected and completed a preliminary study of the property located at 231 Centre Street, New York City. My study of this property was made to report the fair and reasonable market value of the property as of October 1978.

Consideration was given for type of property, location, zoning, assessment and taxes, market sales and trends.

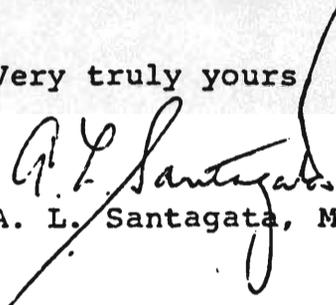
The property, improved with a two story brick corner commercial structure is carried on the City tax roll as Lot 25 in Block 472.

Based on my study and analysis, it is my considered opinion that the fair and reasonable market value of the property described as of October 1978 was:

THREE HUNDRED TEN THOUSAND DOLLARS
(\$310,000)

Of which amount One Hundred Twenty Eight Thousand Dollars (\$128,000) is allocated as land value.

Very truly yours


A. L. Santagata, M.A.I.

34040491762

PROPERTY DESCRIPTION:

The property is located on the northwest corner of Centre and Grand Streets. The plot has 64 feet on Grand Street and 100.4 feet on Centre Street. The rear plot line is 99.6 feet. The total plot area is approximately 6,400 Sq. Ft. It is served with all City services and public utilities.

The property is improved with a two story and cellar brick commercial structure with a total area of approximately 12,700 Sq. Ft. The property occupancy as of the date of valuation was by three retail stores at grade level and five offices on the second floor. An attitional office was subsequently leased in 1979.

Across from the property is the famous vacant former Police Headquarters designated a Landmark Building. To the east facing the property is the Special Little Italy District. The famous NYC China Town section is two blocks south. This section over the past years has steadily expanded.

To the north, one block at 400 Broome St. is the new renovated State office stucture of 7 story height. This building is to be occupied by the Dept. of Public Service, Labor Mediation Board, Labor Relations Board and NYC Racing and Wagering Board.

The growth and improvement of this area has been evident over the past seven years and the trend has been favorable.

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



84040491763

ASSESSMENT AND TAXES:

Block	472
Lot	25
Land	\$ 95,000
Building	127,000
Total	\$222,000
Taxes	\$ 19,425

ZONING:

M1-5B

This zoning permits light manufacturing plus some community facilities and most commercial uses.

This is a high performance level zoned district with new development permitted with a floor area ratio of 5 times the plot area.

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



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CONCLUSION OF VALUE:

The property is located in the area that has had continued increase in value since the City's financial crisis in 1973. Numerous properties in the downtown area were improved as the commercial space rentals increased and residential conversion accelerated. The proposed new use of the former Police Headquarters and designation of the Special Little Italy District across from the subject attracted further interest at this location. The liberal zoning of the site and excellent public transportation are further increments to the value.

The analysis of market sales in the immediate area are the best indicators of market prices paid for property and the support of the market valuation. A list of market sales included in this report as prepared by The Weitzman Group, Inc. show a range of sale prices at this area. The three most comparable sales are at 185 Lafayette St., 202 Centre St. and 208 Centre St. The overall prices for the three properties were \$36.00 Sq. Ft., \$25.00 Sq. Ft. and \$36.00 Sq. Ft. respectively. A further reference is made to the computation prepared by the Real Estate Board of New York as to the % of sales prices to the assessed valuation of properties sold in the open market. The 1978 % of total assessed valuation realized was 142.3. This figure applied to the subject assessment of \$222,000 would indicate a market value of \$315,000.

A further check of the market sales, with emphasis on the above mentioned sales as adjusted for the subject short lease tenancy would indicate an overall value of \$24.50 Sq. Ft. would be applicable to the subject property. Thus, the subject of 12,700 Sq. Ft. @ \$24.50 Sq. Ft. would result in the value of \$310,000 as rounded.

A. L. SANTAGATA. M.A.I. S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



84040491765

CONTINGENT AND LIMITING CONDITIONS

The appraisal covers only the individual premises described herein. Neither the figures in the appraisal nor any of the underlying data are to be applied or construed as being applicable to other property.

The appraiser has no interest, directly or indirectly in the property involved in this appraisal.

The appraiser does not assume to pass judgement upon the soundness of title, nor does he warrant that the property is free from encroachment of any kind. The appraiser has relied on dimensions supplied to him as shown in the attached report.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers, or to the M.A.I. designation.

If the CERTIFICATE OF APPRAISAL appears to have been altered, or is not clear in any respect, then comparison shall be made with the official copy retained by the Appraiser-Author and all copies conformed thereto.

Unless otherwise stipulated by written contract or by other writing signed and agreed to by the appraiser, the fee for this appraisal does not include testimony in court or before any agency, body or commission of any kind, whether semi-official or otherwise.

The sketch in this report is included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Information, estimates and opinions contained in this report are obtained from sources considered reliable, however, no liability for them can be assumed by the appraiser.

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under this program through December 31, 1986.

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



QUALIFICATIONS OF APPRAISER:

EDUCATION: New York University, B.S. Real Estate

HONORARY POSITIONS: President - 1973, N.Y. Chapter of Society of Real Estate Appraisers
President - 1974, Brooklyn Board of Realtors
1977, Brooklyn Board of Realtors
Realtor of the Year

EXPERIENCE: Evaluation of residential, commercial, industrial and special purpose real estate for mortgage financing; acquisition by eminent domain in condemnation proceedings for court submittal, employee residence relocation appraisals, feasibility studies.

PROFESSIONAL MEMBERSHIP: Columbia Society of Appraisers
National Association of Real Estate Boards
American Institute of Real Estate Appraisers
Real Estate Analyst-Soc. of R.E. Appraisers
New York State Soc. of Real Estate Appraisers
Brooklyn Board of Realtors, Inc., Active "A"

MUNICIPAL & CORPORATE ASSIGNMENTS: United Airlines
The Upjohn Company
The Salvation Army
Bordens, Incorporated
Allstate Insurance Company
United States Postal Service
Small Business Administration
Pittsburgh Plate Glass Company
General Service Administration
Law Department City of New York
Department of Ports and Terminals
Union Labor Life Insurance Company
United States Department of Justice
N.Y.C. Public Development Corporation
Metropolitan Transportation Authority
U. S. Dept. of Housing & Urban Development
International Business Machines Corporation
The Port Authority of New York & New Jersey
Department of Public Works - New York State

TEACHING ASSIGNMENTS: Hofstra University - Hempstead, New York
"Appraising Industrial Property"
"Principals of Appraising Income Property"
"An Introduction to Appraising Real Property"
New York University -
"Capitalization in Real Estate Appraisal"

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



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**INSTITUTIONAL
CLIENTS:**

Citibank, N.A.
Morgan Guaranty
Hamburg Savings Bank
Bankers Trust Company
Republic National Bank
The Chase Manhattan Bank
Green Point Savings Bank
State Bank of Long Island
Barclays Bank of New York
Federal Home Loan Bank Board
The Metropolitan Savings Bank
The East New York Savings Bank
Manufacturers Hanover Trust Company
Chemical Bank New York Trust Company
First Federal Savings and Loan Association
Edison Federal Savings and Loan Association
Bankers Federal Savings and Loan Association
Atlantic Liberty Savings and Loan Association

**SPECIAL
ASSIGNMENTS:**

Schall's Marina, Freeport, New York
Model Cities, Brooklyn, New York
Greensboro Shopping Center, Greensboro, N. Car.
Williamsburg, Title I, Brooklyn, New York
Oak View Nursing Home, Morgan, New Jersey
Naval Device Center, Sands Point, New York
Holiday Parks Shopping Center, Massapequa, N.Y.
Palm Carden Nursing Home, Brooklyn, New York
Atlantic Terminal Meat Market, Brooklyn, N.Y.
The Kings Bay Shopping Center, Brooklyn, N.Y.
Monteco East Shopping Center, Monticello, N.Y.
Kent and Java Street Piers, Brooklyn, N.Y.
Parkside Funeral Chapels, Queens & Bronx, N.Y.
Fire Island National Seashore, Fire Island, N.Y.
Tennis World Oceanside, Nassau Cty., N.Y.

**COURT TESTIMONY
EXPERT WITNESS:**

United States Federal Court
New York State Supreme Court-Kings County
New York State Supreme Court-Otsego County

**FEASIBILITY
STUDIES:**

"Greenbrook" Development-Staten Island
Town of Esopus, Ulster County, New York
Westshore Condominium Complex, Brooklyn, N.Y.
Boro Park Condominium Complex, Brooklyn, N.Y.
Brooklyn Heights Coop Complex, Brooklyn, N.Y.
East 50th Street Coop Complex, New York City

A. L. SANTAGATA, M.A.I. S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



Subject Location Map



'EAST BAYARD FARM'
Nicholas & Stephen Bayard, Map No 386

SEC. 1 11

SUBJECT PROPERTY

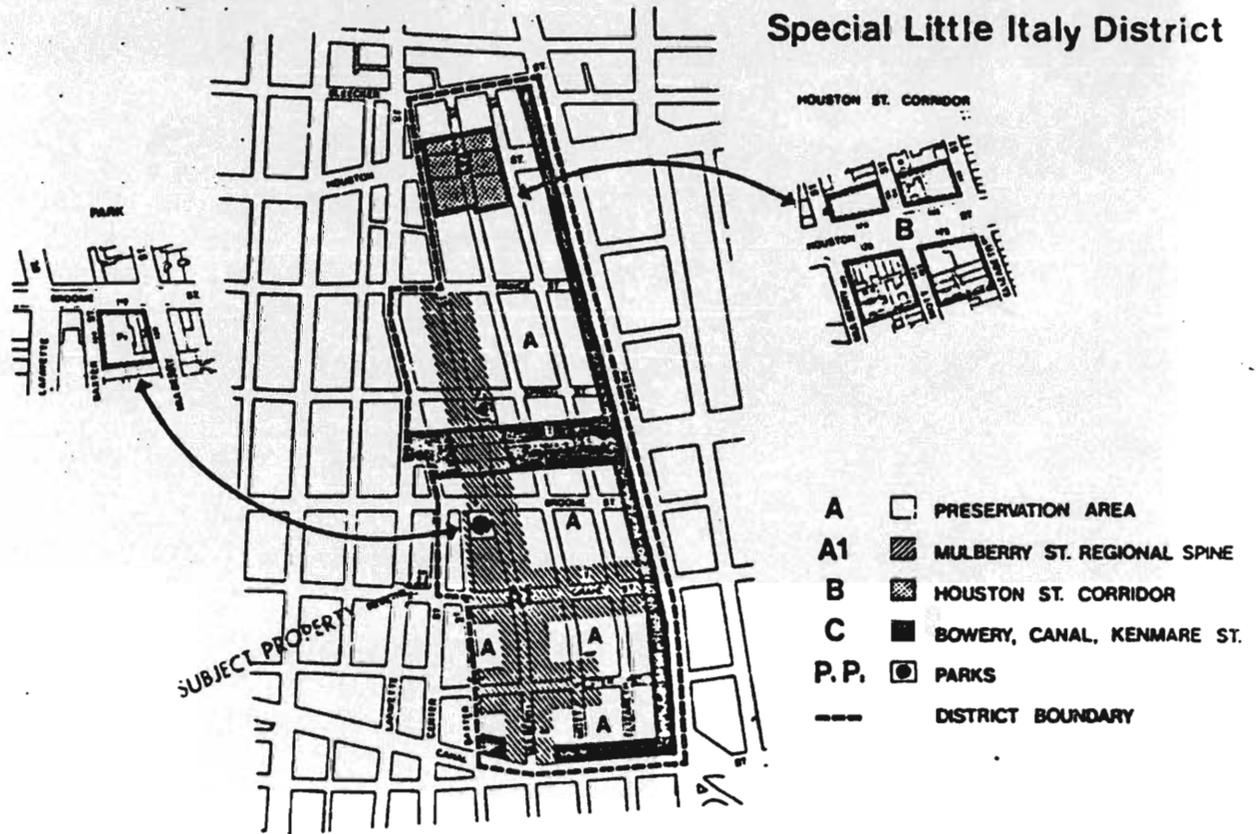
Buildings of Special Significance to Be Preserved in Accordance with the Provisions of Section 109-522.

Special Little Italy District

Block Number	Lot Number	Address
238	6	128-130 Mott Street
471	28	174 Grand Street
471	38	190 Grand Street
471	57	192 Grand Street
470	64	124-26 Bowery
470	12	363 Broome Street
471	41	375 Broome Street
472	31	240 Centre Street
481	23	201-5 Mulberry Street
480	21	34-36 Spring Street
492	44	11 Spring Street
492	21	209 Elizabeth Street
508	6	256-58 Mott Street
508	9	262-72 Mott Street
509	34	277 Mott Street
509	1	266 Mulberry Street
206	1	113 Baxter Street
507	17-21	260-268 Elizabeth Street

APPENDIX A

Special Little Italy District



- A □ PRESERVATION AREA
- A1 ▨ MULBERRY ST. REGIONAL SPINE
- B ▩ HOUSTON ST. CORRIDOR
- C ■ BOWERY, CANAL, KENMARE ST.
- P.P. ● PARKS
- DISTRICT BOUNDARY

DISTRICT MAP

Italicized words are defined in Section 12-10.

84040491772

THE WEITZMAN GROUP, INC.
Real Estate Consultants

EXHIBIT A
COMPARABLE IMPROVED PROPERTY SALES
231 CENTRE STREET
NEW YORK, NEW YORK

<u>Address</u>	<u>Number of Floors</u>	<u>Date</u>	<u>Purchase Price</u>	<u>Other Sale Information</u>	<u>Building</u>	<u>Sq. Ft.</u>	<u>Price Per Sq. Ft.</u>	<u>Cat./Zone</u>
185 Canal	6	9/78	\$ 950,000	\$170,000 cash.	50 x 100	30,000	\$32.00	L9/C6-1
212 Canal	6	8/78	1,375,000	600,000 cash.	100 x 75	45,000	31.00	L9/C6-1
88 Delancey	2	6/78	200,000	--	27 x 65	3,510	57.00	K2/C6-1
353 Grand	3	4/78	193,000	--	22 x 50	3,300	58.00	LB/C6-1
185 Lafayette	3	12/78	75,000	22,500 cash.	20 x 35	2,100	36.00	K9/M1-5
474 Broadway	4	7/78	89,000	--	25 x 65	6,500	14.00	LB/M1-5
496 Broadway	5	1978	110,000	--	22 x 80	8,800	12.00	LB/M1-5
514 Broadway	6	1978	450,000	--	37 x 200	44,400	10.00	LB/M1-5
208 Centre	3	1979	192,500	--	24 x 75	5,400	36.00	D5/M1-5
250 Lafayette	4	6/78	100,000	--	25 x 126	12,600	8.00	L9/M1-5
247 Broome	6	1978	35,000	cash	25 x 76	11,400	3.00	C4/C6-1
59 Crosby	5	11/74	75,000	--	25 x 95	11,875	6.00	L9/M1-5
134 Crosby	6	8/77	475,000	--	100 x 125	75,000	6.00	D4/M1-5
202 Centre	6	11/76	400,000	--	35 x 75	15,750	25.00	L2/M1-5

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MANHATTAN REAL ESTATE OPEN MARKET SALES

TABLE I
TOTAL SALES, CONSIDERATION AND PERCENT OF ASSESSED VALUATION
MANHATTAN - 1937-1978

Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized	Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized
1937	2353	\$150,133,174	82.9	1958	2461	\$214,316,337	126.9
1938	2281	93,333,015	79.4	1959	3064	379,689,519	143.4
1939	2654	116,463,945	75.3	1960	2811	357,503,563	144.4
1940	2549	126,793,874	72.6	1961	2547	357,849,816	148.7
1941	2704	146,456,656	65.8	1962	2091	321,066,566	148.0
1942	2340	131,300,757	63.8	1963	1812	300,355,677	137.7
1943	3473	231,149,898	63.7	1964	1732	264,229,411	131.5
1944	4957	388,440,976	69.7	1965	1873	317,211,662	143.2
1945	5852	432,848,201	75.7	1966	1825	313,573,755	150.9
1946	7753	608,961,888	96.2	1967	1772	294,247,515	152.0
1947	4179	333,149,947	100.9	1968	2218	594,846,585	178.3
1948	3673	315,669,615	97.6	1969	2316	614,227,743	201.1
1949	2891	251,976,830	94.6	1970	1606	355,915,486	181.9
1950	3439	353,342,840	99.3	1971	1307	253,607,515	163.2
1951	3239	308,622,323	104.2	1972	1464	322,316,022	157.1
1952	3171	321,806,638	107.1	1973	1534	450,065,594	156.7
1953	2669	323,178,478	108.3	1974	1363	273,461,872	155.4
1954	2852	296,206,153	105.0	1975	1247	241,523,866	131.2
1955	3375	365,878,861	118.6	1976	1504	313,322,590	123.6
1956	2851	327,071,621	125.1	1977	1734	473,805,434	136.2
1957	2457	252,715,355	125.1	1978	2163	646,135,025	142.0



EDWARD R. POTTER
DIRECTOR OF RESEARCH

REAL ESTATE BOARD OF NEW YORK, INC.
RESEARCH DEPARTMENT

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Subject Photo



EXHIBIT
NUMBER 9

84040491775

EXHIBIT NUMBER 9

THE WEITZMAN GROUP, INC.
Real Estate Consultants
767 Third Avenue • New York, N.Y. 10017 • 212-688-9080

August 17, 1984

Melvin L. Schweitzer, Esq.
Suite 5200
200 Park Avenue
New York, New York 10166

Re: 231 Centre Street
New York, New York

Dear Mr. Schweitzer:

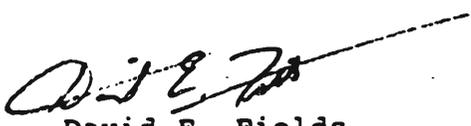
At your request, we have reviewed fourteen improved property sales (see Exhibit A) that might be used as comparables in the valuation of 231 Centre Street, New York, New York. The sales are located within the area bounded by Prince Street on the north, Canal Street on the south, Broadway on the west and Essex Street on the east.

It is our conclusion that the marketplace is price sensitive to locations within the defined area. The higher priced sales are concentrated between Lafayette Street, the Bowery, Broome and Canal Streets; prices range from \$25.00 to \$58.00 per square foot. Two-thirty-one Centre Street is located within this area. Selling prices are considerably lower, ranging from \$6.00 to \$15.00 per square foot, in the area bounded by Broadway, Canal, Prince and Lafayette Streets. The upper end of the market with prices of \$50.00 per square foot and higher are for well located retail properties.

If you have any questions please call us.

Very truly yours,

THE WEITZMAN GROUP, INC.


David E. Fields
Vice President

84040491776

THE WEITZMAN GROUP, INC.
Real Estate Consultants

EXHIBIT A
COMPARABLE IMPROVED PROPERTY SALES
231 CENTRE STREET
NEW YORK, NEW YORK

<u>Address</u>	<u>Number of Floors</u>	<u>Date</u>	<u>Purchase Price</u>	<u>Other Sale Information</u>	<u>Building</u>	<u>Sq. Ft.</u>	<u>Price Per Sq. Ft.</u>	<u>Cat./Zone</u>
185 Canal	6	9/78	\$ 950,000	\$170,000 cash.	50 x 100	30,000	\$32.00	L9/C6-1
212 Canal	6	8/78	1,375,000	600,000 cash.	100 x 75	45,000	31.00	L9/C6-1
88 Delancey	2	6/78	200,000	--	27 x 65	3,510	57.00	K2/C6-1
353 Grand	3	4/78	193,000	--	22 x 50	3,300	58.00	L8/C6-1
185 Lafayette	3	12/78	75,000	22,500 cash.	20 x 35	2,100	36.00	K9/H1-5
474 Broadway	4	7/78	89,000	--	25 x 65	6,500	14.00	L8/H1-5
496 Broadway	5	1978	110,000	--	22 x 80	8,800	12.00	L8/H1-5
514 Broadway	6	1978	450,000	--	37 x 200	44,400	10.00	L8/H1-5
208 Centre	3	1979	192,500	--	24 x 75	5,400	36.00	D5/H1-5
250 Lafayette	4	6/78	100,000	--	25 x 126	12,600	8.00	L9/H1-5
247 Broome	6	1978	35,000	cash	25 x 76	11,400	3.00	C4/C6-1
59 Crosby	5	11/74	75,000	--	25 x 95	11,875	6.00	L9/H1-5
134 Crosby	6	8/77	475,000	--	100 x 125	75,000	6.00	D4/H1-5
202 Centre	6	11/76	400,000	--	35 x 75	15,750	25.00	L2/H1-5

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84040491778

EXHIBIT NUMBER 10

LETTER OF VALUE

**231 CENTRE STREET
NEW YORK, NEW YORK**

8 4 0 4 0 4 9 1 7 7 9

JAMES FELT Realty Services | 488 Madison Avenue, New York, N.Y. 10022 | (212) 421.2100
A Division of Grubb & Ellis Company

August 16, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
Suite 5200
New York, New York

Re: 231 Centre Street
New York, New York

Dear Mr. Schweitzer:

You have requested our opinion of the fair and reasonable market value of the above referred to property as of the Fall of 1978. The property can be generally described as a 2-story building on a 6,439 square foot plot at the northwest corner of Center and Grand Streets, fronting 64'4" on the latter street and 100'1" on Center Street. Gross building area is 12,878+ square feet, and as of the requested date of our valuation, information provided us indicated occupancy by three retail stores at grade and five offices on the second floor -- with one office vacancy which was subsequently leased during 1979. The assessed value of the subject for the tax year 1978/1979 was:

Land:	\$ 95,000
Building:	<u>\$127,000</u>
Total:	\$222,000

In our opinion, the fair and reasonable market value of the subject as if free and clear (subject to then existing tenancies) in the Fall of 1978 was:

THREE HUNDRED FIFTEEN THOUSAND DOLLARS
(\$315,000)

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As of the date of our valuation, there were three basic factors influencing the subject property, i.e.,:

1. The beginning of emergence of the city's real estate from the depressed condition that had existed since 1972-1973. The effects of the improved market have continued and accelerated to the present.
2. The expansion of the Chinese community north of Canal Street with a resultant upward trend of values in the area of the subject due to increased demand.
3. The proximity of the subject to the former Police Headquarters Landmarked Building (vacated some years before the date of our valuation), and the anticipated "re-use" of the structure with a concomitant improvement in the immediate area of the subject.

We believe that the most objective indicator of real estate value is the market itself -- prices at which willing buyers and sellers effect sales transactions. To explore these levels, we looked to two sources:

1. Recorded sales of properties in reasonably close proximity to the subject, and
2. Statistics developed by the Research Division of the Real Estate Board of New York with respect to open market transactions for 1978.

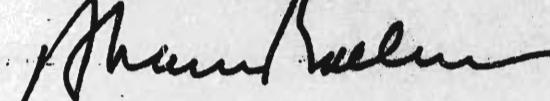
In both instances, this market data indicates the then prevailing relationship between price and assessed value, a factor not affected by subjective judgments with respect to the various elements entering into a valuation decision.

Our review of recorded sales developed ten properties sold between November of 1977 and December of 1978 (see attached "Market Data"). Because no one of these properties is directly comparable to the subject, and because of the relatively small sampling, we believe that the Real Estate Board statistics, involving an average of all recorded sales in Manhattan, is more relevant to our valuation (see attached data). The smaller sampling showed an average ratio of sales prices to assessed value of 169.2%. The Real Estate Board statistics on all open market sales for 1978 indicates a ratio of 142.3%. Using this factor which we believe more conservative, our analysis is summarized as follows:

1978/1979 Assessed Value:	\$222,000
Ratio of Prices to Assessments:	142.3%
 ROUNDED VALUE:	 \$315,000
	=====

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under this program.

Very truly yours,



Abram Barkan, MAI
President

Attachments

84040491792

MANHATTAN REAL ESTATE OPEN MARKET SALES

TABLE I
TOTAL SALES, CONSIDERATION AND PERCENT OF ASSESSED VALUATION
MANHATTAN - 1937-1978

Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized	Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized
1937	2353	\$150 133 174	82.9	1958	2461	\$214 316 332	126.9
1938	2281	93 333 015	79.4	1959	3064	379 669 519	143.4
1939	2654	116 463 945	75.5	1960	2811	357 503 563	144.4
1940	2549	126 793 874	72.6	1961	2547	357 849 816	148.7
1941	2704	146 456 656	65.8	1962	2091	321 066 566	148.0
1942	2340	131 300 757	63.8	1963	1812	300 355 677	137.7
1943	3473	231 149 808	63.7	1964	1732	264 229 411	131.5
1944	4957	328 440 976	69.7	1965	1873	317 811 662	143.2
1945	5852	432 848 201	75.7	1966	1825	313 573 755	150.9
1946	7793	608 961 868	96.2	1967	1772	294 847 515	152.0
1947	4179	333 149 947	100.9	1968	2218	594 846 585	178.3
1948	3673	315 669 615	97.6	1969	2316	614 227 743	201.1
1949	2851	251 978 830	94.6	1970	1606	355 915 486	181.9
1950	3439	353 342 840	99.3	1971	1307	253 607 515	163.2
1951	3239	308 623 323	104.2	1972	1464	322 316 022	157.1
1952	3171	321 806 638	107.1	1973	1534	450 065 594	156.7
1953	2669	323 178 479	108.3	1974	1363	273 461 872	155.4
1954	2856	299 206 153	105.0	1975	1247	241 523 866	131.2
1955	3375	365 878 861	118.6	1976	1563	313 321 590	123.6
1956	2851	327 071 601	125.1	1977	1734	473 809 434	136.2
1957	2437	252 715 395	125.1	1978	2163	646 235 095	248.8



EDWARD R. POTTER
DIRECTOR OF RESEARCH

REAL ESTATE BOARD OF NEW YORK, INC.
RESEARCH DEPARTMENT

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MARKET DATA

<u>Date</u>	<u>Property</u>	<u>Assessed Value</u>	<u>Total Consideration</u>	<u>Ratio of Consideration to Assessed Value</u>
11/76	202-4 Centre St.	\$185,000	\$400,000	2.16
7/77	424 Broome St.	55,000	110,000	2.00
8/77	134-40 Grand St.	275,000	475,000	1.73
11/77	59 Crosby St.	50,000	75,000	1.50
6/78	250 Lafayette St.	68,000	100,000	1.47
7/78	474 Broadway	60,000	89,000	1.48
8/78	514-6 Broadway	390,000	450,000	1.15
9/78	425-7 Broome St.	115,000	280,000	2.43
11/78	496 Broadway	65,000	110,000	1.69
12/78	185 Lafayette St.	16,000	75,000	4.69

Average Ratio of Consideration to Assessed Value = 1.69.28

QALIFICATIONS

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**QUALIFICATIONS
OF
ABRAM BARKAN**

Abram Barkan is President of James Felt Realty Services, a Division of Grubb & Ellis Company. In the main, this Division conducts a general real estate business stressing appraisal and consulting activities. James Felt Realty Services acts or has acted as real estate consultant to International Paper Company, New York Life Insurance Company, Metropolitan Life Insurance Company, R.H. Macy & Company, Inc., as well as other institutions, corporations and individuals.

The Division also acts as mortgage correspondent for a group of savings bank, including Syracuse Savings Bank, Binghamton Savings Bank, and Staten Island Savings Bank.

Abram Barkan has testified in both the New York Supreme Court and U.S. District Court as an expert witness. He is a member of the following trade and professional groups:

American Society of Real Estate Counselors - President - 1978.

American Institute of Real Estate Appraisers and served as President of the New York Chapter in 1970/71 - awarded the M.A.I. designation in 1957.

Director - 1978 - National Association of Realtors.

Board of Governors - 1978-1980 - The Real Estate Board of New York, Inc.

International Council of Shopping Centers.

Lecturer - Real Estate - Center for New York City Affairs, New School for Social Research.

Member - American Arbitration Association National Real Estate Valuation Council.

Past Director, Rent Stabilization Association of New York, Inc.

Past Director - Mohawk Savings & Loan Association

He has been involved in appraisal of real estate in various sections of the country, has appeared before the Internal Revenue Service in support of estate tax valuations, has acted as an arbitrator and/or appraiser in matters involving determinations of fair rental values, as a consultant to clients requiring services in connection with rental space needs and costs, and has provided valuation and consultation services to various Municipal State and Federal agencies.

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The firm has served and participated in appraisals for corporations lending institutions, attorneys, owners and trustees. Some of the institutional and corporate clients that I have served are:

Barton Savings and Loan Association of Newark, N. J.
First Savings and Loan Association of Jersey City, N. J.
First Federal Savings and Loan Association
Franklin Society Federal Savings and Loan Association
Knickerbocker Federal Savings and Loan Association
Serial Federal Savings and Loan Association
Washington Heights Federal Savings and Loan Association
West Side Federal Savings and Loan Association
Whitestone Savings and Loan Association
Woodside Savings and Loan Association

Albany Savings Bank
Amsterdam Savings Bank
Auburn Savings Bank
The Binghamton Savings Bank
The Bowery Savings Bank
Central Savings Bank
Dry Dock Savings Bank
Dollar Savings Bank
The East River Savings Bank
The Eastern Savings Bank
Emigrant Savings Bank
The Franklin Savings Bank
Germantown Savings Bank
The Greenwich Savings Bank
The Jefferson County Savings Bank of Watertown
Kingston Savings Bank
The Lincoln Savings Bank of Brooklyn
The Manhattan Savings Bank
The New York Bank For Savings
The Prudential Savings Bank
Roosevelt Savings Bank of Brooklyn
Saugerties Savings Bank
The Seamen's Bank For Savings
The Troy Savings Bank
Union Dime Savings Bank
United Mutual Savings Bank

The New York State Employees' Retirement System
The New York State Metropolitan Transportation Authority
The New York State Teachers Retirement System

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American Bank and Trust Company
Bank Leumi Le-Israel
Bank of New York
Bankers Trust Company
Central Penn National Bank of Philadelphia
Central State Bank
The Chase Manhattan Bank National Association
Chemical Bank
Chemical Realty Corporation
Fairfield County Trust Company
First National Bank of Chicago
First National City Bank
Manufacturers Hanover Trust Company
Morgan Guaranty Trust Company
National Bank of North America
Republic National Bank
Security National Bank

Aetna Life Insurance Company of Hartford, Connecticut
American National Insurance Company of Galveston, Texas
Bankers Life of Chicago
Equitable Life Assurance Society of the United States
Manhattan Life Insurance Company
Metropolitan Life Insurance Company
New England Mutual Life Insurance Company
New York Life Insurance Company
Security Mutual Life Insurance Company of Binghamton
Union Mutual Life Insurance Company of Portland, Maine

A. O. Smith Company
Allis-Chalmers Manufacturing Company
Century Theatres
Chrysler Motors Corporation
City Investing Company
Dollar Land Corporation Limited
Eastern Airlines
Ford Motor Company
General Motors Corporation
Horn and Hardart Company
New York Telephone Company
Penn Central Railroad Company
Schenley Industries, Inc.
Stein-Hall & Co., Inc.
United States Steel Corporation
Westinghouse Company, Inc.

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CORPORATIONS

Air France
Aluminum Company of America
Booz-Allen
Celanese Corporation
Colt Industries
Columbia Broadcasting Company
Consolidated Edison Company
Curtiss Wright Corporation
Erie-Lackawanna Railroad
Fiat-Roosevelt Motors, Inc.
General Electric Company
Gertz Department Stores
Grumman Corporation
Gulf Oil Corporation
Kayser-Roth Corporation
International Business Machines Corporation
International Paper
Minneapolis Honeywell
Shubert Theatres
Madison Square Garden Corporation, New York

INVESTMENT AND DEVELOPMENT ORGANIZATIONS

Koger Properties, Inc.
Mack Construction Company
Mid-Central Properties, Ltd.
Smallwood Estates, Inc.
TBS Enterprises, Inc.

LARGE SCALE HOUSING

Amalgamated Houses, Bronx	Washbridge Houses, New York
Parkchester, Bronx	Field Houses, Brooklyn
Riverton, New York	Sea Park East, Brooklyn
Seward Park Houses, New York	Sea Park West, Brooklyn
Stuyvesant Town, New York	Ocean Village, Queens

DEPARTMENT STORE BUILDINGS

Alexander's	Fordham Road, Bronx, New York
Department Stores:	Third Avenue, Bronx, New York
	South Broadway, White Plains, New York
Bamberger's:	Willowbrook, Wayne, New Jersey
E. J. Korvette:	34th Street & Broadway New York, New York
Macy's:	Colonie, New York New Rochelle, New York
W. & J. Sloane:	414-420 Fifth Avenue New York, New York
Lane Bryant:	461 Fifth Avenue New York, New York
Gertz:	Jamaica, Queens New York

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Portfolio Reviews include:

American Broadcasting Co.
Investors Funding
The Chase Manhattan Bank - Real Estate Portfolio
Security Mutual Life Insurance Company
E. J. Korvette Shopping Center
Manufacturers Hanover Trust Co. - Real Estate Portfolio

Major New York City Assignments that I have personally participated in include:

One Astor Plaza	651 Fifth Avenue
1166 Avenue of the Americas	666 Fifth Avenue
1180 Avenue of the Americas	7 Hanover Square
1345 Avenue of the Americas	485 Lexington Avenue
30 Broadway	635 Madison Avenue
165 Broadway	655 Madison Avenue
1250 Broadway	North Building
1500 Broadway	Two Penn Plaza
449 Fifth Avenue	75 Rockefeller Plaza
521 Fifth Avenue	605 Third Avenue
529 Fifth Avenue	919 Third Avenue
530 Fifth Avenue	260 West Broadway
581 Fifth Avenue	9 West 57th Street
645 Fifth Avenue	70 East 10th Street

The most recent out-of-town Assignments include:

161-9 Peachtree Street:	Atlanta, Georgia
Galleria I and II:	Houston, Texas
1401-1597 Euclid Avenue:	Cleveland, Ohio
Central Park South:	Orlando, Florida
Wooster Hawkins:	Akron, Ohio
Litchfield-By-The-Sea:	Litchfield, South Carolina
Park Square Building:	Boston, Massachusetts
The Courtyard:	Rolling Hills Estate, California
Copley Place:	Boston, Massachusetts
Horizon House:	Fort Lee, New Jersey
The Colony:	Fort Lee, New Jersey

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ARBITRATION ASSIGNMENTS

<u>Property</u>	<u>Type</u>	<u>Client</u>
<u>1983</u>		
25 Broadway	Rental Determination	Chase
200 Fifth Avenue	Rental Determination	Chase
1481-3 Broadway	Land Value & Ground Rent Determination	Brandt
9 West 57th Street	Rental Determination	Morgan, Lewis & Bockius
Pfizer Building	Land Value & Ground Rent Determination	Seaver Realty Co. & Pfizer Co.
<u>1982</u>		
100 West 57th Street	Rental Determination	Chase
979 Third Avenue	Rental Determination	John Stuart Co.
1625 Broadway	Land Value & Ground Rent Determination	Renald Wacht
530 Seventh Avenue	Rental Determination	Shea & Gould
80 Nassau Street	Rental Determination	Lester Palestine
<u>1981</u>		
515 Madison Avenue	Rental Determination	Aaron Gural
718 Fifth Avenue	Rental Determination	Rogers & Wells
1285 Ave. of Americas	Rental Determination	Chase
469 Fifth Avenue	Rental Determination	Lane Bryant
151 William Street	Land Value & Ground Rent Determination	Aetna Life
122 Fifth Avenue	Rental Determination	Andrew Pollack

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**PARTIAL LIST OF ABRAM BARKAN'S
COURT APPEARANCES AS EXPERT WITNESS**

<u>Date</u>	<u>Property</u>	<u>Client</u>	<u>Court</u>	<u>Case No.</u>
1981-1982	3,500 miles of right-of-way and 35 major rail-road properties including among others 30th Street and 60th Street yards and Penn Station	United States Railway Association	Special "Federal" Court Rail Re-organization Act of 1973	Various
1/12/81	650 Fifth Avenue	Minskoff	State Supreme Court	17989-76
4/27/78	Swingline Plant Long Island City, N.Y.	American Brands Inc.	Arbitration	-
4/15/80	923-935 Second Avenue 253 East 49th and 248 East 50th Street	49th Street Realty Corp. et. al	State Supreme Court	76-Civ. 4375
12/5/78	219.21+ Acres Vacant Land Blairstown, New Jersey	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	-
10/12/78	Oakleaf Towers Silver Springs, Maryland	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	76B-1155
9/6/78	Nevada Towers One Nevada Plaza New York, New York	C.I. Mortgage Group	Federal Bankruptcy Court	77B-1170
4/7/77	245 Rumsey Road Yonkers, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	764438
7/15/76	709-715 Eighth Avenue New York, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	74B-1454-55 74B-1511-42
1975	Brevard Apartments 245 E. 54th Street New York, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	-
1/19/73	Barclay Hotel 518-536 Lexington Avenue New York, New York	Trustees of the New Haven and New Hartford Railroad	Federal Bankruptcy Court	70-347

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EXHIBIT NUMBER 11

Summary



*When you
don't get me
I have you
but you
showed up
the*

Major Provisions of the
Federal Election
Campaign Law

*Up to
for your
Council*

December 1975

Federal Election Commission
Washington, D.C.

3404012172

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FEDERAL ELECTION CAMPAIGN LAW

3. Any fund raising costs incurred by a broad based, multi-candidate committee (i. e. a committee eligible to give up to \$5,000 to a CANDIDATE) as long as those costs are not incurred through broadcasting stations, newspapers, magazines, outdoor advertising facilities and other similar types of general public political advertising. (18 U. S. C. 591 (f))

C. Other Criminal Code Provisions

1. Expenditures from personal funds

No CANDIDATE may make EXPENDITURES from his personal funds or those of his immediate family in connection with his election campaign which exceed:

- a. \$50,000 in the case of a Presidential or Vice Presidential CANDIDATE;
- b. \$35,000 in the case of a CANDIDATE for Senate or for Representative from a STATE with only one Representative;
- c. \$25,000 in the case of any other House CANDIDATE.

Any such EXPENDITURE made in a non-election year is considered to be made in the year in which the ELECTION is held. Immediate family includes the CANDIDATE'S spouse, and any child, parent, grandparents, brothers or sisters of the CANDIDATE and the spouses of those PERSONS.

No CANDIDATE or member of his immediate family may make loans or advances from their personal funds for the CANDIDATE'S campaign unless the loan or advance is evidenced by a written instrument fully disclosing the terms and conditions of the loan or advance. Any such loan or advance is considered an EXPENDITURE only to the extent of the balance of the loan or advance outstanding and unpaid. (18 U. S. C. 608 (a))

CANDIDATES and PERSONS who make EXPENDITURES in excess of the limitations are punishable by a fine not exceeding \$25,000 and imprisonment not exceeding one year, or both. (18 U. S. C. 608 (h) (i))

2. CONTRIBUTIONS or EXPENDITURES by national banks, corporations or labor organizations

National banks, corporations, and labor organizations are prohibited from making CONTRIBUTIONS and EXPENDITURES in connection with

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EXHIBIT NUMBER 12

III.

That the pertinent facts in this matter are as follows:

- A. Between May 10, 1978, and September 5, 1978, John A. Zaccaro loaned \$110,000 to the Committee to Elect Geraldine A. Ferraro (the "Committee").
- B. Prior to the time that these loans were made, Mr. Zaccaro was advised by counsel that the making of such loans to the Committee would be proper and in full compliance with applicable Federal Law and Regulations.
- C. Mr. Zaccaro first learned of the applicability of the limitations imposed by 2 U.S.C. §441a to such loans on September 11, 1978.
- D. Acting through counsel, respondent has cooperated with the Federal Election Commission in its investigation of this matter responding promptly and candidly to all inquiries by the Commission.

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WHEREFORE, respondent John A. Zaccaro agrees:

- I. Respondent's loans to the Committee constituted contributions subject to the \$1,000 limitation imposed by 2 U.S.C. §441a.
- II. That respondent will pay a civil penalty in the amount of \$250 pursuant to 2 U.S.C. §437g(a)(6)(B).
- III. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matter at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed, that this agreement shall become effective as to the date that all parties hereto have executed same and the Commission has approved the entire agreement.

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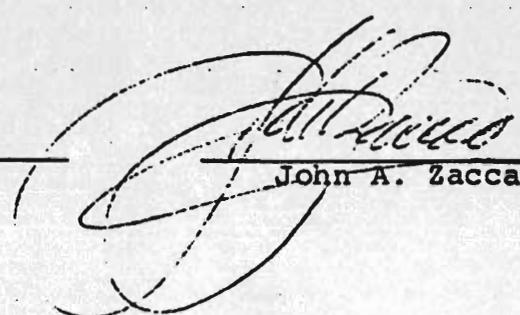
III

It is agreed that respondent John A. Zaccaro shall have 30 days from the date of this agreement to implement and comply with the requirements contained herein, or to so notify the Commission.

Date _____

William C. Oldaker
General Counsel
Federal Election Commission

Date Feb 12, 1979



John A. Zaccaro

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EXHIBIT NUMBER 13

- 84040491803
- A. Between May 10, 1978 and September 5, 1978 the Committee received loans aggregating \$110,000 from an individual, and duly reported the receipt of such loans in its reports filed with the Federal Election Commission.
- B. Prior to the time that these loans were made, the Committee was advised by counsel that the receipt of such loans by the Committee would be proper and in full compliance with applicable Federal Law and Regulations.
- C. The Committee was advised that these loans were subject to the \$1,000 limitation imposed by 2 U.S.C. §441a by letter from the Federal Election Commission which it received on September 11, 1978. The Committee thereupon acted to repay the loans exceeding such limitation as expeditiously as possible. The Committee notified the Federal Election Commission of such repayment by letter of October 5, 1978.
- D. Less than 15 days but more than 48 hours prior to the primary election held on September 12, 1978, the Committee received

a loan of \$50,000 which it did not report within 48 hours, but upon learning of the 48-hour reporting requirement immediately notified the Federal Election Commission of the receipt of such loan by letter of September 21, 1978.

- E. Respondent has cooperated with the Federal Election Commission in its investigation of this matter, responding promptly and candidly to all inquiries by the Commission.

WHEREFORE, respondent Committee to Elect Geraldine Ferraro agrees:

- I. The loan of \$110,000 from an individual who is a member of the candidate's immediate family is a contribution subject to the limitation of \$1,000 on contributions from individuals imposed by 2 U.S.C. §441a.
- II. The Respondent's acceptance of the \$50,000 of loans should have been reported in a timely fashion in accordance with 2 U.S.C. §434 and 11 CFR 104.4(e).
- III. That respondent will pay a civil penalty in the amount of \$500 pursuant to 2 U.S.C. §437g(a)(6)(B).

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- IV. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matter at issue herein, or on its motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as to the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent Committee to Elect Geraldine Ferraro shall have 30 days from the date of this agreement to implement and comply with the requirements contained herein, or to so notify the Commission.

84040491810

Date _____

William C. Oldaker
General Counsel
Federal Election Commission

Date 9/12/79

David Blanksteen
David Blanksteen
Treasurer
Committee to Elect Geraldine
Ferraro

84040491811

84040491612

EXHIBIT NUMBER 14

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT - THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

THIS INDENTURE, made the 1st day of May nineteen hundred and seventy-eight

BETWEEN POLAROB REALTY CORP.
C/O Murry Kalik, Esq.
501 Madison Avenue
New York, New York 10022

472
25

party of the first part, and MELRO COMPANY, a pro-partnership having its offices in care of Murry Kalik, 501 Madison Avenue, New York, New York 10022, having a one half (1/2) interest herein and Geraldine A. Ferraro, residing at 218 Lafayette Street, New York, New York having a one half (1/2) undivided interest therein.

party of the second part.

WITNESSETH, that the party of the first part, in consideration of Ten Dollars and other valuable consideration paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the point formed by the intersection of the westerly side of Centre Street with the northerly side of Grand Street; running thence westerly along the northerly side of Grand Street 64 feet 4 inch thence northerly and parallel or nearly so with Centre Street 100 feet 1 inch; thence easterly and parallel or nearly so with Grand Street, 64 feet 4 inches to the westerly side of Centre Street and thence south along the westerly side of Centre Street 100 feet 1 inch to the point of beginning. Be the said several distances and dimensions more or less.

TOGETHER with all strips or gores of land adjoining the above described premises on the north and west.

Said premises being now known by the street numbers 158-162 Grand Street and 231-235 Centre Street, New York, New York.

This conveyance has been made with the unanimous consent in writing of all of the stockholders of the party of the first part.

TOGETHER with all right, title and interest, if any, of the party of the first part of, in and to any streets and roads abutting the above-described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises; TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part, has duly executed this deed the day and year first above written.

IN PRESENCE OF:



POLAROB REALTY CORP.

By Murry Kalik
Murry Kalik

8404049181

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STATE OF NEW YORK, COUNTY OF

On the _____ day of _____ personally came



to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF

On the _____ day of _____ personally came

19 _____ before me

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF New York

On the 1st day of May 1978, before me personally came Murry Kalik, Esq. to me known, who, being by me duly sworn, did depose and say that he resides at No. 501 Madison Avenue New York, New York that he is the Vice President of Polarob Realty, Inc.

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK, COUNTY OF

On the _____ day of _____ personally came

19 _____ before me

to me known, who, being by me duly sworn, did depose and say that he resides at No. _____

that he is the _____ of _____

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

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Bargain and Sale Deed WITH COVENANT AGAINST GRANTOR'S ACTS

TITLE No.

01-9047

POLAROB REALTY CORP.

TO

MELRO COMPANY, Carmel, and Madeline A. Ferraro

SECTION 214 BLOCK 422 LOT 21 COUNTY OR TOWN NY

JUL. VER. F (3)

Recorded at Request of American Title Insurance Company

RETURN BY MAIL TO:



KALIK + FERRARO 501 MADISON AVE New York, New York 10022 Zip No.

Member of The Continental Insurance Companies

RESERVE THIS SPACE FOR USE OF RECORDING OFFICE

Recorded by American Title Insurance Company Guaranteed Title Division To Be Returned To: RP2077

RECORDED IN NEW YORK COUNTY NO. TAX PAID 2202 48

BLOCK _____ LOT _____ 05319 1978 MAY -4 AM 11:57



Matthew P. Singer CITY REGISTER

\$ _____ REAL ESTATE MAY 4 1978 COUNTY

ST 4577

EXHIBIT
NUMBER 15

EXHIBIT NUMBER 15

84040491815

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT - THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

NOTE: FIRE LOSSES. This form of contract contains no express provision as to risk of loss by fire or other casualty before delivery of the deed. Unless express provision is made, the provisions of Section 5-1311 of the General Obligations Law will apply. This section also places risk of loss upon purchaser if title or possession is transferred prior to closing.

THIS AGREEMENT, made the 12th day of January, nineteen hundred and seventy-eight **BETWEEN**

Norfolk Properties, Inc. and 231 Centre Street Corporation, each with offices at 535 Fifth Avenue, New York, New York 10017, as their interests may appear, but together being the fee owner of the land and building to be sold and conveyed hereunder,

hereinafter described as the seller, and

*Polarob Realty Corp.
c/o Barry Kalik, Esq.
745 Fifth Avenue
New York, New York*

hereinafter described as the purchaser.

WITNESSETH, that the seller agrees to sell and convey, and the purchaser agrees to purchase, ~~all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the~~

ALL that certain lot, piece or parcel of land, with the buildings thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the point formed by the intersection of the westerly side of Centre Street with the northerly side of Grand Street; running thence westerly along the northerly side of Grand Street 64 feet 4 inches; thence northerly and parallel or nearly so with Centre Street 100 feet 1 inch; thence easterly and parallel or nearly so with Grand Street 64 feet 4 inches to the westerly side of Centre Street and thence southerly, along the westerly side of Centre Street 100 feet 1 inch to the point or place of **BEGINNING**. Be the said several distances and dimensions more or less.

TOGETHER will all strips or gores of land adjoining the above described premises on the north and west.

SAID PREMISES being now known by the street numbers 158-160 and 162 Grand Street, and 231-233 and 235 Centre Street.

1. This sale includes all right, title and interest, if any, of the seller in and to any land lying in the bed of any street, road or avenue opened or proposed, in front of or adjoining said premises, to the center line thereof, and all right, title and interest of the seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to said premises by reason of change of grade of any street; and the seller will execute and deliver to the purchaser, on closing of title, or thereafter, on demand, all proper instruments for the conveyance of such title and the assignment and collection of any such award.

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ONE HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED (\$175,500.00) Dollars, payable as follows:
SEVENTY-THOUSAND FIVE HUNDRED (\$75,000.00) Dollars,

on the signing of this contract, by check subject to collection, the receipt of which is hereby acknowledged:
FORTY-THREE THOUSAND THREE HUNDRED NINETY-FIVE (\$43,395.00) Dollars,

in cash or good certified check to the order of the seller on the delivery of the deed as hereinafter provided:
Dollars,

by taking title subject to a mortgage with a lien on said premises in that amount, bearing interest at the rate of _____ percent per annum, the principal being due and payable.

ONE HUNDRED TWENTY-FOUR THOUSAND SIX HUNDRED FIVE (\$124,605.00) Dollars,
by the purchaser or assigns executing, acknowledging and delivering to the seller a bond or, at the option of the seller, a note secured by a purchase money first mortgage on the above premises, in that amount, payable commencing one month after closing of title in sixty successive equal monthly installments of interest only on the unpaid principal balance at the rate of six and one-half percent per annum from the date of closing and thereafter commencing sixty-one months after closing of title in successive equal ~~together with interest at the rate of _____ percent~~ ^{per cent} ~~per annum payable~~ monthly installments of such interest plus one and one-half percent per annum of the unpaid principal balance until fifteen years after the date of closing when the entire unpaid principal balance shall be due and payable. Said bond and mortgage may be prepaid at any time ^{without} penalty but with interest to date of payment. ~~However, no prepayment may be made in 1978.~~

3. Any bond or note and mortgage to be given hereunder shall be drawn on the standard forms of New York Board of Title Underwriters for mortgages of like lien; and shall be drawn by the attorney for the seller at the expense of the purchaser, who shall also pay the mortgage recording tax and recording fees. ^{in the amount of \$200.00}

4. ~~If such purchase money mortgage is to be a subordinate mortgage on the premises it shall provide that it shall be subject and subordinate to the lien of the existing mortgage of \$ _____ any extensions thereof and to any mortgage or consolidated mortgage which may be placed on the premises in lieu thereof, and to any extensions thereof provided (a) that the interest rate thereof shall not be greater than _____ per cent per annum and (b) that, if the principal amount thereof shall exceed the amount of principal owing and unpaid on said existing mortgage at the time of placing such new mortgage or consolidated mortgage, the excess be paid to the holder of such purchase money mortgage in reduction of the principal thereof. Such purchase money mortgage shall also provide that such payment to the holder thereof shall not alter or affect the regular installments, if any, of principal payable thereunder and shall further provide that the holder thereof will, on demand and without charge therefor, execute, acknowledge and deliver any agreement or agreements further to effectuate such subordination.~~

5. If there be a mortgage on the premises the seller agrees to deliver to the purchaser at the time of delivery of the deed a proper certificate executed and acknowledged by the holder of such mortgage and in form for recording, certifying as to the amount of the unpaid principal and interest thereon, date of maturity thereof and rate of interest thereon, and the seller shall pay the fees for recording such certificate. Should the mortgagee be a bank or other institution as defined in Section 274-a, Real Property Law, the mortgagee may, in lieu of the said certificate, furnish a letter signed by a duly authorized officer, or employee, or agent, containing the information required to be set forth in said certificate. Seller represents that such mortgage will not be in default at or as a result of the delivery of the deed hereunder and that neither said mortgage, nor any modification thereof contains any provision to accelerate payment, or to change any of the other terms or provisions thereof by reason of the ~~delivery of the deed hereunder.~~

6. Said premises are sold and are to be conveyed subject to:
a. Zoning regulations and ordinances of the city, town or village in which the premises lie which are not violated by existing structures.
b. Consents by the seller or any former owner of premises for the erection of any structure or structures on, under or above any street or streets may abut.
c. Encroachments of stoops, areas, cellar steps, trim and cornices, if any, upon any street or highway.
d. Any state of facts an accurate survey may show provided same does not render title unmarketable.

7. All notes or notices of violations of law or municipal ordinances, orders or requirements noted in or issued by the Departments of Housing and Buildings, Fire, Labor, Health, or other State or Municipal Department having jurisdiction, against or affecting the premises at the date hereof, shall be complied with by the seller and the premises shall be conveyed free of the same, and this provision of this contract shall survive delivery of the deed hereunder. The seller shall furnish the purchaser with an authorization to make the necessary searches therefor.

8. All obligations affecting the premises incurred under the Emergency Repairs provisions of the Administrative Code of the City of New York (Sections 564-18.0, etc.) prior to the delivery of the deed shall be paid and discharged by the seller upon the delivery of the deed. This provision shall survive the delivery of the deed.

9. If, at the time of the delivery of the deed, the premises or any part thereof shall be or shall have been affected by an assessment or assessments which are or may become payable in annual installments, of which the first installment is then a charge or lien, or has been paid, then for the purposes of this contract all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the deed, shall be deemed to be due and payable and to be liens upon the premises affected thereby and shall be paid and discharged by the seller, upon the delivery of the deed.

10. The following are to be apportioned:
(a) Rents as and when collected. (b) ~~Interest on mortgages.~~ (c) Premiums on existing transferable insurance policies or renewals of those expiring prior to closing. (d) Taxes and sewer rents, if any, on the basis of the fiscal year for which assessed. (e) Water charges on the basis of the calendar year. (f) Fuel, if _____.

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Omit Clause 8 if the property is not in the City of New York. Clause 9 is usually omitted if the property is not in the City of New York.

11. If the closing of the title shall occur before the tax rate is fixed, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation.

12. If there be a water meter on the premises, the seller shall furnish a reading to a date not more than thirty days prior to the time herein set for closing title, and the unfixed meter charge and the unfixed sewer rent, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading.

13. The deed shall be the usual bargain and sale with covenant against grantor's acts. deed in proper statutory short form for record and shall be duly executed and acknowledged so as to convey to the purchaser the fee simple of the said premises, free of all encumbrances, except as herein stated, and shall contain the covenant required by subdivision 5 of Section 13 of the Lien Law.

If the seller is a corporation, it will deliver to the purchaser at the time of the delivery of the deed hereunder a resolution of its Board of Directors authorizing the sale and delivery of the deed, and a certificate by the Secretary or Assistant Secretary of the corporation certifying such resolution and setting forth facts showing that the conveyance is in conformity with the requirements of Section 909 of the Business Corporation Law. The deed in such case shall contain a recital sufficient to establish compliance with said section.

14. At the closing of the title the seller shall deliver to the purchaser a certified check to the order of the recording officer of the county in which the deed is to be recorded for the amount of the documentary stamps to be affixed thereto in accordance with Article 31 of the Tax Law, and a certified check to the order of the appropriate officer for any other tax payable by reason of the delivery of the deed, and a return, if any be required, duly signed and sworn to by the seller; and the purchaser also agrees to sign and swear to the return and to cause the check and the return to be delivered to the appropriate officer promptly after the closing of title.

Quit
Clause 13 of
the Property
is not in
the City of
New York.

15. In addition, the seller shall at the same time deliver to the purchaser a certified check to the order of the Finance Administrator for the amount of the Real Property Transfer Tax imposed by Title II of Chapter 46 of the Administrative Code of the City of New York and will also deliver to the purchaser the return required by the said statute and the regulations issued pursuant to the authority thereof, duly signed and sworn to by the seller; the purchaser agrees to sign and swear to the return and to cause the check and the return to be delivered to the City Register promptly after the closing of the title.

16. The seller shall give and the purchaser shall accept a title such as _____ a Member of the New York Board of Title Underwriters, will be willing to approve and insure.

17. All sums paid on account of this contract, and the reasonable expenses of the examination of the title to said premises and of the survey, if any, made in connection therewith are hereby made liens on said premises, but such liens shall not continue after default by the purchaser under this contract.

18. All fixtures and articles of personal property attached or appurtenant to or used in connection with said premises are represented to be owned by the seller free from all liens and encumbrances except as herein stated, and are included in this sale; without limiting the generality of the foregoing, such fixtures and articles of personal property include plumbing, heating, lighting and cooking fixtures, air conditioning fixtures and units, ranges, refrigerators, radio and television aerials, bathroom and kitchen cabinets, mantels, door mirrors, venetian blinds, shades, screens, awnings, storm windows, window boxes, storm doors, mail boxes, weather vanes, flagpoles, pumps, shrubbery and outdoor statuary.

19. The amount of any unpaid taxes, assessments, water charges and sewer rents which the seller is obligated to pay and discharge, with the interest and penalties thereon to a date not less than two business days after the date of closing title, may at the option of the seller be allowed to the purchaser out of the balance of the purchase price, provided official bills therefor with interest and penalties thereon figured to said date are furnished by the seller at the closing.

20. If at the date of closing there may be any other liens or encumbrances which the seller is obligated to pay and discharge, the seller may use any portion of the balance of the purchase price to satisfy the same, provided the seller shall simultaneously either deliver to the purchaser at the closing of title instruments in recordable form and sufficient to satisfy such liens and encumbrances of record together with the cost of recording or filing said instruments; or, provided that the seller has made arrangements with the title company employed by the purchaser in advance of closing, seller will deposit with said company sufficient monies, acceptable to and required by it to insure obtaining and the recording of such satisfactions and the issuance of title insurance to the purchaser either free of any such liens and encumbrances, or with insurance against enforcement of same out of the insured premises. The purchaser, if request is made within a reasonable time prior to the date of closing of title, agrees to provide at the closing separate certified checks as requested, aggregating the amount of the balance of the purchase price, to facilitate the satisfaction of any such liens or encumbrances. The existence of any such taxes or other liens and encumbrances shall not be deemed objections to title if the seller shall comply with the foregoing requirements.

21. If a search of the title discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of the seller, the seller will on request deliver to the purchaser an affidavit showing that such judgments, bankruptcies or other returns are not against the seller.

22. In the event that the seller is unable to convey title in accordance with the terms of this contract, the sole liability of the seller will be to refund to the purchaser the amount paid on account of the purchase price and to pay the net cost of examining the title, which cost is not to exceed the charges fixed by the New York Board of Title Underwriters, and the net cost of any survey made in connection therewith incurred by the purchaser, and upon such refund and payment being made this contract shall be considered canceled.

23. The deed shall be delivered upon the receipt of said payments at the office of Bondy & Schloss, 6 East 43rd Street, New York, New York 10017

at 10 o'clock ^{A.M.} on February 28, 1978 A or sooner

24. The parties agree that Feder, Barnett & Platt, Esqs. is the broker who brought about this sale and the seller agrees to pay ~~any~~ commission earned thereby. \$9,500.00**

25. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this contract, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement or representation, not embodied in this contract, made by the other. The purchaser has inspected the buildings standing on said premises and is thoroughly acquainted with their condition and agrees to take title "as is" and in their present condition and subject to reasonable use, wear, tear, and natural deterioration between the date thereof and the closing of title.

26. This agreement may not be changed or terminated orally. The stipulations aforesaid are to apply to and bind the heirs, executors, administrators, successors and assigns of the respective parties.

27. If two or more persons constitute either the seller or the purchaser, the word "seller" or the word "purchaser" shall be construed as if it read "sellers" or "purchasers" whenever the sense of this agreement so requires.

IN WITNESS WHEREOF, this agreement has been duly executed by the parties hereto.

In presence of:

Polard Realty Corp

NORFOLK PROPERTIES INC.

By: *Louise Rosenthal*

By: *Myra C. C. H.*

231 CENTRE STREET CORPORATION

By: *Louise Rosenthal*

** and to indemnify seller and hold it harmless from all loss cost expense and damage with respect thereto.

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STATE OF NEW YORK, COUNTY OF
On the day of 19 before me
personally came

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF
On the day of 19 before me
personally came

to me known, who, being by me duly sworn, did depose and say that he resides at No.

that he is the
of

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK, COUNTY OF
On the day of 19 before me
personally came

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF
On the day of 19 before me
personally came

to me known and known to me to be a partner in

a partnership, and known to me to be the person described in and who executed the foregoing instrument in the partnership name, and said duly acknowledged that he executed the foregoing instrument for and on behalf of said partnership.

Closing of title under the within contract is hereby adjourned to o'clock, at 19, at ; title to be closed and all adjustments to be made as of 19
Dated, 19
For value received, the within contract and all the right, title and interest of the purchaser thereunder are hereby assigned, transferred and set over unto
and said assignee hereby assumes all obligations of the purchaser thereunder.
Dated, 19

Purchaser

Assignee of Purchaser

Contract of Sale

PREMISES

Section
Block
Lot
County or Town
Street Numbered Address

Recorded At Request of The Title Guarantee Company--

RETURN BY MAIL TO:



Zip No.

THE OBSERVANCE OF THE FOLLOWING SUGGESTIONS WILL SAVE TIME AND TROUBLE AT THE CLOSING OF THIS TITLE

The SELLER should bring with him all insurance policies and duplicates, receipted bills for taxes, assessments and water rates, and any leases, deeds or agreements affecting the property.

When there is a water meter on the premises, he should order it read, and bring bills therefor to the closing.

If there are mortgages on the property, he should promptly arrange to obtain the evidence required under Paragraph 5 of this contract.

He should furnish to the purchaser a full list of tenants, giving the names, rent paid by each, and date to which the rent has been paid.

The PURCHASER should be prepared with cash or certified check drawn in the order of the seller. The check may be certified for an approximate amount and cash may be provided for the balance of the settlement.

RIDER TO CONTRACT OF SALE DATED JANUARY , 1978
-between-
NORFOLK PROPERTIES, INC.
-and-
231 CENTRE STREET CORPORATION, SELLERS
-and-

Anything herein to the contrary notwithstanding:

(a) Condition of the Premises

Purchaser represents and acknowledges that he has fully and completely examined the premises and agrees to take the same in its present condition "AS IS," and that neither Sellers nor anyone on their behalf have made any representation or warranty as to the condition of the premises except as to the removal of violations per paragraph 7 of this contract.

(b) Liquidated Damages

It is expressly agreed by the parties hereto that if the Purchaser shall default and fail to take title, through no fault of the Sellers, this contract shall be considered canceled and the down payment shall be retained by the Sellers as liquidated damages, and neither party shall have any rights hereunder against the other.

(c) Marketability of Title

Purchaser shall order a title report within five days after the execution of this contract. Within five days after Purchaser receives a report from the title insurance company, it shall give notification to Sellers in writing of all objections to title to date thereof. If the Sellers shall be unable to convey a good and marketable title, the sole obligation of the Sellers shall be to refund the Purchaser's down payment made hereunder together with the reasonable cost of title examination and survey and upon making such refund and reimbursement this agreement shall be terminated and canceled and neither party shall have any further claim against the other by reason of this agreement and the lien, if any, of the Purchaser against the premises shall terminate. The acceptance of a deed by the Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Sellers to be performed pursuant to the provisions of this agreement, except those, if any, which are herein specifically stated to survive the delivery of the deed.

Sellers shall pay and satisfy any tax assessments, water rents or tax liens remaining unpaid against the said property on or before the date of closing of title. The failure on the part of the Sellers to pay and satisfy the same prior to the date of closing of title shall not be deemed to constitute an objection of title. Sellers shall produce proof of such payment, at or before the date of closing.

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The existence of any violation of any Governmental Department or Agency required to be removed hereunder, provided the cost of removal shall not, in the aggregate, be more than \$1,000, shall not be an objection to title, provided the Sellers shall deposit in escrow with the attorney for the Sellers, a sum of money at least sufficient to perform the work required and the materials necessary to remove such violations within sixty days from the date of closing. The sum to be deposited hereunder shall be determined by a licensed architect or contractor who shall be selected by the Purchaser. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

The Sellers shall have the right to satisfy any liens or encumbrances by delivering to the Purchaser at the closing of title properly executed instruments in recordable form, together with recording and filing fees, sufficient to satisfy same, and such liens or encumbrances may be paid out of the cash consideration paid by the Purchaser and shall not be deemed an objection to title. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

The existence of any unpaid franchise taxes of the Sellers shall not be deemed an objection to title provided all past reports have been filed with the State Tax Department and a sufficient deposit is made by the Sellers with the title company representing the Purchaser to insure payment of such franchise tax or taxes within sixty days from the date of closing, provided that the Sellers' title company will accept such deposit. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

(d) Leases

Said premises are sold and are to be conveyed subject to the following leases, all of which Purchaser expressly acknowledges that he has inspected and intitled.

1. 231 Centre Street Corporation to G. G. W. Foods, Inc. dated February 1, 1971 as amended; *- Street level and back under store*
2. 231 Centre Street Corporation to Carl Davis d/b/a Sunset Studios dated September 28, 1977; *Unit 7-8*
3. 231 Centre Street Corporation to Stratford Tool, Inc. dated January 1, 1975; *Unit 3-5*
4. 231 Centre Street Corporation to Benjamin and George Flashner dated January 4, 1974; *Unit 1*
5. 231 Centre Street Corporation to Jack Klein, et al. dated June 15, 1965; *~~Store addressed 231-233 Center Street with basement under store.~~*
6. 231 Centre Street Corporation to Thomas Hotz dated November 17, 1961 as amended;
7. 231 Centre Street Corporation to John Kaes dated December 7, 1971 with mesne assignments as amended including agreement among 231 Centre Street Corporation and Lourdes Keane and Janice E. Cohen dated November 4, 1975.

(e) Notices

All notices, requests, demands and other communications required hereunder shall be deemed to have been duly given if mailed, first class postage prepaid, as follows:

To the Purchaser at address set forth above

with copy to:
Murry Kalik, Esq.
745 Fifth Avenue
New York, New York 10022

To the Sellers at the address set forth above

with copy to:
Bondy & Schloss
6 East 43rd Street
New York, New York 10017

or to such other address as the parties shall specify in accordance with this paragraph.

(f) If any past due rentals are owing by tenants at the time of closing of title for a period not exceeding one month and the Seller is entitled hereunder to all or part of the said past due rentals, the Purchaser agrees that the first monies received shall be received by the Purchaser as trustee for the Sellers on account or in payment of such past due rentals, and the Purchaser agrees to remit forthwith to the Sellers the amount of such past due rentals to which the Sellers are entitled, so collected out of the first monies received by the Purchaser.

(g) If a tenant or tenants in possession are required to pay for water meter charges pursuant to the terms of a lease, the Sellers shall not be required to pay any portion thereof. The purchaser will take title subject to any such unpaid water meter charges owing by such tenant or tenants.

(h) The Sellers agree to turn over to the Purchaser upon the closing of title (where not prohibited by the terms of a lease), so much of the securities received under leases as has been unapplied in accordance with the terms of said leases, upon the execution by the Purchaser of an agreement indemnifying the Sellers against any claim that may be made by tenants in connection with the securities transferred to Purchaser.

(i) The right and privilege is reserved to the Seller to institute summary proceedings against any tenant based on any default or failure to perform by any such tenant prior to the time of closing title.

(j) Fuel on the premises on the date as of which adjustments shall be made, shall be paid for by the Purchaser, in cash or check, at the time of closing of title, at the cost price thereof to Sellers, plus tax and trim. The amount of fuel is to be estimated, in writing, by a fuel company for the Sellers and a fuel company for the Purchaser.

(k) If, on the date of closing, there shall be UCCs which were filed on a day more than five (5) years prior to closing of title, these shall not be deemed an objection to title, provided the Sellers execute and deliver to the Purchaser an affidavit setting forth that the property covered by such UCCs is no longer in the premises; or if such property still is in the premises, that such property has been fully paid for.

(l) If, between the date hereof and the date of closing of title as hereinafter provided, any unit in the premises becomes vacant, the Sellers shall hold same vacant, at Purchaser's expense to the extent of the previous rental therefor.

(m) If there be a purchase money mortgage executed on the closing of title by a corporation, then the Purchaser shall furnish satisfactory evidence of the due organization of said corporation and of the payment of all franchise taxes which shall be a lien up to the date of the execution of said mortgage.

(n). The Purchaser represents that any and all dealings in connection with this transaction were had only through the broker or brokers hereinabove mentioned.

NORFOLK PROPERTIES, INC.

By: _____

231 CENTRE STREET CORPORATION

By: _____

By: _____

84040491823

7

Rider No. 2

- (a) Seller represents that occupancy of the premises conforms with the certificate of occupancy.
- (b) Arrow Cleaning Company provides cleaning services to the premises without a contract for a term and is paid for its services at the rate of \$83.00 per month.
- (c) Seller has fulfilled its obligations as landlord to the tenants at the premises.
- (d) The mortgage provided for herein will provide that mortgagor may alter premises, ~~subject to mortgagee's prior written approval, which shall not be unreasonably withheld,~~ in conformity with applicable building codes, local ordinances and regulations including, but not limited to, those requiring the securing of necessary permits and authorizations of governmental subdivisions, provided such alterations do not diminish the cubical content of the premises or reduce the value thereof below the value prior to such alterations. The mortgage shall further provide that during and after all such alterations, the premises shall be kept free and clear of artisans, mechanics or similar liens. The clause provided for herein shall be more fully stated in the mortgage in conformity with usual provisions of this kind.

84040491824

84040491825

EXHIBIT NUMBER 16



EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017290

1-784
260

PAY TO THE
ORDER OF

John D. Zaccaro
22 JAN 79

CK 01 01A

PAY \$ 20,000.00 ONLY \$ 20,000.00

E.R.S.B. \$20,000 and 00/100ths

SAVINGS BANKS TRUST COMPANY
NEW YORK, NEW YORK

Paul McQuinn
REQUIRED OVER \$2,500 TELER
AUTHORIZED SIGNATURE

⑈03017290⑈ ⑆0260⑈0794⑆ 00212⑈0368⑈



EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017288

1-784
260

PAY TO THE
ORDER OF

John D. Zaccaro
22 JAN 79

CK 01 01A

PAY \$ 30,000.00 ONLY \$ 30,000.00

E.R.S.B. \$30,000 and 00/100ths

SAVINGS BANKS TRUST COMPANY
NEW YORK, NEW YORK

Paul McQuinn
REQUIRED OVER \$2,500 TELER
AUTHORIZED SIGNATURE

⑈03017288⑈ ⑆0260⑈0794⑆ 00212⑈0368⑈

84010182

34040191827

Pay to order of
Northwestern Trust Co
J. J. Russo
Pay to order of
National Bank of North America
Northwestern Trust Co
Murray J. Russo

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY
EAST RIVER SAVINGS BANK

NO. 3-017288

DATE 1/22/79

TO: J.A.2

30,000

FOR:

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY
EAST RIVER SAVINGS BANK

NO. 3-017290

DATE 1/22/79

TO: J.A.2

FOR:

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

Pay to order of
Northwestern Trust Co
J. J. Russo
National Bank of North America
Northwestern Trust Co
Murray J. Russo

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017654

DATE 1/30/79

TO: SAZ 25100 -

FOR: M/62

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

ESB EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017653

THE R OF John A. Zaccaro

30 JAN 79

PAY \$25,000 ONLY
\$25,000 and 00 Cts

CK 01 02A
\$25,000.00

TRUST COMPANY
NEW YORK

John A. Zaccaro
REQUIRED OVER \$2,500

TELLER

AUTHORIZED SIGNATURE

026010796: 0021210368

ESB

ESB EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017653

1-794
260

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017653

DATE 1/30/79

TO: SAZ 25000

FOR: M/62

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

John A. Zaccaro

30 JAN 79

PAY \$25,000 ONLY
\$25,000 and 00 Cts

CK 01 02A
\$25,000.00

TRUST COMPANY
NEW YORK

John A. Zaccaro
REQUIRED OVER \$2,500

TELLER

AUTHORIZED SIGNATURE

026010796: 0021210368

84040491829

EXHIBIT NUMBER 17

Name(s) as shown on Form 1040

JOHN A & GERARDINE ZACCARO

Your social security number

061 30 8534

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

D

a. Kind of property and description (Example, 100 shares of ABC Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expenses of sale	e. Cost or other basis, as adjusted (see instructions page 19)	f. Gain or (loss) from all sales during entire tax year (if loss e)	g. Enter gain or (loss) from sales after 10/31/78
SHARE INTEREST - CASH						
711-35 CENTER ST	5-1-78	10-5-78	96500	90311	6189	(W)
ATLANTA - 410 GRAND ST	1977	10-5-78	30000	35200	(5000)	(W)
200 - 4110 NORTH ST. N.W.		5-9-78		2500	(2500)	(H)
157 GRAND CO.						
Enter your share of net short-term gain or (loss) from partnerships and fiduciaries					2	
Enter net gain or (loss), combine lines 1 and 2					3	(1311)
Short-term capital loss carryover attributable to years beginning after 1969 (see instructions page 19)					4	()
Net short-term gain or (loss), combine lines 3 and 4, column (f)					5	(1311)

68439
(5000)
(2500)

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

REB REALTY (FIRM LIQUIDATION)					58646	(W)
16 E 9th ST	10-10-74	8-11-78	65009	38345	26664	(H)
Capital gain distributions					7	
Enter gain, if applicable, from Form 4797, line 6(a)(1) (see instructions page 19)					8	
Enter your share of net long-term gain or (loss) from partnerships and fiduciaries					9	
Enter your share of net long-term gain from small business corporations (Subchapter S)					10	
Net gain or (loss), combine lines 6 through 10					11	85310
Long-term capital loss carryover attributable to years beginning after 1969 (see instructions page 19)					12	()
Net long-term gain or (loss), combine lines 11 and 12, column (f)					13	85310

If you have capital loss carryovers from years beginning before 1970, do not complete Parts III, IV, or VI. See Form 4798 instead.

Part III Computation of Capital Gain Deduction (Complete this part only if line 14 shows a gain)

Combine lines 5 and 13, column (f), and enter here. If result is zero or a loss, do not complete the rest of this part. Instead skip to Part IV, line 24 on page 2	14	83999
Enter line 13, column (f) or line 14, whichever is smaller. If zero or a loss, enter zero and skip to line 23	15	83999
If line 11, column (g) is a gain, combine lines 3 and 11, column (g), and enter here. If this line or line 11, column (g) shows a loss or zero, enter a zero and skip to line 20	16	0
Enter line 11, column (g) or line 16, whichever is smaller	17	0
Enter line 15 or line 17, whichever is smaller	18	0
Enter 60% of amount on line 18	19	0
Subtract line 18 from line 15	20	83999
Enter 50% of amount on line 20	21	42000
Add line 19 and line 21. This is your capital gain deduction	22	42000
Subtract line 22 from line 14. Enter this amount on Form 1040, line 14	23	41999

10/22/78
5430
30
10359

84040491031

EXHIBIT NUMBER 18

Amended U.S. Individual Income Tax Return

This return is for calendar year **19 78**, OR fiscal year ended **19**

Please print or type	Your first name and initial (if joint return, also give spouse's name and initial) John A. and Geraldine Zaccaro	Last name Zaccaro	Your social security number 061 30 8534
	Present home address (Number and street, including apartment number, or rural route) 22 Deepdene Road		Spouse's social security number 100 28 1600
	City, town or post office, State, and ZIP code Forest Hills, New York 11375		Telephone no. (optional) ()

Enter below name and address as shown on original return (if same as above, write "Same"). If changing from separate to joint return, enter names and addresses used on original returns. (Note: You cannot change from joint to separate returns after the due date has passed.)
Same

a. Service center where original return was filed
Holtsville, NY

b. Has original return for the year being changed been audited? Yes No
 If "No," have you been notified that it will be? Yes No
 If "Yes," identify IRS office

c. Filing status claimed. (Note: You cannot change from joint to separate returns after the due date has passed.)
 On original return: Single Married filing joint return Married filing separate return Head of Household Qualifying Widow(er)
 On this return: Single Married filing joint return Married filing separate return Head of Household Qualifying Widow(er)

Income and Deductions	A. As originally reported or as adjusted (See instructions)	B. Net change-increase or (Decrease)-explain on page 2	C. Correct amount
1 Total income (see instructions)	110,090	62,641	172,731
2 Adjustments to income (see instructions)	1,500		1,500
3 Adjusted gross income (subtract line 2 from line 1)	108,590	62,641	171,231
4 Deductions (see instructions)	18,259	436	18,695
5 Subtract line 4 from line 3	90,331	62,205	152,536
<i>Note: If this return is for 1980, and you use the tax tables, do not complete lines 6 and 7. Instead, enter on line 8 the tax on the income you reported on line 5.</i>			
6 Exemptions from page 2, line 5	3,750		3,750
7 Taxable income (subtract line 6 from line 5)	86,581	62,205	148,786
Tax Liability			
8 Tax (see instructions) (method used in column C <u>Schedule G</u>)	31,950	31,800	63,750
9 Credits (such as residential energy credit, credit for the elderly—see instructions)			
10 Subtract line 9 from line 8	31,950	31,800	63,750
11 Other taxes (such as self-employment tax, alternative minimum tax)	4,260	(2,091)	2,169
12 Total tax liability (add line 10 and line 11)	36,210	29,709	65,919
Payments			
13 Federal income tax withheld and excess FICA and RRTA tax withheld	3,345		3,345
14 Estimated tax payments	11,000		11,000
15 Earned income credit			
16 Credits for Federal tax on special fuels, regulated investment company, etc.			
17 Amount paid with Form 2688 or Form 4868 (application for extension of time to file)			
18 Amount paid with original return, plus additional tax paid after it was filed			21,865
19 Total of lines 13 through 18, column C			36,210

Refund or Amount You Owe

20 Overpayment, if any, as shown on original return (or as previously adjusted by IRS)

21 Subtract line 20 from line 19 (see instructions) *Includes interest of \$23,750 through 8/20/84

22 **AMOUNT YOU OWE** If line 12, column C is more than line 21, enter difference. Please pay in full with this return ***53,459**

23 **REFUND to be received.** If line 12, column C is less than line 21, enter difference

Please Sign Here

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Taxpayer's signature: *[Signature]* Date: **8/19/84** Spouse's signature (if filing jointly, BOTH must sign): *[Signature]*

Paid Preparer's Use Only

Preparer's signature: *[Signature]* Date: **8-19-84** Check if self-employed: Preparer's social security no.: **050 30 1854**

Firm's name (or your name if self-employed) and address: **Arthur Young & Co., 277 Park Ave., New York, NY** E.I. No.: **13 5554208** ZIP code: **10172**

84040491832

PART I.—Exemptions (See Form 1040 or Form 1040A Instructions)

Complete lines 1 through 5 in all cases. Complete lines 6 and 7 only if you claim more exemptions.

	A. Number originally reported	B. Net change	C. Corrected number
1 Exemptions—yourself and spouse, 65 or over, blind	2		2
2 Your dependent children who lived with you	3		3
3 Other dependents			
4 Total exemptions (add lines 1 through 3)	5		5
5 Multiply \$1,000 by the total number of exemptions claimed on line 4. Enter this amount here and, if applicable, on page 1, line 6	3,750		3,750

6 Enter first names of your dependent children who lived with you, but were not claimed on original return: Enter number ►

7 Other dependents not claimed on original return:

(a) Name	(b) Relationship	(c) Number of months lived in your home	(d) Did dependent have income of \$1,000 or more?	(e) Did you provide more than one-half of dependent's support?	Enter number ► <input type="checkbox"/>

PART II.—Explanation of Changes to Income, Deductions, and Credits

Enter the line reference from page 1 for which you are reporting a change and give the reason for each change. Attach applicable schedules.

If the change pertains to a net operating loss carryback, an investment credit carryback, a WIN credit carryback, a jobs credit carryback, or a research credit carryback Check here ►

Line 1

Miscellaneous income was overstated by \$260. A combined short and long term net gain of \$62,901 was not included in the original return. (see schedule D)

Line 4

The sales tax calculation using the sales tax table was redone based on the higher income.

Line 11

Minimum tax has decreased due to the increased income tax.

PART III.—Presidential Election Campaign Fund

Checking below will not increase your tax or reduce your refund.

If you did not previously want to have \$1 go to the fund but now want to Check here ►

If joint return and if spouse did not previously want to have \$1 go to the fund but now wants to Check here ►

84040491833

SCHEDULE TC
(Form 1040)

Department of the Treasury
Internal Revenue Service

Tax Computation Schedule

▶ Attach to Form 1040.

1978

Name(s) as shown on Form 1040

John A. and Geraldine Zaccaro

Your social security number

061-130-8534

Part I Computation of Tax for Taxpayers Who Cannot Use the Tax Tables

Use this part to figure your tax if:

- Your income on Form 1040, line 34, is more than \$20,000 and you checked Filing Status Box 1, 3, or 4 on Form 1040.
- Your income on Form 1040, line 34, is more than \$40,000 and you checked Filing Status Box 2 or 5 on Form 1040.

- You had more exemptions than were covered in the Tax Table for your filing status.
- You figure your tax using the alternative tax computation on Schedule D (Capital Gains and Losses), Schedule G (Income Averaging), or Form 4726 (Maximum Tax on Personal Service Income).

- 1 Enter the amount from Form 1040, line 34
- 2 Multiply \$750 by the total number of exemptions claimed on Form 1040, line 7
- 3 Taxable income. Subtract line 2 from line 1. (Figure your tax on this amount by using the Tax Rate Schedules or one of the other methods listed on line 4.)
- 4 Income tax. Enter tax and check if from: Tax Rate Schedule X, Y, or Z, Schedule D, Schedule G, or Form 4726

1	152,536
2	3,750
3	148,786
4	63,930
5	
6	
7	
8	
9	180
10	180
11	63,750

General Tax Credit

- 5 Multiply \$35 by the total number of exemptions claimed on Form 1040, line 7. (If you are married filing a separate return, skip lines 6 through 9 and enter the amount from line 5 on line 10.)
- 6 Enter the amount from line 5, above
- 7 Enter $\left\{ \begin{array}{l} \$3,200 \text{ if you are married filing a joint return or a qualifying widow(er)} \\ \$2,200 \text{ if you are single or an unmarried head of household} \end{array} \right.$
- 8 Subtract line 7 from line 6
- 9 Enter 2% of line 8 (but do not enter more than \$180)

5	175
6	
7	
8	
9	180

- 10 General tax credit. Enter the amount from line 5 or line 9, whichever is larger
- 11 Tax. Subtract line 10 from line 4. (If \$0 or less, enter \$0.) Enter this amount on Form 1040, line 35

Part II Computation for Certain Taxpayers Who Must Itemize Deductions

If you are included in one of the groups below, you **MUST** itemize. If you must itemize and the amount on Schedule A (Form 1040), line 40, is more than your itemized deductions on Schedule A, line 39, you must complete Part II before figuring your tax.

You MUST itemize your deductions if:

- A. You can be claimed as a dependent on your parent's return and had interest, dividends, or other unearned income of \$750 or more and less than \$2,200 of earned income if single (less than \$1,600 if married filing a separate return).
- Note: If your earned income is more than your itemized deductions on Schedule A, line 39, enter your earned income in Part II, line 3, of this schedule, unless you are married filing a separate return and your spouse itemizes deductions. Generally, your earned income is the total of any amounts on Form 1040, lines 8,

- 13, and 19. See page 11 of the Instructions for Form 1040 for more details.
- B. You are married filing a separate return and your spouse itemizes deductions. (There is an exception to this rule. You don't have to itemize if your spouse must itemize only because he or she is described in A and enters earned income instead of itemized deductions on Part II, line 3, of this schedule. If this is the case, don't complete Part II. Go back to Form 1040, line 33, and enter \$0. Then go to Form 1040, line 34.)
- C. You file Form 4563 to exclude income from sources in U.S. possessions. (Please see Form 4563, and Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.)
- D. You had dual status as a nonresident alien for part of 1978, and during the rest of the year you were either a resident alien or a U.S. citizen. However, you don't have to itemize if at the end of 1978, you were married to a U.S. resident or citizen and file a joint return reporting your combined worldwide income.

- 1 Enter the amount from Form 1040, line 31
 - 2 Enter the amount from Schedule A, line 40
 - 3 Enter the amount from Schedule A, line 39
- Caution: If you can be claimed as a dependent on your parent's return, see the Note above. Be sure you check the box below line 33 of Form 1040.
- 4 Subtract line 3 from line 2
 - 5 Add lines 1 and 4. Enter here and on Form 1040, line 34. (Leave Form 1040, line 33 blank. Disregard the instruction to subtract line 33 from line 32. Follow the rest of the instructions for Form 1040, line 34.)

1	
2	
3	
4	
5	

Name(s) as shown on Form 1040: **John A. and Geraldine Zaccaro** Your social security number: **061 30 8534**

84040491836

Base Period Income and Adjustments	(a)	(b)	(c)	(d)
	1st preceding base period year 1977	2d preceding base period year 1976	3rd preceding base period year 1975	4th preceding base period year 1974
1 Enter amount from: Form 1040 (1977)—line 34 Form 1040A (1977)—line 10	42,548			
2 Multiply \$750 by the total number of exemptions claimed in 1977	4,500			
3 Taxable income (subtract line 2 from line 1). If less than zero, enter zero (see instructions) .	38,048	25,215	21,508	31,060
4 Income earned outside of the United States or within U.S. possessions and excluded under sections 911 and 931				
5 If you checked, on (2 or 5 enter \$3,200) (in columns) your 1978 Form (1 or 4 enter \$2,200) (b), (c) 1040, box (3 enter \$1,600) (and (d))		3,200	3,200	3,200
6 Base period income (add lines 3, 4 and 5) .	38,048	28,415	24,708	34,260
Computation of Averageable Income				
7 Taxable income for 1978 from Schedule TC (Form 1040), Part I, line 3	7	148,786		
8 Certain amounts received by owner-employees subject to a penalty under section 72(m)(5)	8			
9 Subtract line 8 from line 7	9	148,786		
10 Excess community income	10			
11 Adjusted taxable income (subtract line 10 from line 9). If less than zero, enter zero	11			148,786
12 Add columns (a) through (d), line 6, and enter here	12	125,431		
13 Enter 30% of line 12	13			37,629
14 Averageable income (subtract line 13 from line 11)	14			111,157

Do not complete rest of form if line 14 is \$3,000 or less. You do not qualify for income averaging.

Computation of Tax			
15 Amount from line 13		15	37,629
16 20% of line 14		16	22,231
17 Total (add lines 15 and 16)		17	59,860
18 Excess community income from line 10		18	
19 Total (add lines 17 and 18)		19	59,860
20 Tax on amount on line 19*		20	20,530
21 Tax on amount on line 17*	21	20,530	
22 Tax on amount on line 15*	22	9,680	
23 Subtract line 22 from line 21	23	10,850	
24 Multiply the amount on line 23 by 4		24	43,400
Note: If no entry was made on line 8 above, skip lines 25 through 27 and go to line 28.			
25 Tax on amount on line 7*	25		
26 Tax on amount on line 9*	26		
27 Subtract line 26 from line 25		27	
28 Tax (add lines 20, 24, and 27). Enter here and on Schedule TC (Form 1040), Part I, line 4 and check Schedule G box. Then go to Schedule TC (Form 1040), Part I, line 5		28	63,930

*Caution: Use Tax Rate Schedule X, Y or Z from the Form 1040 instructions to figure your tax on lines 20, 21, 22, 25 and 26. Do not use tax tables.

Name(s) as shown on Form 1040: **John A. and Geraldine Zaccaro**
Your social security number: **061 | 30 | 8534**

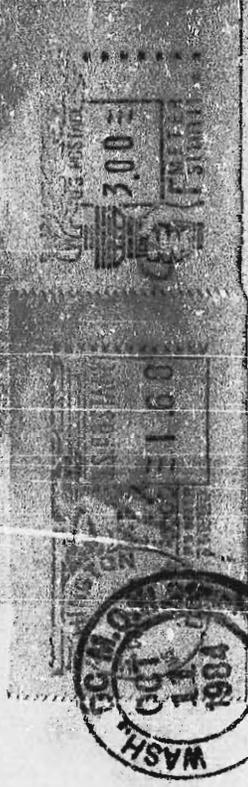
1 Tax Preference Items. File this form if the total of tax preference items (line 2) is more than \$10,000 (\$5,000 if married filing separately) even though you owe no minimum tax, OR if you have any minimum tax liability deferred from a previous taxable year until this year. If this is a short-period return, see instructions for line 8. Caution: See Limitations on Amounts Treated as Tax Preference Items in Certain Cases in instructions.		
(a) Adjusted itemized deductions		
(b) Accelerated depreciation on real property:		
(1) Low-income rental housing under section 167(k)		
(2) Other real property		
(c) Accelerated depreciation on personal property subject to a lease		
(d) Amortization of certified pollution control facilities		
(e) Amortization of railroad rolling stock		
(f) Amortization of on-the-job training facilities		
(g) Amortization of child care facilities		
(h) Reserves for losses on bad debts of financial institutions		
(i) Stock options		
(j) Depletion		
(k) Capital gains		43,962
(l) Intangible drilling costs		
2 Total tax preference items. Add lines 1(a) through 1(l)		43,962
3 Amount from Form 1040, line 47*	63,750	
4 Tax from recomputing prior-year investment credit		
5 Tax from recomputing prior-year Work Incentive (WIN) credit		
6 Tax on premature redemption of Individual Retirement Bond(s)		
7 Add lines 3 through 6	63,750	
8 Enter the larger of: (a) one-half of the amount on line 7, or (b) \$10,000 (\$5,000 if married filing separately)		31,875
9 Subtract line 8 from line 2 (if line 8 is more than line 2, enter zero)		12,087
10 Multiply amount on line 9 by 15% and enter here		1,813
11 Enter any 1978 net operating loss carryover to 1979 (attach statement showing computation)		
12 Multiply amount on line 11 by 15% and enter here		
13 Deferred minimum tax. Enter the smaller of amount on line 10 or line 12		
14 Minimum Tax. Subtract line 13 from line 10		1,813
15 Enter minimum tax deferred from previous year(s) until this year (attach statement showing computation)		
16 Total minimum tax. Add lines 14 and 15		1,813
17 Excess tax credits. See instructions for line 17 before completing this section. If Form 1040, line 47 is more than zero, this section will not apply; skip lines 17(a) through 18 and enter the amount from line 16 on line 19.		
(a) Credit for the elderly		
(b) Credit for political contributions		
(c) Credit for child care expenses		
(d) Residential energy credits		
18 Add lines 17(a) through 17(d)		
19 Subtract line 18 from line 16. Enter here and on Form 1040, line 49		1,813

*Do not include any tax imposed under sec. 402(e) (ordinary income portion of lump-sum distributions) or any partial tax under sec. 667 (accumulation distribution by trusts), or any penalty tax under sec. 72(m)(5).

84040491838

8 4 0 4 0 4 9 1 8 3 9

PRIORITY MAIL



FINER
 CLEAR
 P18 83428665
 MAIL

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036-1872

**CERTIFIED MAIL -
RETURN RECEIPT
REQUESTED**

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

PRIORITY MAIL

MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

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

DATE: DECEMBER 5, 1984

SUBJECT: MUR 1779 - Revised Letters
Memorandum to the Commission
dated December 3, 1984

The above-captioned matter was circulated to the Commission on a 24 hour no-objection basis at 11:00, December 4, 1984.

There were no objections to the revised letters at the time of the deadline.

84040491840



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *CC*
DATE: December 3, 1984
SUBJECT: MUR 1779 - Revised Letters - Memorandum to The Commission

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

CIRCULATIONS

DISTRIBUTION

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

84040491841



FEDERAL ELECTION COMMISSION
WASHINGTON, D. C. 20463

December 3, 1984

MEMORANDUM

TO: THE COMMISSION

FROM: CHARLES N. STEELE
GENERAL COUNSEL

KENNETH A. GROSS
ASSOCIATE GENERAL COUNSEL *KAG*

SUBJECT: REVISED LETTERS IN MUR 1779

Attached for your approval pursuant to the Certification of November 30, 1984 are the revised letters in MUR 1779.

84040491842



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

84 DEC 3 P 2:19

December 3, 1984

MEMORANDUM

TO: THE COMMISSION

FROM: CHARLES N. STEELE
GENERAL COUNSEL

KENNETH A. GROSS
ASSOCIATE GENERAL COUNSEL *KAG*

SUBJECT: REVISED LETTERS IN MUR 1779

Attached for your approval pursuant to the Certification of November 30, 1984 are the revised letters in MUR 1779.

24040491843

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Geraldine A. Ferraro)
The Geraldine A. Ferraro for)
Congress Committee (1978)) MURs 1764 and 1779
and David Blanksteen, as)
treasurer)
Manny L. Lerman)
Melro, a partnership)
John A. Zaccaro)
Polarob, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of November 27, 1984, do hereby certify that the Commission took the following actions in the above-captioned matter:

1. Decided by a vote of 6-0 to merge MUR 1764 into MUR 1779.

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

2. Decided by a vote of 6-0 not to reopen MUR 892.

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

3. Failed in a vote of 1-5 to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f) concerning 231 Centre Street.

Commissioner Reiche voted affirmatively. Commissioners Aikens, Elliott, Harris, McDonald, and McGarry dissented.

(continued)

84040491844

4. Failed in a vote of 3-3 to pass a motion to find reason to believe the 1978 Committee to Elect Geraldine Ferraro, and David Blanksteen as treasurer, violated 2 U.S.C. §§ 441b and 441a(f) concerning 231 Centre Street.

Commissioners Aikens, Elliott, and Reiche voted affirmatively for the motion; Commissioners Harris, McDonald, and McGarry dissented.

5. Failed in a vote of 2-4 to pass a motion to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b concerning 231 Centre Street.

Commissioners Aikens and Reiche voted affirmatively for the motion; Commissioners Elliott, Harris, McDonald, and McGarry dissented.

6. Failed in a vote of 2-4 to pass a motion to

- a) find reason to believe Melro violated 2 U.S.C. § 441a(a)(1) concerning 231 Centre Street; and
- b) find reason to believe Manny L. Lerman violated 2 U.S.C. § 441a(a)(1) concerning 231 Centre Street.

Commissioners Aikens and Reiche voted affirmatively for the motion; Commissioners Elliott, Harris, McDonald, and McGarry dissented.

(continued)

84040491845

7. Failed in a vote of 3-3 to pass a motion to find reason to believe John A. Zaccaro violated 2 U.S.C. § 441a(a)(1) concerning 231 Centre Street.

Commissioners Aikens, Elliott, and Reiche voted affirmatively for the motion; Commissioners Harris, McDonald, and McGarry dissented.

8. Decided by a vote of 6-0 to find no reason to believe that violations occurred concerning the sale of the mortgage on 230 Grand Street.

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

9. Failed in a vote of 3-3 to pass a motion to close the file.

Commissioners Harris, McDonald, and McGarry voted affirmatively for the motion; Commissioners Aikens, Elliott, and Reiche dissented.

10. Decided by a vote of 6-0 to reconsider the previous motion before the Commission.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the motion to reconsider.

(continued)

84040491846

11. Decided by a vote of 4-2 to close the file.

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

12. Decided by a vote of 6-0 to direct the Office of General Counsel to revise the letters to be sent in this matter and circulate them for Commission approval on a no-objection basis.

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

Attest:

11-30-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

34040491847



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Mr. John A. Zaccaro

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your client, John A. Zaccaro, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your client had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe John A. Zaccaro had violated 2 U.S.C. § 441a(a)(1) concerning transactions surrounding property at 231 Centre Street, New York, New York. The Commission was equally divided on the question of whether to find reason to believe these transactions caused a violation of the Act. Therefore, no further action will be taken against Mr. Zaccaro in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure

First General Counsel's Report

84040491843



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Thomas J. Schwarz, Esquire
Skadden, Arps, Meagher and Flom
919 Third Avenue
New York, New York 10022

RE: MURs 1764 and 1779
Manny L. Lerman
Melro Company

Dear Mr. Schwarz:

On August 27, September 14 and September 18, 1984, the Commission notified you of two complaints alleging your clients, Manny L. Lerman and the Melro Company, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your clients had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe Mr. Lerman and the Melro Company had each violated 2 U.S.C. § 441a(a)(1) due to their roles in transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe that your clients violated this section of the Act. Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

84040491849



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Geraldine A. Ferraro

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your client, Geraldine A. Ferraro, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your client had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe Geraldine A. Ferraro had violated 2 U.S.C. §§ 441b and 441a(f) due to her role in transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe that Ms. Ferraro had violated these sections of the Act. Therefore, no further action will be taken against Ms. Ferraro in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

84040491850



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
The Committee to Elect Geraldine A.
Ferraro (1978) and David Blanksteen, as
treasurer

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your clients, the Committee to Elect Geraldine A. Ferraro (1978) and David Blanksteen, as treasurer, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your clients had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe the Committee and Mr. Blanksteen, as treasurer, had violated 2 U.S.C. §§ 441b and 441a(f) concerning transactions surrounding property at 231 Centre Street, New York, New York. The Commission was equally divided on the question of whether to find reason to believe these transactions caused violations of the Act. Therefore, no further action will be taken against the Committee and Mr. Blanksteen in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure

First General Counsel's Report

84040491851



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

John F. Banzhaf, III
720 Twentieth Street, N.W.
Washington, D.C. 20052

RE: MUR 1764

Dear Mr. Banzhaf:

The Federal Election Commission has reviewed the allegations contained in your complaint dated August 22, 1984. The Commission considered your complaint on November 27, 1984. The Commission reached a number of determinations on this matter.

First, the Commission voted to merge MUR 1779 with MUR 1764 since the complaints in these two matters addressed related facts and allegations.

Secondly, the Commission determined that there was no reason to believe any of the respondents had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York. The Commission also determined not to reopen MUR 892.

The Commission also considered whether there was reason to believe the respondents had violated the Act due to their roles in the transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f). There were also insufficient votes to find reason to believe Mr. Manny L. Lerman and the Melro Company each violated 2 U.S.C. § 441a(a)(1). Finally, there were insufficient votes to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b.

The Commission also addressed the roles of John Zaccaro and the Geraldine Ferraro Committee (1978) ("the Committee") and David Blanksteen, as treasurer, in these transactions. The Commission was equally divided on the question of whether to find reason to believe John A. Zaccaro violated 2 U.S.C. § 441a(a)(1). The Commission was also equally divided on the question of whether to find reason to believe the Committee and Mr. Blanksteen, as treasurer, violated 2 U.S.C. §§ 441b and 441a(f). Therefore, no further actions will be taken against any of these respondents.

84040491852

John F. Banzhaf, III
Page 2

The Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should further information come to your attention which you believe establishes a violation of the Act, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

84040491853



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Robert C. Heckman, Chairman
Fund for a Conservative Majority
302 Fifth Street, N.E.
Washington, D.C. 20002

RE: MUR 1779

Dear Mr. Heckman:

The Federal Election Commission has reviewed the allegations contained in your complaint dated September 5, 1984. The Commission considered your complaint on November 27, 1984. The Commission reached a number of determinations on this matter.

First, the Commission voted to merge MUR 1779 with MUR 1764 since the complaints in these two matters addressed related facts and allegations.

Secondly, the Commission determined that there was no reason to believe any of the respondents had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York. The Commission also determined not to reopen MUR 892.

The Commission also considered whether there was reason to believe the respondents had violated the Act due to their roles in the transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f). There were also insufficient votes to find reason to believe Mr. Manny L. Lerman and the Melro Company each violated 2 U.S.C. § 441a(a)(1). Finally, there were insufficient votes to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b.

The Commission also addressed the roles of John Zaccaro and the Geraldine Ferraro Committee (1978) ("the Committee") and David Blanksteen, as treasurer, in these transactions. The Commission was equally divided on the question of whether to find reason to believe the Committee and Mr. Blanksteen, as treasurer, violated 2 U.S.C. §§ 441b and 441a(f). Therefore, no further actions will be taken against any of these respondents.

84040491854

Robert C. Heckman, Chairman
Page 2

The Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should further information come to your attention which you believe establishes a violation of the Act, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

84040491855

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Geraldine A. Ferraro)
The Geraldine A. Ferraro for)
Congress Committee (1978)) MURs 1764 and 1779
and David Blanksteen, as)
treasurer)
Manny L. Lerman)
Melro, a partnership)
John A. Zaccaro)
Polarob, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of November 27, 1984, do hereby certify that the Commission took the following actions in the above-captioned matter:

1. Decided by a vote of 6-0 to merge MUR 1764 into MUR 1779.

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

2. Decided by a vote of 6-0 not to reopen MUR 892.

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

3. Failed in a vote of 1-5 to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f) concerning 231 Centre Street.

Commissioner Reiche voted affirmatively. Commissioners Aikens, Elliott, Harris, McDonald, and McGarry dissented.

(continued)

84040491856

4. Failed in a vote of 3-3 to pass a motion to find reason to believe the 1978 Committee to Elect Geraldine Ferraro, and David Blanksteen as treasurer, violated 2 U.S.C. §§ 441b and 441a(f) concerning 231 Centre Street.

Commissioners Aikens, Elliott, and Reiche voted affirmatively for the motion; Commissioners Harris, McDonald, and McGarry dissented.

5. Failed in a vote of 2-4 to pass a motion to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b concerning 231 Centre Street.

Commissioners Aikens and Reiche voted affirmatively for the motion; Commissioners Elliott, Harris, McDonald, and McGarry dissented.

6. Failed in a vote of 2-4 to pass a motion to

- a) find reason to believe Melro violated 2 U.S.C. § 441a(a)(1) concerning 231 Centre Street; and
- b) find reason to believe Manny L. Lerman violated 2 U.S.C. § 441a(a)(1) concerning 231 Centre Street.

Commissioners Aikens and Reiche voted affirmatively for the motion; Commissioners Elliott, Harris, McDonald, and McGarry dissented.

(continued)

84040491857

7. Failed in a vote of 3-3 to pass a motion to find reason to believe John A. Zaccaro violated 2 U.S.C. § 441a(a) (1) concerning 231 Centre Street.

Commissioners Aikens, Elliott, and Reiche voted affirmatively for the motion; Commissioners Harris, McDonald, and McGarry dissented.

8. Decided by a vote of 6-0 to find no reason to believe that violations occurred concerning the sale of the mortgage on 230 Grand Street.

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

9. Failed in a vote of 3-3 to pass a motion to close the file.

Commissioners Harris, McDonald, and McGarry voted affirmatively for the motion; Commissioners Aikens, Elliott, and Reiche dissented.

10. Decided by a vote of 6-0 to reconsider the previous motion before the Commission.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the motion to reconsider.

(continued)

84040491853

11. Decided by a vote of 4-2 to close the file.

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

12. Decided by a vote of 6-0 to direct the Office of General Counsel to revise the letters to be sent in this matter and circulate them for Commission approval on a no-objection basis.

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

Attest:

11-30-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

84040491852



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 6, 1984

Robert C. Heckman, Chairman
Fund for a Conservative Majority
302 Fifth Street, N.E.
Washington, D.C. 20002

RE: MUR 1779

Dear Mr. Heckman:

The Federal Election Commission has reviewed the allegations contained in your complaint dated September 5, 1984. The Commission considered your complaint on November 27, 1984. The Commission reached a number of determinations on this matter.

First, the Commission voted to merge MUR 1779 with MUR 1764 since the complaints in these two matters addressed related facts and allegations.

Secondly, the Commission determined that there was no reason to believe any of the respondents had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York. The Commission also determined not to reopen MUR 892.

The Commission also considered whether there was reason to believe the respondents had violated the Act due to their roles in the transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f). There were also insufficient votes to find reason to believe Mr. Manny L. Lerman and the Melro Company each violated 2 U.S.C. § 441a(a)(1). Finally, there were insufficient votes to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b.

The Commission also addressed the roles of John Zaccaro and the Geraldine Ferraro Committee (1978) ("the Committee") and David Blanksteen, as treasurer, in these transactions. The Commission was equally divided on the question of whether to find reason to believe the Committee and Mr. Blanksteen, as treasurer, violated 2 U.S.C. §§ 441b and 441a(f). Therefore, no further actions will be taken against any of these respondents.

84040491850

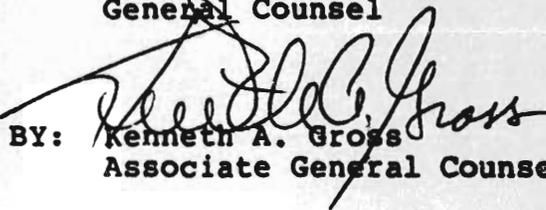
Robert C. Heckman, Chairman
Page 2

The Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a) (8).

Should further information come to your attention which you believe establishes a violation of the Act, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

84040491861



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 6, 1984

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Mr. John A. Zaccaro

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your client, John A. Zaccaro, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

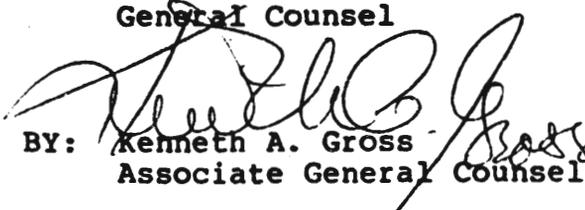
The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your client had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe John A. Zaccaro had violated 2 U.S.C. § 441a(a)(1) concerning transactions surrounding property at 231 Centre Street, New York, New York. The Commission was equally divided on the question of whether to find reason to believe these transactions caused a violation of the Act. Therefore, no further action will be taken against Mr. Zaccaro in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

84040491852



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 6, 1984

Thomas J. Schwarz, Esquire
Skadden, Arps, Meagher and Flom
919 Third Avenue
New York, New York 10022

RE: MURs 1764 and 1779
Manny L. Lerman
Melro Company

Dear Mr. Schwarz:

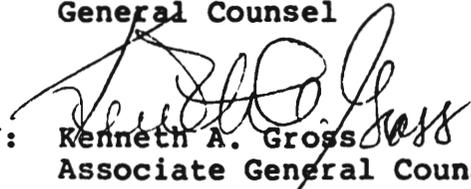
On August 27, September 14 and September 18, 1984, the Commission notified you of two complaints alleging your clients, Manny L. Lerman and the Melro Company, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your clients had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe Mr. Lerman and the Melro Company had each violated 2 U.S.C. § 441a(a)(1) due to their roles in transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe that your clients violated this section of the Act. Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

84040491863



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 6, 1984

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Geraldine A. Ferraro

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your client, Geraldine A. Ferraro, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

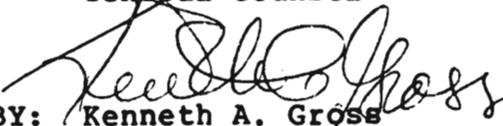
The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your client had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe Geraldine A. Ferraro had violated 2 U.S.C. §§ 441b and 441a(f) due to her role in transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe that Ms. Ferraro had violated these sections of the Act. Therefore, no further action will be taken against Ms. Ferraro in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

34040491864



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 6, 1984

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
The Committee to Elect Geraldine A.
Ferraro (1978) and David Blanksteen, as
treasurer

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your clients, the Committee to Elect Geraldine A. Ferraro (1978) and David Blanksteen, as treasurer, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

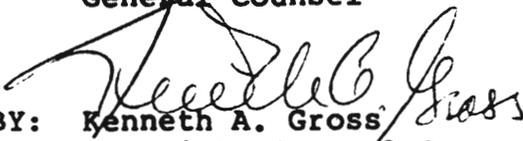
The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your clients had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe the Committee and Mr. Blanksteen, as treasurer, had violated 2 U.S.C. §§ 441b and 441a(f) concerning transactions surrounding property at 231 Centre Street, New York, New York. The Commission was equally divided on the question of whether to find reason to believe these transactions caused violations of the Act. Therefore, no further action will be taken against the Committee and Mr. Blanksteen in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

34040491865



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 6, 1984

John F. Banzhaf, III
720 Twentieth Street, N.W.
Washington, D.C. 20052

RE: MUR 1764

Dear Mr. Banzhaf:

The Federal Election Commission has reviewed the allegations contained in your complaint dated August 22, 1984. The Commission considered your complaint on November 27, 1984. The Commission reached a number of determinations on this matter.

First, the Commission voted to merge MUR 1779 with MUR 1764 since the complaints in these two matters addressed related facts and allegations.

Secondly, the Commission determined that there was no reason to believe any of the respondents had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York. The Commission also determined not to reopen MUR 892.

The Commission also considered whether there was reason to believe the respondents had violated the Act due to their roles in the transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f). There were also insufficient votes to find reason to believe Mr. Manny L. Lerman and the Melro Company each violated 2 U.S.C. § 441a(a)(1). Finally, there were insufficient votes to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b.

The Commission also addressed the roles of John Zaccaro and the Geraldine Ferraro Committee (1978) ("the Committee") and David Blanksteen, as treasurer, in these transactions. The Commission was equally divided on the question of whether to find reason to believe John A. Zaccaro violated 2 U.S.C. § 441a(a)(1). The Commission was also equally divided on the question of whether to find reason to believe the Committee and Mr. Blanksteen, as treasurer, violated 2 U.S.C. §§ 441b and 441a(f). Therefore, no further actions will be taken against any of these respondents.

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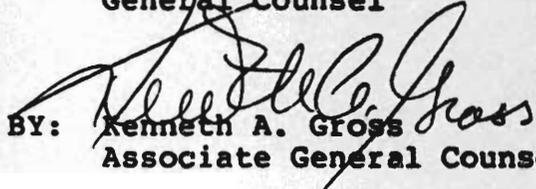
John F. Banzhaf, III
Page 2

The Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should further information come to your attention which you believe establishes a violation of the Act, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

Enclosure
First General Counsel's Report

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Mr. John A. Zaccaro

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your client, John A. Zaccaro, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your client had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe John A. Zaccaro had violated 2 U.S.C. § 441a(a)(1) concerning transactions surrounding property at 231 Centre Street, New York, New York. The Commission was equally divided on the question of whether to find reason to believe these transactions caused a violation of the Act. Therefore, no further action will be taken against Mr. Zaccaro in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

J. Blumstein
12/6/84

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Thomas J. Schwarz, Esquire
Skadden, Arps, Meagher and Flom
919 Third Avenue
New York, New York 10022

RE: MURs 1764 and 1779
Manny L. Lerman
Melro Company

Dear Mr. Schwarz:

On August 27, September 14 and September 18, 1984, the Commission notified you of two complaints alleging your clients, Manny L. Lerman and the Melro Company, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your clients had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe Mr. Lerman and the Melro Company had each violated 2 U.S.C. § 441a(a)(1) due to their roles in transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe that your clients violated this section of the Act. Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

J. Blumstein
12/16/84

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Geraldine A. Ferraro

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your client, Geraldine A. Ferraro, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your client had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe Geraldine A. Ferraro had violated 2 U.S.C. §§ 441b and 441a(f) due to her role in transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe that Ms. Ferraro had violated these sections of the Act. Therefore, no further action will be taken against Ms. Ferraro in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

J. Blinski
12/10/84

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
The Committee to Elect Geraldine A.
Ferraro (1978) and David Blanksteen, as
treasurer

Dear Mr. Pollack:

On August 27 and September 18, 1984, the Commission notified you of two complaints alleging that your clients, the Committee to Elect Geraldine A. Ferraro (1978) and David Blanksteen, as treasurer, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on November 27, 1984, considered both complaints and determined to merge MURs 1764 and 1779 and not reopen an investigation into MUR 892. Additionally, the Commission found no reason to believe that your clients had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York.

The Commission also considered whether there was reason to believe the Committee and Mr. Blanksteen, as treasurer, had violated 2 U.S.C. §§ 441b and 441a(f) concerning transactions surrounding property at 231 Centre Street, New York, New York. The Commission was equally divided on the question of whether to find reason to believe these transactions caused violations of the Act. Therefore, no further action will be taken against the Committee and Mr. Blanksteen in this matter.

The Commission has closed its file in this entire matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

J. Blmslein
12/10/84

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John F. Banzhaf, III
720 Twentieth Street, N.W.
Washington, D.C. 20052

RE: MUR 1764

Dear Mr. Banzhaf:

The Federal Election Commission has reviewed the allegations contained in your complaint dated August 22, 1984. The Commission considered your complaint on November 27, 1984. The Commission reached a number of determinations on this matter.

First, the Commission voted to merge MUR 1779 with MUR 1764 since the complaints in these two matters addressed related facts and allegations.

Secondly, the Commission determined that there was no reason to believe any of the respondents had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York. The Commission also determined not to reopen MUR 892.

The Commission also considered whether there was reason to believe the respondents had violated the Act due to their roles in the transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f). There were also insufficient votes to find reason to believe Mr. Manny L. Lerman and the Melro Company each violated 2 U.S.C. § 441a(a)(1). Finally, there were insufficient votes to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b.

The Commission also addressed the roles of John Zaccaro and the Geraldine Ferraro Committee (1978) ("the Committee") and David Blanksteen, as treasurer, in these transactions. The Commission was equally divided on the question of whether to find reason to believe John A. Zaccaro violated 2 U.S.C. § 441a(a)(1). The Commission was also equally divided on the question of whether to find reason to believe the Committee and Mr. Blanksteen, as treasurer, violated 2 U.S.C. §§ 441b and 441a(f). Therefore, no further actions will be taken against any of these respondents.

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J. Blenstein 12/10/84

John F. Banzhaf, III
Page 2

The Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should further information come to your attention which you believe establishes a violation of the Act, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Robert C. Heckman, Chairman
Fund for a Conservative Majority
302 Fifth Street, N.E.
Washington, D.C. 20002

RE: MUR 1779

Dear Mr. Heckman:

The Federal Election Commission has reviewed the allegations contained in your complaint dated September 5, 1984. The Commission considered your complaint on November 27, 1984. The Commission reached a number of determinations on this matter.

First, the Commission voted to merge MUR 1779 with MUR 1764 since the complaints in these two matters addressed related facts and allegations.

Secondly, the Commission determined that there was no reason to believe any of the respondents had violated any sections of the Act regarding the sale of a mortgage interest on property located at 230 Grand Street, New York, New York. The Commission also determined not to reopen MUR 892.

The Commission also considered whether there was reason to believe the respondents had violated the Act due to their roles in the transactions surrounding property at 231 Centre Street, New York, New York. There were insufficient votes to find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f). There were also insufficient votes to find reason to believe Mr. Manny L. Lerman and the Melro Company each violated 2 U.S.C. § 441a(a)(1). Finally, there were insufficient votes to find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b.

The Commission also addressed the roles of John Zaccaro and the Geraldine Ferraro Committee (1978) ("the Committee") and David Blanksteen, as treasurer, in these transactions. The Commission was equally divided on the question of whether to find reason to believe the Committee and Mr. Blanksteen, as treasurer, violated 2 U.S.C. §§ 441b and 441a(f). Therefore, no further actions will be taken against any of these respondents.

J. Blanksteen
12/6/84

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Robert C. Beckman, Chairman
Page 2

The Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a) (8).

Should further information come to your attention which you believe establishes a violation of the Act, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

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

DATE: DECEMBER 5, 1984

SUBJECT: MUR 1779 - Revised Letters
Memorandum to the Commission
dated December 3, 1984

The above-captioned matter was circulated to the Commission on a 24 hour no-objection basis at 11:00, December 4, 1984.

There were no objections to the revised letters at the time of the deadline.

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SENSITIVE

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

84 NOV 20 P12: 33

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 11/20/84-12:30

MURs 1764 and 1779
DATE COMPLAINT
RECEIVED BY OGC
1764: 8/22/84
1779: 9/6/84
DATE OF NOTIFICATIONS TO
RESPONDENTS

	<u>1764</u>	<u>1779</u>
Ferraro	8/27	9/14
Blanksteen	8/27	9/14
Zaccaro	8/27	9/18
Melro	8/27	9/18
Lerman	8/27&9/14	9/14
Polarob, Inc.	9/14	9/18

COMPLAINANTS' NAMES: MUR 1764: John F. Banzhaf III
1769: Fund for a Conservative Majority, by Robert C. Heckman, Chairman

RESPONDENTS' NAMES: Geraldine A. Ferraro
The Geraldine A. Ferraro for Congress Committee (1978) and David Blanksteen, as treasurer
Manny L. Lerman
Melro, a partnership
John A. Zaccaro
Polarob, Inc.

RELEVANT STATUTES: 2 U.S.C. § 441a(a) (1) (A)
2 U.S.C. § 441a(a) (3)
2 U.S.C. § 441a(f)
2 U.S.C. § 441b

SUMMARY OF ALLEGATIONS

The Office of General Counsel has received two complaints alleging several violations concerning the 1978 Congressional Committee to Elect Geraldine A. Ferraro. John F. Banzhaf III filed the first complaint on August 22, 1984 (MUR 1764). The

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Fund for a Conservative Majority brought the second complaint on September 6, 1984 (MUR 1779).^{1/} Both complaints allege illegal contributions resulted from the candidate's 1978 real estate transactions. Additionally, the complaint in MUR 1764 requests a reopening of MUR 892 to determine the truthfulness of representations made to the Commission concerning a conciliation agreement concluding MUR 892. Named as respondents in MURs 1764 and 1779 are Geraldine Ferraro, the 1978 Committee to Elect Geraldine A. Ferraro and David Blanksteen as treasurer, Manny L. Lerman, John A. Zaccaro, Polarob Inc., and Melro, a partnership. All respondents in both MURs, except Polarob Inc., have received copies of the complaint.^{2/}

This report discusses two general issues: 1) it examines certain commercial transactions; and 2) it examines new allegations regarding representations by Mr. Zaccaro and Mr. Blanksteen in MUR 892.

I. The Commercial Transactions

A. The Purchase and Sale of 231 Centre Street

(i) Transactions Surrounding the Property

The candidate's connection with the 231 Centre Street property is said to have begun on January 12, 1978, when Polarob,

^{1/} Both complaints are based solely on news accounts. Nevertheless, the Office of General Counsel believes the allegations are made with sufficient specificity and clarity to satisfy the Commission's standard of review in Directive 6.

^{2/} Initial attempts to contact Polarob were unsuccessful. This Office has since learned Polarob Inc, a New York Corporation, was dissolved on September 29, 1982. However, a copy of the Polarob complaint was sent to John Zaccaro.

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Inc. signed a contract of sale with Norfolk Properties Inc. and 231 Centre Street Corporation to purchase the property. Response of Geraldine A. Ferraro, John A. Zaccaro, and David Blanksteen at Exhibit 15 (hereinafter MUR 1764 Response). The contract of sale for 231 Centre Street provided that Polarob pay a total purchase price of \$175,500. Terms of payment were \$7,500 to be paid on the signing of the contract, \$43,395 to be paid at closing, and a note of \$124,605 secured by a first mortgage on the property.

Despite a clause in this agreement requiring a closing in February 1978, a final sale did not occur until May 1, 1978. On that day Polarob purchased the property. It immediately "signed the promissory note secured by the purchase money mortgage [and]... on the same day deeded its entire interest in the property, 50 percent to Melro Company, a family partnership of Manny Lerman, and 50 percent to Ms. Ferraro." MUR 1764 Response at 14. Ms. Ferraro and Melro paid the same price as Polarob - \$175,500. It is stated they advanced \$50,585 in cash and assumed a \$124,605 mortgage. MUR 1764 Complaint at Exhibit A. It is said that the role of Polarob was to insulate the buyers from personal liability. MUR 1764 Response at 14.

On October 5, 1978 Ms. Ferraro sold her one half share in the property to Melro Company.^{3/} This sale was negotiated by

^{3/} This sale followed a notification to the Committee from the FEC stating the Committee had received excessive family loans. The proceeds from this sale were loaned by the candidate to the Committee to repay these loans.

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Mr. Zaccaro and Mr. Lerman. MUR 1764 Response at 15. Although Ms. Ferraro and Mr. Lerman had paid \$175,500 for the property five months earlier, a valuation of \$325,000 was used in this second sale. Ms. Ferraro received approximately \$100,000 as the result of her sale.^{4/} Melro financed this buy-out by using money borrowed from Northeastern Trading Company, an entity controlled by Mr. Lerman. MUR 1764 Response at 21-22. Mr. Zaccaro subsequently repurchased this one half share in January 1979, paying Northeastern Trading Company \$100,000. It is admitted by Mr. Zaccaro and Mr. Lerman that this repurchase was pursuant to an understanding between the two reached shortly after the time of Ms. Ferraro's sale. In November 1980, the 231 Centre Street property was sold to W&N Enterprises for \$375,000.

(ii) The Allegations

Three specific allegations are made regarding the 231 Centre Street property transactions. First, it is alleged an illegal contribution occurred due to the October 1978 sale. This is alleged to have resulted because Mr. Zaccaro and Mr. Lerman set the value of the building at a price exceeding its fair market value with the understanding Mr. Zaccaro would later repurchase the property. Secondly, it is alleged that in October 1978, when Ms. Ferraro needed money to repay her campaign debts, "a sham backdated purchase from a corporation controlled by her husband

^{4/} This amount is reached by dividing the \$325,000 valuation in half (\$162,500) and subtracting Ms. Ferraro's \$62,000 obligation on one half of the mortgage.

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was arranged to provide the basis for an apparently bona fide sale". MUR 1764 Complaint at 2. Finally, it is alleged that Ms. Ferraro's purchase of her one-half interest in the property from Polarob "was made in anticipation of the need for campaign financing; so that she would have an asset in her name which could be sold quickly to her husband's business associates at a price which could easily be influenced in a variety of ways by her husband." Id.

(iii) Respondents' Defenses

a. The Valuation of the October 1978 Sale

First, respondents have attempted to show the October sale was a commercially reasonable one, and as such, did not result in a contribution. Their response offers three independent real estate appraisals and a letter comparing area sales. These estimate that the fair market value of the building in October 1978 was between \$300,000 to \$325,000. MUR 1764 Response at Exhibits 6-10. Although these appraisals were made in August 1984, the value of the property is assessed at its October 1978 value. The sale to an unrelated third party in November 1980 for \$375,000 is said to bolster the respondents' statements of valuation.

b. Evidence of the May 1978 Sale

Secondly, the respondents have provided proof of the date of the actual sale to Ms. Ferraro and Melro. A deed of title dated May 1, 1978 recording this second transfer is attached as an exhibit. Id. at Exhibit 14. The notarized statement of

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Polarob's vice president, Murray Kalik, which accompanies the deed, is also dated May 1, 1978. Id. The New York County real estate seal in the lower right hand corner of this statement is dated May 4, 1978. Therefore, the respondents have provided proof Ms. Ferraro and Melro purchased the property in May 1978. Accordingly, on these facts, there is no evidence to suggest the respondents backdated the deeds.

c. The Valuation of the May 1978 Sale

According to the Complaint and its attachments, Ms. Ferraro and Mr. Lerman obtained their interest in the 231 Centre Street property using Polarob as an intermediary. MUR 1764 Complaint at Exhibit E. Polarob's immediate transfer of the property and its alleged role as providing the mortgage funding for Ms. Ferraro and Melro were said to be a mechanism for allowing the candidate to purchase the property at less than its fair market value. The property was said to be given with the intention to permit the candidate to quickly liquidate her assets if the need for additional campaign financing arose. It is further alleged that the terms of this sale are not fully available from the public record and that the mortgage interest on this property cannot be located. MUR 1764 Complaint at 2 and at Exhibit C.

The respondents assert the 231 Centre Street property was purchased at such a favorable price because the original sellers had utilized most of the depreciation deductions for tax purposes, and because leases on the property were "not economic." MUR 1764 Response at 16. Moreover, it is stated that Polarob, a

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"shell corporation", was used in the May transactions so as to avoid personal liability. Id. at 14. Finally, the respondents assert the mortgage on this property is available from the public record.

B. Legal Analysis

2 U.S.C. § 441b provides that it is unlawful for a corporation to make a contribution in connection with any election to federal office. Further, this section provides that it is unlawful for any candidate or committee to receive such a corporate contribution. The 1976 Act defined a contribution as "a gift, subscription, loan, advance, or deposit of money or anything of value made for the purpose of influencing the nomination for election... of any person to Federal office...."

2 U.S.C. § 431(e)(1)(A) (1976). The 1976 Act stated an individual was deemed to be seeking nomination for an election when he has received contributions or has given his consent for any other person to receive contributions with a view to bringing about his nomination for election. 2 U.S.C. § 431(b)(2) (1976). The 1976 Act also imposed contribution limitations of \$1,000 per person per election. 2 U.S.C. § 441a(a)(1)(A). Additionally, candidates and political committees were prohibited from knowingly accepting a contribution exceeding the Act's limitations. 2 U.S.C. § 441a(f).

Ms. Ferraro purchased a one half interest in the property in May 1978 for \$175,500. The respondents admit the price was below fair market value. MUR 1764 Response at 5. Lerman Response

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at 1. It is alleged Ms. Ferraro needed this asset in case the need arose for additional campaign financing, and that Polarob, a company controlled by her husband provided a means to meet this need. Based on the facts presently available, further inquiry should be made into this arrangement involving parties closely familiar with one another. The possibility exists in this series of transactions that the low price paid by Ms. Ferraro after her intention to run for office was evident, combined with a substantially increased sale of the property five months later, leads to the conclusion that these events were in connection with and were intended to influence the election of Geraldine Ferraro.^{5/} In addition, Mr. Zaccaro's alleged role in procuring the May 1978 sale and his admitted role in negotiating the October sale in order to repay the excessive family loans further calls into question the commercial reasonableness of the transactions as not being at arms length.

The possibility of an illegal contribution is supported by several unanswered questions surrounding the January and May transactions. First, the composition of Polarob Inc. has not been fully explained by the responses. The complaint in MUR 1764 and the attached news accounts allege Polarob, Inc. is a "dummy corporation" controlled by John Zaccaro. This quote is attributed to a member of Polarob, Mr. Murray Kalik. MUR 1764

5/ The Committee did not file with the FEC until May 16 1978. The Act, as then written, did not require such a filing until within 10 days of organization or expected receipt of contributions. Further, strategy meetings, attested to in part two, took place in April 1978. 2 U.S.C. § 433(a) (1976).

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Complaint at E. The Response in MUR 1764 denies this, stating "Polarob was not a corporation either owned or controlled by Ms. Ferraro, Mr. Zaccaro, or the co-purchaser Melro Company." MUR 1764 Response at 14. However, neither response has addressed Mr. Kalik's statement specifically. Moreover, there are apparent ties between Polarob and all of the respondents. Polarob's vice president was Mr. Kalik. Mr. Kalik signed the January contract on behalf of Polarob and the May deed between Polarob and Ms. Ferraro and Melro. Mr. Kalik has been described as "Ferraro's attorney on the real estate transactions", MUR 1779 Complaint at Exhibit A; and as "... a principal in Polarob who was once a lawyer for Mr. Zaccaro". MUR 1764 Complaint at Exhibit E. It is unknown why Mr. Kalik would allege Mr. Zaccaro's control of this entity. Additionally, other ties are evident from the deed between Polarob and Ms. Ferraro and Melro. It states that Melro's offices are in the care of Mr. Kalik. MUR 1764 Response Exhibit 14. Mr. Lerman did not address this in his response.

Secondly, Polarob's status as a shell corporation has not been established. Although the respondents assert Polarob was without assets, they have not explained the source of the \$7,500 down payment made by Polarob to the original sellers in January 1978. Additionally, no evidence has been offered establishing whether Ms. Ferraro and Melro were in fact the real parties to the January contract.

Moreover, the complaint in MUR 1764 raises questions regarding the mortgage on the 231 Centre Street property. First,

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it has not been satisfactorily explained how Polarob, as a shell corporation, was able to obtain this mortgage. Additionally, the complaint in MUR 1764 and its attachments allege this mortgage is not on the public record. Id. at 2 and at Exhibit C. The response in MUR 1764 states the mortgage is recorded, but has not provided it with the other exhibits to their responses. Thus, it is unknown whether this mortgage is on the public record and if it was recorded in Ms. Ferraro and Melro's names.

An additional question is raised regarding the arrangements between Polarob and Ms. Ferraro and Melro. As previously stated the respondents have not offered any evidence of Ms. Ferraro's and Melro's role in the January contract. No evidence has been provided regarding any contract or agreement between Polarob and Melro and Ms. Ferraro. Moreover, the respondents have not offered any evidence of the actual payment of the May sale price.

The existence of all of these unanswered questions presents a sufficient basis that these transactions may not have been at arms length and that Polarob, a dissolved corporation, made a prohibited corporate contribution and that Ms. Ferraro received such an illegal contribution with the intention of utilizing these funds in the 1978 campaign in violation of 2 U.S.C. § 441b. Accordingly, this Office recommends the Commission find reason to believe Ms. Ferraro and the Committee to Elect Geraldine Ferraro and Polarob violated this section of the Act. It is further recommended that the Commission find reason to believe Melro and Mr. Lerman violated 2 U.S.C. § 441a(a)(1). Additionally, the candidate and her Committee may be found to have violated

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2 U.S.C. § 441a(f). In order to further explore any questions regarding Mr. Zaccaro's repurchase of the one-half interest in 231 Centre Street in January 1979, we recommend the Commission find reason to believe that Mr. Zaccaro made an excessive contribution to Geraldine Ferraro and the Committee. While Mr. Zaccaro appears in virtually all the transactions in question, on the information presently available, it does not appear that he was a party in those transactions until the repurchase in January 1979. Accordingly, a subpoena asking for documents is directed to Mr. Zaccaro and a subpoena for his deposition is recommended.

C. The Sale of the Mortgage at 230 Grand Street

(i) Factual Background

In addition to the sale of the property at 231 Centre Street, Ms. Ferraro also used proceeds from the sale of a mortgage interest to loan the Committee money to repay the excessive family loans. News accounts assert Ms. Ferraro and members of Mr. Lerman's family^{6/} acquired a mortgage interest in property located at 230 Grand Street in November 1977 from the National Bank of North America. News accounts state the value of the mortgage was \$70,000. Ms. Ferraro was said to have paid \$35,000 for a one-half interest. Id. The candidate sold this interest in September 1978, loaning the sale proceeds to the Committee. It is alleged she received \$30,000 for this asset, a \$5,000 discount having been taken on the face value of

^{6/} It is uncertain whether references to the Lerman family allude to their capacities as members of Melro, or whether they held individual shares in the mortgage.

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the mortgage. Id. The buyer of the interest was said to be Melro. Id.^{7/}

During the time Ms. Ferraro owned this mortgage interest respondents and related parties had interests in the underlying property. The First Grand Partnership owned the underlying property. MUR 1764 Complaint at Exhibit A. This entity was said to be composed of two other partnerships, Frajo and Melro. Frajo is said to be owned by Mr. Zaccaro and his mother. Melro is said to be composed of members of Mr. Lerman's family. MUR 1764 Complaint at Exhibit B.

(ii) Legal Analysis

The 1976 Act defined a contribution as "a gift, subscription, loan, advance, or deposit of money or anything of value made for the purpose of influencing the nomination for election,... of any person to Federal office...". 2 U.S.C. § 431(e)(1)(1976). No contribution appears to have resulted from the candidate's sale of this interest. The mortgage was purchased at face value from a commercial lender. There is no indication this sale was not commercially reasonable. The mortgage was sold at a discount of \$5,000, causing the candidate to sustain a loss. Accordingly, no contribution appears to have

^{7/} Neither complaint makes specific allegations of illegality regarding the candidate's subsequent sale of her interest, nor is the transaction addressed by the respondents. Because this transaction was prominently featured in news accounts, and in an effort to resolve any possible questions surrounding Ms. Ferraro's campaign financing, the sale of the mortgage is briefly discussed.

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flowed to the campaign. Therefore, this Office recommends the Commission find no reason to believe the sale of this mortgage resulted in any violations of the Act.

II. Representations Made to the Commission in
MUR 892 Regarding Advice Rendered by Counsel

(i) Factual Background

The Complaint in MUR 1764 urges a reopening of MUR 892. The basis of this request is conflicting accounts surrounding legal advice said to have been given to Ms. Ferraro and others regarding the propriety of the 1978 Committee's acceptance of family loans. MUR 892 named as respondents Mr. Zaccaro and Mr. Blanksteen, as treasurer.

In September 1978, the Reports Analysis Division of the Commission notified the Committee that loans exceeding \$1,000 made to the Committee appeared to violate the contribution limitations of the Act. The Committee asserted in a September 26, 1978 letter to the Commission that the family loans were made pursuant to the advice of counsel. After this Office opened a MUR, affidavits dated February 9, 1979, signed by Mr. Zaccaro and Mr. Blanksteen also stated these loans were made on the advice of counsel. Both identified Mr. David Stein, a former FEC lawyer, as the attorney providing this advice. The conciliation agreements signed by Mr. Zaccaro and the Committee on September 12, 1979, further asserted the loans were made on the advice of counsel.

Newspaper accounts attached to MUR 1764 reveal Mr. Stein has now publicly stated he advised the Committee in 1978 that family

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loans exceeding \$1,000 would not be permissible. MUR 1764 Complaint at Exhibit D. Mr. Stein was neither a respondent nor witness in MUR 892. Thus, this is the first time a question has been raised as to what advice he provided to the Committee.

Disputing Mr. Stein's public statements, respondents refer to the affidavits of Mr. Zaccaro and Mr. Blanksteen in MUR 892. Additionally, in response to MURs 1764 and 1779, they provide affidavits of four persons said to be present when Mr. Stein advised the Committee. MUR 1764 Response at Exhibits 1-4. All of these new affidavits recount a spring 1978 meeting at the candidate's home where Mr. Stein was introduced as an expert on election law. Three affidavits state Mr. Stein advised money could be raised without restriction if obtained from a candidate's family. The other affiant could not specifically recall this advice, but did remember that at the meeting's conclusion the group agreed the campaign would be funded from family loans and that Mr. Stein agreed with this manner of funding.

The respondents also provide two recent news accounts said to indicate Mr. Stein's recollection of his own advice is "fuzzy". MUR 1764 response at 3 and at Exhibits 5 and 6. Moreover, the consistent reporting of the receipt of these loans is said to further corroborate the respondents' accounts. Id. at 3.

(ii) Legal Analysis

The Commission has not previously considered the question of reopening a conciliation allegedly based on false grounds. It is

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the recommendation of the Office of the General Counsel that the Complainant's request to reopen MUR 892 be denied.

Notwithstanding the prominence of the respondents and the widespread circulation of Mr. Stein's allegations, there is insufficient evidence to warrant the reopening of a matter which has been closed for more than five years based on unsubstantiated recollections of an individual allegedly providing advice which differed from the recollections of those who sought this advice. This result is further warranted by the consistent and newly-bolstered contentions of the respondents that they were advised that the family loans were legal. Moreover, the conciliation agreement in MUR 892 has been fully performed by the parties. Additionally, a reopening would not address whether the underlying violation occurred - only a mitigating circumstance considered by the Commission in conciliating the violation.

This is not merely a circumstance of deciding whether to look behind affidavits based on conflicting information. The standard here concerns whether a conciliation agreement which constituted final action by the agency was induced on such false and misleading information as to warrant reopening. In sum, it is recommended that facts do not justify such a reopening. Accordingly, it is the recommendation of this Office that the Commission not reopen MUR 892.

RECOMMENDATIONS

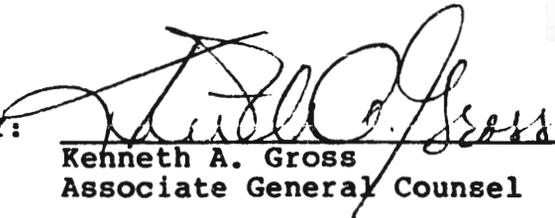
1. Merge MUR 1764 into MUR 1779.
2. Do not reopen MUR 892.

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3. Find reason to believe Geraldine A. Ferraro violated 2 U.S.C. §§ 441b and 441a(f) concerning the sale of 231 Centre Street.
4. Find reason to believe the 1978 Committee to Elect Geraldine Ferraro, and David Blanksteen, as treasurer, violated 2 U.S.C. §§ 441b and 441a(f) concerning the sale of 231 Centre Street.
5. Find reason to believe Polarob, Inc. violated 2 U.S.C. § 441b concerning the sale of 231 Centre Street.
6. Find reason to believe Melro violated 2 U.S.C. § 441a(a)(1) concerning the sale of 231 Centre Street.
7. Find reason to believe Manny L. Lerman violated 2 U.S.C. § 441a(a)(1) concerning the sale of 231 Centre Street.
8. Find reason to believe John A. Zaccaro violated 2 U.S.C. § 441a(a)(1) concerning the sale of 231 Centre Street.
9. Find no reason to believe that violations occurred concerning the sale of the mortgage on 230 Grand Street.
10. Approve the attached letters and subpoenas.

Charles N. Steele
General Counsel

November 20, 1984
Date

BY: 
Kenneth A. Gross
Associate General Counsel

Attachments
Responses
Letters
Subpoenas

84040491892

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October 11, 1984

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1764

Dear Mr. Steele:

This letter is submitted on behalf of Geraldine A. Ferraro, John A. Zaccaro and David Blanksteen in response to the complaint filed with the Federal Election Commission ("the Commission") by John H. Banzhaf III on August 23, 1984.

The complaint specifically raises two questions:

1) Did the 1978 Committee to Elect Geraldine Ferraro (the "Campaign Committee"), in accepting loans in excess of \$1000 from Mr. Zaccaro, the candidate's husband, act in good faith reliance on the advice of counsel that such loans were proper and lawful; and

2) Was the sale of certain assets by Ms. Ferraro to repay the family loans, found in the prior proceeding in this matter, MUR 892, to violate the Federal Election Campaign Act ("Act" or "FECA"), a legitimate

Attachment #1

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commercial transaction, which therefore involved no campaign contribution within the meaning of the Act?

We show in this response that neither of these questions raises any factual or legal issues that warrant further investigation by the Commission.

I. INTRODUCTION AND SUMMARY

A. The Advice of David Stein

In 1978, the Commission instituted an investigation in MUR 892 to determine whether loans made by Mr. Zaccaro to the Campaign Committee -- and reported by the Committee in its regular reports to the FEC -- violated the Act because they were in excess of the \$1000 ceiling on personal campaign contributions. In the course of that proceeding, Mr. Zaccaro and the Treasurer of the Campaign Committee, David Blanksteen, informed the Commission that the loans had been made and received in good faith, in reliance upon advice of counsel, David Stein, who had specifically advised them that such loans were permissible under the Act. See Affidavits of John A. Zaccaro and David Blanksteen dated February 9, 1979, and filed in MUR 892. The complaint here alleges that Mr. Stein now denies that he ever gave such advice to the Committee. Complaint ¶ 3. The complaint is not based on personal knowledge, but rather refers to several newspaper articles which reported Mr. Stein's statements.^{1/}

^{1/} In attesting to the complaint, Mr. Banzhaf states: "All of the alleged 'facts' presented herein are drawn from reports in the public press which in many cases are attached." Complaint at 3.

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The evidence is clear that Mr. Stein did advise the Campaign Committee, in the spring of 1978, that family loans in excess of \$1000 would be proper. Four witnesses -- in addition to Mr. Zaccaro and Mr. Blanksteen, who so stated in the prior proceeding -- have in the words of the complaint "come forward" to assert specifically and unequivocally that they heard Mr. Stein state that such loans were lawful. Affidavits of these witnesses are attached as Exhibits Nos. 1-4.

Moreover, the newspaper stories themselves reveal that Mr. Stein's own recent recollections are fuzzy, at best. In one account, Mr. Stein reportedly said: "I told them the loans could not be done that way." Human Events, Aug. 18, 1984, p. 19. In a later account, Mr. Stein was less sure about his advice: "I remember voicing my doubts as to the propriety of such loans." Human Events, Aug. 25, 1984, p. 15. These articles are attached as Exhibits Nos. 5 and 6. The shifting and uncertain recollection they report is in marked contrast to the uniform and unqualified recollections of John Zaccaro, David Blanksteen, and the four other witnesses who were present and heard the advice given by Mr. Stein.

Finally, the attached affidavits are strongly corroborated by surrounding circumstances. The loans in question were all made after the Campaign Committee had heard from Mr. Stein, and were all duly and accurately disclosed to the Commission. It is hardly plausible that these actions would have been taken -- that is, that the family loans would have been made by Mr. Zaccaro, accepted by the Campaign Committee, and fully reported to the Commission -- in the face of advice that the campaign could not lawfully be

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financed by such loans. In other words, the actions taken are themselves evidence of the advice that was given -- namely, that family loans in excess of \$1000 were proper.

In sum, there is nothing here to investigate because there is no reason to believe that the proceedings in MUR 892 were based on an incorrect factual premise concerning the advice given to the Campaign Committee by Mr. Stein. On the contrary, the credible evidence points in the opposite direction and confirms that it would be senseless and inappropriate to reopen that proceeding.

B. The Sale of 231 Centre Street

The Commission should similarly find no reason to believe that any violations of the Act occurred with respect to the second issue. In order to repay, as quickly as possible, the family loans challenged by the Commission as unlawful, Ms. Ferraro sold two assets. First, she sold a one-half interest in a parcel of land with a commercial building on it located at 231 Centre Street in lower Manhattan. In addition, she sold a one-half interest in a mortgage on a property known as 230 Grand Street in lower Manhattan. The complaint does not challenge the sale of the mortgage interest for \$30,000; but it asserts that the sale of the one-half interest in 231 Centre Street may have been "'a device to allow Zaccaro to channel money to his wife's campaign in spite of federal spending limits.'" Complaint ¶ 5.

Here, the facts establish that the transaction was a sale at fair market value and not in any sense in conflict with the provisions of the

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FECA. On May 1, 1978, Ms. Ferraro acquired an undivided one-half interest in 231 Centre Street pursuant to a purchase contract of January 12, 1978, which set the price for the property at \$175,500, a figure well below its fair market value. In order to repay the family loans to her Campaign Committee, Ms. Ferraro on October 5, 1978, sold her interest in the property to the holder of the other 50 percent share. The negotiated price she received -- \$162,250 -- represented one-half of the commercial value of the property at the time. In order that the Zaccaro-Ferraro family not lose the favorable investment made by Ms. Ferraro in May 1978, Mr. Zaccaro in January 1979 purchased a one-half interest in the property from the same person to whom that interest had been sold by Ms. Ferraro in October 1978.

Both the price paid on a later sale of the property in November 1980 to an independent party, \$375,000, and three independent appraisals of the property's value as of October 1978 confirm that the price Ms. Ferraro received was fair and reasonable. The appraisals, attached as Exhibits Nos. 7-10, establish the fair market value of the property at the time of her sale as ranging from \$300,000 to \$325,000. Accordingly, since Ms. Ferraro sold her half-interest at a fair and reasonable price, the transaction did not constitute a contribution, in whole or in part, and there was nothing standing in the way of her use of the proceeds to enable her Campaign Committee to repay the family loans.

As we show in more detail below, the suggestion that the sale of 231 Centre Street was other than a normal commercial transaction is based upon misinformation that appeared in the press reports attached to the complaint.

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We will address each of these errors, as set forth in the complaint, in turn. What this effort shows is that no evidence has been uncovered that would justify a new proceeding or a reopening of the prior proceeding in this matter.

First, however, we address the allegations concerning Mr. David Stein.

I. THERE IS NO REASON TO REOPEN MUR 892 OR TO CONDUCT A FURTHER INVESTIGATION AS TO THE ADVICE GIVEN THE CAMPAIGN COMMITTEE BY DAVID STEIN.

A. Mr. Stein's Advice

In the spring of 1978, Ms. Ferraro held several meetings at her home to organize her campaign for a seat in the House of Representatives. At one such meeting, a young attorney by the name of David Stein was present. Mr. Stein was introduced to the group as a lawyer who had worked for the Federal Election Commission and who was an expert on federal election law. In attendance at that meeting were: Ms. Ferraro and her husband, Mr. Zaccaro, David Blanksteen, Constance Mandina, Mildred and Clyde Snyder, Patricia Flynn, Patricia M. Reilly, and Carmine Parisi. See Affidavits of Ms. Flynn, Ms. Reilly, Ms. Mandina, and Mr. Parisi, Exhibits Nos. 1-4.

Among the subjects discussed at this meeting was the matter of campaign financing. The question was raised as to whether there was any limit on the amount of money that family members could loan to the campaign. Mr. Stein addressed that issue. He specifically advised the group, after consulting the books he had brought with him, that there were no limits on the amount of

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money family members could loan to the campaign. Exhibit No. 1 at 2-3; Exhibit No. 2 at 2; Exhibit No. 3 at 3; Exhibit No. 4 at 2.^{2/}

This is the clear recollection of Ms. Mandina, Ms. Flynn, Ms. Reilly, and Mr. Parisi, as set forth in their affidavits. Their recollections are fully consistent with the affidavits submitted in the prior MUR 892 by Mr. Zaccaro and Mr. Blanksteen. Thus, contrary to the assertion in the complaint, ¶ 3, there is ample sworn testimony that confirms that Mr. Stein advised the Committee that family loans in excess of the \$1000 ceiling were a lawful and appropriate means of campaign financing.

B. MUR 892

Beginning on May 10, 1978, after the meeting with Mr. Stein took place, Mr. Zaccaro began making loans to the Campaign Committee. The May 10 loan, together with three additional loans made on June 20, 1978, were disclosed to the Commission, in a timely fashion, in the Committee's July 10,

^{2/} In fact, at the meeting he handed out one of the books he relied on, an FEC booklet published in December 1975 entitled Major Provisions of the Federal Election Campaign Law. Relevant pages are attached as Exhibit No. 11. The booklet was out of date. However, it appears to have provided the basis for Mr. Stein's erroneous advice. Page 22 of the booklet discusses "Expenditures from Personal Funds." It states that "[n]o CANDIDATE may make EXPENDITURES from his personal funds or those of his immediate family in connection with his election campaign which exceed * * * \$25,000 in the case of any . . . House CANDIDATE." The booklet then explains that "[i]mmediate family includes the CANDIDATE'S spouse, and any child, parent, grandparents, brothers or sisters of the CANDIDATE and the spouses of those PERSONS." These expenditure limitations were invalidated on First Amendment grounds in Buckley v. Valeo, 424 U.S. 1 (1976), as Mr. Stein must have known. Apparently, Mr. Stein assumed that since the \$25,000 limitation had been lifted on expenditures, both candidates and members of their families were then free to contribute to a campaign without limitation. He was wrong; but that was the advice he gave.

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1978, Quarterly Report of Receipts and Expenditures.^{3/} On September 11, 1978, the Committee received notice from the Commission that loans in excess of \$1000 were prohibited -- even if made by family members. On September 18, 1978, the Committee was further notified by the Clerk of the House of Representatives that while the matter of family loans was "the subject of some confusion," the law now prohibited loans from family members in excess of \$1000.

The FEC advised the Campaign Committee that the amount of unlawful loans was \$130,000.^{4/} On October 5, 1978, the loans were repaid. Thereafter, the Campaign Committee and Mr. Zaccaro entered into conciliation agreements with the Commission resolving the matter and paid fines respectively of \$500 and \$250. Copies of the agreements are attached as Exhibits Nos. 12 and 13.

C. Mr. Stein's Denial

Nearly five years after MUR 892 was closed, and shortly after Ms. Ferraro was nominated by the Democratic Party as a candidate for Vice President, an article appeared in a weekly newspaper called Human Events reporting that Mr. Stein had denied that he advised the Campaign Committee that family loans in any amount were lawful under the Act. According to the

^{3/} Additional loans from Mr. Zaccaro were disclosed in reports to the Commission filed on September 6, 1978, and September 21, 1978.

^{4/} After proceeding further, the Commission determined that only \$110,000 of the loans were unlawful. See Letter to John A. Zaccaro from William C. Oldaker, General Counsel, Federal Election Commission, dated January 11, 1979, In re MUR 892. The remaining \$20,000 was loaned to the Committee from the accounts of Ms. Ferraro's children as to which Ms. Ferraro was the custodian. Under the Act, these funds were in the constructive control of the custodian -- here the candidate -- and their use was therefore permissible.

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article, he further denied that he had ever met Mr. Zaccaro. Human Events, Aug. 18, 1984, p. 19 (Exh. No. 5). Both of these denials are flatly inconsistent with the sworn statements of the other persons who attended the meeting where the advice was given.

The news reports respecting Mr. Stein are themselves not consistent. In some newspaper articles, Mr. Stein is said to have asserted that he plainly told the Campaign Committee that it could not accept family loans in excess of \$1000. See id. In other articles, Mr. Stein reportedly only says that he "voic[ed] my doubts." Human Events, Aug. 25, 1984, p. 15 (Exh. No. 6).

The truth is, however, that he did neither. On the contrary, Mr. Stein told the supporters of the Ferraro campaign that family loans in any amount were proper. His reported denial now, when judged against the attached affidavits and viewed in the light of the fact that the Campaign Committee accepted and openly disclosed the receipt of these loans after the advice was provided, is simply not credible. However understandable as a self-serving attempt to protect his professional reputation, Mr. Stein's denial lacks the indicia of reliability that could possibly justify any further investigation.

D. The Commission's Treatment of Family Loans

1. The Legality of Family Loans

Mr. Stein was not alone in having difficulty interpreting the statutory provisions of the FECA as they concern family loans. The Commission itself has taken different positions on the meaning of the Act. Thus, in 1975, the Act was interpreted as permitting a candidate to use the funds of an

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immediate family member as though those funds were the candidate's own funds, up to the \$25,000 aggregate limit on contributions by individuals. See Buckley v. Valeo, 519 F.2d 821 (D.C. Cir. 1975), and Advisory Opinion 1975-65, "Contribution from Immediate Family for Senate Campaign," 1 Fed. Elect. Camp. Fin. Guide (CCH) ¶ 5159 (Dec. 16, 1975). However, in 1976, the Supreme Court in its decision in Buckley v. Valeo, 424 U.S. 1 (1976), rejected this interpretation of the statute. The Commission then interpreted the Act so as to subject immediate family members to the \$1000 contribution limit. Advisory Opinion 1976-26, "Contributions by Family Members," 1 Fed. Elect. Camp. Fin. Guide (CCH) ¶ 5220 (Sept. 20, 1976).

Under this interpretation of the Act, the Commission had a further problem. Candidates and spouses living in community property states were treated differently than those living in non-community property states. In community property states, the candidate usually had full access to his or her spouse's property acquired during marriage, even though that property was in the spouse's name alone. Thus, the Commission found no violations in enforcement actions respecting spousal contributions or loans which took place in community property states. E.g., In re Jane Fonda and the Hayden for Senate Committee, MUR 149 (June 22, 1977); In re Dole for President Committee, MUR 1257 (Nov. 10, 1981); In re Corcoran for Congress Committee, MUR 943 (April 6, 1982). In each of these cases, however, the Commission would have found a violation had the candidate and his or her spouse lived in a non-community property state.

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Recently, this disparity in treatment was partially remedied by the Commission. A candidate has always been permitted to use the assets of a family member if at the time of becoming a candidate he or she legally had access to or control over those assets and had either title to or an equitable interest in those assets. See 11 C.F.R. § 110.10(b)(1). The question whether the candidate had a legal right of access to or control over the assets of a family member has been determined under state law which imported the community property/non-community property dichotomy. Now, however, the Commission has promulgated a new regulation which allows candidates to use up to one-half of property held jointly with a spouse, even in non-community property states. 11 C.F.R. § 110.10(b)(3). This regulation -- had it been in effect in 1978 -- would have enabled Ms. Ferraro to avoid the problems she faced in 1978 by using her share of one of the family residences as security for a loan to finance her campaign.

2. Enforcement

The confusion in the law is reflected in the leniency shown by the Commission when violations in this area have been found. We have located 20 completed cases in which family loans were investigated by the Commission.^{5/}

^{5/} In re Jane Fonda and the Hayden for Senate Committee, MUR 149 (June 22, 1977); In re J. Carole Keahey, MUR 384 (Mar. 23, 1978); In re Clifford A. Jones, MUR 605 (Nov. 1, 1978); In re Mrs. Marjorie Bell, MUR 659 (Apr. 14, 1980); In re Burton W. Hales, Jr., MUR 693 (Sept. 13, 1978); In re Charles Hamilton, MUR 772 (Mar. 23, 1979); In re Corcoran for Congress Committee, MUR 943 (Apr. 4, 1982); In re John Adams, MUR 967 (July 14, 1980); In re Garv Hinds, MUR 969 (Feb. 12, 1982); In re Garland Miller, MUR 982 (Feb. 12, 1980); In re Friends of Roger Jepsen, MUR 1042 (May 30, 1980); In re Walter

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In every case where the family loan was properly disclosed, as were the Zaccaro loans, the fine imposed on any one respondent was \$750 or less. Only in cases where the loan was not disclosed at all, or where it was erroneously reported as a personal loan from the candidate, was a more substantial fine imposed. See In re J. Carole Keahey, MUR 384 (March 23, 1970) -- no report of the loan made; In re Mrs. Marjorie Bell, MUR 659 (April 14, 1980) -- no report of the loan made; In re Walter Flowers for U.S. Senate Committee, MUR 1098 (Oct. 5, 1982) -- family loan from the brother of the candidate to the candidate who reported it as a personal loan to the campaign; In re Slade Gorton for United States Senate Committee, MUR 1301 (Feb. 3, 1982) -- family loan reported as personal loan of candidate; In re Pamela Le Boutillier, MUR 1456 (Nov. 25, 1983) -- family loan reported as personal loan of the candidate.

In short, the Commission's treatment of the improper loans to Ms. Ferraro's campaign was wholly in conformity with its actions in other family loan cases.

E. Conclusion

Under these circumstances, there is no justification for proceeding further with this matter. The then improper loans were dealt with fully in

(Footnote continued from preceding page)

Flowers for U.S. Senate Committee, MUR 1098 (Oct. 5, 1982); In re Quinn for Congress Committee, MUR 1134 (June 18, 1980); In re Easterly for Congress, MUR 1152 (Feb. 14, 1980); In re Thomas Upson, MUR 1174 (July 9, 1981); In re Dole for President Committee, MUR 1257 (Nov. 10, 1981); In re Slade Gorton for United States Senate Committee, MUR 1301 (Feb. 3, 1982); In re Pat Hamilton for Congress Committee, MUR 1323 (Aug. 18, 1981); In re Pamela Le Boutillier, MUR 1456 (Nov. 25, 1983); In re Orloski for Congress Committee, MUR 1480 (Apr. 27, 1983).

MUR 892, and appropriate fines assessed, on a factual record accurately reflecting that those loans were made in reliance on David Stein's erroneous legal advice. The complaint has done nothing to impeach that record which, on the contrary, is buttressed by the attached affidavits. The penalties imposed were consistent with the fines levied in similar cases where family loans were made to campaigns in excess of the \$1000 ceiling. Accordingly, the Commission should reject the allegations of the complaint respecting the loans.

II. THERE IS NO BASIS FOR FURTHER INVESTIGATION
WITH RESPECT TO THE SALE OF 231 CENTRE STREET.

In seven lettered paragraphs 5A - G, the complaint alleges certain facts concerning 231 Centre Street that, the complaint asserts, suggest that Ms. Ferraro's sale of her interest in that property did not constitute a legitimate business transaction. The alleged facts are largely inaccurate and the conclusion drawn from them by the complaint is both erroneous and contrary to other independent facts which establish the sale as a legitimate transaction at fair market value.

A. Ms. Ferraro's Purchase of a One-Half
Interest in 231 Centre Street

Ms. Ferraro acquired an undivided one-half interest in the 231 Centre Street property on May 1, 1978, by a deed which was duly recorded. Exhibit No. 14 hereto. The details of the transaction were as follows:

On January 12, 1978, Norfolk Properties, Inc., and 231 Centre Street Corporation, the owners of 231 Centre Street, signed a contract to sell the property to Polarob Realty Corporation. Exhibit No. 15 hereto. The purchase

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price was \$175,500. The contract provided that \$7,500 would be paid on the signing of the contract and \$43,395 at the closing, with a purchase money mortgage of \$124,605.

The purchasers were able to obtain the agreement of the sellers that they would not be personally liable for the repayment of the mortgage loan. Such an arrangement is not uncommon in connection with the sale of commercial real estate and can be carried out in two ways. One is to have the buyers execute a promissory note that provides in terms that it is "non-recourse." The buyers here employed an alternative two-step transaction. The property was deeded, at the closing on May 1, 1978, to a shell corporation, Polarob. Polarob was not a corporation either owned or controlled by Ms. Ferraro, Mr. Zaccaro or the co-purchaser, Melro Company. Polarob had no assets. It signed the promissory note secured by the purchase money mortgage. In the second step of the transaction, Polarob on the same day deeded its entire interest in the property, 50 percent to Melro Company, a family partnership of Manny Lerman, and 50 percent to Ms. Ferraro. With the deed transferring title to Melro and Ms. Ferraro, and the underlying mortgage, both dated May 1, 1978, duly recorded,^{6/} there is "irrefutable proof" to verify when the purchase of the property was made. The recordation refutes any claim that the transaction was a "sham backdated purchase from a corporation controlled by her husband

^{6/} Contrary to complainant's allegation, ¶ 5C, the mortgage dated May 1, 1978, was duly recorded at the Office of the Clerk of New York County, Reel 437, page 144.

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* * * arranged to provide the basis for an apparently bona fide sale."

Complaint ¶ 5C.

B. The Sale of Ms. Ferraro's One-Half
Interest in the Property

Upon receiving notice from the Commission on September 11, 1978, that her Campaign Committee had accepted unlawful loans from her family in the amount of \$130,000, Ms. Ferraro determined to sell her one-half interest in 231 Centre Street -- as quickly as possible -- in order to repay the loans. She accomplished the transfer on October 5, 1978, deeding her interest to Melro Company, the owner of the other half of the property. Mr. Zaccaro, who negotiated the sale, and Mr. Lerman, both experienced in dealing with the real estate of lower Manhattan where 231 Centre Street was located, agreed, without need for an appraisal, that the fair market value of the property at that time was \$325,000. Accordingly, in order to buy Ms. Ferraro's one-half interest, Melro paid her \$100,000 in cash and took the property subject to her \$62,250 share of the outstanding mortgage.

The complaint suggests in paragraphs 5D, E and F that the price agreed upon for the sale to Melro did not reflect the fair market value of the property. Rather, the complaint asserts: "The value of the property had allegedly risen from the original purchase price of \$175,000 on May 1, 1978 to \$325,000 on October 4, 1978 -- a spectacular increase of over 80% in only five months; an annual rate of almost 200%." Complaint ¶ 5D.

The complaint, however, has mischaracterized what took place in this transaction. The value of the property did not increase from \$175,500 to \$325,000 in five months. Rather, the original price of \$175,500 set in the

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purchase contract of January 12, 1978, was well below the actual market value of the property at that time. There were a number of reasons why the property sold at so low a price. First, the sellers had owned the property for many years and had utilized most of the depreciation available as income tax deductions. For that reason, they were interested in disposing of the property. Second, the leases on the property were not economic and the owners were anxious to sell rather than to renegotiate them. Finally, Mr. Lerman and Mr. Zaccaro were experienced in real estate values and they recognized the purchase of 231 Centre Street at the agreed-upon price to be a particularly good opportunity. It was for that reason that Mr. Lerman and Ms. Ferraro made the investment in the first place.

Thus, there was no "sharp rise in value" in the property. Complaint ¶ 5F. Instead, in October 1978, when the parties valued the property for purposes of agreeing on a sale price, they valued it much as they had nine months before. That the agreed upon price was fair and reasonable is confirmed by two independent facts.

1. Real Estate Appraisals

First, three independent appraisals of the property fully support the conclusion that the valuation of the property at \$325,000 was commercially reasonable as of the fall of 1978. A review of these appraisals should put to rest the complainant's allegation that the sales price did not reflect the property's fair market value.

In August 1984, when questions arose concerning the price Melro paid for Ms. Ferraro's one-half interest, she sought the opinions of three

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independent, experienced real estate appraisers as to its fair and reasonable market value at the time of her sale. Drawing on their experience and using recognized appraisal procedures, those appraisers valued the property between \$300,000 and \$325,000. Copies of the appraisals, including the qualifications of the appraisers, are attached as Exhibits Nos. 7-10. Briefly, the specifics of each of the independent appraisals are as follows:

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- (1) Cushman & Wakefield, Inc., utilized two of the three traditional approaches to real estate valuation, the Direct-Sales Comparison Approach and the Income Approach. The appraisers looked at comparable sales in the 1976-78 period and concluded that the proper unit price to apply to the approximately 12,875 gross square feet of building area is between \$20 and \$25 per square foot. This, they said, "develops a value estimate range via the Direct Sales Comparison Approach from \$257,500 to \$321,870." Exhibit No. 7 at 6. Using the Income Approach whereby anticipated economic benefits to be derived from property ownership are converted into a value estimate through the capitalization process, Cushman & Wakefield estimated the property to have a value ranging from a low of \$324,441 to a high of \$336,474. Id. at 7. In conclusion, the appraisers expressed "the firm opinion * * * in 231 Centre Street, subject to the leases in place at the time, as of the date of valuation, Fall, 1978, was: * * * \$300,000 * * * to * * * \$325,000." Id. at 8. Cushman & Wakefield and the two appraisers who signed the "Letter Opinion of Value" are highly regarded, experienced appraisers of real estate in New York City. See Addendum to Exhibit No. 7.
 - (2) A.L. Santagata, an experienced appraiser, President in 1973 of the New York Chapter of the Society of Real Estate Appraisers, gave his considered opinion, based upon the type of property, location, zoning, assessment and taxes, market sales and trends, that the fair and reasonable market value of 231 Centre Street as of October 1978 was \$310,000. See Exhibit No. 8 hereto. Judging sales in the immediate area to be the best indicators of market valuation,

Mr. Santagata studied 14 sales, between November 1974 and 1979, of comparable improved property. These sales had been independently identified as "comparables" by the Weitzman Group Inc. See Exhibit No. 9 hereto. The three most comparable sales were at \$36, \$25 and \$36 respectively per square foot. Adjusting those prices for the lease tenancy on 231 Centre Street, Mr. Santagata stated, "indicate[s] an overall value of \$24.50 Sq. Ft.," which, when applied to the 12,700 square feet of the property, results in a value of \$310,000. Mr. Santagata checked his valuation by reference to the computation prepared by the Real Estate Board of New York as to the ratio of sales prices to the assessed valuation of properties sold in the open market. The 1978 ratio was 142.3 percent which when applied to the then-assessment of 231 Centre Street of \$222,000 indicates a market value of \$315,000.

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- (3) Abram Barkan, President, James Felt Realty Services, judged the fair and reasonable market value of the property in the fall of 1978 to be \$315,000. The valuation reflected Mr. Barkan's belief that the most objective indicator is the price at which willing buyers and sellers effect sales transactions. To explore these levels, Mr. Barkan looked to recorded sales of properties reasonably close to 231 Centre Street and statistics respecting open market transactions for 1978 developed by the Research Division of the Real Estate Board of New York. The recorded sales of 10 properties sold between November 1976 and December 1978 showed an average ratio of sales prices to assessed value of 169.2 percent. Mr. Barkan chose as the more conservative indicator the Real Estate Board statistic of 142.3 percent reflecting the average ratio of all open market sales prices for 1978 to assessed value. Multiplying the property's assessed value of \$222,000 by 142.3 percent produced a rounded value of \$315,000, which, in Mr. Bankan's opinion was its fair market value in the fall of 1978. See Exhibit No. 10 hereto.

In sum, the three independent appraisals all warrant the conclusion that Melro paid fair market value for 231 Centre Street in October 1978.

2. Sale of 231 Centre Street in November 1980

Second, on November 21, 1980, 231 Centre Street was sold to W & N Enterprises, an independent third party having no connection to either Melro, Mr. Zaccaro or Ms. Ferraro. W & N Enterprises purchased the property for \$375,000 -- \$50,000 more than the value placed on the property in October 1978. The price set in this sale of the property to an independent purchaser is the strongest possible evidence that the property was transferred at fair market value in 1978..

C. Purchase of the One-Half Interest in
231 Centre Street by John Zaccaro

The complaint alleges that "Mr. Lerman was guaranteed by Mr. Zaccaro at the time that Mr. Zaccaro would repurchase [the interest in 231 Centre Street] shortly, presumably at no less than the price paid to Ms. Ferraro." Complaint ¶ 5D. Based on this allegation, the complaint speculates that the purchase price may not have been at fair market value, but instead "Mr. Zaccaro was free to set the price at any figure he desired which might best benefit his wife." Id. There is, however, no basis for this speculation.

To begin with, the complaint misconceives the course of dealing between Mr. Lerman and Mr. Zaccaro. At the heart of the allegations is the idea that Mr. Lerman's purchase of the one-half interest in 231 Centre Street from Ms. Ferraro on October 5, 1978, was wholly dependent on an agreement (the alleged "guarantee") that Mr. Zaccaro would subsequently purchase that interest from Mr. Lerman at the same price. In other words, the complaint charges in effect that Mr. Zaccaro was the real buyer in the October 5

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transaction, that the price was fixed unilaterally by Mr. Zaccaro, and that consequently that price might have been determined by reference to Ms. Ferraro's campaign needs and without reference to fair market value.

The facts, however, are otherwise. While it is quite true that Mr. Lerman and Mr. Zaccaro reached an understanding that Mr. Zaccaro would purchase from Mr. Lerman the one-half interest in 231 Centre Street that Mr. Lerman acquired from Ms. Ferraro in the October 5 transaction, this understanding, according to both Mr. Zaccaro and Mr. Lerman, came into existence after that transaction. Thus, there was no condition or "guarantee" of the kind alleged in the complaint, and Mr. Lerman's purchase of the one-half interest was not tied to any assurance, let alone any enforceable commitment, that he would later be taken out of the deal by Mr. Zaccaro.

Moreover, the purchase price paid by Mr. Lerman was not determined unilaterally by Mr. Zaccaro, but rather was the result of a mutual agreement as to fair market value. To be sure, Ms. Ferraro's campaign needs were the driving reason for her sale of the property on October 5, 1978. That is, had it not been for those needs, there would have been no sale at all. However, the terms of the transaction as to purchase price, like the terms of Mr. Zaccaro's later understanding with Mr. Lerman, were separately driven by their business judgments that the property was a sound investment at that price. Indeed, the later understanding, and Mr. Zaccaro's purchase of the property from Mr. Lerman in January 1979 pursuant to that understanding, far from evidencing that Mr. Lerman's October 1978 purchase from Ms. Ferraro was a sham transaction at an inflated price dictated by campaign needs, are evidence

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Charles N. Steele, Esquire
October 11, 1984
Page 21

only of the fact that Mr. Zaccaro regretted the loss of the investment in the first place and was willing to make Mr. Lerman whole, at the same price they had previously agreed to be a fair one, in order to recover that investment.

Further, had Mr. Zaccaro been free to set the purchase price arbitrarily, as the complaint suggests, ¶ 5D, presumably he would have set that price high enough so that no additional assets would have had to be sold and no further campaign loans sought. Instead, Ms. Ferraro had to sell not only the 231 Centre Street property, but her interest in the mortgage on 230 Grand Street as well, in order to repay the family loans. Moreover, shortly after October 5, 1978, Ms. Ferraro borrowed \$40,000 in additional funds for her campaign effort.^{7/}

Finally, as set forth above, extrinsic evidence indicates that the purchase price paid by Mr. Lerman was fair and reasonable. Granting that mathematical precision as to market value is impossible, the price subsequently paid for the same property by an independent buyer in 1980 and the three separate appraisals described above are strong indicators that Ms. Ferraro's one-half interest in 231 Centre Street was fairly valued for purposes of the October 1978 sale.

Thus, the understanding relative to Mr. Zaccaro's subsequent purchase of the one-half interest in 231 Centre Street had no impact on the price Mr. Lerman paid for that interest. Further, Mr. Zaccaro purchased the interest in January 1979 by paying \$100,000 to Northeastern Trading Company, a

^{7/} She borrowed \$25,000 from the East River Savings Bank on October 23, 1978, and \$15,000 from the First Women's Bank of New York on October 31, 1978.

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corporation owned by Mr. Lerman that had borrowed the money for the purchase by Melro Company of the interest in October 1978. Copies of the checks are attached as Exhibit No. 16. Contrary to the allegation of the complaint, ¶ 5F, therefore, there is documentary evidence that the purchase took place "when and where they said it did" -- in January 1979.

D. The Tax Treatment of Ms. Ferraro's Sale of Her One-Half Interest in 231 Centre Street

The complainant asks whether the accountant's error in reporting on the Zaccaros' joint federal income tax return for 1978 the capital gain on Ms. Ferraro's sale of the 231 Centre Street property in some unexplained way buttresses his allegation that the "entire transaction was a 'device to allow Mr. Zaccaro to channel money to his wife's campaign in spite of federal spending limits.'" Complaint ¶ 5G. The short answer is "No."

There is no mystery to the mistake in the accountant's preparation of the tax return and it bears no relationship to Mr. Zaccaro's subsequent purchase of a one-half interest in the 231 Centre Street property. In computing her capital gain, the accountant took into account only the \$100,000 cash Ms. Ferraro received from Melro. He failed to consider the fact that under the Internal Revenue Code, the selling price included the balance due on the mortgage loan, \$62,250, even though there was no personal obligation to pay it. Here are the details:

The accountant correctly reflected Ms. Ferraro's cost basis in the property as follows:

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Page 23

50% of \$175,500 purchase price	\$ 87,750.00
50% of expenses of purchase	<u>2,561.00</u>
	\$ 90,311.00

However, in reporting the net proceeds of the sale, he took into account only the following:

Cash Payment	\$100,000.00
Legal fees and transfer taxes	<u>[3,500.00]</u>
Net Receipts	\$ 96,500.00

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So, the accountant reported a gain of \$6,189. See Schedule D from 1978 Joint Return attached as Exhibit No. 17. The amended return filed August 21, 1984, attached as Exhibit No. 18, corrected the error by adding to the proceeds of the sale \$62,250, one-half of the outstanding balance due on the mortgage to which the property was subject, giving Ms. Ferraro a gain of \$68,439. In short, in reporting her gain, the accountant, perhaps because of confusion resulting from the fact that there was no personal liability for the mortgage loan, considered only the cash payment received without recognizing that the "sales price" included also Ms. Ferraro's share of the balance due on the loan.

A review of these facts establishes that the error in reporting Ms. Ferraro's gain on the sale neither confirms nor refutes the complainant's contention respecting the underlying sale transaction. It is, as the complainant himself concedes, § 5G, only "coincidental."

E. Legal Analysis

The allegations in the complaint, taken together, constitute a claim that the sale by Ms. Ferraro of her interest in 231 Centre Street was not at fair market value, with the result that an unlawful contribution was made to her campaign in the amount of the difference between the fair market value and the sale price. We have shown above that the sale was a legitimate commercial transaction at fair market value. In this section, we show that such a sale was fully proper and the use of the proceeds from the sale for her campaign was in compliance with the Act.

The term "contribution" includes a 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. 2 U.S.C. § 431(8)(A), 11 C.F.R. § 100.7(a)(1). Moreover, the provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is a contribution. The "usual and normal charge" for goods means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. 11 C.F.R. § 100.7(a)(1)(iii).

Similarly, loans to a campaign by a commercial lending institution are not considered to be contributions if made in accordance with banking laws and in the ordinary course of business. Among the indicia of "ordinary course of business" are whether the loan bears the usual and customary interest rate and whether adequate security is offered. 11 C.F.R. § 100.7(b)(11).

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In addition, corporations may extend credit to candidates or political committees without making a contribution so long as the credit is extended in the ordinary course of the corporation's business. A corporation may also settle or forgive a debt incurred by a candidate or political committee if the corporation has treated the outstanding debt in a commercially reasonable manner. 11 C.F.R. § 114.10. Finally, candidates and political committees may use corporate and union facilities so long as reimbursement is made at the normal and usual charge and within a commercially reasonable time. 11 C.F.R. §§ 114.9(a)(2) and (b)(2).

The import of these statutory and regulatory provisions is to exempt from the definition of contribution those activities which constitute commercial transactions -- that is, transactions which occur in the ordinary course of business and at fair market value. Thus, for example, the Commission concluded in an enforcement action that monthly installments paid to a congressional candidate by a business partner pursuant to an oral buy-out agreement were not contributions. The candidate and his partner had an oral buy-out agreement whereby the candidate received monthly payments of \$1000 applicable toward the ultimate purchase price to be determined at a later date. In the event the sale did not go through, i.e., the candidate was unsuccessful, the payments received were to reduce the candidate's share in the partnership. Although the checks received by the candidate were drawn on the partnership joint account and no disclosures were made, the Commission found that the partner had not made a contribution to the campaign and,

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Charles N. Steele, Esquire
October 11, 1984
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accordingly, that no violation of the Act had occurred. See In re Dr. Robert Whittaker, MUR 806 (Jan. 25, 1979).

In this case, as in MUR 806, the only question at issue is whether Ms. Ferraro engaged in a commercially reasonable transaction in selling her one-half interest in 231 Centre Street to her partner. Under 11 C.F.R. § 110.10(b)(2), a candidate's personal funds include "proceeds from the sale of the candidate's * * * investments." Ms. Ferraro's sale of her interest in 231 Centre Street was a legitimate business transaction in which she sold her interest at fair value to her partner, and therefore no proscribed contribution was involved.

III. CONCLUSION

For the reasons set forth above, this complaint should be dismissed and no further action taken either to reopen MUR 892 or to pursue the allegations in this complaint in a new proceeding.

Respectively submitted,



Stephen J. Pollak
Anthony A. Lapham
Wendy S. White

Attorneys for Geraldine A. Ferraro,
John A. Zaccaro and David Blanksteen

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MUR 1764

EXHIBITS

TO

LETTER OF OCTOBER 11, 1984,
TO
CHARLES N. STEELE, ESQUIRE, GENERAL COUNSEL,
FEDERAL ELECTION COMMISSION

RESPONDING ON BEHALF OF
GERALDINE A. FERRARO, JOHN A. ZACCARO,
AND DAVID BLANKSTEEN TO COMPLAINT
OF JOHN H. BANZHAF III
FILED AUGUST 23, 1984

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INDEX TO EXHIBITS

Exhibit
Number

Description of Document

- | | |
|----|---|
| 1 | Affidavit of Patricia Flynn dated August 15, 1984. |
| 2 | Affidavit of Patricia M. Reilly dated August 15, 1984. |
| 3 | Affidavit of Constance M. Mandina dated August 15, 1984. |
| 4 | Affidavit of Carmine Parisi dated August 24, 1984. |
| 5 | <u>Human Events</u> , August 18, 1984. |
| 6 | <u>Human Events</u> , August 25, 1984. |
| 7 | Cushman & Wakefield, Inc., Letter Opinion of Value, August 29, 1984. |
| 8 | A.L. Santagata, Appraisal Report, August 17, 1984. |
| 9 | The Weitzman Group, Inc., Letter, August 17, 1984. |
| 10 | Abram Barkan, James Felt Realty Services, Letter of Value, August 16, 1984. |
| 11 | Federal Election Commission, <u>Major Provisions of the Federal Election Campaign Law</u> (December 1975), cover page and pages ii-vi and 22. |
| 12 | <u>In re John A. Zaccaro</u> , MUR 892, Conciliation Agreement dated September 12, 1979. |
| 13 | <u>In re Committee to Elect Geraldine Ferraro</u> , MUR 892, Conciliation Agreement dated September 12, 1979. |
| 14 | Recorded deed dated May 1, 1978, transferring 231 Centre Street from Polarob Realty Corp. to Melro Company and Geraldine A. Ferraro |
| 15 | Agreement dated January 12, 1978, between Norfolk Properties, Inc., and 231 Centre Street Corporation, seller, and Polarob Realty Corp., purchaser, for the sale of 231 Centre Street property. |

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Exhibit
Number

Description of Document

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|----|--|
| 16 | Copies of four checks in the total amount of \$100,000 dated January 22 and 30, 1979. |
| 17 | Schedule D, John A. and Geraldine Zaccaro Form 1040, U.S. Individual Income Tax Return for the year 1978. |
| 18 | John A. and Geraldine Zaccaro Form 1040 X, Amended U.S. Individual Income Tax Return for the year 1978, dated August 19, 1984. |

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EXHIBIT NUMBER 1

an attorney who had worked at the Federal Election Commission and was an expert on the legal issues concerning campaign finance. Other individuals who I recall being present at this meeting, in addition to the candidate and her husband, were David Blanksteen, Patricia Reilly, Bonnie Mandina, Mildred and Clyde Snyder, and perhaps a few others.

Carmine Parisi spoke to the group first, discussing the steps that would be required to organize the campaign. David Stein then discussed various legal restrictions on financing a federal campaign, referring to several books and materials that he had brought with him and had spread out on the floor. I remember him stating that contributions were generally limited to no more than \$1,000 per person. This was the first time that I became aware of any restrictions on federal campaign giving and his statement struck me particularly because I had already been in touch with one individual who thought he could raise a significant amount of money. The federal limits on giving would therefore require a reconsideration of how money would be raised for the campaign.

I also recall that Stein stated that money could be raised without restriction if it was obtained from the candidate's family. I remember Ms. Ferraro indicating that she personally had funds that could be used, and Stein stated that it did not matter whether the money belonged specifically to her, as long as it came only from her family.

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I do not know how Stein came to be present at the meeting in 1978, but I do know that he did advise us that there were no limits on the amount of money the candidate's husband and children could provide to the campaign. I am at a loss to understand how David Stein can now, six years later, deny that he ever said what I heard. For whatever reason, he is not telling the truth.

Patricia Flynn

Patricia Flynn

Subscribed to and sworn
before me this 15th day of
August 1984

Marilyn T. Lanza

Notary Public

MARILYN T. LANZA
NOTARY PUBLIC, State of New York
No. 41-5974085
Qualified in Queens County
Commission Expires March 30, 1986

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EXHIBIT NUMBER 2

Affidavit of Patricia M. Reilly

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

PATRICIA M. REILLY, being duly sworn, deposes
and says:

I am currently Regional Director of the New York State Department of Agriculture and Markets. During the first Congressional campaign of Geraldine A. Ferraro in 1978, I was employed to prepare a prime voter list for use with a direct mail effort and subsequently had responsibility for the candidate's scheduling and advance work. Because of certain allegations that I understand have now been raised relating to legal advice that was given to the campaign by David Stein concerning federal restrictions on campaign contributions, I have been asked to set forth my best recollections concerning the rendering of this advice to the campaign.

I first met Ms. Ferraro in early 1978 through the 31st Assembly District Regular Democratic Club of which we were both members. At that time I was employed by St. John's University teaching government and politics, and I recall that Ms. Ferraro invited me to a meeting to discuss a campaign for Congress that she intended to launch.

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The meeting was held one evening in April at the candidate's home. When I arrived several people were already present and seated in the Ferraro living room. Among those I recall being present at the meeting were Bonnie Mandina, Carmine Parisi, Pat Flynn, David Blanksteen, Mildred and Clyde Snyder, David Stein, and, of course, the candidate and her husband.

Various issues concerning the organization of a campaign were discussed at this meeting. Among the many issues raised I remember that the question of how the campaign would be financed was brought up. Ms. Ferraro indicated that this was not to be a "kitchen table" campaign, so that it would be necessary to raise sufficient money to do a thorough job.

It is my recollection that when this subject came up David Stein was introduced as someone familiar with the election laws governing campaign contributions. I remember Stein stating that, under federal law, there would be no problem with contributions from the candidate or her family. Stein said there were no limits on the contributions that could be made by the members of a candidate's family, and that they could contribute to the campaign as much as they wished. As I recall, some of the individuals present then raised the question of how much money they would be allowed to contribute. Stein indicated that a non-family member could contribute no more than \$1,000. I also

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recall discussion about whether this limit applied to groups, such as women's organizations, who might want to support the Ferraro campaign. Stein stated that there were limits on all campaign contributions except those that came from family members.

I can state without equivocation that Mr. Stein's recent denial that he gave this advice is not true.

Patricia M. Reilly

Patricia M. Reilly

Sworn to before me this
15th day of August, 1984

Rufus W. Houghton

Notary Public
RUFUS W. HOUGHTON
Notary Public, State of New York
No. 24-01 NO 4698631
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1985

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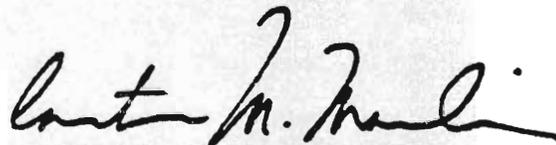
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EXHIBIT NUMBER 3

One of the topics discussed at this meeting was whether the members of the candidate's family could loan money to the campaign. I recall Mr. Stein stating his opinion that family members could loan money to the campaign without limit.

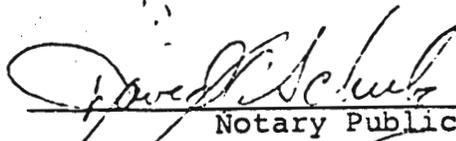
I am an attorney, but had no prior experience with federal election law. I had no reason to doubt the advice given to us by Mr. Stein at that time, because of his apparent expertise in the field and because he came to the meeting armed with books and other materials with which to answer our questions.

I have heard that Mr. Stein recently denied that he ever advised us that family members could lend money to the campaign without limit. His denial is absolutely and categorically untrue.



Constance M. Mandina

Subscribed and sworn to before
me this 15th day of August 1984.



Notary Public

DAVID A. SCHULZ
Notary Public, State of New York
No. 31-87162
Qualified in New York County
Commission Expires March 30, 1985

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EXHIBIT NUMBER 4

Affidavit of Carmine Parisi

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

CARMINE PARISI, being duly sworn, deposes and says:

I was the campaign manager for the first Congressional campaign of Geraldine A. Ferraro in 1978. I have been asked to set forth my recollection concerning legal advice rendered to that campaign by David Stein on the issue of federal restrictions on campaign contributions.

I was first introduced to Ms. Ferraro in the spring of 1978 by a mutual friend, Bonnie Mandina. Within one or two weeks of meeting the candidate, I agreed to serve as her campaign manager and was asked to attend an organizational meeting to be held at the candidate's home. At that meeting I was introduced to several of the individuals who would be working for the campaign. I recall that, in addition to Ms. Ferraro and her husband, the meeting was attended by David Blanksteen, Pat Reilly, Pat Flynn, Bonnie Mandina, Mildred and Clyde Snyder and David Stein. I believe that there were also other individuals present at this meeting, although I do not now recall specifically who they were.

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At this meeting, David Stein was introduced as an attorney who had been with the Federal Election Commission and who had agreed to advise the campaign on legal restrictions concerning the raising of contributions and the making of expenditures. Mr. Stein had brought several books and materials with him to the meeting, and in the course of the discussion explained the restrictions on campaign finance.

I do not recall the specific statements made by Mr. Stein during the discussion on campaign finance, either because I had momentarily left the room or because I was discussing another issue with someone during his presentation. I do know, however, that at the conclusion of that meeting it was agreed that the substantial portion of the campaign's initial funding would be in the form of loans from the candidate's husband John Zaccaro, and that David Stein believed this was an appropriate manner in which to proceed.

This meeting at the candidate's home was the only meeting I ever attended at which David Stein was present. I understand that he has now indicated that there was some later meeting at which he purportedly gave further advice on the restrictions on campaign contributions. To my knowledge no such meeting occurred. I can state categorically that I attended one, and only one, meeting at which David Stein was present.

Carmine Parisi
Carmine Parisi

Sworn to before me this
24th day of August, 1984.

David A. Schulz
Notary Public

DAVID A. SCHULZ
Notary Public, State of New York
No. 21-469462
Qualified in New York County
Commission Expires March 30, 1985

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EXHIBIT NUMBER 5

Human Events



THE NATIONAL CONSERVATIVE WEEKLY

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VOL XLIV No. 33

AUGUST 18, 1984

Former FEC Attorney Says:

Ferraro Advised Beforehand Against Illegal Loans

An unheralded New York lawyer named David Stein may be the key to determining if Democratic vice presidential nominee Geraldine Ferraro knowingly accepted over \$100,000 in illegal loans from her husband to finance her first congressional race in 1978.

Contrary to sworn statements provided to the Federal Election Commission in 1979 by Ferraro's husband and her campaign treasurer, Stein, a former FEC employe himself, insisted to HUMAN EVENTS that he had warned Ferraro in advance that such loans from a family member would be illegal.

Should his story hold up, Ferraro could be forced to step down as a candidate and both she and her husband could be liable to federal prosecution.

Records show that, on September 12, 1979, Ferraro's husband, John A. Zaccaro, signed a conciliation agreement with the FEC, admitting that he had made loans to the Ferraro campaign committee totaling \$110,000 though the legal limit for such loans was \$1,000. On the same date, David Blanksteen, treasurer of the Committee to Elect Geraldine Ferraro, signed such an agreement acknowledging that the committee had accepted such loans and that they exceeded the limit set by law.



Rep. Ferraro met with reporters on Capitol Hill last week to announce that she would issue a full financial disclosure statement within 10 days.

For these violations, Zaccaro had to pay a fine of \$250 while the committee paid \$500. Both were civil penalties.

In a memorandum to FEC Commissioner Frank C. Reiche dated Oct. 5, 1979, FEC General Counsel William C. Oldaker stated that the decision "to accept the relatively small civil penalties in this case [was] based on the mitigating factors involved."

Among the "mitigating factors" cited by Oldaker: "Zaccaro and his wife's committee... solicited the advice of counsel as to how to properly fund the campaign; the counsel was a former employe of the [Federal Election] Commission.... He advised that members of the candidate's immediate family should and could fund the campaign...."

The claim that the illegal loans were made in good faith, based on erroneous advice from a lawyer—a claim that was subsequently incorporated in the conciliation agreements signed by Zaccaro and Blanksteen—was initially provided to the Commission in affidavits signed by the two men.

In his affidavit, dated Feb. 9, 1979, Ferraro's husband stated, "I believe

Ferraro Treasurer: 'No Memory' of Stein

When HUMAN EVENTS telephoned David Blanksteen, treasurer of Geraldine Ferraro's 1978 campaign committee, the conversation went as follows:

HE: "We're trying to get hold of a Mr. David J. Stein, whom you refer to in a deposition with the Federal Election Commission concerning Geraldine Ferraro...."

Blanksteen: "Huh?" (seems taken aback)

HE: "We've had a tough time locating Mr. Stein and you mention in your affidavit about him, so we thought maybe we'd try to see if you have any idea where he is."

Blanksteen: "No."

HE: "Are you familiar at all with the David J. Stein I'm talking about?"

Blanksteen: "No, I... actually I have no memory of that... it's several years ago."

HE: "Yes, and do you recall knowing him when he was with the campaign?"

Blanksteen: "It's many years ago."

HE: "Many years ago?"

Blanksteen: "It's many years ago. You know, it's many years ago, and you get a lot of people put by your desk."

HE: "Well, we have two David J. Steins listed, and we can't find a telephone number for them."

Blanksteen: "When I can't help you, I can't help you."

(Continued on page 15)

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FERRARO ADVISED AGAINST ILLEGAL LOANS / From page 1

the circumstances surrounding the making of these loans are relevant to the Commission's consideration of this matter. Prior to the time any of these loans were made to the Committee, a meeting was held by various persons associated with the Committee and the election campaign to discuss, among other things, how the campaign would be financed.

"Among those in attendance at the meeting were David Blanksteen, treasurer of the Committee, David Stein, an attorney who I was advised had formerly worked for the Federal Election Commission, and myself."

Zaccaro's sworn statement went on to say that Stein had advised those in attendance "that the proper method of funding the campaign in order to avoid any of the limitations imposed by federal law was to have members of the candidate's immediate family loan the Committee the necessary funds."

Zaccaro said it was not until Sept. 11, 1978, after all of the loans had been made, that they learned by way of a letter from the FEC that the loans in question were subject to a \$1,000 statutory limit.

"[A]t the time the aforementioned loans were made to the Committee," Zaccaro reiterated at another point in the affidavit, "I believed they were in full compliance with all federal laws and regulations. In this regard I was relying on the advice of an attorney whom I had every reason to believe was fully familiar with such federal rules and regulations."

Blanksteen's affidavit, which was also dated Feb. 9, 1979, stated in part that "prior to the time any such contributions [in excess of \$1,000] were accepted by the Committee from Mr. John A. Zaccaro, I was advised by an attorney that such contributions were proper and not in violation of any federal law or regulations. Specifically, such advice was given to me by Mr. David Stein, who I was told was an attorney formerly employed by the Federal Election Commission, at a meeting held to discuss, among other things, the financing of the campaign."

It was largely based on these assurances—that the loans had been offered and accepted in the belief that they were legal—that the FEC, according to the Oldaker memo, "concluded that although the violations were serious in nature the circumstances warranted a lesser penalty."

But when HUMAN EVENTS tracked Stein down by telephone on August 9, at his Manhattan law office, his account of what had happened was quite different from Zaccaro's and Blanksteen's.

"I told them the loans could not be done that way," said Stein, who records indicate worked in the FEC General Counsel's office from Nov. 15, 1976, until Jan. 27, 1978. "I told her [Ferraro] in the living room of her house. I attended one or two — I think it was two — meetings in her house."

Asked when these meetings had occurred, Stein said, "in April or May of 1978." Asked who was in attendance, Stein replied, "Geraldine, Carmine Parisi, her campaign manager, and a friend of mine who was looking at state election laws."

Asked whether Zaccaro was there, Stein said, "I have never met John Zaccaro in my life." He was not as certain about Blanksteen but did not recall Blanksteen's having attended any meeting with him.

"I would take a polygraph on my contention that I told her not to do it," said Stein. "I had worked on many loan cases at the FEC, including the investigation of Jane Fonda and Tom Hayden when Fonda had made all those loans."

When informed that his name was mentioned in several depositions in the Ferraro case before the FEC, Stein expressed surprise, then asked, "Why didn't the FEC ever talk to me?"

When pressed further about the possibility that he had advised Ferraro and the others that Zaccaro could loan unlimited sums to his wife's campaign, Stein replied, "Absolutely I never told them they could do it. I told them exactly the opposite."

According to a spokesman for the FEC, the inclusion of falsehoods in a sworn statement pursuant to an investigation by the commission "would probably fall under 18 U.S. Code 1621." That would be a "Justice Department responsibility... criminal code. We have full civil jurisdiction but not criminal," the FEC spokesman said.

Note: HUMAN EVENTS attempted to reach Zaccaro at his real estate firm, and even mentioned Stein's name, but the individual to whom our call was referred refused to answer questions. Instead, he referred us to a Mr. Mel Sweitzer, a business partner of Zaccaro's. However, Sweitzer was never available to talk, though we twice mentioned Stein's name to his secretary.

We also contacted Blanksteen, but he said he had no recollection of Stein (see cover box).

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EXHIBIT NUMBER 6

Human Events

THE NATIONAL CONSERVATIVE WEEKLY



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VOL. XLIV No. 34

AUGUST 25, 1984

Her Integrity Is the Issue

Ferraro's Troubles Now on Front Burner

Geraldine Ferraro, the genuine heroine of the Democratic National Convention, has been having a terrible time of late. Wherever she goes on the campaign trail, questions relating to her integrity, and her husband's, keep being posed.

Why has she refused since 1978 to list her husband's assets on the financial disclosure form all members of Congress are required to fill out?

Why did she say she would publish her husband's tax returns and then renege?

Why won't she respond directly to a former Federal Election Commission attorney's charge that he personally told her in "April or May" of 1978 she couldn't use her family's money to finance her first congressional campaign?

And what about husband John Zaccaro? Why won't he release his returns? Why does he rent his buildings to sleazy elements, including a distributor of hard-core pornography, a company whose owner is widely reputed to be boss of a New Jersey-based organized crime family?

The questions keep coming thick and fast, and aren't likely to go away when she releases her financial disclosure forms. More questions will almost certainly arise, as they always do when financial forms come under intense scrutiny.

The strain has already taken its toll. Last week Ferraro, in an off-the-record session with Texas Democrats, blew her cool. During the meeting she complained that Republicans and some reporters were pumping up the controversy. At one point, according to several witnesses, she used an old bromide: "I'm not going to get mad. I'm going to get even."

She now says that she was kidding.



and House Majority Leader Jim Wright (D.-Tex.) agrees, but three Democratic lawmakers, who asked not to be identified, gave a different impression. "They said," reported the Washington Post, "they thought Ferraro was genuinely determined to 'get even' with people who challenge her over finances. Two recalled that the Democratic nominee said she was keeping a list of people she considers particularly offensive." In short, an enemy's list.

Ferraro is in hot water at the moment, but even as she is feeling the heat, sympathy appears to be building for her in some parts of the major media. The argument is now being made that maybe we're asking too much of our officials, that perhaps we're demanding the kind of ethical purity we never exacted of Caesar's wife.

But where were these dispensers of mercy when Richard Allen and Raymond Donovan were going through the wringer? Where are the current consolers of Ed Meese and, yes, even George Hansen? Only when NOW's pin-up girl got into trouble did we see programs oozing with sympathy for the kind of predicament that Ferraro faces.

Before we weep for Geraldine, however, the public has a right to expect her to clear up a number of questions that touch not on her capacity to fill out forms in meticulous fashion, but on her capacity to tell the truth.

For instance:

When she made her first run for a House seat in 1978, she accepted over \$100,000 in illegal loans from her husband and children to finance the race. The Sept. 12, 1979, conciliation agreement between her campaign and the Federal Election Commission shows that both her husband, John A. Zaccaro, and her campaign treasurer, David Blanksteen, had signed affidavits in February 1979 accusing a former FEC attorney, David J. Stein, of telling the campaign that the loans were perfectly legal.

When we contacted Stein, however, he unhesitatingly contradicted the

(Continued on page 15)



MONDALE

Special Supplement:

There's Nothing 'New' About Walter Mondale See page S-1.

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FERRARO'S TROUBLES / From page 1

sworn statements of Zaccaro and Blanksteen. He told us that he directly informed Ferraro that such family loans were illegal, and told her "in the living room of her house." "I would," he also told us, "take a polygraph on my contention that I told her not to do it." (See last week's cover story.)

Stein has since told the major media what he told us. As the *Washington Post's* Charles Babcock put it last week: "But Stein, 36, said in a statement issued yesterday that he met informally with Ferraro and campaign organizers once in the spring of 1978 and recalled: 'I remember voicing my doubts as to the propriety of such loans by members of the candidate's immediate family insofar as these loans related to the federal election campaign act. Although I do not remember my precise words, the sum and substance of what I said was that I did not believe it would be permissible.'"

There is now a direct conflict in the statements issued by Ferraro (who suggested Stein was "lying" last week), Zaccaro and Blanksteen, on the one hand, and Stein on the other. Shouldn't we find out who's telling the truth? Shouldn't we try to discover whether Blanksteen and Zaccaro, in their affidavits with the FEC, were committing perjury and trying to frame Stein so the campaign could avoid heavy financial penalties and possible felony convictions of its officials? Stein, of course, may be lying instead (though he says he's willing to undergo a polygraph test), but this should be found out as well.

What we can't comprehend is that there seems to be no move by the FEC — which clearly has a duty to get to the bottom of this — to do anything.

Stein, so far as the record reflects, has never been contacted by the FEC since he was initially accused by the Ferraro campaign of having misled them on the family loans. (Oddly enough, according to 1978 campaign treasurer David Blanksteen, the Ferraro campaign never contacted Stein again after he had supposedly furnished his bad advice, even when the FEC informed the campaign some five months later that Stein's alleged counsel was flatly illegal.)

Why was Stein, a former FEC official well acquainted with General Counsel William Oldaker, never talked to, even though the Commission opted for light fines on the ground that Stein had supposedly steered the campaign into accepting illegal loans? And why can't he be called upon now? Surely what Stein has to say takes on added importance in view of the 1979 FEC executive session transcripts on the Ferraro case released last week.

Chairman Robert Tiernan and Vice Chairman Max Friedersdorf expressed dismay at the token fines levied, while still another commissioner, Frank Reiche, said he was "appalled" by the smallness of the penalty. (See story, page four.)

Ferraro, in short, will somehow have to discredit Stein's story if the cloud hanging over her 1978 campaign is to be removed.

There is another charge Ms. Ferraro must dispose of if she hopes to have the country take her at her word. And that is: how could she have deliberately failed to disclose her husband's financial assets as the 1978 Ethics in Government Act requires? As the *Washington Post* has characterized her omission:

"For the past six years the congresswoman has been required by federal law to file disclosure forms listing her own financial assets and liabilities and those of her husband and children. Sources of income must also be stated. Not once has Rep. Ferraro provided information about her family members. Instead, she claimed an exemption — only 15 other members of the House took a similar position — asserting that she had no knowledge of and received no benefits from her husband's money."

Thus she will now have to demonstrate why she had no knowledge of and received no benefits from her husband's money, even though she is an officer and a stockholder in her husband's firm and has the use of three houses, belongs to posh country clubs and sends her kids to private schools. Clearly, she has not been doing all this on her congressional salary.

Her insistence on such an exemption will be even more difficult to justify in view of a major investigative story on Ferraro's and Zaccaro's finances by the *New York Times*. The *Times* began its lengthy piece this way: "Although Rep. Geraldine A. Ferraro, the Democratic vice-presidential candidate, has maintained a career of her own as a lawyer and member of Congress, public records show that she has often been closely involved with her husband's real estate business and his finances.

"Mrs. Ferraro has practiced law and conducted her congressional campaigns from the offices of a real estate company owned by her husband, John A. Zaccaro. Records show she has also been an officer and stockholder of the company and participated in dealings of at least three other corporations controlled by her husband."

Even the Mondale-Ferraro campaign has admitted that Ms. Ferraro has at least been in "technical violation" of the requirement to disclose the source of her husband's earned income. The law does not permit an exemption on listing the source of such income.

As the *Times* editorialized, Ms. Ferraro must show how a "tough-minded prosecutor" didn't know about her husband's dealings "when she has served as secretary, treasurer and a stockholder in her husband's real estate firm."

During her acceptance speech, Ms. Ferraro talked a lot about living up to the rules and obeying the law. She tried to convey the idea that she had been a tough little assistant district attorney who made people pay the price when they did something wrong. To our way of thinking, Ms. Ferraro doesn't believe the rules and the law apply to herself.

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EXHIBIT NUMBER 7

LETTER OPINION OF VALUE

231 CENTRE STREET
NEW YORK, NEW YORK

AS OF FALL, 1978

PREPARED FOR

MELVIN L. SCHWEITZER, ESQ.
200 PARK AVENUE
SUITE 5200
NEW YORK, NEW YORK 10017

PREPARED BY

CUSHMAN & WAKEFIELD, INC.
NORTHEAST REGION APPRAISAL DIVISION
1166 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK

34040491943

August 29, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
Suite 5200
New York, New York 10017

Re: Letter Opinion of Value
231 Centre Street
New York, New York

Dear Mr. Schweitzer:

Pursuant to your request, we inspected the above referenced real property on August 23, 1984. Our purpose was to estimate the Market Value of the Fee Simple Interest in the property as of Fall, 1978.

This report is being prepared as a Letter Opinion of Value and as such is conclusionary in nature. A Letter Opinion of Value does not contain all of the information that would normally be found in a fully documented narrative appraisal report, but you have agreed that a Letter Opinion of Value will suffice for your needs at this time.

Information upon which our value conclusions have been based and not contained within the body of this report, has been retained in our files.

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Melvin L. Schweitzer, Esq. -2-

August 29, 1984

For the purpose of this letter, the pertinent definitions included are that of Market Value and Fee Simple Interest.

These definitions are as follows.

Market Value

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Fee Simple Interest

An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.

The subject property may be identified as that rectangularly shaped parcel of land with the improvements erected thereon, situated at the northwest corner of Centre and Grand Streets. The property is known by the street address 231 Centre Street and is identified on the Tax Maps of the City of New York as Lot 25 in Block 472. As of the date of value the property was in the ownership of Melro Company (Murray Lerman-part).

The subject site is rectangular in shape and the improvements are fully merged with the site. The site has dimensions of 64.33 feet along Grand Street and 100.08 feet along Centre Street, containing 6,438± square feet. The subject improvement, as noted, is fully merged with the site area, containing 6,438 square feet per floor or a total gross area of 12,875± square feet. The improvements consist of a brick and block

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Melvin L. Schweitzer, Esq. -3-

August 29, 1984

two story commercial building with stores on the ground floor and offices on the second level.

The subject property is presently situated in a M1-5B, Light Manufacturing Zoning District. According to the regulations published by the City of New York Planning Commission, the subject property is a pre-existing conforming use. The maximum allowable building area "as of right" for the subject property is five times the lot area (6,438 x 5 = 32,190 square feet).

According to the Assessor's Office of the City of New York, the subject property was assessed for the real estate tax year 1978/1979 as follows:

Land AV	\$ 95,000
Building AV	<u>\$127,000</u>
Total AV	\$222,000

Based upon the real estate tax rate of \$8.75 per \$100 of assessed valuation, the subject property would incur real estate taxes of \$19,425.

Valuation

Since this valuation endeavors to provide an opinion of the Market Value of the Fee Simple Interest in the subject property, the writers have considered two of the three traditional approaches to real estate valuation. These approaches include the Direct Sales Comparison Approach and the Income Approach.

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The Direct Sales Comparison Approach renders an estimate of value through the comparison of similar type properties which have recently sold in an attempt to discern the actions of both buyers and sellers active in the marketplace. Sufficient information was gathered on sales of commercial buildings in the general area of the subject and since this is a reasonable method to measure investors expectations, the appraisers have elected to demonstrate this approach.

The Income Approach is a method whereby the property's cash flow is judged in light of prevailing investment criteria. The Income Approach is considered particularly germane to this valuation, since properties such as the subject are typically bought and sold by investors utilizing this technique and therefore it closely resembles the actions of the market participants. Therefore, the appraisers will demonstrate this approach.

Our discussions on both the Direct Sales Comparison Approach and the Income Approach will follow hereafter.

Direct Sales Comparison Approach

The Direct Sales Comparison Approach produces an estimate of value for real estate by comparing recent sales of similar properties in the surrounding or competing area to the subject property. Inherent in this approach is the principle of substitution which holds that "when a property is replaceable in

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Melvin L. Schweitzer, Esq. -5-

August 29, 1984

the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making a substitution."

Accordingly, the appraisers have analyzed sales which qualify as arms-length transactions between willing and knowledgeable buyers and sellers with reasonable market exposure. We have conducted market research in the area bounded generally by Canal, Broadway, Spring and Mott Streets during the time period of 1976 through 1978. We have identified price trends from which value parameters have been extracted. The appraisers have analyzed the similarity of the comparables based on physical, locational and economic characteristics as important criteria in evaluating the sales in relation to the subject property.

Retained in the files of the appraisers are comparable sales germane to this analysis. The comparable properties range in unit prices from a low of \$6 per square foot of gross area to a high of approximately \$58 per square foot of building area. All of the comparable sales took place between November of 1976 and December of 1978. The appraisers have not made quantitative adjustments to the sales, however, we analyzed each sale and weighed the impact of differences which we felt were appropriate in concluding at a proper unit price to be applied to the subject's gross building area.

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Melvin L. Schweitzer, Esq. -6-

August 29, 1984

After considering all of the comparable sales, the writers are of the opinion that the proper unit price to apply to the subject property, would be between \$20 and \$25 per square foot of building area. Applying these units to the subject's 12,875± gross square feet, develops a value estimate range via the Direct Sales Comparison Approach from \$257,500 to \$321,870.

Income Approach

The Income Approach is a procedure in appraisal analysis whereby anticipated economic benefits to be derived from property ownership are converted into a value estimate through the capitalization process. The process of forecasting anticipated economic benefits from a particular property requires the estimation of potential gross income and expenses as well as a selection of the most appropriate Capitalization Method. Although there are two recognized approaches to processing net income into value, only the Discounted Cash Flow Method was utilized as explained hereafter.

The Discounted Cash Flow Method is a method whereby anticipated future income streams and a reversionary value are discounted to a net present value at an appropriate discount rate.

The Income Approach renders an estimate of value based upon a present worth of the net income attributable to the property. This net income is derived from projections of rental

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Melvin L. Schweitzer, Esq. -7-

August 29, 1984

income less all expenses and allowances for vacancy and rent loss. The projected net income is then capitalized through the discounting process in order to yield a present worth capital sum equivalent to the right to receive these revenues.

Gross revenues for the subject property have been derived from existing store leases and office leases. Economic rent levels for month to month tenancies and the one vacant unit for store leases were projected from \$8 to \$10 per square foot and office leases were projected from \$4 to \$5 per square foot. The leases were projected for five years with reasonable expectations for increases in rentals due to turnover of tenants. We have also considered a vacancy factor of 5 percent per annum. The writers have been provided with an operating expenses budget for 1978 and the expenses were utilized by the writers.

The writers have endeavored to keep the assumptions to a minimum, the thought being that minimizing the number of assumptive or speculative variables, would reduce the possible number of errors. Based upon information retained in the files of the appraisers, the writers have selected a discount rate in the range of 13 to 14 percent with a capitalization of the following years income at 11 percent. Utilizing this criteria, a present value estimate range is developed from a low of \$324,441 to a high of \$336,474.

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Melvin L. Schweitzer, Esq. -8-

August 29, 1984

Reconciliation and Final Value Conclusion

The appraisers have reviewed the three traditional approaches to real estate valuation and have eliminated the Cost Approach in favor of the Direct Sales Comparison Approach and the Income Approach. Each of the two approaches presents a slightly different point of view due to the methodology utilized in arriving at a value conclusion. The conclusions are presented below.

Direct Sales Comparison Approach - \$257,500 to \$321,870

Income Approach - \$324,441 to \$336,474

In light of the above, the appraisers are of the firm opinion that the Market Value of the Fee Simple Interest in the property known as 231 Centre Street, subject to the leases in place at that time, as of the date of valuation, Fall, 1978 was:

THREE HUNDRED THOUSAND (\$300,000) DOLLARS

to

THREE HUNDRED TWENTY FIVE THOUSAND (\$325,000) DOLLARS.

Sincerely,

CUSHMAN & WAKEFIELD, INC.



Brian R. Corcoran, MAI, SRPA
Vice President, Manager
Northeast Region
Appraisal Division



Bruce C. Nelson
Senior Appraiser

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CERTIFICATION

- (1) We have no present or contemplated future interest in the real estate that is subject of this appraisal report.
- (2) Brian R. Corcoran and Bruce C. Nelson have inspected the property.
- (3) We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- (4) To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinion, and conclusions expressed herein are based, are true and correct.
- (5) This appraisal report sets forth all the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
- (6) This appraisal report has been made in conformity with and is subject to the requirements of the code of professional ethics and standards of the professional conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors.
- (7) No one other than the undersigned prepared the analysis, conclusions and opinion concerning real estate that are set forth in this appraisal report.
- (8) The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification, Brian R. Corcoran, M.A.I., is certified under this program through December 31, 1986.

CUSHMAN & WAKEFIELD, INC.

Brian R. Corcoran

Brian R. Corcoran, MAI, SRPA
Vice President, Manager
Northeast Region
Appraisal Division

Bruce C. Nelson

Bruce C. Nelson
Senior Appraiser

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- (1) No survey of the subject property was undertaken.
- (2) The subject property is free and clear of all liens except as herein described. No responsibility is assumed by the appraisers for matters which are of a legal nature, nor is any opinion on the title rendered herewith. Good and marketable title is assumed.
- (3) The information contained in this report has been gathered from sources deemed to be reliable. No responsibility can be taken by the appraisers for its accuracy. Correctness of estimates, opinions, dimensions, sketches and other exhibits which have been furnished and have been used in this report are not guaranteed. The value estimate rendered herein is considered reliable and valid only as of the date of the appraisal, due to rapid changes in the external factors that can significantly affect the property value.
- (4) This study is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. Publication of this report or any portion thereof without the written consent of the appraisers is not permitted.
- (5) The appraisers herein, by reason of this report, are not required to give testimony in court with reference to the property appraised unless notice proper arrangements have been previously made therefore.
- (6) The value estimate assumes responsible ownership and competent management. The appraisers assume no responsibility for any hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for engineering which might be required to discover such factors.
- (7) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are connected, or any reference to the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers.

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A D D E N D U M

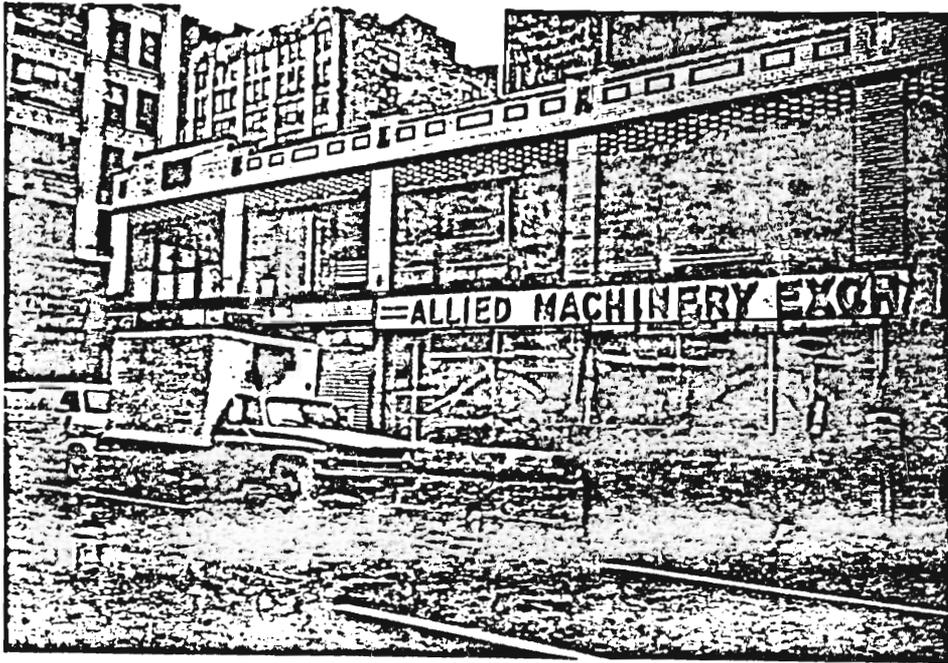
PHOTOGRAPHS

TAX MAP

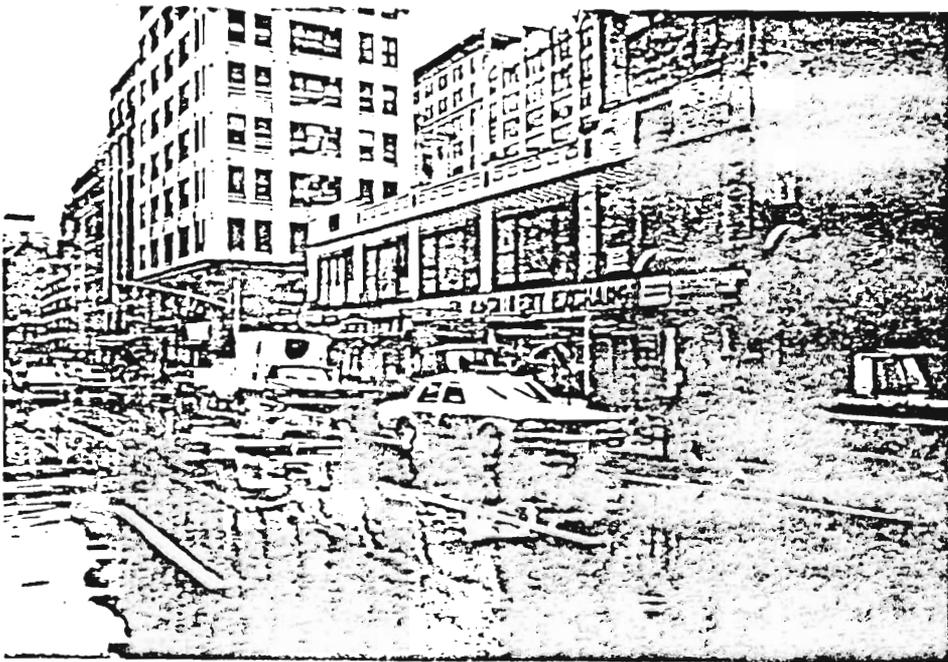
APPRAISERS' QUALIFICATIONS

PARTIAL CLIENT LIST

PHOTOGRAPHS



View of subject property looking northwesterly

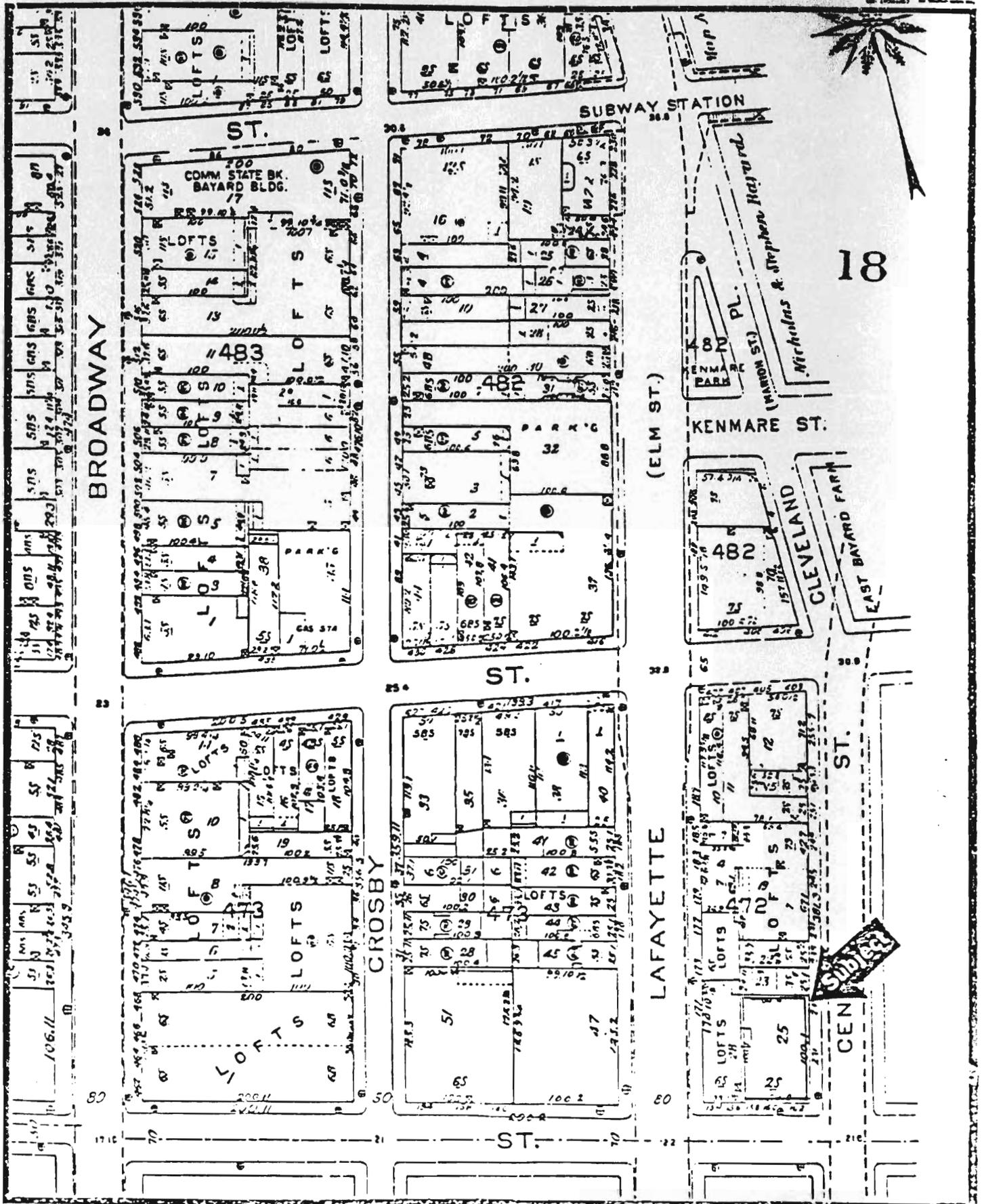


View looking southwesterly along Center Street

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TAX MAP



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SUBJECT

PROFESSIONAL QUALIFICATIONS OF BRIAN R. CORCORAN

Mr. Corcoran was born on May 20, 1948, and entered the real estate business in 1971. He is a graduate of Marist College, Class of 1970, Bachelor of Arts, "Cum Laude" where he received the Bache & Company Scholarship as the outstanding student in the Business-Economics Department. Employed from 1971 to 1973 as a junior real estate appraiser by Suburbia Federal Savings and Loan Association. Employed from March, 1973 to June, 1981 as a real estate appraiser by James H. Burns, Company, Inc.; became Assistant Vice President and stockholder in 1979. Joined Cushman & Wakefield, Inc. in July 1981, as Vice President and Manager, New York Region - Appraisal Division with responsibility for the Northeast Region and appraisal offices in Manhattan, New York; Garden City, Long Island; and Lyndhurst, New Jersey. In January, 1983 an office was opened in Stamford, Connecticut and in May, 1983 responsibilities were expanded to include the Mid-Atlantic Region with offices in Philadelphia and Pittsburgh, Pennsylvania. An appraisal office was opened in Washington D.C. in November, 1983. Present position is Manager - Northeast Region. The total number of professional staff under his supervision is 26 of whom 10 hold the MAI designation.

Mr. Corcoran holds membership in the following real estate organizations:

MEMBER, AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS - MAI
President, Candidate's Organization, New York
Metropolitan Chapter #4, 1978.

Member, Admissions Committee, Chapter #4, 1980 - 83
Vice Chairman, 1983

Member, Education Committee, Chapter #4, 1982

Member, Nominating Committee, Chapter #4, 1981 - 83

Member, External Affairs Committee, 1983

SENIOR REAL PROPERTY APPRAISER, SOCIETY OF REAL ESTATE
APPRAISER, - SRPA

Vice President, Long Island Chapter #201 - 1983 - 84

Secretary, Long Island Chapter #201, 1982 - 83

Treasurer, Long Island Chapter #201, 1982 - 82

Chairman, Admissions Committee, Chapter #201,
1979 - 1980

Member, Board of Directors, Chapter #201, 1979 - 83

Chairman, Attendance Committee, Greater New York
Chapter #3, 1976

MEMBER, REAL ESTATE BOARD OF NEW YORK, INC.

MEMBER, YOUNG MEN'S REAL ESTATE ASSOCIATION OF NEW YORK,
INC. - YMREA

MEMBER, NATIONAL ASSOCIATES OF CORPORATE REAL ESTATE
EXECUTIVES - NACORE

MEMBER, YOUNG MORTGAGE BANKERS ASSOCIATION - YMBA

MEMBER, RHO EPSILON NATIONAL REAL ESTATE FRATERNITY

MEMBER, NEW YORK STATE SOCIETY OF REAL ESTATE APPRAISERS -
NYSAS

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Mr. Corcoran has taught the following real estate appraisal and investment analysis courses:

New York University

- Course X54.9078
Real Estate Appraisal and Valuation Principles
- Course X54.90505
Real Estate Appraisal and Valuation
- Course X54.9481
Analytical Techniques in Real Estate Investment

Queens College of the City University of New York

- Course 9730
Real Estate Appraisal Principles Approved by New York State Division of Licensing for 45 hours continuing education credit.

American Institute of Real Estate Appraisers

- Basic Valuation Procedures, Course 1A2
- Capitalization Theory and Techniques, Part 1
- Capitalization Theory and Techniques, Part 2
- Capitalization Theory and Techniques, Part 3

Society of Real Estate Appraisers

- Introduction to Appraising Real Property, Course 101
- Applied Residential Property Valuation, Course 102
- Principles of Income Property Appraising, Course 201

Appraisal and consulting assignments have included vacant land, air rights, office buildings, shopping centers, industrial complexes, commercial properties, universities, residential properties, utilities and investment properties throughout the United States. Valuations have been made of proposed, partially completed, renovated and existing structures. Qualified as an expert witness in condemnation matters in the State of New Jersey and testified in bankruptcy litigation and equity cases in the State of New York. Guest speaker before real estate organizations.

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PROFESSIONAL QUALIFICATIONS OF BRUCE C. NELSON

Mr. Nelson was born on May 21, 1956, and entered the real estate business in 1979. He is a graduate of Hofstra University, class of 1978, Bachelor of Arts in Marketing. Employed from January 1979 - June 1980 as a junior appraiser by Bert Nelson Associates, specializing in zoning variances and special permit applications. Joined Cushman & Wakefield in July 1980 as a Staff Appraiser, New York Region - Appraisal Division; promoted in January, 1984 to Senior Appraiser.

Mr. Nelson is a candidate in the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers.

President Candidates Organization -
American Institute of Real Estate Appraisers
New York Metropolitan Chapter No. 4 - 1984

Mr. Nelson has successfully completed the following real estate courses:

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

- Course 1 A-1, Real Estate Appraisal Principles
- Course 1 A-2, Basic Valuation Procedures
- Course 1 B-1, Capitalization Theory and Techniques, Part 1
- Course 1 B-2, Capitalization Theory and Techniques, Part 2
- Course 1 B-3, Capitalization and Theory and Techniques, Part 3
- Course 2-1, Case Studies in Real Estate Valuation

SOCIETY OF REAL ESTATE APPRAISERS

- Course 101, Introduction to Appraising Real Property
- Course 201, Principles of Income Property Appraising
- R-2 Examination

Appraisal assignments have included vacant land, air rights, office buildings, industrial complexes, residential properties, investment properties, commercial properties and restaurants throughout the United States. Qualified as an expert witness before Town Board, Town of North Hempstead, Nassau County, New York and Board of Zoning Appeals, Town of Hempstead, Nassau County, New York in matters pertaining to "special exceptions and variances for zoning regulations."

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THE APPRAISAL DIVISION

NEW YORK REGION

CUSHMAN &
WAKEFIELD

PARTIAL CLIENT LIST

PROFESSIONALS ARE JUDGED BY THE CLIENTS THEY SERVE

The APPRAISAL DIVISION enjoys a long record of service in a confidential capacity to nationally prominent individuals and corporate clients, including banking and financial institutions, real estate investors, and government agencies. We have also served many of the nations largest law firms. Following is a partial list of clients served by members of the APPRAISAL DIVISION - NORTHEAST REGION.

Aamco Automatic Transmissions, Inc.
Air Products and Chemicals, Inc.
Allied Irish Bank
Allegheny-Ludlam Industries
American Bakeries Company
American Brands, Inc.
American District Telegraph Company
American Home Products Corporation
American Savings Bank
American Standard, Inc.
AMF Incorporated
Archdiocese of New York
Arthur Young and Company
Associated Transport
Avon Products, Inc.

Banco de Brasil, N.A.
Bank of America
Bank Leumi Le-Israel
Bank of Nova Scotia
Bankers Life and Casualty Company
Bankers Trust Company
Banque Arabe Et Internationale D'Investissement
Barclays Bank International, Ltd.
Battle, Fowler
Bethlehem Steel Corporation
Borden, Inc.
Bowery Savings Bank
Burke and Burke, Esqs.

Campeau Corporation
Carter-Wallace, Inc.
Capital Growth

84040491960

Partial Client List (cont'd.)

Chase Manhattan Bank, N.A.
Chrysler Corporation
Citibank, NA
City University of New York
Coca Cola, Inc.
Cohen Brothers
College of Pharmaceutical Sciences
Colonial Sand and Stone Company, Inc.
Columbia University
Commonwealth of Pennsylvania
Consolidated Edison Company of New York, Inc.
Consolidated Rail Corporation
Corning Glass Works
Coudert Brothers
Credit Lyonnais

Daily News, Inc.
De Matteis Organization
Dodge Trucks, Inc.
Dun and Bradstreet, Inc.

East Rutherford Industrial Park
Eastman Kodak Company
Eaton Corporation
E. F. Hutton and Company, Inc.
Empire Mutual Insurance Company
Equitable Life Assurance Society of America
Estee Lauder, Inc.

Famolare, Inc.
Federal Deposit Insurance Company
Federal Express Corporation
Foley and Lardner, Esqs.
Ford Bacon and Davis, Inc.
Ford Foundation
Ford Motor Company
Franchise Finance Corporation of America

General Motors Corporation
General Services Administration
Gilboy Stauffer Giombetti Skibinski and Davies
Gilman Paper
Glynwed, Ltd.
GTE Realty
Gulf Oil

Hertz Corporation

Ideal Corporation
Integrated Resources
International Business Machines Corporation
International Paper Realty Company

84040491961

Partial Client List (cont'd.)

International Telephone and Telegraph Corporation
Investors Diversified Services, Inc.
Integrated Resources
Irish Life Assurance

J. B. Brown and Sons
J. C. Penney Company, Inc.
JMB Realty

K-MART Corporation
Kelley, Drye and Warren, Esqs.

Lans, Feinberg and Cohen, Esqs.
Lands Division, Department of Justice
Lehigh Portland Cement
Lehman Brothers Kuhn Loeb
Lincoln Savings Bank

Mahony Troast Construction Company
Manhattan Life Insurance
Manhattan Real Estate Company
Manufacturers Hanover Trust Company
McDonald's Corporation
McGrath Services Corporation
McGinn, Smith and Company
MCI Telecommunications
Merrill Lynch Hubbard
Metropolitan Petroleum Corporation
Meyers Brothers Parking System Inc.
Miller, Montgomery, Sogi and Brady, Esqs.
Mobil Oil Corporation
Mutual Insurance Company of New York

National Can Company
National CSS
National Westminster Bank, Ltd.
Nelson Freightways
Nestle's Inc.
New York Bus Company
New York City Public Development Corporation
New York Life Insurance Company
New York State Employee Retirement System
New York State Parks Department
New York State Urban Development Corporation
New York Telephone Company
New York Urban Servicing Company
Norcross, Inc.
Northville Linden Terminal Corporation
NYC Division of Real Property

Olympia and York, Inc.
Otis Elevator Company
Outerbridge Terminal Inc.
Owens-Illinois Corporation

84040491952

Partial Client List (cont'd.)

Pan American World Airways, Inc.
Parke-Davis and Company
Penn Central Corporation
Penn Mutual Life Insurance Company
Pepsi-Cola Company
Pittston Company
Polyclinic Medical School and Hospital
Port Authority of New York and New Jersey
Proskauer Rose Goetz and Mandelsohn, Esqs.

RCA Corporation
Republic Venezuela Comtrollers Office
Revlon, Inc.
Rice University
Robert Bosch Corporation
Rockefeller Centre, Inc.
Roman Catholic Diocese of Brooklyn
Roosevelt Hospital

Saint Vincent's Medical Centre of New York
Salomon Brothers Inc.
Saxon Paper Corporation
Schroder Real Estate Corporation
Semperit of America
Shearman and Sterling, Esqs.
Shearson American Express
Simpson, Thacher and Bartlett, Esqs.
Smith Barney
Stauffer Chemical Corporation
Stephens College
Sterling Drug, Inc.
Stroheim and Roman, Inc.
Stroock and Stroock and Lavan
Sullivan and Cromwell, Esqs.
Sumitomo Mutual Life Insurance Company
Sun Oil Company

Triangle Industries

Union Carbide Corporation
United States District Court, Southern District of New York
United States Postal Service
United States Trust Company
Upward Fund, Inc.

Vanity Fair Corporation
Verex Assurance, Inc.
Victor Palmieri and Company, Inc.

Western Electric Company
Western Union International
Westinghouse
Wurlitzer Company

84040491963

84040491964

EXHIBIT NUMBER 8

Appraisal Report
231 Centre Street
New York City

A. R. SANTAGATA, M.A., S.P.A.

Real Estate Appraiser

Appraisal Report
231 Centre Street
New York City

84040491966

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE

APPRAISER CONSULTANT

32 COURT STREET

BROOKLYN, NEW YORK 11201-4476

852-4461

Member of

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NATIONAL ASSOCIATION OF REAL ESTATE BOARDS
N. Y. STATE SOCIETY OF REAL ESTATE APPRAISERS
AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

APPRAISERS • CONSULTANTS • BROKERS

August 17, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
New York City, New York 10017
Suite 5200

Dear Mr. Schweitzer:

As per your request, I have inspected and completed a preliminary study of the property located at 231 Centre Street, New York City. My study of this property was made to report the fair and reasonable market value of the property as of October 1978.

Consideration was given for type of property, location, zoning, assessment and taxes, market sales and trends.

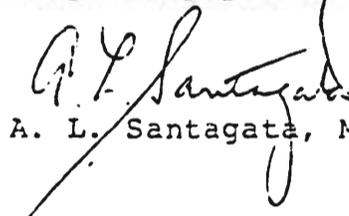
The property, improved with a two story brick corner commercial structure is carried on the City tax roll as Lot 25 in Block 472.

Based on my study and analysis, it is my considered opinion that the fair and reasonable market value of the property described as of October 1978 was:

THREE HUNDRED TEN THOUSAND DOLLARS
(\$310,000)

Of which amount One Hundred Twenty Eight Thousand Dollars (\$128,000) is allocated as land value.

Very truly yours



A. L. Santagata, M.A.I.

84040491967

84040491963

PROPERTY DESCRIPTION:

The property is located on the northwest corner of Centre and Grand Streets. The plot has 64 feet on Grand Street and 100.4 feet on Centre Street. The rear plot line is 99.6 feet. The total plot area is approximately 6,400 Sq. Ft. It is served with all City services and public utilities.

The property is improved with a two story and cellar brick commercial structure with a total area of approximately 12,700 Sq. Ft. The property occupancy as of the date of valuation was by three retail stores at grade level and five offices on the second floor. An additional office was subsequently leased in 1979.

Across from the property is the famous vacant former Police Headquarters designated a Landmark Building. To the east facing the property is the Special Little Italy District. The famous NYC China Town section is two blocks south. This section over the past years has steadily expanded.

To the north, one block at 400 Broome St. is the new renovated State office structure of 7 story height. This building is to be occupied by the Dept. of Public Service, Labor Mediation Board, Labor Relations Board and NYC Racing and Wagering Board.

The growth and improvement of this area has been evident over the past seven years and the trend has been favorable.

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



ASSESSMENT AND TAXES:

Block	472
Lot	25
Land	\$ 95,000
Building	127,000
Total	<u>\$222,000</u>
Taxes	\$ 19,425

ZONING:

M1-5B

This zoning permits light manufacturing plus some community facilities and most commercial uses.

This is a high performance level zoned district with new development permitted with a floor area ratio of 5 times the plot area.

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



84040491969

CONCLUSION OF VALUE:

The property is located in the area that has had continued increase in value since the City's financial crisis in 1973. Numerous properties in the downtown area were improved as the commercial space rentals increased and residential conversion accelerated. The proposed new use of the former Police Headquarters and designation of the Special Little Italy District across from the subject attracted further interest at this location. The liberal zoning of the site and excellent public transportation are further increments to the value.

The analysis of market sales in the immediate area are the best indicators of market prices paid for property and the support of the market valuation. A list of market sales included in this report as prepared by The Weitzman Group, Inc. show a range of sale prices at this area. The three most comparable sales are at 185 Lafayette St., 202 Centre St. and 208 Centre St. The overall prices for the three properties were \$36.00 Sq. Ft., \$25.00 Sq. Ft. and \$36.00 Sq. Ft. respectively. A further reference is made to the computation prepared by the Real Estate Board of New York as to the % of sales prices to the assessed valuation of properties sold in the open market. The 1978 % of total assessed valuation realized was 142.3. This figure applied to the subject assessment of \$222,000 would indicate a market value of \$315,000.

A further check of the market sales, with emphasis on the above mentioned sales as adjusted for the subject short lease tenancy would indicate an overall value of \$24.50 Sq. Ft. would be applicable to the subject property. Thus, the subject of 12,700 Sq. Ft. @ \$24.50 Sq. Ft. would result in the value of \$310,000 as rounded.

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



84040491970

CONTINGENT AND LIMITING CONDITIONS

The appraisal covers only the individual premises described herein. Neither the figures in the appraisal nor any of the underlying data are to be applied or construed as being applicable to other property.

The appraiser has no interest, directly or indirectly in the property involved in this appraisal.

The appraiser does not assume to pass judgement upon the soundness of title, nor does he warrant that the property is free from encroachment of any kind. The appraiser has relied on dimensions supplied to him as shown in the attached report.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers, or to the M.A.I. designation.

If the CERTIFICATE OF APPRAISAL appears to have been altered, or is not clear in any respect, then comparison shall be made with the official copy retained by the Appraiser-Author and all copies conformed thereto.

Unless otherwise stipulated by written contract or by other writing signed and agreed to by the appraiser, the fee for this appraisal does not include testimony in court or before any agency, body or commission of any kind, whether semi-official or otherwise.

The sketch in this report is included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Information, estimates and opinions contained in this report are obtained from sources considered reliable, however, no liability for them can be assumed by the appraiser.

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under this program through December 31, 1986.

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



84040491971

QUALIFICATIONS OF APPRAISER:

EDUCATION: New York University, B.S. Real Estate

HONORARY POSITIONS: President - 1973, N.Y. Chapter of Society of Real Estate Appraisers
President - 1974, Brooklyn Board of Realtors
1977, Brooklyn Board of Realtors
Realtor of the Year

EXPERIENCE: Evaluation of residential, commercial, industrial and special purpose real estate for mortgage financing; acquisition by eminent domain in condemnation proceedings for court submittal, employee residence relocation appraisals, feasibility studies.

PROFESSIONAL MEMBERSHIP: Columbia Society of Appraisers
National Association of Real Estate Boards
American Institute of Real Estate Appraisers
Real Estate Analyst-Soc. of R.E. Appraisers
New York State Soc. of Real Estate Appraisers
Brooklyn Board of Realtors, Inc., Active "A"

MUNICIPAL & CORPORATE ASSIGNMENTS: United Airlines
The Upjohn Company
The Salvation Army
Bordens, Incorporated
Allstate Insurance Company
United States Postal Service
Small Business Administration
Pittsburgh Plate Glass Company
General Service Administration
Law Department City of New York
Department of Ports and Terminals
Union Labor Life Insurance Company
United States Department of Justice
N.Y.C. Public Development Corporation
Metropolitan Transportation Authority
U. S. Dept. of Housing & Urban Development
International Business Machines Corporation
The Port Authority of New York & New Jersey
Department of Public Works - New York State

TEACHING ASSIGNMENTS: Hofstra University - Hempstead, New York
"Appraising Industrial Property"
"Principals of Appraising Income Property"
"An Introduction to Appraising Real Property"
New York University -
"Capitalization in Real Estate Appraisal"

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



84040491972

84040491973

**INSTITUTIONAL
CLIENTS:**

Citibank, N.A.
Morgan Guaranty
Hamburg Savings Bank
Bankers Trust Company
Republic National Bank
The Chase Manhattan Bank
Green Point Savings Bank
State Bank of Long Island
Barclays Bank of New York
Federal Home Loan Bank Board
The Metropolitan Savings Bank
The East New York Savings Bank
Manufacturers Hanover Trust Company
Chemical Bank New York Trust Company
First Federal Savings and Loan Association
Edison Federal Savings and Loan Association
Bankers Federal Savings and Loan Association
Atlantic Liberty Savings and Loan Association

**SPECIAL
ASSIGNMENTS:**

Schall's Marina, Freeport, New York
Model Cities, Brooklyn, New York
Greensboro Shopping Center, Greensboro, N. Car.
Williamsburg, Title I, Brooklyn, New York
Oak View Nursing Home, Morgan, New Jersey
Naval Device Center, Sands Point, New York
Holiday Parks Shopping Center, Massapequa, N.Y.
Palm Carden Nursing Home, Brooklyn, New York
Atlantic Terminal Meat Market, Brooklyn, N.Y.
The Kings Bay Shopping Center, Brooklyn, N.Y.
Monteco East Shopping Center, Monticello, N.Y.
Kent and Java Street Piers, Brooklyn, N.Y.
Parkside Funeral Chapels, Queens & Bronx, N.Y.
Fire Island National Seashore, Fire Island, N.Y.
Tennis World Oceanside, Nassau Cty., N.Y.

**COURT TESTIMONY
EXPERT WITNESS:**

United States Federal Court
New York State Supreme Court-Kings County
New York State Supreme Court-Otsego County

**FEASIBILITY
STUDIES:**

"Greenbrook" Development-Staten Island
Town of Esopus, Ulster County, New York
Westshore Condominium Complex, Brooklyn, N.Y.
Boro Park Condominium Complex, Brooklyn, N.Y.
Brooklyn Heights Coop Complex, Brooklyn, N.Y.
East 50th Street Coop Complex, New York City

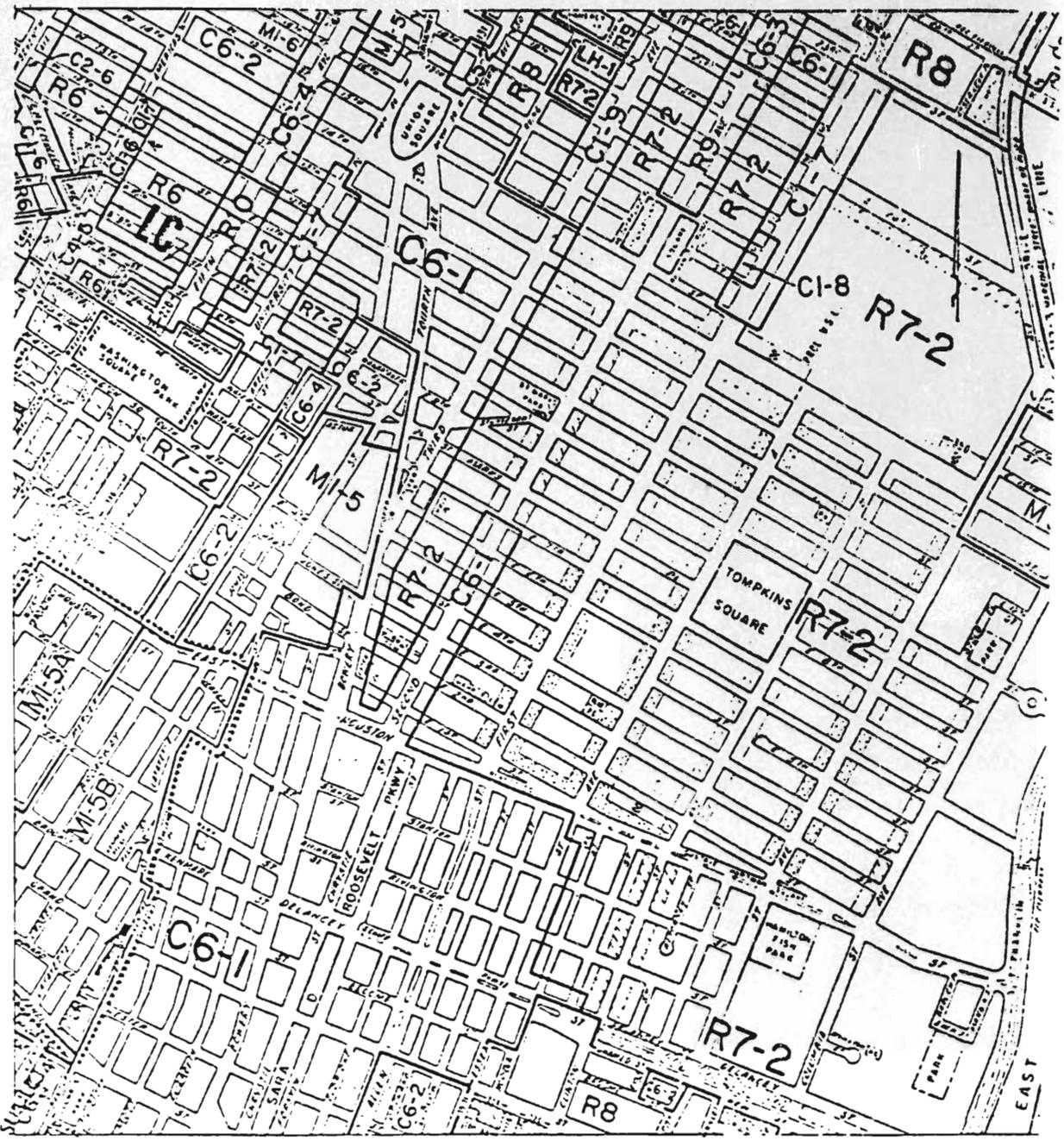
A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



84040491971

Location Map



600 0 600 1200 1500 FEET

C1-1	C1-2	C1-3	C1-4	C1-5	C2-1	C2-2	C2-3	C2-4	C2-5
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A. L. SANTAGATA, M.A.I., S.R.E.A.
 REAL ESTATE
 APPRAISER - CONSULTANT





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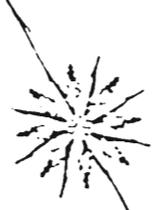
(ELM ST.)

LAFAYETTE

SUBJECT PROPERTY

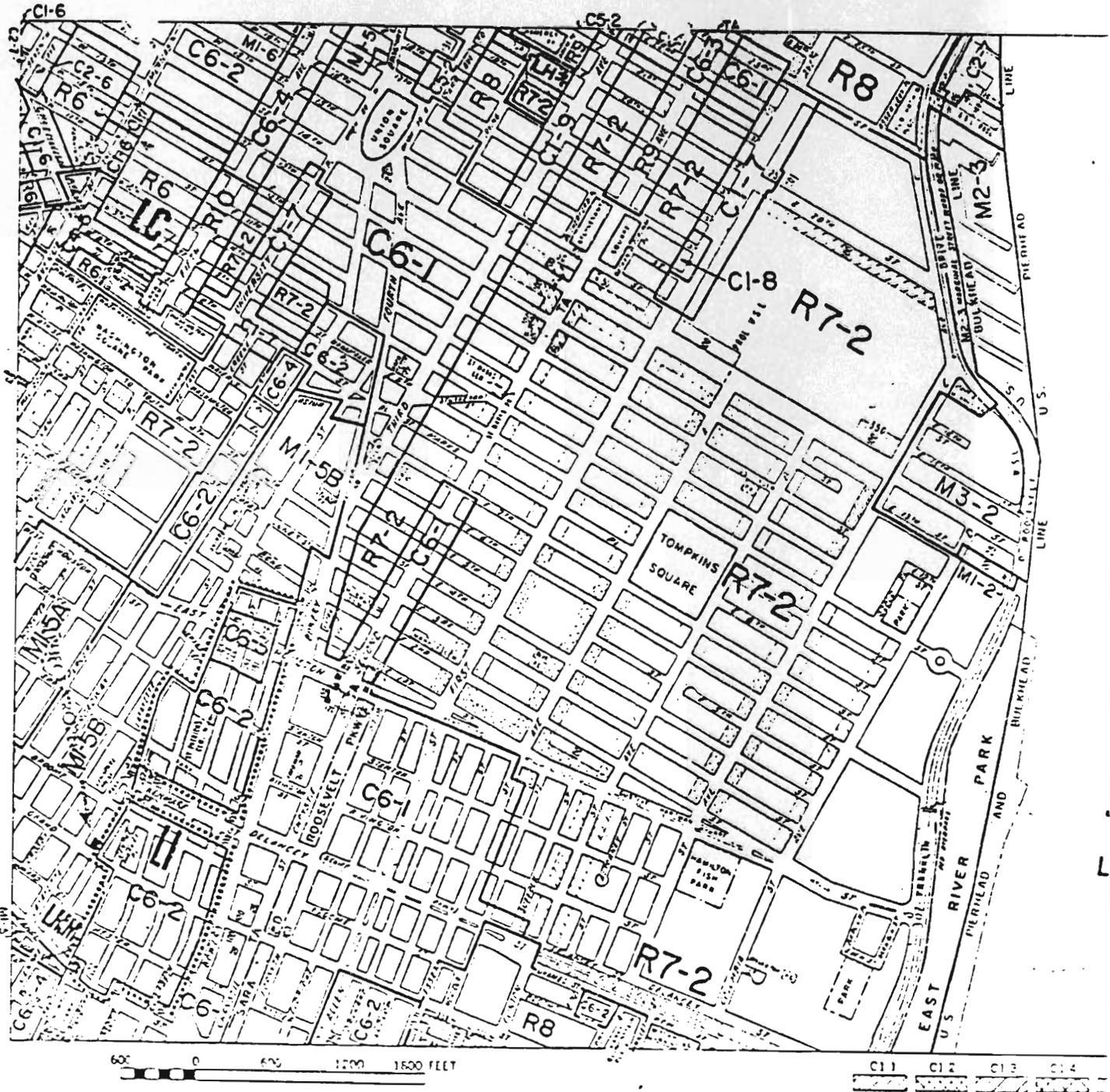
"EAST BAYARD FARM"
New York City, Stephen Barard, Map No. 386

SEC. 1 11



Zoning Map

84040491976



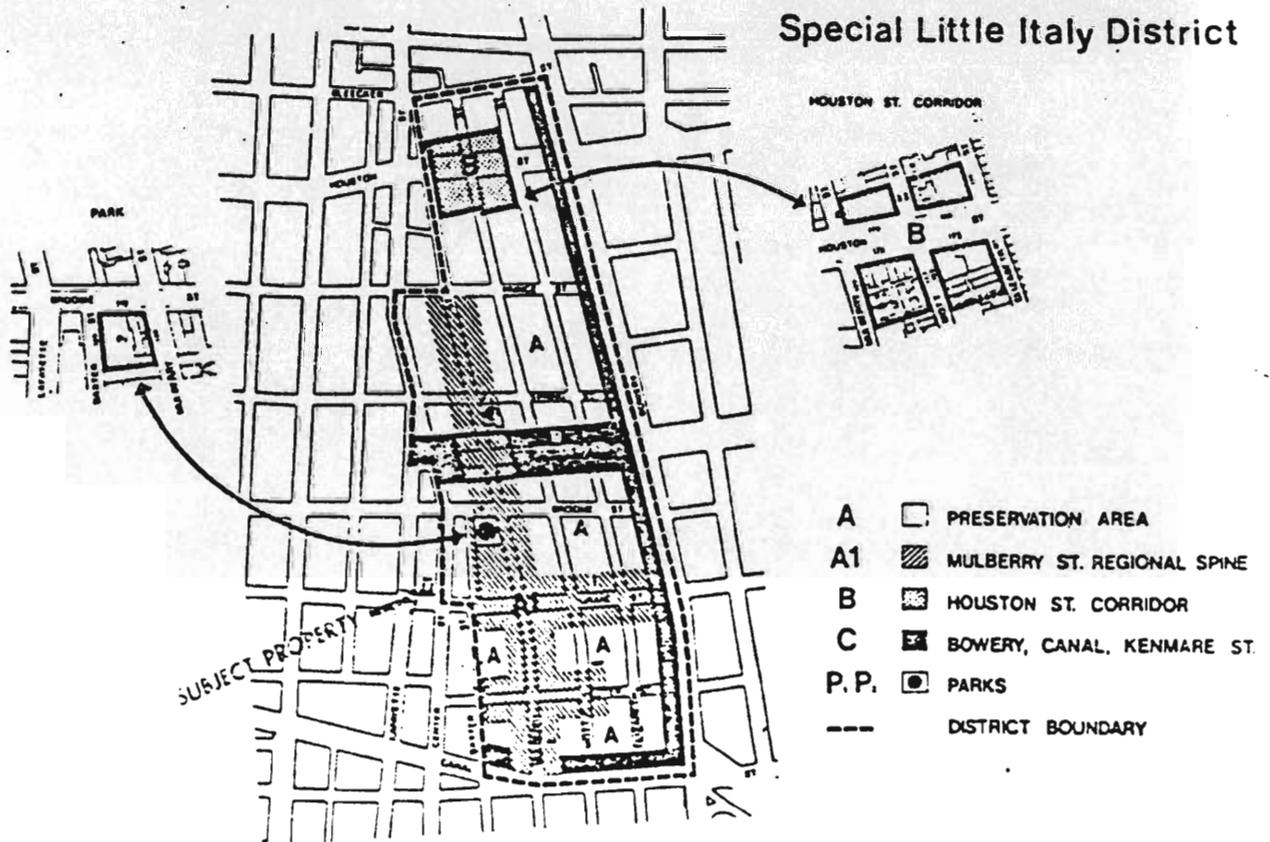
Special Little Italy District

Block Number	Lot Number	Address
238	6	128-130 Mott Street
471	28	174 Grand Street
471	58	190 Grand Street
471	57	192 Grand Street
470	64	124-26 Bowery
470	12	363 Broome Street
471	41	375 Broome Street
472	31	240 Centre Street
481	23	201-5 Mulberry Street
480	21	34-36 Spring Street
492	44	11 Spring Street
492	21	209 Elizabeth Street
508	6	256-58 Mott Street
508	9	262-72 Mott Street
509	34	277 Mott Street
509	1	266 Mulberry Street
206	1	113 Baxter Street
507	17-21	260-268 Elizabeth Street

84040491977

APPENDIX A

Special Little Italy District



DISTRICT MAP

Italicized words are defined in Section 12-10.

THE WEITZMAN GROUP, INC.
Real Estate Consultants

EXHIBIT A
COMPARABLE IMPROVED PROPERTY SALES
231 CENTRE STREET
NEW YORK, NEW YORK

<u>Address</u>	<u>Number of Floors</u>	<u>Date</u>	<u>Purchase Price</u>	<u>Other Sale Information</u>	<u>Building</u>	<u>Sq. Ft.</u>	<u>Price Per Sq. Ft.</u>	<u>Cat./Zone</u>
185 Canal	6	9/78	\$ 950,000	\$170,000 cash.	50 x 100	30,000	\$32.00	L9/C6-1
212 Canal	6	8/78	1,375,000	600,000 cash.	100 x 75	45,000	31.00	L9/C6-1
88 Delancey	2	6/78	200,000	--	27 x 65	3,510	57.00	K2/C6-1
353 Grand	3	4/78	193,000	--	22 x 50	3,300	58.00	L8/C6-1
185 Lafayette	3	12/78	75,000	22,500 cash.	20 x 35	2,100	36.00	K9/M1-5
474 Broadway	4	7/78	89,000	--	25 x 65	6,500	14.00	L5/M1-5
496 Broadway	5	1978	110,000	--	22 x 80	8,800	12.00	L6/M1-5
514 Broadway	6	1978	450,000	--	37 x 200	44,400	10.00	L6/M1-5
208 Centre	3	1979	192,500	--	24 x 75	5,400	36.00	D5/M1-5
250 Lafayette	4	6/78	100,000	--	25 x 126	12,600	8.00	L9/M1-5
247 Broome	6	1978	35,000	cash	25 x 76	11,400	3.00	C4/C6-1
59 Crosby	5	11/74	75,000	--	25 x 95	11,875	6.00	L9/M1-5
134 Crosby	6	8/77	475,000	--	100 x 125	75,000	6.00	D4/M1-5
202 Centre	6	11/76	400,000	--	35 x 75	15,750	25.00	L2/M1-5

84040491978

MANHATTAN REAL ESTATE OPEN MARKET SALES

TABLE I
TOTAL SALES, CONSIDERATION AND PERCENT OF ASSESSED VALUATION
MANHATTAN - 1937-1978

Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized	Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized
1937	2353	\$150,133,174	82.9	1958	2461	\$214,316,332	128.9
1938	2251	93,333,015	79.4	1959	3064	379,669,519	143.4
1939	2654	116,463,945	75.5	1960	2811	357,563,563	142.4
1940	2549	126,793,874	72.6	1961	2547	357,849,816	148.7
1941	2704	146,456,656	63.8	1962	2691	321,066,566	148.0
1942	2340	131,300,757	63.8	1963	1812	300,355,677	137.7
1943	3473	231,149,298	63.7	1964	1732	264,229,411	131.5
1944	4957	328,440,978	69.7	1965	1873	317,811,662	143.2
1945	5852	432,848,201	75.7	1966	1825	313,573,755	150.9
1946	7753	608,961,888	96.8	1967	1772	294,847,515	152.0
1947	4179	333,149,947	100.9	1968	2218	594,846,585	178.3
1948	3673	315,669,615	97.6	1969	2316	614,277,743	201.1
1949	2851	251,578,830	94.6	1970	1606	355,915,488	181.9
1950	3439	353,342,840	99.3	1971	1307	253,607,515	163.2
1951	3239	308,623,303	104.2	1972	1464	322,316,022	157.1
1952	3171	321,806,638	107.1	1973	1534	450,065,594	156.7
1953	2869	323,178,478	108.3	1974	1363	273,461,872	155.4
1954	2882	295,206,153	105.0	1975	1247	241,523,888	131.2
1955	3375	365,878,861	118.6	1976	1569	323,321,590	123.6
1956	2851	307,071,601	125.1	1977	1734	473,805,434	136.2
1957	2457	257,715,355	125.1	1978	2263	646,135,055	142.2

84040491979



EDWARD R. POTTER
DIRECTOR OF RESEARCH

REAL ESTATE BOARD OF NEW YORK, INC.
RESEARCH DEPARTMENT

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Subject Photo



84040491980

84040491981

EXHIBIT NUMBER 9

THE WEITZMAN GROUP, INC.
Real Estate Consultants
767 Third Avenue • New York, N.Y. 10017 • 212-688-9060

August 17, 1984

Melvin L. Schweitzer, Esq.
Suite 5200
200 Park Avenue
New York, New York 10166

Re: 231 Centre Street
New York, New York

Dear Mr. Schweitzer:

At your request, we have reviewed fourteen improved property sales (see Exhibit A) that might be used as comparables in the valuation of 231 Centre Street, New York, New York. The sales are located within the area bounded by Prince Street on the north, Canal Street on the south, Broadway on the west and Essex Street on the east.

It is our conclusion that the marketplace is price sensitive to locations within the defined area. The higher priced sales are concentrated between Lafayette Street, the Bowery, Broome and Canal Streets; prices range from \$25.00 to \$58.00 per square foot. Two-thirty-one Centre Street is located within this area. Selling prices are considerably lower, ranging from \$6.00 to \$15.00 per square foot, in the area bounded by Broadway, Canal, Prince and Lafayette Streets. The upper end of the market with prices of \$50.00 per square foot and higher are for well located retail properties.

If you have any questions please call us.

Very truly yours,

THE WEITZMAN GROUP, INC.


David E. Fields
Vice President

84040491982

THE WEITZMAN GROUP, INC.
Real Estate Consultants

EXHIBIT A
COMPARABLE IMPROVED PROPERTY SALES
231 CENTRE STREET
NEW YORK, NEW YORK

<u>Address</u>	<u>Number of Floors</u>	<u>Date</u>	<u>Purchase Price</u>	<u>Other Sale Information</u>	<u>Building</u>	<u>Sq. Ft.</u>	<u>Price Per Sq. Ft.</u>	<u>Cat./Zone</u>
185 Canal	6	9/78	\$ 950,000	\$170,000 csh.	50 x 100	30,000	\$32.00	L9/C6-1
212 Canal	6	8/78	1,375,000	600,000 csh.	100 x 75	45,000	31.00	L9/C6-1
88 Delancey	2	6/78	200,000	--	27 x 65	3,510	57.00	K2/C6-1
353 Grand	3	4/78	193,000	--	22 x 50	3,300	58.00	L8/C6-1
185 Lafayette	3	12/78	75,000	22,500 csh.	20 x 35	2,100	36.00	K9/M1-5
474 Broadway	4	7/78	89,000	--	25 x 65	6,500	14.00	L6/M1-5
496 Broadway	5	1978	110,000	--	22 x 80	8,800	12.00	L8/M1-5
514 Broadway	6	1978	450,000	--	37 x 200	44,400	10.00	L8/M1-5
208 Centre	3	1979	192,500	--	24 x 75	5,400	36.00	D5/M1-5
250 Lafayette	4	6/78	100,000	--	25 x 126	12,600	8.00	L9/M1-5
247 Broome	6	1978	35,000	cash	25 x 76	11,400	3.00	C4/C6-1
59 Crosby	5	11/74	75,000	--	25 x 95	11,875	6.00	L9/M1-5
134 Crosby	6	8/77	475,000	--	100 x 125	75,000	6.00	D4/M1-5
202 Centre	6	11/76	400,000	--	35 x 75	15,750	25.00	L2/M1-5

84040491985

84040491984

EXHIBIT NUMBER 10

LETTER OF VALUE

231 CENTRE STREET
NEW YORK, NEW YORK

84040491985

JAMES FELT Realty Services | 488 Madison Avenue, New York, N.Y. 10022 | (212) 421.2100
A Division of Grubb & Ellis Company

August 16, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
Suite 5200
New York, New York

Re: 231 Centre Street
New York, New York

Dear Mr. Schweitzer:

You have requested our opinion of the fair and reasonable market value of the above referred to property as of the Fall of 1978. The property can be generally described as a 2-story building on a 6,439 square foot plot at the northwest corner of Center and Grand Streets, fronting 64'4" on the latter street and 100'1" on Center Street. Gross building area is 12,878+ square feet, and as of the requested date of our valuation, information provided us indicated occupancy by three retail stores at grade and five offices on the second floor -- with one office vacancy which was subsequently leased during 1979. The assessed value of the subject for the tax year 1978/1979 was:

Land:	\$ 95,000
Building:	<u>\$127,000</u>
Total:	\$222,000

In our opinion, the fair and reasonable market value of the subject as if free and clear (subject to then existing tenancies) in the Fall of 1978 was:

THREE HUNDRED FIFTEEN THOUSAND DOLLARS
(\$315,000)

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As of the date of our valuation, there were three basic factors influencing the subject property, i.e.,:

1. The beginning of emergence of the city's real estate from the depressed condition that had existed since 1972-1973. The effects of the improved market have continued and accelerated to the present.
2. The expansion of the Chinese community north of Canal Street with a resultant upward trend of values in the area of the subject due to increased demand.
3. The proximity of the subject to the former Police Headquarters Landmarked Building (vacated some years before the date of our valuation), and the anticipated "re-use" of the structure with a concomitant improvement in the immediate area of the subject.

We believe that the most objective indicator of real estate value is the market itself -- prices at which willing buyers and sellers effect sales transactions. To explore these levels, we looked to two sources:

1. Recorded sales of properties in reasonably close proximity to the subject, and
2. Statistics developed by the Research Division of the Real Estate Board of New York with respect to open market transactions for 1978.

In both instances, this market data indicates the then prevailing relationship between price and assessed value, a factor not affected by subjective judgments with respect to the various elements entering into a valuation decision.

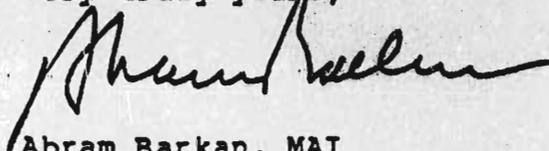
Our review of recorded sales developed ten properties sold between November of 1977 and December of 1978 (see attached "Market Data"). Because no one of these properties is directly comparable to the subject, and because of the relatively small sampling, we believe that the Real Estate Board statistics, involving an average of all recorded sales in Manhattan, is more relevant to our valuation (see attached data). The smaller sampling showed an average ratio of sales prices to assessed value of 169.2%. The Real Estate Board statistics on all open market sales for 1978 indicates a ratio of 142.3%. Using this factor which we believe more conservative, our analysis is summarized as follows:

1978/1979 Assessed Value:	\$222,000
Ratio of Prices to Assessments:	142.3%
ROUNDED VALUE:	\$315,000 =====

34040491987

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under this program.

Very truly yours,



Abram Barkan, MAI
President

Attachments

84040491988

MANHATTAN REAL ESTATE OPEN MARKET SALES

TABLE I
TOTAL SALES, CONSIDERATION AND PERCENT OF ASSESSED VALUATION
MANHATTAN - 1937-1978

Year	No. of Sales	Total Considerations	Percent of Total Assessed Valuation Realized	Year	No. of Sales	Total Considerations	Percent of Total Assessed Valuation Realized
1937	2353	\$150,133,174	82.9	1958	2461	\$214,316,332	128.9
1938	2281	93,333,015	79.4	1959	3064	379,689,519	143.4
1939	2654	116,463,945	75.5	1960	2811	357,563,563	144.4
1940	2549	126,793,874	72.6	1961	2547	357,849,816	148.7
1941	2704	146,456,656	65.8	1962	2091	321,066,566	148.0
1942	2340	131,300,757	63.8	1963	1812	300,355,677	137.7
1943	3473	231,149,808	63.7	1964	1732	264,229,411	131.5
1944	4957	328,440,976	69.7	1965	1873	317,811,660	143.2
1945	5852	432,848,201	75.7	1966	1825	313,573,755	150.9
1946	7753	608,961,867	96.8	1967	1772	294,847,515	152.0
1947	4179	333,149,947	100.9	1968	2218	594,846,525	178.3
1948	3673	315,669,615	97.6	1969	2316	614,227,743	201.1
1949	2891	251,978,830	64.6	1970	1600	355,915,480	181.9
1950	3439	353,342,840	99.3	1971	1307	253,607,515	163.2
1951	3239	308,623,323	104.2	1972	1464	322,316,622	157.1
1952	3171	321,806,638	107.1	1973	1534	450,069,594	156.7
1953	2869	323,178,479	108.3	1974	1363	273,461,872	155.4
1954	2850	299,206,157	105.0	1975	1247	241,523,868	131.2
1955	3375	368,878,861	118.6	1976	1569	323,321,590	123.6
1956	2951	317,071,601	125.1	1977	1734	473,809,434	138.2
1957	2437	257,715,395	125.1	1978	2163	646,735,095	142.2

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EDWARD R. POTTER
DIRECTOR OF RESEARCH

REAL ESTATE BOARD OF NEW YORK, INC.
RESEARCH DEPARTMENT

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MARKET DATA

<u>Date</u>	<u>Property</u>	<u>Assessed Value</u>	<u>Total Consideration</u>	<u>Ratio of Consideration to Assessed Value</u>
11/76	202-4 Centre St.	\$185,000	\$400,000	2.16
7/77	424 Broome St.	55,000	110,000	2.00
8/77	134-40 Grand St.	275,000	475,000	1.73
11/77	59 Crosby St.	50,000	75,000	1.50
6/78	250 Lafayette St.	68,000	100,000	1.47
7/78	474 Broadway	60,000	89,000	1.48
8/78	514-6 Broadway	390,000	450,000	1.15
9/78	425-7 Broome St.	115,000	280,000	2.43
11/78	496 Broadway	65,000	110,000	1.69
12/78	185 Lafayette St.	16,000	75,000	4.69

Average Ratio of Consideration to Assessed Value - 1.69.28

84040491991

QUALIFICATIONS

**QUALIFICATIONS
OF
ABRAM BARKAN**

Abram Barkan is President of James Felt Realty Services, a Division of Grubb & Ellis Company. In the main, this Division conducts a general real estate business stressing appraisal and consulting activities. James Felt Realty Services acts or has acted as real estate consultant to International Paper Company, New York Life Insurance Company, Metropolitan Life Insurance Company, R.H. Macy & Company, Inc., as well as other institutions, corporations and individuals.

The Division also acts as mortgage correspondent for a group of savings bank, including Syracuse Savings Bank, Binghamton Savings Bank, and Staten Island Savings Bank.

Abram Barkan has testified in both the New York Supreme Court and U.S. District Court as an expert witness. He is a member of the following trade and professional groups:

American Society of Real Estate Counselors - President - 1978.

American Institute of Real Estate Appraisers and served as President of the New York Chapter in 1970/71 - awarded the M.A.I. designation in 1957.

Director - 1978 - National Association of Realtors.

Board of Governors - 1978-1980 - The Real Estate Board of New York, Inc.

International Council of Shopping Centers.

Lecturer - Real Estate - Center for New York City Affairs, New School for Social Research.

Member - American Arbitration Association National Real Estate Valuation Council.

Past Director, Rent Stabilization Association of New York, Inc.

Past Director - Mohawk Savings & Loan Association

He has been involved in appraisal of real estate in various sections of the country, has appeared before the Internal Revenue Service in support of estate tax valuations, has acted as an arbitrator and/or appraiser in matters involving determinations of fair rental values, as a consultant to clients requiring services in connection with rental space needs and costs, and has provided valuation and consultation services to various Municipal State and Federal agencies.

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The firm has served and participated in appraisals for corporations lending institutions, attorneys, owners and trustees. Some of the institutional and corporate clients that I have served are:

Barton Savings and Loan Association of Newark, N. J.
First Savings and Loan Association of Jersey City, N. J.
First Federal Savings and Loan Association
Franklin Society Federal Savings and Loan Association
Knickerbocker Federal Savings and Loan Association
Serial Federal Savings and Loan Association
Washington Heights Federal Savings and Loan Association
West Side Federal Savings and Loan Association
Whitestone Savings and Loan Association
Woodside Savings and Loan Association

Albany Savings Bank
Amsterdam Savings Bank
Auburn Savings Bank
The Binghamton Savings Bank
The Bowery Savings Bank
Central Savings Bank
Dry Dock Savings Bank
Dollar Savings Bank
The East River Savings Bank
The Eastern Savings Bank
Emigrant Savings Bank--
The Franklin Savings Bank
Germantown Savings Bank
The Greenwich Savings Bank
The Jefferson County Savings Bank of Watertown
Kingston Savings Bank
The Lincoln Savings Bank of Brooklyn
The Manhattan Savings Bank
The New York Bank For Savings
The Prudential Savings Bank
Roosevelt Savings Bank of Brooklyn
Saugerties Savings Bank
The Seamen's Bank For Savings
The Troy Savings Bank
Union Dime Savings Bank
United Mutual Savings Bank

The New York State Employees' Retirement System
The New York State Metropolitan Transportation Authority
The New York State Teachers Retirement System

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American Bank and Trust Company
Bank Leumi Le-Israel
Bank of New York
Bankers Trust Company
Central Penn National Bank of Philadelphia
Central State Bank
The Chase Manhattan Bank National Association
Chemical Bank
Chemical Realty Corporation
Fairfield County Trust Company
First National Bank of Chicago
First National City Bank
Manufacturers Hanover Trust Company
Morgan Guaranty Trust Company
National Bank of North America
Republic National Bank
Security National Bank

Aetna Life Insurance Company of Hartford, Connecticut
American National Insurance Company of Galveston, Texas
Bankers Life of Chicago
Equitable Life Assurance Society of the United States
Manhattan Life Insurance Company
Metropolitan Life Insurance Company
New England Mutual Life Insurance Company
New York Life Insurance Company
Security Mutual Life Insurance Company of Binghamton
Union Mutual Life Insurance Company of Portland, Maine

A. O. Smith Company
Allis-Chalmers Manufacturing Company
Century Theatres
Chrysler Motors Corporation
City Investing Company
Dollar Land Corporation Limited
Eastern Airlines
Ford Motor Company
General Motors Corporation
Horn and Hardart Company
New York Telephone Company
Penn Central Railroad Company
Schenley Industries, Inc.
Stein-Hall & Co., Inc.
United States Steel Corporation
Westinghouse Company, Inc.

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CORPORATIONS

Air France
Aluminum Company of America
Booz-Allen
Celanese Corporation
Colt Industries
Columbia Broadcasting Company
Consolidated Edison Company
Curtiss Wright Corporation
Erie-Lackawanna Railroad
Fiat-Roosevelt Motors, Inc.
General Electric Company
Gertz Department Stores
Grumman Corporation
Gulf Oil Corporation
Kayser-Roth Corporation
International Business Machines Corporation
International Paper
Minneapolis Honeywell
Shubert Theatres
Madison Square Garden Corporation, New York

INVESTMENT AND DEVELOPMENT ORGANIZATIONS

Koger Properties, Inc.
Mack Construction Company
Mid-Central Properties, Ltd.
Smallwood Estates, Inc.
TBS Enterprises, Inc.

LARGE SCALE HOUSING

Amalgamated Houses, Bronx	Washbridge Houses, New York
Parkchester, Bronx	Field Houses, Brooklyn
Riverton, New York	Sea Park East, Brooklyn
Seward Park Houses, New York	Sea Park West, Brooklyn
Stuyvesant Town, New York	Ocean Village, Queens

DEPARTMENT STORE BUILDINGS

Alexander's Department Stores:	Fordham Road, Bronx, New York Third Avenue, Bronx, New York South Broadway, White Plains, New York
Bamberger's:	Willowbrook, Wayne, New Jersey
E. J. Korvette:	34th Street & Broadway New York, New York
Macy's:	Colonie, New York New Rochelle, New York
W. & J. Sloane:	414-420 Fifth Avenue New York, New York
Lane Bryant:	461 Fifth Avenue New York, New York
Gertz:	Jamaica, Queens New York

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Portfolio Reviews include:

American Broadcasting Co.
Investors Funding
The Chase Manhattan Bank - Real Estate Portfolio
Security Mutual Life Insurance Company
E. J. Korvette Shopping Center
Manufacturers Hanover Trust Co. - Real Estate Portfolio

Major New York City Assignments that I have personally participated in include:

One Astor Plaza	651 Fifth Avenue
1166 Avenue of the Americas	666 Fifth Avenue
1180 Avenue of the Americas	7 Hanover Square
1345 Avenue of the Americas	485 Lexington Avenue
30 Broadway	635 Madison Avenue
165 Broadway	655 Madison Avenue
1250 Broadway	North Building
1500 Broadway	Two Penn Plaza
449 Fifth Avenue	75 Rockefeller Plaza
521 Fifth Avenue	605 Third Avenue
529 Fifth Avenue	919 Third Avenue
530 Fifth Avenue	260 West Broadway
581 Fifth Avenue	9 West 57th Street
645 Fifth Avenue	70 East 10th Street

The most recent out-of-town Assignments include:

161-9 Peachtree Street:	Atlanta, Georgia
Galleria I and II:	Houston, Texas
1401-1597 Euclid Avenue:	Cleveland, Ohio
Central Park South:	Orlando, Florida
Wooster Hawkins:	Akron, Ohio
Litchfield-By-The-Sea:	Litchfield, South Carolina
Park Square Building:	Boston, Massachusetts
The Courtyard:	Rolling Hills Estate, California
Copley Place:	Boston, Massachusetts
Horizon House:	Fort Lee, New Jersey
The Colony:	Fort Lee, New Jersey

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ARBITRATION ASSIGNMENTS

<u>Property</u>	<u>Type</u>	<u>Client</u>
<u>1983</u>		
25 Broadway	Rental Determination	Chase
200 Fifth Avenue	Rental Determination	Chase
1481-3 Broadway	Land Value & Ground Rent Determination	Brandt
9 West 57th Street	Rental Determination	Morgan, Lewis & Bockius
Pfizer Building	Land Value & Ground Rent Determination	Seaver Realty Co. & Pfizer Co.
<u>1982</u>		
100 West 57th Street	Rental Determination	Chase
979 Third Avenue	Rental Determination	John Stuart Co.
1625 Broadway	Land Value & Ground Rent Determination	Renald Wacht
530 Seventh Avenue	Rental Determination	Shea & Gould
80 Nassau Street	Rental Determination	Lester Palestine
<u>1981</u>		
515 Madison Avenue	Rental Determination	Aaron Gural
718 Fifth Avenue	Rental Determination	Rogers & Wells
1285 Ave. of Americas	Rental Determination	Chase
469 Fifth Avenue	Rental Determination	Lane Bryant
151 William Street	Land Value & Ground Rent Determination	Aetna Life
122 Fifth Avenue	Rental Determination	Andrew Pollack

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PARTIAL LIST OF ABRAM BARKAN'S
COURT APPEARANCES AS EXPERT WITNESS

<u>Date</u>	<u>Property</u>	<u>Client</u>	<u>Court</u>	<u>Case No.</u>
1981-1982	3,500 miles of right-of-way and 35 major railroad properties including among others 30th Street and 60th Street yards and Penn Station	United States Railway Association	Special "Federal" Court Rail Re-organization Act of 1973	Various
1/12/81	650 Fifth Avenue	Minskoff	State Supreme Court	17989-76
4/27/78	Swingline Plant Long Island City, N.Y.	American Brands Inc.	Arbitration	-
4/15/80	923-935 Second Avenue 253 East 49th and 248 East 50th Street	49th Street Realty Corp. et. al	State Supreme Court	76-Civ. 4375
12/5/78	219.21+ Acres Vacant Land Blairstown, New Jersey	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	-
10/12/78	Oakleaf Towers Silver Springs, Maryland	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	76B-1155
9/6/78	Nevada Towers One Nevada Plaza New York, New York	C.I. Mortgage Group	Federal Bankruptcy Court	77B-1170
4/7/77	245 Rumsey Road Yonkers, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	764438
7/15/76	709-715 Eighth Avenue New York, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	74B-1454-55 74B-1511-42
1975	Brevard Apartments 245 E. 54th Street New York, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	-
1/19/73	Barclay Hotel 518-536 Lexington Avenue New York, New York	Trustees of the New Haven and New Hartford Railroad	Federal Bankruptcy Court	70-347

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EXHIBIT NUMBER 11

Summary



*What good
does it do me -
but you
showed up
the*

Major Provisions of the
Federal Election
Campaign Law

*Up to
you
Council*

December 1975

Federal Election Commission
Washington D.C.

84040492000

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FEDERAL ELECTION CAMPAIGN LAW

- 3. Any fund raising costs incurred by a broad based, multi-candidate committee (i. e. a committee eligible to give up to \$5, 000 to a CANDIDATE) as long as those costs are not incurred through broadcasting stations, newspapers, magazines, outdoor advertising facilities and other similar types of general public political advertising. (18 U. S. C. 591 (f))

C. Other Criminal Code Provisions

1. Expenditures from personal funds

No CANDIDATE may make EXPENDITURES from his personal funds or those of his immediate family in connection with his election campaign which exceed:

- a. \$50, 000 in the case of a Presidential or Vice Presidential CANDIDATE;
- b. \$35, 000 in the case of a CANDIDATE for Senate or for Representative from a STATE with only one Representative;
- c. \$25, 000 in the case of any other House CANDIDATE.

Any such EXPENDITURE made in a non-election year is considered to be made in the year in which the ELECTION is held. Immediate family includes the CANDIDATE'S spouse, and any child, parent, grandparents, brothers or sisters of the CANDIDATE and the spouses of those PERSONS.

No CANDIDATE or member of his immediate family may make loans or advances from their personal funds for the CANDIDATE'S campaign unless the loan or advance is evidenced by a written instrument fully disclosing the terms and conditions of the loan or advance. Any such loan or advance is considered an EXPENDITURE only to the extent of the balance of the loan or advance outstanding and unpaid. (18 U. S. C. 608 (a))

CANDIDATES and PERSONS who make EXPENDITURES in excess of the limitations are punishable by a fine not exceeding \$25, 000 and imprisonment not exceeding one year, or both. (18 U. S. C. 608 (h) (i))

2. CONTRIBUTIONS or EXPENDITURES by national banks, corporations or labor organizations

National banks, corporations, and labor organizations are prohibited from making CONTRIBUTIONS and EXPENDITURES in connection with

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EXHIBIT NUMBER 12

84040492007

III.

That the pertinent facts in this matter are as follows:

- A. Between May 10, 1978, and September 5, 1978, John A. Zaccaro loaned \$110,000 to the Committee to Elect Geraldine A. Ferraro (the "Committee").
- B. Prior to the time that these loans were made, Mr. Zaccaro was advised by counsel that the making of such loans to the Committee would be proper and in full compliance with applicable Federal Law and Regulations.
- C. Mr. Zaccaro first learned of the applicability of the limitations imposed by 2 U.S.C. §441a to such loans on September 11, 1978.
- D. Acting through counsel, respondent has cooperated with the Federal Election Commission in its investigation of this matter responding promptly and candidly to all inquiries by the Commission.

WHEREFORE, respondent John A. Zaccaro agrees:

- I. Respondent's loans to the Committee constituted contributions subject to the \$1,000 limitation imposed by 2 U.S.C. §441a.
- II. That respondent will pay a civil penalty in the amount of \$250 pursuant to 2 U.S.C. §437g(a)(6)(B).
- III. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matter at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed, that this agreement shall become effective as to the date that all parties hereto have executed same and the Commission has approved the entire agreement.

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III

It is agreed that respondent John A. Zaccaro shall have 30 days from the date of this agreement to implement and comply with the requirements contained herein, or to so notify the Commission.

Date _____

William C. Oldaker
General Counsel
Federal Election Commission

Date Feb 17, 1979



John A. Zaccaro

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EXHIBIT NUMBER 13

Before the Federal Election Commission

In the Matter of

Committee to Elect Geraldine Ferraro)

)
)
)
)
)

MUR 892

CONCILIATION AGREEMENT

This matter having been instituted on the basis of information ascertained by the Federal Election Commission in the normal course of carrying out its supervisory responsibilities, an investigation having been conducted, and the Commission having found reasonable cause to believe that respondent, Committee to Elect Geraldine Ferraro ("the Committee") violated 2 U.S.C. §§ 441a, 434(b), and 11 CFR 104.4(e);

Now, therefore, the respective parties herein, the Federal Election Commission and respondent Committee, having entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

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- A. Between May 10, 1978 and September 5, 1978 the Committee received loans aggregating \$110,000 from an individual, and duly reported the receipt of such loans in its reports filed with the Federal Election Commission.
- B. Prior to the time that these loans were made, the Committee was advised by counsel that the receipt of such loans by the Committee would be proper and in full compliance with applicable Federal Law and Regulations.
- C. The Committee was advised that these loans were subject to the \$1,000 limitation imposed by 2 U.S.C. §441a by letter from the Federal Election Commission which it received on September 11, 1978. The Committee thereupon acted to repay the loans exceeding such limitation as expeditiously as possible. The Committee notified the Federal Election Commission of such repayment by letter of October 5, 1978.
- D. Less than 15 days but more than 48 hours prior to the primary election held on September 12, 1978, the Committee received

a loan of \$50,000 which it did not report within 48 hours, but upon learning of the 48-hour reporting requirement immediately notified the Federal Election Commission of the receipt of such loan by letter of September 21, 1978.

- E. Respondent has cooperated with the Federal Election Commission in its investigation of this matter, responding promptly and candidly to all inquiries by the Commission.

WHEREFORE, respondent Committee to Elect Geraldine Ferraro agrees:

- I. The loan of \$110,000 from an individual who is a member of the candidate's immediate family is a contribution subject to the limitation of \$1,000 on contributions from individuals imposed by 2 U.S.C. §441a.
- II. The Respondent's acceptance of the \$50,000 of loans should have been reported in a timely fashion in accordance with 2 U.S.C. §434 and 11 CFR 104.4(e).
- III. That respondent will pay a civil penalty in the amount of \$500 pursuant to 2 U.S.C. §437g(a)(6)(B).

- IV. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matter at issue herein, or on its motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as to the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent Committee to Elect Geraldine Ferraro shall have 30 days from the date of this agreement to implement and comply with the requirements contained herein, or to so notify the Commission.

84040492016

Date _____

William C. Oldaker
General Counsel
Federal Election Commission

Date 9/12/79

David Blanksteen
David Blanksteen
Treasurer
Committee to Elect Geraldine
Ferraro

84040492017

84040492018

EXHIBIT NUMBER 14

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT - THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

THIS INDENTURE, made the 1st day of May nineteen hundred and seventy-eight

BETWEEN POLAROB REALTY CORP.
C/O Murry Kalik, Esq.
501 Madison Avenue
New York, New York 10022
party of the first part, and

472
25

MELRO COMPANY, a pro-partnership having its offices in care of Murry Kalik, 501 Madison Avenue, New York, New York 10022, having a one half (1/2) interest herein and Geraldine A. Ferraro, residing at 218 Lafayette Street, New York, New York having a one half (1/2) undivided interest therein.

party of the second part.

WITNESSETH, that the party of the first part, in consideration of Ten Dollars and other valuable consideration paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the point formed by the intersection of the westerly side of Centre Street with the northerly side of Grand Street; running thence westerly along the northerly side of Grand Street 64 feet 4 inch thence northerly and parallel or nearly so with Centre Street 100 feet 1 inch; thence easterly and parallel or nearly so with Grand Street, 64 feet 4 inches to the westerly side of Centre Street and thence south along the westerly side of Centre Street 100 feet 1 inch to the point of beginning. Be the said several distances and dimensions more or less.

TOGETHER with all strips or gores of land adjoining the above described premises on the north and west.

Said premises being now known by the street numbers 158-162 Grand Street and 231-235 Centre Street, New York, New York.

This conveyance has been made with the unanimous consent in writing of all of the stockholders of the party of the first part.

TOGETHER with all right, title and interest, if any, of the party of the first part of, in and to any streets and roads abutting the above-described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises: TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part, has duly executed this deed the day and year first above written.

IN PRESENCE OF



POLAROB REALTY CORP.

By Murry Kalik
Murry Kalik

84040492012

STATE OF NEW YORK, COUNTY OF

On the day of personally came



to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF

On the day of personally came

19 before me

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF New York

On the 1st day of May 1978, before me personally came Murry Kalik, Esq. to me known, who, being by me duly sworn, did depose and say that he resides at No. 501 Madison Avenue New York, New York that he is the President of Polarob Realty, Inc. the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK, COUNTY OF

On the day of personally came

19 before me

to me known, who, being by me duly sworn, did depose and say that he resides at No.

that he is the of

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

84040492020

Warranty and Sale deed WITH COVENANT AGAINST GRANTOR'S ACTS

TITLE No. 01-9027

POLAROB REALTY CORP.

TO

METRO COMPANY, Columbus and Malcolm A. FEINMAN

A12

SECTION 314 BLOCK 472 LOT 71 COUNTY OR TOWN NY.

REC. TOL. F (3)

Recorded at Request of American Title Insurance Company RETURN BY MAIL TO:



KALIK + KALIK 501 MADISON AVE New York, New York 10022

Member of The Continental Insurance Companies

RESERVE THIS SPACE FOR USE OF RECORDING OFFICE

Recorded by American Title Insurance Company Guaranteed Title Division To Be Returned To. RP2077

RECORDED IN NEW YORK COUNTY NO. TAX PAID 2202 44



05319 1978 MAY -4 AM 11:57

Matthew L. Dwyer CITY RECORDER

\$ REAL ESTATE MAY 4 1978 COUNTY

84040492021

EXHIBIT NUMBER 15

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT—THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

NOTE: FIRE LOSSES. This form of contract contains no express provision as to risk of loss by fire or other casualty before delivery of the deed. Unless express provision is made, the provisions of Section 5-1511 of the General Obligations Law will apply. This section also places risk of loss upon purchaser if title or possession is transferred prior to closing.

THIS AGREEMENT, made the *12th* day of January, nineteen hundred and seventy-eight **BETWEEN**

Norfolk Properties, Inc. and 231 Centre Street Corporation, each with offices at 535 Fifth Avenue, New York, New York 10017, as their interests may appear, but together being the fee owner of the land and building to be sold and conveyed hereunder,

hereinafter described as the seller, and

*Polarob Realty Corp.
c/o Murray Kalik, Esq.
745 Fifth Avenue
New York, New York*

hereinafter described as the purchaser.

WITNESSETH, that the seller agrees to sell and convey, and the purchaser agrees to purchase, all the ~~entire~~ ~~or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the~~

ALL that certain lot, piece or parcel of land, with the buildings thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the point formed by the intersection of the westerly side of Centre Street with the northerly side of Grand Street; running thence westerly along the northerly side of Grand Street 64 feet 4 inches; thence northerly and parallel or nearly so with Centre Street 100 feet 1 inch; thence easterly and parallel or nearly so with Grand Street 64 feet 4 inches to the westerly side of Centre Street and thence southerly, along the westerly side of Centre Street 100 feet 1 inch to the point or place of BEGINNING. Be the said several distances and dimensions more or less.

TOGETHER will all strips or gores of land adjoining the above described premises on the north and west.

SAID PREMISES being now known by the street numbers 158-160 and 162 Grand Street, and 231-233 and 235 Centre Street.

1. This sale includes all right, title and interest, if any, of the seller in and to any land lying in the bed of any street, road or avenue opened or proposed, in front of or adjoining said premises, to the center line thereof, and all right, title and interest of the seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to said premises by reason of change of grade of any street; and the seller will execute and deliver to the purchaser, on closing of title, or thereafter, on demand, all proper instruments for the conveyance of such title and the assignment and delivery of any such award.

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ONE HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED (\$175,500.00) Dollars, payable as follows:
SEVENTY-FIVE THOUSAND FIVE HUNDRED (\$75,500.00) Dollars

on the signing of this contract, by check subject to collection receipt of which is hereby acknowledged:
Forty THREE THOUSAND THREE HUNDRED NINETY-FIVE (\$43,395.00) Dollars.

in cash or good certified check to the order of the seller on the delivery of the deed as hereinafter provided: Dollars.

~~by the seller or assignor~~ ~~the principal being due and payable.~~

ONE HUNDRED TWENTY-FOUR THOUSAND SIX HUNDRED FIVE (\$124,605.00) Dollars.

by the purchaser or assigns executing, acknowledging and delivering to the seller a bond or, at the option of the seller, a note secured by a purchase money first mortgage on the above premises, in that amount, payable commencing one month after closing of title in sixty successive equal monthly installments of interest only on the unpaid principal balance at the rate of six and one-half percent per annum from the date of closing and thereafter commencing sixty-one months after closing of title in successive equal ~~monthly~~ ^{together with interest at the rate of} ~~monthly~~ ^{percent} monthly installments of such interest plus one and one-half percent per annum of the unpaid principal balance until fifteen years after the date of closing when the entire unpaid principal balance shall be due and payable. Said bond and mortgage may be prepaid at any time without penalty but with interest to date of payment. *However, no prepayment may be made in 1978.*

3. Any bond or note and mortgage to be given hereunder shall be drawn on the standard forms of New York Board of Title Underwriters for mortgages of like lien; and shall be drawn by the attorney for the seller at the expense of the purchaser, who shall also pay the mortgage recording tax and recording fees. *in the amount of \$200.00*

4. ~~Whenever a mortgage is to be given on the premises it shall provide that it shall be subject and subordinate to the lien of the existing mortgage of \$, any extensions thereof and to any mortgage or consolidated mortgage which may be placed on the premises in lieu thereof, and to any extensions thereof provided (a) that the interest rate thereof shall not be greater than per cent per annum and (b) that, if the principal amount thereof shall exceed the amount of principal owing and unpaid on said existing mortgage at the time of placing such new mortgage or consolidated mortgage, the excess be paid to the holder of such purchase money mortgage in reduction of the principal thereof. Such purchase money mortgage shall also provide that such payment to the holder thereof shall not alter or affect the regular installments, if any, of principal payable thereunder and shall further provide that the holder thereof will, on demand and without charge therefor, execute, acknowledge and deliver any agreement or agreements further to effectuate such subordination.~~

5. If there be a mortgage on the premises the seller agrees to deliver to the purchaser at the time of delivery of the deed a proper certificate executed and acknowledged by the holder of such mortgage and in form for recording, certifying as to the amount of the unpaid principal and interest thereon, date of maturity thereof and rate of interest thereon, and the seller shall pay the fees for recording such certificate. Should the mortgagee be a bank or other institution as defined in Section 274-a, Real Property Law, the mortgagee may, in lieu of the said certificate, furnish a letter signed by a duly authorized officer, or employee, or agent, containing the information required to be set forth in said certificate. Seller represents that such mortgage will not be in default at or as a result of the delivery of the deed hereunder and that neither said mortgage, nor any modification thereof contains any provision to accelerate payment, or to change any of the other terms or provisions thereof by reason of the

6. Said premises are sold and are to be conveyed subject to:
a. Zoning regulations and ordinances of the city, town or village in which the premises lie which are not violated by existing structures.
b. Consents by the seller or any former owner of premises for the erection of any structure or structures on, under or above any street or streets on which said premises may abut.
c. Encroachments of stoops, areas, cellar steps, trim and cornices, if any, upon any street or highway.
d. Any state of facts an accurate survey may show provided same does not render title unmarketable.

7. All notes or notices of violations of law or municipal ordinances, orders or requirements noted in or issued by the Departments of Housing and Buildings, Fire, Labor, Health, or other State or Municipal Department having jurisdiction, against or affecting the premises at the date hereof, shall be complied with by the seller and the premises shall be conveyed free of the same, and this provision of this contract shall survive delivery of the deed hereunder. The seller shall furnish the purchaser with an authorization to make the necessary searches therefor.

8. All obligations affecting the premises incurred under the Emergency Repairs provisions of the Administrative Code of the City of New York (Sections 564-18.0, etc.) prior to the delivery of the deed shall be paid and discharged by the seller upon the delivery of the deed. This provision shall survive the delivery of the deed.

9. If, at the time of the delivery of the deed, the premises or any part thereof shall be or shall have been affected by an assessment or assessments which are or may become payable in annual instalments, of which the first installment is then a charge or lien, or has been paid, then for the purposes of this contract all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the deed, shall be deemed to be due and payable and to be liens upon the premises affected thereby and shall be paid and discharged by the seller, upon the delivery of the deed.

10. The following are to be apportioned:
(a) Rents as and when collected. (c) Premiums on existing transferable insurance policies or renewed before expiring prior to closing. (d) Taxes and sewer rents, if any, on the basis of the fiscal year for which assessed. (e) Water charges on the basis of the calendar year. (f) Fuel, if

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Copy of the property...

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- 11. If the closing of the title shall occur before the tax rate is fixed, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation.
- 12. If there be a water meter on the premises, the seller shall furnish a reading to a date not more than thirty days prior to the time herein set for closing title, and the unfixed meter charge and the unfixed sewer rent, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading.
- 13. The deed shall be the usual bargain and sale with covenant against grantor's acts.

deed in proper statutory short form for record and shall be duly executed and acknowledged so as to convey to the purchaser the fee simple of the said premises, free of all encumbrances, except as herein stated, and shall contain the covenant required by subdivision 5 of Section 13 of the Lien Law.

If the seller is a corporation, it will deliver to the purchaser at the time of the delivery of the deed hereunder a resolution of its Board of Directors authorizing the sale and delivery of the deed, and a certificate by the Secretary or Assistant Secretary of the corporation certifying such resolution and setting forth facts showing that the conveyance is in conformity with the requirements of Section 909 of the Business Corporation Law. The deed in such case shall contain a recital sufficient to establish compliance with said section.

14. At the closing of the title the seller shall deliver to the purchaser a certified check to the order of the recording officer of the county in which the deed is to be recorded for the amount of the documentary stamps to be affixed thereto in accordance with Article 31 of the Tax Law, and a certified check to the order of the appropriate officer for any other tax payable by reason of the delivery of the deed, and a return, if any be required, duly signed and sworn to by the seller; and the purchaser also agrees to sign and swear to the return and to cause the check and the return to be delivered to the appropriate officer promptly after the closing of title.

Omit Clause 15 if the property is not in the City of New York.

15. In addition, the seller shall at the same time deliver to the purchaser a certified check to the order of the Finance Administrator for the amount of the Real Property Transfer Tax imposed by Title II of Chapter 46 of the Administrative Code of the City of New York and will also deliver to the purchaser the return required by the said statute and the regulations issued pursuant to the authority thereof, duly signed and sworn to by the seller; the purchaser agrees to sign and swear to the return and to cause the check and the return to be delivered to the City Register promptly after the closing of the title.

16. The seller shall give and the purchaser shall accept a title such as _____, a Member of the New York Board of Title Underwriters, will be willing to approve and insure.

17. All sums paid on account of this contract, and the reasonable expenses of the examination of the title to said premises and of the survey, if any, made in connection therewith are hereby made liens on said premises, but such liens shall not continue after default by the purchaser under this contract.

18. All fixtures and articles of personal property attached or appurtenant to or used in connection with said premises are represented to be owned by the seller free from all liens and encumbrances except as herein stated, and are included in this sale without limiting the generality of the foregoing, such fixtures and articles of personal property include plumbing, heating, lighting and cooking fixtures, air conditioning fixtures and units, ranges, refrigerators, radio and television aerials, bathroom and kitchen cabinets, mantels, door mirrors, venetian blinds, shades, screens, awnings, storm windows, window boxes, storm doors, mail boxes, weather vanes, flagpoles, pumps, shrubbery and outdoor statuary.

~~except personal property owned by tenants~~

19. The amount of any unpaid taxes, assessments, water charges and sewer rents which the seller is obligated to pay and discharge, with the interest and penalties thereon to a date not less than two business days after the date of closing title, may at the option of the seller be allowed to the purchaser out of the balance of the purchase price, provided official bills therefor with interest and penalties thereon figured to said date are furnished by the seller at the closing.

20. If at the date of closing there may be any other liens or encumbrances which the seller is obligated to pay and discharge, the seller may use any portion of the balance of the purchase price to satisfy the same, provided the seller shall simultaneously either deliver to the purchaser at the closing of title instruments in recordable form and sufficient to satisfy such liens and encumbrances of record together with the cost of recording or filing said instruments; or, provided that the seller has made arrangements with the title company employed by the purchaser in advance of closing, seller will deposit with said company sufficient monies, acceptable to and required by it to insure obtaining and the recording of such satisfactions and the issuance of title insurance to the purchaser either free of any such liens and encumbrances, or with insurance against enforcement of same out of the insured premises. The purchaser, if request is made within a reasonable time prior to the date of closing of title, agrees to provide at the closing separate certified checks as requested, aggregating the amount of the balance of the purchase price, to facilitate the satisfaction of any such liens or encumbrances. The existence of any such taxes or other liens and encumbrances shall not be deemed objections to title if the seller shall comply with the foregoing requirements.

21. If a search of the title discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of the seller, the seller will on request deliver to the purchaser an affidavit showing that such judgments, bankruptcies or other returns are not against the seller.

22. In the event that the seller is unable to convey title in accordance with the terms of this contract, the sole liability of the seller will be to refund to the purchaser the amount paid on account of the purchase price and to pay the net cost of examining the title, which cost is not to exceed the charges fixed by the New York Board of Title Underwriters, and the net cost of any survey made in connection therewith incurred by the purchaser, and upon such refund and payment being made this contract shall be considered canceled.

23. The deed shall be delivered upon the receipt of said payments at the office of Bondy & Schloss, 6 East 43rd Street, New York, New York 10017

at 10 o'clock ^{A.M.} on February 29, 1978 ^{OR SUBS.}

24. The parties agree that Feder, Barnett & Platt, Esqs. is the broker who brought about this sale and the seller agrees to pay ~~any~~ commission earned thereby, \$9,500.00**

25. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this contract, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement or representation, not embodied in this contract, made by the other. The purchaser has inspected the buildings standing on said premises and is thoroughly acquainted with their condition and agrees to take title "as is" and in their present condition and subject to reasonable use, wear, tear, and natural deterioration between the date thereof and the closing of title.

26. This agreement may not be changed or terminated orally. The stipulations aforesaid are to apply to and bind the heirs, executors, administrators, successors and assigns of the respective parties.

27. If two or more persons constitute either the seller or the purchaser, the word "seller" or the word "purchaser" shall be construed as if it read "sellers" or "purchasers" whenever the sense of this agreement so requires.

IN WITNESS WHEREOF, this agreement has been duly executed by the parties hereto.

In presence of:
 By: POLAROID Realty Corp NORFOLK PROPERTIES, INC.
 By: [Signature] By: [Signature]
 By: [Signature] 231 CENTRE STREET CORPORATION
 By: [Signature]

** and to indemnify seller and hold it harmless from all loss, cost, expense and damage with respect thereto.

STATE OF NEW YORK, COUNTY OF
On the day of 19 before me personally came

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF
On the day of 19 before me personally came

to me known, who, being by me duly sworn, did depose and say that he resides at No.

that he is the of

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK, COUNTY OF
On the day of 19 before me personally came

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF
On the day of 19 before me personally came

to me known and known to me to be a partner in

a partnership, and known to me to be the person described in and who executed the foregoing instrument in the partnership name, and said duly acknowledged that he executed the foregoing instrument for and on behalf of said partnership.

Closing of title under the within contract is hereby adjourned to o'clock, at 19 at ; title to be closed and all adjustments to be made

as of 19 Dated, 19

For value received, the within contract and all the right, title and interest of the purchaser thereunder are hereby assigned, transferred and set over unto and said assignee hereby assumes all obligations of the purchaser thereunder.

Dated, 19

Purchaser

Assignee of Purchaser

Contract of Sale

PREMISES

Section
Block
Lot
County or Town
Street Numbered Address

TO

Recorded At Request of The Title Guarantee Company -

RETURN BY MAIL TO:

STANDARD FORM OF NEW YORK BOARD OF TITLE UNDERWRITERS

Disseminated by



TITLE GUARANTEE-NEW YORK

A TICOR COMPANY

Zip No.

THE OBSERVANCE OF THE FOLLOWING SUGGESTIONS WILL SAVE TIME AND TROUBLE AT THE CLOSING OF THIS TITLE

The SELLER should bring with him all insurance policies and duplicates, receipts bills for taxes, assessments and water rates, and any leases, deeds or agreements affecting the property.

When there is a water meter on the premises, he should order it read, and bring bills therefor to the closing.

If there are mortgages on the property, he should promptly arrange to obtain the evidence required under Paragraph 5 of this contract.

He should furnish to the purchaser a full list of tenants, giving the names, rent paid by each, and date to which the rent has been paid.

The PURCHASER should be prepared with cash or certified check drawn in the order of the seller. The Check may be certified for an approximate amount and cash may be provided for the balance of the settlement.

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RIDER TO CONTRACT OF SALE DATED JANUARY , 1978
-between-
NORFOLK PROPERTIES, INC.
-and-
231 CENTRE STREET CORPORATION, SELLERS
-and-

Anything herein to the contrary notwithstanding:

(a) Condition of the Premises

Purchaser represents and acknowledges that he has fully and completely examined the premises and agrees to take the same in its present condition "AS IS," and that neither Sellers nor anyone on their behalf have made any representation or warranty as to the condition of the premises except as to the removal of violations per paragraph 7 of this contract.

(b) Liquidated Damages

It is expressly agreed by the parties hereto that if the Purchaser shall default and fail to take title, through no fault of the Sellers, this contract shall be considered canceled and the down payment shall be retained by the Sellers as liquidated damages, and neither party shall have any rights hereunder against the other.

(c) Marketability of Title

Purchaser shall order a title report within five days after the execution of this contract. Within five days after Purchaser receives a report from the title insurance company, it shall give notification to Sellers in writing of all objections to title to date thereof. If the Sellers shall be unable to convey a good and marketable title, the sole obligation of the Sellers shall be to refund the Purchaser's down payment made hereunder together with the reasonable cost of title examination and survey and upon making such refund and reimbursement this agreement shall be terminated and canceled and neither party shall have any further claim against the other by reason of this agreement and the lien, if any, of the Purchaser against the premises shall terminate. The acceptance of a deed by the Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Sellers to be performed pursuant to the provisions of this agreement, except those, if any, which are herein specifically stated to survive the delivery of the deed.

Sellers shall pay and satisfy any tax assessments, water rents or tax liens remaining unpaid against the said property on or before the date of closing of title. The failure on the part of the Sellers to pay and satisfy the same prior to the date of closing of title shall not be deemed to constitute an objection of title. Sellers shall produce proof of such payment, at or before the date of closing.

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The existence of any violation of any Governmental Department or Agency required to be removed hereunder, provided the cost of removal shall not, in the aggregate, be more than \$1,000, shall not be an objection to title, provided the Sellers shall deposit in escrow with the attorney for the Sellers, a sum of money at least sufficient to perform the work required and the materials necessary to remove such violations within sixty days from the date of closing. The sum to be deposited hereunder shall be determined by a licensed architect or contractor who shall be selected by the Purchaser. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

The Sellers shall have the right to satisfy any liens or encumbrances by delivering to the Purchaser at the closing of title properly executed instruments in recordable form, together with recording and filing fees, sufficient to satisfy same, and such liens or encumbrances may be paid out of the cash consideration paid by the Purchaser and shall not be deemed an objection to title. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

The existence of any unpaid franchise taxes of the Sellers shall not be deemed an objection to title provided all past reports have been filed with the State Tax Department and a sufficient deposit is made by the Sellers with the title company representing the Purchaser to insure payment of such franchise tax or taxes within sixty days from the date of closing, provided that the Sellers' title company will accept such deposit. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

(d) Leases

Said premises are sold and are to be conveyed subject to the following leases, all of which Purchaser expressly acknowledges that he has inspected and installed.

1. 231 Centre Street Corporation to G. G. W. Foods, Inc. dated February 1, 1971 as amended; - *Store level and back under store*
2. 231 Centre Street Corporation to Carl Davis d/b/a Sunset Studios dated September 28, 1977; *Unit 7-9*
3. 231 Centre Street Corporation to Stratford Tool, Inc. dated January 1, 1975; *Unit 3-5*
4. 231 Centre Street Corporation to Benjamin and George Flashner dated January 4, 1974; *Unit 1*
5. 231 Centre Street Corporation to Jack Klein, et al. dated June 15, 1965; *Store address 231-~~xxxx~~ Center Street with basement under store.*
6. 231 Centre Street Corporation to Thomas Hotz dated November 17, 1961 as amended;
7. 231 Centre Street Corporation to John Kaes dated December 7, 1971 with mesne assignments as amended including agreement among 231 Centre Street Corporation and Lourdes Keane and Janice E. Cohen dated November 4, 1975.

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(e) Notices

All notices, requests, demands and other communications required hereunder shall be deemed to have been duly given if mailed, first class postage prepaid, as follows:

To the Purchaser at address set forth above

with copy to:
Murry Kalik, Esq.
745 Fifth Avenue
New York, New York 10022

To the Sellers at the address set forth above

with copy to:
Bondy & Schloss
6 East 43rd Street
New York, New York 10017

or to such other address as the parties shall specify in accordance with this paragraph.

(f) If any past due rentals are owing by tenants at the time of closing of title for a period not exceeding one month and the Seller is entitled hereunder to all or part of the said past due rentals, the Purchaser agrees that the first monies received shall be received by the Purchaser as trustee for the Sellers on account or in payment of such past due rentals, and the Purchaser agrees to remit forthwith to the Sellers the amount of such past due rentals to which the Sellers are entitled, so collected out of the first monies received by the Purchaser.

(g) If a tenant or tenants in possession are required to pay for water meter charges pursuant to the terms of a lease, the Sellers shall not be required to pay any portion thereof. The purchaser will take title subject to any such unpaid water meter charges owing by such tenant or tenants.

(h) The Sellers agree to turn over to the Purchaser upon the closing of title (where not prohibited by the terms of a lease), so much of the securities received under leases as has been unapplied in accordance with the terms of said leases, upon the execution by the Purchaser of an agreement indemnifying the Sellers against any claim that may be made by tenants in connection with the securities transferred to Purchaser.

(i) The right and privilege is reserved to the Seller to institute summary proceedings against any tenant based on any default or failure to perform by any such tenant prior to the time of closing title.

(j) Fuel on the premises on the date as of which adjustments shall be made, shall be paid for by the Purchaser, in cash or check, at the time of closing of title, at the cost price thereof to Sellers, plus tax and trim. The amount of fuel is to be estimated, in writing, by a fuel company for the Sellers and a fuel company for the Purchaser.

(k) If, on the date of closing, there shall be UCCs which were filed on a day more than five (5) years prior to closing of title, these shall not be deemed an objection to title, provided the Sellers execute and deliver to the Purchaser an affidavit setting forth that the property covered by such UCCs is no longer in the premises; or if such property still is in the premises, that such property has been fully paid for.

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(l) If, between the date hereof and the date of closing of title as hereinafter provided, any unit in the premises becomes vacant, the Sellers shall hold same vacant, at Purchaser's expense to the extent of the previous rental therefor.

(m) If there be a purchase money mortgage executed on the closing of title by a corporation, then the Purchaser shall furnish satisfactory evidence of the due organization of said corporation and of the payment of all franchise taxes which shall be a lien up to the date of the execution of said mortgage.

(n). The Purchaser represents that any and all dealings in connection with this transaction were had only through the broker or brokers hereinabove mentioned.

NORFOLK PROPERTIES, INC.

By: _____

231 CENTRE STREET CORPORATION

By: _____

By: _____

84040492029

7

Rider No. 2

- (a) Seller represents that occupancy of the premises conforms with the certificate of occupancy.
- (b) Arrow Cleaning Company provides cleaning services to the premises without a contract for a term and is paid for its services at the rate of \$83.00 per month.
- (c) Seller has fulfilled its obligations as landlord to the tenants at the premises.
- (d) The mortgage provided for herein will provide that mortgagor may alter premises, ~~subject to mortgagee's prior written approval, which shall not be unreasonably withheld,~~ in conformity with applicable building codes, local ordinances and regulations including, but not limited to, those requiring the securing of necessary permits and authorizations of governmental subdivisions, provided such alterations do not diminish the cubical content of the premises or reduce the value thereof below the value prior to such alterations. The mortgage shall further provide that during and after all such alterations, the premises shall be kept free and clear of artisans, mechanics or similar liens. The clause provided for herein shall be more fully stated in the mortgage in conformity with usual provisions of this kind.

84040492030

84040492031

EXHIBIT NUMBER 16



EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017290

1-794
260

PAY TO THE
ORDER OF

John A. Zaccaro

CK 01 01A

22 JAN 79

PAY \$ 20,000.00 ONLY \$ **20,000.00**

E.R.S.B. \$20,000 and 00 Cts

SAVINGS BANKS TRUST COMPANY
NEW YORK, NEW YORK

Paul McQuinn
REQUIRED OVER \$2,500 TELLER
AUTHORIZED SIGNATURE

⑈03017290⑈ ⑆0260⑈0794⑆ 00212⑈0368⑈

8404049203



EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017288

1-794
260

PAY TO THE
ORDER OF

John A. Zaccaro

CK 01 01A

22 JAN 79

PAY \$ 30,000.00 ONLY \$ **30,000.00**

E.R.S.B. \$30,000 and 00 Cts

SAVINGS BANKS TRUST COMPANY
NEW YORK, NEW YORK

Paul McQuinn
REQUIRED OVER \$2,500 TELLER
AUTHORIZED SIGNATURE

⑈03017288⑈ ⑆0260⑈0794⑆ 00212⑈0368⑈

34040492033

Pay to order of
Trustee Trusting Co
National Bank of New Orleans
Trustee Trusting Co
Mary Johnson

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY
EAST RIVER SAVINGS BANK

NO. 3-017288

DATE 1/22/79

TO: A. J.

30.00 -

FOR:

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY
EAST RIVER SAVINGS BANK

NO. 3-017290

DATE 1/22/79

TO: A. J.

FOR:

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

Pay to order of
Trustee Trusting Co
National Bank of New Orleans
Trustee Trusting Co
Mary Johnson

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017654

DATE: 1/20/79
TO: JAZ
FOR: 25000 -
2/6/79

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED



EAST RIVER SAVINGS BANK
60 SPRING STREET NEW YORK, N.Y. 10012

3-017653

THE R OF John A. Zaccaro

30 JAN 79

1-784
280

PAY \$ 25,000.00 ONLY \$ CK 01 02A
\$25,000.00
EAST RIVER SAVINGS BANK
25000 and 00 Cts

TRUST COMPANY
NEW YORK

John A. Zaccaro

REQUIRED OVER \$2,500

TELLER

AUTHORIZED SIGNATURE

0260 0794 00212 0368



EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017653

1-784
280

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017653

DATE: 1/20/79
TO: JAZ
FOR: 25000
2/6/79

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

John A. Zaccaro

30 JAN 79

CK 01 02A

PAY \$ 25,000.00 ONLY \$ **\$25,000.00**

EAST RIVER SAVINGS BANK
25000 and 00 Cts

TRUST COMPANY
NEW YORK

John A. Zaccaro

REQUIRED OVER \$2,500

TELLER

AUTHORIZED SIGNATURE

0260 0794 00212 0368

84040492035

EXHIBIT NUMBER 17

Name(s) as shown on Form 1040

JOHN A & GERARDINE ZACCARO

Your social security number

061 30 8534

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

D

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expenses of sale	e. Cost or other basis, as adjusted (see instructions page 19)	f. Gain or (loss) from all sales during entire tax year (if loss)	g. Enter gain or (loss) from sales after 10/31/78
- PAID INTEREST -						
511-35 CENTER ST	5-1-78	10-5-78	96500	90311	6189	(W)
ATLANTA - 410 GRAND ST	1977	10-5-78	30000	35300	(5300)	(W)
704-4110 WATSON ST. N.W.		3-9-78		2500	(2500)	(H)
157 GRAND CO.						

68439
(5000)
(2500)

Enter your share of net short-term gain or (loss) from partnerships and fiduciaries	2		
Enter net gain or (loss), combine lines 1 and 2	3	(1311)	
Short-term capital loss carryover attributable to years beginning after 1969 (see Instructions page 19)	4	()	
Net short-term gain or (loss), combine lines 3 and 4, column (f)	5	(1311)	

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expenses of sale	e. Cost or other basis, as adjusted (see instructions page 19)	f. Gain or (loss) from all sales during entire tax year (if loss)	g. Enter gain or (loss) from sales after 10/31/78
ETA REALTY (FINAL LIQUIDATION)					58646	(W)
6 E 9th ST	11-11-74	8-11-78	65009	38345	26664	(H)

X

Capital gain distributions	7		
Enter gain, if applicable, from Form 4797, line 6(a)(1) (see Instructions page 19)	8		
Enter your share of net long-term gain or (loss) from partnerships and fiduciaries	9		
Enter your share of net long-term gain from small business corporations (Subchapter S)	10		
Net gain or (loss), combine lines 6 through 10	11	85310	
Long-term capital loss carryover attributable to years beginning after 1969 (see Instructions page 19)	12	()	
Net long-term gain or (loss), combine lines 11 and 12, column (f)	13	85310	

NOTE: If you have capital loss carryovers from years beginning before 1970, do not complete Parts III, IV, or VI. See Form 4798 instead.

**Part III Computation of Capital Gain Deduction
(Complete this part only if line 14 shows a gain)**

Combine lines 5 and 13, column (f), and enter here. If result is zero or a loss, do not complete the rest of this part. Instead skip to Part IV, line 24 on page 2	14	83999
Enter line 13, column (f) or line 14, whichever is smaller. If zero or a loss, enter zero and skip to line 23	15	83999
If line 11, column (g) is a gain, combine lines 3 and 11, column (g), and enter here. If this line or line 11, column (g) shows a loss or zero, enter a zero and skip to line 20	16	0
Enter line 11, column (g) or line 16, whichever is smaller	17	0
Enter line 15 or line 17, whichever is smaller	18	0
Enter 60% of amount on line 18	19	0
Subtract line 18 from line 15	20	83999
Enter 50% of amount on line 20	21	42000
Add line 19 and line 21. This is your capital gain deduction	22	42000
Subtract line 22 from line 14. Enter this amount on Form 1040, line 14	23	41999

1032
5570
30
103554

84040492037

EXHIBIT NUMBER 18

Amended U.S. Individual Income Tax Return

GMB No. 1545-0091

This return is for calendar year **19 78**, OR fiscal year ended **19**

Please print or type

Your first name and initial (If joint return, also give spouse's name and initial) John A. and Geraldine Zaccaro	Last name Zaccaro	Your social security number 061 30 8534
Present home address (Number and street, including apartment number, or rural route) 22 Deepdane Road		Spouse's social security number 100 28 1600
City, town or post office, State, and ZIP code Forest Hills, New York 11375		Telephone no. (optional) ()

Enter below name and address as shown on original return (If same as above, write "Same"). If changing from separate to joint return, enter names and addresses used on original returns. (Note: You cannot change from joint to separate returns after the due date has passed.)

Same

a. Service center where original return was filed Holtsville, NY	b. Has original return for the year being changed been audited? . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," have you been notified that it will be? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," identify IRS office
--	--

c. Filing status claimed. (Note: You cannot change from joint to separate returns after the due date has passed.)

On original return . . . Single Married filing joint return Married filing separate return Head of Household Qualifying Widow(er)

On this return . . . Single Married filing joint return Married filing separate return Head of Household Qualifying Widow(er)

Income and Deductions	A. As originally reported or as adjusted (See instructions)	B. Net change—Increase or (Decrease)—explain on page 2	C. Correct amount
1 Total income (see instructions)	110,090	62,641	172,731
2 Adjustments to income (see instructions)	1,500		1,500
3 Adjusted gross income (subtract line 2 from line 1)	108,590	62,641	171,231
4 Deductions (see instructions)	18,259	436	18,695
5 Subtract line 4 from line 3	90,331	62,205	152,536
Note: If this return is for 1980, and you use the tax tables, do not complete lines 6 and 7. Instead, enter on line 8 the tax on the income you reported on line 5.			
6 Exemptions from page 2, line 5	3,750		3,750
7 Taxable income (subtract line 6 from line 5)	86,581	62,205	148,786
Tax Liability			
8 Tax (see instructions) (method used in column C <u>Schedule G</u>)	31,950	31,800	63,750
9 Credits (such as residential energy credit, credit for the elderly—see instructions)			
10 Subtract line 9 from line 8	31,950	31,800	63,750
11 Other taxes (such as self-employment tax, alternative minimum tax)	4,260	(2,091)	2,169
12 Total tax liability (add line 10 and line 11)	36,210	29,709	65,919
Payments			
13 Federal income tax withheld and excess FICA and RRTA tax withheld	3,345		3,345
14 Estimated tax payments	11,000		11,000
15 Earned income credit			
16 Credits for Federal tax on special fuels, regulated investment company, etc.			
17 Amount paid with Form 2688 or Form 4868 (application for extension of time to file)			
18 Amount paid with original return, plus additional tax paid after it was filed			21,865
19 Total of lines 13 through 18, column C			36,210

Refund or Amount You Owe		
20 Overpayment, if any, as shown on original return (or as previously adjusted by IRS)		
21 Subtract line 20 from line 19 (see instructions) *Includes interest of \$23,750 through 8/20/78		36,210
22 AMOUNT YOU OWE. If line 12, column C is more than line 21, enter difference. Please pay in full with this return		= 53,459
23 REFUND to be received. If line 12, column C is less than line 21, enter difference		

Please Sign Here

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information furnished to him.

Your signature: *[Signature]* Date: *8/19/84* Spouse's signature (if filing jointly, BOTH must sign): *[Signature]*

Firm's name (or yours, if self-employed) and address: **Arthur Young & Co., 211 Park Ave., New York, NY**

Preparer's signature: *[Signature]* Date: **8-19-84** Check if self-employed Preparer's social security no.: **050 30 1854**

E.I. No. **13 5554208** ZIP code **10172**

84040492033

PART I.—Exemptions (See Form 1040 or Form 1040A instructions)

Complete lines 1 through 5 in all cases. Complete lines 6 and 7 only if you claim more exemptions.

	A. Number originally reported	B. Net change	C. Corrected number
1 Exemptions—yourself and spouse, 65 or over, blind	2		2
2 Your dependent children who lived with you	3		3
3 Other dependents			
4 Total exemptions (add lines 1 through 3)	5		5
5 Multiply \$1,000 by the total number of exemptions claimed on line 4. Enter this amount here and, if applicable, on page 1, line 6	3,750		3,750

6 Enter first names of your dependent children who lived with you, but were not claimed on original return: Enter number ►

7 Other dependents not claimed on original return:

(a) Name	(b) Relationship	(c) Number of months lived in your home	(d) Did dependent have income of \$1,000 or more?	(e) Did you provide more than one-half of dependent's support?	Enter number ► <input type="checkbox"/>

PART II.—Explanation of Changes to Income, Deductions, and Credits

Enter the line reference from page 1 for which you are reporting a change and give the reason for each change. Attach applicable schedules.

If the change pertains to a net operating loss carryback, an investment credit carryback, a WIN credit carryback, a jobs credit carryback, or a research credit carryback Check here ►

Line 1

Miscellaneous income was overstated by \$260. A combined short and long term net gain of \$62,901 was not included in the original return. (see schedule D)

Line 4

The sales tax calculation using the sales tax table was redone based on the higher income.

Line 11

Minimum tax has decreased due to the increased income tax.

PART III.—Presidential Election Campaign Fund

Checking below will not increase your tax or reduce your refund.

If you did not previously want to have \$1 go to the fund but now want to Check here ►

If joint return and if spouse did not previously want to have \$1 go to the fund but now wants to Check here ►

84040492039

Tax Computation Schedule

▶ Attach to Form 1040.

1978

Name(s) as shown on Form 1040

John A. and Geraldine Zaccaro

Your social security number

061 130 8534

Computation of Tax for Taxpayers Who Cannot Use the Tax Tables

Use this part to figure your tax if:

- Your income on Form 1040, line 34, is more than \$20,000 and you checked Filing Status Box 1, 3, or 4 on Form 1040.
- Your income on Form 1040, line 34, is more than \$40,000 and you checked Filing Status Box 2 or 5 on Form 1040.

• You had more exemptions than were covered in the Tax Table for your filing status.

• You figure your tax using the alternative tax computation on Schedule D (Capital Gains and Losses), Schedule G (Income Averaging), or Form 4726 (Maximum Tax on Personal Service Income).

1	Enter the amount from Form 1040, line 34	1	152,536
2	Multiply \$750 by the total number of exemptions claimed on Form 1040, line 7	2	3,750
3	Taxable income. Subtract line 2 from line 1. (Figure your tax on this amount by using the Tax Rate Schedules or one of the other methods listed on line 4.)	3	148,786
4	Income tax. Enter tax and check if from: <input type="checkbox"/> Tax Rate Schedule X, Y, or Z, <input type="checkbox"/> Schedule D, <input checked="" type="checkbox"/> Schedule G, or <input type="checkbox"/> Form 4726	4	63,930
General Tax Credit			
5	Multiply \$35 by the total number of exemptions claimed on Form 1040, line 7. (If you are married filing a separate return, skip lines 6 through 9 and enter the amount from line 5 on line 10.)	5	175
6	Enter the amount from line 3, above	6	
7	Enter $\left\{ \begin{array}{l} \$3,200 \text{ if you are married filing a joint return or a qualifying widow(er)} \\ \$2,200 \text{ if you are single or an unmarried head of household} \end{array} \right.$	7	
8	Subtract line 7 from line 6	8	
9	Enter 2% of line 8 (but do not enter more than \$180)	9	180
10	General tax credit. Enter the amount from line 5 or line 9, whichever is larger	10	180
11	Tax. Subtract line 10 from line 4. (If \$0 or less, enter \$0.) Enter this amount on Form 1040, line 35	11	63,750

Computation for Certain Taxpayers Who Must Itemize Deductions

If you are included in one of the groups below, you **MUST** itemize. If you must itemize and the amount on Schedule A (Form 1040), line 40, is more than your itemized deductions on Schedule A, line 39, you must complete Part II before figuring your tax.

You MUST itemize your deductions if:

A. You can be claimed as a dependent on your parent's return and had interest, dividends, or other unearned income of \$750 or more and less than \$2,200 of earned income if single (less than \$1,600 if married filing a separate return).

Note: If your earned income is more than your itemized deductions on Schedule A, line 39, enter your earned income in Part II, line 3, of this schedule, unless you are married filing a separate return and your spouse itemizes deductions. Generally, your earned income is the total of any amounts on Form 1040, lines 8,

13, and 19. See page 11 of the Instructions for Form 1040 for more details.

B. You are married filing a separate return and your spouse itemizes deductions. (There is an exception to this rule. You don't have to itemize if your spouse must itemize only because he or she is described in A and enters earned income instead of itemized deductions on Part II, line 3, of this schedule. If this is the case, don't complete Part II. Go back to Form 1040, line 33, and enter \$0. Then go to Form 1040, line 34.)

C. You file Form 4563 to exclude income from sources in U.S. possessions. (Please see Form 4563, and Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.)

D. You had dual status as a nonresident alien for part of 1978, and during the rest of the year you were either a resident alien or a U.S. citizen. However, you don't have to itemize if at the end of 1978, you were married to a U.S. resident or citizen and file a joint return reporting your combined worldwide income.

1	Enter the amount from Form 1040, line 31	1	
2	Enter the amount from Schedule A, line 40	2	
3	Enter the amount from Schedule A, line 39	3	
Caution: If you can be claimed as a dependent on your parent's return, see the Note above. Be sure you check the box below line 33 of Form 1040.			
4	Subtract line 3 from line 2	4	
5	Add lines 1 and 4. Enter here and on Form 1040, line 34. (Leave Form 1040, line 33 blank. Disregard the instruction to subtract line 33 from line 32. Follow the rest of the instructions for Form 1040, line 34.)	5	

Income Averaging

▶ See instructions on pages 3 and 4.
▶ Attach to Form 1040.

1978

Name(s) as shown on Form 1040
John A. and Geraldine Zaccaro

Your social security number
061 30 8534

Base Period Income and Adjustments	(a) 1st preceding base period year 1977	(b) 2d preceding base period year 1976	(c) 3rd preceding base period year 1975	(d) 4th preceding base period year 1974
1 Enter amount from: Form 1040 (1977)—line 34 Form 1040A (1977)—line 10	42,548			
2 Multiply \$750 by the total number of exemp- tions claimed in 1977	4,500			
3 Taxable income (subtract line 2 from line 1). If less than zero, enter zero (see instructions) .	38,048	25,215	21,508	31,060
4 Income earned outside of the United States or within U.S. possessions and excluded un- der sections 911 and 931				
5 If you checked, on 2 or 5 enter \$3,200 (in columns your 1978 Form 1 or 4 enter \$2,200 (b), (c) 1040, box 3 enter \$1,600) and (d) .		3,200	3,200	3,200
6 Base period income (add lines 3, 4 and 5) .	38,048	28,415	24,708	34,260
Computation of Averageable Income				
7 Taxable income for 1978 from Schedule TC (Form 1040), Part I, line 3	7	148,786		
8 Certain amounts received by owner-employees subject to a penalty under sec- tion 72(m)(5)	8			
9 Subtract line 8 from line 7	9	148,786		
10 Excess community income	10			
11 Adjusted taxable income (subtract line 10 from line 9). If less than zero, enter zero .	11	148,786		
12 Add columns (a) through (d), line 6, and enter here	12	125,431		
13 Enter 30% of line 12	13	37,629		
14 Averageable income (subtract line 13 from line 11)	14	111,157		

**Do not complete rest of form if line 14 is \$3,000
or less. You do not qualify for income averaging.**

Computation of Tax				
15 Amount from line 13	15	37,629		
16 20% of line 14	16	22,231		
17 Total (add lines 15 and 16)	17	59,860		
18 Excess community income from line 10	18			
19 Total (add lines 17 and 18)	19	59,860		
20 Tax on amount on line 19*	20	20,530		
21 Tax on amount on line 17*	21	20,530		
22 Tax on amount on line 15*	22	9,680		
23 Subtract line 22 from line 21	23	10,850		
24 Multiply the amount on line 23 by 4	24	43,400		
Note: If no entry was made on line 8 above, skip lines 25 through 27 and go to line 28.				
25 Tax on amount on line 7*	25			
26 Tax on amount on line 9*	26			
27 Subtract line 26 from line 25	27			
28 Tax (add lines 20, 24, and 27). Enter here and on Schedule TC (Form 1040), Part I, line 4 and check Schedule G box. Then go to Schedule TC (Form 1040), Part I, line 5	28	63,930		

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* Caution: Use Tax Rate Schedule X, Y or Z from the Form 1040 instructions to figure 1978 tax on lines 20, 21, 22, 25 and 26. Do not use any other tax rate schedule.

84040492044

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

219 THIRD AVENUE

NEW YORK 10022-9931

(212) 371-9000

CABLE ADDRESS
SKARSLAW, NEW YORK
TWX 710 581 3814
TELEX 648899
TELECOPIER
212 752 1084

ONE BEACON STREET
BOSTON, MASSACHUSETTS 02108
(617) 552-0000

919 EIGHTEENTH STREET, N.W.
WASHINGTON, D.C. 20006
(202) 463-8700

ONE RODNEY SQUARE
WILMINGTON, DELAWARE 19801
(302) 429-9200

515 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90071
(213) 486-4600

235 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601
(312) 838-4000

October 10, 1984

Kenneth Gross, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

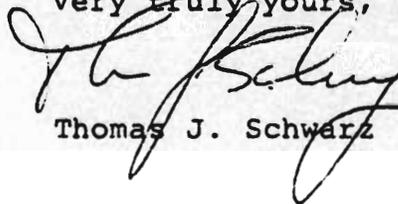
Re: MJRs 1764 and 1779

Dear Mr. Gross:

Enclosed please find the affidavit of Manny Lerman submitted in response to the complaints in the above matters. Based upon the information set forth in Mr. Lerman's affidavit, it is respectfully requested that the General Counsel's Office recommend that the Federal Election Commission find no reason to believe that Mr. Lerman or Melro Company violated the Federal Election Campaign Act in connection with the matters asserted in the complaints.

If you believe there is any additional information which we should submit or if you have any questions, please let me know.

Very truly yours,


Thomas J. Schwarz

Encl.

Attachment #2

84040492045

14 OCT 12 11:10:29

COMMUNICATIONS SECTION

6007-8152
Reilly

FEDERAL ELECTION COMMISSION

----- x

In the matter of :

THE COMPLAINTS BY FUND FOR A : MURS 1764 and 1779
CONSERVATIVE MAJORITY AND JOHN F.
BANZHAF, III :

----- x

STATE OF NEW YORK)

COUNTY OF NEW YORK)

MANNY LERMAN, being duly sworn, deposes and

says:

1. I submit this affidavit in connection with the above-captioned matters with respect to my purchase and subsequent sale of an interest in 231 Centre Street. This affidavit is also submitted on behalf of Melro Company, which company I control.

2. In late September or October 1978 John Zaccaro approached me and inquired as to whether I would purchase the 50% interest of Geraldine Ferraro in property in which Ms. Ferraro and Melro each had an interest. The property had been purchased some months prior for what I believe to have been an extremely advantageous price and a price significantly below market value.

3. I agreed with Mr. Zaccaro to purchase Ms. Ferraro's interest for \$100,000 and an assumption of the mortgage. I paid Ms. Ferraro \$100,000 for her interest.

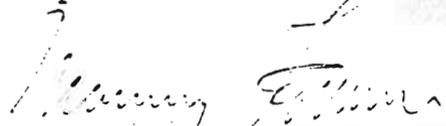
840492046

4. My recollection is that some time hereafter, possibly in November 1978, Mr. Zaccaro approached me and indicated that he was unhappy that his family had lost its interest in 231 Centre Street and inquired as to whether I would sell to him the interest which I had purchased from Ms. Ferraro at the price which I had paid Ms. Ferraro.

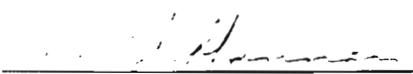
5. Mr. Zaccaro and I had done business from time to time in the past and because I knew Mr. Zaccaro I agreed to sell the interest to him for the price which I had paid Ms. Ferraro as long as Mr. Zaccaro made me whole for the costs which I had incurred, including interest costs. Mr. Zaccaro agreed to my condition and purchased the interest in January 1979.

6. At the time that I purchased the property from Ms. Ferraro I paid her a fair market value. Furthermore, Mr. Zaccaro and I subsequently sold the property in November 1980 to an unaffiliated purchaser for \$375,000, a clear indication that the price that I paid to Ms. Ferraro in October 1978 was a fair price.

7. I did not make any contribution to Ms. Ferraro's campaign through the purchase of her interest.


Manny Lerman

Sworn to before me this
day of October, 1984.


Notary Public

DAVID SHANNON
Notary Public, State of New York
No. 62492721
Qualified in Westchester County
Exp. 12/31/85

84040492047



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas J. Schwarz, Esquire
Skadden, Arps, Slate, Meagher
and Flom
919 Third Avenue
New York, New York 10022

RE: MURs 1764 and 1779
Mr. Manny L. Lerman
Melro Company

Dear Mr. Schwarz:

On , 1984, the Federal Election Commission determined that there is reason to believe that your clients, Manny L. Lerman and the Melro Company, violated 2 U.S.C. § 441a(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The basis of the Commission's finding was that they may have made excessive contributions from transactions surrounding property located at 231 Centre Street, New York, New York. Specifically, the low price paid by the candidate for this asset, combined with its substantially increased valuation set five months later by related parties, and the subsequent repurchase of this asset pursuant to an agreement between some of these parties, raises the possibility that these transactions were neither at arms length nor commercially reasonable.

Under the Act, an opportunity is provided to demonstrate that no action should be taken against your clients. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit such materials along with Mr. Lerman's response to the enclosed Subpoena to Produce Documents. It is required that this information be submitted under oath within ten days of the receipt of this subpoena.

In the absence of any additional information which demonstrates that no further action should be taken against your clients, the Commission may find probable cause to believe that a

Attachment #3

84040492048

Thomas J. Schwarz, Esquire
Page 2

violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that your clients wish the investigation to be made public.

If you have any questions, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4143.

Sincerely,

Enclosures
Subpoena to Produce Documents

84040492049



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Geraldine A. Ferraro
The 1978 Committee to Elect
Geraldine A. Ferraro

Dear Mr. Pollack:

On , 1984, the Federal Election Commission determined that there is reason to believe that your clients, Geraldine A. Ferraro and the 1978 Committee to Elect Geraldine A. Ferraro with David Blanksteen as treasurer, violated 2 U.S.C. §§ 441b and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The basis of the Commission's findings was that they may have received excessive contributions from transactions surrounding property located at 231 Centre Street, New York, New York. Specifically, the low price paid by the candidate for this asset, combined with its substantially increased valuation set five months later by related parties, and the subsequent repurchase of this asset pursuant to an agreement between some of these parties, raises the possibility that these transactions were neither at arms length nor commercially reasonable.

Under the Act, an opportunity is provided to demonstrate that no action should be taken against your clients. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit such materials along with Ms. Ferraro's response to the enclosed Subpoena to Produce Documents. It is required that this information be submitted under oath within ten days of the receipt of this subpoena.

In the absence of any additional information which demonstrates that no further action should be taken against your clients, the Commission may find probable cause to believe that a

Attachment #4

84040492050

Stephen Pollack, Esquire
Page 2

violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

If you have any questions, please contact Patty Reilly, the staff member assigned to this matter, at (202) 523-4143.

Sincerely,

Enclosures
Subpoena to Produce Documents

84040492051



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stephen Pollack, Esquire
Shea and Gardner
1800 Massachusetts Avenue,, N.W.
Washington, D.C. 20036

RE: MURs 1764 and 1779
Mr. John A. Zaccaro

Dear Mr. Pollack:

On , 1984, the Federal Election Commission determined that there is reason to believe that your client, John A. Zaccaro, violated 2 U.S.C. § 441a(a)(1), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The basis of the Commission's findings was that he may have made excessive contributions from transactions surrounding property located at 231 Centre Street, New York, New York. Specifically, the low price paid by the candidate for this asset, combined with its substantially increased valuation set five months later by related parties, and the subsequent repurchase of this asset pursuant to an agreement between some of these parties, raises the possibility that these transactions were neither at arms length nor commercially reasonable.

An investigation of this matter is being conducted and it has been determined that additional information is needed from your client. Consequently, the Federal Election Commission has issued the attached subpoena which requires your client to appear and give sworn testimony on these property transactions which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

Pursuant to 11 C.F.R. § 111.14, a witness summoned by the Commission shall be paid \$30.00, plus mileage at the rate of \$.20 per mile. Your client will be given a check for his witness fee mileage at the time of the deposition.

Attachment #5

34040492052

Stephen Pollack, Esquire
Page 2

Please confirm your scheduled appearance with Patty Reilly on our toll free line (800/424-9530) within two days of your receipt of this notification.

If you have any questions, please direct them to Patty Reilly, the staff member handling this matter, at (202) 523-4143.

Sincerely,

Enclosure
Subpoena

84040492053

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MURs 1764/1779
The 1978 Committee to Elect)
Geraldine Ferraro, et al.)

SUBPOENA

TO: Manny L. Lerman
c/o Thomas J. Schwarz
Skadden, Arps, Meagher and Flom
919 Third Avenue
New York, New York 10022

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas all books, records, memoranda, checks, deeds, mortgages, contracts and other written materials in your possession which pertain to the following transactions:

- (a) The January 12, 1978 sales contract between buyer Polarob, Inc. and sellers Norfolk Realty, Inc. and 231 Centre Street Corporation.
- (b) The May 1, 1978 sale between the above-mentioned parties.
- (c) The May 1, 1978 sale between seller Polarob, Inc. and buyers Melro Company and Geraldine A. Ferraro.
- (d) The October 5, 1978 sale between seller Ms. Ferraro and buyer Melro Company.
- (e) The January 1979 sale between seller Melro and buyer Mr. Zaccaro.

Notice is given that these materials must be submitted to the Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. within 10 days of your receipt of this subpoena. Legible copies which, where applicable, show both sides of documents, may be substituted for originals.

84040492054

WHEREFORE, the Chairman of the Federal Election Commission
has hereunto set her hand at Washington, D.C. this ____ day of
, 1984.

Lee Ann Elliott

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

84040492055

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MURs 1764/1779
The 1978 Committee to Elect)
Geraldine Ferraro, et al.)

SUBPOENA

TO: Geraldine A. Ferraro
c/o Stephen Pollack
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas all books, records, memoranda, checks, deeds, mortgages, contracts and other written materials in your possession which pertain to the following transactions:

- (a) The January 12, 1978 sales contract between buyer Polarob, Inc. and sellers Norfolk Realty, Inc. and 231 Centre Street Corporation.
- (b) The May 1, 1978 sale between the above-mentioned parties.
- (c) The May 1, 1978 sale between seller Polarob, Inc. and buyers Melro Company and Geraldine A. Ferraro.
- (d) The October 5, 1978 sale between seller Ms. Ferraro and buyer Melro Company.
- (e) The January 1979 sale between seller Melro and buyer Mr. Zaccaro.

Notice is given that these materials must be submitted to the Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. within 10 days of your receipt of this subpoena. Legible copies which, where applicable, show both sides of documents, may be substituted for originals.

Attachment #7

84040492056

WHEREFORE, the Chairman of the Federal Election Commission
has hereunto set her hand at Washington, D.C. this _____ day of
, 1984.

Lee Ann Elliott

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

84040492057

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
The 1978 Committee to Elect) MURs 1764/1779
Geraldine Ferraro, et al.)

SUBPOENA

TO: Mr. John Zaccaro

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition in regard to the complaints served to you in the above-captioned matters. Notice is hereby given that the deposition is to be taken on , 1984, at , beginning at and continuing each day thereafter as necessary.

Further, pursuant to section 437d of Title 2, United States Code, you are hereby subpoenaed to produce on 198 , at the above stated location:

(a) All books, records, memoranda, checks, deeds, mortgages, contracts and other written materials in your possession which pertain to the following transactions:

- (i) The January 12, 1978 sales contract between buyer Polarob, Inc. and sellers Norfolk Realty, Inc. and 231 Centre Street Corporation.
- (ii) The May 1, 1978 sale between the above-mentioned parties.
- (iii) The May 1, 1978 sale between seller Polarob, Inc. and buyers Melro Company and Geraldine A. Ferraro.
- (iv) The October 5, 1978 sale between seller Ms. Ferraro and buyer Melro Company.

Attachment #8

84040492058

(v) The January 1979 sale between seller Melro and buyer Mr. Zaccaro.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C. this _____ day of _____, 1984.

Lee Ann Elliott

ATTEST:

Marjorie W. Emmons,
Secretary to the Commission

84040492059

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MURs 1764/1779
The 1978 Committee to Elect)
Geraldine Ferraro, et al.)

SUBPOENA

TO: John A. Zaccaro
c/o Stephen Pollack
Shea and Gardner
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas all books, records, memoranda, checks, deeds, mortgages, contracts and other written materials in your possession which pertain to the following transactions:

- (a) The January 12, 1978 sales contract between buyer Polarob, Inc. and sellers Norfolk Realty, Inc. and 231 Centre Street Corporation.
- (b) The May 1, 1978 sale between the above-mentioned parties.
- (c) The May 1, 1978 sale between seller Polarob, Inc. and buyers Melro Company and Geraldine A. Ferraro.
- (d) The October 5, 1978 sale between seller Ms. Ferraro and buyer Melro Company.
- (e) The January 1979 sale between seller Melro and buyer Mr. Zaccaro.

Notice is given that these materials must be submitted to the Office of General Counsel, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. within 10 days of your receipt of this subpoena. Legible copies which, where applicable, show both sides of documents, may be substituted for originals.

Attachment # 8

34040492060

WHEREFORE, the Chairman of the Federal Election Commission
has hereunto set her hand at Washington, D.C. this _____ day of
, 1984.

Lee Ann Elliott

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

84040492061



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *Cut*
DATE: November 20, 1984
SUBJECT: MURs 1764/1779 - First General Counsel's Report

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

CIRCULATIONS

48 Hour Tally Vote [X]
 Sensitive [X]
 Non-Sensitive []

24 Hour No Objection []
 Sensitive []
 Non-Sensitive []

Information []
 Sensitive []
 Non-Sensitive []

Other []

DISTRIBUTION

Compliance [X]
Audit Matters []
Litigation []
Closed MUR Letters []
Status Sheets []
Advisory Opinions []
Other (see distribution
 below) []

84040492062

OGC # 5108
RECEIVED AT THE FEC

SHEA & GARDNER
1800 MASSACHUSETTS AVENUE, N. W.

84 OCT 12 AM 11:00

FRANCIS M. SHEA
WARNER W. GARDNER
LAWRENCE J. LATO
RICHARD T. CONWAY
ROBERT T. BASBECHES
BENJAMIN W. SOLEY
RALPH J. MOORE, JR.
MARTIN J. FLYNN
STEPHEN J. POLLAK
DAVID BOOTH BEERS
ANTHONY A. LAPHAM
RICHARD M. SHARP
JOHN D. ALDOCK
WILLIAM S. MOORE
JOHN TOWNSEND RICH
LOUIS N. KAUDER

JAMES R. SIEKE
I. MICHAEL GREENBERGER
WILLIAM F. SHEEHAN
R. JAMES WOOLBRY
FREDERICK C. SCHAFRICK
DAVID S. COOK
STEPHEN J. MADLEY
FRANKLIN D. KRAMER
WENDY S. WHITE
WILLIAM R. GALEOTA
PATRICK M. HANLON
NANCY J. BREGSTEIN
NANCY C. SHEA
ANDREW H. MARKS
TIMOTHY K. SHUBA
JAMES R. BIRD

WASHINGTON, D. C. 20036
(202) 828-2000
CABLE ADDRESS: "SANDS"
TELEX NO: 88-2388
TELECOMEN: (202) 828-2148

MICHAEL S. GIANNOTTO
JAMES E. NAPLAN
THOMAS R. ANDREWS
SUSAN S. COLLINS
WILLIAM R. HANLON
JEFFREY C. MARTIN
BRUCE C. SWARTZ
ELIZABETH HUNYAN GEISE
CHRISTOPHER J. WRIGHT
SUSANNE E. HEEKER
JULIE MELAMUD
LAURA S. WERTHEIMER
RICHARD N. WYNER

October 11, 1984

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1779

Dear Mr. Steele:

This letter is being submitted on behalf of Geraldine A. Ferraro, John A. Zaccaro, and David Blanksteen ("Respondents") in response to the complaint filed with the Federal Election Commission by the Fund for a Conservative Majority on September 6, 1984.

The allegations in this complaint concern the sale by Ms. Ferraro of property located at 231 Centre Street in order to repay certain loans made by Mr. Zaccaro to the 1978 Committee to Elect Geraldine Ferraro. These allegations are essentially the same as those made respecting issue number two in the complaint filed August 23, 1984, by John H. Banzhaf III and numbered MUR 1764.

Accordingly, in response to the complaint of the Fund for a Conservative Majority, Respondents hereby incorporate the enclosed response being filed today in their behalf in MUR 1764.

Respectfully submitted,

Stephen J. Pollak
Anthony A. Lapham
Wendy S. White

Attorneys for Geraldine A. Ferraro,
John A. Zaccaro and David Blanksteen

Enclosure

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34 OCT 12 P 2:00
RECEIVED
Office of the
GENERAL COUNSEL

SHEA & GARDNER

1800 MASSACHUSETTS AVENUE, N. W.

WASHINGTON, D. C. 20036

(202) 818-2000

CABLE ADDRESS: "SANDS"

TELEX NO: 89-2399

TELECOPIER: (202) 828-2148

MICHAEL S. GIANNOTTO
JAMES E. KAPLAN
THOMAS R. ANDREWS
SUSAN S. COLLINS
WILLIAM R. HANLON
JEFFREY C. MARTIN
BRUCE C. SWARTZ
ELIZABETH RUNYAN GEISE
CHRISTOPHER J. WRIGHT
SUZANNE E. NEEKER
JULIE MELAMUD
LAURA S. WERTHEIMER
RICHARD M. WYNER

October 11, 1984

FRANCIS M. SHEA
WARNER W. GARDNER
LAWRENCE J. LATO
RICHARD T. CONWAY
ROBERT T. BASSECHES
BENJAMIN W. BOLEY
RALPH J. MOORE, JR.
MARTIN J. FLYNN
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ANTHONY A. LAPHAM
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JOHN TOWNSEND RICH
LOUIS M. KAUDER

JAMES R. BIERE
I. MICHAEL GREENBERGER
WILLIAM F. SHEENAN
R. JAMES WOOLSEY
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WENDY S. WHITE
WILLIAM R. GALEOTA
PATRICK M. HANLON
NANCY J. BRESSTEIN
NANCY C. SHEA
ANDREW N. MARKS
TIMOTHY K. SHUSA
JAMES R. BIRD

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1764

Dear Mr. Steele:

This letter is submitted on behalf of Geraldine A. Ferraro, John A. Zaccaro and David Blanksteen in response to the complaint filed with the Federal Election Commission ("the Commission") by John H. Banzhaf III on August 23, 1984.

The complaint specifically raises two questions:

- 1) Did the 1978 Committee to Elect Geraldine Ferraro (the "Campaign Committee"), in accepting loans in excess of \$1000 from Mr. Zaccaro, the candidate's husband, act in good faith reliance on the advice of counsel that such loans were proper and lawful; and
- 2) Was the sale of certain assets by Ms. Ferraro to repay the family loans, found in the prior proceeding in this matter, MUR 892, to violate the Federal Election Campaign Act ("Act" or "FECA"), a legitimate

34 OCT 12 P 2: 00
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION

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Charles N. Steia, Esquire
October 11, 1984
Page 2

commercial transaction, which therefore involved no campaign contribution within the meaning of the Act?

We show in this response that neither of these questions raises any factual or legal issues that warrant further investigation by the Commission.

I. INTRODUCTION AND SUMMARY

A. The Advice of David Stein

In 1978, the Commission instituted an investigation in MUR 892 to determine whether loans made by Mr. Zaccaro to the Campaign Committee -- and reported by the Committee in its regular reports to the FEC -- violated the Act because they were in excess of the \$1000 ceiling on personal campaign contributions. In the course of that proceeding, Mr. Zaccaro and the Treasurer of the Campaign Committee, David Blanksteen, informed the Commission that the loans had been made and received in good faith, in reliance upon advice of counsel, David Stein, who had specifically advised them that such loans were permissible under the Act. See Affidavits of John A. Zaccaro and David Blanksteen dated February 9, 1979, and filed in MUR 892. The complaint here alleges that Mr. Stein now denies that he ever gave such advice to the Committee. Complaint ¶ 3. The complaint is not based on personal knowledge, but rather refers to several newspaper articles which reported Mr. Stein's statements.^{1/}

^{1/} In attesting to the complaint, Mr. Banzhaf states: "All of the alleged 'facts' presented herein are drawn from reports in the public press which in many cases are attached." Complaint at 3.

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Charles N. Steele, Esquire
October 11, 1984
Page 3

The evidence is clear that Mr. Stein did advise the Campaign Committee, in the spring of 1978, that family loans in excess of \$1000 would be proper. Four witnesses -- in addition to Mr. Zaccaro and Mr. Blanksteen, who so stated in the prior proceeding -- have in the words of the complaint "come forward" to assert specifically and unequivocally that they heard Mr. Stein state that such loans were lawful. Affidavits of these witnesses are attached as Exhibits Nos. 1-4.

Moreover, the newspaper stories themselves reveal that Mr. Stein's own recent recollections are fuzzy, at best. In one account, Mr. Stein reportedly said: "I told them the loans could not be done that way." Human Events, Aug. 18, 1984, p. 19. In a later account, Mr. Stein was less sure about his advice: "I remember voicing my doubts as to the propriety of such loans." Human Events, Aug. 25, 1984, p. 15. These articles are attached as Exhibits Nos. 5 and 6. The shifting and uncertain recollection they report is in marked contrast to the uniform and unqualified recollections of John Zaccaro, David Blanksteen, and the four other witnesses who were present and heard the advice given by Mr. Stein.

Finally, the attached affidavits are strongly corroborated by surrounding circumstances. The loans in question were all made after the Campaign Committee had heard from Mr. Stein, and were all duly and accurately disclosed to the Commission. It is hardly plausible that these actions would have been taken -- that is, that the family loans would have been made by Mr. Zaccaro, accepted by the Campaign Committee, and fully reported to the Commission -- in the face of advice that the campaign could not lawfully be

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Charles N. Steele, Esquire
October 11, 1984
Page 4

financed by such loans. In other words, the actions taken are themselves evidence of the advice that was given -- namely, that family loans in excess of \$1000 were proper.

In sum, there is nothing here to investigate because there is no reason to believe that the proceedings in MUR 892 were based on an incorrect factual premise concerning the advice given to the Campaign Committee by Mr. Stein. On the contrary, the credible evidence points in the opposite direction and confirms that it would be senseless and inappropriate to reopen that proceeding.

B. The Sale of 231 Centre Street

The Commission should similarly find no reason to believe that any violations of the Act occurred with respect to the second issue. In order to repay, as quickly as possible, the family loans challenged by the Commission as unlawful, Ms. Ferraro sold two assets. First, she sold a one-half interest in a parcel of land with a commercial building on it located at 231 Centre Street in lower Manhattan. In addition, she sold a one-half interest in a mortgage on a property known as 230 Grand Street in lower Manhattan. The complaint does not challenge the sale of the mortgage interest for \$30,000; but it asserts that the sale of the one-half interest in 231 Centre Street may have been "'a device to allow Zaccaro to channel money to his wife's campaign in spite of federal spending limits.'" Complaint ¶ 5.

Here, the facts establish that the transaction was a sale at fair market value and not in any sense in conflict with the provisions of the

84040492067

Charles N. Steele, Esquire
October 11, 1984
Page 5

FECA. On May 1, 1978, Ms. Ferraro acquired an undivided one-half interest in 231 Centre Street pursuant to a purchase contract of January 12, 1978, which set the price for the property at \$175,500, a figure well below its fair market value. In order to repay the family loans to her Campaign Committee, Ms. Ferraro on October 5, 1978, sold her interest in the property to the holder of the other 50 percent share. The negotiated price she received -- \$162,250 -- represented one-half of the commercial value of the property at the time. In order that the Zaccaro-Ferraro family not lose the favorable investment made by Ms. Ferraro in May 1978, Mr. Zaccaro in January 1979 purchased a one-half interest in the property from the same person to whom that interest had been sold by Ms. Ferraro in October 1978.

Both the price paid on a later sale of the property in November 1980 to an independent party, \$375,000, and three independent appraisals of the property's value as of October 1978 confirm that the price Ms. Ferraro received was fair and reasonable. The appraisals, attached as Exhibits Nos. 7-10, establish the fair market value of the property at the time of her sale as ranging from \$300,000 to \$325,000. Accordingly, since Ms. Ferraro sold her half-interest at a fair and reasonable price, the transaction did not constitute a contribution, in whole or in part, and there was nothing standing in the way of her use of the proceeds to enable her Campaign Committee to repay the family loans.

As we show in more detail below, the suggestion that the sale of 231 Centre Street was other than a normal commercial transaction is based upon misinformation that appeared in the press reports attached to the complaint.

84040492053

Charles N. Steele, Esquire
October 11, 1984
Page 6

We will address each of these errors, as set forth in the complaint, in turn. What this effort shows is that no evidence has been uncovered that would justify a new proceeding or a reopening of the prior proceeding in this matter.

First, however, we address the allegations concerning Mr. David Stein.

I. THERE IS NO REASON TO REOPEN MUR 892 OR TO
CONDUCT A FURTHER INVESTIGATION AS TO THE ADVICE
GIVEN THE CAMPAIGN COMMITTEE BY DAVID STEIN.

A. Mr. Stein's Advice

In the spring of 1978, Ms. Ferraro held several meetings at her home to organize her campaign for a seat in the House of Representatives. At one such meeting, a young attorney by the name of David Stein was present. Mr. Stein was introduced to the group as a lawyer who had worked for the Federal Election Commission and who was an expert on federal election law. In attendance at that meeting were: Ms. Ferraro and her husband, Mr. Zaccaro, David Blanksteen, Constance Mandina, Mildred and Clyde Snyder, Patricia Flynn, Patricia M. Reilly, and Carmine Parisi. See Affidavits of Ms. Flynn, Ms. Reilly, Ms. Mandina, and Mr. Parisi, Exhibits Nos. 1-4.

Among the subjects discussed at this meeting was the matter of campaign financing. The question was raised as to whether there was any limit on the amount of money that family members could loan to the campaign. Mr. Stein addressed that issue. He specifically advised the group, after consulting the books he had brought with him, that there were no limits on the amount of

84040492069

Charles N. Steele, Esquire
October 11, 1984
Page 7

money family members could loan to the campaign. Exhibit No. 1 at 2-3;
Exhibit No. 2 at 2; Exhibit No. 3 at 3; Exhibit No. 4 at 2.^{2/}

This is the clear recollection of Ms. Mandina, Ms. Flynn, Ms. Reilly,
and Mr. Parisi, as set forth in their affidavits. Their recollections are
fully consistent with the affidavits submitted in the prior MUR 892 by
Mr. Zaccaro and Mr. Blanksteen. Thus, contrary to the assertion in the com-
plaint, ¶ 3, there is ample sworn testimony that confirms that Mr. Stein
advised the Committee that family loans in excess of the \$1000 ceiling were a
lawful and appropriate means of campaign financing.

B. MUR 892

Beginning on May 10, 1978, after the meeting with Mr. Stein took
place, Mr. Zaccaro began making loans to the Campaign Committee. The May 10
loan, together with three additional loans made on June 20, 1978, were dis-
closed to the Commission, in a timely fashion, in the Committee's July 10,

^{2/} In fact, at the meeting he handed out one of the books he relied on, an
FEC booklet published in December 1975 entitled Major Provisions of the
Federal Election Campaign Law. Relevant pages are attached as Exhibit
No. 11. The booklet was out of date. However, it appears to have provided
the basis for Mr. Stein's erroneous advice. Page 22 of the booklet discusses
"Expenditures from Personal Funds." It states that "[n]o CANDIDATE may make
EXPENDITURES from his personal funds or those of his immediate family in
connection with his election campaign which exceed * * * \$25,000 in the case
of any . . . House CANDIDATE." The booklet then explains that "[i]mmediate
family includes the CANDIDATE'S spouse, and any child, parent, grandparents,
brothers or sisters of the CANDIDATE and the spouses of those PERSONS." These
expenditure limitations were invalidated on First Amendment grounds in Buckley
v. Valeo, 424 U.S. 1 (1976), as Mr. Stein must have known. Apparently,
Mr. Stein assumed that since the \$25,000 limitation had been lifted on expen-
ditures, both candidates and members of their families were then free to
contribute to a campaign without limitation. He was wrong; but that was the
advice he gave.

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1978, Quarterly Report of Receipts and Expenditures.^{3/} On September 11, 1978, the Committee received notice from the Commission that loans in excess of \$1000 were prohibited -- even if made by family members. On September 18, 1978, the Committee was further notified by the Clerk of the House of Representatives that while the matter of family loans was "the subject of some confusion," the law now prohibited loans from family members in excess of \$1000.

The FEC advised the Campaign Committee that the amount of unlawful loans was \$130,000.^{4/} On October 5, 1978, the loans were repaid. Thereafter, the Campaign Committee and Mr. Zaccaro entered into conciliation agreements with the Commission resolving the matter and paid fines respectively of \$500 and \$250. Copies of the agreements are attached as Exhibits Nos. 12 and 13.

C. Mr. Stein's Denial

Nearly five years after MUR 892 was closed, and shortly after Ms. Ferraro was nominated by the Democratic Party as a candidate for Vice President, an article appeared in a weekly newspaper called Human Events reporting that Mr. Stein had denied that he advised the Campaign Committee that family loans in any amount were lawful under the Act. According to the

3/ Additional loans from Mr. Zaccaro were disclosed in reports to the Commission filed on September 6, 1978, and September 21, 1978.

4/ After proceeding further, the Commission determined that only \$110,000 of the loans were unlawful. See Letter to John A. Zaccaro from William C. Oldaker, General Counsel, Federal Election Commission, dated January 11, 1979, In re MUR 892. The remaining \$20,000 was loaned to the Committee from the accounts of Ms. Ferraro's children as to which Ms. Ferraro was the custodian. Under the Act, these funds were in the constructive control of the custodian -- here the candidate -- and their use was therefore permissible.

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article, he further denied that he had ever met Mr. Zaccaro. Human Events, Aug. 18, 1984, p. 19 (Exh. No. 5). Both of these denials are flatly inconsistent with the sworn statements of the other persons who attended the meeting where the advice was given.

The news reports respecting Mr. Stein are themselves not consistent. In some newspaper articles, Mr. Stein is said to have asserted that he plainly told the Campaign Committee that it could not accept family loans in excess of \$1000. See id. In other articles, Mr. Stein reportedly only says that he "voic[ed] my doubts." Human Events, Aug. 25, 1984, p. 15 (Exh. No. 6).

The truth is, however, that he did neither. On the contrary, Mr. Stein told the supporters of the Ferraro campaign that family loans in any amount were proper. His reported denial now, when judged against the attached affidavits and viewed in the light of the fact that the Campaign Committee accepted and openly disclosed the receipt of these loans after the advice was provided, is simply not credible. However understandable as a self-serving attempt to protect his professional reputation, Mr. Stein's denial lacks the indicia of reliability that could possibly justify any further investigation.

D. The Commission's Treatment of Family Loans

1. The Legality of Family Loans

Mr. Stein was not alone in having difficulty interpreting the statutory provisions of the FECA as they concern family loans. The Commission itself has taken different positions on the meaning of the Act. Thus, in 1975, the Act was interpreted as permitting a candidate to use the funds of an

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immediate family member as though those funds were the candidate's own funds, up to the \$25,000 aggregate limit on contributions by individuals. See Buckley v. Valeo, 519 F.2d 821 (D.C. Cir. 1975), and Advisory Opinion 1975-65, "Contribution from Immediate Family for Senate Campaign," 1 Fed. Elect. Camp. Fin. Guide (CCH) ¶ 5159 (Dec. 16, 1975). However, in 1976, the Supreme Court in its decision in Buckley v. Valeo, 424 U.S. 1 (1976), rejected this interpretation of the statute. The Commission then interpreted the Act so as to subject immediate family members to the \$1000 contribution limit. Advisory Opinion 1976-26, "Contributions by Family Members," 1 Fed. Elect. Camp. Fin. Guide (CCH) ¶ 5220 (Sept. 20, 1976).

Under this interpretation of the Act, the Commission had a further problem. Candidates and spouses living in community property states were treated differently than those living in non-community property states. In community property states, the candidate usually had full access to his or her spouse's property acquired during marriage, even though that property was in the spouse's name alone. Thus, the Commission found no violations in enforcement actions respecting spousal contributions or loans which took place in community property states. E.g., In re Jane Fonda and the Hayden for Senate Committee, MUR 149 (June 22, 1977); In re Dole for President Committee, MUR 1257 (Nov. 10, 1981); In re Corcoran for Congress Committee, MUR 943 (April 6, 1982). In each of these cases, however, the Commission would have found a violation had the candidate and his or her spouse lived in a non-community property state.

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Recently, this disparity in treatment was partially remedied by the Commission. A candidate has always been permitted to use the assets of a family member if at the time of becoming a candidate he or she legally had access to or control over those assets and had either title to or an equitable interest in those assets. See 11 C.F.R. § 110.10(b)(1). The question whether the candidate had a legal right of access to or control over the assets of a family member has been determined under state law which imported the community property/non-community property dichotomy. Now, however, the Commission has promulgated a new regulation which allows candidates to use up to one-half of property held jointly with a spouse, even in non-community property states. 11 C.F.R. § 110.10(b)(3). This regulation -- had it been in effect in 1978 -- would have enabled Ms. Ferraro to avoid the problems she faced in 1978 by using her share of one of the family residences as security for a loan to finance her campaign.

2. Enforcement

The confusion in the law is reflected in the leniency shown by the Commission when violations in this area have been found. We have located 20 completed cases in which family loans were investigated by the Commission.^{5/}

^{5/} In re Jane Fonda and the Hayden for Senate Committee, MUR 149 (June 22, 1977); In re J. Carole Keahey, MUR 384 (Mar. 23, 1978); In re Clifford A. Jones, MUR 605 (Nov. 1, 1978); In re Mrs. Marjorie Bell, MUR 659 (Apr. 14, 1980); In re Burton W. Hales, Jr., MUR 693 (Sept. 13, 1978); In re Charles Hamilton, MUR 772 (Mar. 23, 1979); In re Corcoran for Congress Committee, MUR 943 (Apr. 4, 1982); In re John Adams, MUR 967 (July 14, 1980); In re Gary Hinds, MUR 969 (Feb. 12, 1982); In re Garland Miller, MUR 982 (Feb. 12, 1980); In re Friends of Roger Jepsen, MUR 1042 (May 30, 1980); In re Walter

(Footnote continued on following page)

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In every case where the family loan was properly disclosed, as were the Zaccaro loans, the fine imposed on any one respondent was \$750 or less. Only in cases where the loan was not disclosed at all, or where it was erroneously reported as a personal loan from the candidate, was a more substantial fine imposed. See In re J. Carole Keahey, MUR 384 (March 23, 1970) -- no report of the loan made; In re Mrs. Marjorie Bell, MUR 659 (April 14, 1980) -- no report of the loan made; In re Walter Flowers for U.S. Senate Committee, MUR 1098 (Oct. 5, 1982) -- family loan from the brother of the candidate to the candidate who reported it as a personal loan to the campaign; In re Slade Gorton for United States Senate Committee, MUR 1301 (Feb. 3, 1982) -- family loan reported as personal loan of candidate; In re Pamela Le Boutillier, MUR 1456 (Nov. 25, 1983) -- family loan reported as personal loan of the candidate.

In short, the Commission's treatment of the improper loans to Ms. Ferraro's campaign was wholly in conformity with its actions in other family loan cases.

E. Conclusion

Under these circumstances, there is no justification for proceeding further with this matter. The then improper loans were dealt with fully in

(Footnote continued from preceding page)

Flowers for U.S. Senate Committee, MUR 1098 (Oct. 5, 1982); In re Quinn for Congress Committee, MUR 1134 (June 18, 1980); In re Easterly for Congress, MUR 1152 (Feb. 14, 1980); In re Thomas Upson, MUR 1174 (July 9, 1981); In re Dole for President Committee, MUR 1257 (Nov. 10, 1981); In re Slade Gorton for United States Senate Committee, MUR 1301 (Feb. 3, 1982); In re Pat Hamilton for Congress Committee, MUR 1323 (Aug. 18, 1981); In re Pamela Le Boutillier, MUR 1456 (Nov. 25, 1983); In re Orloski for Congress Committee, MUR 1480 (Apr. 27, 1983).

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MUR 892, and appropriate fines assessed, on a factual record accurately reflecting that those loans were made in reliance on David Stein's erroneous legal advice. The complaint has done nothing to impeach that record which, on the contrary, is buttressed by the attached affidavits. The penalties imposed were consistent with the fines levied in similar cases where family loans were made to campaigns in excess of the \$1000 ceiling. Accordingly, the Commission should reject the allegations of the complaint respecting the loans.

II. THERE IS NO BASIS FOR FURTHER INVESTIGATION
WITH RESPECT TO THE SALE OF 231 CENTRE STREET.

In seven lettered paragraphs 5A - G, the complaint alleges certain facts concerning 231 Centre Street that, the complaint asserts, suggest that Ms. Ferraro's sale of her interest in that property did not constitute a legitimate business transaction. The alleged facts are largely inaccurate and the conclusion drawn from them by the complaint is both erroneous and contrary to other independent facts which establish the sale as a legitimate transaction at fair market value.

A. Ms. Ferraro's Purchase of a One-Half
Interest in 231 Centre Street

Ms. Ferraro acquired an undivided one-half interest in the 231 Centre Street property on May 1, 1978, by a deed which was duly recorded. Exhibit No. 14 hereto. The details of the transaction were as follows:

On January 12, 1978, Norfolk Properties, Inc., and 231 Centre Street Corporation, the owners of 231 Centre Street, signed a contract to sell the property to Polarob Realty Corporation. Exhibit No. 15 hereto. The purchase

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price was \$175,500. The contract provided that \$7,500 would be paid on the signing of the contract and \$43,395 at the closing, with a purchase money mortgage of \$124,605.

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The purchasers were able to obtain the agreement of the sellers that they would not be personally liable for the repayment of the mortgage loan. Such an arrangement is not uncommon in connection with the sale of commercial real estate and can be carried out in two ways. One is to have the buyers execute a promissory note that provides in terms that it is "non-recourse." The buyers here employed an alternative two-step transaction. The property was deeded, at the closing on May 1, 1978, to a shell corporation, Polarob. Polarob was not a corporation either owned or controlled by Ms. Ferraro, Mr. Zaccaro or the co-purchaser, Melro Company. Polarob had no assets. It signed the promissory note secured by the purchase money mortgage. In the second step of the transaction, Polarob on the same day deeded its entire interest in the property, 50 percent to Melro Company, a family partnership of Manny Lerman, and 50 percent to Ms. Ferraro. With the deed transferring title to Melro and Ms. Ferraro, and the underlying mortgage, both dated May 1, 1978, duly recorded,^{6/} there is "irrefutable proof" to verify when the purchase of the property was made. The recordation refutes any claim that the transaction was a "sham backdated purchase from a corporation controlled by her husband

^{6/} Contrary to complainant's allegation, ¶ 5C, the mortgage dated May 1, 1978, was duly recorded at the Office of the Clerk of New York County, Reel 437, page 144.

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* * * arranged to provide the basis for an apparently bona fide sale."

Complaint ¶ 5C.

B. The Sale of Ms. Ferraro's One-Half
Interest in the Property

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Upon receiving notice from the Commission on September 11, 1978, that her Campaign Committee had accepted unlawful loans from her family in the amount of \$130,000, Ms. Ferraro determined to sell her one-half interest in 231 Centre Street -- as quickly as possible -- in order to repay the loans. She accomplished the transfer on October 5, 1978, deeding her interest to Melro Company, the owner of the other half of the property. Mr. Zaccaro, who negotiated the sale, and Mr. Lerman, both experienced in dealing with the real estate of lower Manhattan where 231 Centre Street was located, agreed, without need for an appraisal, that the fair market value of the property at that time was \$325,000. Accordingly, in order to buy Ms. Ferraro's one-half interest, Melro paid her \$100,000 in cash and took the property subject to her \$62,250 share of the outstanding mortgage.

The complaint suggests in paragraphs 5D, E and F that the price agreed upon for the sale to Melro did not reflect the fair market value of the property. Rather, the complaint asserts: "The value of the property had allegedly risen from the original purchase price of \$175,000 on May 1, 1978 to \$325,000 on October 4, 1978 -- a spectacular increase of over 80% in only five months; an annual rate of almost 200%." Complaint ¶ 5D.

The complaint, however, has mischaracterized what took place in this transaction. The value of the property did not increase from \$175,500 to \$325,000 in five months. Rather, the original price of \$175,500 set in the

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purchase contract of January 12, 1978, was well below the actual market value of the property at that time. There were a number of reasons why the property sold at so low a price. First, the sellers had owned the property for many years and had utilized most of the depreciation available as income tax deductions. For that reason, they were interested in disposing of the property. Second, the leases on the property were not economic and the owners were anxious to sell rather than to renegotiate them. Finally, Mr. Lerman and Mr. Zaccaro were experienced in real estate values and they recognized the purchase of 231 Centre Street at the agreed-upon price to be a particularly good opportunity. It was for that reason that Mr. Lerman and Ms. Ferraro made the investment in the first place.

Thus, there was no "sharp rise in value" in the property. Complaint ¶ 5F. Instead, in October 1978, when the parties valued the property for purposes of agreeing on a sale price, they valued it much as they had nine months before. That the agreed upon price was fair and reasonable is confirmed by two independent facts.

1. Real Estate Appraisals

First, three independent appraisals of the property fully support the conclusion that the valuation of the property at \$325,000 was commercially reasonable as of the fall of 1978. A review of these appraisals should put to rest the complainant's allegation that the sales price did not reflect the property's fair market value.

In August 1984, when questions arose concerning the price Melro paid for Ms. Ferraro's one-half interest, she sought the opinions of three

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independent, experienced real estate appraisers as to its fair and reasonable market value at the time of her sale. Drawing on their experience and using recognized appraisal procedures, those appraisers valued the property between \$300,000 and \$325,000. Copies of the appraisals, including the qualifications of the appraisers, are attached as Exhibits Nos. 7-10. Briefly, the specifics of each of the independent appraisals are as follows:

(1) Cushman & Wakefield, Inc., utilized two of the three traditional approaches to real estate valuation, the Direct Sales Comparison Approach and the Income Approach. The appraisers looked at comparable sales in the 1976-78 period and concluded that the proper unit price to apply to the approximately 12,875 gross square feet of building area is between \$20 and \$25 per square foot. This, they said, "develops a value estimate range via the Direct Sales Comparison Approach from \$257,500 to \$321,870." Exhibit No. 7 at 6. Using the Income Approach whereby anticipated economic benefits to be derived from property ownership are converted into a value estimate through the capitalization process, Cushman & Wakefield estimated the property to have a value ranging from a low of \$324,441 to a high of \$336,474. Id. at 7. In conclusion, the appraisers expressed "the firm opinion that the Market Value of the Fee Simple Interest * * * in 231 Centre Street, subject to the leases in place at the time, as of the date of valuation, Fall, 1978, was: * * * \$300,000 * * * to * * * \$325,000." Id. at 8. Cushman & Wakefield and the two appraisers who signed the "Letter Opinion of Value" are highly regarded, experienced appraisers of real estate in New York City. See Addendum to Exhibit No. 7.

(2) A.L. Santagata, an experienced appraiser, President in 1973 of the New York Chapter of the Society of Real Estate Appraisers, gave his considered opinion, based upon the type of property, location, zoning, assessment and taxes, market sales and trends, that the fair and reasonable market value of 231 Centre Street as of October 1978 was \$310,000. See Exhibit No. 8 hereto. Judging sales in the immediate area to be the best indicators of market valuation,

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Mr. Santagata studied 14 sales, between November 1974 and 1979, of comparable improved property. These sales had been independently identified as "comparables" by the Waitzman Group Inc. See Exhibit No. 9 hereto. The three most comparable sales were at \$36, \$25 and \$36 respectively per square foot. Adjusting those prices for the lease tenancy on 231 Centre Street, Mr. Santagata stated, "indicate[s] an overall value of \$24.50 Sq. Ft.," which, when applied to the 12,700 square feet of the property, results in a value of \$310,000. Mr. Santagata checked his valuation by reference to the computation prepared by the Real Estate Board of New York as to the ratio of sales prices to the assessed valuation of properties sold in the open market. The 1978 ratio was 142.3 percent which when applied to the then-assessment of 231 Centre Street of \$222,000 indicates a market value of \$315,000.

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- (3) Abram Barkan, President, James Felt Realty Services, judged the fair and reasonable market value of the property in the fall of 1978 to be \$315,000. The valuation reflected Mr. Barkan's belief that the most objective indicator is the price at which willing buyers and sellers effect sales transactions. To explore these levels, Mr. Barkan looked to recorded sales of properties reasonably close to 231 Centre Street and statistics respecting open market transactions for 1978 developed by the Research Division of the Real Estate Board of New York. The recorded sales of 10 properties sold between November 1976 and December 1978 showed an average ratio of sales prices to assessed value of 169.2 percent. Mr. Barkan chose as the more conservative indicator the Real Estate Board statistic of 142.3 percent reflecting the average ratio of all open market sales prices for 1978 to assessed value. Multiplying the property's assessed value of \$222,000 by 142.3 percent produced a rounded value of \$315,000, which, in Mr. Barkan's opinion was its fair market value in the fall of 1978. See Exhibit No. 10 hereto.

In sum, the three independent appraisals all warrant the conclusion that Melro paid fair market value for 231 Centre Street in October 1978.

2. Sale of 231 Centre Street in November 1980

Second, on November 21, 1980, 231 Centre Street was sold to W & N Enterprises, an independent third party having no connection to either Malro, Mr. Zaccaro or Ms. Ferraro. W & N Enterprises purchased the property for \$375,000 -- \$50,000 more than the value placed on the property in October 1978. The price set in this sale of the property to an independent purchaser is the strongest possible evidence that the property was transferred at fair market value in 1978.

C. Purchase of the One-Half Interest in
231 Centre Street by John Zaccaro

The complaint alleges that "Mr. Lerman was guaranteed by Mr. Zaccaro at the time that Mr. Zaccaro would repurchase [the interest in 231 Centre Street] shortly, presumably at no less than the price paid to Ms. Ferraro." Complaint ¶ 5D. Based on this allegation, the complaint speculates that the purchase price may not have been at fair market value, but instead "Mr. Zaccaro was free to set the price at any figure he desired which might best benefit his wife." Id. There is, however, no basis for this speculation.

To begin with, the complaint misconceives the course of dealing between Mr. Lerman and Mr. Zaccaro. At the heart of the allegations is the idea that Mr. Lerman's purchase of the one-half interest in 231 Centre Street from Ms. Ferraro on October 5, 1978, was wholly dependent on an agreement (the alleged "guarantee") that Mr. Zaccaro would subsequently purchase that interest from Mr. Lerman at the same price. In other words, the complaint charges in effect that Mr. Zaccaro was the real buyer in the October 5

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transaction, that the price was fixed unilaterally by Mr. Zaccaro, and that consequently that price might have been determined by reference to Ms. Ferraro's campaign needs and without reference to fair market value.

The facts, however, are otherwise. While it is quite true that Mr. Lerman and Mr. Zaccaro reached an understanding that Mr. Zaccaro would purchase from Mr. Lerman the one-half interest in 231 Centre Street that Mr. Lerman acquired from Ms. Ferraro in the October 5 transaction, this understanding, according to both Mr. Zaccaro and Mr. Lerman, came into existence after that transaction. Thus, there was no condition or "guarantee" of the kind alleged in the complaint, and Mr. Lerman's purchase of the one-half interest was not tied to any assurance, let alone any enforceable commitment, that he would later be taken out of the deal by Mr. Zaccaro.

Moreover, the purchase price paid by Mr. Lerman was not determined unilaterally by Mr. Zaccaro, but rather was the result of a mutual agreement as to fair market value. To be sure, Ms. Ferraro's campaign needs were the driving reason for her sale of the property on October 5, 1978. That is, had it not been for those needs, there would have been no sale at all. However, the terms of the transaction as to purchase price, like the terms of Mr. Zaccaro's later understanding with Mr. Lerman, were separately driven by their business judgments that the property was a sound investment at that price. Indeed, the later understanding, and Mr. Zaccaro's purchase of the property from Mr. Lerman in January 1979 pursuant to that understanding, far from evidencing that Mr. Lerman's October 1978 purchase from Ms. Ferraro was a sham transaction at an inflated price dictated by campaign needs, are evidence

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only of the fact that Mr. Zaccaro regretted the loss of the investment in the first place and was willing to make Mr. Lerman whole, at the same price they had previously agreed to be a fair one, in order to recover that investment.

Further, had Mr. Zaccaro been free to set the purchase price arbitrarily, as the complaint suggests, ¶ 5D, presumably he would have set that price high enough so that no additional assets would have had to be sold and no further campaign loans sought. Instead, Ms. Ferraro had to sell not only the 231 Centre Street property, but her interest in the mortgage on 230 Grand Street as well, in order to repay the family loans. Moreover, shortly after October 5, 1978, Ms. Ferraro borrowed \$40,000 in additional funds for her campaign effort.^{7/}

Finally, as set forth above, extrinsic evidence indicates that the purchase price paid by Mr. Lerman was fair and reasonable. Granting that mathematical precision as to market value is impossible, the price subsequently paid for the same property by an independent buyer in 1980 and the three separate appraisals described above are strong indicators that Ms. Ferraro's one-half interest in 231 Centre Street was fairly valued for purposes of the October 1978 sale.

Thus, the understanding relative to Mr. Zaccaro's subsequent purchase of the one-half interest in 231 Centre Street had no impact on the price Mr. Lerman paid for that interest. Further, Mr. Zaccaro purchased the interest in January 1979 by paying \$100,000 to Northeastern Trading Company, a

^{7/} She borrowed \$25,000 from the East River Savings Bank on October 23, 1978, and \$15,000 from the First Women's Bank of New York on October 31, 1978.

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corporation owned by Mr. Lerman that had borrowed the money for the purchase by Melro Company of the interest in October 1978. Copies of the checks are attached as Exhibit No. 16. Contrary to the allegation of the complaint, ¶ 5F, therefore, there is documentary evidence that the purchase took place "when and where they said it did" -- in January 1979.

D. The Tax Treatment of Ms. Ferraro's Sale of Her One-Half Interest in 231 Centre Street

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The complainant asks whether the accountant's error in reporting on the Zaccaros' joint federal income tax return for 1978 the capital gain on Ms. Ferraro's sale of the 231 Centre Street property in some unexplained way buttresses his allegation that the "entire transaction was a 'device to allow Mr. Zaccaro to channel money to his wife's campaign in spite of federal spending limits.'" Complaint ¶ 5G. The short answer is "No."

There is no mystery to the mistake in the accountant's preparation of the tax return and it bears no relationship to Mr. Zaccaro's subsequent purchase of a one-half interest in the 231 Centre Street property. In computing her capital gain, the accountant took into account only the \$100,000 cash Ms. Ferraro received from Melro. He failed to consider the fact that under the Internal Revenue Code, the selling price included the balance due on the mortgage loan, \$62,250, even though there was no personal obligation to pay it. Here are the details:

The accountant correctly reflected Ms. Ferraro's cost basis in the property as follows:

50% of \$175,500 purchase price	\$ 87,750.00
50% of expenses of purchase	<u>2,561.00</u>
	\$ 90,311.00

However, in reporting the net proceeds of the sale, he took into account only the following:

Cash Payment	\$100,000.00
Legal fees and transfer taxes	<u>[3,500.00]</u>
Net Receipts	\$ 96,500.00

So, the accountant reported a gain of \$6,189. See Schedule D from 1978 Joint Return attached as Exhibit No. 17. The amended return filed August 21, 1984, attached as Exhibit No. 18, corrected the error by adding to the proceeds of the sale \$62,250, one-half of the outstanding balance due on the mortgage to which the property was subject, giving Ms. Ferraro a gain of \$68,439. In short, in reporting her gain, the accountant, perhaps because of confusion resulting from the fact that there was no personal liability for the mortgage loan, considered only the cash payment received without recognizing that the "sales price" included also Ms. Ferraro's share of the balance due on the loan.

A review of these facts establishes that the error in reporting Ms. Ferraro's gain on the sale neither confirms nor refutes the complainant's contention respecting the underlying sale transaction. It is, as the complainant himself concedes, ¶ 5G, only "coincidental."

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E. Legal Analysis

The allegations in the complaint, taken together, constitute a claim that the sale by Ms. Ferraro of her interest in 231 Centre Street was not at fair market value, with the result that an unlawful contribution was made to her campaign in the amount of the difference between the fair market value and the sale price. We have shown above that the sale was a legitimate commercial transaction at fair market value. In this section, we show that such a sale was fully proper and the use of the proceeds from the sale for her campaign was in compliance with the Act.

The term "contribution" includes a 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. 2 U.S.C. § 431(8)(A), 11 C.F.R. § 100.7(a)(1). Moreover, the provision of any goods or services without charge or at a charge that is less than the usual and normal charge for such goods or services is a contribution. The "usual and normal charge" for goods means the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. 11 C.F.R. § 100.7(a)(1)(iii).

Similarly, loans to a campaign by a commercial lending institution are not considered to be contributions if made in accordance with banking laws and in the ordinary course of business. Among the indicia of "ordinary course of business" are whether the loan bears the usual and customary interest rate and whether adequate security is offered. 11 C.F.R. § 100.7(b)(11).

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In addition, corporations may extend credit to candidates or political committees without making a contribution so long as the credit is extended in the ordinary course of the corporation's business. A corporation may also settle or forgive a debt incurred by a candidate or political committee if the corporation has treated the outstanding debt in a commercially reasonable manner. 11 C.F.R. § 114.10. Finally, candidates and political committees may use corporate and union facilities so long as reimbursement is made at the normal and usual charge and within a commercially reasonable time. 11 C.F.R. §§ 114.9(a)(2) and (b)(2).

The import of these statutory and regulatory provisions is to exempt from the definition of contribution those activities which constitute commercial transactions -- that is, transactions which occur in the ordinary course of business and at fair market value. Thus, for example, the Commission concluded in an enforcement action that monthly installments paid to a congressional candidate by a business partner pursuant to an oral buy-out agreement were not contributions. The candidate and his partner had an oral buy-out agreement whereby the candidate received monthly payments of \$1000 applicable toward the ultimate purchase price to be determined at a later date. In the event the sale did not go through, i.e., the candidate was unsuccessful, the payments received were to reduce the candidate's share in the partnership. Although the checks received by the candidate were drawn on the partnership joint account and no disclosures were made, the Commission found that the partner had not made a contribution to the campaign and,

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accordingly, that no violation of the Act had occurred. See In re Dr. Robert Whittaker, MUR 806 (Jan. 25, 1979).

In this case, as in MUR 806, the only question at issue is whether Ms. Ferraro engaged in a commercially reasonable transaction in selling her one-half interest in 231 Centre Street to her partner. Under 11 C.F.R. § 110.10(b)(2), a candidate's personal funds include "proceeds from the sale of the candidate's * * * investments." Ms. Ferraro's sale of her interest in 231 Centre Street was a legitimate business transaction in which she sold her interest at fair value to her partner, and therefore no proscribed contribution was involved.

III. CONCLUSION

For the reasons set forth above, this complaint should be dismissed and no further action taken either to reopen MUR 892 or to pursue the allegations in this complaint in a new proceeding.

Respectively submitted,


Stephen J. Pollak
Anthony A. Lapham
Wendy S. White

Attorneys for Geraldine A. Ferraro,
John A. Zaccaro and David Blanksteen

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MUR 1764

EXHIBITS

TO

LETTER OF OCTOBER 11, 1984,
TO
CHARLES N. STEELE, ESQUIRE, GENERAL COUNSEL,
FEDERAL ELECTION COMMISSION

RESPONDING ON BEHALF OF
GERALDINE A. FERRARO, JOHN A. ZACCARO,
AND DAVID BLANKSTEEN TO COMPLAINT
OF JOHN R. BANZHAF III
FILED AUGUST 23, 1984

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INDEX TO EXHIBITS

Exhibit
Number

Description of Document

- 1 Affidavit of Patricia Flynn dated August 15, 1984.
- 2 Affidavit of Patricia M. Reilly dated August 15, 1984.
- 3 Affidavit of Constance M. Mandina dated August 15, 1984.
- 4 Affidavit of Carmine Parisi dated August 24, 1984.
- 5 Human Events, August 18, 1984.
- 6 Human Events, August 25, 1984.
- 7 Cushman & Wakefield, Inc., Letter Opinion of Value, August 29, 1984.
- 8 A.L. Santagata, Appraisal Report, August 17, 1984.
- 9 The Weitzman Group, Inc., Letter, August 17, 1984.
- 10 Abram Barkan, James Felt Realty Services, Letter of Value, August 16, 1984.
- 11 Federal Election Commission, Major Provisions of the Federal Election Campaign Law (December 1975), cover page and pages ii-vi and 22.
- 12 In re John A. Zaccaro, MUR 892, Conciliation Agreement dated September 12, 1979.
- 13 In re Committee to Elect Geraldine Ferraro, MUR 892, Conciliation Agreement dated September 12, 1979.
- 14 Recorded deed dated May 1, 1978, transferring 231 Centre Street from Polarob Realty Corp. to Melro Company and Geraldine A. Ferraro
- 15 Agreement dated January 12, 1978, between Norfolk Properties, Inc., and 231 Centre Street Corporation, seller, and Polarob Realty Corp., purchaser, for the sale of 231 Centre Street property.

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Exhibit
Number

Description of Document

- | | |
|----|--|
| 16 | Copies of four checks in the total amount of \$100,000 dated January 22 and 30, 1979. |
| 17 | Schedule D, John A. and Geraldine Zaccaro Form 1040, U.S. Individual Income Tax Return for the year 1978. |
| 18 | John A. and Geraldine Zaccaro Form 1040 X, Amended U.S. Individual Income Tax Return for the year 1978, dated August 19, 1984. |

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EXHIBIT NUMBER 1

an attorney who had worked at the Federal Election Commission and was an expert on the legal issues concerning campaign finance. Other individuals who I recall being present at this meeting, in addition to the candidate and her husband, were David Blanksteen, Patricia Reilly, Bonnie Mandina, Mildred and Clyde Snyder, and perhaps a few others.

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Carmine Parisi spoke to the group first, discussing the steps that would be required to organize the campaign. David Stein then discussed various legal restrictions on financing a federal campaign, referring to several books and materials that he had brought with him and had spread out on the floor. I remember him stating that contributions were generally limited to no more than \$1,000 per person. This was the first time that I became aware of any restrictions on federal campaign giving and his statement struck me particularly because I had already been in touch with one individual who thought he could raise a significant amount of money. The federal limits on giving would therefore require a reconsideration of how money would be raised for the campaign.

I also recall that Stein stated that money could be raised without restriction if it was obtained from the candidate's family. I remember Ms. Ferraro indicating that she personally had funds that could be used, and Stein stated that it did not matter whether the money belonged specifically to her, as long as it came only from her family.

I do not know how Stein came to be present at the meeting in 1978, but I do know that he did advise us that there were no limits on the amount of money the candidate's husband and children could provide to the campaign. I am at a loss to understand how David Stein can now, six years later, deny that he ever said what I heard. For whatever reason, he is not telling the truth.

Patricia Flynn
Patricia Flynn

Subscribed to and sworn
before me this 15th day of
August 1984

Marilyn T. Lanza
Notary Public

MARILYN T. LANZA
NOTARY PUBLIC, State of New York
No. 41-5974085
Qualified in Queens County
Commission Expires March 30, 1986

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EXHIBIT NUMBER 2

Affidavit of Patricia M. Reilly

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

PATRICIA M. REILLY, being duly sworn, deposes
and says:

I am currently Regional Director of the New York State Department of Agriculture and Markets. During the first Congressional campaign of Geraldine A. Ferraro in 1978, I was employed to prepare a prime voter list for use with a direct mail effort and subsequently had responsibility for the candidate's scheduling and advance work. Because of certain allegations that I understand have now been raised relating to legal advice that was given to the campaign by David Stein concerning federal restrictions on campaign contributions, I have been asked to set forth my best recollections concerning the rendering of this advice to the campaign.

I first met Ms. Ferraro in early 1978 through the 31st Assembly District Regular Democratic Club of which we were both members. At that time I was employed by St. John's University teaching government and politics, and I recall that Ms. Ferraro invited me to a meeting to discuss a campaign for Congress that she intended to launch.

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The meeting was held one evening in April at the candidate's home. When I arrived several people were already present and seated in the Ferraro living room. Among those I recall being present at the meeting were Bonnie Mandina, Carmine Parisi, Pat Flynn, David Blanksteen, Mildred and Clyde Snyder, David Stein, and, of course, the candidate and her husband.

Various issues concerning the organization of a campaign were discussed at this meeting. Among the many issues raised I remember that the question of how the campaign would be financed was brought up. Ms. Ferraro indicated that this was not to be a "kitchen table" campaign, so that it would be necessary to raise sufficient money to do a thorough job.

It is my recollection that when this subject came up David Stein was introduced as someone familiar with the election laws governing campaign contributions. I remember Stein stating that, under federal law, there would be no problem with contributions from the candidate or her family. Stein said there were no limits on the contributions that could be made by the members of a candidate's family, and that they could contribute to the campaign as much as they wished. As I recall, some of the individuals present then raised the question of how much money they would be allowed to contribute. Stein indicated that a non-family member could contribute no more than \$1,000. I also

recall discussion about whether this limit applied to groups, such as women's organizations, who might want to support the Ferraro campaign. Stein stated that there were limits on all campaign contributions except those that came from family members.

I can state without equivocation that Mr. Stein's recent denial that he gave this advice is not true.

Patricia M. Reilly
Patricia M. Reilly

Sworn to before me this
15th day of August, 1984.

Rufus W. Houghton
Notary Public
RUFUS W. HOUGHTON
Notary Public, State of New York
No. 24-01 NO 488831
Qualified in Kings County
Certificate Filed in New York County
Commission Expires March 30, 1985

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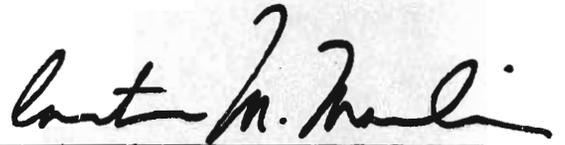
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EXHIBIT NUMBER 3

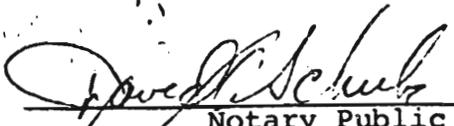
One of the topics discussed at this meeting was whether the members of the candidate's family could loan money to the campaign. I recall Mr. Stein stating his opinion that family members could loan money to the campaign without limit.

I am an attorney, but had no prior experience with federal election law. I had no reason to doubt the advice given to us by Mr. Stein at that time, because of his apparent expertise in the field and because he came to the meeting armed with books and other materials with which to answer our questions.

I have heard that Mr. Stein recently denied that he ever advised us that family members could lend money to the campaign without limit. His denial is absolutely and categorically untrue.


Constance M. Mandina

Subscribed and sworn to before
me this 15th day of August 1984.


Notary Public
DAVID A. SCHULZ
Notary Public, State of New York
No. 61-603162
Qualified in New York County
Commission Expires March 30, 1995

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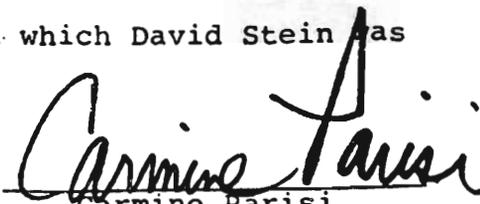
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EXHIBIT NUMBER 4

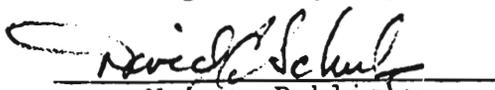
At this meeting, David Stein was introduced as an attorney who had been with the Federal Election Commission and who had agreed to advise the campaign on legal restrictions concerning the raising of contributions and the making of expenditures. Mr. Stein had brought several books and materials with him to the meeting, and in the course of the discussion explained the restrictions on campaign finance.

I do not recall the specific statements made by Mr. Stein during the discussion on campaign finance, either because I had momentarily left the room or because I was discussing another issue with someone during his presentation. I do know, however, that at the conclusion of that meeting it was agreed that the substantial portion of the campaign's initial funding would be in the form of loans from the candidate's husband John Zaccaro, and that David Stein believed this was an appropriate manner in which to proceed.

This meeting at the candidate's home was the only meeting I ever attended at which David Stein was present. I understand that he has now indicated that there was some later meeting at which he purportedly gave further advice on the restrictions on campaign contributions. To my knowledge no such meeting occurred. I can state categorically that I attended one, and only one, meeting at which David Stein was present.


Carmine Parisi

Sworn to before me this
24th day of August, 1984.


Notary Public

DAVID A. SCHULZ
Notary Public, State of New York
No. 31-4691482
Qualified in New York County
Commission Expires March 30, 1985

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ORIGINAL DOCUMENT
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NATIONAL ARCHIVES
COLLECTION

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EXHIBIT NUMBER 5

Human Events



THE NATIONAL CONSERVATIVE WEEKLY

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VOL. XLIV No. 33

AUGUST 18, 1984

Former FEC Attorney Says:

Ferraro Advised Beforehand Against Illegal Loans

An unheralded New York lawyer named David Stein may be the key to determining if Democratic vice presidential nominee Geraldine Ferraro knowingly accepted over \$100,000 in illegal loans from her husband to finance her first congressional race in 1978.

Contrary to sworn statements provided to the Federal Election Commission in 1979 by Ferraro's husband and her campaign treasurer, Stein, a former FEC employe himself, insisted to HUMAN EVENTS that he had warned Ferraro in advance that such loans from a family member would be illegal.

Should his story hold up, Ferraro could be forced to step down as a candidate and both she and her husband could be liable to federal prosecution.

Records show that, on September 12, 1979, Ferraro's husband, John A. Zaccaro, signed a conciliation agreement with the FEC, admitting that he had made loans to the Ferraro campaign committee totaling \$110,000 though the legal limit for such loans was \$1,000. On the same date, David Blanksteen, treasurer of the Committee to Elect Geraldine Ferraro, signed such an agreement acknowledging that the committee had accepted such loans and that they exceeded the limit set by law.



Rep. Ferraro met with reporters on Capitol Hill last week to announce that she would issue a full financial disclosure statement within 10 days.

For these violations, Zaccaro had to pay a fine of \$250 while the committee paid \$500. Both were civil penalties.

In a memorandum to FEC Commissioner Frank C. Reiche dated Oct. 5, 1979, FEC General Counsel William C. Oldaker stated that the decision "to accept the relatively small civil penalties in this case [was] based on the mitigating factors involved."

Among the "mitigating factors" cited by Oldaker: "Zaccaro and his wife's committee... solicited the advice of counsel as to how to properly fund the campaign; the counsel was a former employe of the [Federal Election] Commission.... He advised that members of the candidate's immediate family should and could fund the campaign...."

The claim that the illegal loans were made in good faith, based on erroneous advice from a lawyer—a claim that was subsequently incorporated in the conciliation agreements signed by Zaccaro and Blanksteen—was initially provided to the Commission in affidavits signed by the two men.

In his affidavit, dated Feb. 9, 1979, Ferraro's husband stated: "I believe

Ferraro Treasurer: 'No Memory' of Stein

When HUMAN EVENTS telephoned David Blanksteen, treasurer of Geraldine Ferraro's 1978 campaign committee, the conversation went as follows:

HE: "We're trying to get hold of a Mr. David J. Stein, whom you refer to in a deposition with the Federal Election Commission concerning Geraldine Ferraro...."

Blanksteen: "Huh?" (seems taken aback)

HE: "We've had a tough time locating Mr. Stein and you mention in your affidavit about him, so we thought maybe we'd try to see if you have any idea where he is."

Blanksteen: "No."

HE: "Are you familiar at all with the David J. Stein I'm talking about?"

Blanksteen: "No, I... actually I have no memory of that... it's several years ago."

HE: "Yes, and do you recall knowing him when he was with the campaign?"

Blanksteen: "It's many years ago."

HE: "Many years ago?"

Blanksteen: "It's many years ago. You know, it's many years ago and you get a lot of people run by your desk."

HE: "Well, we have two David J. Steins listed, and we can't find a telephone number for them."

Blanksteen: "When I can't help you, I can't help you."

(Continued on page 19)

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FERRARO ADVISED AGAINST ILLEGAL LOANS / From page 1

the circumstances surrounding the making of these loans are relevant to the Commission's consideration of this matter. Prior to the time any of these loans were made to the Committee, a meeting was held by various persons associated with the Committee and the election campaign to discuss, among other things, how the campaign would be financed.

"Among those in attendance at the meeting were David Blanksteen, treasurer of the Committee, David Stein, an attorney who I was advised had formerly worked for the Federal Election Commission, and myself."

Zaccaro's sworn statement went on to say that Stein had advised those in attendance "that the proper method of funding the campaign in order to avoid any of the limitations imposed by federal law was to have members of the candidate's immediate family loan the Committee the necessary funds."

Zaccaro said it was not until Sept. 11, 1978, after all of the loans had been made, that they learned by way of a letter from the FEC that the loans in question were subject to a \$1,000 statutory limit.

"[A]t the time the aforementioned loans were made to the Committee," Zaccaro reiterated at another point in the affidavit, "I believed they were in full compliance with all federal laws and regulations. In this regard I was relying on the advice of an attorney whom I had every reason to believe was fully familiar with such federal rules and regulations."

Blanksteen's affidavit, which was also dated Feb. 9, 1979, stated in part that "prior to the time any such contributions [in excess of \$1,000] were accepted by the Committee from Mr. John A. Zaccaro, I was advised by an attorney that such contributions were proper and not in violation of any federal law or regulations. Specifically, such advice was given to me by Mr. David Stein, who I was told was an attorney formerly employed by the Federal Election Commission, at a meeting held to discuss, among other things, the financing of the campaign."

It was largely based on these assurances—that the loans had been offered and accepted in the belief that they were legal—that the FEC, according to the Oldaker memo, "concluded that although the violations were serious in nature, the circumstances warranted a lesser penalty."

But when HUMAN EVENTS tracked Stein down by telephone on August 9, at his Manhattan law office, his account of what had happened was quite different from Zaccaro's and Blanksteen's.

"I told them the loans could not be done that way," said Stein, who records indicate worked in the FEC General Counsel's office from Nov. 15, 1976, until Jan. 27, 1978. "I told her [Ferraro] in the living room of her house. I attended one or two — I think it was two — meetings in her house."

Asked when these meetings had occurred, Stein said, "in April or May of 1978." Asked who was in attendance, Stein replied, "Geraldine, Carmine Parisi, her campaign manager, and a friend of mine who was looking at state election laws."

Asked whether Zaccaro was there, Stein said, "I have never met John Zaccaro in my life." He was not as certain about Blanksteen but did not recall Blanksteen's having attended any meeting with him.

"I would take a polygraph on my contention that I told her not to do it," said Stein. "I had worked on many loan cases at the FEC, including the investigation of Jane Fonda and Tom Hayden when Fonda had made all those loans."

When informed that his name was mentioned in several depositions in the Ferraro case before the FEC, Stein expressed surprise, then asked, "Why didn't the FEC ever talk to me?"

When pressed further about the possibility that he had advised Ferraro and the others that Zaccaro could loan unlimited sums to his wife's campaign, Stein replied, "Absolutely I never told them they could do it. I told them exactly the opposite."

According to a spokesman for the FEC, the inclusion of falsehoods in a sworn statement pursuant to an investigation by the commission "would probably fall under 18 U.S. Code 1621." That would be a "Justice Department responsibility... criminal code. We have full civil jurisdiction but not criminal," the FEC spokesman said.

Note: HUMAN EVENTS attempted to reach Zaccaro at his real estate firm, and even mentioned Stein's name, but the individual to whom our call was referred refused to answer questions. Instead, he referred us to a Mr. Mel Sweitzer, a business partner of Zaccaro's. However, Sweitzer was never available to talk, though we twice mentioned Stein's name to his secretary.

We also contacted Blanksteen, but he said he had no recollection of Stein (see cover box).

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EXHIBIT NUMBER 6

Human Events



THE NATIONAL CONSERVATIVE WEEKLY

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VOL XLIV No. 34

AUGUST 25, 1984

Her Integrity Is the Issue

Ferraro's Troubles Now on Front Burner

Geraldine Ferraro, the genuine heroine of the Democratic National Convention, has been having a terrible time of late. Wherever she goes on the campaign trail, questions relating to her integrity, and her husband's, keep being posed.

Why has she refused since 1978 to list her husband's assets on the financial disclosure form all members of Congress are required to fill out?

Why did she say she would publish her husband's tax returns and then renege?

Why won't she respond directly to a former Federal Election Commission attorney's charge that he personally told her in "April or May" of 1978 she couldn't use her family's money to finance her first congressional campaign?

And what about husband John Zaccaro? Why won't he release his returns? Why does he rent his buildings to sleazy elements, including a distributor of hard-core pornography, a company whose owner is widely reputed to be boss of a New Jersey-based organized crime family?

The questions keep coming thick and fast, and aren't likely to go away when she releases her financial disclosure forms. More questions will almost certainly arise, as they always do when financial forms come under intense scrutiny.

The strain has already taken its toll. Last week Ferraro, in an off-the-record session with Texas Democrats, blew her cool. During the meeting she complained that Republicans and some reporters were pumping up the controversy. At one point, according to several witnesses, she used an old bromide: "I'm not going to get mad. I'm going to get even."

She now says that she was kidding.



and House Majority Leader Jim Wright (D.-Tex.) agrees, but three Democratic lawmakers, who asked not to be identified, gave a different impression. "They said," reported the Washington Post, "they thought Ferraro was genuinely determined to 'get even' with people who challenge her over finances. Two recalled that the Democratic nominee said she was keeping a list of people she considers particularly offensive." In short, an enemy's list.

Ferraro is in hot water at the moment, but even as she is feeling the heat, sympathy appears to be building for her in some parts of the major media. The argument is now being made that maybe we're asking too much of our officials, that perhaps we're demanding the kind of ethical purity we never exacted of Caesar's wife.

But where were these dispensers of mercy when Richard Allen and Raymond Donovan were going through the wringer? Where are the current consolers of Ed Meese and, yes, even George Hansen? Only when NOW's pin-up girl got into trouble did we see programs oozing with sympathy for the kind of predicament that Ferraro faces.

Before we weep for Geraldine, however, the public has a right to expect her to clear up a number of questions that touch not on her capacity to fill out forms in meticulous fashion, but on her capacity to tell the truth.

For instance:

When she made her first run for a House seat in 1978, she accepted over \$100,000 in illegal loans from her husband and children to finance the race. The Sept. 12, 1979, conciliation agreement between her campaign and the Federal Election Commission shows that both her husband, John A. Zaccaro, and her campaign treasurer, David Blanksteen, had signed affidavits in February 1979 accusing a former FEC attorney, David J. Stein, of telling the campaign that the loans were perfectly legal.

When we contacted Stein, however, he unhesitatingly contradicted the

(Continued on page 15)



MONDALE

Special Supplement:

There's Nothing 'New'
About Walter Mondale
See page S-1.

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FERRARO'S TROUBLES / From page 1

sworn statements of Zaccaro and Blanksteen. He told us that he directly informed Ferraro that such family loans were illegal, and told her "in the living room of her house." "I would," he also told us, "take a polygraph on my contention that I told her not to do it." (See last week's cover story.)

Stein has since told the major media what he told us. As the *Washington Post's* Charles Babcock put it last week: "But Stein, 36, said in a statement issued yesterday that he met informally with Ferraro and campaign organizers once in the spring of 1978 and recalled: 'I remember voicing my doubts as to the propriety of such loans by members of the candidate's immediate family insofar as these loans related to the federal election campaign act. Although I do not remember my precise words, the sum and substance of what I said was that I did not believe it would be permissible.'"

There is now a direct conflict in the statements issued by Ferraro (who suggested Stein was "lying" last week), Zaccaro and Blanksteen, on the one hand, and Stein on the other. Shouldn't we find out who's telling the truth? Shouldn't we try to discover whether Blanksteen and Zaccaro, in their affidavits with the FEC, were committing perjury and trying to frame Stein so the campaign could avoid heavy financial penalties and possible felony convictions of its officials? Stein, of course, may be lying instead (though he says he's willing to undergo a polygraph test), but this should be found out as well.

What we can't comprehend is that there seems to be no move by the FEC — which clearly has a duty to get to the bottom of this — to do anything.

Stein, so far as the record reflects, has never been contacted by the FEC since he was initially accused by the Ferraro campaign of having misled them on the family loans. (Oddly enough, according to 1978 campaign treasurer David Blanksteen, the Ferraro campaign never contacted Stein again after he had supposedly furnished his bad advice, even when the FEC informed the campaign some five months later that Stein's alleged counsel was flatly illegal.)

Why was Stein, a former FEC official well acquainted with General Counsel William Oldaker, never talked to, even though the Commission opted for light fines on the ground that Stein had supposedly steered the campaign into accepting illegal loans? And why can't he be called upon now? Surely what Stein has to say takes on added importance in view of the 1979 FEC executive session transcripts on the Ferraro case released last week.

Chairman Robert Tiernan and Vice Chairman Max Friedersdorf expressed dismay at the token fines levied, while still another commissioner, Frank Reiche, said he was "appalled" by the smallness of the penalty. (See story, page four.)

Ferraro, in short, will somehow have to discredit Stein's story if the cloud hanging over her 1978 campaign is to be removed.

There is another charge Ms. Ferraro must dispose of if she hopes to have the country take her at her word. And that is: how could she have deliberately failed to disclose her husband's financial assets as the 1978 Ethics in Government Act requires? As the *Washington Post* has characterized her omission:

"For the past six years the congresswoman has been required by federal law to file disclosure forms listing her own financial assets and liabilities and those of her husband and children. Sources of income must also be stated. Not once has Rep. Ferraro provided information about her family members. Instead, she claimed an exemption — only 15 other members of the House took a similar position — asserting that she had no knowledge of and received no benefits from her husband's money."

Thus she will now have to demonstrate why she had no knowledge of and received no benefits from her husband's money, even though she is an officer and a stockholder in her husband's firm and has the use of three houses, belongs to posh country clubs and sends her kids to private schools. Clearly, she has not been doing all this on her congressional salary.

Her insistence on such an exemption will be even more difficult to justify in view of a major investigative story on Ferraro's and Zaccaro's finances by the *New York Times*. The *Times* began its lengthy piece this way: "Although Rep. Geraldine A. Ferraro, the Democratic vice-presidential candidate, has maintained a career of her own as a lawyer and member of Congress, public records show that she has often been closely involved with her husband's real estate business and his finances."

"Mrs. Ferraro has practiced law and conducted her congressional campaigns from the offices of a real estate company owned by her husband, John A. Zaccaro. Records show she has also been an officer and stockholder of the company and participated in dealings of at least three other corporations controlled by her husband."

Even the Mondale-Ferraro campaign has admitted that Ms. Ferraro has at least been in "technical violation" of the requirement to disclose the source of her husband's earned income. The law does not permit an exemption on listing the source of such income.

As the *Times* editorialized, Ms. Ferraro must show how a "tough-minded prosecutor" didn't know about her husband's dealings "when she has served as secretary, treasurer and a stockholder in her husband's real estate firm."

During her acceptance speech, Ms. Ferraro talked a lot about living up to the rules and obeying the law. She tried to convey the idea that she had been a tough little assistant district attorney who made people pay the price when they did something wrong. To our way of thinking, Ms. Ferraro doesn't believe the rules and the law apply to herself.

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EXHIBIT NUMBER 7

LETTER OPINION OF VALUE

231 CENTRE STREET
NEW YORK, NEW YORK

AS OF FALL, 1978

PREPARED FOR

MELVIN L. SCHWEITZER, ESQ.
200 PARK AVENUE
SUITE 5200
NEW YORK, NEW YORK 10017

PREPARED BY

CUSHMAN & WAKEFIELD, INC.
NORTHEAST REGION APPRAISAL DIVISION
1166 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK

84040492114

CUSHMAN
WAKEFIELD

August 29, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
Suite 5200
New York, New York 10017

Re: Letter Opinion of Value
231 Centre Street
New York, New York

Dear Mr. Schweitzer:

Pursuant to your request, we inspected the above refer-
enced real property on August 23, 1984. Our purpose was to
estimate the Market Value of the Fee Simple Interest in the
property as of Fall, 1978.

This report is being prepared as a Letter Opinion of Value
and as such is conclusionary in nature. A Letter Opinion of
Value does not contain all of the information that would nor-
mally be found in a fully documented narrative appraisal report,
but you have agreed that a Letter Opinion of Value will suf-
fice for your needs at this time.

Information upon which our value conclusions have been
based and not contained within the body of this report, has
been retained in our files.

84040492115

Melvin L. Schweitzer, Esq. -2-

August 29, 1984

For the purpose of this letter, the pertinent definitions included are that of Market Value and Fee Simple Interest.

These definitions are as follows.

Market Value

The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Fee Simple Interest

An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.

The subject property may be identified as that rectangularly shaped parcel of land with the improvements erected thereon, situated at the northwest corner of Centre and Grand Streets. The property is known by the street address 231 Centre Street and is identified on the Tax Maps of the City of New York as Lot 25 in Block 472. As of the date of value the property was in the ownership of Melro Company (Murray Lerman-part).

The subject site is rectangular in shape and the improvements are fully merged with the site. The site has dimensions of 64.33 feet along Grand Street and 100.08 feet along Centre Street, containing 6,438± square feet. The subject improvement, as noted, is fully merged with the site area, containing 6,438 square feet per floor or a total gross area of 12,875± square feet. The improvements consist of a brick and block

84040492116

Melvin L. Schweitzer, Esq. -3-

August 29, 1984

two story commercial building with stores on the ground floor and offices on the second level.

The subject property is presently situated in a M1-5B, Light Manufacturing Zoning District. According to the regulations published by the City of New York Planning Commission, the subject property is a pre-existing conforming use. The maximum allowable building area "as of right" for the subject property is five times the lot area (6,438 x 5 = 32,190 square feet).

According to the Assessor's Office of the City of New York, the subject property was assessed for the real estate tax year 1978/1979 as follows:

Land AV	\$ 95,000
Building AV	<u>\$127,000</u>
Total AV	\$222,000

Based upon the real estate tax rate of \$8.75 per \$100 of assessed valuation, the subject property would incur real estate taxes of \$19,425.

Valuation

Since this valuation endeavors to provide an opinion of the Market Value of the Fee Simple Interest in the subject property, the writers have considered two of the three traditional approaches to real estate valuation. These approaches include the Direct Sales Comparison Approach and the Income Approach.

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The Direct Sales Comparison Approach renders an estimate of value through the comparison of similar type properties which have recently sold in an attempt to discern the actions of both buyers and sellers active in the marketplace. Sufficient information was gathered on sales of commercial buildings in the general area of the subject and since this is a reasonable method to measure investors expectations, the appraisers have elected to demonstrate this approach.

The Income Approach is a method whereby the property's cash flow is judged in light of prevailing investment criteria. The Income Approach is considered particularly germane to this valuation, since properties such as the subject are typically bought and sold by investors utilizing this technique and therefore it closely resembles the actions of the market participants. Therefore, the appraisers will demonstrate this approach.

Our discussions on both the Direct Sales Comparison Approach and the Income Approach will follow hereafter.

Direct Sales Comparison Approach

The Direct Sales Comparison Approach produces an estimate of value for real estate by comparing recent sales of similar properties in the surrounding or competing area to the subject property. Inherent in this approach is the principle of substitution which holds that "when a property is replaceable in

34040492118

Melvin L. Schweitzer, Esq. -5-

August 29, 1984

the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making a substitution."

Accordingly, the appraisers have analyzed sales which qualify as arms-length transactions between willing and knowledgeable buyers and sellers with reasonable market exposure. We have conducted market research in the area bounded generally by Canal, Broadway, Spring and Mott Streets during the time period of 1976 through 1978. We have identified price trends from which value parameters have been extracted. The appraisers have analyzed the similarity of the comparables based on physical, locational and economic characteristics as important criteria in evaluating the sales in relation to the subject property.

Retained in the files of the appraisers are comparable sales germane to this analysis. The comparable properties range in unit prices from a low of \$6 per square foot of gross area to a high of approximately \$58 per square foot of building area. All of the comparable sales took place between November of 1976 and December of 1978. The appraisers have not made quantitative adjustments to the sales, however, we analyzed each sale and weighed the impact of differences which we felt were appropriate in concluding at a proper unit price to be applied to the subject's gross building area.

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Melvin L. Schweitzer, Esq. -6-

August 29, 1984

After considering all of the comparable sales, the writers are of the opinion that the proper unit price to apply to the subject property, would be between \$20 and \$25 per square foot of building area. Applying these units to the subject's 12,875± gross square feet, develops a value estimate range via the Direct Sales Comparison Approach from \$257,500 to \$321,870.

Income Approach

The Income Approach is a procedure in appraisal analysis whereby anticipated economic benefits to be derived from property ownership are converted into a value estimate through the capitalization process. The process of forecasting anticipated economic benefits from a particular property requires the estimation of potential gross income and expenses as well as a selection of the most appropriate Capitalization Method. Although there are two recognized approaches to processing net income into value, only the Discounted Cash Flow Method was utilized as explained hereafter.

The Discounted Cash Flow Method is a method whereby anticipated future income streams and a reversionary value are discounted to a net present value at an appropriate discount rate.

The Income Approach renders an estimate of value based upon a present worth of the net income attributable to the property. This net income is derived from projections of rental

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Melvin L. Schweitzer, Esq. -7-

August 29, 1984

income less all expenses and allowances for vacancy and rent loss. The projected net income is then capitalized through the discounting process in order to yield a present worth capital sum equivalent to the right to receive these revenues.

Gross revenues for the subject property have been derived from existing store leases and office leases. Economic rent levels for month to month tenancies and the one vacant unit for store leases were projected from \$8 to \$10 per square foot and office leases were projected from \$4 to \$5 per square foot. The leases were projected for five years with reasonable expectations for increases in rentals due to turnover of tenants. We have also considered a vacancy factor of 5 percent per annum. The writers have been provided with an operating expenses budget for 1978 and the expenses were utilized by the writers.

The writers have endeavored to keep the assumptions to a minimum, the thought being that minimizing the number of assumptive or speculative variables, would reduce the possible number of errors. Based upon information retained in the files of the appraisers, the writers have selected a discount rate in the range of 13 to 14 percent with a capitalization of the following years income at 11 percent. Utilizing this criteria, a present value estimate range is developed from a low of \$324,441 to a high of \$336,474.

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Melvin L. Schweitzer, Esq. -8-

August 29, 1984

Reconciliation and Final Value Conclusion

The appraisers have reviewed the three traditional approaches to real estate valuation and have eliminated the Cost Approach in favor of the Direct Sales Comparison Approach and the Income Approach. Each of the two approaches presents a slightly different point of view due to the methodology utilized in arriving at a value conclusion. The conclusions are presented below.

Direct Sales Comparison Approach - \$257,500 to \$321,870

Income Approach - \$324,441 to \$336,474

In light of the above, the appraisers are of the firm opinion that the Market Value of the Fee Simple Interest in the property known as 231 Centre Street, subject to the leases in place at that time, as of the date of valuation, Fall, 1978 was:

THREE HUNDRED THOUSAND (\$300,000) DOLLARS

to

THREE HUNDRED TWENTY FIVE THOUSAND (\$325,000) DOLLARS.

Sincerely,

CUSHMAN & WAKEFIELD, INC.



Brian R. Corcoran, MAI, SRPA
Vice President, Manager
Northeast Region
Appraisal Division



Bruce C. Nelson
Senior Appraiser

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CERTIFICATION

- (1) We have no present or contemplated future interest in the real estate that is subject of this appraisal report.
- (2) Brian R. Corcoran and Bruce C. Nelson have inspected the property.
- (3) We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- (4) To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinion, and conclusions expressed herein are based, are true and correct.
- (5) This appraisal report sets forth all the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
- (6) This appraisal report has been made in conformity with and is subject to the requirements of the code of professional ethics and standards of the professional conduct of the American Institute of Real Estate Appraisers of the National Association of Realtors.
- (7) No one other than the undersigned prepared the analysis, conclusions and opinion concerning real estate that are set forth in this appraisal report.
- (8) The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification, Brian R. Corcoran, M.A.I., is certified under this program through December 31, 1986.

CUSHMAN & WAKEFIELD, INC.

Brian R. Corcoran

Brian R. Corcoran, MAI, SRPA
Vice President, Manager
Northeast Region
Appraisal Division

Bruce C. Nelson

Bruce C. Nelson
Senior Appraiser

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ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following assumptions and limiting conditions:

- (1) No survey of the subject property was undertaken.
- (2) The subject property is free and clear of all liens except as herein described. No responsibility is assumed by the appraisers for matters which are of a legal nature, nor is any opinion on the title rendered herewith. Good and marketable title is assumed.
- (3) The information contained in this report has been gathered from sources deemed to be reliable. No responsibility can be taken by the appraisers for its accuracy. Correctness of estimates, opinions, dimensions, sketches and other exhibits which have been furnished and have been used in this report are not guaranteed. The value estimate rendered herein is considered reliable and valid only as of the date of the appraisal, due to rapid changes in the external factors that can significantly affect the property value.
- (4) This study is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. Publication of this report or any portion thereof without the written consent of the appraisers is not permitted.
- (5) The appraisers herein, by reason of this report, are not required to give testimony in court with reference to the property appraised unless notice proper arrangements have been previously made therefore.
- (6) The value estimate assumes responsible ownership and competent management. The appraisers assume no responsibility for any hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for engineering which might be required to discover such factors.
- (7) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are connected, or any reference to the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers.

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A D D E N D U M

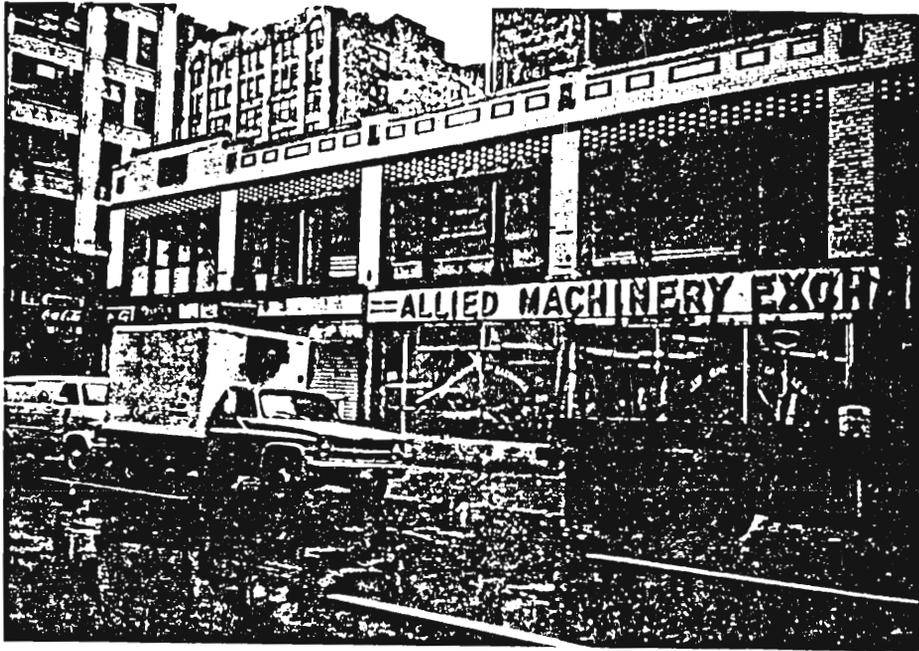
PHOTOGRAPHS

TAX MAP

APPRAISERS' QUALIFICATIONS

PARTIAL CLIENT LIST

PHOTOGRAPH



View of subject property looking northwesterly

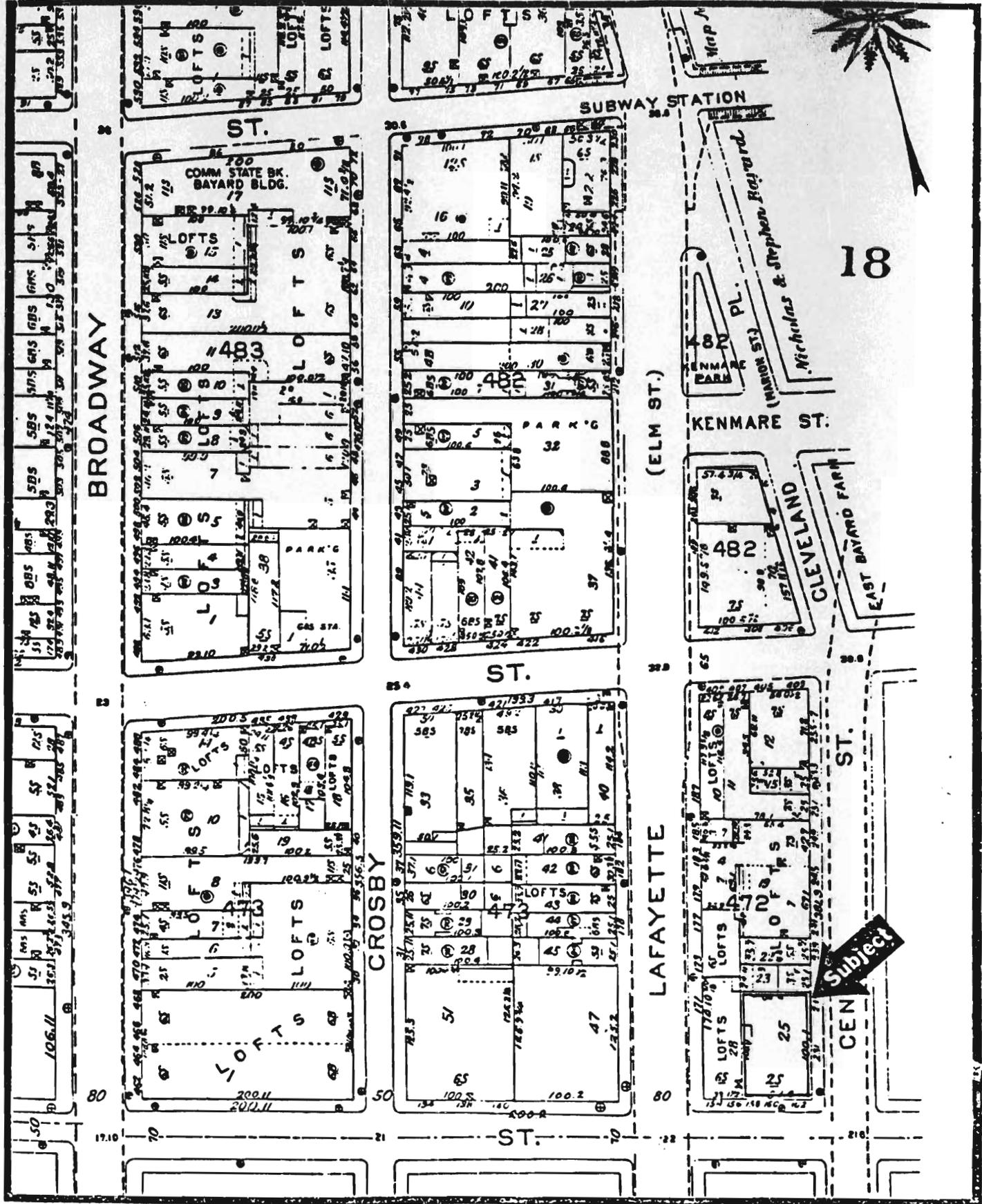


View looking southwesterly down Center Street

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TAX MAP



18

Subject

PROFESSIONAL QUALIFICATIONS OF BRIAN R. CORCORAN

Mr. Corcoran was born on May 20, 1948, and entered the real estate business in 1971. He is a graduate of Marist College, Class of 1970, Bachelor of Arts, "Cum Laude" where he received the Bache & Company Scholarship as the outstanding student in the Business-Economics Department. Employed from 1971 to 1973 as a junior real estate appraiser by Suburbia Federal Savings and Loan Association. Employed from March, 1973 to June, 1981 as a real estate appraiser by James H. Burns, Company, Inc.; became Assistant Vice President and stockholder in 1979. Joined Cushman & Wakefield, Inc. in July 1981, as Vice President and Manager, New York Region - Appraisal Division with responsibility for the Northeast Region and appraisal offices in Manhattan, New York; Garden City, Long Island; and Lyndhurst, New Jersey. In January, 1983 an office was opened in Stamford, Connecticut and in May, 1983 responsibilities were expanded to include the Mid-Atlantic Region with offices in Philadelphia and Pittsburgh, Pennsylvania. An appraisal office was opened in Washington D.C. in November, 1983. Present position is Manager - Northeast Region. The total number of professional staff under his supervision is 26 of whom 10 hold the MAI designation.

Mr. Corcoran holds membership in the following real estate organizations:

MEMBER, AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS - MAI
President, Candidate's Organization, New York
Metropolitan Chapter #4, 1978.

Member, Admissions Committee, Chapter #4, 1980 - 83
Vice Chairman, 1983

Member, Education Committee, Chapter #4, 1982

Member, Nominating Committee, Chapter #4, 1981 - 83

Member, External Affairs Committee, 1983

SENIOR REAL PROPERTY APPRAISER, SOCIETY OF REAL ESTATE
APPRAISER, - SRPA

Vice President, Long Island Chapter #201 - 1983 - 84

Secretary, Long Island Chapter #201, 1982 - 83

Treasurer, Long Island Chapter #201, 1982 - 82

Chairman, Admissions Committee, Chapter #201,
1979 - 1980

Member, Board of Directors, Chapter #201, 1979 - 83

Chairman, Attendance Committee, Greater New York
Chapter #3, 1976

MEMBER, REAL ESTATE BOARD OF NEW YORK, INC.

MEMBER, YOUNG MEN'S REAL ESTATE ASSOCIATION OF NEW YORK,
INC. - YMREA

MEMBER, NATIONAL ASSOCIATES OF CORPORATE REAL ESTATE
EXECUTIVES - NACORE

MEMBER, YOUNG MORTGAGE BANKERS ASSOCIATION - YMBA

MEMBER, RHO EPSILON NATIONAL REAL ESTATE FRATERNITY

MEMBER, NEW YORK STATE SOCIETY OF REAL ESTATE APPRAISERS -
NYSAS

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Mr. Corcoran has taught the following real estate appraisal and investment analysis courses:

New York University

- Course X54.9078
Real Estate Appraisal and Valuation Principles
- Course X54.90505
Real Estate Appraisal and Valuation
- Course X54.9481
Analytical Techniques in Real Estate Investment

Queens College of the City University of New York

- Course 9730
Real Estate Appraisal Principles Approved by New York State Division of Licensing for 45 hours continuing education credit.

American Institute of Real Estate Appraisers

- Basic Valuation Procedures, Course 1A2
- Capitalization Theory and Techniques, Part 1
- Capitalization Theory and Techniques, Part 2
- Capitalization Theory and Techniques, Part 3

Society of Real Estate Appraisers

- Introduction to Appraising Real Property, Course 101
- Applied Residential Property Valuation, Course 102
- Principles of Income Property Appraising, Course 201

Appraisal and consulting assignments have included vacant land, air rights, office buildings, shopping centers, industrial complexes, commercial properties, universities, residential properties, utilities and investment properties throughout the United States. Valuations have been made of proposed, partially completed, renovated and existing structures. Qualified as an expert witness in condemnation matters in the State of New Jersey and testified in bankruptcy litigation and equity cases in the State of New York. Guest speaker before real estate organizations.

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PROFESSIONAL QUALIFICATIONS OF BRUCE C. NELSON

Mr. Nelson was born on May 21, 1956, and entered the real estate business in 1979. He is a graduate of Hofstra University, class of 1978, Bachelor of Arts in Marketing. Employed from January 1979 - June 1980 as a junior appraiser by Bert Nelson Associates, specializing in zoning variances and special permit applications. Joined Cushman & Wakefield in July 1980 as a Staff Appraiser, New York Region - Appraisal Division; promoted in January, 1984 to Senior Appraiser.

Mr. Nelson is a candidate in the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers.

President Candidates Organization -
American Institute of Real Estate Appraisers
New York Metropolitan Chapter No. 4 - 1984

Mr. Nelson has successfully completed the following real estate courses:

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

- Course 1 A-1, Real Estate Appraisal Principles
- Course 1 A-2, Basic Valuation Procedures
- Course 1 B-1, Capitalization Theory and Techniques, Part 1
- Course 1 B-2, Capitalization Theory and Techniques, Part 2
- Course 1 B-3, Capitalization and Theory and Techniques, Part 3
- Course 2-1, Case Studies in Real Estate Valuation

SOCIETY OF REAL ESTATE APPRAISERS

- Course 101, Introduction to Appraising Real Property
- Course 201, Principles of Income Property Appraising
- R-2 Examination

Appraisal assignments have included vacant land, air rights, office buildings, industrial complexes, residential properties, investment properties, commercial properties and restaurants throughout the United States. Qualified as an expert witness before Town Board, Town of North Hempstead, Nassau County, New York and Board of Zoning Appeals, Town of Hempstead, Nassau County, New York in matters pertaining to "special exceptions and variances for zoning regulations."

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THE APPRAISAL DIVISION

NEW YORK REGION

CUSHMAN &
WAKEFIELD

PARTIAL CLIENT LIST

PROFESSIONALS ARE JUDGED BY THE CLIENTS THEY SERVE

The APPRAISAL DIVISION enjoys a long record of service in a confidential capacity to nationally prominent individuals and corporate clients, including banking and financial institutions, real estate investors, and government agencies. We have also served many of the nations largest law firms. Following is a partial list of clients served by members of the APPRAISAL DIVISION - NORTHEAST REGION.

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Aamco Automatic Transmissions, Inc.
Air Products and Chemicals, Inc.
Allied Irish Bank
Allegheny-Ludlam Industries
American Bakeries Company
American Brands, Inc.
American District Telegraph Company
American Home Products Corporation
American Savings Bank
American Standard, Inc.
AMF Incorporated
Archdiocese of New York
Arthur Young and Company
Associated Transport
Avon Products, Inc.

Banco de Brasil, N.A.
Bank of America
Bank Leumi Le-Israel
Bank of Nova Scotia
Bankers Life and Casualty Company
Bankers Trust Company
Banque Arabe Et Internationale D'Investissement
Barclays Bank International, Ltd.
Battle, Fowler
Bethlehem Steel Corporation
Borden, Inc.
Bowery Savings Bank
Burke and Burke, Esqs.

Campeau Corporation
Carter-Wallace, Inc.
Capital Growth

Partial Client List (cont'd.)

Chase Manhattan Bank, N.A.
Chrysler Corporation
Citibank, NA
City University of New York
Coca Cola, Inc.
Cohen Brothers
College of Pharmaceutical Sciences
Colonial Sand and Stone Company, Inc.
Columbia University
Commonwealth of Pennsylvania
Consolidated Edison Company of New York, Inc.
Consolidated Rail Corporation
Corning Glass Works
Coudert Brothers
Credit Lyonnais

Daily News, Inc.
De Matteis Organization
Dodge Trucks, Inc.
Dun and Bradstreet, Inc.

East Rutherford Industrial Park
Eastman Kodak Company
Eaton Corporation
E. F. Hutton and Company, Inc.
Empire Mutual Insurance Company
Equitable Life Assurance Society of America
Estee Lauder, Inc.

Famolare, Inc.
Federal Deposit Insurance Company
Federal Express Corporation
Foley and Lardner, Esqs.
Ford Bacon and Davis, Inc.
Ford Foundation
Ford Motor Company
Franchise Finance Corporation of America

General Motors Corporation
General Services Administration
Gilboy Stauffer Giombetti Skibinski and Davies
Gilman Paper
Glynwed, Ltd.
GTE Realty
Gulf Oil

Hertz Corporation

Ideal Corporation
Integrated Resources
International Business Machines Corporation
International Paper Realty Company

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Partial Client List (cont'd.)

International Telephone and Telegraph Corporation
Investors Diversified Services, Inc.
Integrated Resources
Irish Life Assurance

J. B. Brown and Sons
J. C. Penney Company, Inc.
JMB Realty

K-MART Corporation
Kelley, Drye and Warren, Esqs.

Lans, Feinberg and Cohen, Esqs.
Lands Division, Department of Justice
Lehigh Portland Cement
Lehman Brothers Kuhn Loeb
Lincoln Savings Bank

Mahony Troast Construction Company
Manhattan Life Insurance
Manhattan Real Estate Company
Manufacturers Hanover Trust Company
McDonald's Corporation
McGrath Services Corporation
McGinn, Smith and Company
MCI Telecommunications
Merrill Lynch Hubbard
Metropolitan Petroleum Corporation
Meyers Brothers Parking System Inc.
Miller, Montgomery, Sogi and Brady, Esqs.
Mobil Oil Corporation
Mutual Insurance Company of New York

National Can Company
National CSS
National Westminster Bank, Ltd.
Nelson Freightways
Nestle's Inc.
New York Bus Company
New York City Public Development Corporation
New York Life Insurance Company
New York State Employee Retirement System
New York State Parks Department
New York State Urban Development Corporation
New York Telephone Company
New York Urban Servicing Company
Norcross, Inc.
Northville Linden Terminal Corporation
NYC Division of Real Property

Olympia and York, Inc.
Otis Elevator Company
Outerbridge Terminal Inc.
Owens-Illinois Corporation

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Partial Client List (cont'd.)

Pan American World Airways, Inc.
Parke-Davis and Company
Penn Central Corporation
Penn Mutual Life Insurance Company
Pepsi-Cola Company
Pittston Company
Polyclinic Medical School and Hospital
Port Authority of New York and New Jersey
Proskauer Rose Goetz and Mandelsohn, Esqs.

RCA Corporation
Republic Venezuela Comtrollers Office
Revlon, Inc.
Rice University
Robert Bosch Corporation
Rockefeller Centre, Inc.
Roman Catholic Diocese of Brooklyn
Roosevelt Hospital

Saint Vincent's Medical Centre of New York
Salomon Brothers Inc.
Saxon Paper Corporation
Schroder Real Estate Corporation
Semperit of America
Shearman and Sterling, Esqs.
Shearson American Express
Simpson, Thacher and Bartlett, Esqs.
Smith Barney
Stauffer Chemical Corporation
Stephens College
Sterling Drug, Inc.
Stroheim and Roman, Inc.
Stroock and Stroock and Lavan
Sullivan and Cromwell, Esqs.
Sumitomo Mutual Life Insurance Company
Sun Oil Company

Triangle Industries

Union Carbide Corporation
United States District Court, Southern District of New York
United States Postal Service
United States Trust Company
Upward Fund, Inc.

Vanity Fair Corporation
Verex Assurance, Inc.
Victor Palmieri and Company, Inc.

Western Electric Company
Western Union International
Westinghouse
Wurlitzer Company

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EXHIBIT NUMBER 8

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Appraisal Report
231 Centre Street
New York City

A. E. SANTAGATA, M.A.I., S.P.E.A.

Real Estate Appraiser

Appraisal Report
231 Centre Street
New York City

84040492137

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE

APPRAISER CONSULTANT

32 COURT STREET

BROOKLYN, NEW YORK 11201-4476

852-4461

Member of

COLUMBIA SOCIETY OF APPRAISERS
BROOKLYN BOARD OF REALTORS, INC.
SOCIETY OF RESIDENTIAL APPRAISERS
NATIONAL REAL ESTATE ANALYSTS
SOCIETY OF REAL ESTATE APPRAISERS
NATIONAL ASSOCIATION OF REAL ESTATE BOARDS
N. Y. STATE SOCIETY OF REAL ESTATE APPRAISERS
AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

APPRAISERS • CONSULTANTS • BROKERS

August 17, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
New York City, New York 10017
Suite 5200

Dear Mr. Schweitzer:

As per your request, I have inspected and completed a preliminary study of the property located at 231 Centre Street, New York City. My study of this property was made to report the fair and reasonable market value of the property as of October 1978.

Consideration was given for type of property, location, zoning, assessment and taxes, market sales and trends.

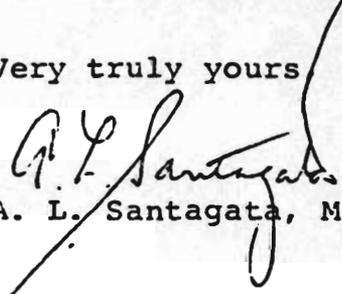
The property, improved with a two story brick corner commercial structure is carried on the City tax roll as Lot 25 in Block 472.

Based on my study and analysis, it is my considered opinion that the fair and reasonable market value of the property described as of October 1978 was:

THREE HUNDRED TEN THOUSAND DOLLARS
(\$310,000)

Of which amount One Hundred Twenty Eight Thousand Dollars (\$128,000) is allocated as land value.

Very truly yours


A. L. Santagata, M.A.I.

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PROPERTY DESCRIPTION:

The property is located on the northwest corner of Centre and Grand Streets. The plot has 64 feet on Grand Street and 100.4 feet on Centre Street. The rear plot line is 99.6 feet. The total plot area is approximately 6,400 Sq. Ft. It is served with all City services and public utilities.

The property is improved with a two story and cellar brick commercial structure with a total area of approximately 12,700 Sq. Ft. The property occupancy as of the date of valuation was by three retail stores at grade level and five offices on the second floor. An attitional office was subsequently leased in 1979.

Across from the property is the famous vacant former Police Headquarters designated a Landmark Building. To the east facing the property is the Special Little Italy District. The famous NYC China Town section is two blocks south. This section over the past years has steadily expanded.

To the north, one block at 400 Broome St. is the new renovated State office stucture of 7 story height. This building is to be occupied by the Dept. of Public Service, Labor Mediation Board, Labor Relations Board and NYC Racing and Wagering Board.

The growth and improvement of this area has been evident over the past seven years and the trend has been favorable.

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



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ASSESSMENT AND TAXES:

Block	472
Lot	25
Land	\$ 95,000
Building	127,000
Total	<u>\$222,000</u>
Taxes	\$ 19,425

Address from the subject is the same as the above.

ZONING:

M1-5B

This zoning permits light manufacturing plus some community facilities and most commercial uses.

This is a high performance level zoned district with new development permitted with a floor area ratio of 5 times the plot area.

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE

APPRAISER - CONSULTANT



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CONCLUSION OF VALUE:

The property is located in the area that has had continued increase in value since the City's financial crisis in 1973. Numerous properties in the downtown area were improved as the commercial space rentals increased and residential conversion accelerated. The proposed new use of the former Police Headquarters and designation of the Special Little Italy District across from the subject attracted further interest at this location. The liberal zoning of the site and excellent public transportation are further increments to the value.

The analysis of market sales in the immediate area are the best indicators of market prices paid for property and the support of the market valuation. A list of market sales included in this report as prepared by The Weitzman Group, Inc. show a range of sale prices at this area. The three most comparable sales are at 185 Lafayette St., 202 Centre St. and 208 Centre St. The overall prices for the three properties were \$36.00 Sq. Ft., \$25.00 Sq. Ft. and \$36.00 Sq. Ft. respectively. A further reference is made to the computation prepared by the Real Estate Board of New York as to the % of sales prices to the assessed valuation of properties sold in the open market. The 1978 % of total assessed valuation realized was 142.3. This figure applied to the subject assessment of \$222,000 would indicate a market value of \$315,000.

A further check of the market sales, with emphasis on the above mentioned sales as adjusted for the subject short lease tenancy would indicate an overall value of \$24.50 Sq. Ft. would be applicable to the subject property. Thus, the subject of 12,700 Sq. Ft. @ \$24.50 Sq. Ft. would result in the value of \$310,000 as rounded.

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



CONTINGENT AND LIMITING CONDITIONS

The appraisal covers only the individual premises described herein. Neither the figures in the appraisal nor any of the underlying data are to be applied or construed as being applicable to other property.

The appraiser has no interest, directly or indirectly in the property involved in this appraisal.

The appraiser does not assume to pass judgement upon the soundness of title, nor does he warrant that the property is free from encroachment of any kind. The appraiser has relied on dimensions supplied to him as shown in the attached report.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers, or to the M.A.I. designation.

If the CERTIFICATE OF APPRAISAL appears to have been altered, or is not clear in any respect, then comparison shall be made with the official copy retained by the Appraiser-Author and all copies conformed thereto.

Unless otherwise stipulated by written contract or by other writing signed and agreed to by the appraiser, the fee for this appraisal does not include testimony in court or before any agency, body or commission of any kind, whether semi-official or otherwise.

The sketch in this report is included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Information, estimates and opinions contained in this report are obtained from sources considered reliable, however, no liability for them can be assumed by the appraiser.

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under this program through December 31, 1986.

A. L. SANTAGATA, M.A.I., S.R.E.A.

REAL ESTATE
APPRAISER - CONSULTANT



QUALIFICATIONS OF APPRAISER:

EDUCATION: New York University, B.S. Real Estate

HONORARY POSITIONS: President - 1973, N.Y. Chapter of Society of Real Estate Appraisers
President - 1974, Brooklyn Board of Realtors
1977, Brooklyn Board of Realtors
Realtor of the Year

EXPERIENCE: Evaluation of residential, commercial, industrial and special purpose real estate for mortgage financing; acquisition by eminent domain in condemnation proceedings for court submittal, employee residence relocation appraisals, feasibility studies.

PROFESSIONAL MEMBERSHIP: Columbia Society of Appraisers
National Association of Real Estate Boards
American Institute of Real Estate Appraisers
Real Estate Analyst-Soc. of R.E. Appraisers
New York State Soc. of Real Estate Appraisers
Brooklyn Board of Realtors, Inc., Active "A"

MUNICIPAL & CORPORATE ASSIGNMENTS: United Airlines
The Upjohn Company
The Salvation Army
Bordens, Incorporated
Allstate Insurance Company
United States Postal Service
Small Business Administration
Pittsburgh Plate Glass Company
General Service Administration
Law Department City of New York
Department of Ports and Terminals
Union Labor Life Insurance Company
United States Department of Justice
N.Y.C. Public Development Corporation
Metropolitan Transportation Authority
U. S. Dept. of Housing & Urban Development
International Business Machines Corporation
The Port Authority of New York & New Jersey
Department of Public Works - New York State

TEACHING ASSIGNMENTS: Hofstra University - Hempstead, New York
"Appraising Industrial Property"
"Principals of Appraising Income Property"
"An Introduction to Appraising Real Property"
New York University -
"Capitalization in Real Estate Appraisal"

A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



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**INSTITUTIONAL
CLIENTS:**

Citibank, N.A.
Morgan Guaranty
Hamburg Savings Bank
Bankers Trust Company
Republic National Bank
The Chase Manhattan Bank
Green Point Savings Bank
State Bank of Long Island
Barclays Bank of New York
Federal Home Loan Bank Board
The Metropolitan Savings Bank
The East New York Savings Bank
Manufacturers Hanover Trust Company
Chemical Bank New York Trust Company
First Federal Savings and Loan Association
Edison Federal Savings and Loan Association
Bankers Federal Savings and Loan Association
Atlantic Liberty Savings and Loan Association

**SPECIAL
ASSIGNMENTS:**

Schall's Marina, Freeport, New York
Model Cities, Brooklyn, New York
Greensboro Shopping Center, Greensboro, N. Car.
Williamsburg, Title I, Brooklyn, New York
Oak View Nursing Home, Morgan, New Jersey
Naval Device Center, Sands Point, New York
Holiday Parks Shopping Center, Massapequa, N.Y.
Palm Carden Nursing Home, Brooklyn, New York
Atlantic Terminal Meat Market, Brooklyn, N.Y.
The Kings Bay Shopping Center, Brooklyn, N.Y.
Monteco East Shopping Center, Monticello, N.Y.
Kent and Java Street Piers, Brooklyn, N.Y.
Parkside Funeral Chapels, Queens & Bronx, N.Y.
Fire Island National Seashore, Fire Island, N.Y.
Tennis World Oceanside, Nassau Cty., N.Y.

**COURT TESTIMONY
EXPERT WITNESS:**

United States Federal Court
New York State Supreme Court-Kings County
New York State Supreme Court-Otsego County

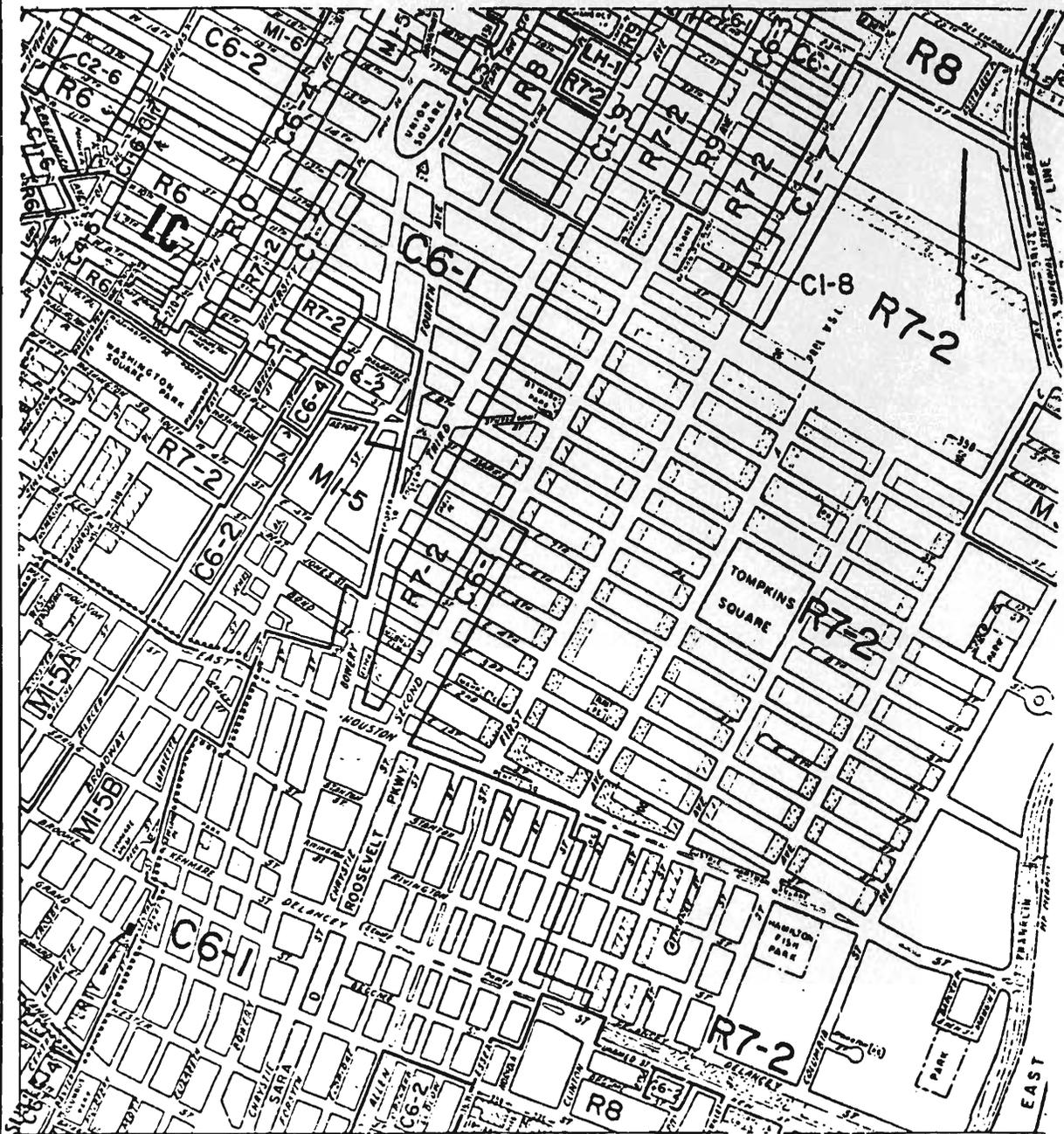
**FEASIBILITY
STUDIES:**

"Greenbrook" Development-Staten Island
Town of Esopus, Ulster County, New York
Westshore Condominium Complex, Brooklyn, N.Y.
Boro Park Condominium Complex, Brooklyn, N.Y.
Brooklyn Heights Coop Complex, Brooklyn, N.Y.
East 50th Street Coop Complex, New York City

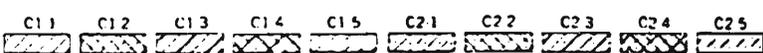
A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



Location Map



600 0 600 1200 1500 FEET



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A. L. SANTAGATA, M.A.I., S.R.E.A.
REAL ESTATE
APPRAISER - CONSULTANT



Subject Location Map

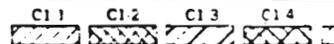
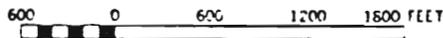
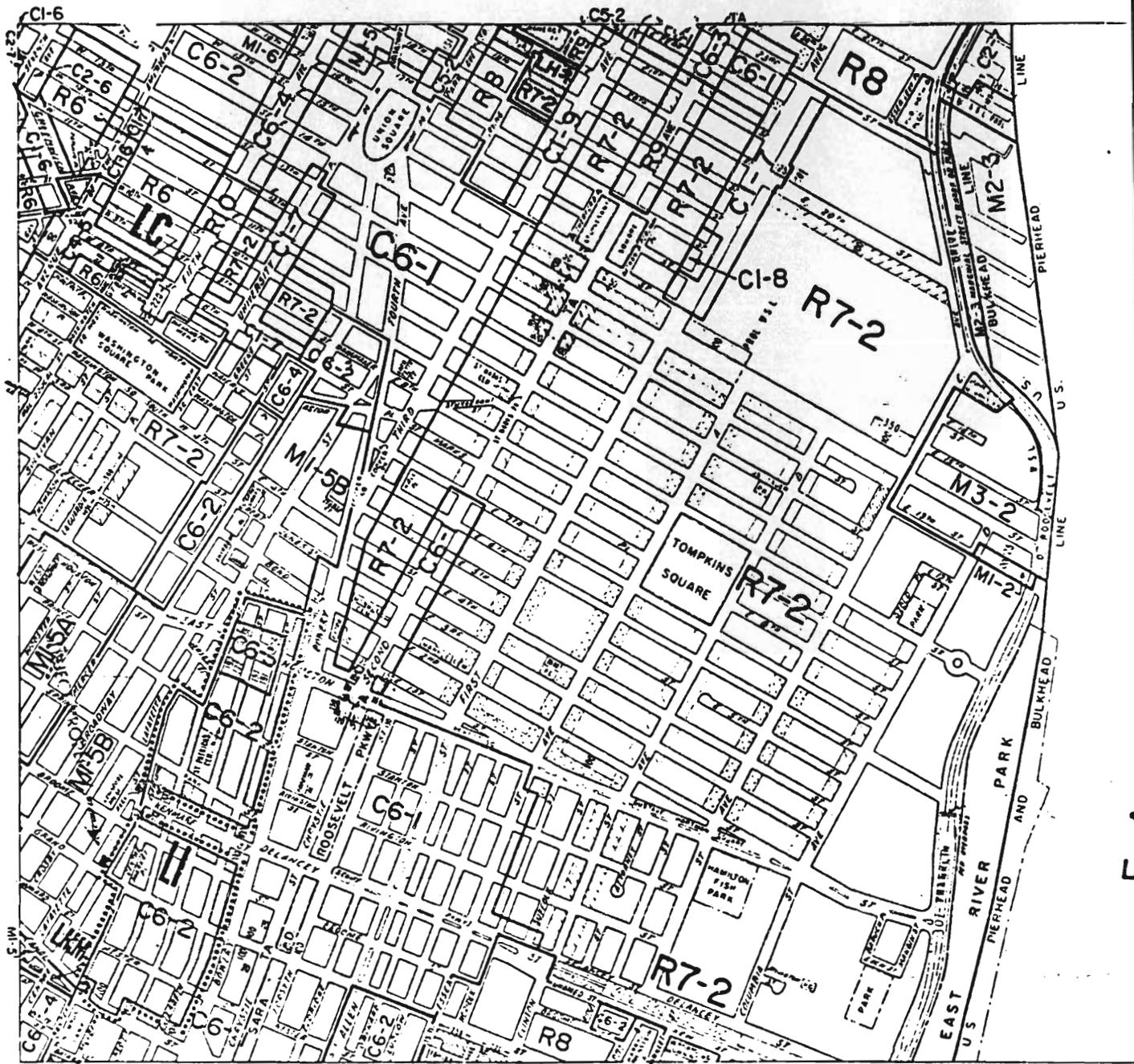


"EAST BAYARD FARM"
Nicholas & Francis Bayard, Map No. 386

SEC. 1 II



Zoning Map



84043492147

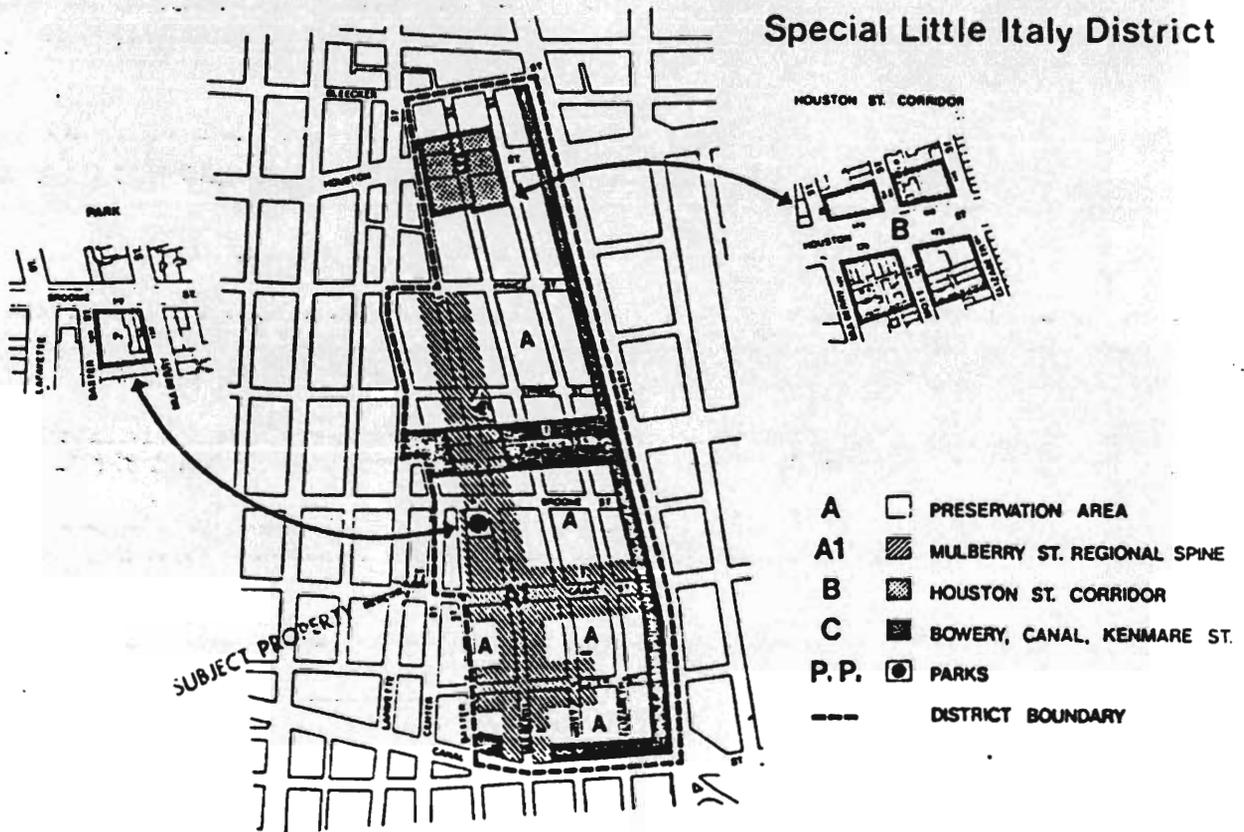
Buildings of Special Significance to Be Preserved in Accordance with the Provisions of Section 109-522.

Special Little Italy District

<u>Block Number</u>	<u>Lot Number</u>	<u>Address</u>
238	6	128-130 Mott Street
471	28	174 Grand Street
471	58	190 Grand Street
471	57	192 Grand Street
470	64	124-26 Bowery
470	12	363 Broome Street
471	41	373 Broome Street
472	31	240 Centre Street
481	23	201-5 Mulberry Street
480	21	34-36 Spring Street
492	44	11 Spring Street
492	21	209 Elizabeth Street
508	6	256-58 Mott Street
508	9	262-72 Mott Street
509	34	277 Mott Street
509	1	266 Mulberry Street
206	1	113 Baxter Street
507	17-21	260-268 Elizabeth Street

APPENDIX A

Special Little Italy District



- A □ PRESERVATION AREA
- A1 ▨ MULBERRY ST. REGIONAL SPINE
- B ▩ HOUSTON ST. CORRIDOR
- C ■ BOWERY, CANAL, KENMARE ST.
- P. P. ⊙ PARKS
- DISTRICT BOUNDARY

DISTRICT MAP

Italicized words are defined in Section 12-10.

84040492148

THE WEITZMAN GROUP, INC.
Real Estate Consultants

EXHIBIT A
COMPARABLE IMPROVED PROPERTY SALES
231 CENTRE STREET
NEW YORK, NEW YORK

<u>Address</u>	<u>Number of Floors</u>	<u>Date</u>	<u>Purchase Price</u>	<u>Other Sale Information</u>	<u>Building</u>	<u>Sq. Ft.</u>	<u>Price Per Sq. Ft.</u>	<u>Cat./Zone</u>
185 Canal	6	9/78	\$ 950,000	\$170,000 csh.	50 x 100	30,000	\$32.00	L9/C6-1
212 Canal	6	8/78	1,375,000	600,000 csh.	100 x 75	45,000	31.00	L9/C6-1
88 Delancey	2	6/78	200,000	--	27 x 65	3,510	57.00	K2/C6-1
353 Grand	3	4/78	193,000	--	22 x 50	3,300	58.00	L8/C6-1
185 Lafayette	3	12/78	75,000	22,500 csh.	20 x 35	2,100	36.00	K9/M1-5
474 Broadway	4	7/78	89,000	--	25 x 65	6,500	14.00	L8/M1-5
496 Broadway	5	1978	110,000	--	22 x 80	8,800	12.00	L8/M1-5
514 Broadway	6	1978	450,000	--	37 x 200	44,400	10.00	L8/M1-5
208 Centre	3	1979	192,500	--	24 x 75	5,400	36.00	D5/M1-5
250 Lafayette	4	6/78	100,000	--	25 x 126	12,600	8.00	L9/M1-5
247 Broome	6	1978	35,000	cash	25 x 76	11,400	3.00	C4/C6-1
59 Crosby	5	11/74	75,000	--	25 x 95	11,875	6.00	L9/M1-5
134 Crosby	6	8/77	475,000	--	100 x 125	75,000	6.00	D4/M1-5
202 Centre	6	11/76	400,000	--	35 x 75	15,750	25.00	L2/M1-5

84040492149

MANHATTAN REAL ESTATE OPEN MARKET SALES

TABLE I
TOTAL SALES, CONSIDERATION AND PERCENT OF ASSESSED VALUATION
MANHATTAN - 1937-1978

Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized	Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized
1937	2353	\$150,133,174	82.9	1958	2461	\$214,316,337	126.9
1938	2281	93,333,015	79.4	1959	3064	379,689,519	143.4
1939	2654	116,463,945	75.5	1960	2811	357,563,563	144.4
1940	2549	126,793,874	72.6	1961	2547	357,849,816	148.7
1941	2704	146,456,656	65.8	1962	2091	321,066,566	148.0
1942	2340	131,300,757	63.8	1963	1812	300,355,677	137.7
1943	3473	231,149,258	63.7	1964	1732	264,225,411	131.5
1944	4957	388,440,978	69.7	1965	1873	317,811,662	143.2
1945	5852	432,848,201	75.7	1966	1825	313,573,755	150.9
1946	7753	608,961,888	96.8	1967	1772	294,847,515	152.0
1947	4179	333,149,947	100.9	1968	2218	594,846,585	176.3
1948	3673	315,669,615	47.6	1969	2316	614,227,743	201.1
1949	2851	251,978,830	94.6	1970	1606	355,915,466	181.9
1950	3439	353,342,840	99.3	1971	1307	253,607,515	163.2
1951	3239	308,623,323	104.2	1972	1464	322,316,622	157.1
1952	3171	321,806,638	107.1	1973	1534	450,065,594	156.7
1953	2869	323,178,474	108.3	1974	1363	273,461,872	155.4
1954	2858	295,206,153	105.0	1975	1247	241,523,868	131.2
1955	3375	365,878,861	118.6	1976	1523	323,321,590	123.6
1956	2851	317,071,611	125.1	1977	1734	473,805,434	136.2
1957	2437	257,715,395	125.1	1978	2363	646,135,615	142.2



EDWARD R. POTTER
DIRECTOR OF RESEARCH

REAL ESTATE BOARD OF NEW YORK, INC.
RESEARCH DEPARTMENT

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84040492150

Subject Photo



8-4-040492151

84040492152

EXHIBIT NUMBER 9

THE WEITZMAN GROUP, INC.
Real Estate Consultants
767 Third Avenue • New York, N.Y. 10017 • 212-688-9060

August 17, 1984

Melvin L. Schweitzer, Esq.
Suite 5200
200 Park Avenue
New York, New York 10166

Re: 231 Centre Street
New York, New York

Dear Mr. Schweitzer:

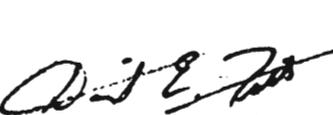
At your request, we have reviewed fourteen improved property sales (see Exhibit A) that might be used as comparables in the valuation of 231 Centre Street, New York, New York. The sales are located within the area bounded by Prince Street on the north, Canal Street on the south, Broadway on the west and Essex Street on the east.

It is our conclusion that the marketplace is price sensitive to locations within the defined area. The higher priced sales are concentrated between Lafayette Street, the Bowery, Broome and Canal Streets; prices range from \$25.00 to \$58.00 per square foot. Two-thirty-one Centre Street is located within this area. Selling prices are considerably lower, ranging from \$6.00 to \$15.00 per square foot, in the area bounded by Broadway, Canal, Prince and Lafayette Streets. The upper end of the market with prices of \$50.00 per square foot and higher are for well located retail properties.

If you have any questions please call us.

Very truly yours,

THE WEITZMAN GROUP, INC.


David E. Fields
Vice President

84040492153

THE WEITZMAN GROUP, INC.
Real Estate Consultants

EXHIBIT A
COMPARABLE IMPROVED PROPERTY SALES
231 CENTRE STREET
NEW YORK, NEW YORK

<u>Address</u>	<u>Number of Floors</u>	<u>Date</u>	<u>Purchase Price</u>	<u>Other Sale Information</u>	<u>Building</u>	<u>Sq. Ft.</u>	<u>Price Per Sq. Ft.</u>	<u>Cat./Zone</u>
185 Canal	6	9/78	\$ 950,000	\$170,000 cash.	50 x 100	30,000	\$32.00	L9/C6-1
212 Canal	6	8/78	1,375,000	600,000 cash.	100 x 75	45,000	31.00	L9/C6-1
88 Delancey	2	6/78	200,000	--	27 x 65	3,510	57.00	K2/C6-1
353 Grand	3	4/78	193,000	--	22 x 50	3,300	58.00	L8/C6-1
185 Lafayette	3	12/78	75,000	22,500 cash.	20 x 35	2,100	36.00	K9/M1-5
474 Broadway	4	7/78	89,000	--	25 x 65	6,500	14.00	L8/M1-5
496 Broadway	5	1978	110,000	--	22 x 80	8,800	12.00	L8/M1-5
514 Broadway	6	1978	450,000	--	37 x 200	44,400	10.00	L8/M1-5
208 Centre	3	1979	192,500	--	24 x 75	5,400	36.00	D5/M1-5
250 Lafayette	4	6/78	100,000	--	25 x 126	12,600	8.00	L9/M1-5
247 Broome	6	1978	35,000	cash	25 x 76	11,400	3.00	C4/C6-1
59 Crosby	5	11/74	75,000	--	25 x 95	11,875	6.00	L9/M1-5
134 Crosby	6	8/77	475,000	--	100 x 125	75,000	6.00	D4/M1-5
202 Centre	6	11/76	400,000	--	35 x 75	15,750	25.00	L2/M1-5

84040492154

EXHIBIT NUMBER 10

84040492155

LETTER OF VALUE

231 CENTRE STREET
NEW YORK, NEW YORK

8 4 0 4 0 4 9 2 1 5 6

JAMES FELT Realty Services | 488 Madison Avenue, New York, N.Y. 10022 | (212) 421.2100
A Division of Grubb & Ellis Company

August 16, 1984

Melvin L. Schweitzer, Esq.
200 Park Avenue
Suite 5200
New York, New York

Re: 231 Centre Street
New York, New York

Dear Mr. Schweitzer:

You have requested our opinion of the fair and reasonable market value of the above referred to property as of the Fall of 1978. The property can be generally described as a 2-story building on a 6,439 square foot plot at the northwest corner of Center and Grand Streets, fronting 64'4" on the latter street and 100'1" on Center Street. Gross building area is 12,878+ square feet, and as of the requested date of our valuation, information provided us indicated occupancy by three retail stores at grade and five offices on the second floor -- with one office vacancy which was subsequently leased during 1979. The assessed value of the subject for the tax year 1978/1979 was:

Land:	\$ 95,000
Building:	<u>\$127,000</u>
Total:	\$222,000

In our opinion, the fair and reasonable market value of the subject as if free and clear (subject to then existing tenancies) in the Fall of 1978 was:

THREE HUNDRED FIFTEEN THOUSAND DOLLARS
(\$315,000)

34040492157

As of the date of our valuation, there were three basic factors influencing the subject property, i.e.,:

1. The beginning of emergence of the city's real estate from the depressed condition that had existed since 1972-1973. The effects of the improved market have continued and accelerated to the present.
2. The expansion of the Chinese community north of Canal Street with a resultant upward trend of values in the area of the subject due to increased demand.
3. The proximity of the subject to the former Police Headquarters Landmarked Building (vacated some years before the date of our valuation), and the anticipated "re-use" of the structure with a concomitant improvement in the immediate area of the subject.

We believe that the most objective indicator of real estate value is the market itself -- prices at which willing buyers and sellers effect sales transactions. To explore these levels, we looked to two sources:

1. Recorded sales of properties in reasonably close proximity to the subject, and
2. Statistics developed by the Research Division of the Real Estate Board of New York with respect to open market transactions for 1978.

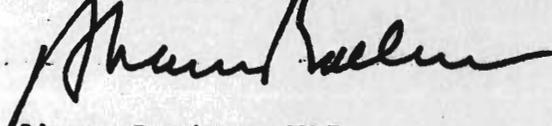
In both instances, this market data indicates the then prevailing relationship between price and assessed value, a factor not affected by subjective judgments with respect to the various elements entering into a valuation decision.

Our review of recorded sales developed ten properties sold between November of 1977 and December of 1978 (see attached "Market Data"). Because no one of these properties is directly comparable to the subject, and because of the relatively small sampling, we believe that the Real Estate Board statistics, involving an average of all recorded sales in Manhattan, is more relevant to our valuation (see attached data). The smaller sampling showed an average ratio of sales prices to assessed value of 169.2%. The Real Estate Board statistics on all open market sales for 1978 indicates a ratio of 142.3%. Using this factor which we believe more conservative, our analysis is summarized as follows:

1978/1979 Assessed Value:	\$222,000
Ratio of Prices to Assessments:	142.3%
ROUNDED VALUE:	\$315,000
	=====

The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAIs and RMs who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under this program.

Very truly yours,



Abram Barkan, MAI
President

Attachments

84040492159

MANHATTAN REAL ESTATE OPEN MARKET SALES

TABLE 1
TOTAL SALES, CONSIDERATION AND PERCENT OF ASSESSED VALUATION
MANHATTAN - 1937-1978

Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized	Year	No of Sales	Total Considerations	Percent of Total Assessed Valuation Realized
1937	2353	\$150 133 174	82.9	1958	2461	\$214 316 332	125.9
1938	2281	93 333 015	79.4	1959	3064	379 689 519	163.4
1939	2654	116 463 945	75.5	1960	2811	357 503 563	144.4
1940	2549	126 793 874	72.6	1961	2547	357 849 816	148.7
1941	2704	146 456 656	65.8	1962	2091	321 066 566	148.0
1942	2340	131 300 757	63.8	1963	1812	300 355 677	137.7
1943	3473	231 149 898	63.7	1964	1732	264 229 411	131.5
1944	4957	388 440 976	69.7	1965	1873	317 811 662	143.2
1945	5852	432 848 201	75.7	1966	1825	313 573 755	150.9
1946	7753	608 961 868	96.2	1967	1772	294 847 515	152.0
1947	4179	333 149 947	100.9	1968	2218	594 846 585	176.3
1948	3673	315 669 615	97.6	1969	2316	614 227 743	201.1
1949	2851	251 978 830	94.6	1970	1600	355 915 466	181.9
1950	3439	353 342 840	99.3	1971	1307	253 607 515	163.2
1951	3239	308 623 323	104.2	1972	1464	322 316 022	157.1
1952	3171	321 806 638	107.1	1973	1534	450 065 594	156.7
1953	2869	323 178 479	108.3	1974	1363	273 461 872	155.4
1954	2882	299 206 152	105.0	1975	1247	241 523 868	131.2
1955	3375	365 878 861	112.6	1976	1504	323 322 590	123.6
1956	2851	307 071 601	125.1	1977	1734	473 805 434	136.2
1957	2437	257 715 395	125.1	1978	2163	646 235 095	242.2



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DIRECTOR OF RESEARCH

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RESEARCH DEPARTMENT

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MARKET DATA

<u>Date</u>	<u>Property</u>	<u>Assessed Value</u>	<u>Total Consideration</u>	<u>Ratio of Consideration to Assessed Value</u>
11/76	202-4 Centre St.	\$185,000	\$400,000	2.16
7/77	424 Broome St.	55,000	110,000	2.00
8/77	134-40 Grand St.	275,000	475,000	1.73
11/77	59 Crosby St.	50,000	75,000	1.50
6/78	250 Lafayette St.	68,000	100,000	1.47
7/78	474 Broadway	60,000	89,000	1.48
8/78	514-6 Broadway	390,000	450,000	1.15
9/78	425-7 Broome St.	115,000	280,000	2.43
11/78	496 Broadway	65,000	110,000	1.69
12/78	185 Lafayette St.	16,000	75,000	4.69

Average Ratio of Consideration to Assessed Value - 1.69.78

QUALIFICATIONS

84040492162

**QUALIFICATIONS
OF
ABRAM BARKAN**

Abram Barkan is President of James Felt Realty Services, a Division of Grubb & Ellis Company. In the main, this Division conducts a general real estate business stressing appraisal and consulting activities. James Felt Realty Services acts or has acted as real estate consultant to International Paper Company, New York Life Insurance Company, Metropolitan Life Insurance Company, R.H. Macy & Company, Inc., as well as other institutions, corporations and individuals.

The Division also acts as mortgage correspondent for a group of savings bank, including Syracuse Savings Bank, Binghamton Savings Bank, and Staten Island Savings Bank.

Abram Barkan has testified in both the New York Supreme Court and U.S. District Court as an expert witness. He is a member of the following trade and professional groups:

American Society of Real Estate Counselors - President - 1978.

American Institute of Real Estate Appraisers and served as President of the New York Chapter in 1970/71 - awarded the M.A.I. designation in 1957.

Director - 1978 - National Association of Realtors.

Board of Governors - 1978-1980 - The Real Estate Board of New York, Inc.

International Council of Shopping Centers.

Lecturer - Real Estate - Center for New York City Affairs, New School for Social Research.

Member - American Arbitration Association National Real Estate Valuation Council.

Past Director, Rent Stabilization Association of New York, Inc.

Past Director - Mohawk Savings & Loan Association

He has been involved in appraisal of real estate in various sections of the country, has appeared before the Internal Revenue Service in support of estate tax valuations, has acted as an arbitrator and/or appraiser in matters involving determinations of fair rental values, as a consultant to clients requiring services in connection with rental space needs and costs, and has provided valuation and consultation services to various Municipal State and Federal agencies.

34040492153

The firm has served and participated in appraisals for corporations lending institutions, attorneys, owners and trustees. Some of the institutional and corporate clients that I have served are:

Barton Savings and Loan Association of Newark, N. J.
First Savings and Loan Association of Jersey City, N. J.
First Federal Savings and Loan Association
Franklin Society Federal Savings and Loan Association
Knickerbocker Federal Savings and Loan Association
Serial Federal Savings and Loan Association
Washington Heights Federal Savings and Loan Association
West Side Federal Savings and Loan Association
Whitestone Savings and Loan Association
Woodside Savings and Loan Association

Albany Savings Bank
Amsterdam Savings Bank
Auburn Savings Bank
The Binghamton Savings Bank
The Bowery Savings Bank
Central Savings Bank
Dry Dock Savings Bank
Dollar Savings Bank
The East River Savings Bank
The Eastern Savings Bank
Emigrant Savings Bank
The Franklin Savings Bank
Germantown Savings Bank
The Greenwich Savings Bank
The Jefferson County Savings Bank of Watertown
Kingston Savings Bank
The Lincoln Savings Bank of Brooklyn
The Manhattan Savings Bank
The New York Bank For Savings
The Prudential Savings Bank
Roosevelt Savings Bank of Brooklyn
Saugerties Savings Bank
The Seamen's Bank For Savings
The Troy Savings Bank
Union Dime Savings Bank
United Mutual Savings Bank

The New York State Employees' Retirement System
The New York State Metropolitan Transportation Authority
The New York State Teachers Retirement System

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American Bank and Trust Company
Bank Leumi Le-Israel
Bank of New York
Bankers Trust Company
Central Penn National Bank of Philadelphia
Central State Bank
The Chase Manhattan Bank National Association
Chemical Bank
Chemical Realty Corporation
Fairfield County Trust Company
First National Bank of Chicago
First National City Bank
Manufacturers Hanover Trust Company
Morgan Guaranty Trust Company
National Bank of North America
Republic National Bank
Security National Bank

Aetna Life Insurance Company of Hartford, Connecticut
American National Insurance Company of Galveston, Texas
Bankers Life of Chicago
Equitable Life Assurance Society of the United States
Manhattan Life Insurance Company
Metropolitan Life Insurance Company
New England Mutual Life Insurance Company
New York Life Insurance Company
Security Mutual Life Insurance Company of Binghamton
Union Mutual Life Insurance Company of Portland, Maine

A. O. Smith Company
Allis-Chalmers Manufacturing Company
Century Theatres
Chrysler Motors Corporation
City Investing Company
Dollar Land Corporation Limited
Eastern Airlines
Ford Motor Company
General Motors Corporation
Horn and Hardart Company
New York Telephone Company
Penn Central Railroad Company
Schenley Industries, Inc.
Stein-Hall & Co., Inc.
United States Steel Corporation
Westinghouse Company, Inc.

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CORPORATIONS

Air France
Aluminum Company of America
Booz-Allen
Celanese Corporation
Colt Industries
Columbia Broadcasting Company
Consolidated Edison Company
Curtiss Wright Corporation
Erie-Lackawanna Railroad
Fiat-Roosevelt Motors, Inc.
General Electric Company
Gertz Department Stores
Grumman Corporation
Gulf Oil Corporation
Kayser-Roth Corporation
International Business Machines Corporation
International Paper
Minneapolis Honeywell
Shubert Theatres
Madison Square Garden Corporation, New York

INVESTMENT AND DEVELOPMENT ORGANIZATIONS

Koger Properties, Inc.
Mack Construction Company
Mid-Central Properties, Ltd.
Smallwood Estates, Inc.
TBS Enterprises, Inc.

LARGE SCALE HOUSING

Amalgamated Houses, Bronx	Washbridge Houses, New York
Parkchester, Bronx	Field Houses, Brooklyn
Riverton, New York	Sea Park East, Brooklyn
Seward Park Houses, New York	Sea Park West, Brooklyn
Stuyvesant Town, New York	Ocean Village, Queens

DEPARTMENT STORE BUILDINGS

Alexander's	Fordham Road, Bronx, New York
Department Stores:	Third Avenue, Bronx, New York
	South Broadway, White Plains, New York
Bamberger's:	Willowbrook, Wayne, New Jersey
E. J. Korvette:	34th Street & Broadway New York, New York
Macy's:	Colonie, New York New Rochelle, New York
W. & J. Sloane:	414-420 Fifth Avenue New York, New York
Lane Bryant:	461 Fifth Avenue New York, New York
Gertz:	Jamaica, Queens New York

84040492165

Portfolio Reviews include:

American Broadcasting Co.
Investors Funding
The Chase Manhattan Bank - Real Estate Portfolio
Security Mutual Life Insurance Company
E. J. Korvette Shopping Center
Manufacturers Hanover Trust Co. - Real Estate Portfolio

Major New York City Assignments that I have personally participated in include:

One Astor Plaza	651 Fifth Avenue
1166 Avenue of the Americas	666 Fifth Avenue
1180 Avenue of the Americas	7 Hanover Square
1345 Avenue of the Americas	485 Lexington Avenue
30 Broadway	635 Madison Avenue
165 Broadway	655 Madison Avenue
1250 Broadway	North Building
1500 Broadway	Two Penn Plaza
449 Fifth Avenue	75 Rockefeller Plaza
521 Fifth Avenue	605 Third Avenue
529 Fifth Avenue	919 Third Avenue
530 Fifth Avenue	260 West Broadway
581 Fifth Avenue	9 West 57th Street
645 Fifth Avenue	70 East 10th Street

The most recent out-of-town Assignments include:

161-9 Peachtree Street:	Atlanta, Georgia
Galleria I and II:	Houston, Texas
1401-1597 Euclid Avenue:	Cleveland, Ohio
Central Park South:	Orlando, Florida
Wooster Hawkins:	Akron, Ohio
Litchfield-By-The-Sea:	Litchfield, South Carolina
Park Square Building:	Boston, Massachusetts
The Courtyard:	Rolling Hills Estate, California
Copley Place:	Boston, Massachusetts
Horizon House:	Fort Lee, New Jersey
The Colony:	Fort Lee, New Jersey

84040492167

ARBITRATION ASSIGNMENTS

<u>Property</u>	<u>Type</u>	<u>Client</u>
<u>1983</u>		
25 Broadway	Rental Determination	Chase
200 Fifth Avenue	Rental Determination	Chase
1481-3 Broadway	Land Value & Ground Rent Determination	Brandt
9 West 57th Street	Rental Determination	Morgan, Lewis & Bockius
Pfizer Building	Land Value & Ground Rent Determination	Seaver Realty Co. & Pfizer Co.
<u>1982</u>		
100 West 57th Street	Rental Determination	Chase
979 Third Avenue	Rental Determination	John Stuart Co.
1625 Broadway	Land Value & Ground Rent Determination	Renald Wacht
530 Seventh Avenue	Rental Determination	Shea & Gould
80 Nassau Street	Rental Determination	Lester Palestine
<u>1981</u>		
515 Madison Avenue	Rental Determination	Aaron Gural
718 Fifth Avenue	Rental Determination	Rogers & Wells
1285 Ave. of Americas	Rental Determination	Chase
469 Fifth Avenue	Rental Determination	Lane Bryant
151 William Street	Land Value & Ground Rent Determination	Aetna Life
122 Fifth Avenue	Rental Determination	Andrew Pollack

84040492158

PARTIAL LIST OF ABRAM BARKAN'S
COURT APPEARANCES AS EXPERT WITNESS

<u>Date</u>	<u>Property</u>	<u>Client</u>	<u>Court</u>	<u>Case No.</u>
1981-1982	3,500 miles of right-of-way and 35 major rail-road properties including among others 30th Street and 60th Street yards and Penn Station	United States Railway Association	Special "Federal" Court Rail Re-organization Act of 1973	Various
1/12/81	650 Fifth Avenue	Minskoff	State Supreme Court	17989-76
4/27/78	Swingline Plant Long Island City, N.Y.	American Brands Inc.	Arbitration	-
4/15/80	923-935 Second Avenue 253 East 49th and 248 East 50th Street	49th Street Realty Corp. et. al	State Supreme Court	76-Civ. 4375
12/5/78	219.21+ Acres Vacant Land Blairstown, New Jersey	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	-
10/12/78	Oakleaf Towers Silver Springs, Maryland	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	76B-1155
9/6/78	Nevada Towers One Nevada Plaza New York, New York	C.I. Mortgage Group	Federal Bankruptcy Court	77B-1170
4/7/77	245 Rumsey Road Yonkers, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	764438
7/15/76	709-715 Eighth Avenue New York, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	74B-1454-55 74B-1511-42
1975	Brevard Apartments 245 E. 54th Street New York, New York	Investors Funding Corp. of New York, Inc.	Federal Bankruptcy Court	-
1/19/73	Barclay Hotel 518-536 Lexington Avenue New York, New York	Trustees of the New Haven and New Hartford Railroad	Federal Bankruptcy Court	70-347

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EXHIBIT NUMBER 11

Summary



*What you
don't know
is what you
should know
the*

Major Provisions of the
Federal Election
Campaign Law

*Up to date
for your
Council*

December 1975

Federal Election Commission
Washington, D.C.

340104217

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FEDERAL ELECTION CAMPAIGN LAW

3. Any fund raising costs incurred by a broad based, multi-candidate committee (i. e. a committee eligible to give up to \$5,000 to a CANDIDATE) as long as those costs are not incurred through broadcasting stations, newspapers, magazines, outdoor advertising facilities and other similar types of general public political advertising. (18 U. S. C. 591 (f))

C. Other Criminal Code Provisions

1. Expenditures from personal funds

No CANDIDATE may make EXPENDITURES from his personal funds or those of his immediate family in connection with his election campaign which exceed:

- a. \$50,000 in the case of a Presidential or Vice Presidential CANDIDATE;
- b. \$35,000 in the case of a CANDIDATE for Senate or for Representative from a STATE with only one Representative;
- c. \$25,000 in the case of any other House CANDIDATE.

Any such EXPENDITURE made in a non-election year is considered to be made in the year in which the ELECTION is held. Immediate family includes the CANDIDATE'S spouse, and any child, parent, grandparents, brothers or sisters of the CANDIDATE and the spouses of those PERSONS.

No CANDIDATE or member of his immediate family may make loans or advances from their personal funds for the CANDIDATE'S campaign unless the loan or advance is evidenced by a written instrument fully disclosing the terms and conditions of the loan or advance. Any such loan or advance is considered an EXPENDITURE only to the extent of the balance of the loan or advance outstanding and unpaid. (18 U. S. C. 608 (a))

CANDIDATES and PERSONS who make EXPENDITURES in excess of the limitations are punishable by a fine not exceeding \$25,000 and imprisonment not exceeding one year, or both. (18 U. S. C. 608 (h) (i))

2. CONTRIBUTIONS or EXPENDITURES by national banks, corporations or labor organizations

National banks, corporations, and labor organizations are prohibited from making CONTRIBUTIONS and EXPENDITURES in connection with

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EXHIBIT NUMBER 12

III.

That the pertinent facts in this matter are as follows:

- A. Between May 10, 1978, and September 5, 1978, John A. Zaccaro loaned \$110,000 to the Committee to Elect Geraldine A. Ferraro (the "Committee").
- B. Prior to the time that these loans were made, Mr. Zaccaro was advised by counsel that the making of such loans to the Committee would be proper and in full compliance with applicable Federal Law and Regulations.
- C. Mr. Zaccaro first learned of the applicability of the limitations imposed by 2 U.S.C. §441a to such loans on September 11, 1978.
- D. Acting through counsel, respondent has cooperated with the Federal Election Commission in its investigation of this matter responding promptly and candidly to all inquiries by the Commission.

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WHEREFORE, respondent John A. Zaccaro agrees:

- I. Respondent's loans to the Committee constituted contributions subject to the \$1,000 limitation imposed by 2 U.S.C. §441a.
- II. That respondent will pay a civil penalty in the amount of \$250 pursuant to 2 U.S.C. §437g(a)(6)(B).
- III. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matter at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed, that this agreement shall become effective as to the date that all parties hereto have executed same and the Commission has approved the entire agreement.

84040492131

III

It is agreed that respondent John A. Zaccaro shall have 30 days from the date of this agreement to implement and comply with the requirements contained herein, or to so notify the Commission.

Date _____

William C. Oldaker
General Counsel
Federal Election Commission

Date Sept 12, 1979 _____



John A. Zaccaro

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84040492183

EXHIBIT NUMBER 13

- 84040492185
- A. Between May 10, 1978 and September 5, 1978 the Committee received loans aggregating \$110,000 from an individual, and duly reported the receipt of such loans in its reports filed with the Federal Election Commission.
 - B. Prior to the time that these loans were made, the Committee was advised by counsel that the receipt of such loans by the Committee would be proper and in full compliance with applicable Federal Law and Regulations.
 - C. The Committee was advised that these loans were subject to the \$1,000 limitation imposed by 2 U.S.C. §441a by letter from the Federal Election Commission which it received on September 11, 1978. The Committee thereupon acted to repay the loans exceeding such limitation as expeditiously as possible. The Committee notified the Federal Election Commission of such repayment by letter of October 5, 1978.
 - D. Less than 15 days but more than 48 hours prior to the primary election held on September 12, 1978, the Committee received

a loan of \$50,000 which it did not report within 48 hours, but upon learning of the 48-hour reporting requirement immediately notified the Federal Election Commission of the receipt of such loan by letter of September 21, 1978.

- E. Respondent has cooperated with the Federal Election Commission in its investigation of this matter, responding promptly and candidly to all inquiries by the Commission.

WHEREFORE, respondent Committee to Elect Geraldine Ferraro agrees:

- I. The loan of \$110,000 from an individual who is a member of the candidate's immediate family is a contribution subject to the limitation of \$1,000 on contributions from individuals imposed by 2 U.S.C. §441a.
- II. The Respondent's acceptance of the \$50,000 of loans should have been reported in a timely fashion in accordance with 2 U.S.C. §434 and 11 CFR 104.4(e).
- III. That respondent will pay a civil penalty in the amount of \$500 pursuant to 2 U.S.C. §437g(a)(6)(B).

- IV. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matter at issue herein, or on its motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as to the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent Committee to Elect Geraldine Ferraro shall have 30 days from the date of this agreement to implement and comply with the requirements contained herein, or to so notify the Commission.

84040492187

Date _____

William C. Oldaker
General Counsel
Federal Election Commission

Date 9/12/79

David Blanksteen
David Blanksteen
Treasurer
Committee to Elect Geraldine
Ferraro

84040492183

84040492189

EXHIBIT NUMBER 14

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT - THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

THIS INDENTURE, made the 1st day of May nineteen hundred and seventy-eight

BETWEEN POLAROB REALTY CORP.
C/O Murry Kalik, Esq.
501 Madison Avenue
New York, New York 10022

472
25

party of the first part, and MELRO COMPANY, a pro-partnership having its offices in care of Murry Kalik, 501 Madison Avenue, New York, New York 10022, having a one half (1/2) interest herein and Geraldine A. Ferraro, residing at 218 Lafayette Street, New York, New York having a one half (1/2) undivided interest therein.

party of the second part.

WITNESSETH, that the party of the first part, in consideration of Ten Dollars and other valuable consideration paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the point formed by the intersection of the westerly side of Centre Street with the northerly side of Grand Street; running thence westerly along the northerly side of Grand Street 64 feet 4 inch thence northerly and parallel or nearly so with Centre Street 100 feet 1 inch; thence easterly and parallel or nearly so with Grand Street, 64 feet 4 inches to the westerly side of Centre Street and thence south along the westerly side of Centre Street 100 feet 1 inch to the point of beginning. Be the said several distances and dimensions more or less.

TOGETHER with all strips or gores of land adjoining the above described premises on the north and west.

Said premises being now known by the street numbers 158-162 Grand Street and 231-235 Centre Street, New York, New York.

This conveyance has been made with the unanimous consent in writing of all of the stockholders of the party of the first part.

TOGETHER with all right, title and interest, if any, of the party of the first part of, in and to any streets and roads abutting the above-described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said premises; TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

AND the party of the first part, in compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

IN PRESENCE OF:

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POLAROB REALTY CORP.

By Murry Kalik
Murry Kalik

STATE OF NEW YORK, COUNTY OF

On the day of personally came



to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF

On the day of personally came

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF New York

On the 1st day of May 1978, before me personally came Murry Kalik, Esq. to me known, who, being by me duly sworn, did depose and say that he resides at No. 501 Madison Avenue New York, New York

that he is the Vice President of Polarob Realty, Inc.

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK, COUNTY OF

On the day of personally came

to me known, who, being by me duly sworn, did depose and say that he resides at No.

that he is the of

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

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Bargain and Sale Deed WITH COVENANT AGAINST GRANTOR'S ACTS

TITLE No.

01-9017

POLAROB REALTY CORP.

TO

MELRO COMPANY, Carmelita and Abaldine A FERNANDEZ

A12

SECTION 214 BLOCK 422 LOT 21 COUNTY OR TOWN NY

REC. T.R. F (3)

Recorded at Request of American Title Insurance Company

RETURN BY MAIL TO:



KALIK + FALIK 501 MADISON AVE. New York, New York 10022 Zip No.

Member of The Continental Insurance Companies

RESERVE THIS SPACE FOR USE OF RECORDING OFFICE

Recorded by American Title Insurance Company Guaranteed Title Division To Be Returned To-

RECORDED IN NEW YORK COUNTY NO. TAX PAID 2202 11



05319 1978 MAY -4 AM 11:57

Matthew P. Dwyer CITY REGISTER

REAL ESTATE MAY 4 1978 COUNTY

ST 4577

84040492192

EXHIBIT NUMBER 15

CONSULT YOUR LAWYER BEFORE SIGNING THIS INSTRUMENT - THIS INSTRUMENT SHOULD BE USED BY LAWYERS ONLY.

NOTE: FIRE LOSSES. This form of contract contains no express provision as to risk of loss by fire or other casualty before delivery of the deed. Unless express provision is made, the provisions of Section 5-1311 of the General Obligations Law will apply. This section also places risk of loss upon purchaser if title or possession is transferred prior to closing.

THIS AGREEMENT, made the 12th day of January, nineteen hundred and seventy-eight **BETWEEN**

Norfolk Properties, Inc. and 231 Centre Street Corporation, each with offices at 535 Fifth Avenue, New York, New York 10017, as their interests may appear, but together being the fee owner of the land and building to be sold and conveyed hereunder,

hereinafter described as the seller, and

*Polarob Realty Corp.
c/o Murray Kalik, Esq.
745 Fifth Avenue
New York, New York*

hereinafter described as the purchaser.

WITNESSETH, that the seller agrees to sell and convey, and the purchaser agrees to purchase, ~~all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the~~

ALL that certain lot, piece or parcel of land, with the buildings thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the point formed by the intersection of the westerly side of Centre Street with the northerly side of Grand Street; running thence westerly along the northerly side of Grand Street 64 feet 4 inches; thence northerly and parallel or nearly so with Centre Street 100 feet 1 inch; thence easterly and parallel or nearly so with Grand Street 64 feet 4 inches to the westerly side of Centre Street and thence southerly, along the westerly side of Centre Street 100 feet 1 inch to the point or place of BEGINNING. Be the said several distances and dimensions more or less.

TOGETHER will all strips or gores of land adjoining the above described premises on the north and west.

SAID PREMISES being now known by the street numbers 158-160 and 162 Grand Street, and 231-233 and 235 Centre Street.

1. This sale includes all right, title and interest, if any, of the seller in and to any land lying in the bed of any street, road or avenue opened or proposed, in front of or adjoining said premises, to the center line thereof, and all right, title and interest of the seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to said premises by reason of change of grade of any street; and the seller will execute and deliver to the purchaser, on closing of title, or thereafter, on demand, all proper instruments for the conveyance of such title and the assignment and collection of any such award.

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ONE HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED (\$175,500.00) Dollars, payable as follows:
SEVENTY-FIVE THOUSAND FIVE HUNDRED (\$75,000.00) Dollars,

on the signing of this contract, by check subject to collection, the receipt of which is hereby acknowledged:
FORTY-THREE THOUSAND THREE HUNDRED NINETY-FIVE (\$43,395.00) Dollars,

in cash or good certified check to the order of the seller on the delivery of the deed as hereinafter provided;
Dollars.

by taking title subject to a mortgage now a lien on said premises in that amount, bearing interest at the rate of _____ percent per annum, the principal being due and payable.

ONE HUNDRED TWENTY-FOUR THOUSAND SIX HUNDRED FIVE (\$124,605.00) Dollars,

by the purchaser or assigns executing, acknowledging and delivering to the seller a bond or, at the option of the seller, a note secured by a purchase money first mortgage on the above premises, in that amount, payable commencing one month after closing of title in sixty successive equal monthly installments of interest only on the unpaid principal balance at the rate of six and one-half percent per annum from the date of closing and thereafter commencing sixty-one months after closing of title in successive equal ~~together with interest at the rate of _____ percent per annum payable~~ monthly installments of such interest plus one and one-half percent per annum of the unpaid principal balance until fifteen years after the date of closing when the entire unpaid principal balance shall be due and payable. Said bond and mortgage may be prepaid at any time without penalty but with interest to date of payment. However, no prepayment may be made in 1978.

3. Any bond or note and mortgage to be given hereunder shall be drawn on the standard forms of New York Board of Title Underwriters for mortgages of like lien; and shall be drawn by the attorney for the seller at the expense of the purchaser, who shall also pay the mortgage recording tax and recording fees. in the amount of \$200.00

4. ~~If such purchase money mortgage is to be a subordinate mortgage on the premises it shall provide that it shall be subject and subordinate to the lien of the existing mortgage of \$ _____, any extensions thereof and to any mortgage or consolidated mortgage which may be placed on the premises in lieu thereof, and to any extensions thereof provided (a) that the interest rate thereof shall not be greater than _____ per cent per annum and (b) that, if the principal amount thereof shall exceed the amount of principal owing and unpaid on said existing mortgage at the time of placing such new mortgage or consolidated mortgage, the excess be paid to the holder of such purchase money mortgage in reduction of the principal thereof. Such purchase money mortgage shall also provide that such payment to the holder thereof shall not alter or affect the regular installments, if any, of principal payable thereunder and shall further provide that the holder thereof will, on demand and without charge therefor, execute, acknowledge and deliver any agreement or agreements further to effectuate such subordination.~~

5. ~~If there be a mortgage on the premises the seller agrees to deliver to the purchaser at the time of delivery of the deed a proper certificate executed and acknowledged by the holder of such mortgage and in form for recording, certifying as to the amount of the unpaid principal and interest thereon, date of maturity thereof and rate of interest thereon, and the seller shall pay the fees for recording such certificate. Should the mortgage be a bank or other institution as defined in Section 274-a, Real Property Law, the mortgagee may, in lieu of the said certificate, furnish a letter signed by a duly authorized officer, or employee, or agent, containing the information required to be set forth in said certificate. Seller represents that such mortgage will not be in default at or as a result of the delivery of the deed hereunder and that neither said mortgage, nor any modification thereof contains any provision to accelerate payment, or to change any of the other terms or provisions thereof by reason of the delivery of the deed hereunder.~~

6. Said premises are sold and are to be conveyed subject to:
a. Zoning regulations and ordinances of the city, town or village in which the premises lie which are not violated by existing structures.
b. Consents by the seller or any former owner of premises for the erection of any structure or structures on, under or above any street or streets on which said premises may abut.
c. Encroachments of stoops, areas, cellar steps, trim and cornices, if any, upon any street or highway.
d. Any state of facts an accurate survey may show provided same does not render title unmarketable.

7. All notes or notices of violations of law or municipal ordinances, orders or requirements noted in or issued by the Departments of Housing and Buildings, Fire, Labor, Health, or other State or Municipal Department having jurisdiction, against or affecting the premises at the date hereof, shall be complied with by the seller and the premises shall be conveyed free of the same, and this provision of this contract shall survive delivery of the deed hereunder. The seller shall furnish the purchaser with an authorization to make the necessary searches therefor.

8. All obligations affecting the premises incurred under the Emergency Repairs provisions of the Administrative Code of the City of New York (Sections 564-18.0, etc.) prior to the delivery of the deed shall be paid and discharged by the seller upon the delivery of the deed. This provision shall survive the delivery of the deed.

9. If, at the time of the delivery of the deed, the premises or any part thereof shall be or shall have been affected by an assessment or assessments which are or may become payable in annual installments, of which the first installment is then a charge or lien, or has been paid, then for the purposes of this contract all the unpaid installments of any such assessment, including those which are to become due and payable after the delivery of the deed, shall be deemed to be due and payable and to be liens upon the premises affected thereby and shall be paid and discharged by the seller, upon the delivery of the deed.

10. The following are to be apportioned:
(a) Rents as and when collected. (b) ~~Interest on mortgages.~~ (c) Premiums on existing transferable insurance policies or renewal of those expiring prior to closing. (d) Taxes and sewer rents, if any, on the basis of the fiscal year for which assessed. (e) Water charges on the basis of the calendar year. (f) Fuel, if _____.

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Omit Clause 8 if the property is not in the City of New York. Clause 9 is usually omitted if the property is not in the City of New York.

11. If the closing of the title shall occur before the tax rate is fixed, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation.
12. If there be a water meter on the premises, the seller shall furnish a reading to a date not more than thirty days prior to the time herein set for closing title, and the unfixed meter charge and the unfixed sewer rent, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading.
13. The deed shall be the usual bargain and sale with covenant against grantor's acts.

deed in proper statutory short form for record and shall be duly executed and acknowledged so as to convey to the purchaser the fee simple of the said premises, free of all encumbrances, except as herein stated, and shall contain the covenant required by subdivision 5 of Section 13 of the Lien Law.

If the seller is a corporation, it will deliver to the purchaser at the time of the delivery of the deed hereunder a resolution of its Board of Directors authorizing the sale and delivery of the deed, and a certificate by the Secretary or Assistant Secretary of the corporation certifying such resolution and setting forth facts showing that the conveyance is in conformity with the requirements of Section 909 of the Business Corporation Law. The deed in such case shall contain a recital sufficient to establish compliance with said section.

14. At the closing of the title the seller shall deliver to the purchaser a certified check to the order of the recording officer of the county in which the deed is to be recorded for the amount of the documentary stamps to be affixed thereto in accordance with Article 31 of the Tax Law, and a certified check to the order of the appropriate officer for any other tax payable by reason of the delivery of the deed, and a return, if any be required, duly signed and sworn to by the seller; and the purchaser also agrees to sign and swear to the return and to cause the check and the return to be delivered to the appropriate officer promptly after the closing of title.

*Ordin
Clause 15 of
the property
is not in
the City of
New York.*

15. In addition, the seller shall at the same time deliver to the purchaser a certified check to the order of the Finance Administrator for the amount of the Real Property Transfer Tax imposed by Title II of Chapter 46 of the Administrative Code of the City of New York and will also deliver to the purchaser the return required by the said statute and the regulations issued pursuant to the authority thereof, duly signed and sworn to by the seller; the purchaser agrees to sign and swear to the return and to cause the check and the return to be delivered to the City Register promptly after the closing of the title.

16. The seller shall give and the purchaser shall accept a title such as _____, a Member of the New York Board of Title Underwriters, will be willing to approve and insure.

17. All sums paid on account of this contract, and the reasonable expenses of the examination of the title to said premises and of the survey, if any, made in connection therewith are hereby made liens on said premises, but such liens shall not continue after default by the purchaser under this contract.

18. All fixtures and articles of personal property attached or appurtenant to or used in connection with said premises are represented to be owned by the seller free from all liens and encumbrances except as herein stated, and are included in this sale; without limiting the generality of the foregoing, such fixtures and articles of personal property include plumbing, heating, lighting and cooking fixtures, air conditioning fixtures and units, ranges, refrigerators, radio and television aerials, bathroom and kitchen cabinets, mantels, door mirrors, venetian blinds, shades, screens, awnings, storm windows, window boxes, storm doors, mail boxes, weather vanes, flagpoles, pumps, shrubbery and outdoor statuary.

19. The amount of any unpaid taxes, assessments, water charges and sewer rents which the seller is obligated to pay and discharge, with the interest and penalties thereon to a date not less than two business days after the date of closing title, may at the option of the seller be allowed to the purchaser out of the balance of the purchase price, provided official bills therefor with interest and penalties thereon figured to said date are furnished by the seller at the closing.

20. If at the date of closing there may be any other liens or encumbrances which the seller is obligated to pay and discharge, the seller may use any portion of the balance of the purchase price to satisfy the same, provided the seller shall simultaneously either deliver to the purchaser at the closing of title instruments in recordable form and sufficient to satisfy such liens and encumbrances of record together with the cost of recording or filing said instruments; or, provided that the seller has made arrangements with the title company employed by the purchaser in advance of closing, seller will deposit with said company sufficient monies, acceptable to and required by it to insure obtaining and the recording of such satisfactions and the issuance of title insurance to the purchaser either free of any such liens and encumbrances, or with insurance against enforcement of same out of the insured premises. The purchaser, if request is made within a reasonable time prior to the date of closing of title, agrees to provide at the closing separate certified checks as requested, aggregating the amount of the balance of the purchase price, to facilitate the satisfaction of any such liens or encumbrances. The existence of any such taxes or other liens and encumbrances shall not be deemed objections to title if the seller shall comply with the foregoing requirements.

21. If a search of the title discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of the seller, the seller will on request deliver to the purchaser an affidavit showing that such judgments, bankruptcies or other returns are not against the seller.

22. In the event that the seller is unable to convey title in accordance with the terms of this contract, the sole liability of the seller will be to refund to the purchaser the amount paid on account of the purchase price and to pay the net cost of examining the title, which cost is not to exceed the charges fixed by the New York Board of Title Underwriters, and the net cost of any survey made in connection therewith incurred by the purchaser, and upon such refund and payment being made this contract shall be considered canceled.

23. The deed shall be delivered upon the receipt of said payments at the office of Bondy & Schloss, 6 East 43rd Street, New York, New York 10017 at 10 o'clock on ^{A.M.} February 28, 1978 ^{OR 3:00 P.M.}

24. The parties agree that Feder, Barnett & Platt, ESQS. is the broker who brought about this sale and the seller agrees to pay ~~any~~ commission earned thereby, \$9,500.00**

25. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this contract, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation, neither party relying upon any statement or representation, not embodied in this contract, made by the other. The purchaser has inspected the buildings standing on said premises and is thoroughly acquainted with their condition and agrees to take title "as is" and in their present condition and subject to reasonable use, wear, tear, and natural deterioration between the date thereof and the closing of title.

26. This agreement may not be changed or terminated orally. The stipulations aforesaid are to apply to and bind the heirs, executors, administrators, successors and assigns of the respective parties.

27. If two or more persons constitute either the seller or the purchaser, the word "seller" or the word "purchaser" shall be construed as if it read "sellers" or "purchasers" whenever the sense of this agreement so requires.

IN WITNESS WHEREOF, this agreement has been duly executed by the parties hereto.

In presence of:
 By: Polaroid Realty Corp NORFOLK PROPERTIES INC.
 By: Samson Krawchuk
 By: Samson Krawchuk 231 CENTRE STREET CORPORATION
 By: Samson Krawchuk

** and to indemnify seller and hold it harmless from all loss cost expense and damage with respect thereto.

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STATE OF NEW YORK, COUNTY OF
On the _____ day of _____ 19____, before me
personally came

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF
On the _____ day of _____ 19____, before me
personally came

to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that executed the same.

STATE OF NEW YORK, COUNTY OF
On the _____ day of _____ 19____, before me
personally came

to me known, who, being by me duly sworn, did depose and say that he resides at No. _____

that he is the _____ of _____

the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK, COUNTY OF
On the _____ day of _____ 19____, before me
personally came

to me known and known to me to be a partner in _____

a partnership, and known to me to be the person described in and who executed the foregoing instrument in the partnership name, and said _____ duly acknowledged that he executed the foregoing instrument for and on behalf of said partnership.

Closing of title under the within contract is hereby adjourned to _____ o'clock, at _____

_____ 19____, at _____; title to be closed and all adjustments to be made

as of _____ 19____
Dated, _____ 19____

For value received, the within contract and all the right, title and interest of the purchaser thereunder are hereby assigned, transferred and set over unto _____

and said assignee hereby assumes all obligations of the purchaser thereunder.

Dated, _____ 19____

Purchaser

Assignee of Purchaser

Contract of Sale

PREMISES

Section _____
Block _____
Lot _____
County or Town _____
Street Numbered Address _____

Recorded At Request of The Title Guarantee Company--

RETURN BY MAIL TO:

Zip No. _____

STANDARD FORM OF NEW YORK BOARD OF TITLE UNDERWRITERS
Distributed by
 **TITLE GUARANTEE-NEW YORK**
A TICOR COMPANY

THE OBSERVANCE OF THE FOLLOWING SUGGESTIONS WILL SAVE TIME AND TROUBLE AT THE CLOSING OF THIS TITLE

The SELLER should bring with him all insurance policies and duplicates, receipted bills for taxes, assessments and water rates, and any leases, deeds or agreements affecting the property.

When there is a water meter on the premises, he should order it read, and bring bills therefor to the closing.

If there are mortgages on the property, he should promptly arrange to obtain the evidence required under Paragraph 5 of this contract.

He should furnish to the purchaser a full list of tenants, giving the names, rent paid by each, and date to which the rent has been paid.

The PURCHASER should be prepared with cash or certified check drawn in the order of the seller. The check may be certified for an approximate amount and cash may be provided for the balance of the settlement.

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RIDER TO CONTRACT OF SALE DATED JANUARY , 1978
-between-
NORFOLK PROPERTIES, INC.
-and-
231 CENTRE STREET CORPORATION, SELLERS
-and-

Anything herein to the contrary notwithstanding:

(a) Condition of the Premises

Purchaser represents and acknowledges that he has fully and completely examined the premises and agrees to take the same in its present condition "AS IS," and that neither Sellers nor anyone on their behalf have made any representation or warranty as to the condition of the premises except as to the removal of violations per paragraph 7 of this contract.

(b) Liquidated Damages

It is expressly agreed by the parties hereto that if the Purchaser shall default and fail to take title, through no fault of the Sellers, this contract shall be considered canceled and the down payment shall be retained by the Sellers as liquidated damages, and neither party shall have any rights hereunder against the other.

(c) Marketability of Title

Purchaser shall order a title report within five days after the execution of this contract. Within five days after Purchaser receives a report from the title insurance company, it shall give notification to Sellers in writing of all objections to title to date thereof. If the Sellers shall be unable to convey a good and marketable title, the sole obligation of the Sellers shall be to refund the Purchaser's down payment made hereunder together with the reasonable cost of title examination and survey and upon making such refund and reimbursement this agreement shall be terminated and canceled and neither party shall have any further claim against the other by reason of this agreement and the lien, if any, of the Purchaser against the premises shall terminate. The acceptance of a deed by the Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of the Sellers to be performed pursuant to the provisions of this agreement, except those, if any, which are herein specifically stated to survive the delivery of the deed.

Sellers shall pay and satisfy any tax assessments, water rents or tax liens remaining unpaid against the said property on or before the date of closing of title. The failure on the part of the Sellers to pay and satisfy the same prior to the date of closing of title shall not be deemed to constitute an objection of title. Sellers shall produce proof of such payment, at or before the date of closing.

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The existence of any violation of any Governmental Department or Agency required to be removed hereunder, provided the cost of removal shall not, in the aggregate, be more than \$1,000, shall not be an objection to title, provided the Sellers shall deposit in escrow with the attorney for the Sellers, a sum of money at least sufficient to perform the work required and the materials necessary to remove such violations within sixty days from the date of closing. The sum to be deposited hereunder shall be determined by a licensed architect or contractor who shall be selected by the Purchaser. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

The Sellers shall have the right to satisfy any liens or encumbrances by delivering to the Purchaser at the closing of title properly executed instruments in recordable form, together with recording and filing fees, sufficient to satisfy same, and such liens or encumbrances may be paid out of the cash consideration paid by the Purchaser and shall not be deemed an objection to title. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

The existence of any unpaid franchise taxes of the Sellers shall not be deemed an objection to title provided all past reports have been filed with the State Tax Department and a sufficient deposit is made by the Sellers with the title company representing the Purchaser to insure payment of such franchise tax or taxes within sixty days from the date of closing, provided that the Sellers' title company will accept such deposit. It is expressly intended by the parties that this representation and Sellers' obligations hereunder shall survive delivery of the deed herein.

(d) Leases

Said premises are sold and are to be conveyed subject to the following leases, all of which Purchaser expressly acknowledges that he has inspected and ~~intended~~.

1. 231 Centre Street Corporation to G. G. W. Foods, Inc. dated February 1, 1971 as amended; - ~~Street level and back~~ *under store*
2. 231 Centre Street Corporation to Carl Davis d/b/a Sunset Studios dated September 28, 1977; *Unit 7-9*
3. 231 Centre Street Corporation to Stratford Tool, Inc. dated January 1, 1975; *Unit 3-5*
4. 231 Centre Street Corporation to Benjamin and George Flashner dated January 4, 1974; *Unit 1*
5. 231 Centre Street Corporation to Jack Klein, et al. dated June 15, 1965; ~~Store address 231-~~xxxx~~~~ *Center Street with basement under store.*
6. 231 Centre Street Corporation to Thomas Hotz dated November 17, 1961 as amended;
7. 231 Centre Street Corporation to John Kaes dated December 7, 1971 with mesne assignments as amended including agreement among 231 Centre Street Corporation and Lourdes Keane and Janice E. Cohen dated November 4, 1975.

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(e) Notices

All notices, requests, demands and other communications required hereunder shall be deemed to have been duly given if mailed, first class postage prepaid, as follows:

To the Purchaser at address set forth above

with copy to:
Murry Kalik, Esq.
745 Fifth Avenue
New York, New York 10022

To the Sellers at the address set forth above

with copy to:
Bondy & Schloss
6 East 43rd Street
New York, New York 10017

or to such other address as the parties shall specify in accordance with this paragraph.

(f) If any past due rentals are owing by tenants at the time of closing of title for a period not exceeding one month and the Seller is entitled hereunder to all or part of the said past due rentals, the Purchaser agrees that the first monies received shall be received by the Purchaser as trustee for the Sellers on account or in payment of such past due rentals, and the Purchaser agrees to remit forthwith to the Sellers the amount of such past due rentals to which the Sellers are entitled, so collected out of the first monies received by the Purchaser.

(g) If a tenant or tenants in possession are required to pay for water meter charges pursuant to the terms of a lease, the Sellers shall not be required to pay any portion thereof. The purchaser will take title subject to any such unpaid water meter charges owing by such tenant or tenants.

(h) The Sellers agree to turn over to the Purchaser upon the closing of title (where not prohibited by the terms of a lease), so much of the securities received under leases as has been unapplied in accordance with the terms of said leases, upon the execution by the Purchaser of an agreement indemnifying the Sellers against any claim that may be made by tenants in connection with the securities transferred to Purchaser.

(i) The right and privilege is reserved to the Seller to institute summary proceedings against any tenant based on any default or failure to perform by any such tenant prior to the time of closing title.

(j) Fuel on the premises on the date as of which adjustments shall be made, shall be paid for by the Purchaser, in cash or check, at the time of closing of title, at the cost price thereof to Sellers, plus tax and trim. The amount of fuel is to be estimated, in writing, by a fuel company for the Sellers and a fuel company for the Purchaser.

(k) If, on the date of closing, there shall be UCCs which were filed on a day more than five (5) years prior to closing of title, these shall not be deemed an objection to title, provided the Sellers execute and deliver to the Purchaser an affidavit setting forth that the property covered by such UCCs is no longer in the premises; or if such property still is in the premises, that such property has been fully paid for.

(l) If, between the date hereof and the date of closing of title as hereinafter provided, any unit in the premises becomes vacant, the Sellers shall hold same vacant, at Purchaser's expense to the extent of the previous rental therefor.

(m) If there be a purchase money mortgage executed on the closing of title by a corporation, then the Purchaser shall furnish satisfactory evidence of the due organization of said corporation and of the payment of all franchise taxes which shall be a lien up to the date of the execution of said mortgage.

(n). The Purchaser represents that any and all dealings in connection with this transaction were had only through the broker or brokers hereinabove mentioned.

NORFOLK PROPERTIES, INC.

By: _____

231 CENTRE STREET CORPORATION

By: _____

By: _____

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Rider No. 2

- (a) Seller represents that occupancy of the premises conforms with the certificate of occupancy.
- (b) Arrow Cleaning Company provides cleaning services to the premises without a contract for a term and is paid for its services at the rate of \$83.00 per month.
- (c) Seller has fulfilled its obligations as landlord to the tenants at the premises.
- (d) The mortgage provided for herein will provide that mortgagor may alter premises, ~~subject to mortgagee's prior written approval, which shall not be unreasonably withheld,~~ in conformity with applicable building codes, local ordinances and regulations including, but not limited to, those requiring the securing of necessary permits and authorizations of governmental subdivisions, provided such alterations do not diminish the cubical content of the premises or reduce the value thereof below the value prior to such alterations. The mortgage shall further provide that during and after all such alterations, the premises shall be kept free and clear of artisans, mechanics or similar liens. The clause provided for herein shall be more fully stated in the mortgage in conformity with usual provisions of this kind.

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EXHIBIT NUMBER 16



EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017290

1-784
260

PAY TO THE
ORDER OF

John A. Zaccaro

22 JAN 79

PAY \$ 20,000.00 ONLY \$

CK 01 01A
20,000.00

E.R.S.B. \$20,000 and 00/100

Paul McInnes

SAVINGS BANKS TRUST COMPANY
NEW YORK, NEW YORK

REQUIRED OVER \$2,500 \$5,000

AUTHORIZED SIGNATURE

⑈03067290⑈ ⑆0260⑈0794⑆ 00212⑈0368⑈



EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017288

1-784
260

PAY TO THE
ORDER OF

John A. Zaccaro

22 JAN 79

PAY \$ 30,000.00 ONLY \$

CK 01 01A
30,000.00

E.R.S.B. \$30,000 and 00/100

Paul McInnes

SAVINGS BANKS TRUST COMPANY
NEW YORK, NEW YORK

REQUIRED OVER \$2,500 \$5,000

AUTHORIZED SIGNATURE

⑈03067288⑈ ⑆0260⑈0794⑆ 00212⑈0368⑈

943101220

Pay to order of
Northwestern Trading Co
National Bank of North America
Northwestern Trading Co
Mary Johnson

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017288

DATE 1/22/79

TO: A2

30.00

FOR:

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD
CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017290

DATE 1/22/79

TO: A2

30.00

FOR:

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

Pay to order of
Northwestern Trading Co
National Bank of North America
Northwestern Trading Co
Mary Johnson

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017654

DATE 1/30/79

TO: SAZ

25 000 -

FOR: 7667

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

EB EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017653

1-794
200

THE R OF John A. Zaccaro

30 JAN 79

PAY TO THE ORDER OF SAZ \$25,000.00 ONLY

CK 01 02A
\$25,000.00

John A. Zaccaro

TRUST COMPANY NEW YORK

REQUIRED OVER \$2,500 TELLER

AUTHORIZED SIGNATURE

026000794 002120368



EB EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017653
1-794
200

DEPOSITOR SHOULD DETACH AND COMPLETE FOR OWN RECORD

CHECK ISSUED BY EAST RIVER SAVINGS BANK

NO. 3-017653

DATE 1/30/79

TO: 25 000

1A2

FOR: 7667

THE BANK WILL BE UNABLE TO GIVE INFORMATION UNLESS THIS STUB IS PRESENTED

EB EAST RIVER SAVINGS BANK
60 SPRING STREET, NEW YORK, N.Y. 10012

3-017653

1-794
200

THE R OF John A. Zaccaro

30 JAN 79

PAY TO THE ORDER OF SAZ \$25,000.00 ONLY

CK 01 02A
\$25,000.00

John A. Zaccaro

TRUST COMPANY NEW YORK

REQUIRED OVER \$2,500 TELLER

AUTHORIZED SIGNATURE

026000794 002120368

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EXHIBIT NUMBER 17

Name(s) as shown on Form 1040: **JOHN A. & GERARDINE ZACCARO** Your social security number: **061 30 8534**

Part II Short-term Capital Gains and Losses—Assets Held One Year or Less **D**

a. Kind of property and description (Example, 100 shares of "ABC" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis, as adjusted (see instructions page 19)	f. Gain or (loss) from all sales during entire tax year (if less 0)	g. Enter gain or (loss) from sales after 10/31/78
WALKER INVESTMENT						
41-35 CENTER ST	5-1-78	10-5-78	96500	90311	6189	(W)
177-44 GRAND ST	1979	10-5-78	30000	35000	(5000)	(W)
704-4210 WILSON ST. NYC		8-9-78		2500	(2500)	(H)
15 GRAND CO.						

68439
(5000)
(2500)

Enter your share of net short-term gain or (loss) from partnerships and fiduciaries	2	
Enter net gain or (loss), combine lines 1 and 2	3	(1311)
Short-term capital loss carryover attributable to years beginning after 1969 (see Instructions page 19)	4	()
Net short-term gain or (loss), combine lines 3 and 4, column (f)	5	(1311)

Part III Long-term Capital Gains and Losses—Assets Held More Than One Year

a. Kind of property and description (Example, 100 shares of "ABC" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis, as adjusted (see instructions page 19)	f. Gain or (loss) from all sales during entire tax year (if less 0)	g. Enter gain or (loss) from sales after 10/31/78
REARLY (FIRM LIQUIDATION)					58646	(W)
6 E 9th ST	11-11-74	8-11-78	65009	38345	26664	(H)

X

Capital gain distributions	7	
Enter gain, if applicable, from Form 4797, line 6(a)(1) (see Instructions page 19)	8	
Enter your share of net long-term gain or (loss) from partnerships and fiduciaries	9	
Enter your share of net long-term gain from small business corporations (Subchapter S)	10	
Net gain or (loss), combine lines 6 through 10	11	85310
Long-term capital loss carryover attributable to years beginning after 1969 (see Instructions page 19)	12	()
Net long-term gain or (loss), combine lines 11 and 12, column (f)	13	85310

NOTE: If you have capital loss carryovers from years beginning before 1970, do not complete Parts III, IV, or VI. See Form 4798 instead.

Part III Computation of Capital Gain Deduction
(Complete this part only if line 14 shows a gain)

Combine lines 5 and 13, column (f), and enter here. If result is zero or a loss, do not complete the rest of this part. Instead skip to Part IV, line 24 on page 2	14	83999
Enter line 13, column (f) or line 14, whichever is smaller. If zero or a loss, enter zero and skip to line 23	15	83999
If line 11, column (g) is a gain, combine lines 3 and 11, column (g), and enter here. If this line or line 11, column (g) shows a loss or zero, enter a zero and skip to line 20	16	0
Enter line 11, column (g) or line 16, whichever is smaller	17	0
Enter line 15 or line 17, whichever is smaller	18	0
Enter 60% of amount on line 18	19	0
Subtract line 18 from line 15	20	83999
Enter 50% of amount on line 20	21	42000
Add line 19 and line 21. This is your capital gain deduction	22	42000
Subtract line 22 from line 14. Enter this amount on Form 1040, line 14	23	41999

12/20
5120

84040492208

EXHIBIT NUMBER 18

Amended U.S. Individual Income Tax Return

OMB No. 1545-0091

This return is for calendar year **19 78**, OR fiscal year ended **19**

Please print or type	Your first name and initial (If joint return, also give spouse's name and initial) John A. and Geraldine Zaccaro	Last name Zaccaro	Year social security number 061 30 8534
	Present home address (Number and street, including apartment number, or rural route) 22 Deepdane Road		Spouse's social security number 100 28 1600
	City, town or post office, State, and ZIP code Forest Hills, New York 11375		Telephone no. (optional) ()

Enter below name and address as shown on original return (if same as above, write "Same"). If changing from separate to joint return, enter names and addresses used on original return. (Note: You cannot change from joint to separate returns after the due date has passed.)

Same

a. Service center where original return was filed Holtsville, NY	b. Has original return for the year being changed been audited? . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," have you been notified that it will be? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," identify IRS office
--	--

c. Filing status claimed. (Note: You cannot change from joint to separate returns after the due date has passed.)

On original return . . . Single Married filing joint return Married filing separate return Head of Household Qualifying Widow(er)

On this return . . . Single Married filing joint return Married filing separate return Head of Household Qualifying Widow(er)

Income and Deductions	A. As originally reported or as adjusted (See instructions)	B. Net change-increase or (Decrease)-explain on page 2	C. Correct amount
1 Total income (see instructions)	110,090	62,641	172,731
2 Adjustments to income (see instructions)	1,500		1,500
3 Adjusted gross income (subtract line 2 from line 1)	108,590	62,641	171,231
4 Deductions (see instructions)	18,259	436	18,695
5 Subtract line 4 from line 3	90,331	62,205	152,536
<i>Note: If this return is for 1980, and you use the tax tables, do not complete lines 6 and 7. Instead, enter on line 8 the tax on the income you reported on line 5.</i>			
6 Exemptions from page 2, line 5	3,750		3,750
7 Taxable income (subtract line 6 from line 5)	86,581	62,205	148,786
Tax Liability			
8 Tax (see instructions) (method used in column C <u>Schedule G</u>)	31,950	31,800	63,750
9 Credits (such as residential energy credit, credit for the elderly—see instructions)			
10 Subtract line 9 from line 8	31,950	31,800	63,750
11 Other taxes (such as self-employment tax, alternative minimum tax)	4,260	(2,091)	2,169
12 Total tax liability (add line 10 and line 11)	36,210	29,709	65,919
Payments			
13 Federal income tax withheld and excess FICA and RRTA tax withheld	3,345		3,345
14 Estimated tax payments	11,000		11,000
15 Earned income credit			
16 Credits for Federal tax on special fuels, regulated investment company, etc.			
17 Amount paid with Form 2688 or Form 4868 (application for extension of time to file)			
18 Amount paid with original return, plus additional tax paid after it was filed			21,865
19 Total of lines 13 through 18, column C			36,210

Refund or Amount You Owe		
20 Overpayment, if any, as shown on original return (or as previously adjusted by IRS)		
21 Subtract line 20 from line 19 (see instructions) *Includes interest of \$23,750 through 8/20/84		36,210
22 AMOUNT YOU OWE , if line 12, column C is more than line 21, enter difference. Please pay in full with this return		*53,459
23 REFUND to be received, if line 12, column C is less than line 21, enter difference		

Please Sign Here

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Your signature: *[Signature]* Date: *8/19/84* Spouse's signature (if filing jointly, BOTH must sign): *[Signature]*

Paid Preparer's Use Only	Preparer's signature: <i>[Signature]</i> Date: <i>8-19-84</i>	Check if self-employed: <input type="checkbox"/>	Preparer's social security no.: 050 30 1854
	Firm's name (or your name if self-employed) and address: Arthur Young & Co., 277 Park Ave., New York, NY	E.I. No.: 13 5554208	ZIP code: 10172

34040492209

PART I.—Exemptions (See Form 1040 or Form 1040A Instructions)

Complete lines 1 through 5 in all cases. Complete lines 6 and 7 only if you claim more exemptions.

	A. Number originally reported	B. Net change	C. Corrected number
1 Exemptions—yourself and spouse, 65 or over, blind	2		2
2 Your dependent children who lived with you	3		3
3 Other dependents			
4 Total exemptions (add lines 1 through 3)	5		5
5 Multiply \$1,000 by the total number of exemptions claimed on line 4. Enter this amount here and, if applicable, on page 1, line 6	3,750		3,750

6 Enter first names of your dependent children who lived with you, but were not claimed on original return: Enter number ►

7 Other dependents not claimed on original return:

(a) Name	(b) Relationship	(c) Number of months lived in your home	(d) Did dependent have income of \$1,000 or more?	(e) Did you provide more than one-half of dependent's support?	Enter number ► <input type="checkbox"/>

PART II.—Explanation of Changes to Income, Deductions, and Credits

Enter the line reference from page 1 for which you are reporting a change and give the reason for each change. Attach applicable schedules.

If the change pertains to a net operating loss carryback, an investment credit carryback, a WIN credit carryback, a jobs credit carryback, or a research credit carryback Check here ►

Line 1

Miscellaneous income was overstated by \$260.
 A combined short and long term net gain of \$62,901 was not included in the original return. (see schedule D)

Line 4

The sales tax calculation using the sales tax table was redone based on the higher income.

Line 11

Minimum tax has decreased due to the increased income tax.

PART III.—Presidential Election Campaign Fund

Checking below will not increase your tax or reduce your refund.

If you did not previously want to have \$1 go to the fund but now want to Check here ►
 If joint return and if spouse did not previously want to have \$1 go to the fund but now wants to Check here ►

34040492210

SCHEDULE TC
(Form 1040)

Department of the Treasury
Internal Revenue Service

Tax Computation Schedule

▶ Attach to Form 1040.

1978

Name(s) as shown on Form 1040

John A. and Geraldine Zaccaro

Your social security number

061-130-8534

Part I Computation of Tax for Taxpayers Who Cannot Use the Tax Tables

Use this part to figure your tax if:

- Your income on Form 1040, line 34, is more than \$20,000 and you checked Filing Status Box 1, 3, or 4 on Form 1040.
- Your income on Form 1040, line 34, is more than \$40,000 and you checked Filing Status Box 2 or 5 on Form 1040.

• You had more exemptions than were covered in the Tax Table for your filing status.

• You figure your tax using the alternative tax computation on Schedule D (Capital Gains and Losses), Schedule G (Income Averaging), or Form 4726 (Maximum Tax on Personal Service Income).

- 1 Enter the amount from Form 1040, line 34
- 2 Multiply \$750 by the total number of exemptions claimed on Form 1040, line 7
- 3 Taxable Income. Subtract line 2 from line 1. (Figure your tax on this amount by using the Tax Rate Schedules or one of the other methods listed on line 4.)
- 4 Income Tax. Enter tax and check if from: Tax Rate Schedule X, Y, or Z, Schedule D, Schedule G, or Form 4726

1	152,536
2	3,750
3	148,786
4	63,930
5	
6	
7	
8	
9	180
10	180
11	63,750

General Tax Credit

5 Multiply \$35 by the total number of exemptions claimed on Form 1040, line 7. (If you are married filing a separate return, skip lines 6 through 9 and enter the amount from line 5 on line 10.)

5	175
6	
7	
8	
9	180

- 6 Enter the amount from line 3, above
- 7 Enter $\left\{ \begin{array}{l} \$3,200 \text{ if you are married filing a joint return or a qualifying widow(er)} \\ \$2,200 \text{ if you are single or an unmarried head of household} \end{array} \right.$

- 8 Subtract line 7 from line 6
- 9 Enter 2% of line 8 (but do not enter more than \$180)

- 10 General tax credit. Enter the amount from line 5 or line 9, whichever is larger
- 11 Tax. Subtract line 10 from line 4. (If \$0 or less, enter \$0.) Enter this amount on Form 1040, line 35

Part II Computation for Certain Taxpayers Who Must Itemize Deductions

If you are included in one of the groups below, you MUST itemize. If you must itemize and the amount on Schedule A (Form 1040), line 40, is more than your itemized deductions on Schedule A, line 39, you must complete Part II before figuring your tax.

You MUST itemize your deductions if:

A. You can be claimed as a dependent on your parent's return and had interest, dividends, or other unearned income of \$750 or more and less than \$2,200 of earned income if single (less than \$1,600 if married filing a separate return).

Note: If your earned income is more than your itemized deductions on Schedule A, line 39, enter your earned income in Part II, line 3, of this schedule, unless you are married filing a separate return and your spouse itemizes deductions. Generally, your earned income is the total of any amounts on Form 1040, lines 8,

13, and 19. See page 11 of the Instructions for Form 1040 for more details.

B. You are married filing a separate return and your spouse itemizes deductions. (There is an exception to this rule. You don't have to itemize if your spouse must itemize only because he or she is described in A and enters earned income instead of itemized deductions on Part II, line 3, of this schedule. If this is the case, don't complete Part II. Go back to Form 1040, line 33, and enter \$0. Then go to Form 1040, line 34.)

C. You file Form 4563 to exclude income from sources in U.S. possessions. (Please see Form 4563, and Publication 570, Tax Guide for U.S. Citizens Employed in U.S. Possessions, for more details.)

D. You had dual status as a nonresident alien for part of 1978, and during the rest of the year you were either a resident alien or a U.S. citizen. However, you don't have to itemize if at the end of 1978, you were married to a U.S. resident or citizen and file a joint return reporting your combined worldwide income.

- 1 Enter the amount from Form 1040, line 31
- 2 Enter the amount from Schedule A, line 40
- 3 Enter the amount from Schedule A, line 39
- Caution: If you can be claimed as a dependent on your parent's return, see the Note above. Be sure you check the box below line 33 of Form 1040.
- 4 Subtract line 3 from line 2
- 5 Add lines 1 and 4. Enter here and on Form 1040, line 34. (Leave Form 1040, line 33 blank. Disregard the instruction to subtract line 33 from line 32. Follow the rest of the Instructions for Form 1040, line 34.)

1	
2	
3	
4	
5	

Income Averaging

▶ See instructions on pages 3 and 4.
▶ Attach to Form 1040.

1978

Name(s) as shown on Form 1040
John A. and Geraldine Zaccaro

Your social security number
061 50 8554

Base Period Income and Adjustments	(a)	(b)	(c)	(d)
	1st preceding base period year 1977	2d preceding base period year 1976	3rd preceding base period year 1975	4th preceding base period year 1974
1 Enter amount from: Form 1040 (1977)—line 34 Form 1040A (1977)—line 10	42,548			
2 Multiply \$750 by the total number of exemp- tions claimed in 1977	4,500			
3 Taxable income (subtract line 2 from line 1). If less than zero, enter zero (see instructions) .	38,048	25,215	21,508	31,060
4 Income earned outside of the United States or within U.S. possessions and excluded un- der sections 911 and 931				
5 If you checked, on (2 or 5 enter \$3,200) (in columns your 1978 Form 1 or 4 enter \$2,200) (b), (c) 1040, box (3 enter \$1,600) (and (d))		3,200	3,200	3,200
6 Base period income (add lines 3, 4 and 5) .	38,048	28,415	24,708	34,260
Computation of Averageable Income				
7 Taxable income for 1978 from Schedule TC (Form 1040), Part I, line 3		7	148,786	
8 Certain amounts received by owner-employees subject to a penalty under sec- tion 72(m)(5)		8		
9 Subtract line 8 from line 7		9	148,786	
10 Excess community income		10		
11 Adjusted taxable income (subtract line 10 from line 9). If less than zero, enter zero .		11		148,786
12 Add columns (a) through (d), line 6, and enter here		12	125,431	
13 Enter 30% of line 12		13		37,629
14 Averageable income (subtract line 13 from line 11)		14		111,157

Do not complete rest of form if line 14 is \$3,000 or less. You do not qualify for income averaging.



Computation of Tax			
15 Amount from line 13		15	37,629
16 20% of line 14		16	22,231
17 Total (add lines 15 and 16)		17	59,860
18 Excess community income from line 10		18	
19 Total (add lines 17 and 18)		19	59,860
20 Tax on amount on line 19*		20	20,530
21 Tax on amount on line 17*	21	20,530	
22 Tax on amount on line 15*	22	9,680	
23 Subtract line 22 from line 21	23	10,850	
24 Multiply the amount on line 23 by 4		24	43,400
Note: If no entry was made on line 8 above, skip lines 25 through 27 and go to line 28.			
25 Tax on amount on line 7*	25		
26 Tax on amount on line 9*	26		
27 Subtract line 26 from line 25		27	
28 Tax (add lines 20, 24, and 27). Enter here and on Schedule TC (Form 1040), Part I, line 4 and check Schedule G box. Then go to Schedule TC (Form 1040), Part I, line 5		28	63,930

*Caution: Use Tax Rate Schedule X, Y or Z from the Form 1040 instructions to figure your tax on lines 20, 21, 22, 25 and 26. Do not use tax tables.

34040492213

Name(s) as shown on Form 1040

John A. and Geraldine Zacarro

Your social security number 061 | 30 | 8534

1 Tax Preference Items.

File this form if the total of tax preference items (line 2) is more than \$10,000 (\$5,000 if married filing separately) even though you owe no minimum tax, OR if you have any minimum tax liability deferred from a previous taxable year until this year. If this is a short-period return, see instructions for line 8. Caution: See Limitations on Amounts Treated as Tax Preference Items in Certain Cases in instructions.

- (a) Adjusted itemized deductions
(b) Accelerated depreciation on real property:
(1) Low-income rental housing under section 167(k)
(2) Other real property
(c) Accelerated depreciation on personal property subject to a lease
(d) Amortization of certified pollution control facilities
(e) Amortization of railroad rolling stock
(f) Amortization of on-the-job training facilities
(g) Amortization of child care facilities
(h) Reserves for losses on bad debts of financial institutions
(i) Stock options
(j) Depletion
(k) Capital gains
(l) Intangible drilling costs

43,962

2 Total tax preference items. Add lines 1(a) through 1(l)

43,962

3 Amount from Form 1040, line 47*

63,750

4 Tax from recomputing prior-year investment credit

5 Tax from recomputing prior-year Work Incentive (WIN) credit

6 Tax on premature redemption of Individual Retirement Bond(s)

63,750

7 Add lines 3 through 6

8 Enter the larger of: (a) one-half of the amount on line 7, or (b) \$10,000 (\$5,000 if married filing separately)

31,875

9 Subtract line 8 from line 2 (If line 8 is more than line 2, enter zero)

12,087

10 Multiply amount on line 9 by 15% and enter here

1,813

11 Enter any 1978 net operating loss carryover to 1979 (attach statement showing computation)

12 Multiply amount on line 11 by 15% and enter here

13 Deferred minimum tax. Enter the smaller of amount on line 10 or line 12

1,813

14 Minimum Tax. Subtract line 13 from line 10

15 Enter minimum tax deferred from previous year(s) until this year (attach statement showing computation)

1,813

16 Total minimum tax. Add lines 14 and 15

17 Excess tax credits. See instructions for line 17 before completing this section. If Form 1040, line 47 is more than zero, this section will not apply; skip lines 17(a) through 18 and enter the amount from line 16 on line 19.

(a) Credit for the elderly

(b) Credit for political contributions

(c) Credit for child care expenses

(d) Residential energy credits

18 Add lines 17(a) through 17(d)

19 Subtract line 18 from line 16. Enter here and on Form 1040, line 49

1,813

*Do not include any tax imposed under sec. 402(e) (ordinary income portion of lump-sum distributions) or any partial tax under sec. 667 (accumulation distribution by trusts), or any penalty tax under sec. 72(m)(5).

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8 4 0 4 0 4 9 2 2 1 6

GARDNER
TS AVENUE, N.W.
D.C. 20036

84 OCT



PRIORITY MAIL

**RETURN RECEIPT
REQUESTED**

**CERTIFIED
P18 8342864
MAIL**

SHEA & GARDNER
1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036-1872

**CERTIFIED MAIL -
RETURN RECEIPT
REQUESTED**

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



FEDERAL ELECTION COMMISSION

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

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